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Assessment and Strategies for Urban Development in Ecuador

Submitted to
USAID Office of Housing and Urban Affairs
Quito, Ecuador

under the
Housing and Urban Development IQC
Contract No. PDC 0000-I-00-6170-01

November 11, 1988

Prepared by
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EXECUTIVE SUMMARY

The growth of the Ecuadorean economy since the mid-1970s has been driven by petroleum exports; they have provided about 50 percent of the total revenues of the consolidated public sector during the 1980s. This wealth of revenues engendered development policies based on subsidies and transfers from the central government to other entities of government and to segments of the private sector, on which urban growth came to depend highly.

Population in urban areas has been growing at an average of 5 percent per year nationwide since 1974; slightly higher growth rates have been registered in Guayaquil and the secondary cities, especially those located in the coastal region. This growth will continue at a high rate; structural changes in the economy are reinforcing the tendency for Guayaquil and secondary coastal cities to grow faster than the average for all urban areas.

The collapse in oil prices, which shows no sign of being reversed in the near future, will limit the growth and financial capacity of the central government, which will probably moderate the growth of Quito. A shift away from large-scale, import-intensive manufacturing in favor of domestic resource-based manufacturing will probably further limit the growth of Quito.

A more export-oriented economy will shift production and related services to locations that are closer to their agricultural and mineral resource bases and will probably further reinforce the growth of Ecuador's secondary cities. In an export-oriented economy, Guayaquil will maintain a primary position on the basis of transportation, commerce, and services, but the development of competing ports such as Manta may eventually draw away a measure of growth from this now-dominant urban center. The increasing economic and demographic importance of the secondary cities of Ecuador may be one of the most significant findings of this Urban Development Assessment.

Services for the urban population have not been able to keep up with high rates of in-migration and growth. Service levels are deficient and deteriorating in quality and coverage, especially for potable water, sewage, and waste disposal. Data on the coverage of water and sewage systems in urban areas for 1987 indicate that the coverage of water services in Guayaquil decreased from 63.3 percent in 1982 to 57.3 percent to 1987. Sewage coverage is estimated to have decreased from 47.9 to 44.4 percent during this period.

Public sector investment resources will be constrained and will have to be concentrated on priorities. Deteriorating public health imposes high hidden costs on the economy. Priorities for urban investment, determined on the basis of demand and economic efficiency, are potable water, sewage, and waste disposal systems. To the extent these services are available in marginal urban areas, they are provided by high cost, inefficient means. Annual investment in

water and sewage infrastructure needs to be raised to S/ 20-25 billion from recent annual investment levels of less than S/ 10 billion. This level of investment represents less than 1 percent of 1988 GDP and would increase water coverage to 85 percent and sewage coverage to 70-75 percent by 1995.

Urban infrastructure must be built by the public sector, but housing construction can and will be undertaken by the private sector, especially if incomes can be raised through job creation and economic growth and if financial sector deficiencies can be overcome. In the tight fiscal environment foreseen for the next few years, direct public sector construction and subsidized financing of housing should probably be curtailed.

Employment

Urban unemployment, not a serious problem until recently, has been increasing rapidly in the last two years because of the fall in oil prices, a slowdown of the non-oil economy, and increasing labor force participation rates. Open unemployment ranges from about 7 to 10 percent of the labor force depending on locality, and adjustment of this figure for involuntary underemployment raises the estimate to about 20 percent for most urban areas.

Labor force participation rates will continue to increase, in response to falling household incomes (in real terms) and the continuing integration of women into the work force. This trend will place additional supply-side pressures on the labor market. While improving the employment situation clearly depends on macroeconomic conditions and policies, some programs and policies can be implemented successfully at the local level:

- Participation of urban governments in expanded credit, training, and technical assistance programs for small and micro enterprises, involving government as well as private voluntary agencies, larger scale enterprise, artisan groups, and industry chambers.

- Emphasis on public/private sector coordination and joint ventures in industrial parks, marketing, transport, and storage facilities to support export development and small, labor-intensive production.

- Water and sewage infrastructure programs, which should get top priority in urban investment planning, should be designed and implemented so as to maximize employment generation cost-effectively in the local, marginal, area.

Municipal Finances and Financial Administration

Municipal governments and local utilities are in a highly precarious financial condition. This is due to dependence on transfers and subsidies, extremely low rates of local revenue generation and cost recovery, and deficiencies in financial planning and administration in regard to expenditures.

Municipal governments and local utilities will not be able to count on the continuation of present subsidy and transfer levels and, given their current dependency, will have to make a particularly intense effort to generate

revenues and reduce costs. An effective policy for cost recovery of all public sector projects, including roads, utilities, and water and sewage facilities, needs to be formulated and implemented. The efficiency of public sector expenditure at all levels of government and public enterprise needs to be improved dramatically. In the absence of high petroleum revenues, a serious revenue effort at all levels of government will have to be undertaken to avoid a serious deterioration in service levels. These efforts should include updating existing cadastres, exploring the potential to raise additional revenue from industrial and commercial taxes, and indexing property appraisals for inflation.

A range of actions in policy and regulatory reform, systems development, technical assistance, and training will be required to improve the financial administration capabilities of local governments and local utilities:

- Review and revise legislation affecting municipal government, local utilities, and other government agencies interacting with them to codify modifications of financial authority and responsibility. Audit and control procedures and standards for rate-setting, cost recovery, and assessing taxes should be clarified and made uniform.

- Organize and implement a program to improve the financial planning and management capabilities of municipal governments and local utilities. The program should include systems development, training, and institutional reorganization as required. The capabilities of local government to prepare and implement urban infrastructure projects and manage the delivery of services should be emphasized.

- Prepare and enact legislation to encourage and facilitate the participation of the private sector in the provision of urban services such as street cleaning, waste collection and disposal, and the operation and maintenance of urban infrastructure.

- Raise economic and financial returns by improving management and coordination of municipal water and sewage companies. Improved planning and identification of lower cost technologies should be developed by the national institutions involved in the sector.

Institutional Considerations

Public sector agencies involved in urban development and administration have multiplied; there is a distinct lack of clarity in the definition of their respective roles and responsibilities, a lack of consistent operational criteria, poor coordination, and overlapping programs. The roles of government and public sector agencies in the urban context need to be reviewed and analyzed, with a view to defining responsibilities, identifying gaps and institutional deficiencies, clarifying authority, and developing mechanisms to improve planning and more effectively coordinate execution. More room needs to be given to local governments in planning and administering investment and the provision of urban services, and resources need to be made available to develop the capabilities of local government. The potential role of the private sector in infrastructure development and the management of service delivery should also be examined and evaluated thoroughly.

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I. THE MACROECONOMIC AND DEMOGRAPHIC SETTING

Economic Background, 1973 to 1982

The Ecuadorean economy underwent a radical change in its social and productive structures with the arrival of the era of petroleum exports in 1973. Real growth of the GNP increased by more than 60 percent during the 1973-83 period, while exports increased by more than 400 percent from U.S.$ 238 million to more than U.S.$ 1200 million.

The increased availability of currency permitted the maintenance of an undervalued exchange rate for almost a decade. In this manner it promoted sustained development with a high level of imports of raw materials and capital assets to supply an overprotected industrial sector, evidently inefficient and oriented to internal markets. Thus, between 1970 and 1982, the relation between import prices and domestic prices dropped from 104 to 74 (index 100 in 1975), while the relation between export prices and domestic prices fell from 102 to 41.[1]

This policy also contributed to a loss of dynamism, which was most noticeable in the agricultural sector. Internal production was thus discouraged by low real prices that tended to favor consumers at the expense of rural producers and provided little incentive to generate exportable products. As a result, between 1973 and 1980 the industrial sector increased its participation in the GNP by four percentage points from 14 percent to 18 percent, principally obtained through the decline of the agricultural sector. This fact is evident from the terms of exchange between the agricultural and industrial sectors, which fell from an index of 100 in 1975 to 87 in 1982.

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1. World Bank Memorandum, July 1988.

Table 1. Economic Structure by Sector

(Percent of GDP)

	1973	1980	1983	1987
Agriculture	18.1	14.4	13.2	16.6
Petroleum and mining	19.4	10.2	13.2	10.1
Manufacturing	14.1	18.2	19.4	17.6
Public services	0.7	0.8	1.0	1.3
Construction	5.1	4.7	4.5	4.0
Commerce	14.2	16.8	15.0	15.1
Other	28.4	34.9	33.7	35.3
Total	100.0	100.0	100.0	100.0

From a monetary and financial viewpoint, the elevated availability of resources also helped to maintain an important flow of subsidies to the industrial sectors concentrated in large cities through subsidized interest rates, even though financial savings in Ecuador were practically non-existent.

The principal beneficiary of the funds produced by petroleum was the public sector. It is estimated that between 1973 and 1982, funds from petroleum exports accounted for an average for 10.8 percent of the GNP annually, and resources that were partially transferred to the private sector through subsidies for the internal consumption of petroleum derivatives totaled 4.1 percent of the GNP.[2] In addition, it was estimated that 1 to 2 percent of the GNP was subsidized annually through the prices of milk, wheat, public services, and credit.

At the same time, employment in the public administration grew in a disproportionate manner, at a rate of 14 percent annually from 1973 to 1975, more than 5 percent annually from 1976 to 1981 and approximately 2.5 percent

2. *Ibid.*

annually since then. Presently, there are more than 400,000 public employees, who represent 50 percent of the formal workers in the economy.

The petroleum boom also helped maintain the principal non-petroleum financial resources at low levels, such as income taxes and tariffs, and assets and services. Income taxes and tariffs presently contribute 2.5 percent of the GNP yearly, while tax revenues in other countries at a similar level of development potential contribute more than 10 percent of the GNP. Likewise, several percentage points of GNP can be collected through taxing commercial transactions. Finally, based upon the expected continuation of elevated foreign earnings from petroleum exports, the external debt increased remarkably from U.S.$ 260 million in 1972 to U.S.$ 6.69 billion in 1983.

This combination of factors plus subsidies to certain activities with a strong urban concentration, in addition to the structural and natural causes, clearly provided a major stimulus to accelerated urbanization in Ecuador.

Table 2. Indicators of External Debt

Period	Growth of the debt (Millions of dollars)	Annual increase of the debt (percentage)	Debt service as a percent of exports
1972/76	260.8 - 693.1	27.6	8.4
1976/78	693.1 - 2974.6	107.1	20.5
1978/83	2974.6 - 6690.2	17.5	57.9
1983/87	6690.2 - 9300.0	8.6	38.1

Source: World Bank Memorandum, July 1988.

The concentration of economic development in a few areas of the country also was fostered by the concentrated growth of public sector expenditures. As a result, in 1986, of establishments with more than 10 employees, 79.4 percent of the aggregated value of industry, 74.1 percent of employment, and 77.2 percent of investment was concentrated in the provinces of Pichincha and Guayas.

Economic Perspectives, 1983 to 1988

In the past five years the situation and perspectives of the Ecuadorean economy have changed radically. The price of petroleum has fallen from U.S.$ 25 per barrel to approximately U.S.$ 15 per barrel, with no hope for improvement in the next few years. This situation has led to serious internal imbalances, an overwhelming public deficit, an elevated inflation rate, and difficulties in paying the external debt. The correction of these imbalances requires maintaining a series of economic policies, both short- and medium-term, whose principal elements are summarized below.

Public expenditures reached 32 percent of GNP in 1987, with one-third of this sum corresponding to capital expenditures, while income remains around 27 percent, creating a gap equal to 5 percent of the GNP. Public revenues are expected to stay nearly constant at 27 percent, generating a deficit of 9 percent of the GNP. As a result, the public adjustment creates the necessity to reduce the subsidies on gasoline and public tariffs (which benefit urban areas especially) and increase fiscal revenues from non-petroleum income, especially through income tax and taxing of commercial transactions. At the same time, public sector investments should have a priority, excluding new large infrastructure projects, such as in roads and power generation, and concentrating upon actions related to basic necessities, such as education and health (particularly in the development of potable water systems, sewage lines, and health centers).

Table 3. Public Sector Economic Performance

(Percent of GDP)

	1980	1983	1985	1987
Revenue	31.5	31.0	33.8	27.1
Petroleum	13.0	14.8	17.8	8.6
Non-petroleum	18.5	16.2	16.0	18.5
Foreign trade	3.3	2.0	2.3	2.4
Rents	2.3	1.8	2.5	2.5
Goods	2.4	2.1	2.4	3.5
Social security	3.3	2.3	3.5	4.4
Municipalities/provinces	0.7	0.7	0.8	0.7
Other	6.5	7.3	4.5	6.0
Expenses	34.8	30.7	31.6	32.6
Current	22.4	22.9	23.6	23.4
Capital	12.4	7.8	8.0	9.2
Balance	-3.3	0.3	2.2	-5.5
Financial	3.3	-0.3	-2.2	5.5
External	2.9	-0.5	0.5	3.7
Internal	0.4	0.2	-2.7	1.8

In addition, increasing activities in petroleum exploration and exploitation, in order to maintain a favorable export balance, will require further public sector investments. It has been estimated that in the worst case, if petroleum investments averaged only U.S.$ 65 million annually (of which the country would receive U.S.$ 35 million directly) the exportable balance would be 28 percent lower than present figures by 1995 and 61 percent lower by the year 2000.[3] With investments on the order of U.S.$ 400 to 500 million annually (with Ecuador's share of approximately 60 percent), petroleum exports could exceed present levels by 56 percent between 1995 and 2000. These scenarios imply that more than 3 percent of the GNP would be allocated for

3. *Ibid.*

petroleum investments, directed towards achieving greater efficiency in petroleum operations and towards exploration

The payments for the external debt services represent a heavy load for Ecuador. Greater efforts are required in two directions: first, in finding mechanisms to reduce the debt and second, in rationalizing the use of currency through exchange policies that maintain the incentive for exports and the efficient selection of imports. This signifies the need to study in depth the process undertaken in the past five years, which has resulted in the recuperation of the agricultural sector. Meanwhile, the industrial sector has become less dynamic because of overprotection, and policies should be formulated and implemented to promote greater efficiency and productivity. In order to maintain these policies, the payment profiles for the external debt should improve progressively toward approximately 46 percent of exports by 1993.

Table 4. Projection of External Economic Indicators

(Millions of dollars)

	1988	1989	1990	1991	1992	1993
Exports of goods and services	2400	2550	2710	2860	3021	3180
Debt service	1540	1182	1476	1552	1500	1466
Debt service/ export of goods (percentage)	64.1	46.3	52.8	54.2	49.6	46.1
Foreign exchange needed to cover balance of payments	1315	920	1140	1150	1055	974

Source: World Bank Memorandum, July 1988.

The gradual elimination of subsidized interest rates has helped to increase financial savings from 5.5 percent of the GNP in 1980 to 13.9 percent in 1987. This factor has been fundamental to maintaining the equilibrium of the principal macroeconomic aggregates.

The economic crisis in Ecuador during the past few years has caused a deterioration of conditions in the labor market. The open unemployment rate has increased from 5 to 9 percent in the major cities, while underemployment reached levels close to 40 percent. The decrease in real incomes is one of the basic problems to be resolved in the future. In the formal sector, employment generation can be stimulated directly by means of market mechanisms, or through a combination of more sustained growth and a stable economy. At the informal sector level, these demand-side mechanisms do not function with the same dynamism, resulting in the necessity for direct programs to provide credit lines, technical assistance, and training.

These programs should be geared toward a more intimate interrelationship, between the public and private sectors, not only in employment, but in other areas such as municipal services, infrastructure, and health and education programs.

The goal is to design economic policies that do not distort the relations between urban and rural areas or between large and small cities. This could mean an improved spatial distribution of the human settlements of the country. Some encouraging signs have appeared; for example, the distribution of the new industries created by the Law for the Promotion of Small Industry. In 1987-88, 64 percent of the investments and 60.3 percent of the employment were located outside the provinces of Guayas and Pichincha.

Such policies will signify a redistribution of resources within Ecuador, particularly in the urban zones, directed toward the development of exports. At the same time policies will need to be formulated to assist in tackling the fundamental problems of urban areas, such as administrative and financial efficiency, employment generation, and provision of basic infrastructure.

Inflation

After relatively modest inflation by Latin American standards in the 1970s, Ecuador has experienced a substantial rise in inflationary pressures during the 1980s. Since 1983, when inflation reached in annual rate of 48.4 percent, government officials have attempted to control inflation. Results have been mixed. Recently, inflationary pressures have surged as a result of exchange rate devaluations, more liberal monetary policies, and expanding public sector deficits. During 1988, inflation has been running at an annual rate of more than 60 percent.

Inflation has seriously eroded the capital of housing finance institutions, affected the financial position of government and public enterprise operating at all levels, and sharply reduced the incomes of wage earners in real terms, particularly among lower income groups. While the minimum wage increased from S/ 4,000 per month to S/14,500 per month between 1980 and 1987, inflation eroded 1987 values by about 35 percent in real terms over this period.

Table 5. Macroeconomic Indicators

(Percent)

	1980	1983	1984	1985	1986	1987
Increase in real GDP	4.9	-2.8	4.2	4.5	2.9	-5.2
Inflation	12.8	48.4	31.2	28.0	23.0	29.5
Financial savings (percent of GDP)	5.5	5.3	6.0	10.4	11.7	13.9

This decline in income has sharply reduced housing affordability, eroded the quality of low-income mortgage portfolios, reduced the values of municipal revenues and fees charged by municipal enterprises, and increased the numbers of people in urban areas who have been relegated to marginal areas and informal means of securing shelter. Increasing unemployment reflects the costs that will have to be borne in the process of restoring stability to the Ecuadorean economy.

Population Growth and Projections

The growth and distribution of Ecuador's population is one of the most important of the factors that determine the nature and scale of required urban policies and programs. As Ecuador's cities continue to grow at a faster rate than its rural areas, the needs for public and private investment for housing, infrastructure, and urban services will require increased shares of the nation's resources and attention. Increased levels of concentration and congestion in urban areas in the near future implies that urban problems and issues will only become more critical unless proper planning, policies, and actions are implemented today. The following paragraphs discuss trends and factors that affect Ecuador's population growth and its distribution and project levels of urban and rural population through 1995.

As can be seen from Table 6, Ecuador's population more than doubled from 1950 (3.2 million) to 1982 (nearly 8.1 million). During this same period, urban population increased more than 400 percent, from just over 0.9 million in 1950 to nearly 4.0 million in 1982. The urban share of the total population increased from 28.5 to 49.2 percent during this period. The urban population increase of 3.1 million persons was distributed nearly equally between the other urban areas of the country (1.5 million) and the metropolitan areas of Quito and Guayaquil (1.6 millon). In the metropolitan areas, the majority of the population growth occurred in Guayaquil (more than 0.9 million compared with Quito's growth of less than 0.7 million). The population in rural areas

Table 6. Ecuador: Population Trends by Urban and Rural Areas, 1950, 1962, 1974, and 1982

Area	Population (thousands)				Percentage distribution			
	1950	1962	1974	1982	1950	1962	1974	1982
Ecuador	3202.8	4476.0	6521.7	8060.7	100.0	100.0	100.0	100.0
Urban areas	913.9	1612.3	2698.7	3968.4	28.5	36.0	41.4	49.2
Quito	209.9	354.7	599.8	866.5	6.6	7.9	9.2	10.8
Guayaquil	259.0	510.8	823.2	1199.3	8.1	11.4	12.6	14.9
Others	445.0	746.8	1275.7	1902.6	13.8	16.7	19.6	23.5
Rural areas	2288.8	2863.7	3823.0	4092.4	71.5	64.0	58.6	50.8

Source: Appendix A, Table 1.

increased at a much slower rate, with its share of the national total decreasing from 71.5 percent in 1950 to 50.8 percent in 1982.[4]

Projections of Ecuador's population for the 1982-95 period were prepared by the Instituto Nacional de Estadistica y Censos (INEC) in late 1986. These projections were based on 1982 census data that had been adjusted for the historical tendency of underreporting of population in the census. While many of the more detailed estimates in these projections, such as the disaggregation by age, sex, education, and migration are considered of limited reliability, the data concerning the rural-urban population distribution are regarded as more reliable.[5]

A summary of the INEC projections is presented in Table 7.[6] Ecuador's total population is projected to grow to nearly 10.8 million persons by 1990 and to increase to more than 12.3 million by 1995. These population increases relate to an annual average growth rate of 2.86 percent between 1982 and 1990 and 2.69 percent between 1990 and 1995. Both of these growth rates are slightly higher than the 2.53 percent growth experienced during the 1974-82 period (Appendix A, Table No. 8). This is due to the assumption that during 1982-90, that the death rate will decline slightly faster than the birth rate. After 1990, it is expected that the birth rate will decline more rapidly than the death rate, resulting in a somewhat lower rate of population growth.

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4. These census statistics probably understate Ecuador's urban population because peripheral urban areas are included in the rural statistics. If these peripheral areas were included in the urban population, urban areas would account for 61 percent of Ecuador total population.

5. Morris D. Whitaker, *Characteristics and Indicators of Ecuador's Population*, prepared for USAID, May 20, 1988.

6. The INEC projections of urban population, including the trends in rural-to-urban migration, are fully discussed in Morris Whitaker's study. We agree with its conclusion that other data on migration based on census questions such as "place of last residence" are not as reliable as actual census data on population. The population growth rates and implicit migration assumptions used in this assessment are identical to those used in the Whitaker study.

Table 7. Ecuador: Population for Urban and Rural Areas, Adjusted 1982 and Projected 1990 and 1995

Area	Population (thousands)			Percentage distribution		
	Adjusted 1982	Projected 1990	Projected 1995	1982	1990	1995
Ecuador	8606.1	10781.6	12314.2	100.0	100.0	100.0
Urban areas	4225.7	5976.8	7237.2	49.1	55.4	58.8
Quito	918.7	1281.8	1549.4	10.7	11.9	12.6
Guayaquil	1272.0	1764.2	2125.4	14.8	16.4	17.3
Others	2035.0	2930.8	3562.4	23.6	37.1	28.9
Rural areas	4380.5	4804.8	5077.0	50.9	44.6	41.2

Source: Appendix A, Table 1.

Population in urban areas is expected to reach nearly 6.0 million by 1990 and to surpass 7.2 million by 1995, representing 55.4 and 58.8 percent of the total population, respectively. During the 1982-95 period, the urban population is projected to increase by 3.0 million, with approximately half of the growth expected in other urban areas (1.5 million) and half in the metropolitan areas of Quito and Guayaquil (1.5 million). Again however, Guayaquil is expected to account for the majority of the metropolitan population growth (0.9 million).

The projected growth in the urban population of 3.0 million between 1982-90 is nearly identical in magnitude to that experienced during the 1950-82 period. It took 32 years for Ecuador's urban areas to increase by 3.1 million (from 1950-82); it will take only 13 years for the urban population to increase by another 3.0 million (from 1982-95). The population in rural areas is expected to continue to grow, but at a modest annual rate of 1.16 percent during 1982-90 and 1.11 percent during 1990-95.

II. URBAN GROWTH, ECONOMIC DEVELOPMENT, AND EMPLOYMENT

Urban Growth

Table 8 presents estimates of the extent of rural-to-urban migration in Ecuador from 1962 through 1982 and projected rates of migration for 1982-95. These estimates were derived from projecting both urban and rural population to increase at the national average rate of natural growth, based on births and deaths per thousand population. The difference between actual population and these "projected populations without migration" represent net migration from rural to urban areas. This approach tends to produce conservative estimates of urban migration as rural rates of natural growth exceed those in metropolitan areas.

As can be seen from Table 8, net urban migration during the 1962-74 period was about 350,000 persons, averaging 30,000 annually. From 1974 to 1982, the rate of net rural-to-urban migration increased significantly, averaging nearly 75,000 persons annually. The number of net migrants is projected to increase to more than 80,000 annually between 1982 and 1995.

There have also been significant changes in the regional distribution of Ecuador's urban population since the 1950 census. Generally the share of Ecuador's urban population in the Sierra region has declined, with the Costa region increasing its share accordingly. For instance in 1950, 53.1 percent of the urban population lived in the Sierra region and 46.3 percent in the Costa region (Table 9). By 1982, the Sierra region's share had decreased to 43.0 percent, while the Costa region had become the most populous urban region with 55.4 percent of Ecuador's total urban population.

Table 8. Ecuador: Estimates of Rural to Urban Migration, 1962-1974, 1974-1982 and Projected 1982-1990 and 1990-1995

Period and area	Actual population	Projected population without migration	Estimated migration	Average annual estimated migration	Annual migration as a percent of project population
1974					
Rural	3,822,988	4,173,190	(350,202)	(30,373)	(0.73)
Urban	2,698,722	2,349,652	349,070	30,275	1.29
1982					
Rural	4,092,350	4,724,007	(631,657)	(74,576)	(1.58)
Urban	3,968,362	3,334,769	633,593	74,804	2.24
1990					
Rural	4,804,780	5,488,987	(684,207)	(85,526)	(1.56)
Urban	5,976,833	5,295,000	681,833	85,229	1.61
1995					
Rural	5,076,968	5,486,738	(409,770)	(81,954)	(1.49)
Urban	7,237,242	6,825,145	412,097	82,419	1.21

Note: Projected population without migration based on Ecuador's average growth rate of 3.32 percent between 1962-74 (11.53 years), 2.53 percent between 1974-82 (8.47 years), 2.86 percent for 1982-1990 (8 years), and 2.69 percent for 1990-95 (5 years). For 1982-90, census data adjusted for underreporting were used to calculate projected 1990 population.

Table 9. Ecuador: Urban Population by Region, Actual 1950, 1962, 1974 and 1982 and Projected 1990 and 1995

Area	Census			Projected		
	1950	1962	1974	1982	1990	1995
	Population in thousands					
ECUADOR	913.9	1612.3	2698.7	3968.4	5976.8	7237.2
SIERRA	485.5	744.4	1202.8	1707.0	2512.7	3007.6
Quito	209.9	354.7	599.8	866.5	1281.8	1549.4
Other urban	275.6	389.7	603.0	840.5	1230.9	1458.2
COSTA	422.9	857.5	1470.6	2199.3	3354.2	4084.5
Guayaquil	259.0	510.8	623.2	1199.3	1764.2	2125.4
Other urban	163.9	346.7	847.4	1000.0	1590.0	1959.1
ORIENTE	5.6	10.4	23.0	57.6	101.8	134.3
GALAPAGOS	0.0	0.0	2.4	4.5	8.1	11.0
	Regional Distribution (Percent)					
ECUADOR	100.0	100.0	100.0	100.0	100.0	100.0
SIERRA	53.1	46.2	44.6	43.0	42.0	41.6
Quito	23.0	22.0	22.2	21.8	21.5	21.4
Other urban	30.1	24.2	22.4	21.2	20.6	20.2
COSTA	46.3	53.2	54.5	55.4	56.1	56.4
Guayaquil	28.4	31.7	23.1	30.2	29.5	29.4
Other urban	17.9	21.5	31.4	25.2	26.6	27.0
ORIENTE	0.6	0.6	0.8	1.5	1.7	1.8
GALAPAGOS	0.0	0.0	0.1	0.1	0.1	0.2

Source: Ministry of Economy, I Censo de Población del Ecuador, 1950, Quito 1960; INEC, II Censo de Población, 1962; INEC, III Censo de Población, 1974; INEC, IV Censo de Población, 1982 and INEC, Proyecciones de la Población Ecuatoriana (1982-1995), Quito: CONADE, 1985.

The most notable shift has been in the growth of "other urban" areas in the Costa region. The population of these areas has increased from 163,900 in 1950 to 1.0 million in 1982 and is projected to reach nearly 2.0 million by 1995. The Costa's other urban areas, which accounted for only 17.9 percent in 1950, were estimated at 25.2 percent for the 1982 census and are projected to account for 27.0 percent of Ecuador's urban population by 1995.

In large part, the growth of the other urban areas in the Costa region can be credited to the emergence of several significant urban centers during the 1950-82 period. Table 10 presents a ranking of Ecuador's 17 largest cities based on the 1982 census and their respective rank based on the 1974, 1962, and 1950 censuses. Figure 1 presents graphically the population of these cities in 1982. In the Costa region cities such as Machala, Portoviejo, Manta, Esmeraldas, Milagro, and Quevedo have become established cities from virtually rural areas. While the cities in the Sierra region have also grown during this period, they were already established as urban areas by 1950, with the possible exception of Santo Domingo.

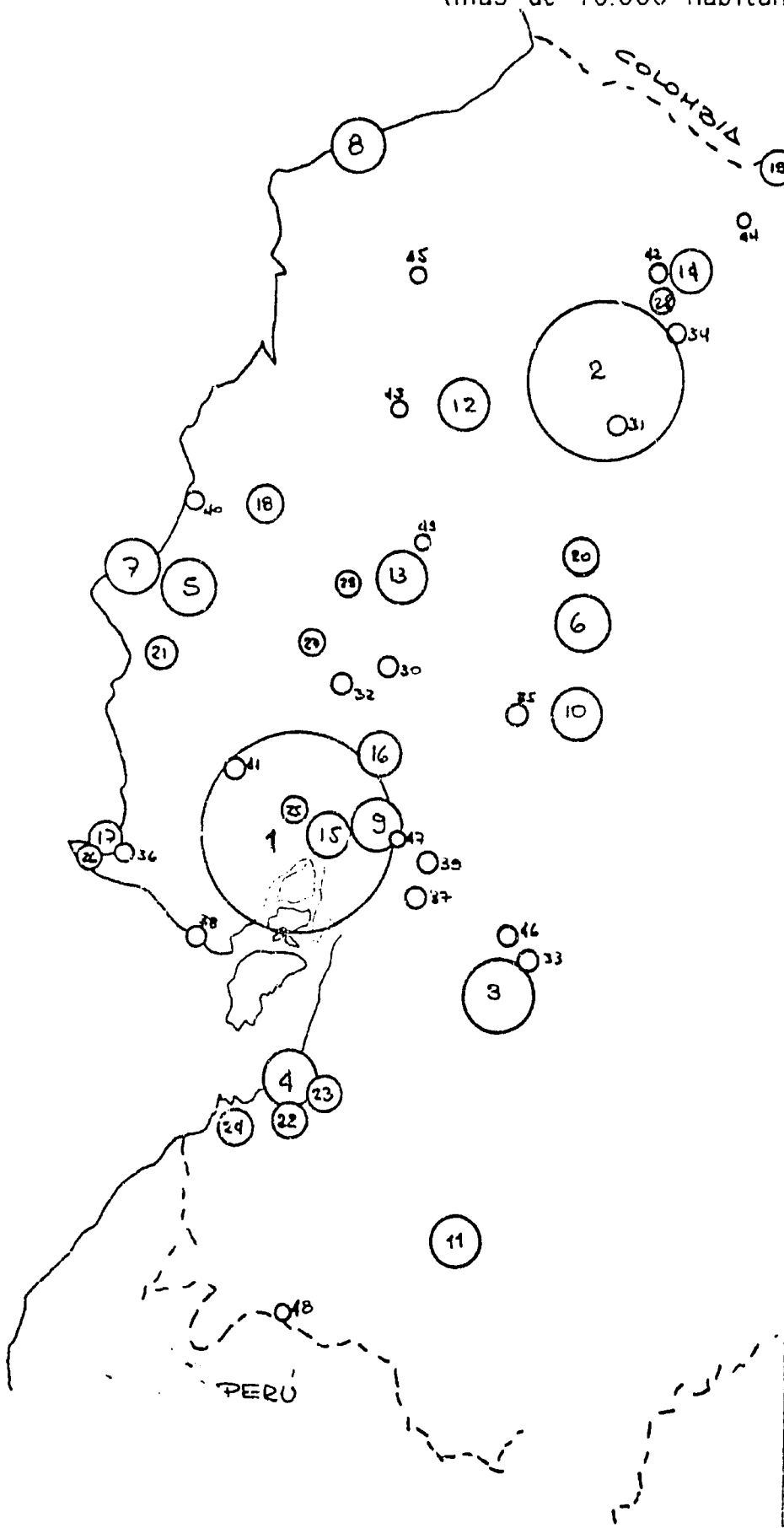
Projections of the 1990 and 1995 population for these 17 cities are also presented in Table 10. The ranking of the five most populous cities — Guayaquil, Quito, Cuenca, Machala, and Portoviejo — will remain the same through 1995. Faster growth in the Costa cities will result in Manta, Esmeraldas, and Milagro moving ahead of Ambato by 1995. Three cities had populations greater than 100,000 by 1974, seven cities had populations greater than 100,000 by 1982, and there are projected to be 13 cities with populations in excess of 100,000 by 1995.

