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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D C 20523

ECUADOR

PROJECT PAPER

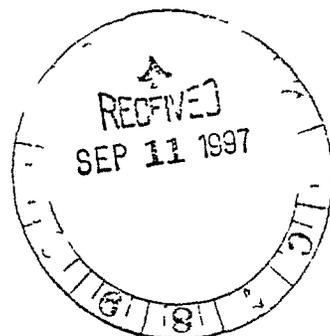
ENVIRONMENTAL EDUCATION AND
TECHNOLOGY TRANSFER PROGRAM
POLLUTION PREVENTION

AID/LAC/P-963

PROJECT NUMBER 518-0117

UNCLASSIFIED

ACTION MEMORANDUM FOR THE DIRECTOR



DATE September 5, 1997
FROM Enrique Barrau, ANRO *EBR*
SUBJECT EDUCAR Program Design Document Supplement

Problem

Your approval of the subject document (attached) and the anticipated results identified therein, and your agreement that the document includes adequate planning in accordance with FAA Section 611(a) to enable achievement of the intended results, is required so that the Pollution Prevention Team can initiate actions to attain those results

Background and Discussion

Through an agreement signed on September 24, 1993, the "Corporacion para la Gestion Tecnologica sobre el Ambiente" (Oikos) and USAID initiated activities under the Environmental Education and Technology Transfer (EDUCAR) Project. The initial Grant was for one year. The grant was later extended to expand activities and to extend the termination date to June 30, 1998. The grant will now be extended to by two years to June 30, 2000. Total life of project funding is US\$2,792,330, consisting of a USAID contribution of US\$2,092,330 and an Oikos contribution of US\$700,000.

The original purpose of the EDUCAR Project was to increase Ecuadorians' awareness of ecological issues by encouraging leaders and the public at large to change attitudes and practices with regard to industrial and agricultural production processes, and social, political and cultural structures that impact negatively on the environment and natural resources. With reengineering and the development of a new Strategic Plan, this project has been incorporated into Special Objective 03 "Improved sustainable capacity of selected public and private institutions to prevent/control pollution. With program completion expected for FY 2000. Intermediate Result 1 focuses on the institutional development of "Strengthened local NGOs and firms providing technical assistance to local industries and municipalities on pollution prevention/control." Intermediate Result 2 continues to address industrial pollution problems through the promotion of "Technical information on cleaner production technologies international trade environmental concerns, and urban environmental management disseminated."

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Activities undertaken through Oikos to date have directly addressed (1) the adoption

of improved practices for the prevention and control of pollution, and (2) the adoption of improved practices for municipal environmental management. Specific project activities have included

- (1) pollution prevention and mitigation audits and workshops,
- (2) municipal solid waste management, including demonstration models of environmental garbage collection currently being implemented in Machala and Manta,
- (3) municipal services, e.g., demonstration water treatment systems,
- (4) environmental education curriculum and the development special programs for vocational schools, and
- (5) institutional support to Oikos, which has contributed significantly to improvements in its administrative structure

The proposed two-year extension outlined in this design document supplement will enable Oikos to continue its proven efforts to strengthen public and private sector participation in the improvement of environmental pollution prevention and environmental education. Based on an assessment of results achieved to date and lessons learned, its activities have been better focussed around the following three themes

- (1) encouraging the adoption of cleaner production technologies,
- (2) improving urban environmental management, and
- (3) disseminating technical, environmental information through existing data bases

Additional aspects of the project include implementation of the White House initiative and the GLOBE program under the agreement signed with the Ministry of Education. The project also will continue to implement the information clearinghouse, which provides assistance to industries, municipalities and the general public on environmental issues. Finally, OIKOS will continue to publish quarterly environmental pollution prevention case studies.

The EDUCAR design document supplement conforms to the ADS. Activities described therein constitute the principal activities contributing to the achievement of the Mission's revised Special Objective O 1, Pollution Prevention, approved in the Mission's 1998-2002 Strategic Plan. The Strategic Plan, as well as the Mission's FY 1996-98 R4, were reviewed and approved by USAID/W in STATE 136587, dated July 1997, subject to decisions and guidance summarized therein. The design document supplement has taken into consideration the decisions and guidance contained in STATE 136587, which constitutes the management contract between USAID/Ecuador and USAID/W.

Reengineering Transition Guidance provided in STATE 223146, dated 20 September 1995, states that prior to obligation of funds, the operating unit (USAID/Ecuador) must ensure that relevant legal, regulatory and planning requirements have been met. The guidance states that "the various analyses [social-cultural, technical, institutional, financial, economic and environmental analyses, as well as identification of methods of implementation and disbursement] should be completed to the extent appropriate for the objective, intermediate results and illustrative of actual activity as determined by the Mission Director." Since this document delineates a program that builds on successful activities to date that proved the analytical framework within which the Mission is operating (in lieu of additional analyses), the attached documentation represents adequate planning and coverage of the above-mentioned analyses in accordance with FAA Section 611(a) to enable the achievement of the intended results.

As required by STATE 223146, cited above, the following information is available in the Mission's files: (1) the anticipated results and time frames for achieving them, (2) explanation about how these results contribute to the achievement of the strategic/special objective, (3) the resources required to achieve intended results, (4) the measures to be employed to gauge progress in achieving the intended results, (5) the customers these results serve and mechanisms by which the related activities facilitate customer participation, (6) likely partners and mechanism for procurement of goods and services to carry out activities needed to achieve intended results, (7) initial environmental examination, and (8) Statutory Checklist.

The USAID/W LAC Chief Environmental Officer (CEO) has approved a categorical exclusion of the requirement to conduct an environmental assessment (EA) on the basis of the types of activities to be implemented. A copy of this IEE determination is attached as Annex B to the design document supplement.

Since this is a relatively small increment to the original project, no CN is required. The Strategic Development Office has sent the required Technical Notification to USAID/W.

The SpO Team Leader will serve as a central point of coordination for the activities contained in the design document supplement. RP managers will report directly to the SpO Team Leader and will be responsible for day-to-day management and implementation of their respective activities. RP managers also will assure that other members of the SpO Core and Expanded Teams, as well as other relevant Mission staff, participate as necessary to attain the expected results. The SpO Team will inform mission management periodically of progress made toward attainment of the planned results.

Authority

You have the authority to take the action requested in this action memo based on strategic planning authority delegated to LAC Mission Directors in ADS 103 5 14b(1)

Recommendation

That you sign below, thereby indicating your approval of the EDUCAR design document supplement and the anticipated results identified therein, and your agreement that the document includes adequate planning in accordance with FAA 611(a) to enable achievement of the intended results, thereby authorizing the SO Team to initiate actions to attain those results. The SO Team members are responsible and accountable to you for pursuing the specific results described in the attached EDUCAR design document supplement and for keeping you fully informed of the progress made towards attaining them.



Thomas L. Geiger
Director
USAID/Ecuador

9/9/97
Date

Clearances EDUCAR Activity Design Document Supplement

SpO Team Leader

ANRO, E Barrau EWB

Core Team Members

ANRO, F Maldonado for EWB

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RUDO, K Baier KB

RUDO, M A Fernandez MAF

CONT, R Vasquez RV 9/5/97

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RCO, A Eisenberg E-MAIL ATTACHED 09-04-97

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RLA, J Knott E-MAIL ATTACHED 09-04-97

Drafted by ANRO FMaldonado/SDO BCypser (F \sdo\roc\pol\action pol)

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Bcc
From Allen Eisenberg@rco@lima
Subject re EDUCAR Design Document Supplement
Date Thursday, September 4, 1997 9 26 25 ECU
Attach ATTRIBS BND
Certify N
Forwarded by

This note provides RCO clearance for the subject document

Original Text

From Beth Cypser@SDO@QUITO, on 9/2/97 6 21 PM

Attached for your clearance is the draft of the subject document

f

To Allen Eisenberg@RCO, Beth Cypser@SDO@QUITO
Cc Enrique Barrau@ANRO@QUITO, Rocio Cedeno@SDO@QUITO
Bcc
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**SPECIAL OBJECTIVE:
POLLUTION PREVENTION**

**ENVIRONMENTAL EDUCATION AND
TECHNOLOGY TRANSFER PROGRAM
(EDUCAR)**

(518-0117)

**ACTIVITY DESIGN DOCUMENT
SUPPLEMENT**

September 5, 1997

ACRONYMS

CAAM	Environmental Advisory Commission (Comision Asesora Ambiental)
CHF	Cooperative Housing Foundation
EDUCAR	Environmental Education and Technology Transfer Program
EP3	Environmental Pollution Prevention
E2P3	Ecuador Environmental Pollution Prevention Project
SPO	Special Objective

I BACKGROUND

A Problem Analysis

Ecuador's urban growth rate, one of the highest in the hemisphere, is placing increased demands on national and municipal governments for critical environmental services and improved pollution prevention. The largely unmanaged growth in many cities, particularly coastal cities such as Guayaquil, Duran, Machala, Esmeraldas, and others, has caused a large increase in both household and industrial contamination resulting in serious environmental degradation and human health hazards. This environmental degradation affects the quality of life and economic productivity of large segments of the Ecuadorian population.

