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FY 2009 FOREIGN ASSISTANCE GOALS

The United States Government (USG)'s foreign policy objectives in Ecuador are to bolster local and regional security and stability, promote democracy, and encourage broad-based economic growth, including biodiversity conservation. Within this framework, USG assistance in Ecuador recorded significant accomplishments in FY 2009.

HIGHLIGHTS BY PROGRAM OBJECTIVE

Peace and Security

Ecuador's position as a major staging and transit area for illicit drugs and a destination for laundering of illicit funds threatens U.S. interests and the stability of Ecuador's institutions. These risks are mitigated by the USG's counternarcotics programs and military training.

In FY 2009, the USG equipped, trained, and supported Ecuadorian police and military units to conduct detection and interdiction operations against traffickers of illicit narcotics. Assistance provided vehicles and maintenance for mobility support, as well as field gear, communications equipment, a nationwide canine program, interdiction equipment, computer and information technology support, construction and renovation of police and military facilities, and specialized training. Narcotics seizures by the Government of Ecuador (GOE) totaled 26,082 kg of cocaine, 147.5 kg of heroin, and 2,668 kg of cannabis.

The Ecuadorian military, with USG assistance, increased operations near the Colombian border to counter activities of Colombian irregular armed groups, such as the Revolutionary Armed Forces of Colombia (FARC) and related narcotics organizations. Approximately 219 battalion-level operations led to the destruction of 9 cocaine laboratories and 253 facilities (bases, houses, camps), and the confiscation of other operational equipment and fuel, and the detention of 78 individuals and the killing of 3 FARC members.

The USG also worked with the Plan Ecuador Secretariat to improve the lives of Ecuadorian families living near the borders. USG assistance focused on two areas: building or improving productive and

social infrastructure, and improving livelihoods of farmers through the creation of new jobs and increased incomes. Success in these areas reduced the attraction of engaging in narco-businesses, and strengthened economic and social stability.

The USG coordinated closely with border communities and municipalities to identify their basic needs and provide adequate infrastructure. In FY 2009, assistance programs financed the construction of 48 roads, bridges, irrigation canals, and water and sanitation systems. About 26,000 people benefited from this infrastructure. Results of a 2009 survey found that, on average, citizen satisfaction with municipal services in five target municipalities increased by 4.6 percent. The USG also continued to develop sustainable farm-level production and marketing systems for 20 value chains, linking small-scale farmers with medium and large anchor firms and markets in 6 sub-sectors: cacao, coffee, dairy, fruits, cereals, and medicinal herbs. This assistance led to the creation of 7,168 full-time equivalent jobs and improved 10,309 hectares of cropland along the borders. Participating family incomes increased by 29 percent on average, from \$1,200 to \$1,549. The large increases occurred mostly in the cocoa and coffee sectors, which benefited from exceptionally high prices in 2008, providing incentives for farmers to expand their area of cultivation.

Governing Justly and Democratically

USG assistance to strengthen democracy focused on supporting Ecuadorian efforts to improve local governance, support democratic processes, and build a participatory civil society. The USG provided technical assistance to 11 local governments, emphasizing sound financial management, transparency in budgeting, and improved local revenue raising. Pilot municipalities reduced delinquent taxes by an average of 12 percent, and used those resources to complement investments prioritized through increased civic participation.

USG support to the new Electoral Dispute Tribunal (TCE) included building the TCE's capacity to enforce and administer electoral legislation, formulate internal norms and procedures, and address immediate electoral issues and legal complaints. Thirty-four electoral officials received training from international experts in key areas such as case tracking and management, judicial techniques for processing electoral disputes, the new constitution, and the legal framework. In addition, over 400 electoral officials benefited from training events organized with USG support to learn from international experts on electoral justice and ethics in ruling. By the end of FY 2009, the TCE had effectively resolved 90 percent of the 739 claims it received.

USG programs contributed to transparent elections by supporting electoral organizations and civil society oversight. The USG supported a non-governmental organization that deployed 9,670 domestic election observers and supported parallel vote tabulation (PVT) for Presidential and legislative elections. PVT results – accurate to within one percent of official results – were delivered on election day. They were the major source of information during several weeks, as the National Electoral Council experienced a significant delay in the counting of votes. The USG also supported civil society monitoring of campaign spending in 32 media outlets.

