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U S AGENCY FOR INT'L DEV.
TELECOMMUNICATIONS CENTER

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AID/LAC/SPO:RFANALE AID/EGAT/AA:FALEJANDRO (DRAFT)

AID/LAC/SAM:OCARDUNER (DRAFT) DCHA/PPM:SPARKS (DRAFT)

AID/AFR/EA:TCRUBAUGH (DRAFT) EGAT/AA:FALEJANDRO

AID/GH/HN:MVANDENBROUCKE

AID/LAC/SPO:AWAHAB

AID/LAC/SPO:BCYPSE (DRAFT)

AID/LAC/SPO:JRUDASILL (DRAFT)

AID/LAC/RSD:CMANGO (DRAFT)

AID/LAC/EMT:CROYALTY (DRAFT)

STATE/WHA/AND:DTITUS (INFO)

STATE/WHA/PPC:DLOKKA (INFO)

DOD/SO/LIC/CN (INFO)

ONDCP:BHITTLE (INFO)

STATE/WHA/PDA:KSCHINNERER (INFO)

STATE/INL/LP:TMARTIN (INFO)

STATE/INL/LP:NMULENAX (INFO)

NSC/EOP:HLORENS (INFO)

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ADM AID

E.O. 12958: N/A

TAGS:

SUBJECT: USAID/ECUADOR NORTHERN BORDER DEVELOPMENT
STRATEGY

1. SUMMARY. THIS CABLE SERVES AS THE MANAGEMENT

AGREEMENT FOR USAID/ECUADOR'S NORTHERN BORDER
DEVELOPMENT STRATEGY (FY 2003 TO FY 2006) AND PROVIDES
AN OFFICIAL RECORD OF THE GUIDANCE THAT EMERGED FROM
THE REVIEW OF THE STRATEGY DOCUMENT. AN EXECUTIVE
COMMITTEE REVIEW, CHAIRED BY AA/LAC, ADOLFO FRANCO,
WAS HELD ON DECEMBER 13, 2002 AND RESULTED IN THE
APPROVAL OF THE \$60 MILLION STRATEGIC OBJECTIVE,
SUBJECT TO THE AVAILABILITY OF ANDEAN COUNTERDRUG
INITIATIVE (ACI) FUNDS AND THE GUIDANCE PROVIDED
BELOW.

2. BACKGROUND. PRIOR TO THE EXECUTIVE COMMITTEE
REVIEW, A SERIES OF CONSULTATIONS BETWEEN
USAID/ECUADOR, USAID/WASHINGTON SECTOR SPECIALISTS,
LAC STRATEGY AND PROGRAM STAFF, LAC/SAM STAFF, LAC/EMT
STAFF, AND GC AND PPC REPRESENTATIVES TOOK PLACE TO
REVIEW THE PROPOSED STRATEGIC OBJECTIVE (SO) SUBMITTED
BY USAID/ECUADOR. AIMED AT CONSTRAINING SPILL OVER

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THREATS FROM THE COLOMBIAN CONFLICT AND THE SPREAD OF
THE ANDEAN REGIONAL COCA/COCAINE ECONOMY INTO ECUADOR,
THE STRATEGY BUILDS UPON THE CURRENT NORTHERN BORDER
INITIATIVE THAT WAS APPROVED IN AUGUST 2000. IT
COMBINES INFRASTRUCTURE SUCCESSES ACHIEVED TO DATE
WITH LONGER TERM EFFORTS TO STRENGTHEN LOCAL
DEMOCRATIC INSTITUTIONS AND COMMUNITIES AND ENHANCE
RURAL ECONOMIC COMPETITIVENESS. IN ADDITION, IT
INCORPORATES SECURITY, LAW ENFORCEMENT, AND PUBLIC
RELATIONS EFFORTS OF OTHER U.S. ENTITIES OF THE
ECUADOR COUNTRY TEAM. DISCUSSIONS WERE INFORMED BY A
FORMAL MISSION PRESENTATION WHICH WAS HELD ON DECEMBER
10, 2002. AN INTERAGENCY MEETING, ATTENDED BY
REPRESENTATIVES FROM THE DEPARTMENT OF DEFENSE,
STATE/WHA, STATE/INL, THE OFFICE OF NATIONAL DRUG
CONTROL POLICY (ONDCP), AND THE CENTRAL INTELLIGENCE
AGENCY ALSO TOOK PLACE ON DECEMBER 12, 2002. THERE WAS
CONSENSUS THAT THE PROGRAM SHOULD BE APPROVED AND
FUNDED FOR THE ACTIVITIES PROPOSED.