Role of Urban Areas in National Economic Development

It may be useful to review briefly, as backdrop for the consideration of urban development issues in Ecuador, some of the functions that urban areas

FIGURE No. 1

LAS CIUDADES ECUATORIANAS EN 1982
(más de 10.000 habitantes)



Nº	CIUDAD	POBLACION
01	GUAYAQUIL	1,199.34
02	QUITO	866.47
03	CUENCA	152.40
04	MACHALA	105.52
05	PORTOVIEJO	102.62
06	AMBATO	100.45
07	MANTA	100.33
08	ESMERALDAS	90.36
09	MILAGRO	77.01
10	RIOBAMBA	75.45
11	LOJA	71.65
12	SANTO DOMINGO DE LOS COL.	69.23
13	QUEVEDO	67.02
14	IBARRA	53.42
15	DURAN	49.66
16	BABAHOYO	42.26
17	LA LIBERTAD	41.77
18	CHONE	33.83
19	TULCAN	30.98
20	LATACUNGA	28.76
21	JIPIJAPA	27.14
22	SANTA ROSA	26.71
23	PASAJE	26.22
24	HUAQUILLAS	20.11
25	DAULE	18.92
26	SALINAS	17.74
27	BALZAR	17.62
28	OTAVALO	17.46
29	VELASCO IBARRA	17.01
30	VENTANAS	15.86
31	SANGOLQUI	15.00
32	VINCES	14.60
33	AZOGUES	14.54
34	CAYAMBE	14.24
35	GUARANDA	13.68
36	SANTA ELENA	12.85
37	LA TRONCAL	12.62
38	PLAYAS	12.49
39	EL TRIUNFO	12.40
40	BAHIA DE CARAQUEZ	12.36
41	PEDRO CARBO	12.30
42	ATUNTAQUI	12.24
43	EL CARMEN	11.92
44	SAN GABRIEL	11.21
45	ROSA ZARATE	10.65
46	CAÑAR	10.53
47	NARANJITO	10.52
48	MACARA	10.51
49	BUENA FE	10.41

TABLE 10

SEVENTEEN CITIES IN ECUADOR, RANKED BY SIZE

Censuses 1950, 1962, 1974 and 1982 and Projected 1990 and 1995

(Thousands of persons)

City	Province	Capital	CENSUS								PROJECTED			
			1950		1962		1974		1982		1990		1995	
			Pop	Rank	Pop	Rank	Pop	Rank	Pop	Rank	Pop	Rank	Pop	Rank
Guayaquil	Guayas	yes	259.0	1	510.8	1	823.2	1	1199.3	1	1764.2	1	2125.4	1
Quito	Pichincha	yes	209.9	2	354.7	2	599.8	2	866.5	2	1281.8	2	1549.4	2
Cuenca	Azuay	yes	40.0	3	60.4	3	104.5	3	152.4	3	227.2	3	276.0	3
Machala	El Oro	yes	7.5	15	29.0	9	69.2	5	105.5	4	166.3	4	208.6	4
Portoviejo	Manabi	no	16.3	7	32.2	8		8	102.6	5	163.9	5	207.6	5
Ambeto	Tungurahua	yes	31.3	4	53.4	4	78.0	4	100.5	6	137.4	7	157.8	9
Manta	Manabi	no	19.0	6	33.6	6	64.5	6	100.3	7	158.7	6	190.9	6
Esmeraldas	Esmeraldas	yes	13.2	11	33.4	7	60.4	7	90.4	8	136.4	8	166.8	7
Milagro	Guayas	no	13.7	10	28.1	10	53.1	10	77.0	9	131.3	9	162.5	8
Riobamba	Chimborazo	yes	29.8	5	41.6	5	58.1	9	75.5	10	101.0	13	114.0	13
Loja	Loja	yes	15.4	8	26.8	11	47.7	11	71.7	11	107.3	12	130.5	12
Santo Domingo	Pichincha	no	N/A	17	N/A	17	30.5	14	69.2	12	116.5	10	152.7	10
Quevedo	Los Rios	no	4.2	16	20.6	13	43.1	12	67.0	13	108.7	11	136.2	11
Ibarra	Imbabura	yes	14.0	9	25.8	12	41.3	13	53.4	14	74.2	14	86.0	14
Babahoyo	Los Rios	yes	9.2	13	16.4	14	28.9	15	42.3	15	63.0	15	76.4	15
Chone	Manabi	no	8.0	14	12.8	16	23.6	17	33.8	16	53.5	16	64.4	16
Tulcan	Carchi	yes	10.6	12	16.4	14	24.4	16	31.0	17	42.0	17	47.7	17

SOURCE: Ministry of Economy, I Censo de Poblacion del Ecuador, 1950, Quito 1960; INEC, II Censo de Poblacion, 1962, INEC, III Censo de Poblacion, 1974; INEC, IV Censo de Poblacion, 1982 and INEC, Proyecciones de la Poblacion Ecuatoriana (1982-1995), Quito: CONADE, 1985.

are generally supposed to play in supporting the growth and diversification of economic activity.

In modern societies, urban dwellers have available a wide range of technologies that significantly reduce the costs of economic activities and that make possible the achievement of high levels of productivity. One has only to consider the infrastructure that is required to support large-scale manufacturing, transportation, marketing, and services in areas such as retailing, banking, education, and health, and to consider the cost of such infrastructure, to comprehend the degree to which their unit costs per user are reduced through the concentration of population in urban agglomerations. The degree to which productivity is enhanced through the availability of urban infrastructure is apparent from even a casual examination of income differentials between urban and rural areas throughout the world, differentials that are especially acute in developing countries. It is also broadly true, in Ecuador as elsewhere, that there tends to be a close correlation between incomes per capita — productivity — and city size. The general explanation of this phenomenon is that, excluding possibly the very largest cities of the world which may be approaching the point of diminishing returns to agglomeration, larger cities tend to be able to concentrate larger and more diverse amounts of capital per inhabitant than can smaller cities.

While the correlation of incomes and city size is generally close, there are also obviously a large number of additional factors that will influence the development of any particular city at a given time. Large cities can and do decline, while smaller cities grow rapidly in response to variations in comparative advantages to take their place among the large ones. In Ecuador, the historical growth of Quito can be attributed to the presence of the national government, which, in recent times has expanded enormously in financial importance as a consequence of the oil boom. As the primary port and the primate city of a rich agricultural region, Guayaquil has grown dramatically on the basis of domestic and international commerce and a range of other services such as finance. As the largest urban centers in the country, Quito and Guayaquil have also been able to attract a disproportionate share of large-scale

industrial enterprises created during the last generation with the resources made available by oil and foreign borrowing. The secondary cities of Ecuador have until recently grown more slowly than Quito or Guayaquil, and have remained more directly dependent on an agricultural economic base.

There are reasons to believe that the relative growth and economic importance of the secondary cities of Ecuador may already be increasing and that this relative shift in comparison with the metropolitan areas may not only continue but be accentuated in the medium term. Beginning in the mid-1960s, the secondary cities of Ecuador, taken as a group, began to grow more quickly in percentage terms than either Quito or Guayaquil. This trend continues to be evident today and is projected to continue into at least the mid-1990s.

A reason for believing that this change will in fact be realized is related to the process of structural change that is being forced on the Ecuadorean economy by changing world market conditions and by the failure of an earlier development strategy based on rapid industrialization for a protected domestic market. The collapse in oil prices, which shows no sign of being reversed in the near future, will limit the further growth and financial capacity of the central government, which will probably have a moderating effect on the future growth of Quito. A shift away from large-scale, import-intensive manufacturing in favor of domestic resource-based manufacturing will probably further limit the growth of the capital city. A more export-oriented economy will shift production and related services to locations that are closer to their agricultural and mineral resource bases, and will probably further reinforce the growth of the main secondary cities of the country. In an export-oriented economy, Guayaquil will maintain a primary position on the basis of transportation, commerce, and services, but the development of competing ports such as Manta may eventually draw away a measure of growth from this now-dominant urban center.

As will be discussed in subsequent chapters, the increasing economic and demographic importance of the secondary cities of Ecuador may be one of the most significant findings of this Urban Development Assessment. It is, we

believe, one of the key facts that should guide the creation of an urban development strategy.

Urban Employment, Underemployment, and Job Creation

The economic vitality and ability of urban areas to provide a healthy and productive environment is clearly contingent on the availability of employment and income-generating opportunities for its population. During the 1970s, employment opportunities in Ecuador's urban areas blossomed, fueled by petroleum revenues and substantial increases in public sector employment, a booming construction sector, and the growth of import substitution industries.

During this period, there was a reduction in the participation rate of the working age population, as the number and proportion of students increased significantly. As a result, estimated rates of unemployment and underemployment for Ecuador's urban areas were both about 4 to 5 percent of the working population, reflecting an economy operating at virtually full employment.

Since the early 1980s, the employment situation has deteriorated. New opportunities for employment slowed as the growth of petroleum revenues stopped, inflation accelerated, and overall economic growth decreased from an average annual rate of 4.5 percent during the 1970s to an average of 1.2 percent between 1980 and 1988. In addition, the number and participation rate of the working age population increased dramatically, as more students entered the labor force and the percentage of students in the working age population fell.

Table 11 presents a summary of trends of several important employment indicators for Quito and Guayaquil between 1982 and 1987. As a result of continued rural-to-urban migration and demographic trends, the working

Table 11. Quito and Guayaquil: Population over 12 Years of Age, Economically Active, and Employment by Type of Activity, by Gender, 1982 and 1987

	Quito						Guayaquil					
	1982			1987			1982			1987		
	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
Population over 12 years old (000's)	616.3	290.4	325.9	862.8	405.7	457.2	814.9	381.4	433.4	1,147.5	551.3	596.2
Pop. econ. active (000's)	297.0	193.8	103.2	496.2	287.8	208.4	374.5	270.9	103.6	657.6	421.9	235.7
Percent over 12 years old	48.2	66.7	31.7	57.5	70.9	45.6	46.0	71.0	23.9	57.3	76.5	39.5
Pop. econ. inactive (000's)	319.3	96.6	222.7	366.6	117.9	248.8	440.4	110.5	329.8	489.9	129.4	360.5
Percent over 12 years old	51.8	33.3	68.3	42.5	29.1	54.4	54.0	29.0	76.1	42.7	23.5	60.5
Number of students (000's)	150.4	77.9	72.4				194.8	92.9	102.0			
Percent over 12 years old	24.4	26.8	22.2	0.0	0.0	0.0	23.9	24.4	23.5	0.0	0.0	0.0
Pop. employed by activity												
Agriculture	4.5	4.0	0.5	10.6	9.1	1.5	6.3	5.9	0.4	17.8	14.5	3.3
Industry	56.4	40.8	15.6	103.3	66.0	37.3	62.4	47.0	15.4	128.4	86.3	42.1
Construction	27.2	25.9	1.3	29.6	27.9	1.7	32.5	31.8	0.7	62.3	59.9	2.4
Commerce	50.2	27.4	22.8	102.6	43.8	58.8	84.1	61.0	23.1	175.4	103.5	71.9
Basic services	18.5	16.3	2.2	26.0	21.7	4.3	27.3	25.5	1.8	38.5	35.7	2.8
Financial services	15.2	10.3	4.9	35.9	24.0	11.9	17.7	11.6	6.1	37.4	27.0	10.4
Other services	110.9	60.0	50.9	165.3	88.9	76.4	122.0	71.2	50.8	183.1	93.3	89.8
Not classified	14.1	9.0	5.1	22.9	6.5	16.4	22.1	16.8	5.3	14.1	1.7	13.0
Percentage of PEA	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	1.5	2.1	0.5	2.1	3.2	0.7	1.7	2.2	0.4	2.7	3.4	1.4
Industry	19.0	21.1	15.1	20.8	22.9	17.9	16.7	17.3	14.9	19.5	20.5	17.8
Construction	9.2	13.4	1.3	6.0	9.7	0.8	8.7	11.7	0.7	9.5	14.2	1.0
Commerce	16.9	14.1	22.1	20.7	15.2	28.2	22.5	22.5	22.3	26.7	24.5	30.5
Basic services	6.2	8.4	2.1	5.2	7.5	2.1	7.3	9.4	1.7	5.9	8.5	1.2
Financial services	5.1	5.3	4.7	7.2	8.3	5.7	4.7	4.3	5.9	5.7	6.4	4.4
Other services	37.3	31.0	49.3	33.3	30.9	36.7	32.6	26.3	49.0	27.8	22.1	38.1
Not classified	4.7	4.6	4.9	4.6	2.3	7.9	5.9	6.2	5.1	2.1	0.4	5.5

Source: INEC, IV Censo de Polblacion, 1982 and INEM, November 1987 survey published July 1988.

population (those over 12 years of age) increased in Quito during 1982-87 by 250,000, corresponding to an annual rate of 7.0 percent. The economically active population increased by nearly 200,000, with Quito's participation rate increasing from 48.2 percent of the working age population in 1982 to 57.5 percent by 1987.

This substantial increase can be attributed to the rapid growth of female participation in the labor force, which grew from 31.7 percent of the female working age population to 45.6 percent during the 1982-87 period. Thus by 1987, women accounted for 42 percent of Quito's work force, up from 35 percent in 1982. Another factor in the overall growth of the labor force was the decline in the percentage of students in the working age population, from 24.4 percent in 1982 to percent in 1987.

In Guayaquil, similar trends in the labor participation rates occurred during the 1982-87 period, with more than 330,000 participants joining the labor force (annual growth of 7.1 percent). The overall participation rate increased from 46.0 percent in 1982 to 57.3 percent in 1987. Again, much of the increase was due to the female participation rate jumping from 23.9 percent to 39.5 percent during this period; however, in 1987 women still represented only 35.8 percent of Guayaquil's labor force.

As a result of this rapidly growing labor force and the stagnating economy, Quito's open unemployment rate rose from 3.1 percent in 1982 to 9.1 percent in 1987. The female open unemployment rate jumped from 2.7 percent to 12.2 percent during this period. The growth of open unemployment was much more moderate in Guayaquil, increasing slightly from 5.2 percent in 1982 to 5.9 percent in 1987. The male open unemployment rate actually declined from 5.8 percent to 4.2 percent, but the female rate rose from 3.9 percent to 9.1 percent. Significant involuntary underemployment also is prevalent in both Quito and Guayaquil, with 29.0 percent of Quito's workers and 25.3 percent of Guayaquil's workers classified as underemployed.

Underemployment is defined as those workers who involuntarily work less than a 40-hour week or those who receive less than the minimum wage. Frequently the degree of underemployment is measured in terms of its unemployment equivalent. For example, two persons who each work 20 hours per week are considered as the equivalent of one full-time worker and one unemployed. On this basis, the unemployment equivalent of 1987 underemployment in Quito was 11.3 percent, and in Guayaquil, 12.1 percent. When these figures are added to the estimates of open unemployment, the extent of total unemployment was 20.4 percent in Quito and 18.6 percent in Guayaquil. For both metropolitan areas, the estimated total unemployment for women was nearly 28 percent, double the rates for men.

It would seem likely that the combination of rural-to-urban migration and the increased participation of women and young people in the labor force will continue to place severe pressures for employment generation on Ecuador's urban economies through the turn of the century. The question naturally arises of what can be done to improve the employment generation capabilities of urban areas.

In discussing urban employment generation, it is worthwhile to examine past trends in employment and to identify those areas that have accounted for historical employment growth. Table 12 presents employment data by type of activity for Quito and Guayaquil for 1982 and 1987. During this period, employment increased by 200,000 in Quito and 280,000 in Guayaquil. In Quito, industry, commerce, and "other services" each accounted for approximately 50,000 new jobs during this five-year period. Of these, the growth of employment in commerce was the most notable, given its smaller 1982 base. Particularly impressive was the increase in employment opportunities for women in commercial activities, which grew 2.5 times -- from 22,800 jobs in 1982 to 58,800 jobs in 1987. Another service that created significant new employment was in the financial sector, which more than doubled during the 1982-87 period to 35,900 jobs. It is also interesting to note the relative decline of construction-related employment in Quito during this period.

Table 12.
Quito, Guayaquil, and Cuenca: Population Economically Active and Rates of Unemployment and Underemployment by Gender, November 1987

	Quito			Guayaquil			Cuenca		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Population over 12 years of age (000's)	862.8	405.7	457.1	1,147.6	551.3	596.3	148.9	67.7	81.2
Population economically active (000's)	496.2	287.8	208.4	657.6	421.9	235.7	83.2	47.8	35.4
As a percent of pop. over 12 years of age	57.5	70.9	45.6	57.3	76.5	39.5	55.9	70.6	43.6
Percent of economically active population									
Employed	90.9	93.2	87.7	94.1	95.8	90.9	93.6	94.8	92.1
Underemployed	29.0	24.3	35.6	25.3	19.9	35.0	42.2	33.5	54.0
Openly Unemployed	9.1	6.8	12.2	5.9	4.2	9.1	6.4	5.2	7.9
Total unemployment	20.4	14.9	27.9	18.1	12.7	27.7	24.6	18.8	32.8
Openly unemployed	9.1	6.8	12.2	5.9	4.2	9.1	6.4	5.2	7.9
Unemployed equivalent of underemployed	11.3	8.1	15.7	12.1	8.5	18.6	18.3	13.6	24.9

Source: INEM, July 1988.

While overall construction employment increased slightly from 27,200 in 1982 to 29,600 in 1987, its share of total employment decreased from 9.2 percent to 6.0 percent. In stark contrast, the construction sector of Guayaquil nearly doubled during the same period from 32,500 to 62,300 jobs. In Guayaquil, however, the most sizable employment growth opportunities were in commerce and construction, which increased by 91,300 jobs and 66,000 jobs. Recent data on the employment situation of Ecuador's secondary cities and other urban areas are not available; however, information from the 1974 and 1982 censuses provides an indication of some of the trends in the distribution of employment by type of activity. Table 13 presents a summary of the data available on labor participation rates and distribution by activity for groupings of urban areas in the Sierra and the Costa regions.

Between 1974 and 1982, the labor participation rates for each grouping of urban areas in the Sierra was stable at about 44 percent of the working age population. In contrast, the participation rate for urban areas in the Costa declined during this period. The decline in labor force participation was particularly noticeable in the Costa's larger urban areas which fell from 50 to 40 percent. The majority of the growth in urban population and employment in both the Sierra and the Costa, however, occurred in the larger urban areas. There was very little change during the 1974-82 period in the distribution of employment by type of activity in the Sierra. Nearly 40 percent of employment was in the services sector, with industry, commerce, and "other" collectively accounting for about 50 percent of the total. An exception to this distribution was in the smaller urban areas which accounted for 13.2 percent in 1974 and 10.7 percent in 1982.

The distribution of employment in urban areas of the Costa differs significantly from that of the Sierra. Agriculture's share of employment for each category of urban areas is at least double that of the Sierra. Industry accounts for 6 to 10 percent less of total employment than in the Sierra, while

Table 13.
Other Urban Areas of the Sierra and Costa Regions: Employment by Type of Activity and Size of Urban Population

Urban area	1974								1982							
	Pop. over 12 years	Population economically active							Pop. over 12 years	Population economically active						
		Total	Agric.	Indus.	Const.	Comm.	Serv.	Other		Total	Agric.	Indus.	Const.	Comm.	Serv.	Other
Sierra (000's)																
Between 80,000 and 300,000	213.2	95.0	5.1	17.7	5.3	15.4	36.3	15.2	328.1	144.4	5.8	25.7	9.8	23.9	57.1	22.1
Between 20,000 and 80,000	66.4	29.7	1.9	5.1	1.9	4.7	10.9	5.2	91.4	38.2	1.6	5.4	2.7	5.9	15.3	7.3
Between 5,000 and 20,000	84.4	37.9	5.0	8.5	2.2	4.3	12.6	5.3	115.7	50.3	5.4	10.1	3.7	5.5	17.9	7.7
Costa (000's)																
Between 80,000 and 300,000	185.0	92.2	14.2	11.6	4.2	20.2	24.8	17.2	358.9	142.9	12.7	15.1	12.2	27.4	49.6	25.9
Between 20,000 and 80,000	135.2	57.6	15.0	7.2	2.8	10.5	12.8	9.3	178.0	70.2	12.2	5.8	5.8	13.3	21.9	11.2
Between 5,000 and 20,000	66.2	27.8	7.6	3.6	1.2	4.9	6.5	4.0	104.9	41.4	8.3	4.8	3.1	6.3	12.6	6.3
Sierra	PEA % of Pop. >12	Percent of population economically active							PEA % of Pop. >12	Percent of population economically active						
Between 80,000 and 300,000	44.6	100.0	5.4	18.6	5.6	16.2	38.2	16.0	44.0	100.0	4.0	17.8	6.8	16.6	39.5	15.3
Between 20,000 and 80,000	44.7	100.0	6.4	17.2	6.4	15.8	36.7	17.5	41.8	100.0	4.2	14.1	7.1	15.4	40.1	19.1
Between 5,000 and 20,000	44.9	100.0	13.2	22.4	5.8	11,3	33.2	14.0	43.5	100.0	10.7	20.1	7.4	10.9	35.6	15.3
Costa																
Between 80,000 and 300,000	49.8	100.0	15.4	12.6	4.6	21.9	26.9	18.7	39.8	100.0	8.9	10.6	8.5	19.2	34.7	18.1
Between 20,000 and 80,000	42.6	100.0	26.0	12.5	4.9	18.2	22.2	16.1	39.4	100.0	17.4	8.3	8.3	18.9	31.2	16.0
Between 5,000 and 20,000	42.0	100.0	27.3	12.9	4.3	17.6	23.4	14.4	39.5	100.0	20.0	11.6	7.5	15.2	30.4	15.2

Source: INEC, III Censo de Poblacion, 1974 and IV Censo de Poblacion, 1982

employment in commerce represents 3 to six 6 percent more of the total in the Costa. Between 1974 and 1982, it is interesting to note the relative decrease in agricultural employment (down an average of 7.5 percent) in the Costa urban areas and the corresponding increase in employment in the service sector (up an average of 8 percent).

III. EXISTING SHELTER AND INFRASTRUCTURE FACILITIES

Adequacy and Characteristics of Existing Housing Stock

The total housing stock in Ecuador increased from 1.25 million units in 1974 to 1.64 million ... in 1982.[7] This implies that nearly 400,000 additional dwelling units were constructed during this eight-year censal period. Assuming that the estimated 1983 formal sector housing construction of 18,000 units had occurred over this period, then the formal sector (public and private) supplied a maximum of 144,000 units and the informal sector accounted for a minimum of 250,000 of the total additional new units.

Despite this substantial reliance on the informal sector to furnish Ecuador's housing needs, significant improvements were achieved in the overall standard of housing in the nation. Table 14 presents a comparison of housing stock characteristics in 1974 and 1982. The percentage of dwelling units with an internal source of water supply increased nationally from 33.4 percent in 1974 to 45.4 percent in 1982. The percentage of total dwelling units connected to electricity increased from 41.2 to 62.9 percent. Units with an internal toilet facility rose from 33.3 to 46.7 percent, while those with a piped sewage system increased from 28.1 to 43.0 percent between 1974 and 1982.

While these improvements clearly indicate that a significant number of Ecuadoreans now reside in more comfortable and more sanitary living conditions, these statistics also point to the need for a continued improvement if minimum standards for all are to be achieved. The improvements needed

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7. INEC, *II Censo de Vivienda 1974, Resultados Definitivos, Resumen Nacional*, diciembre 1976, and *IV Censo de Poblacion, III de Vivienda, Resultados Anticipados por Muestreo*, novembre 1983.

TABLE 14

ECUADOR: HOUSING STOCK CHARACTERISTICS BY SECTOR [a], 1974 AND 1982

(Percentage distribution unless otherwise specified)

	TOTAL ECUADOR		QUITO [b]		GUAYAQUIL [b]		OTHER URBAN AREAS		RURAL	
	1974	1982	1974	1982	1974	1982	1974	1982	1974	1982
Total houses (000s of units) [c]	1249.8	1644.6	120.0	195.2	138.2	230.5	405.6	569.6	586.0	649.3
TYPE OF WATER SUPPLY										
In unit	33.4	45.4	82.7	83.9	62.6	53.3	69.4	78.3	6.1	15.7
Outside unit	9.5	6.7	6.9	4.5	6.9	3.6	15.7	6.8	8.9	8.4
Listern or well	27.0	20.4	5.3	3.5	1.6	1.1	5.8	3.2	42.6	38.6
River	22.8	14.1	0.9	0.7	1.7	0.8	2.4	1.1	37.4	27.4
Truck	4.9	10.6	3.0	5.8	18.8	30.0	3.3	7.4	2.4	6.4
Other	2.4	2.8	1.2	1.6	1.4	1.2	3.4	3.2	2.6	3.5
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
CONNECTION TO ELECTRICITY										
Connected	41.2	62.9	90.7	96.0	89.9	94.1	75.2	88.6	11.6	32.8
No electricity	58.8	37.1	9.3	4.0	10.1	5.9	24.8	11.4	88.4	67.2
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
TYPE OF TOILET FACILITIES										
Exclusive of common facilities	33.3	46.7	84.5	88.6	72.4	72.6	65.2	74.4	6.2	15.3
Latrine	8.7	13.2	3.3	5.5	15.2	17.7	13.0	12.3	7.0	14.1
None	58.0	40.1	12.2	5.9	12.3	9.6	21.8	13.4	86.8	70.6
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
SEWAGE DISPOSAL										
Piped sewage	28.1	34.0	82.8	82.0	60.8	47.9	55.2	61.3	3.2	5.4
Septic tank or pit	9.9	14.9	4.1	7.5	24.0	31.2	16.6	14.5	5.9	11.2
None	62.0	5.1	13.1	10.5	15.2	20.9	28.2	24.2	90.9	83.3
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[a] Peripheral areas are included in number of units of metropolitan and urban areas, however distribution of housing stock characteristics are based on peripheral areas included in the rural sector.

[b] Distribution of housing characteristics for Quito and Guayaquil are based on Pichincha and Guayas urban characteristics respectively.

[c] Does not include houses reported as unoccupied.

SOURCE: INEC, II Censo de Vivienda 1974, Resultados Definitivos, Resumen Nacional, December 1976 and IV Censo de Poblacion, III de Vivienda, Resultados Anticipados por Muestreo, November 1983.

become more clear if one looks at the characteristics of the 1982 housing stock in more detail.

As one would expect, conditions in the metropolitan sector are generally better than in other urban areas or, especially, the rural sector. Within the metropolitan sector, however, there is a clear differential between conditions in Quito and Guayaquil. For example, whereas 84 percent of the units in Quito had access to an internal water supply in 1982, only 63 percent of the units in Guayaquil did. In fact, the percentage of units in Guayaquil with an internal water system decreased from 70 percent in 1974 to 63 percent in 1982. Similarly, the percentage of units in Guayaquil with a pipe sewage disposal system decreased from 61 percent in 1974 to 48 percent in 1982.

Information concerning the coverage of water and sewage systems in urban areas for 1987 indicate that this downward trend has continued in Guayaquil. According to these estimates, the coverage of water services in Guayaquil decreased from 63.3 percent in 1982 to 57.3 percent to 1987. Sewage coverage is estimated to have decreased from 47.9 percent to 44.4 percent during this period. The same estimates indicate that coverage of water and sewage services in Quito remained relatively stable during this five-year period at approximately 84 percent.

The reason for the deterioration in housing conditions in Guayaquil can be explained by the substantial migration into Guayaquil during this period and the proliferation of informal sector housing. This is also confirmed by information from a recent survey of services in marginal neighborhoods.[8] For 10 marginal neighborhoods in Guayaquil, the survey reported that 93 percent of the families received water from private tankers and 83 percent used latrines for sewage disposal.

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8. Deloitte Haskins & Sells, *Informe de Investigacion sobre el Financiamiento de la Vivienda, Infraestructura y Servicios de los Barrios Informales*, July 15, 1988.

Substantial differences also exist in the coverage of secondary cities and other urban areas of the Sierra, Costa, and Oriente regions. Data compiled by the Consorcio de Consejos Provinciales del Ecuador (CONCOPE) indicate the trends in the proportion of the urban population provided with drinking water and sewage services in each province for the 1981-86 period (Table 15). It is believed that these data overstate the level of coverage, particularly in the provinces that contain metropolitan areas and larger secondary cities. This is due to the classification of peripheral areas in the rural population. For many cities, the peripheral areas include many marginal and newly inhabited areas that have little or no drinking water and sewage systems.

Generally, urban areas in the Sierra have the highest level of coverage with both drinking water and sewage systems. Again, while the percentage covered that is shown by these data is considered high, they indicate that substantial improvement occurred between 1981 and 1986 in urban water and sewage coverage. The region's average increased from 71 to 92 percent for water and from 55 to 86 percent for sewage.

The level of coverage for both drinking water and sewage is lower in the Costa region. According to the same data, 74 percent of the urban population in Costa provinces had water service and only 48 percent had sewage service in 1986. While coverage rates have increased during the 1981-86 period, they indicate that substantial investment is required to raise the level of coverage to those observed in the Sierra. Urban areas of the Oriente, while still relatively small, have coverage similar to that of the Costa region.

Housing Finance [9]

The financial sector of Ecuador is made up of the Banco Central del Ecuador (BCE), 31 commercial banks, 12 private development finance companies,

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9. This section is based on the discussion and findings of a recent report by Deloitte Haskins & Sells, *Estrategia para el Financiamiento de la Vivienda*, 15 agosto 1988.

