PN-ACA-519

USAID/Ecuador

STRATEGIC PLAN

FY 1998 - FY 2002

May 15, 1997

AMBASSADOR'S STATEMENT

The USAID assistance program in Ecuador will play a critical role in helping to achieve overall US objectives. Since the primary US Government objective in Ecuador is to see prospects for stable democracy enhanced, it is in our interest to provide concrete US support for programs which strengthen democracy in this country. The program in this Strategic Plan is consistent with relevant aspects of the Summit of the Americas Action Plan: making justice more accessible in an efficient and expeditious way to all sectors of society; improving the participation of civil society in social sector activities and initiatives; working to make maternal and child health care, including reproductive health and preventive health care, equitable and accessible to the country's extreme poor; promoting the "Partnership for Biodiversity" and the "Partnership for Pollution Prevention"; strengthening the role of women in society and encouraging microenterprises and small businesses; and making government accountable and attacking corruption.

The unifying theme is that of establishing a network of strengthened, sustainable Ecuadorian civil society organizations dedicated to carrying on the objectives espoused by the US Government. As USAID/Ecuador works to focus and consolidate its portfolio, a primary goal will be to leave behind a solid base that will continue to achieve those objectives over the longer term. I concur with the planned phase out of USAID/Ecuador activities in Economic Growth by the end of FY 1998, Microenterprise and Pollution Prevention by the end of FY 2000, and Democracy and Biodiversity Conservation by the end of FY 2003.

However, based on my review of the Family Planning/Health Strategic Objective, I strongly urge the Agency to consider extending support for both Health and Family Planning activities through FY 2002. As the Strategic Plan indicates, the health situation, the health infrastructure, and the GOE's ability to finance and manage the sector are deteriorating. At the same time, many of the other donors' programs of support are either declining, or in the case of the large World Bank health project, paralyzed by charges of misuse of funds, turn-over of key personnel, and the inability of the GOE to provide critical counterpart funds.

Meanwhile, USAID/Ecuador has an established record of success in the sector, and provides key inputs of technical assistance and financing which are leveraging both needed changes in the health sector and the time necessary to effectively utilize major resources from other donors. USAID/Ecuador's niche in health reform is in providing models of a modernized health system with innovative, decentralized financing and delivery of services. It requires more than a few years to create a sustainable, critical mass of replicable models. The recent chaos in the sector caused by prolonged strikes of medical personnel and hospital closings is a vivid reminder of the need for such reform. In this context, I believe the USG has a lot to contribute beyond the year 2000.

Other than the proposed timeframe for the Family Planning and Health Strategic Objective, I find the USAID/Ecuador Strategic Plan for FY 1998 - 2002 to be focused and realistic; the funding requested represents a wise investment in support of our national interests.

Leslie M. Alexander
Ambassador

B

WHAT WILL THE YEAR 2002 LOOK LIKE?

As a result of USAID assistance to Ecuador....

- A network of institutionally strengthened, sustainable Ecuadorian NGOS, crossing a broad spectrum of sectoral interests, will be influencing public policies and programs through analysis and increased debate.

- More women will have access to quality private sector family planning services, and that access will be continued through the sustainable provision of those services by Ecuadorian NGOs.

- Local communities in buffer zones surrounding biologically diverse ecological reserves will have title to their land and will be using these resources in an environmentally sustainable manner.

- A set of alternative, decentralized health models, increasing access for the rural and urban poor, will have proven their viability and will be replicated by the GOE and other donors.

- More women will have had their right to a violence free home protected.

- More entrepreneurs, many of them women, will have been able to expand their businesses, increasing employment and enhancing the welfare of their families.

- The technical capacity to prevent health hazards caused by uncontrolled pollution will have been sustainably institutionalized in an Ecuadorian NGO.

- The GOE no longer directly builds and provides housing, but rather facilitates private sector solutions.

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List of Acronyms

AME	Association of Ecuadorian Municipalities (Asociación de Municipalidades Ecuatorianas)
AOJ	Administration of Justice
APROFE	Association for the Well-being of the Ecuadorian Family (Asociación Pro-bienestar de la Familia Ecuatoriana)
AMECX	Ecuadorian Medical Association of Christian Commitment (Asociación Médica Ecuatoriana de Compromiso Cristiano)
AUPHA	The Association of University Programs in Health Administration
AWACS	Agency Wide Accounting and Control System
AVSC	Association for Voluntary Surgical Contraception
BIO	USAID/E Biodiversity Conservation SO
BSP	Biodiversity Support Program
CAF	Andean Economic Development Corporation (Corporación Andina de Fomento)
CAAM	Environmental Advisory Commission (Comision Asesora Ambiental)
CARE/APOLO	Cooperative Assistance Relief Everywhere - Support to Local Organizations (Apoyo a Organizaciones Locales)
CBO	Community Based Organizations
CCD	Data Center for Conservation (Centro de Datos para la Conservacion)
CDC	Center for Disease Control and Prevention
CDF	Charles Darwin Foundation
CECIA	Council for the Conservation and Research of Birds (Consejo para la Conservación e Investigación de las Aves)
CEDENMA	Ecuadorian Committee for the Protection of Natural Resources and the Environment (Comité Ecuatoriano para la Defensa de la Naturaleza y el Medio Ambiente)
CEDPA	Center for Development and Population Activities
CEMOPLAF	Medical Center for Family Planning and Counseling (Centro Medico de Orientación y Planificación Familiar)
CEPAR	Center for the Studies of Population and Responsible Parenthood (Centro de Estudios de Población y Paternidad Responsable)
CEPAM	Ecuadorian Center for Woman's Promotion and Activities (Centro Ecuatoriano para la Promocion y Accion de la Mujer)
CEPLAES	Center for Planning and Social Studies (Centro de Planificacion y Estudios Sociales)
CFN	National Finance Corporation (Corporacion Financiera Nacional)
CHF	Cooperative Housing Foundation
CIAR	Interagency Commission to Support the Health Sector Reform in Ecuador (Comisión Interagencial de Apoyo a la Reforma del Sector Salud en el Ecuador)
CIDES	Center on Human Rights and Society (Centro Sobre Derecho y Sociedad)
CLD	Latin American Corporation for Development (Corporación Latinoamericana para el Desarrollo)
CONADE	National Council for Development (Consejo Nacional de Desarrollo)
CONAM	National Council for Modernization (Consejo Nacional de Modernización)
CTH	Mortgage Titling Company (Compania de Titularizacion Hipotecaria)
GOV	USAID/E Governance Special Objective
CP	Cleaner Production
CRSP	Collaborative Research Support Project
CSO	Civil Society Organization
CSP	Customer Service Plan
CY	Calendar Year
CYP	Couple Years of Protection
DEM	USAID/E Democracy SO
DHS	Demographic and Health Survey
DINAMU	National Directorate of Women (Dirección Nacional de la Mujer)
E2P3	Ecuadorian Environmental and Pollution Prevention Program
EA	Environmental Assessment

EDUCAR	Environmental Education and Technology Transfer Project
EE	Energy Efficiency
EIA	Environmental Initiatives of the Americas
EMAP	Municipal Water Company (Empresa Municipal de Agua Potable)
ENDEMAIN	Demographic and Maternal/Child Health Survey (Encuesta Demográfica y de Salud Materna e Infantil)
EP3	Environmental and Pollution Prevention Program
ESPOL	Polytechnic School of the Coastal Area (Escuela Politécnica del Litoral)
FA	Alternativa Foundation for Development (Fundacion Alternativa para el Desarrollo)
FAO	Food and Agriculture Organization
FE	Ecuador Foundation (Fundación Ecuador)
FECUNAE	Federation of Communities "Union of Natives of the Amazon Region" (Federacion de Comunidades Union de Nativos de la Amazonía Ecuatoriana
FER	Rumicocha Ecological Foundation (Fundacion Ecologica Rumicocha)
FICI	Indigenous and Peasant Federation of Imbabura (Federacion Indigena y Campesina de Imbabura)
FOIN	Federation of Indigenous Organizations from Napo (Federacion de Organizaciones Indignenas del Napo)
FOISE	Federation of Indigenous Organizations from Sucumbios Province (Federacion de Organizaciones Indigenas de la Provincia de Sucumbíos)
FPH	USAID/E FP and MCH SO
FP/MCH	Family Planning and Maternal/Child Health
FSN-PSC	Foreign Service National-Personal Service Contractor
FUNAN	Antisana Foundation (Fundacion Antisana)
FUNO	Financiera Uno
G/PHN	Global Bureau - Population, Health and Nutrition
G/EG	Global Bureau - Economic Growth
G/WID	Global Bureau - Women in Development
G/DG	Global Bureau - Democracy and Governance
G/ENV	Global Bureau - Environment
G/HCD	Global Bureau - Human Capacity Development
GDP	Gross Domestic Product
GNP	Galapagos National Park
GMR	Galapagos Marine Reserve
GOE	Government of Ecuador
IBRD	International Bank for Reconstruction and Development
IDB	Interamerican Development Bank
IEE	Initial Environmental Examination
IESS	Ecuadorian Institute for Social Security (Instituto Ecuatoriano de Seguridad Social)
IMF	International Monetary Fund
IMR	Infant Mortality Rate
INCAE	Central American Institute for Business Administration (Instituto Centroamericano de Administración de Empresas)
INDA	Agricultural and Livestock Development Institute (Instituto de Desarrollo Agropecuario)
INEC	Statistics and Census National Institute (Instituto Nacional de Estadísticas y Censos)
INEFAN	Ecuadorian Institute for Forestry, Natural Resources and Wildlife (Instituto Ecuatoriano Forestal y de Areas Naturales y Vida Silvestre)
INOPAL	Operations Research for Latin America (Investigación Operacional para América Latina)
IPPF	International Planned Parenthood Federation
IR	Intermediate Result
JHP/IEGO	John Hopkins Program/International Education in Reproductive Health
JHU/PCS	John Hopkins University
LAC	Latin America and Caribbean Bureau
LSMS	Living Standards Measurement Survey
MAS	USAID/E Microenterprise Assistance and Strengthening Special Objective

MCH	Maternal Child Health
MIDUVI	Ministry of Housing and Urban Development (Ministerio de Desarrollo Urbano y Vivienda)
MOE	Ministry of Environment
MOF	Ministry of Finance
MOH	Ministry of Health
MSE	Micro and Small Enterprise
NHC	National Health Council
NMS	New Management System
OCG	Office of the Controller General
OE	Operating Expenses
OMNI	Opportunities for Micronutrient Intervention
ORT	Oral Rehydration Therapy
PAE	Ecuadorian Environmental Plan (Plan Ambiental Ecuatoriano)
PAHO	Panamerican Health Organization
PHR	Parterships for Health Reform
PIP	Parks in Peril
POL	USAID/E Pollution Prevention Special Objective
PVO	Private Voluntary Organization
QA	Quality Assurance
REA	Antisana Ecological Reserve
RECAY	Cayambe-Coca Ecological Reserve
RECC	Cotacachi-Cayapas Ecological Reserve
RUDO/Quito	Regional Urban Development Office/Quito
ROL	Rule of Law
RP	Results Package
SAL	Structural Adjustment Loan
SDP	Service Delivery Point
SLO	Secondary Level Organization
SO	Strategic Objective
SOMARC	Contraceptive Social Marketing
SOTL	Strategic Objective Team Leader
SpO	Special Objective
SUBIR	Sustainable Uses for Biological Resources
TAACS	Technical Advisors in AIDS and Child Survival
TFR	Total Fertility Rate
TNC	The Nature Conservancy
UNFPA	United Nations Population Fund
UNIFEM	United Nations Development Fund for Women
USAID	United States Agency for International Development
USDH	US Direct Hire
USG	US Government
USPSC	US Personal Services Contractor

PART I: Summary Analysis of Assistance Environment and Rationale for Focusing Assistance in Particular Areas

A. US Foreign Policy

The primary USG objective in Ecuador is to see prospects for peace and stability enhanced. In addition to the Peace Process taking place to resolve the 1995 border conflict with Peru, the Mission Program Plan focuses on the importance of strengthening democracy in Ecuador, a bellwether country which took the lead in Latin America in returning to democracy in 1978. Protection of democracy is the cornerstone of President Clinton's Latin American policy, and a basic tenet of the Inter-American system. Given the policy imperatives, USAID/Ecuador in tight coordination with the US Embassy has identified specific ways to bolster Ecuador's tenuous hold on democracy. The interim government of President Alarcon deserves support to help it move in the right direction during this transition period, and minimize further risk of socio-political deterioration or military intervention.

Problems of environmental degradation and rapid population growth are also of concern in the context of US, regional, and global interests. Mainland Ecuador has two of the most important environmental "hot spots" in the world, in addition to the unique biodiversity found in the Galapagos Islands. Population growth, and the resulting economic dislocations as the increasing population finds no outlet for employment, has contributed to the third largest population of Ecuadorians worldwide being located in the metropolitan New York area. In addition, with its strategic location between Colombia and Peru and its increasing proclivity towards corruption, Ecuador is becoming more involved in drug trafficking and money laundering. It is in the US national interest to assist Ecuador in dealing with these regional and global issues.

USAID/Ecuador's development assistance program, as proposed in this Strategic Plan, directly supports USG foreign policy interests in Ecuador and the LAC region.

B. Overview

1. Summary of Overall Macro-Economic and Socio-Political Trends

The embedded political, economic, and societal crisis that came to a head in February 1997, has resulted in the tottering of the foundations of democracy in Ecuador. Over two million Ecuadorians (18 percent of the population) protested across the land to demand that Congress remove President Bucaram. He had been democratically elected by 53 percent of voters only seven months previously in July 1996. The sparks that ignited the peaceful but strong reaction of Ecuadorian civil society were overt and widespread corruption, Bucaram's intimidating and authoritarian style of government, and strong fiscal measures that eliminated cooking and electricity subsidies for the poor. Since Bucaram had run on a populist ticket of working for the poor to provide them with subsidized housing and to decrease the price of goods and services, the poor majority felt deceived, cheated, and exploited. The shocks in 1995 that included the frontier conflict with Peru, the prolonged power outages that hurt small businesses and micro-entrepreneurs, and the corruption scandals of the previous administration were still fresh in their minds. Their frustration was also due to the existence of widespread poverty, and the lack of responsiveness to their needs (jobs, basic services, personal security, speedy justice system). Over the two decades since Ecuador's return to democracy, the four previous democratically elected administrations had failed to improve the economic performance needed to raise their standards of living -- the population is now disenchanted with democracy and political leadership.

Traditional political and economic elites have taken advantage of the deep cultural, distributional, regional, and economic cleavages that exist in Ecuadorian society, to transform the state into a source of income and political favors for themselves. This competition for resources has turned the democratic process into a business undertaking. The twelve political parties hardly differ. They tend to promote weak ideologies, lack clear programs of action, and depend on a strong regional "caudillo". One group

of parties utilizes free-market arguments to critique state intervention and how it causes economic problems and waste. Another group argues that the market is the means used by the rich to exploit the poor. In this context, Congressional debate to reach an agreement on structural reforms needed for the country is extremely difficult, and even the smallest party can sidetrack consensus for reform.

Another impediment to modernization is the perverse constitutional rule that allows members of Congress to interpellate ministers on the slightest pretext. This has resulted in the term of Ministers averaging about six to eight months. The interpellation process is misused by some members of Congress to pressure the Executive for budgetary resources, or outright extortion for self-gain. This situation, in turn, has led Congress to focus an inordinate amount of time on interpellation, and to defer or delay the substantive reform issues that are needed for the improvement of economic performance and the reduction of poverty.

In this process, the disenchantment and cynicism of the poor and indigenous peoples of Ecuador with the political class has increased dramatically. About four million Ecuadorians, 35 percent of the population, that fall under the poverty line have been largely ignored by the political leadership. Of these, 1.7 million people (15 percent of the population) are in "extreme poverty" without enough income to purchase even a minimally nutritious diet. It is the indigenous poor of Ecuador in particular, who have the worse levels of access to a wide variety of social and basic services such as education, health, electricity, and water connection.

Income distribution in Ecuador is also a source of frustration for the poor. The income share of the top twenty percent of the population is 50 percent, and the income share of the lower 20 percent is only 4 percent.[1] Without modern legislation and an adequate investment climate, the urban unemployment rate has averaged over 8.4 percent since 1985. "Under-employment" in the informal sector, where 65 percent of poor women work, has averaged over 40 percent of Ecuador's economically active population. This level of poverty, unemployment, and poor income distribution is complicated by: a population growth rate of 2.2 percent with 61 percent of the population under age twenty-five; a significant annual increase in the labor force of 4.6 percent;[2] poor health conditions, poor quality of basic education, and declining social sector spending.

Macroeconomic Trends and Structural Adjustment - As each elected government since 1978 implemented its own development strategy, macroeconomic management and performance has been inconsistent and deficient. The very poor management of limited petroleum resources in particular has resulted in export proceeds from this source being utilized almost entirely in the servicing of Ecuador's external debt burden. None of the democratically elected governments since 1978 dealt with this problem. The Roldos-Hurtado administration started off with a reformist and structuralist agenda. President Febres-Cordero initially applied free market economics and then became a populist. President Rodrigo Borja's agenda was biased by the interventionist school model. President Sixto Duran-Ballen tried to impose a program to deregulate the economy and free markets and was only partially successful. President Abdala Bucaram offered to apply an Argentinean style currency board that would have put a straight-jacket on money supply growth; this never occurred, as he was removed.

Historically, progress made during 1988-1994 to generate fiscal surpluses on the basis of increasing gasoline prices and reducing social expenditures and investment, did not result in bringing the average annual rate of inflation below 50 percent. Moreover, these stabilization attempts resulted in recession as real per-capita growth averaged only ½ percent during this period. According to the World Bank, this rate is far below the sustained per-capita growth rate of 3 percent that is needed to reduce poverty from 35 to 26 percent over a five-year period.[3]

It was only after 1994, during the second half of the Duran-Ballen administration, that considerable progress was made at reducing inflation, as it averaged less than 25 percent during 1994-1996. Real wages which had been decreasing since 1984, finally started to increase. However, recession continued as economic growth remained below the average annual rate of 2.8 percent, and the ratio of gross investment to GDP averaged only 20 percent.[4] As a point of comparison, Chile's economic

growth rate and investment ratio has averaged over 7 percent and 23 percent respectively during the last decade.[5]

The poor performance in economic growth and investment in Ecuador is attributed to slow progress in structural adjustment reforms which have been implemented half-heartedly, a fragmented political party system that has impeded more rapid changes, and perverse constitutional rules that distract Congress from substantive legislative reforms. Only one major piece of structural adjustment legislation - the 1993 Modernization of the State Law which provides a broad framework for civil service reforms and privatization - was approved after eight months of debate. Follow-on legislation that allows only partial privatization of telecommunications and electricity was later approved, but none of the large state enterprises in these sectors have been sold as of yet. Instead privatization has been limited to the divestment of a few small enterprises. Progress being made during the Duran-Ballen administration to remove labor rigidities has been put on hold. Despite the serious financial burden for the state from the Social Security System, and the poor pension benefits received by retirees, a proposal to modify the system in a national referendum at the end of 1995, was rejected.