Poor population groups are particularly affected. Living in marginal neighborhoods without access to clean water, adequate sewage disposal, or garbage and waste collection, they are exposed to high health risks. The problems of inadequate services are frequently compounded by these communities' proximity to industrial areas whose pollution goes largely uncontrolled, adding to the toxicity levels found in urban slums.

The most critical problems identified with respect to pollution consist of

- Air pollution produced by gas emissions from production processes, especially industries, automobiles, and untreated residual waters
- Surface and underground water pollution, due to the lack of treatment of residual industrial and domestic water, and inadequate disposal of solid wastes
- Home pollution due to the lack of adequate sanitary services, potable water, and housing
- Food contamination due to inadequate quality control systems in agro-industrial production, and the handling of commodities to be sold to the public
- Contamination due to noise and the lack of enforcement of adequate standards to control noise-producing daily activities
- The destruction of the natural urban landscape, and the considerable reduction of green and recreational areas due to unplanned expansion of cities

Factors influencing the origin of these problems can be characterized as follows

- Production processes in general, and specifically industrial processes, which are mostly carried out with inadequate environmental technologies. An urgent change in environmental technology is needed in all production sectors in order to obtain cleaner production with respect to an environmental standpoint
- There is no motivation among entrepreneurs to become involved in processes of environmental technological change and cleaner production due to the lack of environmental awareness, and the lack of information about the benefits and opportunities generated by cleaner production processes
- There is a lack of both national and local regulations to push and stimulate cleaner production processes from the environmental perspective, and to prevent environmental pollution. Likewise, no consistent efforts are being made to enforce the few existing environmental standards
- There are no continuing programs of technical and training for enterprise managers regarding both the application of environmental technologies for pollution prevention and concomitant increases in productivity and competitiveness of products and services
- There is a lack of information on the benefits, opportunities and alternatives of cleaner production in relation to the national economy. Additionally, available information from local or outside sources and channels is not efficiently used, neither in the political, academic, or entrepreneurial areas of influence, nor by the public in general
- There is no pressure by public opinion in favor of cleaner production. Consumers of goods and services do not demand commodities produced under cleaner production or environmentally adequate processes
- There are no consistent training systems or programs related to the different aspects of cleaner production. These are not priority areas in the curricula of universities or other institutions
- Municipalities pay little or no attention to urban or suburban environmental problems, or to those related to cleaner production. Consequently, urban development planning frequently does not consider environmental problems
- Environmental conflicts are increasing among municipalities due to the lack of definition and promotion of environmental policies



- Both private enterprises and municipalities lack opportunities to access technical assistance related to cleaner production and urban environmental management
- Ecuador has no incentive system to motivate private managers and municipalities to act, invest, and work in cleaner production activities

Although the GOE started policy development on environmental matters through the Environmental Advisory Commission (CAAM), not much work has continued in the area of urban environmental pollution and few resources have been obtained by Oikos from other donors. As in other environmental areas, no other donor has enough resources to address all of the problems and constraints in a comprehensive, country wide basis. USAID/Ecuador's approach is to address the urban pollution problem in selected industrial sectors and through working with selected municipalities, emphasizing high-impact activities which can be sustained and replicated by institutionally-strengthened Ecuadorian and local NGOs after the end of USAID/Ecuador support.

Despite the magnitude of the urban pollution problem, USAID/Ecuador's support in this area will remain limited because of a lack of funds and staff time. USAID/Ecuador will continue its limited support to the Ecuadorian NGO Oikos Corporation, the country's leading entity dealing with Ecuador's urban pollution problems, and other NGOs, in order to complete their institutional strengthening and financial sustainability efforts.

B USAID EDUCAR Activities to Date

USAID/Ecuador has to date accomplished a set of results through specific interventions. During the last four years, USAID/Ecuador has developed several projects on pollution prevention and control in industrial processes, as well as information dissemination on environmental technology alternatives, appropriate for polluting production processes. Projects where the most emphasis was put are the Environmental Education and Technology Transfer Project (EDUCAR -- implemented by Oikos Corporation during the past four years) and the Environmental Pollution Prevention Project (EP3 -- a centrally funded project implemented worldwide by Hagler & Bailly, in Ecuador with the cooperation of Oikos). EDUCAR and Ecuador EP3 (E2P3) have joint objectives, methods and work approaches and are therefore natural allies in facing the lack of action for cleaner production in Ecuador, as described above.

Through a Grant Agreement signed on September 24, 1993 with USAID, Oikos started activities under EDUCAR. The first Grant was for a duration of one year. The Grant was later extended to expand activities and also extend the termination date to June 30, 1998. Approaches have included access to environmental technologies, access to information on cleaner production, industry environmental regulations, public

awareness, especially from industrialists, on the importance of cleaner production, and changes to the educational curriculum

(1) Environmental Technology Transfer/Cleaner Production

Environmental Technologies - The project has been advising managers on technology change options in order to optimize production processes, to improve productivity, to improve competitiveness, and reduce pollution at the same time. Towards this goal, environmental audit methodologies designed by EP3 were utilized and applied in about fifty firms in five cities: Cuenca, Guayaquil, Quito, Ambato and Manta. These audits provided technical recommendations to be applied by the various enterprises. A follow-up program with technical advice was incorporated to continue encouraging managers to adopt the recommendations.

The cleaner production and energy efficiency strategy which Oikos uses to implement its activities has been very effective in inducing an increasing number of Ecuadorian industries to adopt these practices. However, after some time working with E2P3 it has been found that the extent to which recommendations were applied was not been as great as expected, thus more follow-up is required to take into consideration some of the other factors influencing cleaner production.

2 Urban Environment Management

Industry Environmental Regulations - EDUCAR has started some technical activities with a number of municipalities in relation to industrial regulations. Emphasis has been given to obtaining clear rules to encourage cleaner production, without hampering the development of production systems. At the same time, steps have been taken to promote the definition of national, regional, and local policies, on the same issues.

These efforts, however, need to be strengthened to make policies and regulations effectively respond to the particular issues of each region or production sector. Municipalities still require advice, training, and motivation regarding these problems.

3 Technical Information Dissemination

Information on Cleaner Production - EDUCAR and E2P3 have jointly worked to facilitate access to environmental technology information by industrial managers, professionals, NGOs, and decision makers, both at the local and national level. To achieve this, different mechanisms have been used for accessing information available at the EPA and other international networks sponsored by UN organizations such as UNDP and UNIDO.

However, the technical information factor still needs to be considered. Efforts made to date have allowed only the identification of available information, but its use by

potential users is still limited due to (1) unavailability of computer equipment and lack of access to the INTERNET, (2) lack of interest, or (3) lack of the necessary skills for better use of information in decision-making processes

Environmental Awareness - EDUCAR has kept a special program dedicated to public environmental awareness (targeted especially to industrial managers) on the importance of cleaner production. Regarding managers, EDUCAR, jointly with EP3, has organized special seminars and workshops on pollution prevention and control. This has been undertaken to take advantage of the presence of American advisors providing assistance in environmental audits, who have shared their time through environmental awareness events organized by Oikos. Regarding public awareness in general, EDUCAR has implemented environmental training and communication programs using different mass media and through seminars, round tables, etc., for special groups of political and community leaders, professionals, NGOs and public officers.

Environmental Technology Training - EDUCAR and EP3 have organized different events for professional people, industry managers, and university students on new technological options for cleaner production, as well as methods for environmental pollution prevention. Considerable interest has been generated in these technologies, and consequently the demand for services has increased in all industrial sectors of the country.

4 Environmental School System

Environmental Education Curriculum - Oikos has revised the curriculum within the framework of the Educational Reform proposed by the GOE, and has developed a special program for vocational schools, i.e., oriented to specific areas such as mechanics and agriculture. Oikos has been working with ten vocational schools and trained more than twenty of their teachers. In addition, Oikos is supporting the Centros Educativos Matrices program (part of a World Bank sponsored education reform program) by providing assistance and training to teachers of those centers and by producing teaching materials.

5 Institutional Development/Administration

Institutional Support - This component has allowed Oikos to improve its own administrative structure. To facilitate this process, Oikos has prepared several manuals on organizational development, project negotiation, and internal control systems. Oikos has developed a planning system, including the elaboration of a manual on prioritization of environmental problems of interest to Oikos. Training programs for Oikos staff have been organized. These activities have allowed Oikos to firmly establish its own administrative and financial systems and a long term strategic and sustainable planning.