Table 15.
Drinking Water and Sewage Coverage in Urban Areas by Region
(Population in thousands)

Region and province	Drinking water				Sewage			
	1981		1986		1981		1986	
	Population covered	Percent of total population	Population covered	Percent of total population	Population covered	Percent of total population	Population covered	Percent of total population
Sierra	1,247.0	71.4	1,986.4	91.9	957.3	54.8	1,868.0	86.4
Carachi	38.9	78.0	53.6	93.2	31.4	63.0	52.6	91.4
Imbabura	55.5	64.0	112.0	98.3	38.1	44.0	101.2	88.8
Pichincha	699.9	70.0	1,089.0	88.1	549.9	55.0	1,075.0	86.9
Cotopaxi	26.4	60.0	50.1	97.1	22.5	51.0	42.1	81.6
Tungurahua	89.5	72.0	144.5	98.6	69.6	56.0	132.0	90.1
Bolivar	17.7	75.0	29.4	99.2	15.4	65.0	26.8	90.4
Chimborazo	78.2	80.0	110.5	98.0	66.5	68.0	105.3	93.4
Canar	19.8	68.0	43.1	87.1	17.5	60.0	36.0	72.8
Azuay	132.9	80.0	208.2	97.6	83.1	50.0	178.0	83.4
Loja	88.2	71.0	146.0	97.0	63.3	51.0	119.0	79.0
Costa	1,055.4	46.4	2,093.5	73.6	856.8	37.7	1,364.0	48.0
Esmeraldas	57.2	47.0	118.2	77.7	36.5	30.0	64.6	42.5
Manabi	203.8	60.0	355.5	83.2	122.3	36.0	181.0	42.4
Los Rios	69.3	45.0	176.4	90.0	54.6	36.0	83.8	42.8
Guyas	604.3	42.0	1,233.9	68.7	546.8	38.0	873.9	48.7
El Oro	120.8	55.0	209.5	76.3	96.6	44.0	160.7	58.5
Oriente	22.2	38.0	58.7	72.9	10.4	17.7	41.8	52.0
Napo	8.0	39.6	12.6	41.3	5.1	24.7	7.7	25.3
Pastaza	1.6	15.0	12.4	89.6	0.7	7.0	10.7	77.3
Morona Santiago	5.4	32.0	20.0	91.2	2.4	14.0	13.0	59.3
Zamora Chinchipe	7.2	67.0	13.7	96.2	2.2	20.0	10.4	73.0
Galapagos	3.9	84.5	5.4	85.7	0.9	19.4	1.2	19.0
Total urban areas	2,328.5	57.0	4,144.0	81.3	1,825.4	44.7	3,275.0	64.3

Source: CONCAPE, Cobertura de Servicios de Infrastructura, 1981-86.

11 savings and loans associations, 26 finance companies, 123 cooperative savings institutions (credit unions), 4 credit card companies, and 4 public sector development banks: The Banco Nacional de Fomento (BNF), the Banco Ecuatoriano de la Vivienda (BEV), the Banco Ecuatoriano de Desarrollo (BEDE), and the Corporacion Financiera Nacional (CFN). In addition, two securities exchanges, 28 insurance companies, and the social security institute (IESS) are active in the mobilization of savings and the placement of investment funds in the country. Of these, the Central Bank, the commercial banks, the savings and loans, credit unions, BEV, and IESS are to a greater or lesser extent active in the financing or refinancing of home construction, sales and improvements.

As of December 31, 1986, the domestic assets of the consolidated banking system in Ecuador (BCE, BNF, CFN, BEV, commercial banks, development finance companies, and savings and loan associations) amounted to S/ 1,042 billion, or 76 percent of GDP. Loans outstanding to the private sector at the end of that year amounted to S/ 461 billion.

Most mortgage lending activity in Ecuador is undertaken by BEV, IESS, and the savings and loan associations (*mutualistas*). Commercial banks are primarily active in financing commercial construction projects and, to a limited extent, in residential mortgage lending for upper middle and upper income groups. The extent of either kind of activity by commercial banks is limited: in 1986 less than 8 percent of new credits were for a term of more than one year. Cooperative savings institutions or credit unions, whose growth has been rapid in recent years, have been concentrating their housing-related lending activity primarily on short-term home improvement loans.

Housing Finance Issues

As described above, housing finance in Ecuador is overwhelmingly dominated by the public sector institutions, BEV and IESS. These institutions are almost entirely dependent on obligatory contributions, preferential placement of low-yield securities, and loans from domestic and foreign

development agencies for their funding. Neither the BEV nor private sector financial institutions have been successful in mobilizing long-term resources in the market. The fundamental reason for this disappointing performance in savings mobilization has been the prevalence of high and fluctuating rates of inflation in Ecuador during the 1980s and the governmental restrictions that have prevented the financial sector from developing adjustable rate securities for placement with institutions and the public.

To the extent that financial institutions in Ecuador have been successful in increasing the real volume of savings mobilized in the marketplace, these savings have been short-term resources characterized by a high degree of volatility and frequent, sometimes unpredictable, variations in cost. Until recently, variable rate mortgages were unavailable, so housing finance institutions have faced increasing difficulties in maintaining yields in line with the increasing cost of funds. High and increasing rates of inflation in recent years undoubtedly have presented the most serious barrier to the expansion of housing finance in Ecuador, and, indeed, threaten the continued viability and existence of a large number of institutions.

Disposable incomes, especially among the lower and middle income classes, have been seriously eroded by inflation in Ecuador in recent years, and this erosion has aggravated loan recovery problems faced by mortgage lenders. Reduced real incomes have also lessened the affordability of mortgage loans issued at necessarily higher rates of interest and have thus reduced the size of the potential market to be served by existing mortgage lenders. The combination of deteriorating collections and inflation-eroded cash flows from prior low-interest loans has significantly reduced the equity base of a majority of housing finance institutions in the country, raising serious questions regarding their continued ability to sustain even normal market risks.

Inflation and its various effects on resource mobilization, interest rates, affordability, loan recovery, and cash flow is clearly the most serious and important issue facing housing finance institutions in Ecuador today. Clearly, the most desirable approach to the resolution of this problem is the implementation of corrective fiscal, monetary, and trade policies to rapidly reduce and

stabilize inflationary trends in the Ecuadorean economy, while preserving the scope for market mechanisms to continue functioning as the means for financial markets to adjust and evolve in response to the needs of the population. Were such policies to be implemented effectively in Ecuador, the issues regarding housing finance in Ecuador would devolve to the more conventional issues faced throughout the developing world in serving the low income segment -- issues related to the reduction of administrative costs of housing finance institutions and improving their ability to manage the risks inherent in serving the low income segment.

In the event that inflation continues to be a prominent feature in the performance of the Ecuadorean economy, the prospects for resolving the problems faced by housing finance institutions in Ecuador and of restoring their growth will be much reduced. The scope for continued public subsidy is limited, or inflationary pressures will be aggravated still further.

IV. INSTITUTIONS RESPONSIBLE FOR URBAN PLANNING AND DEVELOPMENT

As a result of the expansion of petroleum exports during the 1970s, the dependency of the local entities (municipal and provincial) upon the central government increased. This was due to the meager tax revenues generated at the local level (partly because the transfer of central funds was readily available) and a result of their growing needs, linked to the accelerated pace of urbanization. This situation has also led to the takeover of functions assigned to the municipalities.

The subsequent decrease of petroleum resources has led to the need for better coordination between the different levels of government in order to obtain more efficient policies and the need to design mechanisms of integration for the private sector (communal and industriai) as a support for urban development.

Role of Municipalities

According to Article 15 of the Law of the Municipal Regime, the Municipality is expected to provide

- Potable water and sewage lines
- Construction, maintenance, and control of transit on roads, streets, parks, plazas, and other spaces
- Food control
- Building control
- Authorization for the functioning of industrial plants, stores, and offices

- Cemeteries
- Tourism promotion
- Service for the slaughterhouse and market place
- Public lighting
- Garbage collection

The municipalities intervene regularly in the provision of potable water and sewage lines, having instituted autonomous municipal companies to manage these functions. The cantons that have instituted these companies are

- Quito and Guayaquil, which have separate companies for potable water and sewage services in each city
- Cuenca, Loja, Ibarra, Ambato, Azogues, Esmeraldas, and Manta, which have only one company for both activities, and Machala, Riobamba, and Tulcan, which are in the process of instituting such companies

The growth of the cities and the resulting need for more efficient administrative and financial management makes it necessary to form these companies in all cities that have more than 50,000 urban inhabitants. Technical assistance should be provided to the cities of Babahoyo, Quevedo, Milagro, Portoviejo, and Santo Domingo to assist in the establishment of autonomous municipal companies. These cities should also develop legislation requiring the cantons to constitute these autonomous companies.

One step for urban planning is for municipalities to concentrate on urban activities and leave the problems of the rural sectors to Provincial Councils and national entities (who would coordinate with the municipalities). Garbage collection is attended to insufficiently by all the municipalities. In this field, an important potential exists for the collaboration of the private sector.

Food control is fundamental to health and hygiene. The municipalities have priority in the construction of slaughterhouses and markets, but because

of the organizational difficulties, problems pertaining to production control have not been addressed. They include pesticide contamination, water contamination, transportation, and storage and handling. Evidently, the municipalities cannot perform this action themselves. As a result, an entity that can carry out this process and advise the municipalities needs to be created, in coordination with the Ministry of Health and the Institute of Normalization.

The promotion of tourism is a priority; the municipalities in general have carried out fragmented and non-systematic actions to do so. Substantial potential exists and should be developed through coordination with other public and private entities.

The Law of the Municipal Regime clearly states that educational, cultural, and social assistance can only be carried out when funds permit. Thus, in order to relieve the municipal budget and limit the areas of action, the government should be in charge of the educational system.

The municipalities have no specific mandate in relation to the creation of jobs and the improvement of per capita income, which are fundamental problems of Ecuador. This task should be undertaken by the municipalities, using clear guidelines. Specifically, they should design financial support mechanisms for the small and micro industries, in which the municipality serves as a coordination agent with BEDE and the private banking system.

Role of Provincial Councils

In practice, no clear definition exists for the actions of the Provincial Councils, even though the Law attributes specific functions:

- Provide public services in interest of the province
- Coordinate the action of the provincial municipalities
- Assist and control the environmental conditions of the province

The Councils very rarely coordinate with the municipalities; they have essentially dedicated their efforts to the road problem in the provinces and frequently serve as implementing agencies for construction programs of other government agencies (especially for the Ministry of Public Works).

The Role of the Central Government and Sectional Entities

According to the law, the State is explicitly prohibited from intervening in local issues, such as the modification of ordinances or obstructing the execution of projects or programs. Nevertheless, CONADE made such an intervention to analyze and consider the budgets of the municipalities and to determine the projects that have priority. The municipalities are attempting to eliminate the control imposed upon them by the planning organizations, but that would promote the use of limited national funds without planning.

In spite of the probable political opposition, the Central government should attempt to establish national regulations on ordinances, tariffs, and other municipal taxes and, at the same time, strengthen and organize the government organizations that work with local institutions.

Areas for Improved Coordination

Four national institutions are involved in the planning financing, and implementation of water supply and sewage in Ecuador: CONADE determines investment priorities at the national level; IEOS is responsible for technical planning and provision of technical assistance to local companies; BEDE provides financing and reviews economic and financial feasibility of individual projects; and INERHI is responsible for planning and monitoring the country's water resources. At the local level, separate water and sewage companies operate in Quito and Guayaquil, while joint water supply and sewage companies operate in eight of the secondary cities. In other municipalities, water and sewage services are run as a line function of the municipal government.

There is a general lack of coordination among institutions operating at the national level and between those institutions and the local companies and municipalities. While effective coordination requires the interest and participation of all the organizations, the failure of IEOS to take the leadership in water supply and sewage issues has clearly been a major impediment to effective coordination. According to its mandate, IEOS establishes standards, prepares projects, constructs and supervises works, manages a rural sanitation fund, and operates small water supply systems. It also sets tariffs and promotes the organization and technical capabilities of the autonomous companies at the request of the municipalities. Despite its key role in constructing works and helping local operations, it is highly centralized, with more than half of its 1,000 employees headquartered in Quito. In recent years its role has diminished, as municipal authorities and the other national organizations have assumed many of IEOS duties, reflecting its poor performance.

One result of the lack of proper planning and coordination is poorly designed projects, often using excessively capital-intensive schemes and linked to imported supplier credits and loans. Another problem is the lack of operating and capital cost recovery, resulting in part from the lack of a national policy for tariff setting and inflation adjustments. Investments are not properly operated and maintained, frequently because of the lack of operating revenues and inadequately trained staff.

In recognition of these problems, IEOS is negotiating with FONAPRE/IDB for a project of S/ 293 million to define a national strategic plan (PLANASA), that will focus on the following topics for urban areas:

- A national program of maintenance and operation of systems
- A national program for extension of sewage and water systems
- A program of loss control in urban centers with populations between 15,000 and 50,000
- A national program of management of solid wastes for urban centers of more than 20,000 inhabitants

For rural areas, the strategic plan will focus on education programs on sanitation, extension of existing water and sewage systems, and identification of a maintenance and operation program.

Another area where institutional coordination can be improved is between the individual companies that operate water supply and sewage services in Quito and Guayaquil. In both of these cities, these institutions are autonomous; they have their own assets, and their only linkage is through the mayor's membership on their boards of directors. Lack of coordination gives rise to greater operating costs as personnel do not benefit from operational efficiencies of scope (EMAP-G had 10 employees per thousand connections, while EMA-G had 8 employees per thousand connections).

Substantial cost savings and other benefits could be achieved particularly through coordination in the following areas:

- Integration of planning operations in the long term and design of integrated information systems; joint work for tariff studies, recovery of account receivable and sanitary education
- Coordination of training programs
- Integration of operations and maintenance systems, as well as actions for quality control

Likewise, IEOS' coordinating role should be strengthened through the development of an effective management and database information system (with the actual coverage of services in urban and rural areas, project costs, and tariff policies) and more efficient administrative systems.

Another possible clarification of roles is that the Provincial Councils could strengthen their mandate as Regional Development Agencies that would work in several areas:

- Rural development projects

- Natural resources utilization
- Highways
- Regional transportation
- Regional sanitation

In other words, this institutional reorganization of responsibilities would leave the municipalities in charge of the urban areas and the Provincial Councils in charge of rural areas and regional planning.

A third area for improved coordination is between Provincial Councils and regional entities. These regional entities have been created in general to execute specific jobs in selected areas of the country, with an emphasis on water resources. While most of the results have been successful, their actions generally have been very localized, lacking true plans of regional organization.

The plans of municipal and regional development should be elaborated from the base, in order to develop effective communication with the population and with their own employees. Thus, the plans should improve cross-information and coordination between internal departments of the municipalities and the Provincial Councils.

The Participation of the Private Sector

The cities are growing and the public sector has a great difficulty in covering all the population's needs directly because of financial and administrative limitations. There is a need to expand the field of action of the local authorities to deal with the fundamental problems of the city, such as unemployment. There is also a need to integrate the private sector within the strategies of urban development. The participation of the industrial sector is important in the services that are dominated totally by the public sector, such as street cleaning, the disposal of wastes, and the control, maintenance, and operational continuation of the potable water and sewage lines.

In Ecuador, a number of private groups have been formed to perform functions not addressed adequately by the public sector agencies or more appropriately are served by the private sector. The most common examples found are cooperatives, neighborhood groups, artisan groups, and unions. The first two are the most common forms of integration, but in general (this phenomenon is a bit more common in the Coast than in the Highlands) their lifetime is relatively short and their primary function is linked to land invasions and securing basic services. In addition, they are generally found at the level of pre-cooperatives with an insufficient legal base. In certain cases, these base groups have created fronts, assemblies, and federations or associations with a longer duration, but they do not constitute the most important potential links to development.

The artisanal organizations represent small productive groups, giving their members access to credit, training, tax exoneration, and so forth. Nevertheless, they are too closely connected to a specific activity for any expansion into a local association.

In general, at present there is no local organization that could directly support the programming of urban development. The most suitable mechanism to support the formation of these organizations is through definite actions that involve the community with the coordination and participation of the municipalities. In this manner, the communities will create organizations that are more appropriate for addressing their needs.

Several paths should be explored in the future:

- Use of cooperatives and local artisan groups to support employment generation
- Participation of the community in the building of local infrastructure (such as the building of water distribution lines)
- Participation of local structures in the control and collection of funds related to the use of specific services (such as potable water)

- Participation of the community in educational programs on health, environmental sanitation, and the use of wastes

Municipal Management and Administration

The ability of Ecuador's municipalities to manage their operations efficiently, to plan for the future, and to provide necessary services will be severely tested in the coming years as urbanization trends and fiscal constraints become more serious. Already signs of the costs of inefficient and improper management practices are becoming apparent in the daily operation of many municipalities. These indicators include problems related to the implementation of projects and the resulting increased cost associated with delays in a highly inflationary environment; the lack of motivation of employees confused about their duties and bureaucratic procedures; and uncertainty about the current financial position because of inadequate methods and lack of equipment for maintaining records. There are also more physical signs such as uncollected trash, roads and other infrastructure that are not maintained, and deterioration of the environment in public areas.

From reviews of past reports and discussions that the study team had with a variety of government officials and representatives, including municipal planning and administrative personnel, it can be seen that the problems of municipal management and administration are well understood and documented. While these problems have been known for many years, the availability of transfers from the central government has provided a financial cushion so that difficult and unpopular improvements could be delayed. As discussed in Chapter I, the national fiscal situation now and in the near future will result in a removal of this protective cushion for many municipalities. Also, the fiscal situation of the municipalities themselves and their prospective debt service and operating costs will require that actions to improve their fiscal performance responsibility be postponed no longer.

There are several key areas in which improvement in procedures and management practices could provide a basis for increasing local revenue generation. One is the maintenance and updating of cadastral records. In

virtually all urban areas, there is substantial undercoverage of the urban population and urban offices and dwellings in the current cadastres. In Quito and Guayaquil, for example, office buildings constructed in the informal sector as well as houses built in the peripheral neighborhoods have not been included systematically in the cadastral records for years.

Although municipal staff in Guayaquil are attempting to update the cadastre, they have inadequate field and central office staff and lack data processing and microcomputer capabilities to manage the field forms that are completed. Given the current level of operations of the update and the lack of a relatively accurate cadastre to work from, it will probably take three to four years to complete their updating effort. It also does not appear likely that this update will result in an accurate and current cadastre that could provide a sound basis for future maintenance.

The situation in Guayaquil is similar to that of municipalities throughout Ecuador -- municipal governments simply do not know the extent of their current tax base, and they do not have the trained staff and data processing capabilities to update their records efficiently. A national program that could provide training and equipment to municipalities for maintaining cadastres is urgently needed. This program, which might consist of a series of workshops and seminars, could be organized under the auspices of CONADE, the Asociacion de Municipalidades Ecuatorianas (AME), and the decentralized college and university system.

Another area in which strengthened management and planning could be extremely fruitful for the municipalities is in the preparation of projects for funding, either by national organizations such as BEDE or by international donors and development banks. Frequently, projects are delayed or poorly executed because of inadequate technical and economic planning. Programs to strengthen municipalities' planning units, particularly in the metropolitan and secondary cities, should be undertaken. For smaller municipalities that have little or no staff assigned to planning, priority should be provided for funding from institutions such as the Fondo Nacional de Preinversion (FONAPRE).

A third area of opportunity for improving the fiscal performance of the municipalities is the system of financial accounting and auditing. Most of the municipalities still use manual systems for financial bookkeeping. These systems do not provide the timely and accurate information necessary for running a growing municipal administration. For most municipalities, a very simple and limited management information system using microcomputers will be sufficient for their needs. At the national level, development of user-friendly software and standardized reporting formats will greatly assist in the adoption of these automated systems, along with the training and technical assistance to be provided at the local level.

In both the larger and smaller municipalities, there appears to be a general reluctance of line staff to assume responsibility for decision making. As a result, even relatively routine decisions have to be brought up for a manager's review. In the larger municipalities, this manager may be a department chief, while in many of the smaller and medium-sized municipalities, all decisions ultimately end up at the mayor's door. Efforts to improve the allocation of authority and decentralization of decision making could include preparation of relevant job descriptions and roles for staff and a review of the hierarchical structure used by municipal administrations. Another positive outcome of such reviews might be clearer procedures and requirements for staff promotions, which could improve incentives for municipal workers.

Management and Administration of Water Supply and Sewage Companies

While there is a clear need for additional resources to be channelled into infrastructure, significant improvements in the planning, management, and operation of those entities responsible for providing public drinking water and sewage services will be required, if those additional funds are to be used effectively. In fact, substantial economic and financial returns can be generated from relatively small investments in programs, equipment, and training targeted towards improving performance.

Guayaquil

Water supply operations and investments are conducted in Guayaquil by the Empresa de Agua Potable de Guayaquil (EMAP-G). Estimated urban coverage is about 55 percent of the population. Through a project financed by the World Bank and CDC (England), production is projected to increase from 122 cubic meters in 1986 to 173 cubic meters in 1994, thus expanding coverage to 2.1 million persons (81 percent of urban population). New connections are expected to benefit 900,000 additional people, of which about 68 percent of the beneficiaries will be urban poor (families earning less than U.S.$ 155 per month, equivalent to 30 percent of national per capita income). It is estimated that 41 percent of the population in Guayaquil lives at or below the poverty level, and only 15 percent of the existing population with connections to potable water are under this level.

This project will cost US$ 50.5 million and would consist of

- Rehabilitation of La Toma Plant to increase capacity from 420,000 m^3/day to 660,000 m^3/day
- Additional storage tanks to increase capacity by 22,000 m^3
- Rehabilitation and construction of 400 kilometers of distribution system
- Establishment of a revolving fund to finance house connections
- Purchase of operation and maintenance equipment
- Five-year training program
- Provision and repair of meters

Other investments that are planned by the EMAP-G for the same period are the emergency treatment plant (S/ 900 million estimated in 1986), FONASA works (S/ 960 million in 1986), transmission mains (S/ 1.9 billion in 1986),

completion of distribution system in Peninsula de Santa Elena (S/ 265 million in 1986), and other works (S/ 3.5 billion in 1986).

The projected operating and financial data shown in Table 16 assume that EMAP-G maintains tariffs in real terms, achieves a ratio of 6.5 employees per thousand connections by keeping constant the number of employees, lowers water losses to 30 percent in 1994, increases the number of connections, and makes improvements in financial management. With these improvements, EMAP-G's net income is projected to double from S/ 554 million in 1988 to S/ 1,073 million by 1994.

Recent studies show that 93 percent of water supply for urban poor is made through private tanks. The average cost of water distributed by tanks is S/ 318 per cubic meter instead of S/ 20 per cubic meter through a public network. Water consumption through tanks represents a monthly expenditure of between S/ 3000 and S/ 4800 per family, equivalent to 10-15 percent of their income. Families benefiting from the project funded by the World Bank are expected to pay an average of 2.4 percent of their monthly income for a minimum supply of 15 cubic meters, including a monthly amortization over five years (at 8.5 percent) for the house connection charge. This shows that a well-designed project can be financed by the beneficiaries while still generating significant financial and health benefits.

The sewage system in Guayaquil is operated by Empresa de Alcantarillado de Guayaquil (EMA-G). Current coverage is estimated at 62 percent of the urban population; however, a very low percentage have sewage service in the marginal areas (where 82 percent of the population have individual latrines). A project to extend coverage to 400 hectares in the marginal areas, potentially to be financed by BID, is under study; the total infrastructure cost is estimated at US$ 24.6 million.

Table 16. EMAP-Guayaquil: Key Operating and Financial Indicators, Selected Years, 1984-94

Item	Actual 1984	Actual 1986	Estimated 1988	Projected 1990	Projected 1994
Total population (thousands)	1710	1866	2019	2221	2635
Number of connections (thousands)	110	126	256	196	268
Population served (percentage)	58	60	68	75	81
Unaccounted-for water (percentage)	52	52	50	44	30
	(Millions of 1988 sucres)				
Water revenues	2447	2596	3383	4557	6107
Other current revenues	498	494	703	805	709
Total operating revenues	2945	3090	4086	5361	6816
Total operating costs	2749	3078	3034	3638	4544
Net income	211	151	554	1083	1073
Capital expenditures	2089	2825	2770	1664	1115
Debt/(Debt+Equity) (percentage)	27.5	26.0	33.6	34.2	16.8

Source: World Bank, Appraisal Report

Discussions with company officials and reviews of recent reports indicate that the major development needs of EMA-G are to identify technically and economically feasible methods for controlling water pollution, low-cost alternative projects for extension of coverage, and procedures to accelerate the recovery of betterment fees from the current 10- to 15-year period.

Table 17. EMAP-Q: Summary of Income Statement for 1984 and 1988

(Millions of sucres)

ITEM	1984	1988
Total income	2419	6834
Current	1844	3156
Capital	181	2392
Transfers	394	1286
Total expenditure	2419	6834
Current	1772	2477
Capital	647	4357

Source: EMAP-Q Planning Department.

Quito

The Empresa de Agua Potable de Quito (EMAP-Q) is responsible for the provision of drinking water in the metropolitan area. The core of the city is covered at a rate of about 82 percent; the peripheral and marginal settlements, representing about 190 areas and a population of 250-300,000, have no water and are basically covered by the use of private tanks. In these settlements, consumption is estimated at only 3 cubic meters monthly by family (seven times less than the national average) at a cost of S/ 1,000 per month per family (equivalent to 3.5 percent of their average monthly income).

The major opportunities facing EMAP-Q include improved recovery of billed water, the actual rate of recovery being only around 70 percent, and a better system of maintenance and installation of meters. The annual growth rate of connections has been about 3 percent in the last three years. At the same time, approximately 25 percent of the connections are without meters and meters to be repaired also account for around 25 percent of the total

Table 18. EMAP-Q: Water Produced and Billed, and Meters in Operation

	1980	1984	1985	1986	1987
Water produced (millions m^3)	85.6	95.5	93.4	101.1	102.2
Percent billed	52.3	68.1	77.2	70.3	69.8
Number of meters installed	73.5	88.9	92.1	95.7	98.0
Meters to be checked (percentage)	21.2	26.4	26.6	28.4	28.1
Connections without meters	26.9	24.9	27.2	27.2	25.0

Source: EMAP-Q, Departamiento de Planificacion.

connections. This means that 50 percent of connections are not effectively covered for payments. Technical assistance in this matter is a basic development issue for EMAP-Q.

System leakages are currently estimated at about 30 percent, and a program of control and maintenance could produce substantial financial benefits. Relatively minor investments to reduce system losses could immediately be recovered through increased revenues.

EMAP-Q is studying a project for the installation in marginal areas of big storage tanks that will be filled by tankers. Using small, local pipes, different streets will be covered and people will take water at public places, where employees of EMAP-Q (or better, representatives of the community) will collect tariffs.

This temporary system will have advantages over the actual situation in terms of better quality water and better coordination and efficiency in the use of the tankers between the city system and the storage tanks. As a result, the cost of water supply will be S/ 373 per cubic meter instead of S/ 500-700 with the present tanker system. The project will begin with a donation from UNICEF. In order to cover the main marginal areas partially, S/ 500 million will be needed to install 300 or 400 storage tanks.

The system of sewage in Quito needs to be extended to marginal settlements, where coverage is estimated at 50 percent. The strategy being formulated to accomplish this goal includes

- An investment of S/ 1 billion to be financed through international agencies.
- Investment costs to be recovered by beneficiaries payments made in three months (losses estimated at about 10 percent), which will generate a revolving fund and allow extension of the system.
- Community participation in some small local works needed for the projects.
- A new tax of 1.5 per thousand of commercial value of lots, to be used for maintenance. The cadastral evaluation will be actualized; the last table was done in 1964. Of a total of 250,000 lots, 170,000 are presently valued under the minimum level and thereby are not taxed. These two measures together will generate increased revenues of S/ 1 billion per year.

V. MUNICIPAL FINANCES[10]

In this chapter, finances in urban areas will be analyzed principally within the framework of the municipalities, since they manage sums that are two or three times greater than those of the Provincial Councils. As noted earlier, the municipalities generally are responsible for providing services in the urban areas, while the Provincial Councils generally provide services in the rural areas and are responsible for regional planning. The financial position and debt situation of the Provincial Councils will be reviewed to place Ecuador's local financial and debt situation in perspective.

Local finances will be analyzed in terms of the most important components: revenues and expenditures of the municipalities and Provincial Councils, transfers and revenue sharing, and finally, the situation and the outlook for the internal and external debt.

Municipalities and Provincial Councils

Within the financial-administrative organization of the country, the municipalities as a group account for the vast majority of expenditures and activities conducted at the national level. The municipalities typically manage funds nearly three times those of the provincial councils.

The Provincial Councils do not have the capacity to generate their own revenues and depend upon in loans and money transfers for 70.5 percent of income. For municipalities, these revenue sources account for 16.5 percent of total income. Since the Provincial Councils' proportion of total income spent

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10. Tables in this chapter were prepared from information provided by CONADE and BEDE.

Table 19. Sources and Uses of Funds of Municipalities and Provincial Councils

	Provincial councils	Municipalities	Provincial councils/ Municipalities
Revenues	14,267	37,922	37.5
Municipal taxes	318	8,625	0.4
Municipal services	673	2,530	26.6
Capital	1,353	5,360	25.2
Transfers	11,923	21,407	55.7
Expenses	13,017	36,101	36.1
Current	3,360	13,355	25.1
Investment	7,870	15,415	51.0
Debt service	1,111	4,028	27.6
Other	676	3,303	20.5
Internal revenues/ Current costs	29.5	83.5	
Internal revenues/ Total income	6.9	29.4	
Current costs/ Total costs	25.8	36.7	
Investment/Total revenues	43.1	33.9	
Debt service/ Total costs	8.5	11.1	

(1) All the tables in this chapter are prepared from information provided by CONADE and BEDE.

Table 20. Trends in Municipal Revenues Per Capita

(Percentage change, 1974-86)

	Municipal taxes	Municipal services	Urban property tax	Transfers
Quito	-19.7	-55.8	-2.2	-0.6
Guayaquil	-5.7	-19.0	-17.7	-37.3
Sierra				
Group I	12.4	-5.1	82.6	112.2
Group II	2.1	-5.1	143.2	156.8
Group III	-48.5	-43.7	-51.3	158.5
Costa				
Group I	-28.6	-72.0	-75.3	82.4
Group II	-34.4	-43.8	-52.3	64.2
Group III	-28.5	-69.1	-41.1	57.2

Note: Group I is areas with populations of 80-300,000; Group II is areas with populations of 20-50,000; Group III is areas with populations of 5-20,000.

on current expenditures is lower than the municipalities', however, the Provincial Councils are able to allocate 43 percent of their revenues for investment compared with 36.7 percent in the municipalities.