More recent prospects for getting the economy out of the hole were side-tracked again as a result of a series of domestic and external shocks in 1995 and 1997. The shocks in 1995 began with a border conflict and military confrontation with Peru, which subsequently caused a severe economic crisis. High real interest rates of over 30 percent that were put into effect to prevent significant capital outflows and a run on the currency, dampened private sector investment and put at risk several financial institutions and companies. A severe drought from August 1995 through February 1996 in the watershed of the country's major hydroelectric dam caused heavy rationing of electrical power. Both these shocks resulted in significant drop in private sector production. These shocks hurt small businesses and micro-entrepreneurs in particular. Some 3,000 to 5,000 were reported to have failed. The last shock in 1995 was the corruption scandal involving former Vice-President Dahik who resigned and fled the country after a Supreme Court indictment. This scandal critically damaged the credibility of the Duran-Ballen administration and its ability to govern effectively.

As 1996 was an election year, and the Duran-Ballen administration had purchased additional military hardware during the conflict, the fiscal deficit doubled from 1.5 percent of GDP in 1995 to 3 percent of GDP in 1996. The new populist government of President Abdala Bucaram which took office in August 1996, started off by increasing the 1997 Government Budget by 31 percent and approving regulations to allow speedy transfers of state funds. While some additional minor subsidies were introduced, the main policy initiative was the proposal of an Argentina-style currency board which was never implemented. Given some of the preliminary results of the recent Congressional investigations on corruption, extorsion, bribery, and "enriquecimiento illicito", it seems that becoming rich was the real agenda of the Bucaram administration.

After President Bucaram was removed by Congress, Fabian Alarcon was appointed interim president on the promise to rescind the harsh fiscal measures imposed in January 1997. Given the government's deep concerns with the politically unstable situation, the GOE is exercising extreme caution with the types of measures it has already adopted (increases in the price of electricity and domestic gas, increases in tariffs for the importation of vehicles, budget cuts, etc.) and will most likely continue to adopt this approach, in order not to further affect the already critical economic situation of the poorest segments of Ecuadorian society. However, this negotiated stabilization program for 1997 is viewed as very weak by the international community, and the IMF in particular. The program includes as its annual targets an "increase" in the annual inflation rate from 25 percent in 1996 to 30 percent in 1997, hardly reducing the fiscal deficit of 3.0 percent of GDP in 1996 to 2.5 percent of GDP in 1997. Recent macroeconomic projections indicate that the GOE will not be reaching its targets for 1997. Projections for 1997 and 1998 indicate deficits of 3.2 and 3.9 percent of GDP respectively and the annual rate of inflation going up to the 35 to 40 percent range during both years. Thus, all the gains made by President Duran-Ballen to stabilize the economy during the first three years of his administration are in the process of being reversed.

Socio-Political Trends - Widespread poverty in Ecuador is aggravated by the low levels of social investments, the inefficiency in the delivery of these services, and the concentration of these services in the large cities. As a percent of GDP, social expenditures (which include expenditures for education and health) were decreased from 10.3 percent of GDP in 1980-81 to 6.4 percent of GDP in 1990-94.[6] Average schooling of less than seven years is at least two years less than expected for the country's income level. The gross enrollment ratio* of primary school education of 123 percent[7] is the highest in the hemisphere. Public investment in education that amounts to 2.8 percent of public expenditure is among the lowest in the Latin America and Caribbean (LAC) region. The infant mortality rate is among the worst seven countries in the LAC region. The DPT coverage rate of 74 percent of infants receiving a dose before their first birthday is among the worst three countries in the LAC region. The percentage of low weight at birth is second only to Haiti.[8] Public and private resources devoted to the health sector, some US$ 70 dollars per capita, or 5.2 percent of GDP are among the lowest in Latin America. This, coupled with management weakness and undue concentration of resources in the hospital system of the large cities, has implied that about 3.5 million people have either very limited or no access to basic health services. Low health indicators in Ecuador also reflect inadequate access to basic water and sanitation services. Water supply currently reaches only 61 percent of the population, while only 53 percent have access to sanitation services.[9]

In addition, more than 72 percent of the population cannot afford adequate shelter, and do not have access to the mechanisms for registering urban property. This situation worsens the ability of low-income individuals and the poor to participate in the economy. In an inflationary and unpredictable economic environment, credit is unavailable to pay for the cost of housing solutions or for extending water and other basic urban services to squatter and depressed urban rural areas. The volatile and unpredictable economic environment has exacerbated the difficulties inherent to housing finance activities. Unstable regulatory systems, prevailing distortions, and mismanagement of direct housing lending and provision of shelter by the government have constrained further the development of dynamic market based housing finance systems able to adjust and survive in fluctuating economic conditions.

It was this continuous deterioration in the quality of life that led the poor majority to elect Bucaram President in the first place. As the majority of Ecuadorians view democracy as only casting one's vote for the presidency every four years, their hope was that this strong fatherly figure would provide what poor people need. This misconception of democracy, which is rooted in the strong paternalistic culture of the country, has voluntarily led Ecuadorians to excuse themselves of their obligations and their rights to participate, and exert their right to hold government accountable. If casting a vote were not a requirement, (verified by a certificate that is needed for bureaucratic procedures), voter turnout would be even lower than it is. Another manifestation of this is the discontent of the general public with politicians, because of the lack of responsiveness to the needs of the people. Statements made to the effect that a military dictatorship would be a better alternative are common. The events of February almost turned these statements into a reality. It is clear that the people of Ecuador lack an understanding of what participatory democracy involves and that democracy is greatly impoverished.

Civil society plays a critical role in supporting political competition, engaging in policy advocacy and dialogue, in serving as a watchdog to hold government and business accountable, and in encouraging democratic values generally. This approach applies equally in managing natural resources, in education, in economic policy reform, or in constitutional reform. There is a pressing need to expand the knowledge of participatory democracy among a broad-base of Ecuadorians, both with respect to their responsibilities and their potential roles.

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*A gross enrollment ratio is the total enrollment at that level, regardless of age, as a percentage of the official age population for that level. The ideal is 100 % but ratios greater than 100 can occur when there is a higher number of overage students in that level. A high (greater than 100) gross enrollment ratio can be indicative of inefficiencies in the educational system.

2. Development Constraints and Opportunities

The political events of February 1997, which ended with the removal of President Bucaram, unveiled the fundamental developmental and political weaknesses of governance in Ecuador. Almost without exception, every one of the last five administrations that attempted to stabilize the economy and come to an agreement with the International Monetary Fund (IMF), devalued the currency, increased gasoline prices, and reduced social expenditures and capital outlays. This "stop-go off-on" macroeconomic management during the last two decades has resulted in "stabilization" fatigue setting into the population. The people not only remember the failed stabilization attempts of these administrations, but also are affected directly by the inequitable distribution and poor quality of public and social services that are provided by government.

The common thread running through this poor economic performance and lack of access by the poor to a better quality of life, -- albeit, the series of adverse shocks; natural disasters; severe drops in international prices of its primary exports; external debt crisis; frontier conflicts, and corruption -- has been an impoverished and weak democracy. This weak democratic structure -- where the politicians are more interested in providing "rents" to powerful economic groups; where perverse regulations exist in the constitution that work against reforms; where there is an absence of appropriate political and democratic institutions; and where there is a lack of participation by the poor majority -- has impeded the country from coming to an agreement on the long-term goals and changes required to improve the living standards of the people.

This impoverished democracy, which is in part attributed to a strong paternalistic culture, is due to a lack of participation by local communities and NGOs in the democratic process itself. The attitude of depending on the central government or "caudillo" for favors and the absence of delivery of basic public services has increased the frustration of the poor and made more evident the bureaucratic weakness of government.

In this vein, USAID/Ecuador has over the years continued to reduce its direct development assistance program with the government, and increased its programs with civil society NGOs. Strong NGOs working in the democracy, environment, and health sectors have played an instrumental part in filling in the gaps where government has demonstrated its most pressing institutional weaknesses. Some of the more notable success stories, like Fundacion Natura which has worked to protect the environment, have gone on to take on a leadership role among international NGOs in the region. Some NGOs such as CEMOPLAF and APROFE have obtained significant results in helping the country to reduce its population growth rate. A newer NGO, Fundacion Ecuador, has over a five year period obtained prestige as a national leader that has increased public awareness about the need for policy changes and structural reforms.

As a result, USAID/Ecuador's five-year strategic plan will focus on strengthening and making sustainable its more successful partner NGOs within the framework of its three Strategic Objectives while at the same time supporting the cross-cutting overall objective of leaving in Ecuador a stronger civil society. These NGOs will continue to work with and influence the GOE to make the reforms needed to improve the quality of life of its poor people. They will also work to empower communities and local governments to participate more actively in exercising their democratic rights and responsibilities, and to articulate their demands which will then be incorporated in the government distribution of scarce budgetary resources. In this sense, USAID Ecuador's three Strategic Objectives are closely interrelated:

- **Democracy Strategic Objective** - Strengthened Civil Society

- **FP and Health Strategic Objective** - Increased use of sustainable family planning and maternal/child health services

- **Biodiversity Conservation Strategic Objective** - Protecting Biodiversity in Selected Areas

- **Democracy** - A strengthened civil society will help Ecuador to consolidate and strengthen the democratic institutions so that the country can complete the reforms needed for sustainable development and economic growth. A more active civil society supported by a strong NGO community will then be able to influence needed reforms, forge strategic alliances via networking to influence reforms, and will improve civil and political rights. In particular, these actions will help to develop a participative democracy by being able to identify the "needs of the people" and redirect them to offset the natural pressures that arise from interest groups who will always be seeking special consideration from the government. As a result, no reform processes required by Ecuador would be launched before effective representative institutions were consulted. Once sufficient support is mustered, the reforms that would emerge would be based on consultations and "concertacion", and would be implementable and sustainable. Thus, in addition to being a specific objective here, the theme of strengthened civil society is also an important concept in USAID/Ecuador's other objectives and forms the overarching theme of the portfolio of activities presented in this Strategic Plan.

Complementing this Democracy Strategic Objective will be a Special Objective in Transparency and Good Governance which will increase accountability of public officials and promote consensus for specific reforms related to corruption and the electoral process.

- **FP and Health** - Within the framework of a democratic society, a healthy population with an acceptable growth rate is critical for achieving sustainable development. Family planning assistance is critical to bring social demands into balance with resources. However, despite Ecuador's continuing improvements in maternal and child health during the fifteen year period 1979 to 1994, in recent years the economic and political crises facing the public health system have severely jeopardized efforts to sustain these trends. The health and nutrition status of the population, especially the large marginal poor and indigenous population, is far from adequate: maternal and infant mortality rates, immunization coverage, nutritional status, institutional deliveries of babies and water and sanitation services coverage have all deteriorated. The decline in TFR and the increase in contraceptive prevalence has slowed in recent years. To deal with these discouraging trends, disequilibriums in the public health system need to be corrected by expanding the contribution of the private sector and rationalizing the role of the public sector. Specifically, what is needed at this time is the development of models for targeting of public sector (MOH) resources to the poor; decentralization and deconcentration of health care at the local level; alternative financing schemes; and quality improvement.

- **Biodiversity** - A weak democracy has also impeded Ecuador from taking the necessary steps towards correcting its serious environmental issues. Ecuador's biodiversity is one of the richest in the world.
It contains numerous habitats of globally and regionally outstanding biological value, including two of the world's ten most important biological regions. In addition, the Galapagos Marine Resource Reserve provides habitat to an array of marine species. This environment, however, is seriously threatened. Ecuador suffers the highest rate of deforestation among the Amazonian countries and has the third largest deforestation rate in the world. Large segments of Ecuador's population, living in conditions of extreme poverty, use resources in an uncontrolled and indiscriminate way, often inflicting serious damage to the ecosystems and the natural resource base on which their livelihood depends. The Galápagos Marine Reserve faces enormous challenges, with heightened conflicts between fishers and researchers.

Neither the GOE, USAID/Ecuador nor any individual donor, has enough resources to address all of the problems and constraints in a comprehensive, country-wide basis. USAID/Ecuador's approach is to deal

with distinct aspects of the problems in selected, high priority ecological regions of the country and to identify and involve local residents in activities in selected sites which could be sustained and replicated by institutionally-strengthened Ecuadorian and local NGOs after the end of USAID support. The focus of such activities is on managed access to resources through land titling and management plans, community participation in decision making, and community based dispute resolution.

Complementing this Biodiversity Strategic Objective will be a Special Objective in Pollution Prevention which will strengthen the capacity of selected public and private institutions to prevent/control pollution.

In addition, the Mission will continue its microenterprise assistance and strengthening activities under a Special Objective for Microenterprise. This will focus on working with partners to strengthen Ecuadorian NGOs to expand the provision of credit to microentrepreneurs, and thereby improve there incomes and their general living standards.

3. Host Country and Summit of the America's Priorities

Host Country - The Bucaram administration which took Office on August 10, 1996, had proposed an economic plan based on an Argentinean type of Currency Board to apply full exchange rate convertibility, fix the exchange rate, set money supply growth on the basis of availability of net international reserves, and drastically cut inflation, to attract foreign and domestic investments. This was perhaps the only planning exercise presented by Bucaram, as other goals, plans, programs in social development, reform of the state and commitments in the Summit of the Americas Principles and Action Plan were never articulated in any form or fashion.

The political events of February 1997, which ended with the removal of President Bucaram and his convertibility plan, also put an end to serious opposition from almost all political parties, labor unions and private sector representative organizations who argued against the application of the plan announced by Bucaram. They forcefully argued that the plan would result in exacerbating economic stagnation and preventing growth, mainly because the pervasive levels of corruption in the Government would constitute a deterrent to attract the types and levels of foreign investment which were at the crux of the plan.

The "interim" government of President Fabian Alarcon, former President of the Congress, announced that given the fiscal crisis left by Bucaram, the implementation of the convertibility plan was not in the cards for the immediate future. In fact, with the abrupt change in Government and the announcement of General elections to result in a new GOE which will take Office in August 1998, the Alarcon administration is almost inevitably confronted with a very limited capability and political space to establish clear goals even for the mid term.

Accordingly, the actions of President Alarcon and his cabinet will be centered around the following themes: the consolidation of democracy through the introduction of constitutional reforms aimed at clarifying the chain for presidential succession, better defining the roles of the executive, legislative and judicial branches, introducing accountability elements in the election of members of the Congress, depoliticizing the judicial sector, and organizing the 1998 electoral process; the fight against corruption, which reached unprecedented levels during the six months of the Bucaram administration; the privatization of the telephone company (EMETEL); and, the adoption of stabilization measures principally to address the fiscal deficit by cutting it back from 6.0 to 2.5 percent of GDP.

In view of the above, Ecuador will have to wait until a new President is elected in 1998 in order to establish clear and coherent goals for the political, economic and social development of the country. In this environment, USAID/Ecuador proposes a development assistance strategy which must contribute to: strengthen the country's weak democracy; achieve long term sustainability of family planning and MCH services through improving their quality and increasing the access to such services; make progress in the sustainable management of selected protected natural environments; help prevent

industrial pollution; increase the availability of credit to microentrepreneurs; and increase the transparency of government through anti-corruption activities. Following the up-coming planned elections in the Summer of 1998, USAID/Ecuador will review this strategy in the Spring of 1999 with the new administration with a view to ensuring continued compatibility with the host country's goals.

Summit of the Americas - In the interim, USAID/Ecuador will continue to work with its partner NGOs to implement relevant aspects of the Summit of the Americas Action Plan. Indeed, USAID/Ecuador's three Strategic Objectives and three Special Objectives (which includes the ESF Transparency and Good Governance program) clearly addresses the Declaration of Principles and the Action Plan of the Summit of the Americas.

Specifically, the Democracy Strategic Objective, "Strengthened Civil Society", is consistent with the need for democracy to be based on the right of all citizens to participate in government; making justice accessible in an efficient and expeditious way to all sectors of society; and improving the participation in social activities and initiatives -- for those groups that have been traditionally marginalized, including women, youth, indigenous people, and the extremely poor communities -- by influencing public policies and programs. Indeed, a "democracy is judged by the rights enjoyed by its least influential members."

The Family Planning and Health Strategic Objective, "Increased use of sustainable family planning and maternal/child health services," will focus in particular on working to make maternal and child health care, including reproductive health and preventive health care, equitable and accessible to the country's extreme poor.

The Biodiversity Strategic Objective, "Conserve Biodiversity in Selected Protected Areas," also meets one of the Summit's Plans for action which is Partnership for Biodiversity. This Strategic Objective will be carried out through inter-linked activities undertaken with Ecuadorian and local partner NGOs and with high local level participation.

The Microenterprise Special Objective, "Increased access to financial services by micro-entrepreneurs with emphasis on women," meets the Summit objectives of strengthening the role of women in society and encouraging microenterprises and small businesses.

The Pollution Prevention Special Objective, "Improved Sustainable capacity of selected public and private institutions to prevent/control pollution," links up closely with the Partnership for Pollution Prevention section of the Action Plan. Public participation of indigenous and other affected communities in particular, with the purpose of designing and implementing environmental laws, is part of this Special Objective.

The Governance Special Objective, which focuses largely on key issues of corruption in Ecuador, also meets the Combating Corruption activity of the Summit of the Americas action plan. This Special Objective will reduce corruption in government, increase citizen participation in and understanding of political reforms anticipated during the interim government, and promote consensus for modernization of the State measures.

4. Role of Other Donors

USAID/Ecuador has played a catalytic role in helping both Ecuador and the international development banks design and facilitate approval of new projects. These include the Social Emergency Fund (FISE), Basic Health Reform, Supreme Court Institutional Strengthening, Coastal Resources Protection, Agricultural Sector Development Project, Financial Sector Reform Project. USAID/Ecuador laid the initial groundwork for these projects by: making the initial investments in diagnostic studies, financing seed money, initial project implementation on a much smaller scale, and\or helping Ecuador to meet the implementation of the Bank's conditions precedent for approval of these loans. A key constraint is the weak institutional capacity of the GOE which impedes a faster and more effective utilization rate of the approved loan funds. USAID believes that its overall and cross-cutting objective of strengthening

CSOs/NGOs will continue to compliment the strengthening of GOE institutional capacity and its ability to implement other donor projects in the future.