C Other USAID Activities Which Complement EDUCAR Objectives

Environmental Microenterprises - RUDO/Quito and CHF have worked jointly on the implementation of solid waste management programs in Machala and Manta, providing technical assistance to the local governments to improve their institutional, technical, and administrative capacity to assure the provision of solid waste collection services. Through the creation of environmental community microenterprises which are currently working in the above mentioned cities, the percentage of collection service coverage increased from 55 percent to almost 95 percent in Manta, and from 60 percent to 88 percent in Machala. Further replication of these successful projects which involve a high community and NGO participation are imperative. The positive impact of these programs are promoting substantial savings to the municipal budgets because they are using low-cost systems (microenterprises) which also represent an opportunity to other municipalities and governmental organizations.

With this experience, CHF will continue supporting the creation of new environmental microenterprises and providing technical assistance to selected municipalities to help them identify and develop practical, low-cost solutions in solid waste areas such as collection, disposal and recycling. CHF will improve environmental microenterprise services through the development of recycling activities in Manta and Machala, which will allow microentrepreneurs' families to obtain additional income. Environmental education to the community is the most relevant element in these kind of projects, therefore, CHF will implement special programs involving high schools, municipality staff, and community based organizations.

Water Treatment - With the assistance of EP3, water treatment systems were installed in the communities of La America and Monteoscuro, and in Manta's Hospital, all in coastal areas. These demonstration projects will contribute to the reduction of diseases such as cholera and hepatitis, common in the area due to the use of unsafe water. Lack of funding has prevented further developments related to this activity.

Sustainable Cities - Another initiative supported by RUDO/Quito with EP3 funds was the Sustainable Cities Program, which started in Cuenca through an agreement signed with the municipality in September 1996. In October 1996, a Citizens' Committee consisting of representatives of twelve sectors was convened, but in an effort to expand and encourage active participation by the community, this Committee was later expanded to twenty members representing different sectors of the Cuencan community. The sustainable Cuenca project was initiated with a "kick off" event and a workshop on the elements of a sustainable city. Through workshops and other technical support activities on participatory planning, issue identification and prioritization, consensus-building, and issues in sustainable development, the project team (Hagler & Bailly, Oikos, a local coordinator in Cuenca, and RUDO/Quito) has supported the Citizens Committee to develop a community action plan to address the major environmental issues Cuenca is facing now.

Galapagos Solid Waste - Fundacion Carvajal of Colombia will start a Solid Waste Management Program in the Galapagos Islands, from September 1997 to March 1999. This program will support three municipalities of the Galapagos Islands in addressing solid waste problems, focusing on collection, on-source classification and recycling. To obtain better results, Fundacion Carvajal will contract Fundacion Natura, which is currently developing some other environmental activities in the Islands. Fundacion Carvajal and Fundacion Natura have the experience to implement a solid waste management program based on the needs of the Island. This project will also involve a high participation of the community and the collaboration with NGOs, local governments, and the private sector.

The solid waste management program to be implemented by Fundacion Carvajal in Galapagos will strengthen activities being developed in the Islands by organizations like Fundacion Charles Darwin, Parque Nacional Galapagos, and others. All the activities to be implemented by Fundacion Carvajal will be coordinated with these other organizations.

D Counterpart Activities

Oikos has been USAID/Ecuador's main partner NGO in Ecuador regarding cleaner production and industrial pollution prevention.

Oikos' mission is to promote the conversion of production processes which deteriorate and pollute the environment to cleaner processes preventing pollution.

In addition to environmental technologies promoted through EP3 and EDUCAR, Oikos implements related activities, with other funding sources, to complement the focus and scope of other activities for cleaner production and sustainable urban development. These activities are the following:

- Promotion of environmental technology "supply and demand" through negotiation rounds and market surveys
- Technical assistance to enterprises regarding the adoption of environmental criteria to improve productivity and competitiveness of their products, and in saving resources
- Training for managers on international trade and environmental regulations
- Training for government agencies on environmental regulations and technology imports

- Promotion of national scientific research and technology transfer to improve access to better environmental technologies

In addition to the work with the industrial sector, Oikos has started technical assistance for mining operations of metallic and non-metallic minerals. It has also defined new areas of intervention related to agricultural production (bananas, potatoes and flowers) and pollution prevention in the area of oil production.

Oikos organized a working group on urban environmental management through which it is offering technical assistance to small municipalities to identify their urban environmental problems (Oikos helps in preparing rapid environmental appraisals), to define policies for adequate management of solid wastes, residual water, toxic wastes, and to help in sustainable urban planning and pollution prevention and control.

To support these core activities, Oikos maintains two special working groups: one on environmental education for the formal school system and the general public, and another on dissemination of technical information. Through the former, modern mechanisms for the formal and non-formal education systems are applied and addressed to different groups in the country. To this purpose Oikos has signed agreements with other national or international organizations. Through the information dissemination program, Oikos facilitates the access of environmentally-concerned people to its information service. These two working groups are working jointly to strengthen environmental awareness and to improve the behavior of diverse groups with respect to cleaner production.

II EXPECTED RESULTS AND ASSUMPTIONS

A Results

Given the limitations being imposed on the financial and staff resources available to USAID/Ecuador, this program has been redefined as a time-limited Special Objective **"Improved sustainable capacity of selected public and private institutions to prevent/control pollution"**. This special objective will be achieved through the following Intermediate Results:

- IR 1 Strengthened local NGOs and firms providing technical assistance to local industries and municipalities on pollution prevention/control
- IR 2 Technical information on cleaner production technologies, international trade environmental concerns, and urban environmental management disseminated

Achievement of these two results will be indicated by the following at the end of FY 2000:

(i) Cleaner Production

- About one hundred industrial firms (large, medium and small), in six cities, will have adopted the decision of transforming at least 30 percent of their production processes which generate pollution residues
- Of the above firms, at least 50 percent will have started the implementation of cleaner production processes
- At least 50 international firms will have formal offers of environmental technologies for Ecuadorian industries
- Fifty percent of Ecuadorian Chambers of Industries will have started stable programs to promote cleaner production among their associates, through various mechanisms including incentives, training, information supply, specific financial management, and the definition of policies and regulations, both by the national and local governments
- At least one Chamber of Industries will have started a process to define a stable incentive system for cleaner production, with the contribution of the Government, the concerned firm, academic and scientific sectors, and employees
- Half of the officially certified universities will have started cooperative programs with industries, to make studies on cleaner production options for them
- Public and/or private financial systems in Ecuador, will have started at least one initiative to provide credit for implementation of cleaner production methods in the industrial sector
- At least two research institutions will have started interpret the relationship between economics, trade and the environment, especially regarding industries, as well as technological implications of cleaner production

(ii) Urban environmental management

- All municipalities in the six cities of Quito, Cuenca, Guayaquil, Ambato, Manta and Machala (where project operations will be concentrated) will have adopted at least one cleaner production policy with respect to standards and regulations for industries

- At least ten small municipalities in Ecuador will have started urban environmental management processes, based on formal planning supported by urban environmental assessments and a mechanism for citizens' participation
- At least ten small municipalities will have defined concrete plans for managing their solid wastes and searched for adequate funding sources. At least half of them will have started applying specific strategies with citizen participation and voluntary contributions of national and local institutions and organizations
- At least two small municipalities will have defined concrete plans to establish an industrial and domestic sewage water treatment system, and they will have initiated feasibility studies for a final design prior to searching for funding sources and initiating final implementation
- At least three small municipalities will have organized environmental services microenterprises for solid waste collection, processing, and disposal
- At least two small municipalities will have made a decision and signed agreements to encourage liquid and solid waste recycling through private enterprises. At least two of these enterprises will have started working
- At least two municipalities will have started the necessary processes to establish mechanisms for pollution monitoring
- At least two municipalities will have started the process to establish governance policies associated to environmental aspects
- At least one group of civil society institutions (within a selected municipality) will have taken steps to organize a private system for monitoring the pollution generated under production processes

(iii) Technical Information Dissemination

- About hundred data bases on environmental technologies, cleaner production, international trade environmental concerns, and urban environmental management, will have been identified, catalogued, and contacted to facilitate their access by institutions, enterprises, academic institutions, and educational institutions in Ecuador

- About 200 national entities will be routinely and periodically consulting the data bases created by Oikos on cleaner production and urban environmental management
- At least 40 schools and high schools will be integrated into a national network for information exchange on environmental observation and measurements, based on the GLOBE Program

B Assumptions and Risks

Positive Attitudes - Industrial sectors in Ecuador have not traditionally been open minded regarding technological innovation, except when options and opportunities can be demonstrated. Among these, several may be mentioned: the assurance that their production processes can be optimized and productivity improved with little effort and at no risk, the quality of their products and their competitiveness can be improved for the local or international market, and that the profitability of their investments can be increased. If, additionally, easier access to specific credit and clear rules established by municipalities can also be demonstrated, acceptance by industries will be assured.