THE MISSION WAS APPLAUDED FOR ITS EXCEPTIONALLY
WELL-WRITTEN AND ANALYTICAL DOCUMENT AND FOR
PRESENTING AN INTEGRATED, MUTUALLY SUPPORTIVE
DEVELOPMENT ASSISTANCE PACKAGE THAT REPRESENTS A
JOINT UNITED STATES GOVERNMENT COUNTRY TEAM EFFORT
WITH DEFINED ROLES FOR THE MILITARY GROUP (MILGRP),
NARCOTICS AFFAIRS SECTION (NAS), PUBLIC AFFAIRS
SECTION (PAS), AND USAID. THE PROGRAM WAS GIVEN KUDOS
FOR THE SUCCESSFUL COMPLETION OF MANY CRITICAL SOCIAL
AND PRODUCTIVE INFRASTRUCTURE ACTIVITIES DURING THE
FIRST TWO YEARS OF IMPLEMENTATION INCLUDING TWENTY TWO

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PORTABLE WATER SYSTEMS. IN THE TECHNICAL REVIEW, IT WAS NOTED THAT SIGNIFICANT INROADS HAVE BEEN MADE TO SECURE COMMUNITY OWNERSHIP FOR COMPLETED AND PLANNED ACTIVITIES AND THE INCREASED INVOLVEMENT OF ELECTED LOCAL GOVERNMENT TO A SHARED VISION FOR ENSURING THAT DEVELOPMENT OF THE NORTHERN BORDER REGION IS SUSTAINABLE. ADDITIONALLY, USAID AND THE GOVERNMENT OF ECUADOR (GOE) HAVE FORGED A COLLABORATIVE AND TRANSPARENT WORKING RELATIONSHIP BUILT ON MUTUAL RESPECT RATHER THAN ON THE STICKER PRICE FOR ASSISTANCE. USAID DOES NOT PROVIDE ANY MONEY DIRECTLY TO THE GOE, BUT HAS PROVIDED VERY MODEST SUPPORT TO UENOR FOR INSTITUTIONAL SUPPORT, THROUGH THE INTERNATIONAL ORGANIZATION FOR MIGRATION. THE BULK OF THE PROGRAM IS IMPLEMENTED THROUGH PVOS AND NGOS.

THE REVIEW PROCESS CULMINATED IN AN EXECUTIVE COMMITTEE REVIEW ON DECEMBER 13, 2002, CHAIRED BY THE ASSISTANT ADMINISTRATOR OF THE BUREAU FOR LATIN AMERICA AND THE CARIBBEAN (AA/LAC), ADOLFO FRANCO. USAID/ECUADOR WAS REPRESENTED IN THE MEETING BY MISSION DIRECTOR LARS KLASSEN. ALSO IN ATTENDANCE WERE REPRESENTATIVES FROM OTHER CONCERNED LAC BUREAU OFFICES INCLUDING LAC/SAM, LAC/RSD, LAC-EMT, AND LAC/SPO.

3. SUMMARY OF MANAGEMENT AGREEMENT. IN ACCORDANCE WITH ADS 201.3.4.16, THE FOLLOWING GUIDANCE IS PROVIDED TO THE MISSION:

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A. STRATEGIC DIRECTION. THE AA SUPPORTS PREVENTATIVE DEVELOPMENT AND APPLAUDS THE MISSION FOR ITS HOLISTIC APPROACH AND INTEGRATION OF THE VARIOUS ENTITIES OF THE USG COUNTRY TEAM. AS STRESSED IN THE INTER-AGENCY REVIEW, PERFORMANCE MONITORING AND REPORTING EFFORTS BY THE COUNTRY TEAM TO JOINTLY ARTICULATE ITS SUCCESSES AND DEMONSTRATE THAT THE PROGRAM IS HAVING AN IMPACT WILL BE WELCOME. THE AA ALSO ENCOURAGES GREATER COORDINATION AND FERTILIZATION OF CROSS BORDER ACTIVITIES WITH USAID/COLOMBIA. ON A BROADER LEVEL, THE TWO MISSIONS SHOULD HELP FOSTER COMMUNICATION AND COOPERATION BETWEEN THE GOVERNMENTS OF ECUADOR AND COLOMBIA ON ISSUES RELEVANT TO THE BORDER, INCLUDING COUNTERNARCOTICS, SECURITY, ECONOMIC DEVELOPMENT, ETC.