The World Bank's current loan portfolio consists of fifteen projects in the agricultural, environmental, justice, mining, business and social sectors, with an undisbursed balance of $357 million as of March 1997. The design of the $10.7 million justice sector reform loan, signed in September, 1996, is based on earlier efforts supported by USAID/Ecuador. It is administered by through the justice sector coordination unit, ProJusticia, which is jointly supported by USAID and the Bank. The second tranche of the Structural Adjustment Loan (SAL), amounting to $100 million, requires significant progress in economic reforms by the GOE prior to disbursement. Implementation of projects has suffered from lack of availability of counterpart funds, continued changes in personnel in key ministries, weak institutional capacity, and weak policy commitment. For the short term, the Bank is planning to limit new lending to a reduced number of projects that are not policy intensive and which help promote important poverty objectives. Because of the lack of a national consensus on the reform program in the past, the Bank will focus on developing the policy dialogue, and carrying out dissemination and discussions with a wide range of actors throughout society (including the GOE, NGOs, labor unions, and the private sector) by means of seminars. Topics will stress the importance of sound macroeconomic management, structural reforms, and the need for a consensus on a poverty reduction strategy. This new World Bank activity fits neatly into USAID's planned phase-out of its Broad-based Economic Growth Strategic Objective.

The Interamerican Development Bank (IDB) has a large and broad program in Ecuador with 38 projects and an undisbursed balance of $700 million dollars. It is engaged in policy dialogue with the government in the financial sector, including important efforts to strengthen banking supervision, and in the agricultural and transportation sectors. Adjustment loan tranches are pending in all three of these areas. Coordination between USAID/Ecuador and the IDB has been in the housing, water, sanitation, judicial reform, municipal development and agricultural research and extension. Technical assistance, which is being provided for improving customs houses as part of the Sectoral Transportation Loan, is important on the anti-corruption front. The IDB is also providing technical assistance to strengthen and modernize advisory capacity and administration in Congress; plans are underway for similar assistance in the Supreme Court.

The Alarcon administration has initiated discussions with the IMF to obtain a Stand-by Agreement and renegotiate its Paris Club Debt. The IMF is unlikely to provide support to the GOE, as a result of its current fiscal stance and projected macroeconomic targets for 1997. The IMF is currently providing essential advice on budget formulation and monetary policy, and is engaged in the early stages of a dialogue with the GOE on the requirements for agreement on a new program.

C. Customers

During the strategic planning process for FY 1998-2002, customers and partners have played an important role in the development of the three Strategic Objectives (and three special objectives) identified by the Mission. USAID/Ecuador staff, customers, and partners have discussed the broad spectrum of political and social realities of Ecuador. This has contributed to the identification of priority needs and the most critical problems of the Ecuadorian society.

The methodology for this participatory approach for customers and partners consisted of analyses, surveys, focus groups, site visits, and social marketing activities which aimed at assessing the services being provided, progress, and problems found in the achievement of expected results of the strategic objectives.

Biodiversity - The results of focus groups with customers which examined the role of gender in work allocation was used to fine tune activity interventions. Partners CARE, TNC, CDF, and Oikos were directly involved in defining the revised results framework and associated indicators for the Biodiversity Strategic Objective and the Special Objective for Pollution Prevention.

Democracy - USAID/Ecuador partner ProJusticia carried out an "Administration of Justice National Survey" with judges, other justice sector personnel, users of the administration of justice system, and general public. The results of this survey were used to identify areas of needed reform. Brainstorming sessions which included USAID/Ecuador and partner staff were carried out with CLD, Fundacion Ecuador, and members of Ecuadorian chambers of commerce to develop activities for the revised results framework. Indicators were developed jointly with these partners. Based on these inputs, it was agreed to structure a stand-alone Special Objective for Governance, to complement the CSO focus of the Democracy Strategic Objective.

FP and Health - A number of customer surveys and focus groups are carried out by partners and have served as inputs to develop program indicators. Besides the National Demographic and Health Survey (ENDEMAIN), which is the most important survey of the sector carried out every five years, CEPAR, CARE, APROFE and CEMOPLAF are routinely carrying out customer-oriented activities to measure their satisfaction with the services being provided. Based on the information gathered, partners have been able to expand coverage, improve quality and enhance the efficiency of their services.

Microenterprise - Through focus groups and surveys conducted with customers, it was confirmed that the approach being taken by USAID/Ecuador partners was appropriate and appreciated by the microentrepreneurs, the majority of whom are women. Credit impact was positive with respect to sales, earnings, and employment generation. These findings were taken into consideration by USAID/Ecuador in defining the remaining activities under this Special Objective.

D. Transitional Issues

The strategy contained in this plan clearly reflects the fact that the USAID/Ecuador development assistance program is undergoing a transition from a Full Sustainable Development Mission to a Limited Mission. This is in line with USAID/Ecuador's Management Contract as expressed in STATE 138494. Although Ecuador is yet far from achieving a significant and sustainable social, political and economic development status, the funding realities confronting the Agency at this time, and for the past several years, have forced the Mission to make some difficult choices in program priorities and program mix to address, in a more focused and integrated fashion, some of the most critical development challenges that still remain in the country. In making these difficult program choices, USAID/Ecuador has identified the more critical problems that could be successfully implemented with a reduced level of resources and time-limited assistance, i.e., where the greatest impact can be achieved. Overall, therefore, USAID/Ecuador's assistance is directed at establishing a network of institutionally strengthened, sustainable Ecuadorian PVOs/NGOs which can participate in decision-making across a spectrum of sectors at both the local and national levels. These organizations will have the capacity to increase both political and economic access, and thereby enhance the participation of excluded groups. At the end of the five year Strategic Plan period in FY 2002, it is envisioned that these organizations will have achieved long-term funding sustainability; will have earned the respect and credibility of the relevant sector of the Ecuadorian populace; and will have made substantive progress in achieving relevant policy reforms, developing replicable service models, and/or implementing resource management plans as appropriate, all with high levels of community participation.

In this vein, it is crucial now to find adequate ways to better channel the energy and potential of Ecuador's civil society, as demonstrated during the political crisis of February 1997, by providing additional impetus to USAID/Ecuador's Democracy Strategic Objective through specific actions aimed at: the strengthening of civil society representative organizations; the continued support for demand driven reform; the introduction of significant Constitutional reforms to correct distortions and vacuums that could further threaten the country's weak democratic process; and the fight against corruption.

Another area of focus will be the sustainability of USAID/Ecuador's partner NGOs in Family Planning, APROFE and CEMOPLAF. After substantial investment in supporting these organizations in making a significant contribution to reducing the total fertility rate and thereby contributing to the sustainability of development in Ecuador, the Mission is giving top priority to guaranteeing that this contribution will

continue after USAID's funding is completed. By working with these partners to achieve long-term financial viability, USAID/Ecuador will ensure that they can continue to expand and sustain family planning services in lesser served rural areas.

In order to devote sufficient resources to achieve relevant results in Democracy and Family Planning, the Mission has undertaken a concerted plan to phase out of its Sustainable Economic Growth Strategic Objective during FY 1998. The promotion of consensus for needed economic and social reforms, and important Economic Growth activity, will be taken on by other donors, most notably the World Bank. After FY 1997, USAID/Ecuador will only maintain one highly targeted activity in the area of microenterprise assistance and strengthening to improve the access to credit of microentrepreneurs throughout the country. In a parallel fashion, USAID/Ecuador will phase out of its Child Survival activities in the health sector during FY 2000, as a necessary step to assign adequate funding to achieve the critical objective of securing the sustainability of its family planning partner NGOs beyond FY 2002. However, the Mission will continue to monitor health trends in the country; any further continuing deterioration in these indicators may be sufficient justification for revisiting the decision to phase-out of Child Survival/MCH by the end of FY 2000.

Finally, given expected resource availability and the planned timeframe for achievement of results, the emphasis in the Mission's environmental assistance program in Ecuador will focus on continued assistance for the protection of biodiversity in selected protected areas in the coastal and Amazon regions of the country, plus the Galapagos Islands. However, over the near term, USAID/Ecuador will continue its work in urban pollution prevention through targeted activities as a Special Objective.

The matrix on the following page lays out the outline of the structure of the planned transition.

To carry out this transition period, USAID/Ecuador will make appropriate adjustments in staffing, as reflected in other sections of this Strategic Plan.

TRANSITION MATRIX

	PRE	STRATEGIC PLAN PERIOD					POST
	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
SO 1 - Economic Growth	SO						
- Policy Dialog (0089)							
- Microenterprise (0121)		Sp O	Sp O	Sp O			
- Housing Solutions (0076)		RUDO	RUDO	RUDO			
SO 2 - FP/Health	SO	SO	SO	SO	Sp O	Sp O	
- Family Planning (0084/0122)							
- Child Survival (0071)							
SO 3 - Democracy	SO	SO	SO	SO	SO	SO	SO
- Civil and Political Rights (0120)							
- Public Policy Participation (0120)							
- Governance (0120)		Sp O	Sp O				
SO 4 - Environment ⇒ becomes⇒ **SO 1 - Biodiversity Conservation**	SO	SO	SO	SO	SO	SO	SO
- Biodiversity Conservation & Nat'l Resource Mgmt. (0069/0124/0123)							
- CSO Strengthening							
- Pollution Prevention & Municipal Env. Mgmt. (0117)		Sp O	Sp O	Sp O			

SO = Strategic Objective
Sp O = Special Objective
RP = Results Package

PART II: Proposed Strategic Plan

A. Linkage to Agency Goals and Objectives

The proposed portfolio of three Strategic Objectives (as displayed schematically on the following page) is closely linked to the Agency goals and objectives.

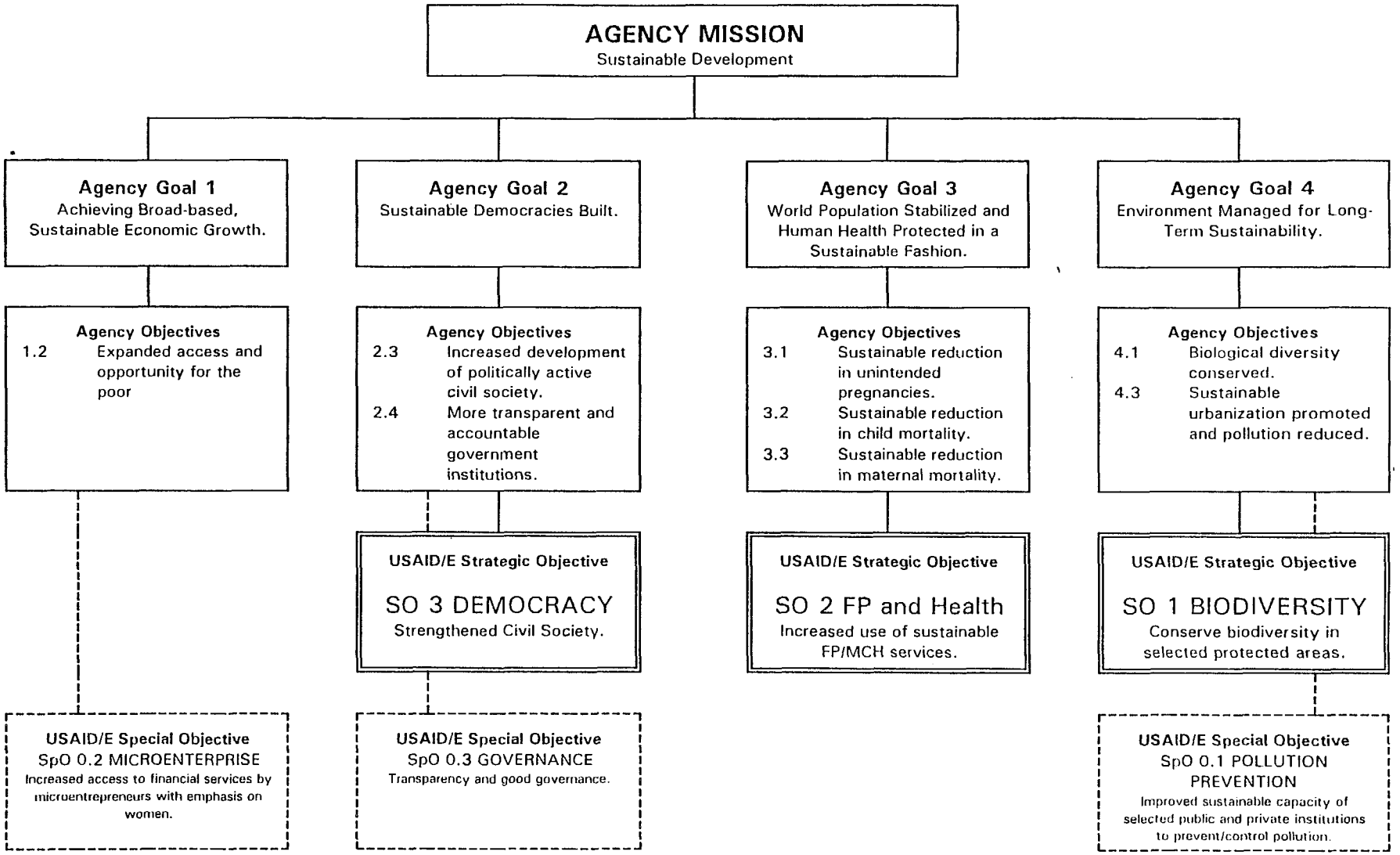
- SO 1 "Conserve biodiversity in selected protected areas" can be identified with Agency Objective 4.1 "Biological diversity conserved" and therefore contributes to Agency Goal 4 "Environment managed for long-term sustainability." SO 1 in fact includes all three of the approaches identified for Agency Objective 4.1: improving management of protected areas, promoting sustainable use of biological resources, and supporting conservation of genetic diversity.

- SO 2 "Increased use of sustainable FP/MCH services" contributes to three of the four Agency Objectives found under Agency Goal 3 "World's population stabilized and human health protected in a sustainable fashion." All three of these Agency Objectives (3.1 "Sustainable reduction in unintended pregnancies"; 3.2 "Sustainable reduction in child mortality"; 3.3 "Sustainable reduction in maternal mortality") include the approach adopted by the Mission of "Expanding the availability, quality, and use of sustainable services."

- SO 3 "Strengthened civil society" falls squarely within Agency Objective 2.3 "Increased development of politically active civil society", which contributes to Agency Goal 2 "Sustainable democracies built." Agency program approaches to be used include increasing effectiveness of CSO management and increasing CSO participation in policy formulation and implementation.

The Mission's Special Objectives also contribute directly to the Agency goals and objectives. The Pollution Prevention Special Objective of "Improved sustainable capacity of selected public and private institutions to prevent/control pollution" contributes to Agency Objective 4.3 "Sustainable urbanization promoted and pollution reduced" using the Agency program approach of promoting pollution prevention and control. The Microenterprise Special Objective of "Increased access to financial services by microentrepreneurs with emphasis on women" contributes to Agency Objective 1.2 "Expanded access and opportunity for the poor" using the Agency program approach of expanding access to formal financial services for microentrepreneurs. The Transparency and Good Governance Special Objective of "Supporting Ecuadorian anti-corruption efforts" contributes to Agency Objective 2.4 "More transparent and accountable government institutions" using the Agency program approach of strengthening mechanisms to promote ethical standards in government. Section D outlines other activities being carried out in support of Global objectives.

Section B below presents the three proposed Strategic Objectives, while Section C lays out the proposed Special Objectives.


AGENCY MISSION
Sustainable Development
Agency Goal 1
Achieving Broad-based, Sustainable Economic Growth.
Agency Goal 2
Sustainable Democracies Built.
Agency Goal 3
World Population Stabilized and Human Health Protected in a Sustainable Fashion.
Agency Goal 4
Environment Managed for Long-Term Sustainability.
Agency Objectives
1.2 Expanded access and opportunity for the poor
Agency Objectives
2.3 Increased development of politically active civil society.
2.4 More transparent and accountable government institutions.
Agency Objectives
3.1 Sustainable reduction in unintended pregnancies.
3.2 Sustainable reduction in child mortality.
3.3 Sustainable reduction in maternal mortality.
Agency Objectives
4.1 Biological diversity conserved.
4.3 Sustainable urbanization promoted and pollution reduced.
USAID/E Strategic Objective
SO 3 DEMOCRACY
Strengthened Civil Society.
USAID/E Strategic Objective
SO 2 FP and Health
Increased use of sustainable FP/MCH services.
USAID/E Strategic Objective
SO 1 BIODIVERSITY
Conserve biodiversity in selected protected areas.
USAID/E Special Objective
SpO 0.2 MICROENTERPRISE
Increased access to financial services by microentrepreneurs with emphasis on women.
USAID/E Special Objective
SpO 0.3 GOVERNANCE
Transparency and good governance.
USAID/E Special Objective
SpO 0.1 POLLUTION PREVENTION
Improved sustainable capacity of selected public and private institutions to prevent/control pollution.

B. Proposed Strategic Objectives

Strategic Objective - Biodiversity

SO 1: *Conserve Biodiversity in Selected Protected Areas*

Timeframe: FY 2003
Partners: CARE, TNC, Charles Darwin Foundation

Indicators: Changes in natural vegetation cover in and around selected protected areas. Abundance and distribution of key species in and around selected protected areas. Adoption of key practices in support of conservation.

IR 1: Strengthened capacity of NGOs/CSOs active in biodiversity conservation.

Timeframe: 2003
Partners: CARE, TNC, Ecociencia, Jatun Sacha, CEDENMA, WCS, FER, FUNAN, Arco Iris, CECIA

Indicator: Number of research papers published in peer-reviewed international journals/volumes. Financing of local partners by outside sources. Law and/or policy changes introduced as a result of NGO/CSO lobbying/advocacy.

⇉

IR 2: Natural resource management plans under implementation in and around the protected areas

Timeframe: FY 2003
Partners: TNC, CDF, CARE, Ecociencia, Jatun Sacha, CEDENMA, WCS, FER, FUNAN, Department of the Interior, CECIA, PC

Indicator: Hectares covered by approved plans. Hectares under legal title.

Biodiversity Conservation Strategic Objective (SO 1)

1. SO 1 Statement

"Conserve Biodiversity in Selected Protected Areas"

Because of its many unique and globally significant ecosystems and species, Ecuador is a "key" biodiversity country. USAID/Ecuador will work to promote the conservation of biodiversity in selected protected areas by strengthening the technical and institutional capacity of NGOs and civil society active in biodiversity conservation and by supporting the design and implementation of sound natural resource management plans in and around selected protected areas. This strategic objective is consistent with the Agency's goal/objective of "Environment Managed for Long-Term Sustainability"/"Biological Diversity Conserved." It is also consistent with the Summit of the Americas Partnership of Biodiversity which calls for the conservation and sustainable use of hemispheric biodiversity resources.