Based on the above, these activities are not trying to encourage industrialists' acceptance of non-polluting technologies based only on their moral responsibility -- which would not be easily welcomed. It is assumed that they will rather reflect on it and consider that, in addition to material benefits, they will generate a better image and people's respect, credibility, and confidence if they protect the environment, the health of their employees, and people in general.

Better Information Evidence of Improvement - Different actors taking part in the cleaner production initiatives or in environmental urban management will not change their traditional attitudes unless they are well informed, or they can witness practical cases, or have access to evidences from communities, enterprises, entities and individuals who have experienced the benefits of changes suggested by programs like this one.

Relevant Training - Likewise, people will not change their attitudes or behavior regarding cleaner production if in addition to an efficient information system, they are not trained to get specific skills in their corresponding areas of work and at the same time they receive the support from the national financial system, the academic sector and from a set of well established environmental policies.

Decentralization and Empowerment of Municipalities - Another assumption is that Ecuadorian municipalities will increase their decision making power to the

extent that decentralization processes will be consolidated, as has been the trend in the last years. This will represent a challenge for politicians vis-a-vis their communities. In turn, the community will become more aware of what an adequate environmental management by a municipality constitutes and will support its initiatives. Consequently, the community must support municipalities in their work on urban environmental problems, but at the same time people's demand for better environmentally safe services and products from the private sector should be encouraged.

However, decentralization, being a positive assumption, may at the same time be a risk for the program, in the case that excessive responsibilities are given to municipalities and they are not able to comply with environmental responsibilities. If that is the case, the program will reinforce the work related to raising the environmental awareness among local leaders, especially in relation to cleaner production and urban environmental management.

Current Economic Situation - A major risk for the program is the current economic situation of the country, with high inflation and high interest rates which may reduce or stop investments in new environment friendly technologies. The program must, in this case, demonstrate that cleaner production measures will help firms to make substantial savings through production processes optimization and avoiding the waste of raw material and inputs (energy, water, etc). The work of Oikos will be to act as a catalyst and to motivate firms by demonstrating that it will be a positive investment in the longer term.

In summary, the program will be successfully implemented provided that the different causes of environmental deterioration are counteracted by more positive attitudes from the industrial sector, that decentralization and more empowerment of municipalities continue in the country, that better information systems are established, and that funding as well and training is available for the potential actors.

III PLAN OF ACTION

A Development Partners

USAID/Ecuador will work principally with a key partner NGO in implementing planned activities. Oikos Corporation. Oikos has been collaborating with USAID for the past four years under the EDUCAR Project. This has included both technology transfer and environmental education, an area of expertise developed by most of the Oikos staff for several years in Ecuador. Over the years, Oikos has become a highly prestigious NGO working with other NGOs, different government agencies, and other entities.

For program implementation, Oikos will establish relationships with both public and private sector institutions through different kinds of agreements. These could include chambers of industries and commerce, universities, and government agencies like the ministries of Industries, Education, or Environment. Likewise, agreements may be signed with international organizations which provide information, technical assistance, training, and eventually financial resources to complement available funding. The Consejo Provincial de Pichincha, Oikos is working with the Centros Educativos Matrices, part of a World Bank sponsored education reform program.

B Customers

In the cleaner production component, the principal customers will be of two kinds: (a) industrial managers (as well as technical managers and employees) in six production areas: canned food and fish, oil palm extraction, meat industry, painting, informal mining and cement, and (b) university leaders and teachers working in related areas. Customers as well as partners will be the firms providing environmental technologies.

In the urban environmental management component, the customers will fall into the following groups: (a) municipal councils, including both elected members and their advisors or technical staff, (b) volunteer professional organizations or community members interested in local development, (c) microenterprise managers or people working in residue recycling or similar activities, and (d) the people living in the areas where the activities will be implemented.

In the information dissemination component, customers will include (a) managers of industries in general, (b) teachers and students who will use the information available and (c) the universities and other centers of technological and environmental research in Ecuador.

C Components

For management purposes, the planned activities have been grouped together in three components, taking into account intended results, geographical focus, and the planned partner organizations. Each of the components will include the following planned activities:

1 Cleaner Production

- Consolidate the interest generated on cleaner production by industries and encourage it in other industrial sectors
- Promote the application of technological and administrative options that better fit local needs and possibilities aimed at improved cleaner production processes in the industrial sector

- ☐ Promote the formulation and application of policies, standards and regulations at the national and local levels in order to facilitate, promote, and foment environmentally cleaner production in the industry and other sectors
- ☐ Highlight the importance of generating financial resources to support cleaner industrial production both in the industry and in other sectors
- ☐ Generate training opportunities for those groups associated with industrial production systems and urban environmental management, regarding pollution prevention and control, adequate management of solid and liquid wastes, sustainable urban development, and citizen safety facing environmental disasters or accidents
- ☐ Consolidate processes and mechanisms to provide different industrial- and urban environment-related sectors, with access to technology and procedures for cleaner production and adequate urban administration, and encourage the appropriate use of this information
- ☐ Promote the supply and demand of environmental technologies adequate for industrial processes

2 Urban Environmental Management

- ☐ Contribute to improved municipal administration processes
- ☐ Provide technical assistance to undertake rapid environmental appraisals, solid waste management programs, support to sustainable cities planning processes, and soil/water pollution prevention
- ☐ Undertake studies, e g , on pollution control costs, noise conditions in small municipalities, environmental monitoring systems, pesticide use in bananas, and emissions, effluent, and residual wastes of oil activities

3 Information Dissemination

- ☐ Promote the active participation of national organizations in environmental awareness generation programs, especially related to cleaner production and urban environmental management in order to obtain consumers' and general public pressure and support regarding these environmental concerns

- Continue to identify information sources for users through a study of information sources, preparation of a Reference Guide of information sources, and making contacts for access to information sources
- Compile and process information in order to reinforce Oikos Data Bases and to complete an Internet reference design
- Disseminate information through the design of a Web page, the preparation of a most frequent users list, and the provision of Internet information to special groups
- Continue to implement the GLOBE Program, with the creation of a school monitoring network, teachers training, and a GLOBE National Conference

D Time Schedule

A time schedule outlining specific activities is presented on the next page

TIME SCHEDULE	YEAR 1				YEAR 2				YEAR 3			
	QUARTERS				QUARTERS				QUARTERS			
	1	2	3	4	1	2	3	4	1	2	3	4
ACTIVITIES												
A Cleaner Production												
(a) Technical Assistance on Technology Recommendations												
(i) Audits and Pre assessments Implementation Plans	x	x	x	x	x	x	x	x	x	x	x	x
(b) Promotion of offer and demand of environmental technologies												
(i) Needs assessments and sector priorities		x	x	x								
(ii) National and international Promotion			x	x	x	x	x	x	x	x	x	x
(c) Incentive development for a cleaner production												
(i) Study to define better conditions for incentives	x											
(ii) Proposal for a basic incentive system		x	x	x								
(d) Training on cleaner production												
(i) Motivation events for technological change	x	x	x	x	x	x	x	x	x	x	x	x
(ii) Training events on cleaner production				x	x	x	x	x	x	x	x	x
(iii) Training events on international standards				x	x	x	x	x	x	x	x	x
(e) Research related to cleaner production												
(i) Studies on economics and cleaner production		x										
(ii) Studies on international trade and the environment					x							
(iii) Dissemination of Results			x	x	x	x	x	x	x	x	x	x
B Urban Environmental Management												
(a) Technical Assistance to Municipalities												
(i) Rapid Environmental Appraisals	x	x	x	x	x	x	x	x	x	x	x	x
(ii) Solid Waste Management Programs	x	x	x	x	x	x	x	x	x	x	x	x
(iii) Support to sustainable cities planning processes	x	x	x	x	x	x	x	x	x	x	x	x
(iv) Soil and Water Pollution Prevention	x	x	x	x	x	x	x	x	x	x	x	x
(b) Urban Management Studies												
(i) Studies on pollution control costs			x									
(ii) Studies on noise conditions in small municipalities						x						
(iii) Environmental Monitoring Systems		x	x	x	x	x	x	x	x	x	x	x
(iv) Study on pesticide use in bananas		x										
(v) Studies on emissions effluent and residual wastes of oil activities					x							
C Technical Information dissemination												
(a) Information Sources												
(i) Study of information sources	x											
(ii) Reference Guide of information sources		x										
(iii) Contacts for access to information sources			x	x	x	x	x	x	x	x	x	x
(b) Information Compilation and processing												
(i) Reinforcement of Oikos Data Bases	x	x	x	x	x	x	x	x	x	x	x	x
(ii) Internet reference design	x	x	x	x	x	x	x	x	x	x	x	x
(c) Information dissemination												
(i) Web page	x											
(ii) Preparation of most frequent users list	x	x			x	x			x	x		
(iii) Internet information to special groups		x	x	x	x	x	x	x	x	x	x	x
(d) GLOBE Program development												
(i) Creation of the school monitoring network	x	x	x	x	x	x	x	x	x	x	x	x
(ii) Teachers training	x	x	x	x	x	x	x	x	x	x	x	x
(iii) GLOBE National Conference						x						

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IV COST ESTIMATES

A USAID Contribution

The financial plan presented here in Table 1 represents the funding required for the three year program of additional activities. Estimates are based on initial proposals presented by Oikos, adjusted for past expenditure experience and absorptive capacity. The total USAID contribution is estimated to be \$600,000. This will be used to finance technical assistance, training, commodities and local costs for the partner NGO. Table 2 shows the expected expenditures for the entire program through June 30, 2000. Table 3 lays out the methods of implementation and financing.