The municipalities confront serious long-term financial problems. If they make strong efforts in revenue collection, they could improve their fiscal situation. The tax system of the Provincial Council is practically non-existent, and therefore substantial scope exists for improving their revenue base, perhaps through the creation of a modern rural cadastre system the resources of which would go to the Councils. This cadastre system might also have benefits in terms of greater control of unused farm land to promote more rational use of land that is already utilized.

Municipal Councils' Current Costs and Capital Expenditures

During the last 15 years, the municipal activities have been divided into three distinct phases. During the first phase, from 1975 to 1979, the growth of municipal costs was minimal, representing less than 10 percent of the total costs of the public sector (more than 70 percent of the cantons have budgets of less than S/ 10 million). In the second phase, between 1980 and 1982, municipal costs increased considerably, as they sought ways to use the additional petroleum resources provided by the State. Thus by 1982, the municipalities accounted for 6.2 percent of the total current consolidated public expenditures and 26 percent of the consolidated public capital expenditures. Finally, after 1983, the municipalities' share of public sector current and capital expenditures fell again, even though they maintained nominal growth rates; their share accounted for 3.9 percent of current and 11.8 percent and capital expenditures in 1987.

Within the current costs of the municipalities, the most important item is the employees' salaries. Nevertheless, one cannot conclude that there is an excessive number of municipal employees, but rather that there is underutilization and a lack of training in human resources. In reality, the number of workers has increased from 18,946 in 1975 to 23,962 in 1981 and is approximately 26,000 at present, which is not excessive considering the increase of needs (actually, the number of employees per capita has dropped from 2.0 to 2.5 in the last 12 years).

The fundamental problem of the labor structure is actually more of a legal problem. In effect, some employees are under the jurisdiction of the Law of Public Service, while others are covered by the Work Code. In other words, there are different salary regimes, creating a distorted situation that inhibits the efficient management of personnel and prevents the creation of work incentives. Consideration should be given to the establishment of a Law for Municipal Administrative Careers, in order to offer greater stability and efficiency to the local bureaucracy.

Table 21. Proportion of Municipal Expenditures to Total Public Sector Expenditures

(Percent)

Year	Current cost	Capital costs
1975	7.8	10.3
1979	6.2	14.0
1982	6.2	26.0
1985	4.6	8.5
1986	5.6	12.1
1987	3.9	11.8

As can be seen from Table 22, current costs as a percentage of total municipal costs have fallen in all the cantons from an average of 50-55 percent in 1974 to 30-35 percent in 1986 (or 1984 since there was no information for the Highlands in 1986), except in the case of Quito and Guayaquil, where there have been considerable increases.

This phenomenon occurs even when costs are expressed in real terms per capita. After the increase between 1974 and 1982 (actually in 1980-82) that led to the current real cost of S/ 5,000 per inhabitant (real sucres in 1988), a notable drop occurred in 1984 and lasted until 1986, with an average level 20 percent lower than 1974.

As indicated, in Quito and Guayaquil, the situation is different. For Quito in 1986, the real current costs per inhabitant were 15 percent higher than in 1974. It is interesting to compare the trends in current cost per inhabitant for Quito and Guayaquil. In 1974 the costs were 17 percent higher in Guayaquil than in Quito and 8.8 percent higher in 1984. Guayaquil's level of current costs per inhabitant for 1986 was 26 percent lower than Quito's, reflecting an extraordinary growth in operational costs in Quito, particularly as the level of salaries doubled between 1984 and 1986 (more than a 40 percent increase in real terms).

Table 22. Structure of Municipal Expenditures

(Percent of total expenditures)

	Year	Total	Current expenditures	Capital expenditures	Debt service	Transfers
Quito	1974	100.0	29.5	49.1	3.5	17.9
	1982	100.0	22.2	55.2	15.6	7.0
	1986	100.0	48.5	39.3	4.8	7.4
Guayaquil	1974	100.0	42.2	39.8	18.0	0.0
	1982	100.0	50.4	14.1	16.2	19.3
	1986	100.0	52.0	32.9	6.1	8.9
Sierra						
Group I	1974	100.0	57.8	26.6	2.3	13.3
	1982	100.0	28.6	49.9	13.3	8.1
	1984	100.0	31.8	46.4	10.9	10.9
Group II	1974	100.0	56.1	29.5	3.8	10.6
	1982	100.0	36.5	48.6	7.2	7.7
	1984	100.0	40.2	42.4	8.1	9.3
Group III	1974	100.0	54.6	30.2	4.0	11.3
	1982	100.0	27.5	59.1	8.9	4.5
	1984	100.0	35.4	50.3	8.4	5.9
Costa						
Group I	1974	100.0	50.0	28.7	10.0	11.3
	1982	100.0	28.8	50.5	17.0	3.7
	1986	100.0	34.7	49.4	9.6	6.4
Group II	1974	100.0	53.1	27.3	2.3	15.3
	1982	100.0	27.6	44.8	7.9	19.6
	1986	100.0	35.5	51.5	8.1	4.9
Group III	1974	100.0	55.0	31.3	6.2	9.4
	1982	100.0	36.1	56.1	3.8	3.9
	1986	100.0	35.0	56.0	4.1	4.9

Note: Group I is areas with populations of 80-300,000; Group II is areas with populations of 20-50,000; Group III is areas with populations of 5-20,000.

The tendency appeared to maintain itself in the two large cities; in Guayaquil in 1987 the real current cost per inhabitant increased 6 percent over the previous year and in Quito, levels were lower in 1987 and 1988, but still higher than in 1984 and 1985.

One must take into account that the current finances of the municipalities have also deteriorated because of policies of the central government. For example, in 1982, properties that had a value less than 25 times the minimum wages were freed from having to pay taxes, thereby decreasing the urban property tax revenues substantially for the municipalities. In 1983 the central government proposed that municipalities cover a centrally issued public sector salary increase by taxing entertainment and capital assets, but these revenue sources are almost non-existent for most of the municipalities.

It is important to note that the investments of the municipalities demonstrate priorities that have been based upon the increase in revenues obtained since 1980. We noted that in the group of cantons 20 percent of the total investment was allocated to potable water and sewage lines while other urban works accounted for 50 percent of the capital expenditures. This last item basically includes works that contribute to the physical development of the canton: the construction of streets, roads, plazas, and markets. These figures confirm that municipalities' investment in potable water and sewage lines has not been considered a priority.

A significant proportion of investment resources has been utilized for purchasing work machinery (especially in 1980-82), but since neither funds nor sufficient personnel were allocated for its operation and maintenance, much of this machinery is now obsolete. Accordingly, the need to purchase additional machinery is a priority from the municipalities' viewpoint. For this reason, a general program of technical assistance and financial support to repair and maintain the existing machinery is urgently needed.

Finally, another element to be considered within the municipal finances are foreign funds, which represent 10 percent of the total costs. This item corresponds to the revenues collected by the municipalities for other organizations (in particular the central government). This important problem should also be considered in the general plan of reorganization of the financial relations between the government and local entities.

Transfers

The central government transfers substantial funds to the municipalities, providing approximately 55 percent of the municipalities total revenues. Total central government transfers to municipalities were S/ 7.9 billion in 1984, S/ 11.9 billion in 1985, S/ 13.9 billion in 1986, and S/ 18.7 billion in 1987, corresponding to a growth rate of 14 percent of real terms during the past four years. FONAPAR is the major source of these transfers. This fund is fed by petroleum revenues (approximately S/ 5 billion in 1987), a fixed contribution of S/ 7 billion in customs duties, and 10 percent of income taxes. Every two years, this fund is proportionally distributed to municipalities based on population, services, levels, land extension, and so on. The first line is an automatic distribution, managed by the Central Bank, that covers current costs. The other line must be authorized by the Ministry of Finance, based upon the presentation of investment projects, but is presently used to cover current costs (especially salary and gasoline increases).

The municipalities lose an average of 20 percent of the annual allocation because of a lack of administrative capacity to present appropriate projects that comply with the time limits and legal specifications.

Ear-marking of Specific Taxes

There is an allocation of S/ 3 billion that should be used for environmental and sanitary works, highways, constructions, and highway construction equipment and machinery, but has also been authorized to cover salary costs. This fund originates basically from the petroleum activity taxes and is divided, 30 percent for

Table 23. Structure of Municipal Investments

(Percent of total investment)

	Year	Total	Water & sewage	Roads	Equipment	Other
Quito[a]	1974	100.0	0.0	90.3	9.7	0.0
	1984	100.0	0.0	19.5	71.9	8.6
Guayaquil[a]	1974	100.0	0.0	40.6	59.4	0.0
	1986	100.0	0.0	11.5	88.5	0.0
Sierra						
Group I	1974	100.0	22.6	30.0	38.6	8.8
	1984	100.0	17.8	3.0	67.0	12.2
Group II	1974	100.0	10.0	0.0	45.0	45.0
	1984	100.0	16.1	0.7	41.0	42.2
Group III	1974	100.0	25.7	8.0	36.4	29.9
	1984	100.0	25.1	2.4	71.5	1.0
Costa						
Group I	1974	100.0	15.3	19.3	61.7	3.7
	1986	100.0	19.3	15.2	61.0	4.5
Group II	1974	100.0	32.7	12.8	45.2	9.3
	1986	100.0	30.1	16.0	42.8	11.1
Group III	1974	100.0	21.3	7.9	51.3	19.5
	1986	100.0	16.9	13.1	48.5	21.5

Note: Group I is areas with populations of 80-300,000; Group II is areas with populations of 20-50,000; Group III is areas with populations of 5-20,000.

a. For Quito and Guayaquil, does not include investment in facilities made by autonomous water and sewage companies. For related information, see Tables 16, 17, and 28.

the Provincial Councils and 70 percent for the municipalities. In the municipalities, 30 percent goes to cantons in the Oriente and Galapagos (a little more than S/ 20 million for each) and the rest to other cantons (presently a little more than S/ 10 million each).

This group of revenues (of which almost half are fixed in nominal terms) has permitted the municipalities to increase their investment levels substantially, particularly during the 1980-82 period. Since then, the investment level has fallen in real terms, but is still at a higher level than in 1974 (except for Quito and Guayaquil). Unfortunately, because of the shortfall of other municipal funds, these funds which should be used for investment have been directed frequently toward current costs. This procedure will get worse if a well-defined general financial policy for the municipalities is not implemented.

The relation between transfers and investment costs is 130 percent (except for Quito and Guayaquil), which demonstrates that 30 percent of these funds are used in current costs. This goes against a healthy financial policy, which should direct the transfers only to investments. The transfer policy mentioned above is a key element in redesigning a support policy and the rationalization of local institutions.

Municipal Debt

The external and internal debt of BEDE represents almost the entire loan obligations of the municipalities (the rest are localized operations with the central government and the debt with the IESS for the late social security payments). BEDE provides financial resources for the works of both national interest (to the central government) and local interest (to Councils and municipalities).

The basic elements of the credit policy should try to recuperate BEDE's capital and keep the load of debt from being excessive for the municipalities. In Ecuador, the debt payment capacity is determined by the amount of income that the municipalities receive from the government (one can mortgage up to

50 percent of the allocations from FONAPAR to pay the debt); it is covered by long-term payments and low interest rates.

Nevertheless, the reduction of fiscal resources for transfers to local governments and the inflationary process will produce difficulties in the future financial situation of BEDE. Thus, BEDE should move gradually toward systems that determine the payment capacity (at least the interest on the debt) on the basis of municipal revenues and not of the government transfers. This is also contemplated in the Municipal Law that determines that the service of the debt should not exceed 20 percent of a municipality's revenues (without FONAPAR) and their capacity to absorb additional debt based not to exceed 10 percent of urban and rural property tax collections. As we shall see later on, however, these limits could rapidly be overcome in a great number of the municipalities. BEDE should also work toward systems that maintain real interest rates, even if they are combined with support mechanisms such as interest capitalization to avoid liquidity problems in high inflationary situations.

BEDE's support to the country has been very positive; however, the following points would help it function better:

- Credit requests should be transacted more quickly.
- Greater importance should be given to the criteria of internal rate of return and the benefit obtained by low income groups, to determine project priorities.
- Mechanisms should be found to support (through local organizations) not only the infrastructural development of communities but also their economic development (credit, training, etc.).

Municipalities' Internal Debt with BEDE

The more rapid reduction of income (in real terms) in comparison with current costs has resulted in a relation between these two variables of only 35-40 percent in the majority of the cantons of the Coast and from 50-

60 percent in the cantons of the Highlands. Thus, the use of the transfers has covered a substantial (and each time a greater) part of the current costs. A significant exception to this trend is that Quito, Guayaquil, and the large municipalities of the Highlands have succeeded in covering their operational costs with their revenues.

The shortage of investment resources has resulted in the need to finance important investment projects from BEDE. The priorities for the municipalities have been highways and other urban construction, acquisition of equipment and machinery, and potable water and sewage lines.

It is noted that the debt per inhabitant of the Highland cantons is much higher than in the Coast. Quito has S/ 1,184 per inhabitant and the rest of the region has an average of S/ 1,700, while in the Coast the debt per inhabitant is about S/ 500. Even though the general distribution of funds is equal between the two regions (with a participation of potable water and sewage lines at 30 percent), the global figures explain why the cantons in the Highlands generally have a better coverage of their basic needs.

The higher coverage in the Sierra is linked to the more developed administrative capacity of the older Sierra municipalities in project generation (higher capacity in the Highlands) and to a greater generation of resources for a better credit rating.

Also, one must remember that BEDE's loan interest rate (between 12 and 18 percent) is heavily subsidized and that if this subsidy were removed, the debt service would consume more than 10 percent of the tax income of Quito and Guayaquil and more than 25 percent of the tax income of other municipalities. These levels of debt service would clearly represent a substantial burden for the financial condition of the municipalities.

Table 24. Municipalities Outstanding Debt Per Capita with BEDE, 1988

	Water and sewage	Roads	Others	Total
Quito[a]	0	567	617	1184
Guayaquil[a]	0	106	397	503
Sierra				
Group I	538	777	163	1484
Group II	1394	409	437	2240
Group III	549	143	989	1681
Costa				
Group I	193	160	51	404
Group II	266	359	51	676
Group III	746	521	45	1312
Oriente	4808	675	621	6103

Note: Group I is areas with populations of 80-300,000; Group II is areas with populations of 20-50,000; Group III is areas with populations of 5-20,000.

a. For Quito and Guayaquil, does not include debt incurred by autonomous water and sewage companies. For related information, see Tables 16,17, and 28.

Table 25. Outstanding Debt Per Capita by Purpose of Loan and Province, 1988

(Sucres)

	Outstanding debt				Annual debt service
	Water and sewage	Roads	Others	Total	
Azuay	0	6	84	90	26.6
Bolivar	135	0	305	440	126.3
Canar	0	306	0	306	89
Carchi	0	0	176	176	51
Cotopaxi	0	9	140	140	42.6
El Oro	0	17	0	17	7.4
Esmeraldas	192	0	45	237	97.2
Guayas	0	182	42	224	63.7
Imbabura	76	150	444	670	134.2
Loja	0	0	442	442	44.6
Los Rios	0	0	123	123	36.6
Mananbi	0	0	154	154	45
Pichincha	0	190	14	204	60
Tungurahua	0	0	88	88	26.2
Pastaza	0	0	3904	3904	1136.6
Zamora	0	765	235	990	284.1

Table 26. Indicators of Municipal Debt Per Capita

(Sucres)

	Debt service	Municipal revenues	Debt service/ Municipal revenues (percentage)	Annual subsidy
Quito	325	4832	6.7	236
Guayaquil	156	3352	4.6	100
Sierra				
Group I	373	2767	13.5	297
Group II	586	4034	14.5	448
Group III	371	2540	15.1	334
Costa				
Group I	145	905	16.0	81
Group II	192	1677	11.5	135
Group III	355	2145	16.5	262
Oriente	1774	2814	63.0	1688

Note: Group I is areas with populations of 80-300,000; Group II is areas with populations of 20-50,000; Group III is areas with populations of 5-20,000.

With the subsidized interest rates the level of debt service appears tenable, but it is necessary to make an estimation of future debt service, assuming that the flow of credit will maintain the levels per inhabitant of 1986 in the next few years. Based upon this hypothesis, the debt service by 1993 would swallow more than 20 percent of tax revenue in Quito, 10 percent in Guayaquil, and about 30 percent in the rest of the country. These figures would be even higher if BEDE did not continue their subsidy policy through interest rates.

These figures demonstrate the magnitude of the increases of revenues that the municipalities would have to achieve in order to maintain debt service at less than 20 percent of total tax revenues. Moreover, if the municipalities undertake the investments in infrastructure that are needed in the coming years, increased levels of debt and debt servicing would result. The municipalities need to increase their real revenues per inhabitant by an average of 10 to 20 percent just to maintain acceptable financial ratios.

Table 27. Projections for 1993 of Municipal Debt with BEDE

	Debt service per capita (sucres)		Debt service/municipal revenues (percentage)	
	With subsidy	Without subsidy	With subsidy	Without subsidy
Quito	850	2185	17.6	45.2
Guayaquil	308	785	9.2	23.4
Sierra	886	1266	23.6	33.8
Costa	346	493	26.5	37.9

External Debt

Levels of external debt incurred by the municipalities and the Provincial Councils are relatively insignificant (except in Quito, which has an outstanding balance of U.S.$ 101 million). Table 28 lists the external debt of the municipalities, Provincial Councils, and autonomous municipal companies, up to December 31, 1984.

Table 28. External Debt of Municipalities, 1988
(Millions of dollars)

Municipality	Lender	Loan amount	Purpose
Quito	BID	11.7	Water/sewage
	Various	69.0	Various
Guayaquil	BID	17.6	Water/sewage
	Banca Privada	0.3	Waste collection
Ambato	Banca Privada	6.5	Water/sewage
Machala	Central Government	1.1	Relleno
EMAP-G	World Bank	19.3	Water
Other provincial councils	Various	19.4	Various
EMAP-Q	BID	28.0	Water
Municipio Manta	Central Government	5.4	Water
ETAPA Cuenca	Central Government	10.0	Various
EMPA-G	Various	39.0	Water
Municipio de Quito	Central Government	14.8	Various

VI. FUTURE URBAN INFRASTRUCTURE, EMPLOYMENT, AND FINANCIAL NEEDS

Table 29 presents projections of new household formation and estimated annual housing investment needs for urban areas in Ecuador for 1990 and 1995. Using the population projections discussed earlier and an average of 4.7 persons per household for urban areas, it is projected that 46,500 new households will be formed annually in urban areas throughout the country. Of these, 9,700 new households will require housing in Quito, 13,100 in Guayaquil, 13,800 in other urban areas of the Costa, and 8,800 in other urban areas of the Sierra.

Based on an estimated average cost for a mix of housing types of S/ 2.0 million in the metropolitan areas and S/ 1.5 million in other urban areas, it is projected that S/ 81 billion will need to be invested annually in housing in urban areas to satisfy the growing demand. This investment represents 2.9 percent of Ecuador's estimated 1988 GDP. By 1995 it is projected that more than 53,000 new households will require housing in urban areas throughout the country at an annual investment cost in 1988 sucres of S/ 93.7 billion, representing 3.3 percent of 1988 GDP.

Future Infrastructure Investment Needs

The investment requirements for necessary housing presented earlier do not include investment costs for upgrading the infrastructure coverage of the existing housing stock, nor the additional costs for provision of basic infrastructure to those new households that will be formed in urban areas throughout the country. One conclusion of this urban development assessment is that there is a clear and compelling need for increased investment in urban infrastructure, particularly in drinking water and sewage systems.

Table 29.
Projected New Household Formation and Estimated Annual Housing Investment Needs in Urban Areas, 1990 and 1995
(Thousands, unless otherwise indicated)

Item	Total urban areas	Quito	Guayaquil	Other urban areas		
				Sierra	Costa	Oriente
1982 Adjusted population	4,220.9	918.7	1,272.0	898.6	1,071.1	60.5
1990						
Projected population	5,968.7	1,281.8	1,764.2	1,230.8	1,590.1	101.8
Number of new households	371.9	77.3	104.7	70.7	110.4	8.8
Annual new households	46.5	9.7	13.1	8.8	13.8	1.1
Est. annual housing investment needs (millions of 1988 sucres)	81,099.7	19,313.8	26,180.9	13,252.7	20,704.8	1,647.6
Housing investment (percent of 1988 GDP)	2.9					
1995						
Projected population	7,226.3	1,549.4	2,125.4	1,458.1	1,959.1	134.3
Number of new households	267.6	56.9	76.9	48.4	78.5	6.9
Annual new households	53.5	11.4	15.4	9.7	15.7	1.4
Est. annual housing investment needs (millions of 1988 sucres)	93,651.1	22,774.5	30,740.4	14,508.5	23,553.2	2,074.5
Housing investment (percent of 1988 GDP)	3.3					

Notes: Housing investment needs are based on an average of S/ 2.0 million per house for Quito and Guayaquil, an S/ 1.5 million per house for other urban areas.

Table 30 presents an estimate of the annual investment requirements for moderate extension of sewage coverage in urban areas through 1990 and through 1995. A moderate extension of sewage service was defined as an increase in coverage for Quito and other urban areas of the Sierra to 75 percent by 1990 and 85 percent by 1995. For Guayaquil and the urban areas of the Oriente, costs corresponded to extension of coverage from approximately 45 percent in 1987 to 55 percent by 1990 and 70 percent by 1995. For other urban areas in the Costa, an extension of coverage from 45 percent to 55 percent by 1990 was assumed, increasing to 70 percent coverage by 1995.

Based on these assumptions, it is projected that annual investment needs for sewage infrastructure for urban areas throughout the country will be S/ 9.6 billion in 1990 and S/ 11.4 billion by 1995, representing 0.36 percent and 0.41 percent of estimated 1988 GDP. These levels of investment represent 3.3 and 3.9 percent of the national 1988 public sector investment.

A similar analysis of drinking water infrastructure requirements is presented in Table 31. For water, a moderate expansion of coverage was defined as 75 percent for Quito and other urban areas in the Sierra and the Oriente, 65 percent for Guayaquil, and 70 percent for other urban areas in the Costa by 1990. By 1995, coverage was assumed to be extended to between 80-85 percent in all urban areas. The annual investment cost for an extension of water coverage in urban areas to these levels would be S/ 11.1 billion for 1990 and S/ 14.2 billion annually by 1995. These investment costs correspond to 0.4 percent and 0.5 percent of 1988 GDP. They would represent 3.7 percent and 4.8 percent of Ecuador's 1988 public sector investment.

Taken together, the annual investment for sewage and water infrastructure requirements is estimated at S/ 20.7 billion in 1990 and S/ 25.6 billion by 1995. The 1990 annual investment corresponds to less than 0.8 percent of 1988

TABLE 30

PROJECTIONS OF FUTURE SEWAGE INFRASTRUCTURE INVESTMENT NEEDS

	Total Urban Areas	Quito	Guayaquil	Other Urban Areas		
				Sierra	Costa	Oriente
1987 Population (000's)	5240.3	1131.2	1560.5	1093.8	1371.1	83.7
Population Covered in 1987 (%)	61.3	70.0	45.0	70.0	45.0	47.4
1988/1990						
Projected Population (000's)	5968.7	1281.8	1764.2	1230.8	1590.1	101.8
Population to be covered (%)	63.4	75.0	55.0	75.0	55.0	55.0
Incremental Population	868.9	169.5	268.1	157.4	257.6	16.3
Cost per capita (000's)		31.2	33.2	33.2	37.1	37.1
Estimated Annual Investment Needs (Million of 1988 Sucres)	9847.3	1762.9	2962.3	1739.7	3180.9	201.5
Sewage Investment as % of 1988 GDP	0.4					
Sewage Investment as % of Public Sector 1988 Investment	3.3					
1990/1995						
Projected Population (000's)	7266.3	1549.4	2125.4	1458.1	1959.1	134.3
Population to be covered (%)	75.8	85.0	70.0	85.0	70.0	70.0
Incremental Population	1724.2	355.6	517.5	316.3	496.8	38.0
Cost per capita		31.2	33.2	33.2	37.1	37.1
Estimated Annual Investment Needs (Million of 1988 Sucres)	11710.1	2219.2	3430.8	2097.0	3681.4	281.7
Sewage Investment as % of 1988 GDP	0.4					
Sewage Investment as % of Public Sector 1988 Investment	3.9					

TABLE 31

PROJECTIONS OF FUTURE WATER INFRASTRUCTURE INVESTMENT NEEDS

	Total Urban Areas	Quito	Guayaquil	Other Urban Areas		
				Sierra	Costa	Oriente
1987 Population (000's)	5240.3	1131.2	1560.5	1093.8	1371.1	83.7
Population Covered in 1987 (%)	65.1	70.0	57.0	70.0	66.0	70.0
1988/1989						
Projected Population (000's)	5968.7	1281.8	1764.2	1230.8	1590.1	101.8
Population to be covered (%)	70.7	75.0	65.0	75.0	70.0	75.0
Incremental Population	810.1	169.5	257.2	157.4	208.1	17.8
Cost per capita (000's)		31.2	42.9	39.0	48.8	48.8
Estimated Annual Investment Needs (Million of 1988 Sucres)	11159.2	1762.9	3678.6	2046.7	3382.3	288.6
Water Investment as % of 1988 GDP	0.4					
Water Investment as % of Public Sector 1988 Investment	3.8					
1990/1995						
Projected Population (000's)	7266.3	1549.4	2125.4	1458.1	1959.1	134.3
Population to be covered (%)	81.6	85.0	80.0	85.0	80.0	80.0
Incremental Population	1710.8	355.6	553.6	316.3	454.2	31.1
Cost per capita		31.2	42.9	39.0	48.8	48.8
Estimated Annual Investment Needs (Million of 1988 Sucres)	14167.7	2219.2	4749.8	2467	4428.5	303.1

GDP and about 7.0 percent of Ecuador's 1998 public sector investment. It is also interesting to examine how these required investment levels compare with recent public sector investments for water and sewage. In Ecuador, most of the public sector investment in sewage and water supply systems is constructed and/or financed by the Instituto Ecuatoriano de Obras Sanitarias (IEOS) and the Banco de Desarrollo del Ecuador (BEDE). A summary of the historical participation and level of investment in water and sewage systems of these two institutions is presented in Tables 32 and 33.

Since 1979, BEDE has provided loans totalling S/ 14.4 billion for construction of local water and sewage systems, predominantly in urban areas. This represents only 13.5 percent of their total loans during the 1979-88 period and only 16.6 percent of those made for local projects. When viewed in terms of 1988 sucres, BEDE's loans for local water and sewage systems totalled S/ 47.4 billion, or an average of S/ 4.7 billion over this 10-year period.

Information for investment expenditures in water and sewage systems by IEOS are available for 1984 through 1987. During this four-year period, IEOS undertook urban water and sewage construction projects totalling S/ 2.4 billion. More than 90 percent of these funds, or S/ 2.2 billion, were used for urban water supply systems. This highly uneven distribution may help explain the increased coverage of water supply systems relative to sewage coverage, particularly in other urban areas of the Sierra. It also points out the need for a more balanced investment program or one that emphasizes sewage systems in the future.

Between 1984 and 1987, the IEOS investment program was heavily directed towards rural areas, where projects expenditures totalled more than S/ 8.5 billion, or nearly three-fourths of IEOS total investment expenditures. In terms of 1988 sucres, IEOS investment program for water and sewage systems averaged slightly more than S/ 1.0 billion, while rural water and sewage investments averaged nearly S/ 3.1 billion.

Table 32.
BEDE: Loans Authorized by Type of Project, 1979-88

Year	Local projects: Agua and Alcantar.	Local projects: Other	Local projects: Total	National projects	Total all projects
	Loans in millions of current sucres				
1979	145.5	1,867.9	2,013.4	100.0	2,113.4
1980	805.8	6,517.2	7,323.0	657.0	7,980.0
1981	933.7	3,308.1	4,241.7	600.0	4,841.7
1982	2,314.4	1,443.7	3,758.1	1,490.0	5,248.1
1983	564.0	4,632.9	5,196.9	0.0	5,196.9
1984	3,559.5	11,566.2	15,125.6	350.0	15,475.6
1985	2,177.1	25,020.3	27,197.4	13,562.5	40,759.8
1986	2,874.0	10,617.7	13,491.7	428.3	13,920.0
1987	880.6	6,713.2	7,593.8	2,200.1	9,793.9
1988	155.9	973.6	1,129.5	0.0	1,129.5
Total	14,410.2	72,660.9	87,071.1	19,387.9	106,459.1
	Loans in real terms of millions of 1988 sucres				
1979	1,218.2	15,643.9	16,862.1	837.5	34,561.7
1980	5,563.5	44,994.7	50,558.1	4,535.9	105,652.2
1981	5,753.6	20,388.1	26,141.7	3,697.8	55,981.2
1982	12,259.6	7,647.1	19,906.7	7,892.5	47,706.0
1983	2,013.4	16,539.6	18,553.0	0.0	37,106.0
1984	9,685.3	31,471.6	41,156.9	952.4	83,266.1
1985	4,628.4	53,193.1	57,821.6	28,833.8	144,477.0
1986	4,966.2	18,347.4	23,313.7	740.1	47,367.5
1987	1,174.7	8,955.5	10,130.1	2,935.0	23,195.2
1988	155.9	973.6	1,129.5	0.0	2,259.0
Total	47,418.7	218,154.6	265,573.4	50,425.0	581,571.8

Source: Banco Ecuatoriano de Desarrollo

Table 33. IEOS: Investment Expenditures by Type of Project, 1984-87

Area and purpose	1984	1985	1986	1987	Total
	Millions of current su				
Urban areas					
Water system construction	131.6	166.7	1,102.0	855.7	2,256.0
Sewage system construction	16.1	97.8	29.1	57.1	200.1
Health facilities construction	50.3	50.7	69.9	70.7	241.6
Operation and maintenance	37.5	74.9	52.2	81.3	245.9
Studies	5.4	17.0	21.8	12.6	56.8
Subtotal	240.9	407.1	1,275.0	1,077.4	3,000.4
Rural areas					
Water and sewage construction	200.77	224.4	1,240.2	3,599.0	5,264.4
Construction of health facilities	142.8	317.7	584.3	1,737.0	2,781.8
Environmental control	8.2	4.7	11.3	18.1	42.3
Operation and maintenance	46.5	27.6	35.4	66.5	176.0
Studies	7.6	16.0	92.2	185.5	301.3
Subtotal	405.8	590.4	1,963.4	5,606.1	8,565.8
Total	646.7	997.5	3,238.4	6,683.5	11,566.2
	Real terms in millions of 1988 sucres				
Urban areas					
Water system construction	358.1	354.4	1,904.3	1,141.5	3,758.2
Sewage system construction	43.8	207.9	50.3	76.2	378.2
Health facilities construction	136.9	107.8	120.8	94.3	459.8
Operation and maintenance	102.0	159.2	90.2	108.5	459.9
Studies	14.7	36.1	37.7	16.8	105.3
Subtotal	655.5	865.5	2,203.2	1,437.3	5,161.4
	0.0	0.0	0.0	0.0	0.0
Rural areas	0.0	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0	0.0
Water and sewage construction	546.3	477.1	2,143.0	4,801.1	7,967.5
Construction of health facilities	388.6	675.4	1,009.7	2,317.2	4,390.8
Environmental control	22.3	10.0	19.5	24.1	76.0
Operation and maintenance	126.5	58.7	61.2	88.7	335.0
Studies	20.5	34.0	159.4	247.5	461.4
Subtotal	1,104.2	1,255.3	3,392.8	7,478.6	13,230.8
	0.0	0.0	0.0	0.0	0.0
Total	1,759.7	2,120.7	5,596.0	8,915.8	18,392.2

Source: IEOS, Inversion Ejecutada por el IEOS Durante el Constitucional, 1984-87.