2. SO 1 Problem Analysis

Ecuador's biodiversity is one of the richest in the world. With only 2% of South America's area, Ecuador contains numerous habitats of globally and regionally outstanding biological value: the southernmost extension of the lowland Choco-Darien forests, the montane forests of the northwestern Andes, the Galápagos National Park and Marine Resource Reserve (the second largest marine reserve in the world) and more than 12 million hectares of Amazon forest. Two of these, El Choco and uplands of the Western Amazonia are included among the world's ten most important biological regions, or "hot spots".[10] These top ten identified hot spots cover just 0.2% of the Earth's surface and about 3.5% of our remaining rain forest. Yet, according to estimates, they contain a majority of all the plant species found in tropical forests, amounting to nearly 14% of all the flowering plant species on Earth. The lowland wet forest of El Choco and the western uplands of the Ecuadorian Amazon are ranked number three and four, respectively, as biodiversity hot spots for conservation action on Earth. Approximately the size of the state of Colorado, Ecuador is home to twice as many bird species as can be found in the entire United States, and more than twice as many native plants as exist in the entire European continent. In fact, Ecuador has the most biological diversity per hectare of any country in South America.

This environment, however, is seriously threatened, since Ecuador has the highest population density and the lowest per capita income in South America, and ranks third in population growth rate. Large segments of Ecuador's population, particularly in rural areas, live in conditions of extreme poverty, with incomes well below the national per capita average. These people tap natural resources in an uncontrolled and indiscriminate way, often inflicting serious damage to the ecosystems and the natural resource base in the regions where they live. Ecuador suffers the highest rate of deforestation among the Amazonian countries (200,000 hectares per year)and has the third largest deforestation pace in the world, as a result of colonization and resultant agricultural expansion by poor people seeking to meet their economic needs, timber extraction, and petroleum production.

The Cotocachi-Cayapas Ecological Reserve (RECC) and its buffer areas include part of the Choco-Darien forest that is rapidly being depleted. The RECC covers approximately 205,000 hectares and includes some ten distinct ecological life zones, ranging from tropical wet/Choco rain forest at 100 meters altitude to cloud forest to high tundra at nearly 5,000 meters. This unique Ecuadorian Choco Formation (of which the lowland wet forest of the RECC makes up a part) has been designated as a worldwide top priority and a regional critical priority for conservation efforts by the World Bank and World Wildlife Fund (1995). The lowland tropical forest of this area is internationally recognized for the high levels of diversity and endemism among non-vascular plants, amphibians, butterflies and birds. However, recently the forests which border the RECC have been significantly reduced by commercial forestry and

colonization. Roughly 75 percent of Ecuador's domestic wood production comes from the lowland buffer zone of the RECC.

The Cayambe-Coca Ecological Reserve (RECAY) is found in the uplands of the Andes in the western Amazon and is a very ecologically fragile area. The RECAY ranges also from nearly 5,000 meters to just a few hundred meters above sea level. These uplands are the habitat for the condor, tapirs, ocelots and spectacled bears, all on the endangered list. In addition, the area is very important for ecotourism because of its proximity to Quito. A large portion of the RECAY is the high "paramos" or near tundra, with high precipitation patterns and a unique environment that acts as a sponge to absorb the precipitation and release its waters to several rivers and tributaries. As a result, the RECAY provides over 50 percent of the potable water for metropolitan Quito and a large percentage of the hydroelectric power. The majority of the water however, flows to the Quijos River that drains into the Amazon Basin. The valley of the Quijos River forms a corridor separating the RECAY from two other adjacent parks/reserves (the Antisana Ecological Reserve and the Grand Sumaco National Park) which serves as the main route to the Ecuadorian Amazon. This valley, functioning as a conduit for people from the Quito urban area to the Amazon, has resulted in increasing pressure on the reserves in recent years in the form of hunting, fishing, and resource extraction.

The Galápagos Marine Reserve faces enormous challenges. Over the past few years, conflicts between fishers and researchers have led to fierce rhetoric and violent action. Endangered species such as sea cucumbers and other fisheries are being overexploited to the point of local extinction.

The GOE is aware of the problems in these and a number of other ecologically fragile parks and reserves in Ecuador. It has been trying to deal with them, although generally on an ad-hoc, erratic basis. The situation has been exacerbated by a generally poor policy and legal framework. And in fact, recently, some critical steps towards improved natural resource management and biodiversity protection have been taken. A policy that prohibits the commercial use of trees from areas which are not covered by an approved natural resources management plan has reduced the pace of deforestation; the Galapagos Marine Reserve has been designated as a protected biological area; and increased staffing of the Ecuadorian Forestry, Natural Areas, and Wildlife Institute (INEFAN) has improved the management of parks and protected areas. Ecuadorean NGO partners have been created and strengthened. Ecociencia has become Ecuador's premier biological research and training institution, producing considerable baseline data on the biological resources and serving as a fertile training ground for both scientist and community parabiologists. The paralegal program has trained and assisted local people in community laws and legal advocacy on issues such as land titling and natural resource access rights. As a result, one community has obtained legal title of community lands and is serving as a precedent for other communities in the RECC buffer zone. One of the requirements for land titling is now the completion of a natural resource management plan approved by INEFAN. One has been completed and more are underway for the communities in and around the target protected areas.

Activities in the RECC and the RECAY are strengthening second-level organizations to test and extend models of sustainable biological resource use. Agroforestry/garden plots have been implemented in communities in the buffer zone. Commercialization activities are now showing significant strides with the community forestry initiatives assisting local communities in the RECC buffer zone to obtain a 60 percent increase in profits from sustainable forestry operations. Ecotourism, cheese making, and handicraft activities have generated additional income for communities in the RECAY and RECC buffer zone. A sisal pulping facility was constructed and pulp is now being produced; a training program for making hand made paper from pulp was also begun. "Guardaparques comunitarios" are bolstering the weak park protection system with assistance from USAID partners and second-level organizations. As a result of USAID/Ecuador assistance, relations between scientists at the research station and the local fishermen in Galapagos have improved so that they are jointly discussing and trying to resolve issues related to marine reserve management.

However, neither the GOE, USAID/Ecuador nor other any individual donor, has enough resources to address all of the problems and constraints in a comprehensive, country-wide basis. USAID/Ecuador's

approach is to address the problems in selected, high priority ecological regions of the country, emphasizing high-impact activities which can be sustained and replicated by institutionally-strengthened Ecuadorian and local NGOs after the end of USAID/Ecuador support. USAID/Ecuador will focus primarily on community based, sustainable natural resource management in and around the ecological reserves. By their nature, the solution of some of the problems and the related constraints will have a national impact. For example, solutions to the problems of inadequate policies/legal framework in the target eco-regions which USAID/Ecuador supports will have a nationwide impact. Improved land use management models piloted in the targeted reserves and buffer zones will be adapted and replicated by strengthened partners and other donors in sites throughout the country. The same will be true for successful commercialization and marketing ventures and the systems developed for biodiversity monitoring in the target areas.

3. SO 1 Results Framework Assumptions and Causal Relationships

Given the limited USAID resources and the opportunity that USAID/Ecuador has to make a lasting impact in conserving such biodiversity, USAID/Ecuador will refocus its resources and staff efforts towards the achievement of the **Strategic Objective: "Conserve Biodiversity in Selected Protected Areas"** through activities carried out with Ecuadorian partners and with high local level community-based participation.

The key development hypothesis is that the objective of biodiversity conservation can best be achieved through improved management of specific protected areas and their buffer zones. Incursion into parks and reserves and their buffer zones (and resultant threat to habitat needed to ensure biodiversity) occurs in response to perceived economic necessity. The greatest threats to biodiversity in Ecuador derive from demands on natural resources from colonization, logging, oil exploration and mining. People tend to protect only what they value, including natural resources and biodiversity. Informed decisions by resource users must be based upon increased knowledge regarding economic as well as social value of resources, and the inter-relationships between community lands in the buffer zones and the lands within the ecological reserves. Access to resources is integral to the well-being of these communities, and their active participation in decision-making is essential to achievement of sustainable, environmentally sound long-term results. Policy reforms, be they regulatory, legislative, judicial and/or instructive, must be based on an increased understanding by the affected population of the importance of biodiversity conservation efforts. Local participants at the community level must have access to the formal systems (including legal title to their lands) to effectively and actively participate in the sustainable management of natural resources.

To achieve this Strategic Objective, the Mission will seek to accomplish the following **Intermediate Results:**

(1) Strengthened capacity of NGOs/CSOs active in biodiversity conservation.

(2) Community based natural resource management plans under implementation in and around the protected areas.

Attainment of these results depends largely on effective implementation of planned activities by the participating partners, since to a great extent such activities have been proven and tested in Ecuador and other countries. Barring unforeseen factors beyond the control of the partners, the activities, if carried out as planned, should lead to the attainment of the Biodiversity Strategic Objective in the target areas.

By the end of the strategic planning period local NGOs will have sufficient capacity to carry on in other parks and reserves rich in biodiversity, provided that they have access to other donor resources.

4. SO 1 Illustrative Approaches

Given the expected level of resources and the timeframe for the Strategic Plan, USAID/Ecuador has established economic, biological, social and institutional criteria to select activities which could have the maximum short- and long-term impact and in areas in which the USAID/Ecuador may have a comparative advantage. USAID/Ecuador also considered the following factors:

- The advantages of primarily building on institutional capacities of established NGOs, thereby increasing the likelihood of long-term stability and "graduation" to other funding sources.

- The prospects of replication. Is the activity replicable in other sites? Will there be possibilities of replication? An activity with the potential for large-scale replication will provide a bigger impact per dollar invested than one which is extremely context specific or geographically confined.

- The degree of involvement of local communities in decision-making which enhances access of marginal groups to resources on an environmentally sustainable basis.

Within the above context, the activities planned for the next five years are mainly based on the experience gained in Phases I and II of the SUBIR Project. Thus, the activities will capitalize and focus on the positive results, utilize the cadre of technical personnel trained by the project, and are based on the recommendations of the two evaluations undertaken over the course of the seven year life of project. The illustrative activities which USAID/Ecuador considers will have the greatest impact in attaining the Biodiversity Strategic Objective include:

- Continuation of on-going activities in the protected and buffer zone areas of the Cotocachi-Cayapas Ecological Reserve, a forest and species-rich area in Northwestern Ecuador, and of the Cayambe-Coca Ecological Reserve on the eastern (Amazonian) slope of the Andes. Ecuadorian partner NGOs will carry out the types of activities being currently developed and tested in and around protected areas in additional communities. The NGOs will develop coalitions of community groups, local governments and private enterprises that will be better able to influence GOE policy and achieve economic sustainability of natural resources while preserving Ecuador's biodiversity. Key activities include forest management, land demarcation and titling, and the development of income-producing ventures based on non-wood forest products and efforts to strengthen forest dwellers' (including indigenous and Afro-Ecuadorians) claims to land and resources, and to prepare them to enter into productive partnerships with the commercial sector. Land titling activities bring a high return in increased value for small investments and greatly increase the potential for successful implementation of forest or other resource management plans. A land title induces the owner to accept and implement sound long-range natural resources management plans as opposed to quick exploitation of resources. This is a viable, replicable model which other donors are already supporting in other areas.

- Activities through the Charles Darwin Foundation-Galapagos, which sponsors efforts to conserve and preserve the islands' marine reserves, exotic species, and to issue a Special Law to protect the Galapagos ecology and biodiversity, which, when passed and implemented, will have positive impacts on both biological/ecological and urban components of the Islands' ecosystems. Special attention will be paid to conflict resolution/mediation among the parties interested in the use of the Galapagos' natural resources, including the local population, the tourism operators, and INEFAN.

- Activities through the Ecuadorian NGO CECIA under the Partnership for Biodiversity (USAID, Department of the Interior, and Peace Corps) which deals with initiatives to protect the Andean Condor, an endangered species.

- Activities thorough the regionally funded Parks in Peril (PIP) project with TNC and the participation of Ecuadorian NGOs Fundacion Natura and Fundacion Arco Iris, which deals with initiatives of rational parks management in two areas: Podocarpus National Park and Machalilla National Park.

In addition, USAID/Ecuador will consider, if resources allow, similar biodiversity protection activities, particularly in one of Ecuador's Eastern provinces bordering Peru. The biodiversity of this region is so rich and sensitive to damage that some conservationists have already proposed the declaration of the area as a National Biosphere and Patrimony of Humankind.

5. SO 1 Development Partners

USAID/Ecuador will work principally with NGOs in implementing the planned activities. The key partners may include US PVOs with which USAID is currently working and has had positive experiences, e.g., CARE/Ecuador, The Nature Conservancy (TNC), which function as umbrella PVOs, and the Charles Darwin Foundation (CDF), as well as other US PVOs that have experience and an active presence in Ecuador such as the World Wildlife Federation and Conservation International. Both CARE and TNC have developed strong working relationships with Ecuadorian partners which in turn work with local partners, e.g., community groups, indigenous organizations, to carry out the planned activities. These Ecuadorian and local NGOs have developed plans for financial sustainability, which if attained as expected, will allow them to continue their biodiversity conservation activities after the conclusion of the USAID/Ecuador support.

CARE/Ecuador has broad expertise in a wide range of development activities, including biodiversity and buffer zone management, sustainable agricultural practices, microenterprise, and project management. CARE works with Ecuadorian NGO partners through arrangements which lead to the strengthening of the institutional and operational capacity of such partners, and ultimately to their long-term sustainability. These Ecuadorian partners will include, inter alia: **EcoCiencia**, which specializes in biodiversity research, mapping, data management, and ecotourism; and **Jatun Sacha**, which specializes in the implementation of natural resources management and biodiversity protection activities, such as sustainable land-use practices, training and work with community-level organizations and groups. Together, these partners are working in the implementation of biodiversity protection and natural resources management activities in the buffer zone which surrounds the Cotocachi-Cayapas Ecological Reserve in the Northwestern coast of Ecuador. CARE's NGO partners have forged strong inter-institutional linkages and have established effective coordination mechanisms at the local level and near the RECC area.

The Nature Conservancy (TNC) specializes in biodiversity conservation activities, including parks, management of protected areas, biological data and information management, organizational development, advocacy and environmental trust funds. TNC is participating in the SUBIR initiative in the ecologically-rich area of the Cayambe-Coca Ecological Reserve (RECAY). TNC has partnership arrangements with several Ecuadorian NGOs and is working with them with respect to institutional strengthening and sustainability. These include the **Fundación Ecológica Rumicocha** (FER), which is engaged in community-based microenterprise and natural resource management activities; **the Fundación Antisana** (FUNAN), which specializes in protected area planning and management, community outreach, environmental education, and buffer-zone management; and the **Centro de Datos para la Conservación** (CDC), which specializes in data management, mapping and geomatics.

The Charles Darwin Foundation (CDF) has expertise in biological research, environmental education, terrestrial and marine resources, and abundant experience on the ecosystem of the Galapagos Islands. The CDF maintains strong links with scientists, researchers and related institutions worldwide. Under the Environmental Initiatives of the Americas (EIA), the USAID/Ecuador program was expanded to include the coastal and marine ecosystems in addition to the terrestrial. With USAID/Ecuador support, CDF has expanded its approach to include community involvement and the participation of other stakeholders. The Foundation has a broad base of financial support and will be fully capable of

continuing the USAID-sponsored biodiversity protection activities on the Islands after the timeframe of the Strategic Plan.

Other Donors - A number of donors are involved in natural resources management and biodiversity conservation activities, but generally most of the assistance they provide entails small efforts, often consisting of funding to study an environmental issue or one or two advisors who work with local counterparts in implementing small projects. Assistance of this type is provided by the German Technical Assistance Agency, the International Tropical Timber Organization, the World Wildlife Fund, the Ford Foundation, the Spanish Technical Cooperation Agency, and the Dutch and Swiss governments. The IDB has provided technical assistance to the GOE's National Council for Development (CONADE) and the Comision Asesora Ambiental (CAAM) which complements USAID/Ecuador activities. In addition, the IDB is financing a feasibility study which may lead to a loan of up to $50 million for natural resources management and biodiversity protection activities in the Galapagos Islands. The World Bank, through its Global Environmental Fund, is financing a biodiversity protection project which complements the activities which USAID/Ecuador supports or is planning to support in the Galapagos and in the protected areas of Cayambe-Coca and Cotocachi-Cayapas. In addition, USAID/Ecuador will explore with the Japanese the possibility of including activities in the Galapagos as part of the US-Japan Common Agenda.

Although there is no formal donor coordination mechanism for environmental activities, there is a high degree of informal coordination. As a result, there is little, if any duplication of efforts. USAID/Ecuador holds periodic meetings with the most important current and potential donors, such as the World Bank. Some of the experiences gained through USAID-sponsored activities in protected areas are being replicated by other donors in other biological and buffer zone areas. An example is the land titling program with Chachi indigenous and Afro-Ecuadorian communities. This has attracted the attention of the World Bank which is now replicating this experience in other areas. The IDB is capitalizing on the solid waste management and quarantine studies previously supported by USAID/Ecuador under activities implemented by the Charles Darwin foundation in the Galapagos Islands.

GOE - The Ministry of the Environment (MOE) is the main public sector partner. Within the MOE two agencies share responsibility for natural resources management and biodiversity protection matters: the CAAM, and the Instituto Ecuatoriano Forestal y de Areas Naturales y Vida Silvestre (INEFAN). USAID/Ecuador is not planning to channel additional DA funds to these agencies. Rather it will maintain a constant policy dialogue regarding ways to protect Ecuador's biodiversity and encourage the programming of ESF local currency for support of these institutions, when appropriate.

Given the cross-cutting nature of some of the planned activities, USAID/Ecuador will establish a system whereby the other Strategic Objective Teams (Democracy, FP and Health, Microenterprise) will work in concert in carrying out such activities. For example, the Environmental Team will work with the Microenterprise Team (responsible for microenterprise activities carried out through NGOs) in developing the capability of such NGOs to increase the awareness and participation of ultimate customers (microentrepreneurs) in sustainable and environmentally sound income-producing activities. Likewise, the Environmental Team will work with the Democracy Team to increase citizen participation in activities that improve the management of natural resources and conserve the biodiversity.

6. SO 1 Sustainability

The discussion above highlights key aspects related to sustainability of the planned activities after the Biodiversity Strategic Objective timeframe. In addition, the sustainability strategy for Biodiversity Strategic Objective includes other elements. Training will be provided to Ecuadorian national and local organizations in using their limited resources more effectively. This assistance will develop self-sustaining activities at the local level to encourage the participation of local level organizations in the management of natural resources to complement the GOE's limited capability.