**Table 1
USE OF ADDITIONAL FUNDS**

Line Item	(\$)
(a) Environmental Technology Production/Cleaner Production	168,420
Personnel	115,740
Materials	20,310
Travel & Per Diem	30,720
Mail & Communications	1,650
(b) Urban Environmental Management	102,870
Personnel	85,840
Materials	4,170
Travel & Per Diem	11,960
Mail & Communications	900
(c) Technical Information Dissemination	95,290
Personnel	48,920
Materials	38,130
Travel & Per Diem	7,590
Mail & Communications	650
(d) Institutional Development/Administration	155,200
Personnel	147,600
Materials and audit	7,600
(e) Overhead	78,220
TOTAL	600,000

**Table 2
EXPENDITURES**

LINE ITEM	Current Grant Thru 6/98	Additional Funds			Amount (\$000)
		10/97-6/98	7/98-6/99	7/99-6/00	
A Institutional Development/Administration	664	0	90	60	814
B Environmental Technology Transfer/Cleaner Production	292	0	88	80	460
C Urban Environmental Management	0	25	40	38	103
D Environmental School System	262	0	0	0	262
E Technical Information Dissemination	0	20	40	35	95
F Equipment	26	0	0	0	26
G Evaluation	27	0	0	0	27
H Audit	28	0	2	3	33
I Overhead	193	5	40	34	272
TOTAL	1,492	50	300	250	2,092

**Table 3
METHODS OF IMPLEMENTATION AND FINANCING**

Line Item	Method of Implementation	Method of Financing	Amount (\$ 000)
Oikos	Grant Ag	Advance/Reimb	2,092

B Counterpart Contribution

The counterpart contribution for the additional activities envisioned by this design document will consist of both cash and in-kind contributions that will fulfill the conditions required by USAID, i.e. 25% of the total budget allocated to these activities. These contributions will be obtained through agreements signed with public and private entities, both national and international, the private sector, educational and research centers, mass media, development organizations, etc. This contribution is outlined below in Table 4.

Table 4

Description	Amount (\$)
Consejo Provincial de Pichincha	80,000
Ministry of the Environment Programa PATRA	50,000
Mass Media	100,000
Industrialists	15,000
Municipalities	30,000
TOTAL	275,000

The counterpart contribution will be obtained by OIKOS through the provision of technical assistance on cleaner production to five municipalities and five small firms, under the agreement with Consejo Provincial de Pichincha, the development of a feasibility study on oil recycling for Cuenca, under PATRA project, the provision of technical assistance to chambers of industries and municipalities among the country, and TV spots and radio programs on environmental education and cleaner production, through the mass media support.

C Audit

For every year of the program, an annual financial audit will be undertaken by Oikos through a USAID authorized audit firm. Funds for these audits will be included within the budget of the Grant Agreement.

D Sustainability

This program constitutes part of the general overall program that Oikos has prepared for its fifteen year mid-term development plan. Consequently it is expected that these and other activities will continue after USAID assistance ends. Oikos maintains a mid- and long-term planning system and for its implementation, and Oikos designs specific projects to be negotiated with a number of donors. In this specific case, Oikos will sign agreements with other institutions not only to implement this program, but for activities that are expected to arise in the future, as part of the planned program. Mid- and long-term plans are updated every two years.

Additionally, Oikos has developed a strategy which will ensure its own sustainability a few years hence. This strategy includes the provision of paid environmental services for cleaner production to both private and public entities and the general public. So far, thirty types of such services have been identified and are being offered to customers. Furthermore, Oikos has created an endowment which will enable Oikos, in the future, to have funds available for new projects and activities. Oikos will negotiate ways to increase this fund with national and international organizations. Finally, Oikos has created a private enterprise (EMPATAL Cia Ltda), of which it owns 90% of the shares, to sell environmental services. The objective of this enterprise is to generate resources for Oikos to increase its programs.

V PERFORMANCE MONITORING AND EVALUATION

A Performance Monitoring

A team approach will be used to monitor and coordinate the implementation of the activities included in the Agreement with Oikos Corporation and the technical assistance being provided to the municipalities and environmental enterprises. The key USAID members of the Pollution Prevention SPO Team include staff from USAID/Ecuador as well as RUDO/Quito staff. They will work with Oikos Corporation personnel in the monitoring of the activities and in following and measuring the progress made in attaining the indicators. The Team will also monitor and measure the progress in establishing improved solid waste practices by municipalities. Compilation of the data on the indicators to measure performance is a simple process. Oikos Corporation maintains adequate records of the industries it assists and compiles data on the municipalities that are improving solid waste management as well. Oikos

has organized its own performance monitoring system for all projects. Oikos maintains weekly administrative and technical staff meetings to discuss program progress based on quarterly plans. These are prepared and discussed prior to sending them to the sponsoring institution.

It is understood that Oikos will submit for USAID approval an implementation plan for the activities described herein within thirty calendar days after signing of the Grant Agreement Amendment. Oikos will submit quarterly progress reports in implementing this work plan. USAID and Oikos have established a special performance monitoring mechanism through the use of quarterly matrices to assess program progress, which are reviewed in a joint team meeting.

B EVALUATION

A final evaluation of these activities is planned, however in line with USAID policy, the decision to carry out periodic evaluations will be driven primarily by management need. Evaluations will not be required as a matter of formality. If they will serve no management need and will not be used, they will not be conducted. Funding for a final evaluation has already been included in the existing Grant Agreement with Oikos.

ANNEX A STATUTORY CHECKLIST

ANNEX B IEE

Clearances Environmental Education and Technology Transfer Program (EDUCAR)
Activity Design Document Supplement

SO Team Leader

ANRO, E Barrau _____

ANRO, F Maldonado _____

SDO, B Cypser _____

SDO, P Maldonado _____

SDO, R Cedeño _____

CONT, R Vasquez _____

CONT, M Lewis _____

RCO, H Granja _____

EXO, W Eiderbaum _____

RLA, J Knott _____

II ASSISTANCE CHECKLIST

Listed below are criteria applicable to the assistance resources themselves, rather than to the eligibility of a country to (A) both DA and ESF assistance, (B) DA only, or (C) ESF only

CROSS REFERENCE IS COUNTRY CHECKLIST UP TO DATE?

A DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUND

1 Congressional Notification

a **General Requirement** (FY 1997 Appropriations Act Sec 515 FAA Sec 634A) If the obligation has not previously justified to Congress, or is for an amount in excess of the amount previously justified to Congress, has a Congressional Notification been made? Yes

b **Special Notification Requirement** (FY 1997 Appropriations Act 'Burma' and "NIS" Title II headings and Sec 520) For obligations for NIS countries, Burma, Colombia, Guatemala (except development assistance), Dominican Republic, Haiti, Liberia, has a Congressional Notification been submitted, regardless of any justification in the Congressional Presentation? N/A

c **Notice of Account Transfer** (FY 1997 Appropriations Act Sec 509) If funds are being obligated under an appropriation account to which they were not appropriated has the President consulted with and provided a written justification to the House and Senate Appropriations Committees? N/A

d **Cash Transfers and Nonproject Sector Assistance** (FY 1997 Appropriations Act Sec 531(b)(3)) If funds are to be made available in the form of cash transfer or N/A

nonproject sector assistance, has the Congressional notice included a detailed description of how the funds will be used, with a discussion of U S interests to be served and a description of any economic policy reforms to be promoted?