The provision of drinking water and sewage infrastructure and services are priorities for urban investment. Substantial portions of the urban population, particularly those in the marginal areas, are being served by costly, inefficient, and unhealthy means. It is estimated that annual investments in water and sewage infrastructure need to be raised to S/ 20-25 billion, from recent annual investment levels of less than S/ 10 billion. Investment programs at these levels, which represent less than 1 percent of 1988 GDP, would increase water coverage to about 85 percent and sewage coverage to 70-75 percent by 1995.

Job Creation Needs and Policies

Formal Sector

The operations of the formal sectors of the economy, which are closely linked to the labor market, determine that the most appropriate policies for generating formal sector employment are those that have been used traditionally to produce a balanced development of the economy. The general growth of the economy generates positive effects in the formal sectors. Certain specific actions should be undertaken by local administrations, particularly those related to the development and operation of industrial parks. These parks already exist with a satisfactory level of development in Cuenca and Riobamba, are in the beginning stage in Ambato. In Guayaquil, four parks have been developed by the private sector. In other cities like Manta, Esmeraldas, Ibarra, Loja, and Machala, foundations have been created to develop these systems.

Industrial parks are an important element in industrial development because they facilitate the agglomeration of key production factors such as access to information, infrastructure, and input supply and allow the formation of industrial chains. In relation to urban development, the parks allow more control and an appropriate utilization of land and simultaneously facilitate policies for the control of industrial wastes and sanitation.

In the present situation in Ecuador, there are two key factors for the further development of industrial parks:

- Make the promotion and marketing systems for present parks more dynamic (especially at the level of CENDES)
- Encourage more active participation by the entrepreneurial sector in the development and financing phases of the parks, taking as an example the structures installed in Guayaquil by the private sector.

Another element in the creation of formal employment is the motivation (through coordinated actions by BEDE, for example) to develop tourism. The direct participation of the municipalities with the local Chambers of Commerce (even the general community) could be beneficial.

Informal Sector

In the past, steps to promote employment opportunities in the informal sector have been developed essentially through coordinated policies that include three fundamental aspects: credit, training, and technical assistance. These are essential promotion elements, because the general growth of the economy is not sufficient to generate growth in the informal sector (especially in marginal urban areas).

The government has undertaken policies through a coordination unit (UNEPROM) located in the Ministry of Labor. The implementation of actions through private foundations is the mechanism they chose. They have been established in Pichincha, Guayaquil, Cuenca, Milagro, and El Oro.

In practical terms, UNEPROM efforts have been concentrated in the provision of credit of a total of S/ 80 million, of which S/ 68 million have been received. This effort has allowed them to grant credit to 1,261 microbusinesses for an approximate sum of S/ 8,800 each and to give technical assistance to 7,357 microbusinesses and training to 8,676. In other words, the

credit component, essential for the promotion of the productive process, has been utilized in totally insufficient sums.

Although several private institutions have entered the field of support for microbusinesses, there is not enough coordination to produce a critical mass so that the programs can be converted into instruments for massive job creation and increased productivity. The general coordination should be created in the following terms:

- Geographic coordination with centers should be created in Guayaquil and Cuenca.
- Training, program integration, methods, teaching materials, and teachers should be coordinated; similar methodologies should be used.
- In credit, the fundamental element is the Banco Nacional de Fomento, private banks, cooperatives and the CFN.

This last point is of great importance because no notable growth of the programs could occur without the active participation of the financial system.

In order to obtain the greater participation of the financial sector, several solutions have been proposed that should be analyzed carefully:

- The participation of the Central Bank by means of rediscount operations that could have a higher margin to motivate the bank or eliminate the regulations that increase the costs of allocating banks resources
- State coverage of some important costs, such as the installation of branch offices in marginal areas, credit follow-up or the preparation of documents and credit requests, and materials and supplies that could be provided by foundations or other private institutions
- Mechanisms for credit guarantees
- Leasing systems to acquire small machinery, allowing the banks to cover their credit risk by leasing the machinery

In any case, it is necessary to study the informal sector in more depth and direct programs toward the areas with greater potential for productivity, taking into account that sectors with greater involvement are basically small businesses using textiles, wood, and leatherworks. Likewise, it is necessary to analyze the true problems of credit and the bottlenecks in relation to greater productivity. In this sense, a greater emphasis should be placed on actions related to commercialization.

The promotion strategies for employment should consider that the organizations that should be involved in the development process can be converted into intermediary vehicles (especially in cooperatives or artisan corporations).

Financing Urban Investment Needs

Recommendations for Housing Finance

We strongly urge that determined steps be taken to eliminate significant inflationary pressures from within the Ecuadorean economy as soon as possible. This is the single most important action that could be taken to restore the viability of housing finance in Ecuador.

Regardless of whether or not it is possible to implement effective anti-inflationary measures in the near term, steps must be taken to increase, rather than restrict, the flexibility of the financial system to adjust to and compensate for unstable market conditions. In the context of housing finance, we strongly support Deloitte Haskins & Sells in their recommendation that the use of adjustable rate mortgages be generalized among housing finance institutions in Ecuador and that steps be taken to develop a substantial secondary market in such instruments. Measures to restore the capital adequacy of housing finance institutions will undoubtedly have to be undertaken case by case. There is considerable scope for improving the administrative efficiency of housing finance institutions and for further innovation, such

as might be realized through the application of financial leasing or equity sharing principles to low income housing finance, for example.

Municipal Finance Needs

Urban property taxes are the largest single revenue source and constitute between 30 and 50 percent of the total amount. In order to generate significant resources with this tax, two conditions are required:

- Efficient administration and collection
- An up-to-date cadastre covering all properties in the area

In general neither of these conditions has been met, resulting in a decrease in real terms per capita in revenues throughout the country.

Technical assistance and financial support are required at the administrative level and for the elaboration and modernization of the cadastres, especially in the Coast, Guayaquil, and Quito. At the same time, the laws that permit cadastre modifications every five years need to be modified to bring property values up to date annually between each cadastre. The indexation could use the inflation rate of the preceding year (not at just 20 percent of the actual inflation rate, as proposed by several municipalities, which would be insufficient). This adjustment should be made a national law that would go into effect immediately.

A better cadastre policy is critically needed, as collection figures continue to decrease even though efforts were made to expand coverage in 1982, especially in Quito and Guayaquil. In Quito, for example, 1988 estimated urban property tax revenue per inhabitant will be S/ 1,870 (11 percent less than in 1986 in real terms) which corresponds to approximately S/ 10,000 per household. Taking into account an average property value of close to S/ 2 million per household, the effective tax is equivalent to 0.5 percent of the value. The first long-term objective should be to regain the real levels of 1974, which would require increases of 30 percent in Quito and Guayaquil, 50

percent in the rest of the Coast, and 10 percent in the rest of the Highlands. A short-term secondary objective is an increase in the effective tax rate to 1 percent of the value of urban properties.

A modernization of the cadastre would provide better information on land and values, which could be used to collect the contributions for infrastructure improvements. A review and updating for inflation of all ordinances and municipal laws related to tax collection would be beneficial because most of the laws were based on figures of 20 years ago; as a result, the payments have no relation to economic reality today. This modernization should go into effect immediately (for example with the present minimum wage) in order to avoid political pressures. It is essential because the rates for water and sewage services do not cover more than 30 to 40 percent of operational costs.

Opportunities exist for increasing municipal revenues significantly through the adoption of a more effective cost recovery policy for a wide range of public sector investments. These include payments from beneficiaries for public roads, utilities, and water and sewage facilities. Consideration should also be given to increasing revenues from industrial and commercial taxes. Administrative mechanisms at the municipal level should be designed to recoup payment bonds more easily and to avoid accumulations of late payments.

Financial Administration and Management

This section summarizes several problems of the financial administration of the municipalities.

Revenue projections done by the municipalities are overestimated, frequently by as much as 50 percent. In part, this is caused by the lack of professional staff trained in municipal administration, in both the financial and the collection departments.

The law allows CONADE to reject the budgets presented by the municipalities and to freeze certain funds that have not been used correctly, as in

the case of FONAPAR allocations, the contracted credits, or other allocations with a specific purpose. Even though the State Controllers Office (Controlaria General del Estado) can impose sanctions to freeze funds, insufficient coordination between these two entities means that the law is not enforced effectively.

It is absolutely essential to rationalize the management of financial operations in the public sector and define priorities clearly. For example, BEDE gives funds with subsidized rates that are not transfers or true loans. In this case, they should charge higher interest rates, to maintain the capitalization of BEDE's resources and to motivate the municipalities to conduct greater efforts in local tax collections and to prioritize projects. At the same time, they should implement a plan of global action that considers the coordinated utilization of transfers, credits, loan payments, and corresponding investments.

This plan should distribute resources through transfers to all municipalities, not in equal amounts but as a function of their effective prioritization of projects and their efforts to increase the efficiency of their own revenues. BEDE should design conditions that at least force municipalities to return to real levels of revenues that were collected in 1979. At the same time, transfers within a more coordinated structure should increase in order to reach real amounts per inhabitant equal to those of 1982.

This general municipal planning system should be supported by technical mechanisms like the Municipal Training Center and a General Project System (with the participation of BEDE, CONADE, and FONAPRE) that allow priority project planning and also supply information on costs, methods, and technical instruments for better project development.

VII. ELEMENTS OF AN URBAN DEVELOPMENT STRATEGY FOR THE 1990S

In this chapter, we attempt to summarize the key historical facts that have been presented in other sections of the report. They are juxtaposed with the major hypotheses that have emerged from the study on the trends, external conditions, and policy constraints that are likely to prevail in the medium term and their implications. From the historical facts and our hypotheses about future trends, we draw certain conclusions regarding urban development priorities and present a series of recommendations on what we believe should be the main elements of an implementation strategy for urban development in Ecuador during the remainder of this decade and into the 1990s. As a guide to the discussion which follows, we first provide a list of what we consider the key facts, hypotheses, conclusions, and recommendations.

Key Facts

The growth of the Ecuadorean economy since the mid-1970s has been driven by petroleum exports. In the hands of the public sector, a wealth of petroleum export revenues engendered development policies based on subsidies and transfers from the central government to other entities of government and to priority segments of the private sector. Urban growth became highly dependent on these subsidies and transfers. Public sector revenues are extraordinarily dependent on oil revenues. Petroleum sales have provided about 50 percent of the total revenues of the consolidated public sector during the 1980s, on average.

Urban areas have been growing at a high rate since 1974, at an average of about 5 percent a year nationwide, with slightly higher growth rates in

Guayaquil and the secondary cities of Ecuador, especially those located in the coastal region.

Services coverage of the urban population has not been able to keep up with high rates of in-migration and growth. Service levels are deficient and deteriorating in terms of quality and coverage, especially for potable water, sewage, and waste disposal.

Municipal governments and local utilities throughout the country are in a highly precarious financial condition. This is due to their dependence on transfers and subsidies, extremely low rates of local revenue generation and cost recovery, and deficiencies in financial planning and administration of expenditures.

The public sector agencies involved in urban development and administration have multiplied, with a distinct lack of clarity in the definition of their respective roles and responsibilities, a lack of consistent operational criteria, poor coordination, and overlapping programs.

The Ecuadorean economy is experiencing a wrenching adaptation to the fall in oil prices since 1986, which have brought about -- along with internal policy and management deficiencies -- a huge public sector deficit and accelerating inflation, currently estimated at an annualized rate of 60-70 percent.

Urban unemployment, not a serious problem during the 1970s and early 1980s, has been increasing rapidly in the last two years as a consequence of the fall in oil prices, a slowdown of the non-oil economy, and increasing labor force participation rates. Open unemployment currently ranges from about 7 to 10 percent of the labor force depending on locality, and adjustment of this figure for involuntary underemployment raises the estimate to about 20 percent for most urban areas.

Hypotheses

International oil prices will not recover from the range of U.S.$ 10-15 per barrel during the next five years.

The Ecuadorean government will assign a high priority to controlling inflation and will implement the required fiscal and monetary policies even at the cost of reduced growth during the stabilization period.

The growth of urban areas will continue at a high rate; structural changes in the economy will reinforce established trends for Guayaquil and secondary cities in the coastal region of Ecuador to grow faster than the average for all urban areas.

Labor force participation rates will continue to increase, in response to falling household incomes in real terms and the continuing integration of women into the work force. This trend will place additional supply-side pressures on the labor market.

Housing development and construction in general depend primarily on economic growth and financial market conditions and, in the case of housing, on the existence of financial instruments and institutions that are capable of serving the low income segment of the population efficiently. If growth can be restored and the housing finance sector developed, the need for subsidized public sector housing programs can be reduced or eliminated.

Conclusions

The efficiency of public sector expenditure at all levels of government and public enterprise needs to be improved dramatically.

A major revenue effort at all levels of government will have to be undertaken, to substitute for the absence of high petroleum revenues in order to avoid a serious deterioration in service levels.

Public sector investment resources will be constrained and will have to be concentrated on priorities. Priorities for urban investment, determined on the basis of demand and economic efficiency, are potable water, sewage, and waste disposal systems. These services, to the extent they are available in marginal urban areas, are being provided by high cost, inefficient, and unhealthy means, and the consequent deteriorating public health imposes high hidden costs on the economy. Investments on the order of S/ 20-25 billion per year (1988 sucres) will be required to provide improved levels of service to urban areas.

In contrast to urban infrastructure which must be built by public sector agencies, housing construction can and will be undertaken by the private sector, including the informal subsector, especially if incomes can be raised through job creation and economic growth and if financial sector deficiencies can be overcome. In the tight fiscal environment foreseen for the next few years, direct public sector construction and subsidized financing of housing should probably be curtailed.

Municipal governments and local utilities will not be able to count on the continuation of present subsidy and transfer levels, and, given their current dependency, will have to make particularly intense efforts to generate revenues and reduce costs.

Profound structural changes will be necessary to permit the Ecuadorean economy to adjust to changed external circumstances and resume growth and to create the jobs needed to employ the Ecuadorean labor force fully. Export-oriented, labor- and resource-intensive production, including agriculture, agroprocessing, and the possibility of major mineral developments, will grow at the expense of government services and capital-intensive manufacturing and industry. Changes in the structure of output will have spatial consequences, which will reinforce trends that favor the growth of secondary cities. This will place additional strains on the administrative capacity of municipal governments and local utilities in these cities.

Implementation Strategy

The roles of government and public sector agencies in the urban context need to be reviewed and analyzed with a view to defining responsibilities, identifying gaps and institutional deficiencies, clarifying authority, and developing mechanisms to improve planning and coordinate execution more effectively. Despite current administrative limitations at the local level, the central government cannot supplant the role of local government. More room needs to be given to local governments in planning and administering investment and the provision of urban services, and resources need to be made available to develop the capabilities of local government. The potential role of the private sector in infrastructure development and the management of services delivery should also be thoroughly examined and evaluated.

A comprehensive analysis of municipal finances and financial management, including those of local utilities, needs to be undertaken with a view to increasing revenues and increasing the efficiency of expenditures.

Financial policies need to be developed for municipal governments and local utilities, including the definition of revenue and spending authority, controls, implementation targets, and corrective procedures. Also, the financing policies of the central government and national agencies such as BEDE with respect to local government agencies urgently need to be reassessed and clearly defined.

Legislation affecting municipal government, local utilities, and other government agencies interacting with them in the urban context should be reviewed and revised to codify modifications in financial authority and responsibility. Audit and control procedures and standards for rate-setting, cost recovery, and tax assessment should also be clarified and made uniform through legislation.

A program must be organized and implemented to upgrade the financial planning and management capabilities of municipal governments and local

utilities, including systems development, training and institutional reorganization as required. The capabilities of local government to prepare and implement urban infrastructure projects and manage the delivery of services should be especially emphasized.

The role of local government in the design and implementation of employment and economic development programs should be augmented. Greater autonomy and a degree of competition among local governments under clearly defined financial and performance guidelines should be fostered through central government policies.

In the hope that the conclusions presented above are essentially accurate and that the suggested implementation strategy becomes the basis for an action plan, we provide a more detailed discussion of specific issues that will need to be addressed. The discussion is organized in two sections. First, an itemization of specific opportunities for action in the areas of urban financial policy and financial management, infrastructure development, and employment generation is brought together from the body of the report. Second, suggestions are presented on the institutions of government and the private sector that are in a position to make a contribution and that should participate in the implementation of each element of the proposed strategy.

Specific Opportunities for Action

A number of specific action proposals are presented in preceding sections of this report. These are brought together here under the headings of Financial Administration, Infrastructure Development, Institutional and Legal Reform, and Employment Generation. These are proposed for inclusion in the urban development implementation strategy, but will require further study.

Financial Administration

A wide range of actions in policy and regulatory reform, systems development, technical assistance, and training will be required to improve the

financial administration capabilities of local governments and local utilities. Specific policy and regulatory reforms that are proposed include the following:

- Standardization of policy regarding tariff adjustments and cost recovery for municipal services
- Legislative reform to require indexing and adjustment of property values for taxation on a more frequent and fully indexed basis, and legislation requiring more frequent updating of cadastral surveys
- Development of standards and regulations requiring local utilities to meet specified financial performance standards and to maintain physical and non-physical system losses within acceptable limits
- Legislation requiring municipal governments to meet or exceed specified financial performance standards, expressed in terms of minimum current revenue/current expenditure ratios, borrowing guidelines, and so on
- Increased rural land taxes to generate revenues for provincial governments and provide incentives for efficient agricultural land use
- Increased interest rates charged by BEDE to protect its financial integrity, and to encourage municipalities to expand local revenue collections
- Maintenance of specified local revenue and other financial performance standards by the municipalities, in order to enjoy normal unrestricted access to transfers from the central government
- Implementation of the preceding two proposals only in the context of a comprehensive policy outlining the future financial relations between the central and local governments

It is crucially important that standardized, compatible accounting and financial management information systems be developed. Similarly, uniform guidelines need to be prepared and disseminated to orient financial reporting and financial projections and estimates that are prepared by local government.

Technical assistance and training will be required to assist local governments in the assimilation of standardized financial accounting and

reporting systems, as well as in improving the capabilities of these organizations in the areas of project analysis, planning, budgeting. Improvement in the quality and usefulness of cadastral information will also require technical assistance.

Infrastructure Development

A wide range of specific recommendations regarding infrastructure development and the organization and management of urban services delivery is contained in the body of this report. Chief among them are the following:

- Emphasizing the priority of water supply, sewage and waste disposal in public sector investment programs
- Emphasizing the development of serviced lots in lieu of finished housing units
- Emphasizing the development of adjustable and marketable mortgage instruments, the application of leasing and shared equity concepts, and technical assistance to promote the development of housing finance and improve the access of low income groups to formal sector housing
- Technical assistance for metering and the prevention of system losses in municipal water supply systems
- Technical assistance in the preparation of master plans for the development of water and sewage systems in Quito and Guayaquil
- Technical assistance in the preparation of master plans for waste disposal in Quito and Guayaquil.
- Investigation of engineering alternatives for the development of water and sewer systems appropriate for smaller urban areas

Institutional and Legal Reforms

Several specific legislative reforms are suggested in this assessment, in addition to the broad legislative actions that will be required to support the implementation of an urban development strategy. First, difficulties were

encountered in the course of the research conducted for the study because of inconsistencies in the labor legislation that applies to municipal employees and to the local utilities. These laws should be reviewed to facilitate unified management and control of urban administrative personnel. Second, consideration should be given to passing legislation requiring all municipalities above a certain minimum size, perhaps 50,000, to establish a local water and sewage utility. Finally, we strongly urge that legislation be prepared and implemented to encourage and facilitate the participation of the private sector in the provision of urban services such as street cleaning, waste collection and disposal, and the operation and maintenance of urban infrastructure.

Employment Generation

As emphasized repeatedly in this report, there is evidence of increasing urban un- and under-employment in Ecuador and substantial danger that this situation may deteriorate in the near future. The problem is primarily a consequence of macroeconomic conditions and policies and requires concentrated attention to the formulation of appropriate stabilization and adjustment policies. The problem can also be addressed at the local level, and our report suggests the importance that should be given to employment generation by urban governments. Among the suggestions presented are the following:

- Participation of urban governments in expanded credit, training and technical assistance programs for small and micro enterprises. Such programs need to involve government at several levels, as well as private voluntary agencies, larger scale enterprise, artisan groups, and industry chambers. Increased attention should be given to the marketing needs of small and micro enterprise in the design and implementation of such programs. Similarly, the adaptation of financial instruments and institutions to serve the needs of this segment of the private sector needs to be researched and promoted.

- More emphasis is needed on public/private sector coordination and joint venturing in the development and management of industrial parks, marketing, storage, transportation, and other facilities to support the development of exports and small, labor-intensive production. Municipalities have an important role to play

in understanding the needs of the private sector and promoting the development of these types of facilities. BEDE can play a larger and more active role in financing locally initiated ventures of this type.

- Finally, it is vitally important that the water and sewage infrastructure programs that we propose as a top priority in urban investment planning be designed and implemented in such a way as to maximize employment generation in the local, marginal area. Employment creation through these projects must be kept consistent with cost-effectiveness, however.

Institutional Arrangements for Strategy Implementation

Six implementation strategy elements have been proposed in this Urban Development Assessment:

1. Analysis of the roles of government agencies
2. Analysis of municipal finances
3. Development of financial policies
4. Legislative action
5. Municipal strengthening
6. Involvement of local government in economic development activities.

Suggestions on institutional leadership and involvement in the implementation of each of these strategy elements are given below.

1. Analysis of the Roles of Government Agencies

The review and analysis of the roles of governmental agencies involves the most fundamental aspects of the nation's organization and philosophy of government. It will require the participation and leadership of the highest levels of government and the involvement of a wide and representative spectrum of Ecuadorean society.

Leadership of this effort should, in our opinion, be provided by the President of the Republic, supported by the Vice President and his staff at CONADE. Representatives of the appropriate Congressional commissions should also participate actively, reporting to and obtaining the advice of Congress periodically. Other key agencies would include the Ministry of Government, the municipalities through the Ecuadorean Association of Municipalities (AME), the provincial governments through the Consortium of Provincial Governments (CONCOPE), and representatives of the private sector through their chambers of industry and commerce.

2. Analysis of Municipal Finances

3. Development of Financial Policies

The agencies whose participation will be required in the proposed analysis of municipal finances are CONADE as chair, the Ministry of Finance, the Central Bank of Ecuador, the Office of the Controller General, BEDE, FONAPRE, AME, and CONCOPE. The same group should take responsibility for the development of financial policy proposals for the consideration of Congress and the President of the Republic.

4. Legislative Action

Legislative action on the roles and authority of municipal governments and other governmental agencies involved in urban development and management will obviously require the direct action of the Congress and the President. In the course of legislative review, a wide range of other groups and agencies will undoubtedly contribute, including all those named above.

5. Municipal Strengthening

We have proposed an ambitious and comprehensive program of municipal strengthening the execution of which will require a period of several years and significant financial resources. We are fully conscious of the dimensions of

this proposal and are convinced that no less ambitious an undertaking will suffice to overcome the deepening crisis that confronts the municipalities of Ecuador. A wide range of institutional and human resources will need to be brought to bear on the municipal strengthening effort if it is to be successful. Key among the Ecuadorean institutions that should be called upon are the following: CONADE, IEOS, BEDE, AME, CONCOPE, the Office of the Controller General, and the faculties and students of the universities of Ecuador. It is likely that substantial participation by outside technical advisers and urban administration specialists will also be required.

6. Involvement of Local Government in Economic Development Activity

Determining the possible need to revise the role of local government in the planning and execution of development policy on a more decentralized basis, as we suggest, involves fundamental policy issues similar to those involved in strategy element 1. We propose, therefore, that the same institutions identified in the context of that discussion undertake this fundamental policy review, developing an appropriate action plan on the basis of its outcome.

APPENDIX A

APPENDIX TABLE 1. Rural and Urban Population by Census Years, by Area and Province, 1950, 1962, 1974 and 1982, and Projected for 1982, 1988, 1990 and 1995.

	CENSUSES				PROJECTIONS			
	1950	1962	1974	1982	1982	1988	1990	1995
A. ECUADOR								
POPULATION								
TOTAL	3,202,757	4,476,007	6,521,710	8,060,712	8,606,116	10,203,722	10,781,613	12,314,210
Urban	915,932	1,612,343	2,698,722	3,968,362	4,225,653	5,529,409	5,976,833	7,237,242
Capitals*	683,458	1,239,663	2,051,973	2,975,159	3,154,968	4,063,608	4,386,820	5,292,959
Quito	209,932	354,746	599,828	866,472	918,674	1,186,416	1,281,849	1,549,417
Guayaquil	258,966	510,804	823,219	1,199,344	1,272,014	1,635,228	1,764,170	2,125,421
Others	214,560	374,113	628,926	909,343	964,280	1,241,964	1,340,801	1,618,121
County Seats[b]	230,474	372,680	646,749	993,203	1,070,685	1,465,801	1,590,013	1,944,283
Rural	2,288,825	2,863,664	3,822,988	4,092,350	4,380,463	4,674,313	4,804,780	5,076,968
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	28.54	36.02	41.38	49.23	49.10	54.19	55.44	58.77
Capitals*	21.34	27.70	31.46	36.91	36.66	39.82	40.69	42.98
Quito	6.55	7.93	9.20	10.75	10.67	11.63	11.89	12.58
Guayaquil	8.09	11.41	12.62	14.88	14.78	16.03	16.36	17.26
Others	6.70	8.36	9.64	11.28	11.20	12.17	12.44	13.14
County Seats[b]	7.20	8.33	9.92	12.32	12.44	14.37	14.75	15.79
Rural	71.46	63.98	58.62	50.77	50.90	45.81	44.56	41.23
A. SIERRA								
POPULATION								
TOTAL	1,856,445	2,271,345	3,146,565	3,801,839	4,047,182	4,695,462	4,926,776	5,527,360
Urban	485,475	744,367	1,202,796	1,707,022	1,817,272	2,335,697	2,512,670	3,007,550
Capitals	375,366	612,344	966,038	1,407,849	1,494,097	1,903,516	2,047,522	2,448,293
Quito	209,932	354,746	599,828	866,472	918,674	1,186,416	1,281,849	1,549,417
Others	165,434	257,598	366,210	541,377	575,423	717,100	765,673	898,876
County Seats	110,089	132,343	204,788	299,173	323,175	432,181	465,148	559,257
Rural	1,370,970	1,526,958	1,943,769	2,094,817	2,229,910	2,359,765	2,414,106	2,519,810
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	26.15	32.77	38.23	44.90	44.90	49.74	51.00	54.41
Capitals	20.22	26.95	31.72	37.03	36.92	40.54	41.56	44.29
Quito	11.31	15.62	19.06	22.79	22.70	25.27	26.02	28.03
Others	8.91	11.33	12.65	14.24	14.22	15.27	15.54	16.26
County Seats	5.93	5.83	6.51	7.87	7.99	9.20	9.44	10.12
Rural	73.85	67.23	61.77	55.10	55.10	50.26	49.00	45.59

* Capital of Provinces.

[b] Cabeceras de Cantones.

SOURCE: Morris D. Whitaker, Characteristics and Indicators of Ecuador's Population, prepared for USAID, May 20, 1988.

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	CENSUSES				PROJECTIONS			
	1950	1962	1974	1982	1982	1988	1990	1995
1. CARCHI								
POPULATION								
TOTAL	76,595	94,645	120,857	127,779	135,632	147,048	150,778	159,092
Urban	20,701	27,263	36,094	48,181	51,416	60,527	63,415	71,010
Tulcan	10,623	16,448	24,398	30,985	33,011	39,759	41,966	47,719
County Seats	10,078	10,812	13,696	17,196	18,405	20,766	21,449	23,291
Rural	55,894	67,389	82,763	79,598	84,216	86,521	87,363	88,082
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	27.03	28.80	31.52	37.71	37.91	41.16	42.06	44.63
Tulcan	13.87	17.38	20.19	24.25	24.34	27.04	27.83	29.99
County Seats	13.16	11.42	11.33	13.46	13.57	14.12	14.23	14.64
Rural	72.97	71.20	68.48	62.29	62.09	58.84	57.94	55.37
2. IMBABURA								
POPULATION								
TOTAL	146,893	174,039	216,027	247,237	262,054	290,638	300,298	323,011
Urban	31,363	47,536	69,604	92,350	98,373	120,967	127,872	146,334
Ibarra	14,031	25,835	41,335	53,428	56,843	69,832	74,186	85,954
County Seats	17,332	21,703	28,269	38,922	41,530	51,155	53,686	60,380
Rural	115,530	126,501	146,423	154,937	163,681	169,671	172,426	176,677
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	21.35	27.31	32.22	37.35	37.54	41.63	42.58	45.30
Ibarra	9.55	14.84	19.13	21.61	21.69	24.03	24.70	26.61
County Seats	11.80	12.47	13.09	15.74	15.85	17.60	17.88	18.69
Rural	78.65	72.69	67.78	62.65	62.46	58.37	57.42	54.70
3. PICHINCHA								
POPULATION								
TOTAL	386,520	587,835	988,306	1,382,125	1,460,271	1,844,943	1,984,743	2,368,704
Urban	225,655	374,308	658,791	973,326	1,031,122	1,347,415	1,461,608	1,785,051
Quito	209,932	354,746	599,628	866,472	918,674	1,186,416	1,281,849	1,549,417
County Seats	15,723	19,562	58,963	106,854	112,448	160,999	179,759	235,634
Rural	160,865	213,527	329,515	408,799	429,149	497,528	523,135	583,653
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	58.36	63.68	66.65	70.42	70.61	73.03	73.64	75.36
Quito	54.31	60.35	60.69	62.69	62.91	64.31	64.59	65.41
County Seats	4.07	3.33	5.97	7.73	7.70	8.73	9.06	9.95
Rural	41.62	36.32	33.34	29.58	29.39	26.97	26.36	24.64

APPENDIX TABLE 1. Rural and Urban Population by Census Years, by Area and Province, 1950, 1962, 1974 and 1982, and Projected for 1982, 1988, 1990 and 1995.