The planned income and job-creation activities will have a catalytic effect on private sector customers, including farmers, fishermen, people engaged in ecotourism ventures, etc. It is expected that as these customers realize the importance of sound natural resources management and biodiversity conservation for their continuing economic well-being, their increased interest in conserving the environment will help to ensure the sustainability of the activities after USAID/Ecuador support concludes. In addition, USAID/Ecuador, in concert with its partners, will continue strengthening the participating Ecuadorian and local NGOs in forging strong links with private sector enterprises through mutually beneficial arrangements, which may include production and marketing linkages involving natural resources, coalitions to influence policies, and other initiatives to be developed.

7. SO 1 Performance Indicators

The required baseline information to measure and monitor biodiversity changes in the target areas, as well as the progress towards the Intermediate Results and the Strategic Objective, has been compiled by the implementing partners EcoCiencia, CECIA, Fundación Antisana, Jatun Sacha, Fundación Ecológica Rumicocha, and Centro de Datos para la Conservación. The data will be maintained by each of these specialized implementing partners and will be updated periodically to assure timeliness and relevance towards the accomplishment of the objective.

The Cooperative Agreements with the main implementing partners (CARE, The Nature Conservancy, The Charles Darwin Foundation) include reporting requirements, and discussions with the partners will ensure reporting on the respective intermediate results and corresponding indicators, as shown in the Biodiversity Indicator Tables. This will assure that all concerned partners have common and clearly-defined targets to guide the implementation of activities. In turn, these NGOs will guarantee that the Ecuadorian and local NGOs have in place the necessary data collection and analysis systems needed for accurate, timely and pertinent information to measure the impact of the planned activities towards the attainment of the Biodiversity Strategic Objective. The Environmental Team will meet at least every three months to examine available information, review implementation progress and make any changes in implementation modes and resources, as required. At least one USAID/Ecuador member of the Team will work with each of the specialized organizations (different members will monitor different target sites) on performance monitoring and implementation matters.

Strategic Objective 1 - Conserve Biodiversity in Selected Protected Areas

INDICATOR: BIO 1.0 (a) - Changes in natural vegetation cover in and around selected protected areas.

Baseline (1997) Preliminary data was collected in FY 1994. Additional studies will be completed in FY 1997 in order to determine the actual baseline rate of change.
Target (2003)

INDICATOR: BIO 1.0 (b) - Abundance and distribution of key species in and around selected protected areas.

Baseline (1997) Preliminary data was collected in FY 1994. Additional studies will be completed in FY 1997 in order to determine the actual baseline rate of change.
Target (2003)

INDICATOR: BIO 1.0 (c) - Adoption of key practices in support of conservation in and around selected protected areas.

Baseline (1996) 529 families (11%)
Target (2003) 4910 families (100%)

SO 1 IR 1 - Strengthened capacity of NGOs/CSOs active in biodiversity conservation.

INDICATOR: BIO 1.1 (a) - Research papers published in peer-reviewed international journals/volumes.

Baseline (1997) 5 articles/papers
Target (2003) 36 articles/papers (cumulative)

INDICATOR: BIO 1.1 (b) - Financing of local partners by outside sources (thousand dollars).

Baseline (1996) $1,050
Target (2003) $1,910 (cumulative)

INDICATOR: BIO 1.1 (c) - Law and/or policy changes introduced as a result of NGO/CSO lobbying/advocacy.

Baseline (1997) 5 laws/policies
Target (2003) 18 laws/policies (cumulative)

SO 1 IR 2 - Natural resource management plans under implementation in and around selected protected areas.

INDICATOR: BIO 1.2 (a) - Hectares covered by approved plans (thousands).

Baseline (1995) 70 ha
Target (2003) 1,402 ha (cumulative)

INDICATOR: BIO 1.2 (b) - Community land under legal title in target areas.

Baseline (1995) 0 ha
Target (2003) 300,000 ha (cumulative)

The Biodiversity Indicator Tables can be found in Annex A.

Strategic Objective - Family Planning and Health

SO 2: Increased Use of Sustainable Family Planning/Maternal Child Health services.

Timeframe: FY 2002
Partners: APROFE, CEMOPLAF, MOH, CARE, CEPAR, Health NGOs

Indicators: Contraceptive prevalence rates. Number of women and children 1-5 using improved/expanded MCH services.

IR 1: Increased sustainability of FP NGO partners

Timeframe: FY 2002
Partners: APROFE, CEMOPLAF

Indicator: Cost recovery level

IR 2: Improved quality and access of family planning services

Timeframe: FY 2002
Partners: APROFE, CEMOPLAF

Indicators: Couple Years of Protection (CYP); Index which awards one point for each: No stock-outs of any method/brand; At least 3 modern methods available; Private exam space in facility; Staff trained in methods available and in counseling on side effects; State-of-the-art national guidelines available on site; Facility staffed and open at least 5 hours/day.

IR 3: Improved quality and access of MCH services

Timeframe: FY 2000
Partners: Health NGOs, CEPAR, CARE, MOH

Indicator: Number of service delivery points with improved/expanded packages of maternal/child health services.

IR 4: Increased Sustainability of Health NGOs

Timeframe: FY 2000
Partners: Health NGOs, CARE

Indicators: Cost recovery level

Family Planning and Health Strategic Objective (SO 2)

1. **SO 2 Statement**

"Increased use of sustainable family planning and maternal/child health services."

Under this Strategic Objective, USAID/Ecuador will work with partners to improve the health status of poor Ecuadorian women and children throughout the country. By focusing efforts on the private NGO sector, health reform, and sustainability, the Mission and its partner organizations expect to help bridge the gap between the vast public health needs and the limited resources available for health care and family planning. This strategic objective is consistent with the Agency's goal/objective of "World Population Stabilized and Human Health Protected in a Sustainable Fashion"/"Sustainable reduction in unintended pregnancies; sustainable reduction in child mortality; and sustainable reduction in maternal mortality." It is also consistent with the Summit of the Americas health initiative of equitable access to basic health services.

2. **SO 2 Problem Analysis**

Despite Ecuador's continuing improvements in maternal and child health during the fifteen year period 1979 to 1994, in recent years the economic and political crises facing the public health system have severely jeopardized efforts to sustain trends towards acceptable levels of population growth and maternal and child mortality. Over the long term, USAID/Ecuador strategic assistance in health and population has focused primarily on expansion of coverage through the public and private sectors. However, harsh budgetary constraints faced by the Government of Ecuador and its Ministry of Health (MOH), where nearly all budget is now used to pay salaries and administrative costs, make it impossible for the MOH to maintain programs in family planning and maternal and child health. As a result, these programs have become dependent on external support, such as that provided by the United Nations Population Fund (UNFPA), the World Bank health sector loan, FASBASE (1993-2000), UNICEF, PAHO and USAID. But even this external support for health sector improvement faces a major constraint: the GOE's inability to allocate counterpart funds. This most affects World Bank loan-funded activities. As a just completed evaluation of the FASBASE Project revealed, lack of GOE counterpart has resulted in significantly reduced Bank-financed activities.

Growing economic problems combined with the past year of financial mismanagement under the now ousted presidency of Abdala Bucaram, have left a severe budget deficit which is certain to affect an already underfinanced health sector. As a result, the public sector may be faced with continuing shortages of contraceptives, vaccines and other supplies. The National Budget for 1997, approved in December 1996 under the former administration, allocated only 3.6 percent for the health sector, as compared to 8 percent in the 1980s. The present GOE health sector budget allocation, under 2 percent of GDP, is one of the lowest in Latin America, and worse still, the MOH budget for public health (13 percent of total budget) is only about one-fourth the Latin American average, **the lowest in the Americas.**

At the same time that Ecuador confronts these macro-budgetary limitations, the health and nutrition status of the population, especially the large marginal poor and indigenous population, is far from adequate. Indeed there are signs of a worsening trend following the drop in expenditures. For example:

- A 1995 evaluation of the National Plan of Action for Children, funded by UNICEF, found that for 16 indicators analyzed, several showed deterioration: maternal and infant mortality rates, immunization coverage, institutional deliveries of babies, and coverage of water and sanitation.

- A 1994 nutrition survey by the National Statistics and Census Office (INEC) found that the percentage of population with malnutrition had increased from the 1986 survey, with as many as 80 percent of 0-2 year olds showing some degree of malnutrition.

- In the period 1989 to 1994, the Total Fertility Rate (TFR) declined only from 3.8 to 3.6, while the weighted average TFR for LAC had declined to 3.2 by 1995; and Ecuador's TFR declined much more slowly than during the previous five-year interval, from 1984-1989 when the decline was from 4.3 to 3.8.

- In the seven-year period 1982 to 1989, the prevalence of use of contraceptives among women in union, aged 15 to 49 years, increased from 39.2 to 52.9 percent; in the more recent five-year period 1989 to 1994, the increase has been much slower, from 52.9 to only 56.8 percent.

- The continuing weaknesses of the Ministry of Health (MOH) and the Instituto Ecuatoriano de Seguridad Social (IESS) FP services delivery, and lack of GOE policy commitment to family planning/population, makes the private sector essential to achieving higher prevalence rates. More than 62 percent of FP users obtain contraceptive services from private sources.

- Maternal mortality continues at a high level, over 150 maternal deaths per 100,000 births, due in large measure to inadequate reproductive health services. This has led the Pan American Health Organization (PAHO) to include Ecuador among the few priority countries for interventions in its new Maternal Mortality Reduction Project recently signed with the LAC Bureau.

- The declines in child vaccination rates have increasingly been caused by the unavailability of vaccines, resulting from insufficient MOH budget support.

- According to the World Bank[11], Ecuador's malnutrition rates are the highest in the Andean Region, at the same time that nutrition program coverage is the lowest. Rates of anemia in children under two years of age and pregnant women are extremely high[12].

Merely increasing the budgets for public sector health programs is clearly insufficient to address the countries health problems. A major health reform effort is needed. The GOE, through the National Health Council under the leadership of the Minister of Health, identified the need for this reform in 1995. A comprehensive reform proposal, based on diagnoses from prestigious consulting firms, universities, USAID/Ecuador and multilateral agencies, identified the following key areas for reform:

- Targeting - Public sector (MOH) resources should be targeted to the poor, who receive the least services, spend the highest percent of their income on medical care and suffer the poorest health status. Per capita $17 is spent on the 80 percent of population without insurance, while ten times this amount is spent on the insured population (those covered by Social Security, Armed Forces, and/or private insurance).

- Coordination - Fragmentation of the health sector, which includes the MOH, IESS, Armed Forces, Police, Junta de Beneficencia, Cancer Society Hospitals, private providers and NGOs, has created a need for the MOH or other authority to provide coordination and definition of a new role for the State in the sector as "rector", not necessarily provider and financer of services.

- Decentralization - Decentralization and deconcentration of health care decisions and service delivery will improve efficiency and quality of services. There is a need for alternative models of organization and delivery at the local level, private-public partnerships, etc.

- Alternative Financing Schemes - These could include new insurance mechanisms, shared risk models, cost recovery alternatives and separation of financing and delivery of services. The importance of this need is highlighted by the recent decision of USAID's Partnerships for Health Reform Project to include Ecuador as a priority country for the new National Health Accounts activity.

- Human Resource Capacity - Greater attention to the development and reorientation of human resources in the health sector, especially in training of health system managers and hospital and health center directors in health administration and hospital management.

- Quality Improvement - The governmental health system, especially MOH and IESS, is totally discredited due to poor quality of service,including the "bedside manner" of staff, lack of basic supplies to treat patients, crumbling infrastructure and the absence of standards of service essential to accreditation, quality service delivery and client satisfaction. Again, symptomatic of the need for USAID/Ecuador assistance, the Quality Assurance (QA) Project has declared Ecuador a priority country for interventions.

It is obvious from the problem analysis of the sector that withdrawal from child survival/MCH services at the end of FY 2000 is not because the health problems of mothers and children will be reduced to acceptable levels, or because the health reform agenda will be completed. (Experts on health reform and Latin American experience tell us that a minimum of ten years will be required). Rather it is driven by broader Agency constraints that are forcing difficult choices for future programming in Ecuador. The Strategic Objective, Intermediate Results and activities to produce these results, which are contained in the FP and Health Strategic Plan, are designed with these constraints in mind. As the FP and Health Team evaluates performance of results, assumptions and constraints over the next three years, USAID/Ecuador will monitor developments closely and may revisit the necessity to support MCH/CS activities beyond FY 2000.

3. SO 2 Results Framework Assumptions and Causal Relationships

USAID/Ecuador has refocused and redefined its Family Planning and Health Strategic Objective as **"Increased use of sustainable family planning and maternal and child health services"**. From the perspectives of program, resources and the local environment, this Strategic Objective is attainable within the timeframe of the Strategic Plan and within the Mission's manageable interest if the assumptions outlined below are fulfilled. Furthermore, there is a strong commitment among the various NGO partners which should assure successful attainment of the results.

This focusing of the Strategic Objective also reflects the directive from the LAC Bureau to eventually downsize USAID/Ecuador to Limited Mission status and may require the termination of strategic support to maternal and child health activities by the end of FY 2000 and the relegation of family planning support beyond FY 2000 to that of a Special Objective.

To achieve this Strategic Objective, USAID/Ecuador, through its health and population program, will seek to accomplish the following **Intermediate Results:**

(1) Increased sustainability of family planning NGOs;

(2) Improved quality and access of family planning services;

(3) Improved quality and access of MCH services; and

(4) Increased sustainability of health NGOs.

The key development hypothesis is that in order to contribute to the Agency's objectives of reduced levels of mortality and fertility, the Mission must take the two-pronged approach of increasing the use of family planning services and increasing the use of primary health care/child survival services over the longer-term.

To address the constraints to delivery of FP services, USAID/Ecuador as the leading donor in the sector, has provided extensive support to both the private and public sector over three decades. With growing resource constraints, and the failure of the public sector to show results, USAID/Ecuador assistance

shifted to support for FP NGOs, CEMOPLAF and APROFE, helping them build an extensive nation-wide clinic and community distributor network targeting the poor and underserved.

From an overwhelming dependence on USAID/Ecuador for support, these NGOs have now achieved over 70% cost recovery and are well on their way to long term sustainability. To guarantee the long term sustainability of CEMOPLAF and APROFE, the Mission proposes to work with the NGOs to build up a sustainability fund while achieving 100 percent cost recovery by 2002, thereby leaving in place a solid private sector service delivery system as a legacy of USAID Ecuador assistance.

In the face of growing resource constraints to meet the multiple and growing health status and health system problems, together with the entry of a major World Bank Health loan in the 1990s, USAID/Ecuador is working with two primary NGO partners (CARE and CEPAR) and with technical assistance and training from key Cooperative Agreements (QA, PHR, RPM, OMNI and BASICS) to address the key health reform areas cited above. Activities focus on: (1) Strengthening the private NGO sector and developing replicable models to take on greater responsibility for the delivery of sustainable, quality services; the development of alternative financing mechanisms and cost-effective packages of services; analyses of health sector activities; promotion of new ideas and methodologies; public-private sector collaboration; decentralization with emphasis on strengthening local participation and community-based health activities; and, (2) Improving the efficiency and quality of the Ministry of Health in order to better carry out its proposed new responsibilities of monitoring, evaluation and coordination of the health sector, and to target its services to the poor, underserved population.

Targeting MOH resources on the poor, underserved will increase the use of FP/MCH services by the at risk population and will enable USAID-funded NGOs to focus their services on those low income groups capable of paying for services. The ultimate result is a public sector providing sustainable FP/MCH services with public funds and NGOs doing the same with private funds.

Accomplishments are based on the following critical assumptions:

- Financial support to APROFE, CEMOPLAF and CEPAR from other sources/donors will continue.
- Demand for quality private sector FP services is high and only needs sustaining.
- The community-based health sector models of organization, financing, and delivery being developed by the APOLO/CARE Project will be replicated through GOE, other donor and private sector organizations.
- Financial resources will be available either from the GOE, World Bank loans, or other donors in order to implement health sector reforms and to provide the public health sector with sufficient resources to acquire commodities and provide MCH/FP services.

4. SO 2 Illustrative Approaches

Close collaboration with the numerous partners described above; leveraging of key resources from the World Bank, PAHO and bilateral donors; and creative and integral use of Global Bureau field support will enable the Mission to provide packages of health and population activities whose impact on results will be significant and far beyond those achievable from OYB resources alone.

- Activities in family planning will be concentrated in support of the forty clinic network of private clinics operated by APROFE and CEMOPLAF. USAID/Ecuador has been the primary donor of family planning assistance, and USAID/Ecuador support to the APROFE and CEMOPLAF programs has been instrumental in their growth from small regional organizations, to national level impact with twenty clinics each. There has been much success in recent years on increasing their financial sustainability through cost-recovery of services. USAID/Ecuador funding of a large portion of these organizations' operations over the next five years will enable

them to achieve near 100 percent self-reliance, plus build up a sustainability fund, derived from program income, which should ensure their viability at current levels of service for another 10-15 years. This will preserve the major investment of USAID/Ecuador of the past three decades, provide critical FP and MCH services to underserved populations and ensure a continued major role for the private sector.

- To further enhance the effectiveness, quality and sustainability of the NGOs FP services, USAID/Ecuador will draw upon G Bureau Field Support in contraceptives logistics management, operations research on pricing of clinic services, contraceptive social marketing and training of providers. In the public sector, in addition to the maternal mortality communications initiative cited above, JHPIEGO will work with the public and private sector to develop national guidelines for reproductive health services.

- Through Global Bureau centrally-managed projects, and activities directly managed by CEPAR and the APOLO/CARE Project, and in coordination with the MOH, National Health Council and CIAR, USAID/Ecuador will continue working on health sector improvements and reform. These activities will assure: the provision of health services to targeted groups, such as the rural and marginal-urban poor, indigenous populations and adolescents; the availability of alternative health care financing mechanisms; and the decentralization of services and service administration, with increased community participation. CEPAR will provide consensus building seminars, local level health reform models and analytical studies to guide policy decisions on national health accounts, cost-effectiveness of disease packages, and the targeting of the subsidies for MOH services. Their close collaboration with the MOH and formal agreements with Partnerships for Health Reform (PHR), universities and municipalities will ensure technical and political support for these processes.

- The CARE/APOLO activity of providing sub-grants to municipalities, local NGOs and community organizations provides a number of viable and replicable models of decentralization, cost recovery shared risk, insurance schemes, and management improvement in several geographical areas of the country, with a variety of partners which include municipalities, church organizations, health NGOs, family planning NGOs, local communities, and the MOH. Their efforts to attract other donors such as IDB, Canada and Holland to support these demonstration sites will ensure financial viability and contribute to replicability. Field Support from BASICS will be an important part of these models, which include close collaboration with the WHO-USAID/W Integrated Management of Child Illness activity in a comprehensive effort in Imbabura Province.