- | | |
|--|----------------|
| <p>2 Engineering and Financial Plans (FAA Sec 611(a)) Prior to an obligation in excess of \$500,000, will there be (a) engineering, financial or other plans necessary to carry out the assistance, and (b) a reasonably firm estimate of the cost to the U S of the assistance?</p> | a) Yes, b) Yes |
| <p>3 Legislative Action (FAA Sec 611(a)(2)) If the obligation is in excess of \$500,000 and requires legislative action within the recipient country, what is the basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance?</p> | N/A |
| <p>4 Water Resources (FAA Sec 611(b)) If the assistance is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U S C 1962, <u>et seq</u>)?</p> | N/A |
| <p>5 Cash Transfer/Nonproject Sector Assistance Requirements (FY 1997 Appropriations Act Sec 531) If assistance is in the form of a cash transfer or nonproject sector assistance</p> | N/A |
| <p>a Separate Account Are all such cash payments to be maintained by the country in a separate account and not commingled with any other funds (unless such requirements are waived by Congressional notice for nonproject sector assistance)?</p> | |

b Local Currencies If assistance is furnished to a foreign government under arrangements which result in the generation of local currencies

(1) Has A I D (a) required that local currencies be deposited in a separate account established by the recipient government, (b) entered into an agreement with that government providing the amount of local currencies to be generated and the terms and conditions under which the currencies so deposited may be utilized, and (c) established by agreement the responsibilities of A I D and that government to monitor and account for deposits into and disbursements from the separate account?

(2) Will such local currencies, or an equivalent amount of local currencies, be used only to carry out the purposes of the DA or ESF chapters of the FAA (depending on which chapter is the source of the assistance) or for the administrative requirements of the United States Government?

(3) Has A I D taken all necessary steps to ensure that the equivalent of local currencies disbursed from the separate account are used for the agreed purposes?

(4) If assistance is terminated to a country, will any unencumbered balances of funds remaining in a separate account be disposed of for purposes agreed to by the recipient government and the United States Government?

6 Capital Assistance (FAA Sec 611(e)) If capital assistance is proposed (e g , construction) and total U S assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country s capability to maintain and utilize the assistance effectively?

N/A

7 Local Currencies

a Recipient Contributions (FAA Secs 612(b), 636(h)) Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U S are utilized in lieu of dollars

This is not a bilateral results package
However, the partner NGO implementing the project will provide counterpart contribution
It is expected that local counterpart will total \$700,000 or 25% of total results package expenses

b US-Owned Foreign Currencies

(1) Use of Currencies (FAA Secs 612(b), 636(h)) Are steps being taken to assure that, to the maximum extent possible, foreign currencies owned by the U S are utilized in lieu of dollars to meet the cost of contractual and other services

At this time there are no US-owned local currency funds remaining

(2) Release of Currencies (FAA Sec 612(d)) Does the U S own non-PL 480 excess foreign currency of the country and, if so, has the agency endeavored to obtain agreement for its release in an amount equivalent to the dollar amount of the assistance?

No

8 Trade Restrictions - Surplus Commodities (FY 1997 Appropriations Act Sec 513(a)) If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U S producers of the same, similar or competing commodity?

N/A

9 Environmental Considerations (FAA Sec 117, USAID Regulation 16, 22 CFR Part 216) Have the environmental procedures of USAID Regulation 16 been met?

Yes IEE was approved by LAC Environmental Advisor dated 09-04 97

10 PVO Assistance

a Auditing (FY 1997 Appropriations

Yes

Act Sec 550) If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of USAID?

b Funding Sources (FY 1997 Appropriations Act, Title II, under heading 'Private and Voluntary Organizations) If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government? If not, has the requirement been waived?

N/A

11 Agreement Documentation (Case Zablocki Act, 1 U S C Sec 112b, 22 C F R Part 181) For any bilateral agreement over \$25 million, has the date of signing and the amount involved been cabled to State L/T immediately upon signing and has the full text of the agreement been pouched to State/L within 20 days of signing?

N/A

12 Metric System (Omnibus Trade and Competitiveness Act of 1988 Sec 5164, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec 2, and as implemented through A I D policy) Does the assistance activity use the metric system of measurement in its procurements, grants, and other business related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components subassemblies and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A I D specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project

Yes

papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

13 Abortions (FAA Sec 104(f), FY 1997 Appropriations Act, Title II, under heading "Development Assistance" and Sec 518)

No

a Are any of the funds to be used for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions? (Note that the term "motivate" does not include the provision, consistent with local law, of information or counseling about all pregnancy options)

b Are any of the funds to be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations?

c Are any of the funds to be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization?

d Will funds be made available only to voluntary family planning projects which offer, either directly or through referral to or information about access to, a broad range of family planning methods and services? (As a legal matter, DA only)

e In awarding grants for natural family planning, will any applicant be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning? (As a legal matter, DA only)

f Are any of the funds to be used to pay for any biomedical research which relates, in whole or in part, to methods of, or

the performance of, abortions or involuntary sterilization as a means of family planning?

g Are any of the funds to be made available to any organization if the President certifies that the use of these funds by such organization would violate any of the above provisions related to abortions and involuntary sterilization?

14 Procurement

a Source, Origin and Nationality (FAA Sec 604(a) Will all procurement be from the U S , the recipient country, or developing countries except as otherwise determined in accordance with the criteria of this section? Yes

b Marine Insurance (FAA Sec 604(d)) If the cooperating country discriminates against marine insurance companies authorized to do business in the U S , will commodities be insured in the United States against marine risk with such a company? N/A

c Insurance (FY 1997 Appropriations Act Sec 528A) Will any A I D contract and solicitation, and subcontract entered into under such contract, include a clause requiring that U S insurance companies have a fair opportunity to bid for insurance when such insurance is necessary or appropriate? Any contract or solicitation entered into under this Results Package will state this

d Non-U S Agricultural Procurement (FAA Sec 604(e)) If non-U S procurement of agricultural commodity or product thereof is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U S) Agricultural commodities will not be procured under this project

e Construction or Engineering Services (FAA Sec 604(g)) Will construction or engineering services be procured from No

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firms of advanced developing countries which are otherwise eligible under Code 941 and which have attained a competitive capability in international markets in one of these areas? (Exception for those countries which receive direct economic assistance under the FAA and permit United States firms to compete for construction or engineering services financed from assistance programs of these countries)

- | | |
|--|-----|
| <p>f Cargo Preference Shipping (FAA Sec 603) Is the shipping excluded from compliance with the requirement in section 901(b) of the Merchant Marine Act of 1936 as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U S flag commercial vessels to the extent such vessels are available at fair and reasonable rates?</p> | No |
| <p>g Technical Assistance (FAA Sec 621(a)) If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? Will the facilities and resources of other Federal agencies be utilized, when they are particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?</p> | Yes |
| <p>h U S Air Carriers (Fly America Act, 49 U S C Sec 1517) If air transportation of persons or property is financed on grant basis, will U S carriers be used to the extent such service is available?</p> | Yes |
| <p>i Consulting Services (FY 1997 Appropriations Act Sec 549) If assistance is for consulting service through procurement contract pursuant to 5 U S C 3109, are contract expenditures a matter of public record and available for public inspection (unless otherwise provided by law or</p> | Yes |

Executive order)?

- | | |
|--|------------|
| <p>j Notice Requirement (FY 1997 Appropriations Act Sec 561) Will agreements or contracts contain notice consistent with FAA section 604(a) and with the sense of Congress that to the greatest extent practicable equipment and products purchased with appropriated funds should be American-made?</p> | <p>Yes</p> |
| <p>15 Construction</p> <p>a Capital Assistance (FAA Sec 601(d)) If capital (e g , construction) assistance, will U S engineering and professional services be used?</p> <p>b Large Projects - Congressional Approval (FAA Sec 620(k)) If for construction of productive enterprise will aggregate value of assistance to be furnished by the U S not exceed \$100 million (except for productive enterprises in Egypt that were described in the Congressional Presentation), or does assistance have the express approval of Congress?</p> | <p>N/A</p> |
| <p>16 U S Audit Rights (FAA Sec 301(d)) If fund is established solely by U S contributions and administered by an international organization, does Comptroller General have audit rights?</p> | <p>Yes</p> |
| <p>17 Communist Assistance (FAA Sec 620(h)) Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries?</p> | <p>Yes</p> |
| <p>18 Narcotics</p> <p>a Cash Reimbursements (FAA Sec 483) Will arrangements preclude use of financing to make reimbursements in the</p> | <p>Yes</p> |

form of cash payments to persons whose illicit drug crops are eradicated?