	CENSUSES				PROJECTIONS			
	1950	1962	1974	1982	1982	1988	1990	1995
4. COTOPAXI								
POPULATION								
TOTAL	165,602	154,971	236,313	277,678	293,217	322,651	332,962	355,483
Urban	18,497	24,294	32,378	42,645	45,435	54,739	57,795	65,979
Latacunga	10,389	14,856	21,921	28,764	30,618	37,356	39,598	45,638
County Seats	8,108	9,438	10,457	13,881	14,817	17,383	18,197	20,341
Rural	147,105	130,677	203,935	235,033	247,782	267,912	275,167	289,504
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	11.17	15.68	13.70	15.36	15.50	16.97	17.36	18.56
Latacunga	6.27	9.59	9.28	10.36	10.44	11.58	11.89	12.84
County Seats	4.90	6.09	4.43	5.00	5.05	5.39	5.47	5.72
Rural	88.83	84.32	86.30	84.64	84.50	83.03	82.64	81.44
5. TUNGURAHUA								
POPULATION								
TOTAL	187,942	178,709	279,920	326,777	345,927	388,817	403,484	438,519
Urban	39,087	62,413	93,668	120,430	128,228	155,678	165,069	189,855
Ambato	31,312	53,372	77,955	100,454	106,969	129,836	137,418	157,926
County Seats	7,775	9,041	15,713	19,976	21,259	26,042	27,651	32,029
Rural	148,855	116,296	186,252	206,347	217,699	232,939	238,415	248,664
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	20.80	34.92	33.46	36.85	37.07	40.09	40.91	43.29
Ambato	16.66	29.87	27.85	30.74	30.92	33.39	34.06	35.99
County Seats	4.14	5.06	5.61	6.11	6.15	6.70	6.85	7.30
Rural	79.20	65.08	66.54	63.15	62.93	59.91	59.09	56.71
6. BOLIVAR								
POPULATION								
TOTAL	109,305	131,651	144,593	145,949	161.333	166,372	168,034	172,113
Urban	11,242	15,422	19,044	22,757	24,332	30,891	32,063	35,039
Guaranda	7,299	9,900	11,364	13,685	14,644	16,550	17,093	18,441
County Seats	3,943	5,522	7,680	9,072	9,688	14,341	14,970	16,598
Rural	98,063	116,229	125,549	123,192	137,001	135,481	135,971	137,074
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	10.26	11.71	13.17	15.59	15.08	18.57	19.08	20.36
Guaranda	6.68	7.52	7.86	9.38	9.08	9.95	10.17	10.71
County Seats	3.61	4.19	5.31	6.22	6.00	8.62	8.91	9.64
Rural	89.72	88.29	86.83	84.41	84.92	81.43	80.92	79.64

APPENDIX TABLE 1. Rural and Urban Population by Census Years, by Area and Province, 1950, 1962, 1974 and 1982, and Projected for 1982, 1988, 1990 and 1995.

	CENSUSES				PROJECTIONS			
	1950	1962	1974	1982	1982	1988	1990	1995
7. CHIMBORAZO								
POPULATION								
TOTAL	218,130	276,668	304,316	316,948	354,534	376,413	383,544	397,793
Urban	46,345	59,878	78,171	89,224	100,832	116,233	123,477	137,157
Riobamba	29,830	41,625	58,087	75,455	80,425	96,045	101,006	113,983
County Seats	16,515	18,253	20,084	13,769	20,407	22,188	22,471	23,174
Rural	171,785	216,790	226,145	227,724	253,702	258,180	260,067	260,636
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	21.25	21.64	25.69	28.15	28.44	31.41	32.19	34.48
Riobamba	13.68	15.05	19.09	23.81	22.68	25.52	26.33	28.65
County Seats	7.57	6.60	6.60	4.34	5.76	5.99	5.86	5.83
Rural	78.75	78.36	74.31	71.85	71.56	68.59	67.81	65.52
8. CAÑAR								
POPULATION								
TOTAL	97,681	112,733	146,570	174,510	184,112	205,703	213,364	230,330
Urban	13,095	14,801	19,621	28,299	30,091	53,086	56,802	66,863
Azogues	6,588	8,075	10,953	14,548	15,494	10,772	19,856	22,774
County Seats	6,507	6,726	8,868	13,751	14,597	34,314	36,946	44,089
Rural	84,586	97,932	126,749	146,211	154,021	152,617	156,562	163,967
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	13.41	13.13	13.52	16.22	16.34	25.81	26.62	28.97
Azogues	6.74	7.16	7.47	8.34	8.42	9.13	9.31	9.87
County Seats	6.66	5.97	6.05	7.88	7.93	16.68	17.32	19.10
Rural	86.59	86.87	86.48	83.78	83.66	74.19	73.38	71.03
9. AZUAY								
POPULATION								
TOTAL	250,975	274,642	367,324	442,019	467,364	537,622	562,725	626,645
Urban	49,118	69,722	117,493	169,156	179,356	231,498	250,099	302,385
Cuenca	39,983	60,402	104,470	152,406	161,516	209,878	227,212	276,048
County Seats	9,135	9,320	13,023	16,750	17,840	21,620	22,887	26,337
Rural	201,857	204,920	249,831	272,863	288,008	306,124	312,626	324,260
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	19.57	25.39	31.99	38.27	38.36	43.06	44.44	48.25
Cuenca	15.93	21.99	28.44	34.48	34.56	39.04	40.38	44.05
County Seats	3.64	3.39	3.55	3.79	3.82	4.02	4.07	4.20
Rural	80.43	74.61	68.01	61.73	61.62	56.94	55.56	51.75

APPENDIX TABLE 1. Rural and Urban Population by Census Years, by Area and Province, 1950, 1962, 1974 and 1982, and Projected for 1982, 1988, 1990 and 1995.

	CENSUSES				PROJECTIONS			
	1950	1962	1974	1982	1982	1988	1990	1995
10. LOJA								
POPULATION								
TOTAL	216,802	285,448	342,339	360,767	382,738	415,255	426,844	455,170
Urban	30,372	48,751	75,732	120,654	128,087	162,443	174,470	207,877
Loja	15,399	26,785	47,697	71,652	75,903	99,072	107,336	130,493
County Seats	14,973	21,966	28,035	49,002	52,184	63,371	67,132	77,384
Rural	186,430	236,697	266,607	240,113	254,651	252,812	252,374	247,293
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	14.01	17.08	22.12	33.44	33.47	39.12	40.87	45.67
Loja	7.10	9.38	13.93	19.86	19.83	23.86	25.15	28.67
County Seats	6.91	7.70	8.19	13.58	13.63	15.26	15.73	17.00
Rural	85.99	82.92	77.88	66.56	66.53	60.88	59.13	54.33
B. COSTA								
POPULATION								
TOTAL	1,298,495	2,127,358	3,179,446	3,946,801	4,214,289	5,056,224	5,359,743	6,171,622
Urban	422,693	857,530	1,470,591	2,199,296	2,343,101	3,095,770	3,354,241	4,084,477
Capitals	205,195	621,915	1,041,217	1,540,119	1,632,275	2,119,274	2,293,682	2,764,805
Guayaquil	259,966	510,804	823,219	1,199,344	1,272,014	1,635,228	1,764,170	2,125,421
Others	46,229	111,111	217,998	340,775	360,261	484,046	529,512	639,382
County Seats	117,498	235,615	429,374	659,177	710,826	976,496	1,060,559	1,295,672
Rural	875,802	1,269,828	1,708,855	1,747,505	1,871,188	1,960,454	2,005,502	2,087,145
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	32.57	40.31	46.25	55.72	55.60	61.23	62.58	66.18
Capitals	23.50	29.23	32.75	39.02	38.73	41.91	42.79	45.12
Guayaquil	19.94	24.01	25.89	30.39	30.16	32.34	32.92	34.44
Others	3.56	5.22	6.86	8.63	8.55	9.57	9.88	10.68
County Seats	9.06	11.08	13.50	16.70	16.87	19.31	19.79	21.06
Rural	67.43	59.69	53.75	44.28	44.40	38.77	37.42	33.82
1. ESMERALDAS								
POPULATION								
TOTAL	75,407	124,881	203,151	249,008	262,937	315,901	335,239	386,845
Urban	15,301	39,619	72,146	118,563	125,463	166,538	181,574	224,531
Esmeraldas	13,169	33,403	60,364	90,360	95,695	125,595	136,370	166,790
County Seats	2,132	6,216	11,782	28,203	29,768	40,943	45,204	57,741
Rural	60,106	85,262	131,005	130,445	137,474	149,363	153,655	162,314
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	20.29	31.73	35.51	47.61	47.72	52.72	54.16	58.04
Esmeraldas	17.46	26.75	29.71	36.29	36.39	39.76	40.68	43.12
County Seats	2.83	4.98	5.80	11.33	11.32	12.96	13.48	14.93
Rural	79.71	68.27	64.49	52.39	52.28	47.28	45.84	41.96

APPENDIX TABLE 1. Rural and Urban Population by Census Years, by Area and Province, 1950, 1962, 1974 and 1982, and Projected for 1982, 1988, 1990 and 1995.

	CENSUSES				PROJECTIONS			
	1950	1962	1974	1982	1982	1988	1990	1995
2. MANABI								
POPULATION								
TOTAL	401,376	612,542	817,966	868,599	955,856	1,081,950	1,126,310	1,240,680
Urban	75,206	124,974	218,003	318,618	350,281	465,833	505,738	616,917
Portoviejo	16,330	32,228	59,550	102,628	108,325	148,780	163,898	207,552
County Seats	58,876	92,746	158,453	216,190	241,956	317,053	341,840	411,365
Rural	326,170	487,568	599,963	549,780	609,615	616,117	620,572	621,763
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	18.74	20.40	26.65	36.70	36.49	43.05	44.90	49.89
Portoviejo	4.07	5.26	7.28	11.82	11.29	13.75	14.55	16.73
County Seats	14.67	15.14	19.37	24.89	25.21	29.30	30.35	33.16
Rural	81.26	79.60	73.35	63.30	63.51	56.95	55.10	50.11
3. LOS RIOS								
POPULATION								
TOTAL	150,269	250,062	383,432	455,869	480,989	561,947	591,550	667,921
Urban	20,341	51,288	97,434	148,378	156,932	215,103	235,024	292,056
Babahoyo	9,181	16,444	28,914	42,266	44,791	58,190	62,974	76,400
County Seats	11,160	34,844	68,520	106,112	112,141	156,913	172,050	215,656
Rural	129,919	198,774	285,998	307,491	324,057	346,844	356,526	375,765
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	13.54	20.51	25.41	32.55	32.63	38.28	39.73	43.73
Babahoyo	6.11	6.58	7.54	9.27	9.31	10.36	10.65	11.44
County Seats	7.43	13.93	17.87	23.28	23.31	27.92	29.08	32.29
Rural	86.46	79.49	74.59	67.45	67.37	61.72	60.27	56.27
4. GUAYAS								
POPULATION								
TOTAL	582,144	979,223	1,512,333	2,038,454	2,156,385	2,661,209	2,841,945	3,330,734
Urban	288,746	574,194	956,601	1,399,567	1,483,894	1,948,233	2,105,597	2,547,805
Guayaquil	258,966	510,804	823,219	1,199,344	1,272,014	1,635,228	1,764,170	2,125,421
County Seats	29,780	63,390	133,382	200,223	211,880	313,055	341,427	422,384
Rural	293,398	405,029	555,732	638,887	672,491	712,926	736,348	782,929
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	49.60	58.64	63.25	68.66	68.81	73.21	74.09	76.49
Guayaquil	44.48	52.16	54.43	58.84	58.99	61.45	62.08	63.81
County Seats	5.12	6.47	8.82	9.82	9.83	11.76	12.01	12.68
Rural	50.40	41.36	36.75	31.34	31.19	26.79	25.91	23.51

APPENDIX TABLE 1. Rural and Urban Population by Census Years, by Area and Province, 1950, 1962, 1974 and 1982, and Projected for 1982, 1988, 1990 and 1995.

	CENSUSES				PROJECTIONS			
	1950	1962	1974	1982	1982	1988	1990	1995
2. PASTAZA								
POPULATION								
TOTAL	7,730	13,693	23,465	31,779	33,391	41,361	44,376	52,469
Urban	1,092	2,290	5,361	10,327	10,869	15,516	17,298	22,531
Pastaza	1,092	2,290	4,730	9,758	10,258	14,859	16,632	21,646
County Seats	0	0	631	569	611	657	666	685
Rural	6,638	11,403	18,104	21,452	22,522	25,845	27,078	29,938
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	14.13	16.72	22.85	32.50	32.55	37.51	38.98	42.94
Pastaza	14.13	16.72	20.16	30.71	30.72	35.93	37.48	41.64
County Seats	0.00	0.00	2.69	1.79	1.83	1.59	1.50	1.31
Rural	85.87	83.28	77.15	67.50	67.45	62.49	61.02	57.06
3. MORONA SANTIAGO								
POPULATION								
TOTAL	16,285	25,503	53,325	70,217	73,586	92,257	99,365	118,218
Urban	1,961	4,442	9,520	16,618	17,525	24,374	26,963	34,506
Morona	976	1,355	1,934	5,015	5,261	7,856	8,892	12,020
County Seats	985	3,087	7,586	11,603	12,264	16,518	18,071	22,486
Rural	14,324	21,061	43,805	53,599	56,061	67,883	72,402	83,712
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	12.04	17.42	17.85	23.67	23.82	26.42	27.14	29.19
Morona	5.99	5.31	3.63	7.14	7.15	8.52	8.95	10.17
County Seats	6.05	12.10	14.23	16.52	16.67	17.90	18.19	19.02
Rural	87.96	82.58	82.15	76.33	76.18	73.58	72.86	70.81
4. ZAMORA CHINCHIPE								
POPULATION								
TOTAL	4,761	11,464	34,493	46,691	48,703	65,024	71,480	89,350
Urban	720	1,385	3,838	10,595	11,148	15,976	17,831	23,284
Zamora	458	1,030	2,667	5,296	5,563	8,141	9,141	12,101
County Seats	262	855	1,171	5,299	5,585	7,835	8,690	11,183
Rural	4,041	9,579	30,655	36,096	37,555	49,048	53,649	66,066
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	15.12	16.44	11.13	22.69	22.89	24.57	24.95	26.06
Zamora	9.62	8.98	7.73	11.34	11.42	12.52	12.79	13.54
County Seats	5.50	7.46	3.39	11.35	11.47	12.05	12.16	12.52
Rural	84.88	83.56	88.87	77.31	77.11	75.43	75.05	73.94

APPENDIX TABLE 1. Rural and Urban Population by Census Years, by Area and Province, 1950, 1962, 1974 and 1982, and Projected for 1982, 1988, 1990 and 1995.

	CENSUSES				PROJECTIONS			
	1950	1962	1974	1982	1982	1988	1990	1995
5. EL ORO								
POPULATION								
TOTAL	89,306	160,650	262,564	334,872	354,082	435,217	464,709	545,542
Urban	23,297	67,455	126,407	213,970	226,531	300,013	326,308	401,168
Machala	7,549	29,036	69,170	105,521	111,450	151,481	166,270	208,640
County Seats	15,748	38,419	57,237	108,449	115,081	148,532	160,038	192,528
Rural	66,009	93,195	136,157	120,902	127,551	135,204	138,401	144,374
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	26.09	41.99	48.14	63.90	63.98	68.93	70.22	73.54
Machala	8.45	18.07	26.34	31.51	31.48	34.81	35.78	38.24
County Seats	17.63	23.91	21.80	32.39	32.50	34.13	34.44	35.29
Rural	73.91	58.01	51.86	36.10	36.02	31.07	29.78	26.46
C. ORIENTE								
POPULATION								
TOTAL	46,471	74,913	173,469	263,797	275,690	369,435	407,330	513,873
Urban	5,564	10,426	22,979	57,551	60,493	90,759	101,789	134,258
Capitals	2,877	5,704	11,437	25,526	26,800	38,571	43,223	57,100
County Seats	2,687	4,722	11,542	32,025	33,693	52,188	58,566	77,158
Rural	40,907	64,487	150,490	206,246	215,197	278,676	305,541	379,615
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	11.97	13.92	13.25	21.82	21.94	24.57	24.99	26.13
Capitals	6.19	7.61	6.59	9.68	9.72	10.44	10.61	11.11
County Seats	5.78	6.30	6.65	12.14	12.22	14.13	14.38	15.01
Rural	88.03	86.08	86.75	78.18	78.06	75.43	75.01	73.87
1. NAPO								
POPULATION								
TOTAL	17,695	24,253	62,186	115,110	120,010	170,793	192,109	253,836
Urban	1,791	1,809	4,260	20,011	20,951	34,893	39,697	53,937
Tena	351	1,009	2,106	5,457	5,718	7,715	8,558	11,133
County Seats	1,440	788	2,154	14,554	15,233	27,178	31,139	42,804
Rural	15,904	22,444	57,926	95,099	99,059	135,900	152,412	199,899
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	10.12	7.46	6.85	17.38	17.46	20.43	20.66	21.25
Tena	1.98	4.24	3.39	4.74	4.76	4.52	4.45	4.39
County Seats	8.14	3.22	3.46	12.64	12.69	15.91	16.21	16.86
Rural	89.88	92.54	93.15	82.62	82.54	79.57	79.34	78.75

APPENDIX TABLE 1. Rural and Urban Population by Census Years, by Area and Province, 1950, 1962, 1974 and 1982, and Projected for 1982, 1988, 1990 and 1995.

	CENSUSES				PROJECTIONS			
	1950	1962	1974	1982	1982	1988	1990	1995
D. GALAPAGOS AND OTHER								
POPULATION								
TOTAL	1,346	2,391	22,230	48,275	68,955	82,601	87,764	101,355
Urban	0	0	2,356	4,493	4,787	7,183	8,133	10,957
Capitals	0	0	1,311	1,665	1,796	2,247	2,393	2,763
County Seats	0	0	1,045	2,828	2,991	4,936	5,740	8,194
Rural	1,346	2,391	19,874	43,782	64,168	75,418	79,631	90,398
SHARE (%)								
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Urban	0.00	0.00	10.60	9.31	6.94	8.70	9.27	10.81
Capitals	0.00	0.00	5.90	3.45	2.60	2.72	2.73	2.73
County Seats	0.00	0.00	4.70	5.86	4.34	5.98	6.54	8.08
Rural	100.00	100.00	89.40	90.69	93.06	91.30	90.73	89.19

Source: Ministry of Economy, I Censo de Población del Ecuadro, 1950, Quito, 1960; INEC II Censo de Población, 1962; INEC, III Censo de Poblacion, 1974; INEC, IV Censo de Población, 1982 and INEC, Proyecciones de la Poblacion Ecuatorina (1982 - 1995 (Quito: CONADE, no date, received USAID Library, January 1986).

TABLE 8. Global, Rural and Urban Population Growth Rates Between Census Years and for Projected Population, by Area, Province and Capital City.

		INTERCENSUS			INTERPROJECTIONS	
		1950-1962	1962-1974	1974-1982	1982-1990	1990-1995
		12 years	11.53 years	8.47 years	8 years	5 years
A. ECUADOR						
TOTAL	%	2.83	3.32	2.53	2.86	2.69
Urban		4.84	4.57	4.66	4.43	3.90
Capitals[a]		5.09	4.47	4.48	4.21	3.83
Quito		4.47	4.66	4.44	4.25	3.86
Guayaquil[b]		5.82	4.23	4.54	4.17	3.80
County Seats		4.09	4.90	5.20	5.07	4.11
Rural		1.88	2.54	0.81	1.16	1.11
B. SIERRA						
TOTAL	%	1.70	2.87	2.26	2.49	2.33
Urban		3.63	4.25	4.22	4.13	3.66
Capitals		4.16	4.33	4.15	4.02	3.64
Quito		4.47	4.66	4.44	4.25	3.86
County Seats		1.55	3.86	4.58	4.66	3.75
Rural		0.59	2.12	0.89	1.00	0.86
C. COSTA						
TOTAL	%	4.20	3.55	2.59	3.05	2.86
Urban		6.07	4.79	4.87	4.59	4.02
Capitals		6.11	4.57	4.73	4.34	3.96
Guayaquil		5.82	4.23	4.54	4.17	3.80
County Seats		5.95	5.34	5.19	5.13	4.15
Rural		3.15	2.61	0.26	0.87	0.80
D. ORIENTE						
TOTAL	%	4.06	7.55	5.07	5.00	4.76
Urban		5.37	7.09	11.45	6.72	5.69
Capitals		5.37	6.22	9.94	6.16	5.73
County Seats		4.81	8.06	12.80	7.16	5.67
Rural		3.87	7.63	3.79	4.48	4.44
E. GALAPAGOS AND OTHER						
TOTAL	%	4.50	21.34	9.59	3.06	2.92
Urban		N/A	N/A	7.92	6.85	6.14
Capitals		N/A	N/A	2.36	3.65	2.92
County Seats		N/A	N/A	12.47	8.49	7.38
Rural		4.90	20.16	9.77	2.74	2.57

Source: Ministry of Economy, I Censo de Población del Ecuador, 1950. Quito, 1960; INEC, II Censo de Población, 1962; INEC, III Censo de Población, 1974; INEC, IV Censo de Población, 1982 and INEC, Proyecciones de la Población Ecuatoriana (1962 - 1995) (Quito. CONADE, no date received USAID Library, January 1986).

[a] Capital of Province.
[b] Cabeceras de Cantones.

APPENDIX B

Cuadro N. 1

INDICADORES FINANCIEROS GENERALES

	Ingresos Propios/ Ingresos Totales				Ingresos Propios/ Gastos Corrientes				Gastos Corrientes/ Gastos Totales			
	1974	1982	1984	1986	1974	1982	1984	1986	1974	1982	1984	1986
TOTAL EN EL ECUADOR												
Areas Urbanas	33.3	21.6	37.1	31.3	88.7	68.8	93.7	77.9	42.9	30.9	43.2	43.5
Areas Rurales	32.0	6.0	15.9	5.7	66.5	25.4	44.9	14.9	59.6	23.0	36.6	38.5
AREAS METROPOLITANAS												
Quito	32.0	6.0	15.9	44.6	66.5	25.4	44.9	98.0	59.6	23.0	36.6	52.3
Guayaquil	26.3	33.9	59.8	47.3	73.0	66.5	113.5	92.4	42.2	50.4	65.6	52.0
SIERRA												
Areas Urbanas entre 80.000 y 20.000 H.	39.7	26.8	27.3	0.0	76.3	86.7	116.9	0.0	57.8	28.6	31.8	0.0
Areas Urbanas entre 20.000 y 80.000 H.	38.4	29.2	25.4	0.0	81.8	64.7	62.7	0.0	56.1	36.6	40.2	0.0
Areas Urbanas entre 5.000 y 20.000 H.	42.3	18.1	17.2	0.0	79.1	68.6	47.4	0.0	54.6	27.5	35.4	0.0
Areas Rurales	31.0	9.8	31.2	0.0	64.7	45.2	88.6	0.0	59.9	21.2	38.0	0.0
COSTA												
Areas Urbanas entre 80.000 y 200.000 H.	27.3	15.5	20.2	13.9	57.9	49.7	45.4	36.3	50.0	28.8	46.6	34.7
Areas Urbanas entre 20.000 y 80.000 H.	32.6	13.9	19.2	14.4	64.6	50.1	55.5	43.5	53.1	27.6	34.4	35.4
Areas Urbanas entre 5.000 y 20.000 H.	27.1	12.8	13.8	12.5	54.1	37.4	33.4	34.2	55.0	36.1	41.0	35.3
Areas Rurales	39.4	4.3	5.4	6.1	87.9	13.8	15.3	17.2	56.4	32.1	35.7	39.6
ORIENTE												
Areas Urbanas entre 5.000 y 20.000 H.	28.7	4.2	9.8	8.3	45.8	17.0	29.5	25.2	67.5	23.4	32.5	32.3
Areas Rurales	17.4	1.6	*****	4.5	30.3	7.5	*****	11.7	65.6	20.5	*****	38.6

Cuadro N. 2

INDICADORES FINANCIEROS GENERALES

	Servicio de la Deuda/ Gastos Totales				Participaciones/ y Transferencias Gastos de Capital				Ingresos de Capital/ Gastos de Capital			
	1974	1982	1984	1986	1974	1982	1984	1986	1974	1982	1984	1986
TOTAL EN EL ECUADOR												
Areas Urbanas	8.8	12.9	13.3	7.3	86.1	96.0	151.7	115.7	82.2	47.7	23.0	40.9
Areas Rurales	2.1	5.5	7.9	3.6	199.4	127.3	151.3	156.2	6.2	3.1	5.5	10.7
AREAS METROPOLITANAS												
Quito	3.5	15.6	19.7	5.2	52.1	46.5	88.8	98.0	46.5	86.6	22.7	52.3
Guayaquil	18.0	16.2	15.6	6.1	75.8	245.8	661.6	98.5	140.9	80.5	81.7	37.2
SIERRA												
Areas Urbanas entre 80.000 y 20.000 H.	2.3	13.3	10.9	0.0	111.6	86.4	131.6	0.0	73.8	33.6	52.9	0.0
Areas Urbanas entre 20.000 y 80.000 H.	3.8	7.2	8.1	0.0	149.3	98.6	117.2	0.0	81.2	1.9	28.9	0.0
Areas Urbanas entre 5.000 y 20.000 H.	4.0	8.9	8.4	0.0	130.6	131.0	148.2	0.0	24.4	3.7	1.0	0.0
Areas Rurales	1.8	6.0	4.8	0.0	179.3	120.3	131.0	0.0	8.1	2.0	0.0	0.0
COSTA												
Areas Urbanas entre 80.000 y 200.000 H.	10.0	17.0	12.7	9.6	133.6	105.6	204.3	129.0	102.8	39.8	13.6	15.6
Areas Urbanas entre 20.000 y 80.000 H.	6.2	7.9	11.3	8.1	182.9	118.3	169.5	138.8	9.3	24.4	7.3	11.2
Areas Urbanas entre 5.000 y 20.000 H.	2.3	3.8	6.7	4.2	209.0	142.7	150.5	133.9	47.0	12.6	15.2	9.0
Areas Rurales	3.2	7.2	9.9	4.8	196.6	151.9	165.2	188.4	2.4	13.1	10.9	7.0
ORIENTE												
Areas Urbanas entre 5.000 y 20.000 H.	3.9	2.6	5.3	8.9	257.9	120.3	138.8	127.9	46.2	3.1	3.5	21.2
Areas Rurales	0.7	3.8	*****	2.5	280.2	123.8	*****	154.4	8.9	0.2	*****	12.6

Cuadro N. 3

INDICADORES SOBRE INGRESOS PREDIALES
(en terminos reales (base 1988))

	PREDIOS URBANOS por habitante				PREDIOS RURALES por habitante			
TOTAL EN EL ECUADOR	1974	1982	1984	1986	1974	1982	1984	1986
AREAS METROPOLITANAS								
Quito	2145	1799	2281	2097	984	952	650	255
Guayaqui	1484	1310	2004	1221	656	408	688	432
SIERRA								
Areas Urbanas entre 80.000 y 200.000 H.	431	880	787	0	317	300	200	0
Areas Urbanas entre 20.000 y 80.000 H.	529	945	1287	0	424	376	208	0
Areas Urbanas entre 5.000 y 20.000 H.	519	1079	392	0	271	248	141	0
Areas Rurales	269	331	131	0	173	155	136	0
COSTA								
Areas Urbanas entre 80.000 y 200.000 H.	334	409	355	250	450	297	398	111
Areas Urbanas entre 20.000 y 80.000 H.	361	788	728	436	365	166	221	167
Areas Urbanas entre 5.000 y 20.000 H.	253	1096	401	465	180	198	169	105
Areas Rurales	115	111	122	125	157	154	94	90
ORIENTE								
Areas Urbanas entre 5.000 y 20.000 H.	181	240	242	460	28	41	45	36
Areas Rurales	334	409	355	250	450	297	398	111

Cuadro N. 4

INDICADORES FINANCIEROS POR HABITANTE
INGRESOS TRIBUTARIOS Y NO TRIBUTARIOS
(En Terminos Reales (Base 1988))

	Ingresos Tributarios				Ingresos No Tributarios			
	1974	1982	1984	1986	1974	1982	1984	1986
AREAS METROPOLITANAS								
Quito	5031	3946	4165	4039	1795	648	960	793
Guayaquil	2833	2438	3584	2671	841	676	863	681
SIERRA								
Areas Urbanas entre 80.000 y 200.000 H.	1655	2370	1861	0	1525	1316	906	0
Areas Urbanas entre 20.000 y 80.000 H.	2552	2885	2607	0	1505	1296	1427	0
Areas Urbanas entre 5.000 y 20.000 H.	2955	3451	1519	0	1815	1788	1021	0
COSTA								
Areas Urbanas entre 80.000 y 200.000 H.	862	999	790	615	1036	644	374	290
Areas Urbanas entre 20.000 y 80.000 H.	1609	1489	1468	1026	1107	1141	861	580
Areas Urbanas entre 5.000 y 20.000 H.	2001	2036	1382	1389	2312	974	816	724
ORIENTE								
Areas Urbanas entre 5.000 y 20.000 H.	843	802	760	1460	2669	1778	2262	1354

Cuadro N. 5

INDICADORES FINANCIEROS POR HABITANTE
INGRESOS DE CAPITAL Y TRANSFERENCIAS
(En Terminos Reales (Base 1988))

	Ingresos de Capital				Participaciones y Transferencias			
	1974	1982	1984	1986	1974	1982	1984	1986
AREAS METROPOLITANAS								
Quito	3321.9	10306.1	3712.0	2308.0	3719.8	5570.8	2707.8	3693.0
Guayaquil	6693.5	1056.2	236.7	852.0	3603.6	3224.0	1916.3	2258.5
SIERRA								
Areas Urbanas entre 80.000 y 200.000 H.	1415.5	2489.6	1824.8	0.0	2139.4	6399.7	4539.4	0.0
Areas Urbanas entre 20.000 y 80.000 H.	1687.5	167.5	1963.5	0.0	3102.6	8480.9	7967.4	0.0
Areas Urbanas entre 5.000 y 20.000 H.	814.3	606.9	76.4	0.0	4366.6	21529.0	11289.3	0.0
COSTA								
Areas Urbanas entre 80.000 y 200.000 H.	1932.5	2303.6	260.0	555.6	2511.4	6111.8	3892.4	4581.4
Areas Urbanas entre 20.000 y 80.000 H.	230.2	2077.8	311.3	599.3	4535.4	10066.3	7251.4	7449.3
Areas Urbanas entre 5.000 y 20.000 H.	1857.8	1576.1	1196.8	875.0	8263.4	17848.4	11832.9	12992.4
ORIENTE								
Areas Urbanas entre 5.000 y 20.000 H.	1238.9	1494.1	685.2	4259.9	6920.6	57243.9	26831.0	25679.6