- To address the serious micronutrient deficiencies affecting women and children, USAID will contribute significant technical and financial resources from the Opportunities for Micronutrient Intervention (OMNI) Project. Working as an integral part of the National Micronutrient Committee, together with the MOH, UNICEF and FASBASE, OMNI will provide the key inputs of technical assistance in the program's communications strategy, surveillance, information system development and program monitoring, along with key studies and training events to compliment the other donors. Emphasis of the program will be on iron and Vitamin A supplementation and food fortification.

- An important new maternal mortality reduction initiative led by USAID/Ecuador, UNICEF and JHU/PCS has now gathered momentum and support from other major players and the new MOH leadership, and will be initiated this year. The thrust will be on communications to position maternal mortality as an overarching concern under which donor programs in reproductive health, family planning, breast feeding, high risk pregnancy will be positioned and coordinated. PAHO will make this initiative the centerpiece of its country effort under the new Regional Maternal Mortality Reduction Agreement recently signed with USAID/W.

- In the important area of building management capacity among health sector managers, USAID/Ecuador and AUPHA have been instrumental in developing a new graduate health and hospital management training program at the Escuela Politecnica del Litoral (ESPOL) in Guayaquil. The first year class of forty-two, which graduated in December 1996, was highly acclaimed, and donor support from the World Bank will continue to build this capacity.

- Improving the quality of care is now a priority of the health reform movement, and strongly supported by the MOH as an essential part of its improved health system. The QA Project will provide TA and training to the MOH in order to develop an institutional quality improvement and accreditation capability at different levels of the Ministry. The World Bank has agreed to support (and expand) this activity.

5. SO 2 Development Partners

Because of the successful past and ongoing performance of partner NGOs that will assist in the implementation of this Strategic Objective, and in view of their broader donor support and range of activities which go beyond those financed by USAID/Ecuador, they have demonstrated sufficient institutional capacity to achieve the results within the envisioned timeframe.

Asociacion Pro-bienestar de la Familia Ecuatoriana (APROFE) and Centro de Planificacion Familiar (CEMOPLAF) are both nationally and inter-nationally recognized as leaders in the provision of family planning services. For nearly thirty years, USAID/Ecuador has provided financial and technical assistance to public and private sector family planning and health institutions aimed at the improvement and expanded use of family planning and maternal and child health services. The service networks of both APROFE (the Ecuadorian affiliate of the International Planned Parenthood Federation - IPPF), and CEMOPLAF (the national leader in contraceptive social marketing), extend throughout the country. Both institutions have also expanded services to provide for other reproductive health and maternal/child health needs. Both institutions have a strong commitment to family planning and enjoy a history of financial and support from donors in the private as well as public sectors, such as U.N. agencies, (e.g., United Nations Population Fund - UNFPA), and other donor Governments, (e.g., the governments of the Netherlands and of Belgium).

CARE/Ecuador is a US PVO with strong institutional commitments to community health care and health sector reform. In collaboration with CARE, USAID/Ecuador is financing the development of community-based demonstration projects and the improvement of other health care NGOs and municipalities throughout the country. Included in these "partner" NGOs, which link USAID/Ecuador more closely to the community, are: **Fundacion Pablo Jaramillo in Cuenca; CEMOPLAF in Otavalo and Lago Agrio; ASMECX in Santo Domingo; Fundacion Salud y Desarrollo in Pedro Vicente Maldonado; Cristo Redentor in Santa Elena; Fundesin in Mondana, Oriente; the Municipalities of Bolivar and Chordeleg.** In addition, CARE/APOLO is providing technical assistance and/or training to numerous other local organizations.

Centro de Estudio de Poblacion y Paternidad Responsable (CEPAR), an Ecuadorian PVO with a strong commitment to health sector reform, is recognized as a leader by the international demographic and health community. CEPAR is also well respected and its services are sought by the GOE and by institutions such as the Pan American Health Organization (PAHO), the Interamerican Development Bank (IDB), and the World Bank. CEPAR serves as the local counterpart organization for numerous USAID centrally-managed projects. Furthermore, CEPAR is the lead organization in the design, implementation and dissemination of a major evaluation tool, the ENDEMAIN national health and demographic survey, used to measure the degree of success of this Strategic Objective. CEPAR partners (organizations with whom CEPAR is coordinating project activities) include: **PAHO; National Health Council; the Health Commission of the National Congress; provincial health committees of Azuay, Loja, Imbabura and Manabi; and the cantones of Cotacachi, Sucua and Ventanas.**

Other Donors. USAID/Ecuador has developed strong partnerships with other donors, especially the World Bank, IDB and PAHO, and with the National Health Council. In addition, USAID/Ecuador is one

of the founding members of the Interagency Coordinating Council for Health Reform (CIAR), which meets regularly to plan and coordinate donor activities related primarily to health reform. Regular individual meetings with the other donors mentioned above ensures that the FP and Health Team is not duplicating activities and that resources are allocated to support USAID's goals and objectives.

The **GOE Ministry of Health (MOH)** remains an important partner for implementing health sector reform, and takes on the critical role of coordinating activities in the health sector by means of the CIAR and the National Health Council.

6. SO 2 Sustainability

A primary focus of this Strategic Objective is to assure greater levels of sustainability of the family planning and maternal and child health programs delivered by NGOs and municipalities. The concept of sustainability is basic to the design of the various interventions. In particular, the family planning activities will continue to develop and expand on cost recovery measures which already have been initiated under previous USAID/Ecuador activities. The level of cost recovery will be one of the indicators for which they will be evaluated. One of the main interventions in this area with the FP NGOs, will be to promote the creation of Sustainability Funds. USAID/Ecuador will cover their operating costs, which will liberate their program income to be deposited into the Sustainability Funds. The income generated through the investment of the fund will cover the gap in their budget that will arise once USAID/Ecuador assistance ends. Through this mechanism the FP NGOs will be able to continue offering the same level of services and maybe even expand their coverage.

In the area of maternal and child health, APOLO/CARE pilot models are also designed to ensure sustainability as well as replicability beyond the termination of USAID/Ecuador support. As the whole health sector reform movement grows in strength, a positive spill-over will be the adoption of the type of models being developed under APOLO.

Technical assistance will be provided to CEPAR in order to assure a greater level of sustainability of that institution beyond FY 2000. This will include assistance in areas such as: improved and expanded marketing of CEPAR services; more efficient administrative practices; cost containment; and resource development. USAID/Ecuador is also negotiating with the Ministry of Finance to formally turn over the $1.0 million of ESF local currency being used as a sustainability fund by CEPAR since 1992, which through careful management and favorable interest rates continues to maintain its value today.

USAID/Ecuador and its partners will continue to build strong relationships with other donors in the health and family planning sectors, such as the World Bank, the IDB, PAHO, IPPF, UNICEF, UNFPA, and the Governments of the Netherlands, Canada and Belgium, in order to assure sustainability of USAID-funded activities beyond the scheduled phase-out dates. USAID/Ecuador will also assure that technical assistance in this area is provided from relevant and proven US Cooperating Agencies working with the Global Bureau, Center for Population, Health and Nutrition. For example, USAID/Ecuador will get assistance on contraceptive phaseout from G/PHN/Commodities Procurement staff. Other innovative efforts are also being initiated, such as formal courses in fund-raising for USAID/Ecuador NGO partners from US universities and consulting groups.

7. SO 2 Performance Indicators

The USAID-supported health and population sector has developed internationally accepted evaluation tools, such as the national Demographic and Health Surveys (DHS), which have been used regularly in Ecuador and will continue to be available during the timeframe of this Strategic Objective. In 1999 another DHS will be carried out by CEPAR with USAID, CDC and hopefully UNFPA support. This survey will be the key tool for measuring contraceptive prevalence, a Strategic Objective level indicator. While USAID/Ecuador expects to be out of the sector by the end of the Strategic Plan period, it would be useful to the country, other donors and USAID worldwide comparability studies to do another DHS in 2004, to confirm that health and FP trends are continuing to improve.

Other tools available include the Global Bureau's Office of Population EVALUATION Project which has already developed indices to measure the sustainability of the Ecuador family planning effort. Information on contraceptive supply distribution, and the health service records from participating partners will also be available in order to measure the levels of success in attaining results identified in the Results Framework.

The FP and Health Team's performance monitoring of the Strategic Objective includes adopting much of the evaluation plans and indicators used by USAID/Ecuador partners to measure progress in achieving the objectives under Cooperative Agreements. The data for measuring intermediate results related to improved access, quality and sustainability of MCH and FP services will be obtained from the information systems maintained by CARE/APOLO, CEMOPLAF, APROFE and the Quality Assurance Project. Indicators of progress on health reform policies and analysis are monitored within the CEPAR evaluation plan. Within the context of the CIAR, of which USAID/Ecuador is a member, a set of health reform indicators have been developed that the committee is monitoring as a group. Virtually on a monthly basis, the committee reviews progress on the activity outputs of CEPAR and CARE as part of monthly Project Executive Review Meetings.

In late CY 1997, USAID/Ecuador plans to conduct a mid-term evaluation of the CARE and CEPAR Cooperative Agreements which will help determine the necessary adjustments to enhance success of the Strategic Objective by the year 1999 when these agreements are scheduled to end, and help plan the best targeting of reduced child survival (CS) resources to extend the Strategic Objective activities through phaseout at the end of FY 2000. A main concern of this evaluation will be how to maximize sustainability of the APOLO-supported NGO partners and CEPAR's long-term viability as a think tank.

Strategic Objective - Increased use of sustainable family planning and maternal/child health services.

INDICATOR: FPH 2.0 (a) - Contraceptive Prevalence Rate
Baseline (1994) 56.8%
Target (2002) 61.0%

INDICATOR: FPH 2.0 (b) - Women and children (1-5) using improved or expanded MCH services.
Baseline (1995) 0
Target (2000) 50,000 children, 147,000 women per year

SO 2 IR 1 - Increased sustainability of FP NGO partners.

INDICATOR: FPH 2.1 - Cost recovery level
Baseline (1994) 62%
Target (2002) 100%

SO 2 IR 2 - Improved quality and access to family planning services.

INDICATOR: FPH 2.2 (a) - Couple Years of Protection (CYP) provided by APROFE and CEMOPLAF.
Baseline (1994) 279,117 CYPs
Target (2002) 931,834 CYPs

INDICATOR: FPH 2.2 (b) - Quality Index applied at 40 APROFE and CEMOPLAF clinics.
Baseline (1996) 4 index factors applied in all clinics
Target (1999 & beyond) 6 index factors applied in all clinics

SO 2 IR 3 - Improved quality and access of MCH services.

INDICATOR: FPH 2.3 - Service delivery points (SDPs) with improved/expanded packages of MCH services.

Baseline (1994) 0 SDPs
Target (2000) 118 SDPs (cumulative)

SO 2 IR 4 - Increased sustainability of health NGOs.

INDICATOR: FPH 2.4 - APOLO-supported NGOs achieving specific degree of cost recovery.

Baseline (1996)4 NGOs/50%, 3 NGOs/20%, 3 NGOs/0%
Target (2000)4 NGOs/80%, 3 NGOs/50%, 3 NGOs/30%

The Family Planning and Health Indicator Tables can be found in Annex A.

Strategic Objective - Democracy

SO 3: *Strengthened Civil Society*

Timeframe: 2003
Partners: CLD, CIDES, CEPAM, FE, INCAE, Fundacion Alternative

Indicator: The estimated percentage of citizens participating in civil society organizations; the estimated percentage of citizens who believe NGOs and other civil society organizations play an important and positive role in Ecuador.

IR 1: NGOs/CSOs active in promoting civil and political rights

Timeframe: FY 2003
Partners: CLD, CEPAM, CIDES

Indicator: Diversification in the number of outside donors or institutional Ecuadorian sources supporting the three principal rule of law NGO partners; an increase in clients served; a mechanism for qualitative measure of client satisfaction in place and being used; increase in the number of NGOs effectively using telecommunications technology.

IR 2: NGOs/CSOs to influencing public policies and programs

Timeframe: FY 2003
Partners: CLD, FE, INCAE, Fundacion Alternativa, and other TBD

Indicator: Number of legislators, cabinet members, and mayors who report CSO/NGO influence in policy, legislative, and program decisions; NGOs establish new or significantly improve existing strategic alliances in economic/social development sector; increase in the number of NGOs effectively using telecommunications technology.

Democracy Strategic Objective (SO 3)

1. SO 3 Statement

"Strengthened civil society."

This Strategic Objective builds on past successes of the Mission with NGO development under all of its Strategic Objectives. It recognizes that civil society organizations (CSOs) in Ecuador are demonstrating a growing ability to promote change, to demand a more responsive and accountable government in Ecuador, and to provide needed services, especially for poverty groups. It further recognizes that NGOs and CSOs in Ecuador have demonstrated their ability to inform and mobilize a disenchanted and cynical electorate in ways that effectively pressure for needed reforms by the country's immature and discredited political class. Accordingly, under this Strategic Objective, USAID/Ecuador will work to increase the capabilities of NGO partners to protect and promote the civil and political rights of citizens; and to influence public policies and programs in areas consistent with Agency policy objectives. This strategic objective is consistent with the Agency's goal/objective of "Sustainable Democracies Built"/"Increased development of politically active civil society."

2. SO 3 Problem Analysis

Ecuador was the first Latin American country to lead the way from military to democratic rule in 1978. Nevertheless, the government is still characterized by a paternalistic system under which people remain dependent upon government institutions which nonetheless continually fall short in providing for their needs. Until the actions of the National Congress deposing the president in early February 1997, most power has been concentrated in the executive branch. The legislative process lacks transparency and the capacity for technical analysis of proposed legislation is nearly non-existent. The justice system continues to be plagued by structural weaknesses that seriously impede prompt and fair decisions. Consequently, large portions of the population, especially women, the poor, indigenous and other disadvantaged groups, lack access to legal services.

Numerous, fragmented political parties exist, politicians change party affiliation frequently, and most parties are considered to support only the interests of those who are close to their leaders. The political process is characterized by conflicts, not coalitions, mutual confidence, and compromise for the public good. Personalities not platforms form the basis for campaigns. An informed observer of the political process in Ecuador notes:

> "A study of political parties in Ecuador reveals that, in fact, 1) in large measure, they are divorced from civil society, 2) are anti-democratic in their organizational structure, 3) given the absence of effective controls, the political parties rationally pursue interests limited to those few who effectively constitute the "ownership" of the party."[13]

Corruption was endemic throughout all branches of government even before the election of the unconventional, populist Abdala Bucaram as president in 1996. Bucaram's landslide victory was widely interpreted as a vote of protest and rejection of the political establishment, particularly by those living outside the country's two urban centers of power: Quito (political) and Guayaquil (commercial). His popular support quickly eroded amid public discontent with the government's announced elimination of subsidies on basic goods and services, reports of widespread and intensified corruption, and frustration with President Bucaram's unpredictable behavior.

The acute crisis of public confidence in the government and its institutions culminated in a massive general strike which paralyzed the country in early February of this year. Somewhat surprised by the vociferousness of the public demand for the ouster of Bucaram, the National Congress voted him as mentally unfit after only six months in office. An interim government, headed by Fabian Alarcon, was installed by the National Congress, with the next presidential elections advanced to 1998.

While the actions of February signalled weaknesses of democratic processes and lack of confidence of key democratic institutions in Ecuador, they also highlighted some strengths and potential strengths. First, the subdued role of the military was widely noted throughout civil society. Despite a public that may have been prepared to accept military intervention, military leadership insisted that the political crisis be solved within a constitutional framework. Second, the strike signalled a watershed for the development of civil society in Ecuador because of its broad support from a wide range of groups including unions, indigenous peoples' associations, student organizations, NGOs, rapidly formed coalitions in support of local government, business groups, and ordinary citizens.

The resulting public demand for strong anti-corruption measures, political reforms, and greater accountability and transparency in government has never been greater in Ecuador's recent history. If restoration of public confidence in Ecuador's democratic process and institutions is to begin, the interim government must take vigorous anti-corruption actions and initiate political reforms that normally would be impeded by vested economic and political interests. The key specific and significant actions in these areas that must be achieved or initiated by the Alarcon government within its 18 month period of office, i.e., by August 1998, are addressed in Section C. "Proposed Special Objectives."

At the same time, the awakening of public concern and action in February 1997, provides a basis to bring about a more lasting and continuing improvements in government accountability and transparency. The extent of the social mobilization against Bucaram was unprecedented in Ecuador. Clearly, Ecuadorians had reached such a point of desperation with the government's failure to respond to their needs and expectations that they at last organized and expressed their needs in a forceful, yet largely peaceful manner with immediate political results.... a change in government. A new and energetic force has come to the forefront. This force can be channelled into more lasting, positive directions that strengthen confidence in the democratic process. Or it can be allowed to dissipate, adding to the country's underlying skepticism about government and lack of confidence about the future.

More than ever before, Ecuadorians realize there is a crucial need for a strong civil society to step in to promote reforms, demand accountability, and fill the void created by ineffective government institutions. As key intermediaries between citizens and elected officials, civil society organizations, such as NGOs, in Ecuador are uniquely positioned to bring about a more accountable and responsive government. The growth and evolution of Ecuador's indigenous NGOs since the 1960s now provides a potential for critical mass of civil society organizations that can help respond to the opportunities and challenges of Ecuador as it prepares for the next century.

Over 500 national NGOs have been identified as currently active in Ecuador. The traditional social sectors of education and health account for 40 percent of the main activities of Ecuadorian NGOs, with the newer areas of income generation, environment, and civil and political rights accounting for another 40 percent. The balance of the NGOs are dedicated to basic services, science and technology, and culture and the arts.

Expert consensus is that, with some notable exceptions, the NGO movement in Ecuador lacks institutional maturity and the pragmatism necessary to work together. Only about 10 percent of the country's NGOs have reached a level of national recognition that gives them the ability to be heard on issues. High on the list of challenges facing the NGO movement is the need to build on the informal networks and linkages that are beginning to emerge among NGOs for exerting pressure on policy and political decisions as well as for more effective program design and implementation. Reinforcement of the incipient tendency to form strategic alliances among Ecuadorian NGOs at this moment in their institutional development is critically needed. The synergies that would be produced by reducing the confines of ideological boundaries, geographic separation, disjointed strategies, and unshared information and experiences can furnish the missing element in the evolution of Ecuador's NGO movement into an effective instrument of change to achieve greater participation of civil society in making government more accountable by the next century.

Just as the promotion of more, and more effective, strategic alliances is a priority for strengthening the NGO movement, a number of specific institutional weaknesses have been identified by NGOs as generic to individual NGOs. These include: absence of clear mission statements and use of strategic planning; predominance of paternalistic conceptions and approaches to their clients with resulting impediments to meaningful participation; over-reliance on external funding that drives program decisions and distorts institutional objectives; lack of adequate feedback and evaluation of impacts of activities; absence of sound fund raising strategies and resulting weaknesses in sustainability; and over-centralization.