THE NEW USG JOINTLY MANAGED STRATEGIC OBJECTIVE WILL CONSOLIDATE THE GAINS MADE UNDER THE CURRENT PROGRAM. IT WILL HELP TO CONTAIN FURTHER THE SPREAD OF THE

ANDEAN REGIONAL COCA/COCAINE ECONOMY INTO ECUADOR BY

ASSISTING THE GOE IN ITS EFFORTS TO STRENGTHEN STATE PRESENCE AND COMMUNITY STRUCTURES IN THE NORTH, AS WELL AS FOSTER A MORE LICIT SOCIAL, ECONOMIC, AND POLITICAL ENVIRONMENT. USAID WILL ADDRESS THE STRUCTURAL AND LATENT FACTORS NAMELY VULNERABLE DEMOCRATIC INSTITUTIONS, WEAK STATE PRESENCE, FRAGILE COMMUNITY STRUCTURES, POVERTY, AND A DEARTH OF LICIT ECONOMIC OPPORTUNITIES. USAID WILL PROVIDE AN INTEGRATED PACKAGE OF INTERVENTIONS WHICH INCLUDES: (A) CAPITAL INVESTMENT AND TECHNICAL ASSISTANCE TO HELP LOCAL GOVERNMENTS AND COMMUNITIES BUILD AND

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SUSTAIN SOCIAL AND PRODUCTIVE INFRASTRUCTURE AND TO TITLE LAND; (B) TECHNICAL ASSISTANCE AND TRAINING TO MUNICIPAL GOVERNMENTS AND LOCAL COMMUNITIES TO IDENTIFY AND RESOLVE LOCAL DEVELOPMENT PROBLEMS DEMOCRATICALLY; AND (C) SUPPORT TO STRENGTHEN THE COMPETITIVENESS OF EXISTING AGRICULTURAL AND RELATED ENTERPRISES IN THE NORTH, IN THE CONTEXT OF ECUADOR'S ENTRY INTO THE FREE TRADE AREA OF THE AMERICAS BY 2005.

B. STRATEGIC OBJECTIVE PERIOD. THE STRATEGY HAS BEEN APPROVED FOR THE PERIOD, FY 2003 TO FY 2006.

C. PROGRAM FUNDING LEVELS. THE FOLLOWING PROPOSED FUNDING LEVELS PER YEAR ARE ENDORSED, PENDING AVAILABILITY OF ACI FUNDS:

FY 2003: \$16 MILLION
FY 2004: \$19.5 MILLION
FY 2005: \$24.5 MILLION

TOTAL LIFE OF STRATEGIC OBJECTIVE FUNDING: \$60 MILLION

D. OPERATING EXPENSE LEVELS. THE STRATEGY DOES NOT INDICATE A NEED FOR AN INCREASE TO USAID/ECUADOR'S OPERATING EXPENSE LEVELS.

E. STAFFING LEVELS. STAFFING LEVELS WILL BE ADDRESSED AS PART OF AN UPCOMING MISSION MANAGEMENT ASSESSMENT SCHEDULED FOR FEBRUARY 2003. THE MISSION

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IS ENCOURAGED TO LOOK AT WAYS TO STRUCTURE ITS IMPLEMENTATION PLAN TO MINIMIZE THE ADMINISTRATIVE BURDEN OF MANAGING THE ACTIVITIES UNDER THE NORTHERN BORDER SO. IT SHOULD TRY WHERE POSSIBLE TO USE

EXISTING MANAGEMENT UNITS IN ORDER TO STREAMLINE PROCUREMENT ACTIONS ACROSS THE MISSION.

4. THE MISSION IS CONGRATULATED FOR A SUCCESSFUL
REVIEW AND APPROVAL OF ITS NORTHERN BORDER STRATEGY.
COPIES OF THE APPROVED STRATEGY WILL BE AVAILABLE
ELECTRONICALLY FROM PPC/CDIE. HARDCOPIES ARE
AVAILABLE UPON REQUEST FROM LAC/SPO.

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