Cuadro N. 6

INDICADORES FINANCIEROS DE EGRESOS POR HABITANTE EN ZONA URBANA
(En terminos Reales (base 1988)

	Gastos Corrientes				Capital				Servicio de la Deuda			
	1974	1982	1984	1986	1974	1982	1984	1986	1974	1982	1984	1986
AREAS METROPOLITANAS												
Quito	4284.9	4824.5	3611.8	4930.0	14545	21729	9648.9	4000.0	511	3395	1903	485
Guayaquil	5031	4682	3930	3628	11936	9295	5990	6971	2153	1507	932	426
SIERRA												
Areas Urbanas entre 80.000 y 200.000 H.	4166	4249	2373	0	7204	14834	7464	0	166	1980	817	0
Areas Urbanas entre 20.000 y 80.000 H.	4959	6467	6455	0	8836	17692	16075	0	334	1269	1301	0
Areas Urbanas entre 5.000 y 20.000 H.	6034	7640	5377	0	11059	27817	15192	0	437	2480	1271	0
COSTA												
Areas Urbanas entre 80.000 y 200.000 H.	3277	3304	2571	2492	6559	11458	5517	7192	659	1944	699	691
Areas Urbanas entre 20.000 y 80.000 H.	4206	5249	4213	3690	7925	18993	12250	10412	494	1509	1380	843
Areas Urbanas entre 5.000 y 20.000 H.	7969	8057	6599	6015	14481	22288	16106	17042	339	842	1086	719
ORIENTE												
Areas Urbanas entre 5.000 y 20.000 H.	7677	15138	10272	11160	11374	64700	31594	34533	448	1668	1672	3068

Cuadro N. 7

INDICADORES DE INFRAESTRUCTURA - AGUA POTABLE
(Habitantes en Zona Urbana - En terminos Reales)
(Base 1988)

	Cobertura	Inversion en Agua pc: Habitante			Porcentaje de la Inversion del Total de Egresos			
	en 1987 (%)	1974	1982	1984	1986	1974	1982	1984	1986
TOTAL EN EL ECUADOR									
Areas Urbanas	73.1	135	682	429	224	1.3	3.8	4.5	2.4
SIERRA									
Areas Urbanas entre 80.000 y 200.000 H.	93.0	177	311	1514	0	2.5	2.1	13.9	0.0
Areas Urbanas entre 20.000 y 80.000 H.	93.2	122	660	2566	0	1.4	3.7	16.0	0.0
Areas Urbanas entre 5.000 y 20.000 H.	81.7	530	3108	973	0	4.8	11.2	5.8	0.0
COSTA									
Areas Urbanas entre 80.000 y 200.000 H.	66.4	163	871	253	142	2.5	7.6	4.6	2.0
Areas Urbanas entre 20.000 y 80.000 H.	66.4	453	2254	327	905	5.7	11.6	2.7	8.7
Areas Urbanas entre 5.000 y 20.000 H.	72.7	285	1048	992	640	2.0	4.7	6.2	3.8
ORIENTE									
Areas Urbanas entre 5.000 y 20.000 H.	71.3	87	4396	3164	2820	0.8	6.8	8.6	8.2

Cuadro N. 8

INDICADORES DE INFRAESTRUCTURA - ALCANTARILLADO
(Habitantes en Zona Urbana - En terminos Reales)
(Base 1988)

	Cobertura	Inversion en alcantarillado por Habitante				Porcentaje de la Inversion del Total de Egresos			
	en 1987 (%)	1974	1982	1984	1986	1974	1982	1984	1986
TOTAL EN EL ECUADOR									
Areas Urbanas	58.6	82.4	634.2	318.8	320.5	0.8	3.6	3.3	3.4
SIERRA									
Areas Urbanas entre 80.000 y 200.000 H.	68.4	118	457	565	0	1.6	3.1	5.2	0.0
Areas Urbanas entre 20.000 y 80.000 H.	87.5	56	339	687	0	0.6	1.9	4.3	0.0
Areas Urbanas entre 5.000 y 20.000 H.	68.7	226	2314	1025	0	2.0	8.3	6.2	0.0
COSTA									
Areas Urbanas entre 80.000 y 200.000 H.	43.6	87	1229	431	525	1.3	10.7	7.8	7.3
Areas Urbanas entre 20.000 y 80.000 H.	36.5	250	1051	678	678	3.1	5.4	5.5	6.5
Areas Urbanas entre 5.000 y 20.000 H.	32.8	452	896	865	842	3.1	4.0	5.4	4.9
ORIENTE									
Areas Urbanas entre 5.000 y 20.000 H.	62.1	119	3625	1109	5173	1.1	5.6	3.0	15.0

Cuadro N. 9

EVOLUCION DE LA SITUACION FINANCIERA DE LOS MUNICIPIOS

ZONA METROPOLITANA DE QUITO

	Sucres (miles)				Porcentajes			
	1974	1982	1984	1986	1974	1982	1984	1986
TOTAL DE INGRESOS	733077	3680310	3296064	6979569	100.0	100.0	100.0	100.0
1.- TRIBUTARIOS	214922	658000	1430524	2434444	29.3	17.9	43.4	34.9
Pred. Urbanos	91622	300000	780736	1314623	12.5	8.2	23.7	18.8
Pred. Rusticos	8931	32000	43095	55731	1.2	0.9	1.3	0.8
Mejoras	29613	70000	49552	113195	4.0	1.9	1.5	1.6
Otros	84756	256000	557141	950895	11.6	7.0	16.9	13.6
2.- NO TRIBUTARIOS	76689	108035	329839	478204	10.5	2.9	10.0	6.9
Agua Potable	0	0	0	0	0.0	0.0	0.0	0.0
Electridad	0	0	0	0	0.0	0.0	0.0	0.0
Alcantarillado	0	0	0	0	0.0	0.0	0.0	0.0
Otros	76689	108035	329839	478204	10.5	2.9	10.0	6.9
3.- DE CAPITAL	141919	1732000	237634	1391125	19.4	47.1	7.2	19.9
4.- PARTICIPACIONES Y TRANSFERENCIAS	158919	929000	929984	2225796	21.7	25.2	28.2	31.9
5.- FONDOS AJENOS	140628	253275	368083	450000	19.2	6.9	11.2	6.4
TOTAL DE EGRESOS	621391	3623580	3303008	6124513	100.0	100.0	100.0	100.0
1.- CORRIENTES	183064	804536	1236388	2971355	29.5	22.2	37.4	48.5
1.1 DE OPERACION	157608	678000	1054865	2221422	25.4	18.7	31.9	36.3
1.2 TRANSF/SUBV.	25456	126536	181523	749933	4.1	3.5	5.5	12.2
2.- DE CAPITAL	305118	1999692	1047211	2410429	49.1	55.2	31.7	39.4
2.1 INVER. REAL	250196	1892541	1000978	2410429	40.3	52.2	30.3	39.4
Vivienda	0	0	0	0	0.0	0.0	0.0	0.0
Vialidad	225876	754541	193718	0	36.4	20.8	5.9	0.0
Agua	0	0	0	0	0.0	0.0	0.0	0.0
Alcantarillado	0	0	0	0	0.0	0.0	0.0	0.0
Electricidad	0	0	0	0	0.0	0.0	0.0	0.0
Educacion	0	121000	86221	0	0.0	3.3	2.6	0.0
Salud	0	0	0	0	0.0	0.0	0.0	0.0
Otros	24320	1017000	721039	2410429	3.9	28.1	21.8	39.4
2.2 INVERSION FINANCIERA	0	30000	15783	0	0.0	0.8	0.5	0.0
2.3 TRANSFERENCIAS	54922	77151	30450	0	8.8	2.1	0.9	0.0
3.- SERVICIO DE LA DEUDA	21844	566077	651326	292729	3.5	15.6	19.7	4.8
4.- FONDOS AJENOS	111365	253275	368083	450000	17.9	7.0	11.1	7.3

Cuadro N. 10

EVOLUCION DE LA SITUACION FINANCIERA DE LOS MUNICIPIOS

ZONA METROPOLITANA DE GUAYAQUIL

	Sucres (miles)				Porcentajes			
	1974	1982	1984	1986	1974	1982	1984	1986
TOTAL DE INGRESOS	780560	2031472	3386643	5832201	100.0	100.0	100.0	100.0
1.- TRIBUTARIOS	158278	539052	1632585	2198273	20.3	26.5	48.2	37.7
Pred. Urbanos	82930	289734	909854	1004955	10.6	14.3	26.9	17.2
Pred. Rusticos	2730	7074	23692	26226	0.3	0.3	0.7	0.4
Mejoras	7960	43935	58034	94366	1.0	2.2	1.7	1.6
Otros	64658	198309	641005	1072726	8.3	9.8	18.9	18.4
2.- NO TRIBUTARIOS	47001	149434	393168	560801	6.0	7.4	11.6	9.6
Agua Potable	0	0	0	0	0.0	0.0	0.0	0.0
Electridad	0	0	0	104631	0.0	0.0	0.0	1.8
Alcantarillado	0	0	0	0	0.0	0.0	0.0	0.0
Otros	47001	149434	393168	456170	6.0	7.4	11.6	7.8
3.- DE CAPITAL	373955	233522	107817	701138	47.9	11.5	3.2	12.0
4.- PARTICIPACIONES Y TRANSFERENCIAS	201326	712827	872895	1858611	25.8	35.1	25.8	31.9
5.- FONDOS AJENOS	0	396637	380178	513378	0.0	19.5	11.2	8.8
TOTAL DE EGRESOS	666848	2055022	2719711	5736613	100.0	100.0	100.0	100.0
1.- CORRIENTES	281089	1035097	1784497	2985476	42.2	50.4	65.6	52.0
1.1 DE OPERACION	278937	933960	1559306	2561184	41.8	45.4	57.3	44.6
1.2 TRANSF/SUBV.	2152	101137	225191	424292	0.3	4.9	8.3	7.4
2.- DE CAPITAL	265485	289992	131946	1887285	39.8	14.1	4.9	32.9
2.1 INVER. REAL	195192	219314	71424	1797448	29.3	10.7	2.6	31.3
Vivienda	0	0	0	0	0.0	0.0	0.0	0.0
Vialidad	79207	0	0	184486	11.9	0.0	0.0	3.2
Agua	0	0	0	0	0.0	0.0	0.0	0.0
Alcantarillado	0	0	0	0	0.0	0.0	0.0	0.0
Electricidad	0	0	0	0	0.0	0.0	0.0	0.0
Educacion	0	1612	0	24889	0.0	0.1	0.0	0.4
Salud	0	0	0	0	0.0	0.0	0.0	0.0
Otros	115985	217702	71424	1588073	17.4	10.6	2.6	27.7
2.2 INVERSION FINANCIERA	0	1130	3290	3767	0.0	0.1	0.1	0.1
2.3 TRANSFERENCIAS	70293	69548	57232	86070	10.5	3.4	2.1	1.5
3.- SERVICIO DE LA DEUDA	120274	333296	423090	350474	18.0	16.2	15.6	6.1
4.- FONDOS AJENOS	0	396637	380178	513378	0.0	19.3	14.0	8.9

Cuadro N. 11

EVOLUCION DE LA SITUACION FINANCIERA DE LOS MUNICIPIOS

CANTONES CON POBLACION ENTRE 80000 Y 400000 HABITANTES ZONA URBANA (SIERRA)

	Sucres (miles)				Porcentajes			
	1974	1982	1984	1986	1974	1982	1984	1986
TOTAL DE INGRESOS	224009	1429299	2150739	0	100.0	100.0	100.0	100.0
1.- TRIBUTARIOS	46286	246144	394713	0	20.7	17.2	18.4	0.0
Pred. Urbanos	12064	91451	166436	0	5.4	6.4	7.7	0.0
Pred. Rusticos	6527	17651	22629	0	2.9	1.2	1.1	0.0
Mejoras	7458	55239	73954	0	3.3	3.9	3.4	0.0
Otros	20237	81803	131694	0	9.0	5.7	6.1	0.0
2.- NO TRIBUTARIOS	42628	136661	192121	0	19.0	9.6	8.9	0.0
Agua Potable	2550	11833	16548	0	1.1	0.8	0.8	0.0
Electridad	2	42	1330	0	0.0	0.0	0.1	0.0
Alcantarillado	2154	9761	2869	0	1.0	0.7	0.1	0.0
Otros	37922	115025	171374	0	16.9	8.0	8.0	0.0
3.- DE CAPITAL	39578	258583	387131	0	17.7	18.1	18.0	0.0
4.- PARTICIPACIONES Y TRANSFERENCIAS	59818	664721	963053	0	26.7	46.5	44.8	0.0
5.- FONDOS AJENOS	35699	123190	213721	0	15.9	8.6	9.9	0.0
TOTAL DE EGRESOS	201427	1540724	1578298	0	100.0	100.0	100.0	100.0
1.- CORRIENTES	116483	441338	501874	0	57.8	28.6	31.8	0.0
1.1 DE OPERACION	94609	361837	427610	0	47.0	23.5	27.1	0.0
1.2 TRANSF/SUBV.	21874	79501	74264	0	10.9	5.2	4.7	0.0
2.- DE CAPITAL	53604	769120	731589	0	26.6	49.9	46.4	0.0
2.1 INVER. REAL	36385	422765	637485	0	18.1	27.4	40.4	0.0
Vivienda	0	0	0	0	0.0	0.0	0.0	0.0
Vialidad	9417	500	19604	0	4.7	0.0	1.2	0.0
Agua	4947	32354	32354	0	2.5	2.1	2.0	0.0
Alcantarillado	3308	47427	81608	0	1.6	3.1	5.2	0.0
Electricidad	3506	0	0	0	1.7	0.0	0.0	0.0
Educacion	974	2190	13916	0	0.5	0.1	0.9	0.0
Salud	88	0	0	0	0.0	0.0	0.0	0.0
Otros	14145	340294	303681	0	7.0	22.1	19.2	0.0
2.2 INVERSION FINANCIERA	16839	346355	32704	0	8.4	22.5	2.1	0.0
2.3 TRANSFERENCIAS	380	0	61400	0	0.2	0.0	3.9	0.0
3.- SERVICIO DE LA DEUDA	4650	205673	172817	0	2.3	13.3	10.9	0.0
4.- FONDOS AJENOS	26690	124593	172018	0	13.3	8.1	10.9	0.0

Cuadro N. 12

EVOLUCION DE LA SITUACION FINANCIERA DE LOS MUNICIPIOS

CANTONES CON POBLACION ENTRE 20000 Y 80000 HABITANTES ZONA URBANA (SIERRA)

	Sucres (miles)				Porcentajes			
	1974	1982	1984	1986	1974	1982	1984	1986
TOTAL DE INGRESOS	70853	336446	759767	0	100.0	100.0	100.0	100.0
1.- TRIBUTARIOS	17101	67679	124829	0	24.1	20.1	16.4	0.0
Pred. Urbanos	3548	22162	61437	0	5.0	6.6	8.1	0.0
Pred. Rusticos	6332	15463	16319	0	8.9	4.6	2.1	0.0
Mejoras	72	1884	3511	0	0.1	0.6	0.5	0.0
Otros	7149	28170	43562	0	10.1	8.4	5.7	0.0
2.- NO TRIBUTARIOS	10083	30399	68327	0	14.2	9.0	9.0	0.0
Agua Potable	769	3521	6255	0	1.1	1.0	0.8	0.0
Electridad	2837	12	0	0	4.0	0.0	0.0	0.0
Alcantarillado	0	400	459	0	0.0	0.1	0.1	0.0
Otros	6477	26466	61613	0	9.1	7.9	8.1	0.0
3.- DE CAPITAL	11309	3928	94023	0	16.0	1.2	12.4	0.0
4.- PARTICIPACIONES Y TRANSFERENCIAS	20792	198921	361514	0	29.3	59.1	50.2	0.0
5.- FONDOS AJENOS	11568	35519	91074	0	16.3	10.6	12.0	0.0
TOTAL DE EGRESOS	59212	414978	767229	0	100.0	100.0	100.0	100.0
1.- CORRIENTES	33234	151675	308059	0	56.1	36.6	40.2	0.0
1.1 DE OPERACION	30550	119822	217760	0	51.6	28.9	28.4	0.0
1.2 TRANSF/SUBV.	2684	31853	90299	0	4.5	7.7	11.8	0.0
2.- DE CAPITAL	13929	201644	325397	0	23.5	48.6	42.4	0.0
2.1 INVER. REAL	11817	153708	299553	0	20.0	37.0	39.0	0.0
Vivienda	4001	0	0	0	6.8	0.0	0.0	0.0
Vialidad	0	5285	2361	0	0.0	1.3	0.3	0.0
Agua	820	15484	15484	0	1.4	3.7	2.0	0.0
Alcantarillado	374	7949	32806	0	0.6	1.9	4.3	0.0
Electricidad	1266	3518	0	0	2.1	0.8	0.0	0.0
Educacion	11	4051	19262	0	0.0	1.0	2.5	0.0
Salud	0	0	0	0	0.0	0.0	0.0	0.0
Otros	5345	117421	122661	0	9.0	28.3	16.0	0.0
2.2 INVERSION FINANCIERA	2112	47936	25844	0	3.6	11.6	3.4	0.0
2.3 TRANSFERENCIAS	0	0	0	0	0.0	0.0	0.0	0.0
3.- SERVICIO DE LA DEUDA	2237	29755	62077	0	3.8	7.2	8.1	0.0
4.- FONDOS AJENOS	9812	31904	71696	0	16.6	7.7	9.3	0.0

Cuadro N. 13

EVOLUCION DE LA SITUACION FINANCIERA DE LOS MUNICIPIOS

CANTONES CON POBLACION ENTRE 5000 Y 20000 HABITANTES ZONA URBANA (SIERRA)

	Sucres (miles)				Porcentajes			
	1974	1982	1984	1986	1974	1982	1984	1986
TOTAL DE INGRESOS	97370	917067	951594	0	100.0	100.0	100.0	100.0
1.- TRIBUTARIOS	25510	109179	97616	0	26.2	11.9	10.3	0.0
Pred. Urbanos	4476	34138	22921	0	4.6	3.7	2.4	0.0
Pred. Rusticos	10337	26896	27418	0	10.6	2.9	2.9	0.0
Mejoras	669	3047	5518	0	0.7	0.3	0.6	0.0
Otros	10028	45098	41759	0	10.3	4.9	4.4	0.0
2.- NO TRIBUTARIOS	15670	56564	65649	0	16.1	6.2	6.9	0.0
Agua Potable	1610	13531	8917	0	1.7	1.5	0.9	0.0
Electridad	5390	2427	481	0	5.5	0.3	0.1	0.0
Alcantarillado	0	929	1334	0	0.0	0.1	0.1	0.0
Otros	8670	39677	54917	0	8.9	4.3	5.8	0.0
3.- DE CAPITAL	7029	19199	4910	0	7.2	2.1	0.5	0.0
4.- PARTICIPACIONES Y TRANSFERENCIAS	37690	681035	725564	0	38.7	74.3	76.2	0.0
5.- FONDOS AJENOS	11471	51090	57855	0	11.8	5.6	6.1	0.0
TOTAL DE EGRESOS	95455	879943	973212	0	100.0	100.0	100.0	100.0
1.- CORRIENTES	52086	241685	344478	0	54.6	27.5	35.4	0.0
1.1 DE OPERACION	49160	210550	295302	0	51.5	23.9	30.3	0.0
1.2 TRANSF/SUBV.	2926	31135	49176	0	3.1	3.5	5.1	0.0
2.- DE CAPITAL	28852	519776	489508	0	30.2	59.1	50.3	0.0
2.1 INVER. REAL	25925	470096	415731	0	27.2	53.4	42.7	0.0
Vivienda	0	1242	0	0	0.0	0.1	0.0	0.0
Vialidad	2086	15993	23640	0	2.2	1.8	2.4	0.0
Agua	4576	98303	98303	0	4.8	11.2	10.1	0.0
Alcantarillado	1954	73209	59942	0	2.0	8.3	6.2	0.0
Electricidad	6913	2123	2740	0	7.2	0.2	0.3	0.0
Educacion	229	19034	43070	0	0.2	2.2	4.4	0.0
Salud	734	16028	3372	0	0.8	1.8	0.3	0.0
Otros	9433	244164	226082	0	9.9	27.7	23.2	0.0
2.2 INVERSION FINANCIERA	2927	49638	73777	0	3.1	5.6	7.6	0.0
2.3 TRANSFERENCIAS	0	42	0	0	0.0	0.0	0.0	0.0
3.- SERVICIO DE LA DEUDA	3775	78455	81437	0	4.0	8.9	8.4	0.0
4.- FONDOS AJENOS	10742	40027	57789	0	11.3	4.5	5.9	0.0

Cuadro N. 14

EVOLUCION DE LA SITUACION FINANCIERA DE LOS MUNICIPIOS

CANTONES CON POBLACION ENTRE 0 Y 5000 HABITANTES ZONA RURAL (SIERRA)

	Sucres (miles)				Porcentajes			
	1974	1982	1984	1986	1974	1982	1984	1986
TOTAL DE INGRESOS	47221	772094	268421	0	100.0	100.0	100.0	100.0
1.- TRIBUTARIOS	10172	44853	63686	0	21.5	5.8	23.7	0.0
Pred. Urbanos	859	3982	859	0	1.8	0.5	0.3	0.0
Pred. Rusticos	5808	15818	4040	0	12.3	2.0	1.5	0.0
Mejoras	48	118	17	0	0.1	0.0	0.0	0.0
Otros	3457	24935	58773	0	7.3	3.2	21.9	0.0
2.- NO TRIBUTARIOS	4482	30468	20068	0	9.5	3.9	7.5	0.0
Agua Potable	383	2233	3117	0	0.8	0.3	1.2	0.0
Electridad	1180	1515	0	0	2.5	0.2	0.0	0.0
Alcantarillado	0	251	0	0	0.0	0.0	0.0	0.0
Otros	2919	26468	16951	0	6.2	3.4	6.3	0.0
3.- DE CAPITAL	896	10815	11	0	1.9	1.4	0.0	0.0
4.- PARTICIPACIONES Y TRANSFERENCIAS	19934	661834	182689	0	42.2	85.7	68.1	0.0
5.- FONDOS AJENOS	11737	24124	1967	0	24.9	3.1	0.7	0.0
TOTAL DE EGRESOS	37832	784701	248701	0	100.0	100.0	100.0	100.0
1.- CORRIENTES	22652	166678	94478	0	59.9	21.2	38.0	0.0
1.1 DE OPERACION	21570	144835	75357	0	57.0	18.5	30.3	0.0
1.2 TRANSF/SUBV.	1082	21843	19121	0	2.9	2.8	7.7	0.0
2.- DE CAPITAL	11115	550043	139449	0	29.4	70.1	56.1	0.0
2.1 INVER. REAL	8142	478689	119598	0	21.5	61.0	48.1	0.0
Vivienda	591	0	0	0	1.6	0.0	0.0	0.0
Vialidad	567	37934	24571	0	1.5	4.8	9.9	0.0
Agua	2321	60094	60094	0	6.1	7.7	24.2	0.0
Alcantarillado	425	61886	24444	0	1.1	7.9	9.8	0.0
Electricidad	665	1773	0	0	1.8	0.2	0.0	0.0
Educacion	217	24016	3138	0	0.6	3.1	1.3	0.0
Salud	131	0	0	0	0.3	0.0	0.0	0.0
Otros	3225	292986	45450	0	8.5	37.3	18.3	0.0
2.2 INVERSION FINANCIERA	2973	71354	19851	0	7.9	9.1	8.0	0.0
2.3 TRANSFERENCIAS	0	0	0	0	0.0	0.0	0.0	0.0
3.- SERVICIO DE LA DEUDA	691	46926	11846	0	1.8	6.0	4.8	0.0
4.- FONDOS AJENOS	3374	21054	2928	0	8.9	2.7	1.2	0.0

Cuadro N. 15

EVOLUCION DE LA SITUACION FINANCIERA DE LOS MUNICIPIOS

CANTONES CON POBLACION ENTRE 80000 Y 400000 HABITANTES ZONA URBANA (COSTA)

	Sucres (miles)				Porcentajes			
	1974	1982	1984	1986	1974	1982	1984	1986
TOTAL DE INGRESOS	190666	1154969	1304456	2673242	100.0	100.0	100.0	100.0
1.- TRIBUTARIOS	23622	109019	178799	252889	12.4	9.4	13.7	9.5
Pred. Urbanos	9154	44609	80090	102599	4.8	3.9	6.1	3.8
Pred. Rusticos	5725	10370	25922	11156	3.0	0.9	2.0	0.4
Mejoras	819	24570	24444	35022	0.4	2.1	1.9	1.3
Otros	7924	29470	48343	104112	4.2	2.6	3.7	3.9
2.- NO TRIBUTARIOS	28372	70260	84724	119357	14.9	6.1	6.5	4.5
Agua Potable	992	11416	15745	8335	0.5	1.0	1.2	0.3
Electridad	87	9	6	0	0.0	0.0	0.0	0.0
Alcantarillado	0	0	0	9	0.0	0.0	0.0	0.0
Otros	27293	58835	68973	111013	14.3	5.1	5.3	4.2
3.- DE CAPITAL	52943	251324	58861	228452	27.8	21.8	4.5	8.5
4.- PARTICIPACIONES Y TRANSFERENCIAS	68802	666816	881061	1883904	36.1	57.7	67.5	70.5
5.- FONDOS AJENOS	16927	57550	101011	188640	8.9	5.0	7.7	7.1
TOTAL DE EGRESOS	179698	1250088	1244826	2957415	100.0	100.0	100.0	100.0
1.- CORRIENTES	89773	360473	580085	1024777	50.0	28.8	46.6	34.7
1.1 DE OPERACION	85879	295632	490812	927918	47.8	23.6	39.4	31.4
1.2 TRANSF/SUBV.	3894	64841	89273	96859	2.2	5.2	7.2	3.3
2.- DE CAPITAL	51500	631251	431290	1459939	28.7	50.5	34.6	49.4
2.1 INVER. REAL	44565	613854	403785	1419557	24.8	49.1	32.4	48.0
Vivienda	0	0	0	0	0.0	0.0	0.0	0.0
Vialidad	8674	11003	7406	216127	4.8	0.9	0.6	7.3
Agua	4468	94990	94990	58453	2.5	7.6	7.6	2.0
Alcantarillado	2383	134100	97311	215900	1.3	10.7	7.8	7.3
Electricidad	1233	0	0	2026	0.7	0.0	0.0	0.1
Educacion	386	18954	16616	59296	0.2	1.5	1.3	2.0
Salud	0	0	0	0	0.0	0.0	0.0	0.0
Otros	27421	354807	225267	867755	15.3	28.4	18.1	29.3
2.2 INVERSION FINANCIERA	6935	17397	27505	27447	3.9	1.4	2.2	0.9
2.3 TRANSFEREMCIAS	0	0	0	12935	0.0	0.0	0.0	0.4
3.- SERVICIO DE LA DEUDA	18054	212139	157739	284058	10.0	17.0	12.7	9.6
4.- FONDOS AJENOS	20371	46225	75712	188641	11.3	3.7	6.1	6.4

Cuadro N. 16

EVOLUCION DE LA SITUACION FINANCIERA DE LOS MUNICIPIOS

CANTONES CON POBLACION ENTRE 20000 Y 80000 HABITANTES ZONA URBANA (COSTA)

	Sucres (miles)				Porcentajes			
	1974	1982	1984	1986	1974	1982	1984	1986
TOTAL DE INGRESOS	118096	915222	1221561	2250919	100.0	100.0	100.0	100.0
1.- TRIBUTARIOS	22792	72270	147971	206925	19.3	7.9	12.1	9.2
Pred. Urbanos	5116	37263	73134	87996	4.3	4.1	6.0	3.9
Pred. Rusticos	11523	14468	37862	57595	9.8	1.6	3.1	2.6
Mejoras	460	3975	8688	4490	0.4	0.4	0.7	0.2
Otros	5693	16564	28287	56844	4.8	1.8	2.3	2.5
2.- NO TRIBUTARIOS	15689	55398	86752	116915	13.3	6.1	7.1	5.2
Agua Potable	2982	6967	10468	14336	2.5	0.8	0.9	0.6
Electridad	1025	60	39	52	0.9	0.0	0.0	0.0
Alcantarillado	0	212	72	36	0.0	0.0	0.0	0.0
Otros	11682	48159	76173	102491	9.9	5.3	6.2	4.6
3.- DE CAPITAL	3261	100854	31388	120860	2.8	11.0	2.6	5.4
4.- PARTICIPACIONES Y TRANSFERENCIAS	64259	488609	731045	1502246	54.4	53.4	59.8	66.7
5.- FONDOS AJENOS	12095	198091	224405	303973	10.2	21.6	18.4	13.5
TOTAL DE EGRESOS	112277	921905	1230906	2099679	100.0	100.0	100.0	100.0
1.- CORRIENTES	59585	254761	423295	744046	53.1	27.6	34.4	35.4
1.1 DE OPERACION	58017	222087	379739	670062	51.7	24.1	30.9	31.9
1.2 TRANSF/SUBV.	1568	32674	43556	73984	1.4	3.5	3.5	3.5
2.- DE CAPITAL	35134	413184	431183	1082259	31.3	44.8	35.0	51.5
2.1 INVER. REAL	30563	380047	391201	1059968	27.2	41.2	31.8	50.5
Vivienda	0	0	0	0	0.0	0.0	0.0	0.0
Vialidad	3925	9216	[illegible]	169838	3.5	1.0	3.3	8.1
Agua	6415	106621	106621	182422	5.7	11.6	8.7	8.7
Alcantarillado	3535	49710	68118	136816	3.1	5.4	5.5	6.5
Electricidad	1977	1173	861	7899	1.8	0.1	0.1	0.4
Educacion	895	14137	14100	108594	0.8	1.5	1.1	5.2
Salud	8	0	0	0	0.0	0.0	0.0	0.0
Otros	13808	199190	235123	454399	12.3	21.6	19.1	21.6
2.2 INVERSION FINANCIERA	4571	33137	39982	22291	4.1	3.6	3.2	1.1
2.3 TRANSFERENCIAS	0	0	0	0	0.0	0.0	0.0	0.0
3.- SERVICIO DE LA DEUDA	7001	73222	138622	169997	6.2	7.9	11.3	8.1
4.- FONDOS AJENOS	10557	180738	237806	103377	9.4	19.6	19.3	4.9

Cuadro N. 17

EVOLUCION DE LA SITUACION FINANCIERA DE LOS MUNICIPIOS

CANTONES CON POBLACION ENTRE 5000 Y 20000 HABITANTES ZONA URBANA (COSTA)