The NGOs classified in the category of civil and political rights are generally among the newest in the NGO movement. They account for only 12 percent of Ecuadorian NGOs. They face a tremendous task. Citizens' awareness of their rights and responsibilities under the Constitution remains very low, and they lack effective mechanisms for expressing their needs, apart from the extreme weapons of strikes and demonstrations. A recent USAID/Ecuador supported public opinion survey about the justice sector found:

- 90% of the judges, lawyers and other court officials interviewed considered that there was political or other interference in the judicial function;
- 69% of the general public disagreed with the notion that judges were honest and 91% considered that the way justice was practiced in Ecuador did not safeguard the interests of the common citizen;
- 95% of the general public felt that legal procedures were lengthy and complicated, due in large part to geographic location of the courts;
- 62% of the users of the court said they knew of examples of favoritism by the judge involved based on payment of money or outside influence.

In addition, women in Ecuador, although equal under the Constitution, encounter serious legal and judicial discrimination in practice. According to a report sponsored by the United Nations Development Fund for Women (UNIFEM):

> "The justice system in Ecuador has been one of the main locations of violations of women's human rights. Discrimination against women is endemic throughout the system, from the way in which rights are conceptualized to the formulation and application of regulations. Laws fail to reflect the reality of gender discrimination, assuming equal access to resources and life chances."[14]

Ecuador's indigenous communities, constituting more than 35 percent of the country's population, are also discriminated against as a consequence of the incongruity between their culture and national laws. Local authorities are not familiar with these differences. Sanctions emanating from judicial process therefore frequently are not compatible with the indigenous culture and are viewed as arbitrary and inappropriate. This, coupled with the geographic distance between many of the communities and the courts, have added to the lack of confidence in the judicial system by this large and disadvantaged segment of Ecuador's population. At the same time, associations of indigenous people are demanding greater interaction in the country's policies and programs. Their recent advances in obtaining representation in Congress as well as in elected positions in local governments has reinforced their will to work collaborative to bring about change in unresponsive systems.

Clearly, the portion of Ecuador's NGO movement dealing with civic and political rights has an especially important contribution to make to the country's democratic development. Without greater public confidence about more universal access to a fair and prompt justice system, a crucial pilar of support for belief in Ecuador's democratic system will always be weak. Accordingly, a special effort to target the strengthening of civic and political rights NGOs is warranted.

3. SO 3 Results Framework Assumptions and Causal Relationships

USAID/Ecuador articulates its Strategic Objective in the area of democracy as "**Strengthened civil society**". This objective statement reflects the Mission's decision to focus and narrow its expected accomplishments in this area, previously stated as "Strengthened sustainable democracy." The reformulation of the objective responds to limited availability of funds for democracy activities and to the Bureau's direction to redefine expected results in keeping with USAID/Ecuador's evolution to "limited Mission" status. The Strategic Objective also represents a carefully considered response to the critical situation in which Ecuador currently finds itself, defined at a level of impact which the Mission believes it can achieve with the resources available.

There are two related problems at the heart of the crisis in Ecuadorean democracy: the accountability of public officials to the society and a lack of consensus over the rules of the game--both among the political class and within society. Ecuadorians themselves must address both problems. Only through a stronger, more effective civil society with broad based participation will Ecuadorians be able to move towards consensus building and begin to hold their government institutions accountable. Viable NGOs and CSOs are the appropriate vehicles for achieving this process, which is essential for creating a strong democracy in Ecuador.

The anti-corruption and reform initiatives to be pursued under the special objectives during the initial year of the strategic plan period relate directly to priority concerns of Ecuador's civil society. Wherever appropriate these ESF supported initiatives will be coordinated with civil society organizations including the media to improve transparency and to increase citizen awareness.

USAID/Ecuador defines a strengthened civil society as one in which citizens actively participate to demand their rights, demand accountability from government institutions, and fulfill their own responsibilities as citizens of a democracy. Strong, sustainable civil society organizations play an active part in promoting reform, representing the needs of a broad constituency rather than narrow partisan political interests. Coalitions of private organizations and, where appropriate, government-civil society partnerships, operate to promote reform and provide needed services. Women and other traditionally poor and disadvantaged groups such as indigenous communities enjoy full participation and expression as citizens.

In order to achieve this objective, the Mission will seek to achieve two principal **Intermediate Results**:

(1) NGOs/CSOs active in promoting civil and political rights.

(2) NGOs/CSOs influencing public policies and programs.

An array of strong civil organizations in many sectors is necessary to form the core of a healthy civil society. USAID/Ecuador programs in environment, health and family planning are working with NGO's in ways that will strengthen their institutional capacity. Also, USAID/Ecuador is already working with several key civil and political rights NGOs under its previously approved Rule of Law Results Package and has a good understanding of this sector. Given the direct relevance of these NGOs to a critical problem of Ecuador's democracy - a dysfunctional justice sector - Intermediate Result 1 will intensify USAID's institutional development efforts with the three NGOs with which it is currently working in this sector. Among other things, they will be assisted with implementing improved communications strategies, including the application of modern telecommunications technologies.

These NGOs are already working with and through other local NGOs, federations, universities, professional associations, and unions. Under the Strategic Plan USAID/Ecuador will also expand the outreach of these NGO partners to such other organizations. While support to the Mission's existing NGO partners will account for the bulk of the efforts under this Intermediate Result, it will examine the possibility of working directly with a limited number of additional NGOs that may be able to contribute substantially to this IR at a cost within USAID/Ecuador's resource level and management capacity.

A World Bank special fund for grants to NGOs, research and study centers, and other non-profit organizations in the law and justice sector will become operative during the strategic plan period. This fund is a $2.4 million component under a $10.7 million Bank loan for improving the judicial system that resulted from earlier USAID/Ecuador efforts through discussions directly with the Bank and as a result of studies, assessments, and plans developed by the Mission's partners. The expanded level of effort of the three NGO partners now planned for the strategic planning period will, in effect, help generate clients and shape project proposals for this World Bank fund.

The second Intermediate Result, NGOs influencing public policy and programs, is an important step towards strengthening civil society. The Ecuadorian experience provides some good - albeit, not widely recognized - examples of the NGO advocacy role for policy reform and program design in health and environment. The focusing on this particular function of NGOs at the Intermediate Result Level will increase the awareness in government, the business community, and civil society in general about the relevance of NGOs. Achievement of this Intermediate Result also will lead to increased support, both financial and moral, from these Ecuadorian sources.

The NGOs to be assisted under this Intermediate Result will fulfill this role by performing research, analysis, dissemination and policy advocacy regarding specific reform issues and laws. Social policies and measures for poverty alleviation would be high priorities to be addressed. Activities and partners will be carefully selected to assure consistency with the overall development experience of USAID/Ecuador and Agency objectives. Also, wherever appropriate, the Mission would attempt to draw on the grass roots experiences of NGOs and CSOs to formulate inputs to policy options from the bottom up.

Under this Intermediate Result, NGOs also will be assisted in establishing broad based consensus on specific reform proposals through public fora, work with the media, and better communications strategies. Wherever possible, all new activities will be carried out through networks or strategic alliances of NGOs with other civil society organizations such as professional associations, business chambers, and universities to build and demonstrate wide public support for the policy reforms being promoted.

Technical assistance and on-the-job training in design of policy studies, preparation of option papers, and policy formulation will be provided as necessary. However, these inputs will be driven by the specific needs of the NGOs and the networks supported under this Intermediate Result. To reduce the management burden in arranging for these inputs, USAID/Ecuador will draw on established centrally or regionally managed programs and IQC's to the extent feasible.

USAID/Ecuador has identified a number of critical assumptions which must hold true in order to achieve the Strategic Objective.

- There is general agreement that the current environment is propitious for the growth and strengthening of civil society. An important assumption is that this emerging public sense of responsibility for self-help will continue to grow and not be thwarted by failure of the government to address corruption or to achieve needed political reforms as discussed in the Governance Special Objective section below. A related assumption for achievement of the Strategic Objective is that no legislative initiatives will be passed which interfere with the functioning of NGOs or community organizations.

- Adequate USAID, World Bank and other donor funding for strengthening the NGO movement will continue during the strategic plan period. In this regard, it is essential that close coordination with the World Bank' law and justice sector program continue. This will assure that not only will there be a critical mass of resources available to mobilize NGOs/CSOs in this sector, but that their efforts will be focused on priority issues and concerns.

- Many Ecuadorian NGOs are prepared to use strategic alliances both to increase their forcefulness as pressure groups and to broaden their base of representativeness in seeking specific changes. The fora, networks, coalitions and alliances that have emerged over the last several years are encouraging signs. Yet, they lack the continuity, the coverage, and the momentum necessary to become a self-sustaining force for strengthening the NGO movement.

- The values of networking for information sharing and for consensus building among divergent groups on larger policy considerations are recognized by NGO leaders on an intellectual level, but not widely supported in practice. The benefits from small but pragmatic alliances or coalitions to improve the effectiveness of programs and activities have been realized only by a small proportion of NGOs. The Mission's assessment is that achievement of effective networking is more of a matter of providing support at the margin and incentives that increase the current momentum in this direction rather than overcoming inertia. Accordingly, a critical assumption is that more functional networking and communication approaches that lower transactional costs of information dissemination will help coalesce the commitment of Ecuadorian NGOs to work together in strategic alliances to bring about policy and program change.

4. SO 3 Illustrative Approaches

USAID/Ecuador's planned approaches for activities to support this objective are built on experience from its extensive past work with the NGO community and take into account internal staffing limitations. First and foremost, the centerpiece intermediate result, strengthened NGOs active in civil and political rights, will be achieved principally through intensifying and extending the work being carried out under existing Cooperative Agreements with three NGOs: CLD, CEPAM, and CIDES. In addition, achievement of improved ability of NGOs to influence public policy and programs will be carried out through several approaches.

- Programmatic initiatives already underway to work with CLD in the modernization of selected legislation will continue and assistance will be provided to enhance its institutional effectiveness. Its base of domestic and external support will be broadened and relationships with other civil and political rights organizations strengthened.

- Promotion of alternative dispute resolution will be expanded both as a formal adjunct or option to the judicial process (with CLD) and as a commercial service to the business community, as well as less formal community based approaches for conflict resolution with indigenous communities and other organizations working with the poor (with CIDES). CIDES will also expand its legal clinics to provide free or low-cost services to the poor.

- Support to the Comisarias de la Mujer for a comprehensive program to reduce violence against women and improve services provided to women and children victims of violence was initiated in FY 1997. Expansion and continuation of these initiatives will permit USAID/Ecuador's existing partner NGOs/CSOs to work with additional organizations and reach additional clients to improve geographic coverage. Support for the institutional strengthening of their financial administration and generation of resources from non-USAID sources will be increased.

- Focused injections of assistance to work with policy advocacy NGOs will be provided in areas of specific developmental interest to USAID. The mechanisms developed in this area will have to be flexible enough to move quickly on priority topics as targets of opportunity become available. NGOs with ample experience in policy advocacy will be assisted in delivering specific policy reform products with clear periodic benchmarks for measuring progress established. INCAE may be used to assist and advise selected alliances of NGOs/CSOs to improve their strategic planning and policy advocacy functions. Similarly, technical assistance from buy-ins to centrally managed programs could be provided to develop policy lessons from the field experience of groups of NGO's working independently on the same topic and assist them to

become policy advocates. The interactive radio education program developed by the Education Development Center under the ABEL II program with the Academy for Educational Development (AED) is a good example for such assistance.

- Better networking among NGOs will improve their capacity to influence public policies and programs. An incentive fund open to competitive process would award grants to NGOs with innovative proposals for bringing about or improving strategic alliances to achieve policy reforms and better programs. This fund would assume greater importance during the last three years of the strategic plan period, reflecting the increased capacities of NGO's developed during the initial years. An example would be the preparation and promotion of a policy reform proposal by a coalition of NGOs working in the education sector at the community level. The alliances thus encouraged would promote urgently needed consensus building among NGOs, public sector social service delivery entities, the business community, local governments, community based organizations, professional associations, and other CSOs. Such a coalition could be supported through technical assistance provided under a buy-in to the ABEL II education policy reform project with AED.

- A buy-in to the centrally managed LearnLinks program designed to assist Missions with application of modern telecommunications technology to development purposes will support the achievement of both Intermediate Results. Technical assistance and training buy-in will make some of the institutional improvements needed in the three civic and political rights NGOs mentioned above as integral to Intermediate Result one. It will also be an important part of achieving the networking improvements envisaged in intermediate result two. Technical assistance, on-the-job training, and perhaps limited amounts of equipment could be provided by Learn Links to improve the functioning of selected groups of NGOs committed to working together under strategic alliances.

5. **SO 3 Development Partners**

USAID/Ecuador enjoys the collaboration of exceptionally committed partners in its efforts to achieve the Democracy Strategic Objective.

Centro Ecuatoriano para la Promocion y Accion de la Mujer (CEPAM) is one of USAID's major partners in the area of providing access to justice to marginalized groups. CEPAM, an NGO which has been working on women's issues since 1983, currently provides technical assistance and training to 56 women's organizations in areas including health, legal services, and use of the media. In a USAID/Ecuador activity supporting legal services for women suffering domestic violence, CEPAM will be working through sub-grants with several "customer NGOs". One of these NGOs, the **Fundacion Maria Guare**, was the pioneer organization in Ecuador in addressing women's rights to legal redress in cases of domestic violence, and initiated the proposal to the GOE which resulted in the creation of the Comisarias de la Mujer, government legal offices which specialize in providing services to victims of domestic violence. Other NGOs have since been established to work with Comisarias in additional cities and are being assisted through CEPAM: **Corporacion Mujer a Mujer in Cuenca, Foro de la Mujer Esmeraldas in Esmeraldas, and Fundacion Nuevos Horizontes in Portoviejo.**

CEPAM works very closely with the GOE's **National Office for Women, DINAMU**. During the strategic plan period it can be expected that DINAMU's efforts will lead to the establishment of additional Comisarias throughout Ecuador and its violence prevention campaigns will encourage the formation of new CSO/NGOs to work with them.

El Centro sobre Derecho y Sociedad (CIDES) is another important partner in providing legal services to marginalized groups, including indigenous people. CIDES has already developed and tested an innovative program to help poor communities to resolve their internal conflicts effectively and expeditiously. To date, CIDES has developed working arrangements with two indigenous organizations: **Federacion Indigena y Campesina de Imbabura (FICI); and, Federacion de Organizaciones Indignenas**

del Napo (FOIN). These groups incorporate an estimated 63,000 indigenous and low income people in the northern Andean and upper Amazon regions. Through AIFLD, CIDES also has established working relationships with the master mechanics union of Pichincha to develop mediation services.

Corporacion Latinoamericana de Desarrollo (CLD) is a key partner in activities involving increasing awareness and advancing debate on policy issues. Despite its very recent establishment in 1990, the CLD has secured the collaboration of some of the most distinguished lawyers in the country, who have committed their services to the organization on a pro-bono basis. It has offices in both Quito and Guayaquil and has carried out events in Cuenca as well as other cities. With USAID/Ecuador support, the CLD developed and pursued a highly focused mission aimed at improving the justice system and application of the rule of law in Ecuador. The CLD is now carrying out a wide range of activities including training, drafting reform legislation, promotion of the use of alternative dispute resolution mechanism, and the development of an innovative index for tracking the changes in the development of Ecuador's democratic process.

Fundacion Ecuador (FE) is a NGO partner that has demonstrated leadership in improving public policies and programs. FE, created with assistance from USAID/Ecuador in 1992, has national recognition as a policy advocacy organization. FE first gained prominence in promoting trade and investment issues, and has proven its adaptability in shifting its focus to analysis and advocacy of social policy concerns. It is playing an important role within the Alarcon administration by serving as a secretariat to the national commission on constitutional and political reform. Its performance on this short-term task will likely demonstrate specific opportunities to further strengthen its role in policy advocacy.

INCAE, the Central American based management training organization with offices in Ecuador, is another possible USAID/Ecuador partner under this Strategic Objective. INCAE has proven capacities in consensus building and strategic planning for policy makers in both the public and the private sectors. These services are already being provided to the Alarcon administration.

Fundacion Alternativa para el Desarrollo (FA), among other things, publishes and maintains a comprehensive directory of NGOs in Ecuador. It shares USAID/Ecuador's strategic view about the historic opportunity for NGOs to be an important instrument of greater participation of civil society in improving Ecuador's democratic process. Fundacion Alternativa may be a useful new partner for gathering indicator information on strategic alliances as well as promoting improvements in networking among the NGOs. Also, USAID/Ecuador will seek to increase its interaction with NGOs based outside of Quito in order to improve its geographic balance.

GOE and Other Donors. The World Bank offices in Ecuador will also be an important partner under this Strategic Objective. Not only is it starting a special fund for Law and Justice NGOs, it is currently undertaking a comprehensive study of the NGO movement, using the Fundacion Alternativa data base. This study will provide insights and guidance that can be used to help shape implementation plans for the Democracy Strategic Objective as well as serve for continued coordination among the external donors in this sector. The World Bank and USAID/Ecuador supported the establishment of Justice Sector Coordinating Unit, ProJusticia, attached to the Presidency. USAID/Ecuador will continue to look to ProJusticia to help play a coordinating role between the reform efforts within the formal judicial sector and the work of civic and political reform NGOs.

6. SO 3 Sustainability

Sustainability will be achieved for the three NGOs (CLD, CEPAM, CIDES) that will be the focus of assistance under Intermediate Result 1, through a level of effort sufficient during the planning period to assure their institutional development to the point where they will be able to mobilize adequate resources to maintain a presence in the sector at a reasonable level. The Democracy Team will monitor compliance to local contribution annually. Also, within the restrictions of Agency guidelines, institutional support will be provided on fund raising.

NGOs have already recognized the importance of their efforts to effect policy reforms and programmatic decisions. The activities under Intermediate Result 2 are directed at furthering and enhancing the impact of an existing trend. These efforts will continue with or without USAID/Ecuador support. The assistance to be provided by USAID/Ecuador, however, will serve as a needed catalyst to stimulate expanded and more effective initiatives.

The improved networking component under Intermediate Result 2 is designed to demonstrate the value of such efforts to those most responsible for developing and maintaining such networks, and alliances. After initial investment in establishing such networks the financial cost to any single member for sustaining them will be minimal. The dedication of the time of NGO leaders will be crucial to achieve improved networking; but if the expected pay off in cost savings for, and increased effectiveness of individual NGO operations is reached, these human resource inputs should be forthcoming without problem.

7. SO 3 Performance Indicators

There are no currently available qualitative measurements of the NGO movement in Ecuador. The directory being produced by the NGO Fundacion Alternativa provides quantitative information only. In the absence of such indicators, the Democracy Team plans to start by using proxies for gauging achievement of the Strategic Objective by examining annually whether there are upward trends in citizen participation in and perceptions of CSOs.