- | | |
|---|------------|
| <p>b Assistance to Narcotics Traffickers (FAA Sec 487) Will arrangements take "all reasonable steps" to preclude use of financing to or through individuals or entities which we know or have reason to believe have either (1) been convicted of a violation of any law or regulation of the United States or a foreign country relating to narcotics (or other controlled substances), or (2) been an illicit trafficker in, or otherwise involved in the illicit trafficking of, any such controlled substance?</p> | <p>Yes</p> |
| <p>19 Expropriation and Land Reform (FAA Sec 620(g)) Will assistance preclude use of financing to compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President?</p> | <p>Yes</p> |
| <p>20 Police and Prisons (FAA Sec 660) Will assistance preclude use of financing to provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs?</p> | <p>Yes</p> |
| <p>21 CIA Activities (FAA Sec 662) Will assistance preclude use of financing for CIA activities?</p> | <p>Yes</p> |
| <p>22 Motor Vehicles (FAA Sec 636(i)) Will assistance preclude use of financing for purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U S , unless a waiver is obtained?</p> | <p>Yes</p> |
| <p>23 Export of Nuclear Resources (FY 1995 Appropriations Act Sec 506) Will assistance preclude use of financing to finance, except for purposes of nuclear safety, the export of nuclear equipment, fuel, or technology?</p> | <p>Yes</p> |

ANNEX A

24 **Publicity Propaganda and Lobbying** (FY 1997 Appropriations Act Sec 546, Anti-Lobbying Act, 18 U S C § 1913, Sec 109(1) of the Foreign Relations Authorization Act Fiscal Years 1988 and 1989, P L 100 204) Will assistance be used to support or defeat legislation pending before Congress, to influence in any way the outcome of a political election in the United States, or for any publicity or propaganda purposes not authorized by Congress? No

25 **Commitment of Funds** (FAA Sec 635(h)) Does a contract or agreement entail a commitment for the expenditure of funds during a period in excess of 5 years from the date of the contract or agreement? No

26 **Impact on U S Jobs** (FY 1997 Appropriations Act, Sec 538) No

a Will any financial incentive be provided to a business located in the U S for the purpose of inducing that business to relocate outside the U S in a manner that would likely reduce the number of U S employees of that business?

b Will assistance be provided for the purpose of establishing or developing an export processing zone or designated area in which the country s tax, tariff, labor, environment, and safety laws do not apply? If so, has the President determined and certified that such assistance is not likely to cause a loss of jobs within the U S ?

c Will assistance be provided for a project or activity that contributes to the violation of internationally recognized workers rights, as defined in section 502(a)(4) of the Trade Act of 1974 of workers in the recipient country, or will assistance be for the informal sector, micro or small scale enterprise, or smallholder agriculture?

B DEVELOPMENT ASSISTANCE ONLY

- 1 Agricultural Exports (Bumpers Amendment)**(FY 1997 Appropriations Act Sec 513(b)), as interpreted by the conference report for the original enactment) If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities (a) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U S exporters of a similar agricultural commodity, or (b) in support of research that is intended primarily to benefit U S producers? No
- 2 Recipient Country Contribution** (FAA Secs 110, 124(d)) Will the recipient country provide at least 25 percent of the costs of the activity with respect to which the assistance is to be furnished or is this cost sharing requirement being waived for a "relatively least developed country? The partner NGO will provide counterpart contribution in the amount of \$700 000 or 25% of total Results Package expenses
- 3 Forest Degradation** (FAA Sec 118)
- a Will assistance be used for the procurement or use of logging equipment? If so, does the an environmental assessment indicate that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems? No
- b Will assistance be used for (1) actions which will significantly degrade national parks or similar protected areas No

which contain tropical forests, or introduce exotic plants or animals into such areas, (2) activities which would result in the conversion of forest lands to the rearing of livestock, (3) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undergraded forest lands, (4) the colonization of forest lands, or (5) the construction of dams or other water control structures which flood relatively undergraded forest lands? If so, does the environmental assessment indicate that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development?

4 Deobligation/Reobligation (FY 1997 Appropriations Act Sec 510) If deob/reob authority is sought to be exercised under section 510 in the provision of DA assistance, are the funds being obligated for the same general purpose and for countries within the same region as originally obligated, and have the House and Senate Appropriations Committees been properly notified? [Note Compare to no year authority under section 511] N/A

5 Capital Assistance (Jobs Through Export Act of 1992, Secs 303 and 306(d)) If assistance is being provided for a capital activity, is the activity developmentally sound and will it measurably alleviate the worst manifestations of poverty or directly promote environmental safety and sustainability at the community level? N/A

6 Loans

a Repayment Capacity (FAA Sec 122(b)) Information and conclusion on capacity of the country to repay the loan at a reasonable rate of interest N/A

b Long-Range Plans (FAA Sec 122(b)) Does the activity give reasonable promise of assisting long-range plans and programs designed to develop economic resources and increase productive capacities?

N/A

c Interest Rate (FAA Sec 122(b)) If development loan is repayable in dollars, is interest rate at least 2 percent per annum during a grace period which is not to exceed ten years, and at least 3 percent per annum thereafter?

N/A

d Exports to United States (FAA Sec 620(d)) If assistance is for any productive enterprise which will compete with U S enterprises, is there an agreement by the recipient country to prevent export to the U S of more than 20 percent of the enterprise's annual production during the life of the loan, or has the requirement to enter into such an agreement been waived by the President because of a national security interest?

N/A

7 Planning and Design Considerations Has agency guidance or the planning and design documentation for the specific activity taken into account the following, as applicable?

Yes

a Economic Development FAA Sec 101(a) requires that the activity give reasonable promise of contributing to the development of economic resources or to the increase of productive capacities and self-sustaining economic growth

Yes

b Special Development Emphases FAA Secs 102(b), 113, 281(a) require that assistance (1) effectively involve the poor in development by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, dispersing investment from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits

This Results Package will be implemented by a local PVO that has experience working at the local level. Activities such as cleaner production will produce economic opportunity for the rural poor. This activity will assist local community organizations and PVO's to work toward pollution prevention of Ecuador while becoming stronger institutionally. This results package will assist

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of development on a sustained basis, using appropriate U S institutions, (2) encourage democratic private and local governmental institutions, (3) support the self-help efforts of developing countries, (4) promote the participation of women in the national economies of developing countries and the improvement of women's status and (5) utilize and encourage regional cooperation by developing countries

and strengthen Ecuadorian NGO All results package activities will be designed to increase the participation and status of women

c Development Objectives FAA Secs 102(a), 111, 113, 281(a) require that assistance (1) effectively involve the poor in development, by expanding access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U S institutions, (2) help develop cooperatives especially by technical assistance, to assist rural and urban poor to help themselves toward better life and otherwise encourage democratic private and local governmental institutions, (3) support the self help efforts of developing countries, (4) promote the participation of women in the national economies of developing countries and the improvement of women s status, and (5) utilize and encourage regional cooperation by developing countries?

Same as Item 7 b above

d Agriculture, Rural Development and Nutrition, and Agricultural Research FAA Secs 103 and 103A require that (1) **Rural poor and small farmers** assistance for agriculture, rural development or nutrition be specifically designed to increase productivity and income of rural poor and assistance for agricultural research take into account the needs of small farmers and make extensive use of field testing to adapt basic research to local conditions (2) **Nutrition** assistance be used in coordination with efforts carried out under FAA Section 104 (Population and

N/A

Health) to help improve nutrition of the people of developing countries through encouragement of increased production of crops with greater nutritional value improvement of planning, research, and education with respect to nutrition, particularly with reference to improvement and expanded use of indigenously produced foodstuffs, and the undertaking of pilot or demonstration programs explicitly addressing the problem of malnutrition of poor and vulnerable people, (3) **Food security** assistance increase national food security by improving food policies and management and by strengthening national food reserves, with particular concern for the needs of the poor, through measures encouraging domestic production, building national food reserves, expanding available storage facilities, reducing post harvest food losses, and improving food distribution

e **Population and Health** FAA Secs 104(b) and (c) require that assistance for population or health activities emphasize low cost, integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems, and other modes of community outreach N/A

f **Education and Human Resources Development** FAA Sec 105 requires that assistance for education, public administration, or human resource development (1) strengthen nonformal education, make formal education more relevant, especially for rural families and urban poor, and strengthen management capability of institutions enabling the poor to participate in development, and (2) provide advanced education and training of people of developing countries in such disciplines as are required for planning and implementation of N/A

public and private development activities

g Energy, Private Voluntary Organizations and Selected Development Activities FAA Sec 106 requires that assistance for energy, private voluntary organizations, and selected development problems may be used for (1) data collection and analysis, the training of skilled personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy production, and facilitative of research on and development and use of small-scale, decentralized, renewable energy sources for rural areas, emphasizing development of energy resources which are environmentally acceptable and require minimum capital investment, (2) technical cooperation and development especially with U S private and voluntary, or regional and international development, organizations, (3) research into, and evaluation of, economic development processes and techniques, (4) reconstruction after natural or manmade disaster and programs of disaster preparedness, (5) special development problems, and to enable proper utilization of infrastructure and related projects funded with earlier U S assistance, (6) urban development, especially small, labor-intensive enterprises, marketing systems for small producers, and financial or other institutions to help urban poor participate in economic and social development