Assistance had an important impact on the administration of more inclusive elections as it raised the awareness of electoral officials on the needs of persons with disabilities (PWD), and trained 10 trainers of the National Electoral Court to provide better services for PWD. The USG financed the printing and distribution of 80,000 copies of a Guide for PWD Voting.

Investing in People

The USG implemented health activities to complement Peace and Security objectives along Ecuador's borders. Assistance aimed to improve maternal and child health and increase local access to clean and reliable water and sanitation systems, especially in communities that lacked the most basic of services.

In coordination with the Plan Ecuador Secretariat, the USG built 25 water systems and 11 sanitation systems, providing potable water and sanitation facilities to 22,000 people. These investments were complemented by an ambitious health education campaign to improve hand-washing practices among mothers, teachers, health promoters, childcare providers, and children aged five and under. By the end of the health campaign that trained more than 53,300 persons, 50 percent of children reported washing their hands before eating. A September 2009 survey carried out in targeted communities found that the number of episodes of diarrhea suffered by children during the 15-day period immediately preceding the interview had decreased by 31 percent.

The USG entered into an alliance with the Ministries of Health and Education, and encouraged both to adapt the project's methodology to address practices that facilitate the spread of the H1N1 virus.

Economic Growth

The USG and the GOE worked to develop policies and institutions to improve Ecuador's investment climate and promote public-private coordination. Assistance encouraged the adoption of progressive economic policies and the strengthening of institutional capabilities in the public and private sectors. While progress was achieved in institutional capabilities, central government policies have negatively affected the investment climate for international business.

USG programs to reduce poverty and increase the competitiveness of local industries created jobs, helped small enterprises to grow, provided access to credit, and created public-private policy dialogues for economic growth. These results were achieved through direct assistance to 10 individual value chains, and through policy reform initiatives with GOE agencies, 9 public-private regional territorial economic development agencies, and their national association – the Ecuadorian Committee for Territorial and Economic Development.

InvestEcuador, a national agency created in Ecuador's Ministry for Coordination of Production and Competitiveness (MCPC) as a result of USG assistance, helped resolve policy issues and reduce administrative barriers to reinvestment. InvestEcuador contacted over 200 firms potentially interested in increasing their investments in land, plant construction, and equipment. As a result, \$20 million was reinvested in 2009 by 2 firms, and 27 others plan to reinvest approximately \$360 million in FY 2010. USG assistance to the MCPC helped to improve the competitiveness of businesses by modifying tax norms that provided liquidity to firms affected by the financial crisis. Results included a reduction in tax reimbursement time from 180 to 3 days, reimbursement of import tariffs for products subsequently exported, and tax deductions for investments in silos, greenhouses, and cold storage.

At the provincial level, the USG helped establish regional investment promotion agencies in Manabí and Azuay, and provided complete training to staff from a new agency in Pichincha. The immediate benefit was a \$2 million purchase of tuna by a Brazilian group, but more important, marketing efforts in Asia, Europe, and South America have created the potential for large long-term investments and jobs in cruise-liner tourism, a logistics center, a retirement community, and a plant to process banana fiber for textiles.

The USG concluded a series of 10 value-chain pilot projects in FY 2009, demonstrating that jobs, sales, and incomes can be increased by linking small rural producers to medium and large anchor firms, and developing national and international markets. The 10 value chains created 925 full-time jobs (42 percent women) and strengthened employment stability for 12,491 additional people. Sales increased by an average of 35 percent, and 1,200 people (42 percent women) were trained. USG contributions for technical assistance and training were matched at a ratio of 1 to 1.3 by the participating private businesses, all of which intend to continue to invest in strengthening the quality of their supply chains in the future.

USG assistance in the environment improved the conservation of some of the world's most biodiverse habitats, and the livelihoods of some of Ecuador's poorest people. Projects worked in all of Ecuador's major landscapes (Coast, Sierra, and Amazon), in the two major areas of biodiverse habitat (protected areas and indigenous territories, each nearly one-fifth of Ecuador's area), and in two primary areas of payment-for-ecosystem services – water supply and tourism. Projects improved management of over 2 million hectares of critical habitat (nearly the area of New Jersey), 15,231 people obtained economic benefits from conservation, and 14,165 people were trained in conservation and environmental education. Projects focused on building institutions for watershed management, supporting policies and businesses for sustainable tourism, building infrastructure and starting a new biodiversity project in the coastal zone, and working with indigenous groups to increase their capacity to manage their lands.