	Sucres (miles)				Porcentajes			
	1974	1982	1984	1986	1974	1982	1984	1986
TOTAL DE INGRESOS	110735	856431	1105727	1938293	100.0	100.0	100.0	100.0
1.- TRIBUTARIOS	13904	74007	96154	159698	12.6	8.6	8.7	8.2
Pred. Urbanos	1759	37861	27806	51663	1.6	4.4	2.5	2.7
Pred. Rusticos	7355	22200	35784	37537	6.6	2.6	3.2	1.9
Mejoras	398	1157	3689	5680	0.4	0.1	0.3	0.3
Otros	4392	12789	28875	64818	4.0	1.5	2.6	3.3
2.- NO TRIBUTARIOS	16065	35408	56733	83240	14.5	4.1	5.1	4.3
Agua Potable	963	4179	6427	12971	0.9	0.5	0.6	0.7
Electri[illegible]	3346	2720	3917	4692	3.0	0.3	0.4	0.2
Alcantarillado	0	33	55	1788	0.0	0.0	0.0	0.1
Otros	11756	28476	46334	63789	10.6	3.3	4.2	3.3
3.- DE CAPITAL	12907	57278	83249	100579	11.7	6.7	7.5	5.2
4.- PARTICIPACIONES Y TRANSFERENCIAS	57411	648642	823080	1493370	51.8	75.7	74.4	77.0
5.- FONDOS AJENOS	10448	41096	46511	101406	9.4	4.8	4.2	5.2
TOTAL DE EGRESOS	100608	809973	1116657	2011312	100.0	100.0	100.0	100.0
1.- CORRIENTES	55363	292791	457509	709866	55.0	36.1	41.0	35.3
1.1 DE OPERACION	51504	261371	389726	638009	51.2	32.3	34.9	31.7
1.2 TRANSF/SUBV.	3859	31420	67783	71857	3.8	3.9	6.1	3.6
2.- DE CAPITAL	27466	454657	546930	1115344	27.3	56.1	49.0	55.5
2.1 INVER. REAL	24018	374124	498234	1070146	23.9	46.2	44.6	53.2
Vivienda	0	0	0	1608	0.0	0.0	0.0	0.1
Vialidad	1908	7842	48850	142081	1.9	1.0	4.4	7.1
Agua	1979	38091	38091	75531	2.0	4.7	3.4	3.8
Alcantarillado	3138	32563	59950	99354	3.1	4.0	5.4	4.9
Electricidad	2145	4881	11817	50189	2.1	0.6	1.1	2.5
Educacion	438	25612	33862	176313	0.4	3.2	3.0	8.8
Salud	603	24712	25544	13594	0.6	3.1	2.3	0.7
Otros	13807	240423	249417	511476	13.7	29.7	22.3	25.4
2.2 INVERSION FINANCIERA	3448	62812	41196	45198	3.4	7.8	3.7	2.2
2.3 TRANSFERENCIAS	0	17721	7500	0	0.0	2.2	0.7	0.0
3.- SERVICIO DE LA DEUDA	2353	30603	75324	84802	2.3	3.8	6.7	4.2
4.- FONDOS AJENOS	15426	31922	36894	101300	15.3	3.9	3.3	5.0

Cuadro N. 18

EVOLUCION DE LA SITUACION FINANCIERA DE LOS MUNICIPIOS

CANTONES CON POBLACION ENTRE 0 Y 5000 HABITANTES ZONA RURAL (COSTA)

	Sucres (miles)				Porcentajes			
	1974	1982	1984	1986	1974	1982	1984	1986
TOTAL DE INGRESOS	27606	319056	393744	565576	100.0	100.0	100.0	100.0
1.- TRIBUTARIOS	2624	7253	9538	15866	9.5	2.3	2.4	2.8
Pred. Urbanos	161	635	1388	2505	0.6	0.2	0.4	0.4
Pred. Rusticos	1921	4654	5350	8573	7.0	1.5	1.4	1.5
Mejoras	6	221	557	782	0.0	0.1	0.1	0.1
Otros	536	1743	2203	4006	1.9	0.5	0.6	0.7
2.- NO TRIBUTARIOS	8258	6439	11739	18897	29.9	2.0	3.0	3.3
Agua Potable	191	590	494	839	0.7	0.2	0.1	0.1
Electridad	212	1388	1772	2958	0.8	0.4	0.5	0.5
Alcantarillado	0	3	6	112	0.0	0.0	0.0	0.0
Otros	7855	4458	9467	14988	28.5	1.4	2.4	2.7
3.- DE CAPITAL	186	23635	22227	18303	0.7	7.4	5.6	3.2
4.- PARTICIPACIONES Y TRANSFERENCIAS	14953	274924	337322	492074	54.2	86.2	85.7	87.0
5.- FONDOS AJENOS	1505	6805	12918	20436	5.7	2.1	3.3	3.6
TOTAL DE EGRESOS	21931	308363	390459	509594	100.0	100.0	100.0	100.0
1.- CORRIENTES	12377	98999	139472	201676	56.4	32.1	35.7	39.6
1.1 DE OPERACION	11789	91304	127184	185023	53.8	29.6	32.6	36.3
1.2 TRANSF/SUBV.	588	7695	12288	16653	2.7	2.5	3.1	3.3
2.- DE CAPITAL	7604	181022	204188	261178	34.7	58.7	52.3	51.3
2.1 INVER. REAL	6457	164113	187855	245700	29.4	53.2	48.1	48.2
Vivienda	0	0	0	0	0.0	0.0	0.0	0.0
Vialidad	886	9634	26589	38605	4.0	3.1	6.8	7.6
Agua	401	16384	16384	27700	1.8	5.3	4.2	5.4
Alcantarillado	849	10838	31361	31039	3.9	3.5	8.0	6.1
Electricidad	1110	9055	16784	9479	5.1	2.9	4.3	1.9
Educacion	315	12207	5994	20632	1.4	4.0	1.5	4.0
Salud	49	0	0	0	0.2	0.0	0.0	0.0
Otros	2847	105995	94150	118245	13.0	34.4	24.1	23.2
2.2 INVERSION FINANCIERA	1147	16909	16333	15478	5.2	5.5	4.2	3.0
2.3 TRANSFERENCIAS	0	0	0	0	0.0	0.0	0.0	0.0
3.- SERVICIO DE LA DEUDA	695	22282	38716	24250	3.2	7.2	9.9	4.8
4.- FONDOS AJENOS	1255	6060	8083	22490	5.7	2.0	2.1	4.4

Cuadro N. 19

EVOLUCION DE LA SITUACION FINANCIERA DE LOS MUNICIPIOS

CANTONES CON POBLACION ENTRE 5000 Y 20000 HABITANTES ZONA URBANA (ORIENTE)

	Sucres (miles)				Porcentajes			
	1974	1982	1984	1986	1974	1982	1984	1986
TOTAL DE INGRESOS	10253	406403	455616	961516	100.0	100.0	100.0	100.0
1.- TRIBUTARIOS	706	5291	11241	41542	6.9	1.3	2.5	4.3
Pred. Urbanos	128	1412	3075	11043	1.2	0.3	0.7	1.1
Pred. Rusticos	121	670	1498	2165	1.2	0.2	0.3	0.2
Mejoras	5	421	392	1256	0.0	0.1	0.1	0.1
Otros	452	2788	6276	27078	4.4	0.7	1.4	2.8
2.- NO TRIBUTARIOS	2234	11734	33405	38536	21.8	2.9	7.3	4.0
Agua Potable	75	1761	2397	8631	0.7	0.4	0.5	0.9
Electridad	664	3	14712	0	6.5	0.0	3.2	0.0
Alcantarillado	798	148	1591	259	7.8	0.0	0.3	0.0
Otros	697	9822	14765	29646	6.8	2.4	3.2	3.1
3.- DE CAPITAL	1037	9860	10138	121219	10.1	2.4	2.2	12.6
4.- PARTICIPACIONES Y TRANSFERENCIAS	5793	377779	397002	730736	56.5	93.0	87.1	76.0
5.- FONDOS AJENOS	483	1739	3770	29483	4.7	0.4	0.8	3.1
TOTAL DE EGRESOS	9521	426982	465953	982671	100.0	100.0	100.0	100.0
1.- CORRIENTES	6426	99902	151494	317576	67.5	23.4	32.5	32.3
1.1 DE OPERACION	6282	90978	137547	274250	66.0	21.3	29.5	27.9
1.2 TRANSF/SUBV.	144	8924	13947	43326	1.5	2.1	3.0	4.4
2.- DE CAPITAL	2246	314006	286036	571287	23.6	73.5	61.4	58.1
2.1 INVER. REAL	1802	305489	257337	563101	18.9	71.5	55.2	57.3
Vivienda	0	0	0	0	0.0	0.0	0.0	0.0
Vialidad	6	22721	10844	35710	0.1	5.3	2.3	3.6
Agua	73	29012	29012	80239	0.8	6.8	6.2	8.2
Alcantarillado	100	23924	14111	147206	1.1	5.6	3.0	15.0
Electricidad	96	15530	15352	27749	1.0	3.6	3.3	2.8
Educacion	10	9296	27667	26211	0.1	2.2	5.9	2.7
Salud	0	0	1810	0	0.0	0.0	0.4	0.0
Otros	1517	205006	147297	245986	15.9	48.0	31.6	25.0
2.2 INVERSION FINANCIERA	444	8517	28699	8186	4.7	2.0	6.2	0.8
2.3 TRANSFERENCIAS	0	0	0	0	0.0	0.0	0.0	0.0
3.- SERVICIO DE LA DEUDA	375	11008	24652	87312	3.9	2.6	5.3	8.9
4.- FONDOS AJENOS	474	2066	3771	6496	5.0	0.5	0.8	0.7

Cuadro N. 20

EVOLUCION DE LA SITUACION FINANCIERA DE LOS MUNICIPIOS

CANTONES CON POBLACION ENTRE 80000 Y 200000 HABITANTES ZONA RURAL (ORIENTE)

	Sucres (miles)				Porcentajes			
	1974	1982	1984	1986	1974	1982	1984	1986
TOTAL DE INGRESOS	190666	1154969	1304456	2673242	100.0	100.0	100.0	100.0
1.- TRIBUTARIOS	23622	109019	178799	252889	12.4	9.4	13.7	9.5
Pred. Urbanos	9154	44609	80090	102599	4.8	3.9	6.1	3.8
Pred. Rusticos	5725	10370	25922	11156	3.0	0.9	2.0	0.4
Mejoras	819	24570	24444	35022	0.4	2.1	1.9	1.3
Otros	7924	29470	48343	104112	4.2	2.6	3.7	3.9
2.- NO TRIBUTARIOS	28372	70260	84724	119357	14.9	6.1	6.5	4.5
Agua Potable	992	11416	15745	8335	0.5	1.0	1.2	0.3
Electridad	87	9	6	0	0.0	0.0	0.0	0.0
Alcantarillado	0	0	0	9	0.0	0.0	0.0	0.0
Otros	27293	58835	68973	111013	14.3	5.1	5.3	4.2
3.- DE CAPITAL	52943	251324	58861	228452	27.8	21.8	4.5	8.5
4.- PARTICIPACIONES Y TRANSFERENCIAS	68802	666816	881061	1883904	36.1	57.7	67.5	70.5
5.- FONDOS AJENOS	16927	57550	101011	188640	8.9	5.0	7.7	7.1
TOTAL DE EGRESOS	179698	1250088	1244826	2957415	100.0	100.0	100.0	100.0
1.- CORRIENTES	89773	360473	580085	1024777	50.0	28.8	46.6	34.7
1.1 DE OPERACION	85879	295632	490812	927918	47.8	23.6	39.4	31.4
1.2 TRANSF/SUBV.	3894	64841	89273	96859	2.2	5.2	7.2	3.3
2.- DE CAPITAL	51500	631251	431290	1459939	28.7	50.5	34.6	49.4
2.1 INVER. REAL	44565	613854	403785	1419557	24.8	49.1	32.4	48.0
Vivienda	0	0	0	0	0.0	0.0	0.0	0.0
Vialidad	3674	11003	7406	216127	4.8	0.9	0.6	7.3
Agua	4468	94990	94990	58453	2.5	7.6	7.6	2.0
Alcantarillado	2383	134100	97311	215900	1.3	10.7	7.8	7.3
Electricidad	1233	0	0	2026	0.7	0.0	0.0	0.1
Educacion	386	18954	16616	59296	0.2	1.5	1.3	2.0
Salud	0	0	0	0	0.0	0.0	0.0	0.0
Otros	27421	354807	225267	867755	15.3	28.4	18.1	29.3
2.2 INVERSION FINANCIERA	6935	17397	27505	27447	3.9	1.4	2.2	0.9
2.3 TRANSFERENCIAS	0	0	0	12935	0.0	0.0	0.0	0.4
3.- SERVICIO DE LA DEUDA	18054	212139	157739	284058	10.0	17.0	12.7	9.6
4.- FONDOS AJENOS	20371	46225	75712	188641	11.3	3.7	6.1	6.4

LISTADO DE CANTONES QUE CUMPLEN EL CRITERIO

Provincia	Canton	Poblacion 1974 Urbana	Poblacion 1974 Rural	Poblacion 1982 Urbana	Poblacion 1982 Rural	Poblacion 1984 Urbana	Poblacion 1984 Rural	Poblacion 1986 Urbana	Poblacion 1986 Rural
SIERRA (Poblacion de 1986 entre 80000 y 400000									
AZUAY	CUENCA	131609	81418	183072	91998	205116	97220	227159	102442
CHIMBORAZO	RIOBAMBA	74330	48729	94497	57126	102881	59134	111267	61142
LOJA	LOJA	63768	48212	84068	37249	94219	38670	104370	40092
PICHINCHA	SANTO DOMINGO	48696	54519	86443	51623	101850	55860	117258	60098
TUNGURAHUA	AMBATO	104074	78357	130460	90017	143004	95123	155548	100227
SIERRA (Poblacion de 1986 entre 20000 y 80000									
CARCHI	TULCAN	24398	27499	30985	28489	34262	29636	37539	30784
COTOPAXI	LATACUNGA	21921	89081	28704	96617	31924	102090	35084	107564
IMBABURA	IBARRA	41335	67819	53428	58162	60443	60155	67458	62127
IMBABURA	OTAVALO	13605	41105	17469	45691	19418	47910	21367	49930
SIERRA (Poblacion de 1986 entre 5000 y 20000									
AZUAY	GUALACEO	4575	30223	6566	33894	7370	35602	8175	37311
BOLIVAR	GUARANDA	11364	59374	13685	59232	16278	62998	18870	66764
CANAR	AZOGUEZ	10953	51278	14548	53725	16108	56147	17669	58569
CANAR	CANAR	6727	60272	11176	78577	12463	68810	13750	59044
CARCHI	MONTUFAR	10036	32955	11213	31062	12230	32228	13246	33395
COTOPAXI	SALCEDO	4159	31240	5894	36110	6526	37358	7159	38606
CHIMBORAZO	ALAUSI	7137	44987	5635	41830	5549	41550	5463	41271
CHIMBORAZO	GUANO	5389	38097	6136	36297	6951	37187	7766	38077
IMBABURA	ANTONIO ANTE	9907	12709	12247	14092	13316	14765	14386	15438
IMBABURA	COTACACHI	4757	24790	5181	26731	5550	27907	5918	29083
LOJA	CALVAS	7682	24847	9704	20509	10786	20874	11868	21239
LOJA	MACARA	8063	19219	10510	7243	11704	7042	12899	6841
LOJA	PALTAS	3820	46481	5129	39254	5590	39891	6048	40528
LOJA	CATAMAYO	0	0	9943	10438	11284	11002	12625	11566
PICHINCHA	CAYAMBE	11199	22963	14249	27491	15714	29113	17179	30735
PICHINCHA	MEJIA	4745	27145	6528	32488	7206	34640	7885	36793
PICHINCHA	RUMINAHUI	10554	12378	15004	17533	17056	18982	19107	20430
TUNGURAHUA	BANOS	5600	7266	8340	6235	9383	6289	10426	6343
TUNGURAHUA	PELILEO	3754	30949	4510	31868	4961	32963	5412	34058
SIERRA (Poblacion de 1986 entre 0 y 5000									
AZUAY	GIRON	2361	32213	2679	32627	2900	33863	3122	35099
AZUAY	PAUTE	1998	31270	2338	33840	2550	35338	2761	36837
AZUAY	SANTA ISABEL	2068	26188	2232	28707	2409	30162	2586	31617
AZUAY	SIGSIG	2021	21380	2935	21131	3316	21834	3698	22536
BOLIVAR	CHIMBO	2057	22669	3234	20757	3425	21086	3616	21415
BOLIVAR	CHILLANES	1880	18257	1976	18153	2248	19947	2519	21741
CANAR	BIBLIAN	2141	15199	3217	17738	3586	18806	3956	19874
CARCHI	ESPEJO	3660	22309	3680	8996	3846	9314	4013	9633
CARCHI	MIRA	0	0	2303	11051	2513	11496	2723	11941
COTOPAXI	PANGUA	1073	13910	1255	17326	1344	18486	1433	19645
COTOPAXI	PUJILI	2510	61106	3820	73048	4218	77489	4615	81930
COTOPAXI	SAQUISILI	2715	8598	2912	11932	3121	12618	3330	13305
CHIMBORAZO	COLTA	2318	46182	2165	53263	2282	55780	2398	58298
CHIMBORAZO	CHUNCHI	2802	11793	3194	11452	3450	11720	3705	11988
CHIMBORAZO	GUAMOTE	2338	20114	2274	23088	2390	24218	2507	25348
IMBABURA	PIMAMPIRO	0	0	4025	10240	4440	10355	4855	10470

LISTADO DE CANTONES QUE CUMPLEN EL CRITERIO

Provincia	Canton	Poblacion 1974		Poblacion 1982		Poblacion 1984		Poblacion 1986	
		Urbana	Rural	Urbana	Rural	Urbana	Rural	Urbana	Rural
LOJA	CELICA	3081	24689	3687	17499	3942	17790	4196	18080
LOJA	GONZANAMA	1531	27470	1611	23818	1670	24346	1728	24874
LOJA	PUYANGO	1832	21695	2880	13907	3242	14157	3605	14407
LOJA	SARAGURO	1739	22690	2086	23567	2257	24574	2428	25581
LOJA	ESPINDOLA	1287	15233	1414	16762	1553	17558	1692	18355
LOJA	SOSORANGA	0	0	867	8478	887	8786	907	9093
LOJA	ZAPOTILLO	0	0	1171	8973	1330	9200	1488	9426
PICHINCHA	PEDRO MONCAYO	1942	11494	1838	12894	1950	13486	2062	14078
TUNGURAHUA	PILLARO	4052	24101	4257	27308	4618	20592	4978	29876
TUNGURAHUA	PATATE	1386	7598	1607	7998	1840	8936	2073	9875
TUNGURAHUA	QUERO	921	1162	1262	12915	1396	13446	1530	13976
COSTA (Poblacion de 1986 entre 80000 y 400000									
EL ORO	MACHALA	75678	19525	108164	7928	124203	8345	140241	8761
ESMERALDAS	ESMERALDAS	71011	31940	102898	37615	115898	39447	128898	41279
GUAYAS	MILAGRO	59989	20648	84555	22634	95586	23754	106619	24875
LOS RIOS	QUEVEDO	64973	65615	91497	73423	103122	78182	114746	82942
MANABI	PORTOVIEJO	76402	50555	118742	48343	135068	49673	151394	51004
MANABI	MANTA	65893	4122	101845	4520	116508	4650	131172	4781
COSTA (Poblacion de 1986 entre 20000 y 80000									
EL ORO	PASAJE	20790	18135	26224	20550	28985	21876	31746	23203
EL ORO	SANTA ROSA	19696	13401	26716	15546	30400	16485	34085	17424
EL ORO	HUAQUILLAS	0	0	20117	194	23696	214	27274	233
GUAYAS	BALZAR	10924	40573	17627	40989	20166	42778	22705	44567
GUAYAS	DAULE	53106	27531	18923	123070	11380	67708	38360	123450
GUAYAS	EL EMPALME	11828	39845	17017	35602	19704	37358	22392	39115
GUAYAS	SALINAS	12409	31674	17748	50193	20382	55078	23017	59962
GUAYAS	YAGUACHI	3816	84316	6871	83321	15195	80058	23519	76796
LOS RIOS	BABAHOYO	28914	59601	42266	64362	50478	65672	58689	66982
LOS RIOS	VENTANAS	8977	35829	15863	34910	18492	34910	21114	34910
MANABI	CHONE	23627	99841	33839	105023	38362	110470	42884	115917
MANABI	JIPIJAPA	19996	58292	27146	45794	30244	46184	33342	46575
COSTA (Poblacion de 1986 entre 5000 y 20000									
EL ORO	ARENILLAS	5862	21622	9198	12993	10387	14071	11576	15149
EL ORO	EL GUABO	0	0	7774	13027	8696	13726	9617	14425
EL ORO	PINAS	5770	23748	8237	21611	9277	22292	10317	22973
EL ORO	ZARUMA	5119	33218	5918	21850	6920	22155	7922	22460
ESMERALDAS	QUININDE	4847	38341	41658	35088	28412	38130	15165	41173
ESMERALDAS	SAN LORENZO	0	0	9936	11867	11509	12350	13082	12833
GUAYAS	NARANJAL	5487	24722	9582	26001	11086	27696	12591	29390
GUAYAS	NARANJITO	6204	8594	10523	7241	11848	7212	13173	7184
GUAYAS	SAMBORONDON	4883	17419	7135	18295	7956	19456	8778	20616
GUAYAS	SANTA ELENA	7687	54027	12859	59631	14846	62486	16832	65342
GUAYAS	URBINA JADO	3868	32317	4928	35705	5582	37328	6236	38950
LOS RIOS	VINCES	10126	48373	14608	51520	16570	54117	18531	56714
MANABI	BOLIVAR CALCETA	7152	48079	9532	48839	10578	51120	11625	53402
MANABI	MONTECRISTI	6386	19018	8129	23664	8962	25159	9796	26654
MANABI	PAJAN	2610	42612	4909	36612	5661	37496	6413	38381

LISTADO DE CANTONES QUE CUMPLEN EL CRITERIO

Provincia	Canton	Poblacion 1974 Urbana	Poblacion 1974 Rural	Poblacion 1982 Urbana	Poblacion 1982 Rural	Poblacion 1984 Urbana	Poblacion 1984 Rural	Poblacion 1986 Urbana	Poblacion 1986 Rural
MANABI	ROCAFUERTE	5519	39412	6492	44511	10017	43882	7754	43253
MANABI	SANTA ANA	5004	55379	6021	52896	6562	54837	7102	56778
MANABI	SUCRE	11258	82506	12360	75208	13338	77534	14315	79859
MANABI	EL CARMEN	7196	26875	12625	27619	13946	28108	15266	28596
COSTA (Poblacion de 1986 entre	0 y	5000							
		2743	25249	3862	25050	4252	25112	4641	25175
EL ORO	PORTOVELO	0	0	4265	4561	4522	4600	4778	4638
ESMERALDAS	ELOY ALFARO	3837	37515	3948	20252	4203	21268	4458	22285
ESMERALDAS	MUISNE	3098	12562	3661	13085	3945	13530	4229	13974
LOS RIOS	BABA	953	24189	1399	25900	1575	27114	1751	28327
LOS RIOS	PUEBLOVIEJO	2495	12291	3859	15070	4392	15975	4925	16880
LOS RIOS	URDANETA	2868	18228	3354	17832	3628	18524	3903	19216
MANABI	JUNIN	2257	15438	3376	14527	3754	14724	4131	14922
MANABI	24 DE MAYO	2929	39608	4048	32223	4452	32836	4856	33449
ORIENTE (Poblacion de 1986 entre	5000 y	20000							
MORONA SNTIAGO	MORONA	1934	2592	5015	18715	5960	21106	6905	23498
NAPO	TENA	2106	27606	5457	20604	6204	22544	6950	24484
NAPO	LAGO AGRIO	0	0	7237	16626	9035	20293	10833	23960
NAPO	ORELLANA	1211	8777	3996	25193	6200	29180	8403	33166
PASTAZA	PASTAZA	4730	14921	9758	17921	11478	19292	13199	20662
ZAMORA CHINCHIPE	ZAMORA	2667	22052	5296	16306	6252	18668	7207	21031
ORIENTE (Poblacion de 1986 entre	0 y	5000							
MORONA SNTIAGO	GUALAQUIZA	1679	6723	2704	77778	3150	43352	3595	8927
MORONA SNTIAGO	LIMON INDANZA	1790	8143	2311	8423	2606	9054	2900	9684
MORONA SNTIAGO	PALORA	1286	2959	1566	3794	1774	4180	1983	4565
MORONA SNTIAGO	SUCUA	1788	7906	3751	8548	4370	9168	4990	9787
MORONA SNTIAGO	SANTIAGO	1043	5482	1271	6341	1412	6787	1552	7233
NAPO	AGUARICO	198	2716	285	2956	310	3148	336	3339
		308	8791	740	2366	908	2689	1077	3012
NAPO	QUIJOS	253	6711	349	8826	374	9841	400	10856
		184	3325	233	5232	243	5940	253	6648
NAPO	ARCHIDONA	0	0	1714	13296	1968	14551	2222	15806
PASTAZA	MERA	631	3183	569	3531	606	3778	644	4026
ZAMORA CHINCHIPE	CHINCHIPE	905	6590	1891	6842	2218	7305	2545	7768
ZAMORA CHINCHIPE	YACUAMBI	266	2013	410	2632	438	2872	465	3112
ZAMORA CHINCHIPE	YANTZAZA	0	0	2998	10316	3509	11640	4020	12965

APPENDIX C

TABLA No. 1

Instituciones que se relacionan con los Municipios

	Institución	Departamento(s)	Breve descripción relación con Municipios	Recursos	Observaciones Atitudes
1.	CONADE.	Dis. Estudios Regionales Dis. Coordinación Gasto Público.	CONADE, como organismo planificador y coordinador del desarrollo, establece prioridades para proyectos, revisa y aprueba presupuestos municipales y sus modificaciones, y da asistencia técnica (reducida).	Ocho profesionales para revisión presupuestos, más tecnicos en otras divisiones. Poder político por aprobación de presupuesto.	Municipalidades consideran la aprobación de CONADE con un mal necesario, y algunas como intromisión en autonomía municipal.
2.	Ministerio de Gobierno	Direc. Asuntos Seccionales.	Coordinador entre concejos y gobierno central. Aprueba o rechaza traspaso de bienes inmuebles, es juez en expropiaciones, aprueba creación de parroquias, y a prueba tarifas e impuestos.	10 empleados, 2 profesionales. Poder en casos de conflictos o necesidad de intervención.	Municipalidades no lo mencionan. Ministerio por los pocos recursos, realiza su función bastante rutinariamente.
3.	Ministerio de Finanzas	Sec. Egresos	Aprueba, y supervisa las transferencias de fondos del Gobierno Central a los municipios (FONAPAR, Fondo Petróleo, 2%).	Poder político por control de fondos.	Ministerio considera que debería tener mayor control sobre municipios, estos consideran su intervención actual como interfiriendo con su autonomía.
4.	Contraloría	Varios Dpto. de Capacitación	Realiza auditorías especiales, operacional, y financiera de municipios en base a presupuesto aprobado por CONADE. Imparten cursos de preparación técnica en contabilidad, y auditoría.	Juez en caso de mal manejo de recursos. Dpto. de capacitación con buenos recursos.	Recientemente mucho respeto y temor hacia su labor.

Source: Mauricio Silva, Consideraciones sobre La situacion Politica-Institucional de Los Municipios del Ecuador, Mayo 1983

	Institución	Departamento(s)	Breve descripción relación con Municipios	Recursos	Observaciones Actitudes
5.	BEDE.	Varios	Otorga préstamos a municipios, generalmente fideicomisando sus fondos de FONAPAR. Se acaba de crear la unidad de asesoría técnica.	Exceso de liquidez en sus fondos. Suficiente personal.	Institución jóven poco conocida por algunos municipios.
6.	FONAPRE	Varios	Otorga préstamos y asesoría técnica para la realización de estudios de preinversión.	———	Municipios consideran los trámites exigidos por FONAPRE engorosos.
7.	IEOS	Varios	Por ley encargado de autorizar toda obra sanitaria. Hasta ahora ha planificado, construido, supervisado, y administrado obras. Desea limitar sus funciones.	Dispone de algunos fondos, y algún poder por su necesaria aprobación.	Muy mala reputación con municipios.
8.	DINAC	Varios	Realiza catastros para zonas rurales de municipios, y prepara sus recibos.	———	Relaciones satisfactorias con mayoría de municipios.
9.	Asociación de Municipalidades.	Varios	Representa intereses comunes de municipios ante organismos centrales, realiza una convención anual. Acaba de formalizar compromiso con IULA para centro internacional sobre gobiernos locales.	Tres profesionales, mas 0.1% de ingresos municipales.	Muchos municipios la conocen solo a través de las convenciones anuales. Asociación deseosa de ampliar rol
10.	Entidades de Desarrollo	Varios	Existen cinco de ellas en diferentes zonas del país. Dependen de diferentes organismos centrales: Ministerio	Algunas con buenos equipos técnicos y bastantes fondos	Municipalidades las consideran un recurso útil. Las entida-

	Institución	Departamento(s)	Breve descripción relación con Municipios	Recursos	Observaciones Actitudes
			RREE., Agricultura y Presidencia. Dan asesoría y hacen estudios y proyectos regionales. Duplican funciones de Consejos provinciales y municipales.	provenientes de Gobierno Central.	des tienen deseos de acercarse más a los municipios.
11.	Consorcios de Municipalidades Amazonicas.	Varios	Representa interés comunes de municipios del oriente ante Gobierno Central. Tiene su sede en Quito. Principal papel es de ayudar en trámites político-burocráticos. Alguna asesoría.	5 empleados, 2 profesionales, y $7000/mes/municipio.	Consorcio deseoso de ampliar su rol.
12.	Consejos Provinciales	Varios	Mucho más jóvenes que municipios. Su función varía, pero básicamente se dedican hacer obras viales y escuelas con fondos provenientes de Gobierno Central. Ley de Régimen Provincial similar a municipios. Electos por voto popular.	Buena máquinaria y equipo técnico. Bastantes fondos de Gobierno.	Generalmente poca relación con municipios y bastante competencia política.
13.	Gobernadores	Varios	Nombrados por la Presidencia de la Rep. llevan registros de partidas de nacimiento y matrimonio y cédulas, controlan policía y desempeñan funciones políticas. Realizan alguna obra con fondos especiales.	Poder político, algunos fondos especiales para obras.	Poca relación con municipios, en algunos casos competencia política.
14.	Universidad Central	Facultad Administración/Instituto de Estudios Adm.	Pudiera dar asistencia técnica a los municipios. Ha impartido algunos cursos y programas de cooperación técnica.	12 profesionales mas profesores de U. Central. Algunos fondos.	Deseosos de colaborar
15.	INCAE/Ecuador.	Varios	Pudiera dar asistencia técnica de alto nivel. Varias experiencias similares en otros países, actualmente estableciendose en Ecuador.	2 profesionales en Ecuador, muy buen équipo afuera disponible. Material pedagógico.	Deseosos de Colaborar