- 1) N/A
- 2) The activities will be implemented by a local partner NGO
- 3) N/A
- 4) N/A
- 5) N/A
- 6) N/A

h Appropriate Technology FAA Sec 107 requires that assistance emphasize use of appropriate technology (defined as relatively smaller cost-saving labor-using technologies that are generally most appropriate for the small farms small businesses, and small incomes of the poor

Yes Such technology will be both developed and disseminated

i Tropical Forests FAA Sec 118 and FY 1991 Appropriations Act Sec 533(c) as referenced in section 532(d) of the FY 1993 Appropriations Act) require that

(1) **Conservation** assistance place a high priority on conservation and sustainable management of tropical forests and specifically (i) stress the importance of conserving and sustainably managing forest resources, (ii) support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas, (iii) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management, (iv) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices, (v) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared or degraded, (vi) conserve forested watersheds and rehabilitate those which have been deforested, (vii) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing, (viii) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation, (ix) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance or degradation, and by helping to identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas, (x) seek to increase the awareness of U S Government agencies and other donors of the immediate and long-term value of tropical forests, (xi) utilize the resources and abilities of all relevant U S government agencies, (xii) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land, and (xiii)

N/A

take full account of the environmental impacts of the proposed activities on biological diversity

(2) Sustainable Forestry

assistance relating to tropical forests assist countries in developing a systematic analysis of the appropriate use of their total tropical forest resources, with the goal of developing a national program for sustainable forestry

N/A

j Biological Diversity FAA Sec

119(g) requires that assistance (i) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity, (ii) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats (iii) support efforts to identify and survey ecosystems in recipient countries worthy of protection, or (iv) by any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas

N/A

k Benefit to Poor Majority FAA Sec 128(b) requires that if the activity attempts to increase the institutional capabilities of private organizations or the government of the country, or if it attempts to stimulate scientific and technological research, it be designed and monitored to ensure that the ultimate beneficiaries are the poor majority

Project activities attempt to do all of these, and will be monitored to ensure that the poor majority benefits through increased economic opportunity access to technology and increased participation

l Indigenous Needs and Resources FAA Sec 281(b) requires that an activity recognize the particular needs, desires, and capacities of the people of the country, utilize the country's intellectual resources to encourage institutional development and support civic education and training in skills required for effective participation in governmental and political processes essential to self-government

Activities included in this results package will be implemented through a local partner NGO which is aware of the indigenous needs and of unfairness, inequalities and human rights abuses which affect disadvantaged groups

m **Energy** FY 1991 Appropriations Act Sec 533(c) as referenced in section 532(d) of the FY 1993 Appropriations Act) requires that assistance relating to energy focus on (1) end-use energy efficiency, least-cost energy planning, and renewable energy resources, and (2) the key countries where assistance would have the greatest impact on reducing emissions from greenhouse gases

N/A

n **Debt-for-Nature Exchange** FAA Sec 463 requires that assistance which will finance a debt-for-nature exchange (1) support protection of the world's oceans and atmosphere, animal and plant species, or parks and reserves, or (2) promote natural resource management, local conservation programs, conservation training programs, public commitment to conservation, land and ecosystem management, or regenerative approaches in farming, forestry, fishing, and watershed management

N/A

C ECONOMIC SUPPORT FUND ONLY N/A

1 **Economic and Political Stability** (FAA Sec 531(a)) Does the design and planning documentation demonstrate that the assistance will promote economic and political stability? To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of Part I of the FAA?

2 **Military Purposes** (FAA Sec 531(e)) Will this assistance be used for military or paramilitary purposes?

3 **Commodity Grants/Separate Accounts** (FAA Sec 609) If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made? (For FY 1997, this provision is superseded by the

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separate account requirements of FY 1997 Appropriations Act Sec 532(a), see Sec 532(a)(5))

4 Generation and Use of Local Currencies (FAA Sec 531(d)) Will ESF funds made available for commodity import programs or other program assistance be used to generate local currencies? If so, will at least 50 percent of such local currencies be available to support activities consistent with the objectives of FAA sections 103 through 106? (For FY 1997, this provision is superseded by the separate account requirements of FY 1997 Appropriations Act Sec 532(a), see Sec 532(a)(5))

5 Capital Activities (Sec 306, Jobs Through Exports Act of 1992, P L 102 549, 22 U S C 2241a) If assistance is being provided for a capital project, will the project be developmentally sound and sustainable, i e one that is (a) environmentally sustainable, (b) within the financial capacity of the government or recipient to maintain from its own resources, and (c) responsive to a significant development priority initiated by the country to which assistance is being provided

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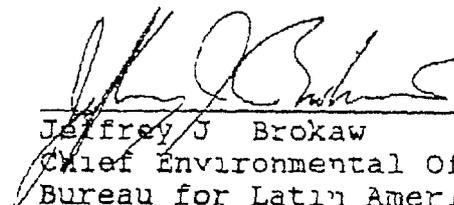


U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

LAC-IEE-97-41

REQUEST FOR A CATEGORICAL EXCLUSION

<u>Project Location</u>	Ecuador
<u>Project Title</u>	Special Objective Pollution Prevention
<u>Project Number</u>	518-0117
<u>Funding</u>	\$600,000 new funds (new LOP = \$2,092,330)
<u>Life of Project</u>	1997-2000
<u>IEE Prepared by</u>	Bruce S Kernan, Regional Environmental Advisor for South America
<u>Recommended Threshold Decision</u>	Categorical Exclusion
<u>Bureau Threshold Decision</u>	Concur with Recommendation
<u>Comments</u>	None

 Date 9/4/97
 Jeffrey J Brokaw
 Chief Environmental Officer
 Bureau for Latin America
 and the Caribbean

- Copy to Tom Geiger, Mission Director
USAID/Ecuador
- Copy to Enrique Barrau, USAID/Ecuador
- Copy to Fausto Malonado, USAID/Ecuador
- Copy to Bruce Kernan, REA-SA,
USAID/Ecuador
- Copy to Karen Anderson, LAC/SPM
- Copy to Babette Prevot, LAC/SAM
- Copy to IEE File



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

U.S. Agency for International Development
Office of Regional Sustainable Development
Bureau for Latin America and the Caribbean

FAX TRANSMITTAL SHEET

DATE: 9-4-97

FROM: Eric Fain

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NUMBER OF PAGES INCLUDING COVER SHEET: 2

MESSAGE(S):

IEE for O/ces -
Categorical ~~exclusion~~ exclusion

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REQUEST FOR A CATEGORICAL EXCLUSION

Activity Location	Ecuador
Activity Title	Special Objective Pollution Prevention
Funding	\$2,092,330
Life of Activity	1993-2000
IEE Prepared by	Bruce S Kernan Regional Environmental Advisor
Recommendation	Categorical Exclusion

I Background

USAID/Ecuador intends to reach its Pollution Prevention Special Objective through the provision of financing to the Corporation OIKOS to carry out the activities described in the proposal "Cleaner Production and Urban Environmental Management". The Special Objective is expected to result in less contamination of the environment by industrial processes and better urban management by selected municipalities. In order to reach the Special Objective OIKOS proposes to do the following:

- * Stimulate interest in cleaner technology
- * Promote the technology of clean industrial processes
- * Formulate and promote national and local governmental policies that will provide incentives for the adoption of clean industrial processes
- * Promote the provision of financial resources for the adoption of clean industrial processes
- * Provide training in the implementation of clean industrial processes
- * Set up mechanisms for providing adequate information about the technology for clean industrial processes
- * Promote the provision of technology through the commercial sector that will result in cleaner industrial processes
- * Assist local governments to regulate and control industrial and urban pollution
- * Promote environmental education programs

II Discussion

Under this Special Objective OIKOS will use USAID funds for technical assistance, studies, analyses, research, document and information transfers and training. No actions that will directly affect the environment are contemplated.

Section (c) of the Agency Environmental Procedures provides for the Categorical Exclusion of the types of activities proposed by OIKOS from the requirement for an Initial Environmental Examination or an Environmental Assessment. Specifically,

Section (c) (1) (iii) excludes research activities, Section (c) (2) (i) excludes education, technical assistance, or training programs, Section (c) (2) (ii) excludes analyses and studies, and Section (c) (2) (v) excludes document and information transfers. Thus all the areas in which OIKOS will work appear to be eligible for a Categorical Exclusion under USAID Environmental Procedures.

III Recommendation

That a Categorical Exclusion from the requirement for an Initial Environmental Examination for the agreement between USAID/Ecuador and OIKOS be approved by the Bureau Environmental Officer

Prepared by 
Bruce S. Kernan
Regional Environmental Advisor

Approved by 
Thomas Geiger
USAID/Ecuador, Mission Director

Drafted by BKernan

Clearance
SDO BCypser  Date 8/29/97

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