Strategic Objective - Strengthened civil society.

INDICATOR: DEM 3.0 - Citizen participation in CSOs and citizen perceptions of CSOs.
Target (2002) upward trend

These two indicators will be obtained from the annual index on democracy in Ecuador being developed by CLD. The indicators to be used will not be a projected rate of increase because of the difficulty in establishing a reasonable annual target that can be attributed to the USAID/Ecuador program. Instead, the performance measurement each year will be whether or not there is a statistically significant increase in the two percentages, i.e, a yes or no determination.

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IR 1 - NGOs/CSOs active in promoting civil and political rights.

INDICATOR: DEM 3.1 (a) - Diversification in the number of outside donors or institutional Ecuadorian sources supporting the three principal rule of law NGO partners currently working with the Mission
Baseline (1997) 2 outside donors assisting CLD.
Target (2002) CLD, CEPAM, CIDES all with additional outside donor assistance

An indicator of increased number of clients served by Comisarias is appropriate during this period because of the under-reporting of domestic violence cases. At some future point, not yet determined, increased prevention efforts will begin to reduce the growth of domestic violence cases.

INDICATOR: DEM 3.1 (b) - For CEPAM, an increase in clients served through Comisarias de la Mujer.
Baseline (1998) 28,900 clients served
Target (2002) 37,000 clients served per year

INDICATOR: DEM 3.1 (c) - For CIDES, cases processed through Alternative Dispute Resolution services and indigenous legal clinics.
Baseline (1997) none

Target (2002) 516 cases processed per year, with each case involving multiple beneficiaries.

The information required for the above measurements will be generated by project reports and through USAID oversight. In addition, USAID/Ecuador will seek a means of judging the advances of the other NGOs active in civil and political rights. Ecuador lacks a system of qualitative measurement of NGOs. The addition of such information to the data base currently managed by Fundacion Alternativa would provide a basis for measuring the number and dollar value of NGO projects currently being implemented in this sub-sector. An upward trend could then be projected for the following years as an additional measure of increased capacity.

However, USAID/Ecuador would have to weigh the utility of such information against the costs and difficulties involved. NGOs are reluctant to provide detailed information on their financing sources. Standards would have to be developed for collecting information, such as project descriptions, beneficiary definitions. The lack of cross checking information on institutional performance with the evaluative opinion of beneficiaries and other elements of civil society should also be addressed. Nevertheless, USAID will review the feasibility of developing such a system, working together with the World Bank, which is currently completing an important study of the NGO movement in Ecuador, and the Fundacion Alternativa.

In the meantime, the following interim performance measures would be used as proxies: (1) The establishment of a subdirectory of NGOs involved in mediation services and alternative dispute resolution by 1998; (2) Additional university law school departments involved in legal clinics in joint venture with NGOs: two in 1998 and two in 1999; and (3) Grants under World Bank Law and Justice fund extended to NGOs which have never previously administered external assistance: three in 1998 and four in 1999.

Each of these indicators would reflect important steps towards maturing of the NGO movement in this sector. The directory would be developed collaboratively by the mediation/ADR NGOs and, for the first time, attempt to include qualitative information about programs, institutional capacity, and financial status. This would serve as an input to the efforts described above to compile a larger directory. University support for community based legal clinics for the poor is a relatively recent phenomenon in Ecuador and has been promoted both by CLD and CIDES. Successful efforts or additional NGOs to replicate these experiences with other universities would also demonstrate traits of an active more mature NGO movement. Similarly, the inclusion of additional NGOs in the somewhat small and exclusive group of NGOs capable of qualifying for use of external donor funds would indicate important advances in the ability of NGOs to design, negotiate and manage projects.

IR 2 - NGOs/CSOs to influencing public policies and programs.

INDICATOR: DEM 3.2 (a) - Number of legislators, cabinet members, and mayors who report CSO/NGO influence in policy, legislative, and program decisions.

Baseline (1998)
Target (2002) 10% per year

This information would have to be obtained by a survey of all such officials. The results of this annual survey would also feed into the proposed study highlighting best examples of policy dialogue and influence.

INDICATOR: DEM 3.2 (b) - NGOs establish new or significantly improve existing strategic alliances in economic/social development sector.

Baseline (1998) baseline study prepared
Target (2002) six strategic alliances supported by USAID/Ecuador with demonstrated impact in public policy/ program formulation still on-going.

Information will be generated principally as a result of the implementation of the fund to be established for NGO network/alliances proposals. In addition, through closer cooperation and coordination with NGOs such as Fundacion Alternativa and other existing NGO forums and coalitions, USAID/Ecuador will be gathering qualitative and quantitative information on networking practices in order to refine targets to include achievements that may be taking place outside of the USAID fund as well as to establish better criteria and standards regarding the acceptability of alliances for purposes of the indicator. In effect, a baseline study will have to be prepared in FY 1998 for future guidance.

INDICATOR: DEM 3.2 (c) - Increase in the number of NGOs effectively using telecommunications technology will increase by 10 percent annually beginning in 1999.

Baseline (1998) none
Target (2002) 10% per year

Information will be generated principally under the buy-in to the centrally managed LearnLinks telecommunications program. Drawing on the Fundacion Alternativa NGO data base, LearnLinks will have to undertake a baseline study of the number of NGOs currently using modern telecommunications technologies effectively. For this purpose a composite criteria for determining the factors that define effective use will be developed.

The Democracy Indicator Tables can be found in Annex A.

C. Proposed Special Objectives

Special Objective - Pollution Prevention

Objective: Improved sustainable capacity of selected public and private institutions to prevent/control pollution. **Timeframe:** FY 2000 **Partners:** Oikos, Selected Municipalities, CHF, Chamber of Industries, G/ENV/UP/EP3, Citizen's Committees
Indicators: Cleaner industrial production and energy efficient operations implemented. Municipal solid waste management practices improved.

Pollution Prevention Special Objective

1. Objective Statement

"Improved sustainable capacity of selected public and private institutions to prevent/control pollution."

Under this Special Objective, USAID/Ecuador will work with partners in the public and private sectors in order to prevent the health hazards caused by uncontrolled industrial and other emissions, particularly in low income areas that neighbor industrial zones in Ecuador's major urban centers.

2. Special Objective Problem Analysis

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

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

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

USAID's working relationship with Oikos Corporation started in mid-1993, through a grant to support its efforts to increase environmental awareness and prevent pollution. Oikos Corporation has developed innovative approaches to involve the population in pollution prevention and reduction measures and has been effective in promoting debates at the national level regarding priorities for pollution prevention and control. The cleaner production (CP) and energy efficiency (EE) strategy which Oikos Corporation uses to implement its activities has been very effective in inducing an increasing number of Ecuadorian industries to adopt CP and EE practices. This has been carried out as part of the Environmental Initiatives of the Americas (EIA) with assistance from E2P3. The sustainability of the Oikos Corporation' activities which USAID/Ecuador plans to support is assured since Oikos Corporation charges a fee for the services it provides to industries and municipalities. In addition, Oikos has in place a sustainability plan which maps out specific steps for reducing their dependence on USAID/Ecuador funding and increasing their own contribution and that obtained from other sources.

Also as part of the EIA, funds have been provided to enable municipalities to identify and prioritize environmental problems, and find practical, low-cost solutions, seeking the collaboration of the private sector. Models are being developed in selected coastal cities to manage solid waste through concessions with environmental microenterprises. Administrative and accounting strengthening of the municipalities and the environmental microenterprises will help them to generate income that will make them sustainable.

3. Expected Results of the Special Objective

USAID/Ecuador will continue to work with selected public and private institutions (principally Oikos Corporation, selected municipalities, and environmental NGOs) to improve their capacity to prevent/control pollution. Achievement of this objective will be indicated by the number of industries adopting cleaner production (CP) and energy efficiency (EE) practices and by the number of municipalities using improved solid waste management practices.

The expected timeframe for this Special Objective is through FY 2000. The primary focus during this period will be to ensure the sustainability of past USAID/Ecuador investments in strengthening the technical capabilities of Oikos Corporation, selected municipalities, and environmental microenterprises by enhancing its abilities for fund raising and income generation. As USAID/Ecuador support is phased out, this final injection of funding is needed to ensure a smooth landing, as partner organizations begin to stand on their own.

4. Performance Monitoring of the Special Objective

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

Special Objective - Improved sustainable capacity of selected public and private institutions to prevent/control pollution.

INDICATOR: POL 0.1 (a) - Cleaner industrial production and energy efficient operations implemented

Baseline (1995) 2 industries
Target (2000) 50 industries cumulative

INDICATOR: POL 0.1 (b) - Municipal solid waste management practices improved

Baseline (1995) 0 municipalities
Target (2000) 3 municipalities cumulative

The Pollution Prevention Indicator Tables can be found in Annex A.

Special Objective - Microenterprise

Objective: Increased access to financial services by micro-entrepreneurs with emphasis on women **Timeframe:** FY 1999 **Partners:** Seed Capital, CARE, Banco Solidario, Project Hope, CRS, FINCA, ACCION, CAF, IDB
Indicators: Increase in the number of micro-entrepreneur borrowers.

Microenterprise Special Objective

1. **Objective Statement**

"Increased access to financial services by microentrepreneurs."

Increased income has a direct and important impact on the quality of people's lives. Under this Special Objective, USAID/Ecuador will work with partners to increase the incomes of poor Ecuadorians throughout the country, especially women, and thereby improve their income and general living standards.

2. **Special Objective Problem Analysis**

Ecuador's worsening economic situation in recent years affects a large number of poor population groups. This poses serious concerns for Ecuadorian society at all levels. Worldwide experience shows that poverty and unemployment provide an atmosphere for crime, social problems, political instability, and illicit activities such as narcotrafficking to flourish.

On the positive side, limited employment opportunities has forced many workers to develop informal activities, joining an increasing pool of microentrepreneurs. However, deprived of financial services, possessing meager entrepreneurial and management skills, and trying to survive in a depressed economy, large numbers of these entrepreneurs are barely subsisting. Under these conditions, they cannot realize their potential to establish viable ventures to lift themselves from poverty, generate jobs, and increase their participation in Ecuador's economic growth and development.

Experience worldwide shows that microentrepreneurs represent a vast pool of hardworking people who, given access to minimal resources, can evolve into a formidable force contributing to job creation, poverty alleviation, democratic stability, and economic growth. The World Bank's 1995 Ecuador Poverty Report and other studies on the sector show that in Ecuador, this pool of microentrepreneurs and potential entrepreneurs is over 1.1 million people, who have between 400,000 and 450,000 microenterprise businesses. Over half are women. Current USAID/Ecuador micro-credit activities, in concert with private sector partners, propose to reach 60,000 microentrepreneurs annually by 2000.

The Microenterprise Special Objective is designed to bring quality financial services to the poor, thereby helping them to build stronger enterprises which ultimately improve their incomes and quality of life. This Special Objective targets two principal problem areas -- outreach and financial sustainability. Outreach aims at providing large numbers of poor people, especially the very poor and women, access to quality financial services. Financial sustainability refers to the creation and/or strengthening of existing institutions that become independent of continuing inputs from government, international agencies or charitable organizations.

Micro-credit activities were started in FY 1996, with: a major USAID/Ecuador contribution (complemented by the Global Bureau's Prime Fund) to US PVOs (CARE International and Seed Capital Development Fund) for equity investments in Ecuadorian financial institutions involved in providing financial services to microentrepreneurs; and Cooperative Agreements with three US PVOs (CRS, FINCA, and Project Hope) for the expansion of their village banking programs. Under this strategic plan, USAID/Ecuador will increase its investment in village banking to greatly expand geographical coverage and to strengthen the institutional capacity of partners to deliver assistance to significantly larger numbers of ultimate customers.

3. **Expected Results of the Special Objective**

Three main components constitute the Microenterprise Special Objective: (1) technical assistance to strengthen the institutional capability of selected financial institutions; (2) equity investments in selected banks and other, similar financial institutions to expand and facilitate access to financial

services by microentrepreneurs; and (3) village banking -- a methodology suited to reach poor women and promote their empowerment through the establishment of banks comprised of 25-30 women who receive very small loans ($80-$150) for their income-producing ventures. Through these three, mutually supportive actions, it is expected that by the year 2000, USAID/Ecuador will directly assist some 50,000 microentrepreneurs annually, increasing the yearly volume of credit from $3.9 million in 1995 to an estimated $30.0 million. To reach this goal, USAID/Ecuador will seek to leverage other donor support and financing, in particular the IDB and its Ecuadorian partner, the National Finance Corporation (CFN).

4. Performance Monitoring of the Special Objective

Monitoring and evaluation will consist of periodic focus group activities (approximately two a year) undertaken by USAID/Ecuador field visits to where the delivery of financial services takes place, and regularly scheduled and ad hoc meetings between Team members (including partners) and other public and private sector entities providing assistance or otherwise related to this sector.

Special Objective - Increased access to financial services by microentrepreneurs.

INDICATOR: MAS 0.2 - Increase in the number of microentrepreneur borrowers.
Baseline (1996) 2,466 borrowers
Target (2000) 50,000 borrowers per year

The Microenterprise Indicator Tables can be found in Annex A.

Special Objective - Governance

Objective: **Transparency and Good Governance.** **Timeframe:** FY 1999 **Partners:** TBD
Indicator: Improved citizen confidence in political and administrative processes of the government.

Governance Special Objective

1. Objective Statement

"Transparency and Good Governance". Under this Special Objective, USAID/Ecuador will work with partners to reduce corruption in government, to bring about greater citizen participation in and understanding of political reforms anticipated during the interim government, and to promote consensus for modernization of the State measures.

2. Special Objective Problem Analysis

While most Ecuadorians see the events of February 5th as by and large positive, the future of Ecuadorian democracy rests on what will follow. The public outcry against the Bucaram administration was, among other things, a reaction to many longstanding weaknesses of Ecuadorian democracy: a discredited political class, pervasive corruption, and the lack of consensus about the country's direction. These factors have resulted in a growing and dangerous disenchantment of civil society in the sustained and positive participation in the country's political processes.

The massive popular mobilization that ousted the ex-President succeeded in its most immediate goal; but if this unique moment of popular participation is to continue, it must be channelled and engaged in a way that it can provide a more constructive and long-lasting impetus for deeper institutional and legal reforms. If some of the fundamental problems behind the popular frustration with the political class are not addressed, the result will be increasing popular cynicism and antipathy that will ultimately undermine Ecuadorian democracy.

Politically involved Ecuadorians fear that the removal of Bucaram has only returned Ecuador to the same political situation pre-Bucaram. The same political class that preceded Bucaram's rise to power has reassumed authority and they have done so under the same dysfunctional legal and institutional framework that existed before Bucaram. There is, however, for the moment one fundamental difference: the memory of popular mobilization and with it a growing recognition among sectors of civil society that something must be done. Albeit weak, the current administration -- in recognition of the underlying reasons for popular discontent -- has undertaken some superficial and tentative efforts to address reform demands.

The Special Objective draws on an initial ESF allotment in FY 1997 of $600,000 and a requested FY 1998 allotment of $1.0 million to carry out a series of activities during the interim administration of Alarcon aimed at attacking perhaps the most serious problems of State corruption, increasing citizen involvement in anticipated political reforms, and promoting a better consensus about needed modernization of the State. This is a short-term response directed at underscoring and demonstrating the positive measures that can be accomplished under a democracy through a more mature political leadership and collaboration. It is expected to end in FY 1999. The inherently fragile Ecuadorian situation requires not only close monitoring for the short-term, but a longer term commitment to address the systemic weaknesses which threaten democratic stability. These longer term issues will be addressed by strengthening civil society through the Democracy Strategic Objective (SO 3).

3. Expected Results of the Special Objective

Pervasive corruption contributes significantly to the growing lack of confidence among Ecuadorians about their political system's ability to deal with issues of good governance. The inability or unwillingness of national leadership over the last decade to develop a sense of national direction and to create consensus on fundamental goals also adds to the alienation of citizens and their lack of participation. The activities to be carried out under this special objective have been selected to take advantage of windows of opportunities to address specific concerns of corruption, consensus building and citizen participation.

- **Customs Improvement** - The ESF package would finance a long-term advisor and other costs to assist with the development of a customs enforcement unit specialized in identifying and investigating corrupt practices and in strengthening physical controls. The advisor will inspect in detail all major ports of entry to observe deficiencies and areas of weakness and will prepare a written plan for the creation, training and operation of a custom enforcement unit or team. The approach developed in Guatemala with US assistance could be a model for this unit. This unit would complement the IDB technical assistance directed at streamlining and automating customs processing and controls that will bring about necessary improvements of the administrative and the documentation processes. This program will be conditioned upon the continuation of satisfactory progress under the IDB technical assistance program with customs. It would also be conditioned upon satisfactory progress to transform the Customs Directorate into an entity that is more autonomous and less subject to political influence.

- **Strengthened Prosecutorial Functions** - ESF would provide US expertise from the Federal Judicial Center and/or other appropriate sources to meet with the legislative, judicial, and executive branches. Legislative initiatives would focus primarily on those critical improvements and modifications needed in existing legislation to make the investigation and prosecutorial function more effective. Weaknesses in the ability of Ecuador's prosecutor to act decisively in cases involving corruption has undoubtedly contributed to the spread of corrupt practices. Additional measures could involve training and technical assistance for restructuring the Attorney General's Office.

In Ecuador, the Attorney General's Office is called the "Ministerio Publico" and is headed by the "Fiscal General", who has Minister rank. The 1995 Constitutional reforms give unprecedented investigative powers to the Fiscal General, thereby relieving the judges of this time consuming task. However, these new functions have not been put into practice. Among other things, implementing legislation ("ley organica")is needed as well as an increased budget and trained staff. At the same time, the criminal procedures code needs to be revised to reflect the changes envisaged in the Constitutional reform of 1995; a draft law has been prepared with ample participation of legal experts, but it has not yet been presented to Congress. The judicial reform programs of the World Bank and the IDB do not address the needs to modernize the Attorney General function. Accordingly, it is appropriate and timely to assist with implementing an expanded and more effective role for the Attorney General's Office. This should be conditioned on a GOE commitment to move ahead with implementing legislation for the "Ministerio Publico" as well as the introduction of the draft of the revised criminal procedures code to Congress.

- **Constitutional Rights Ombudsman Office (Defensor del Pueblo)**- Implementing legislation has been passed and Congress has appointed a distinguished head of this office, which was created in the 1995 Constitutional reform. This culminates an important policy dialogue effort initiated in 1992 through USAID supported NGO's. The Constitutional Rights Ombudsman Office, traditional in many European countries and since the 1980's a part of the legal system throughout much of Latin America, is a significant advance in protecting the rights of Ecuadorian citizens from unconstitutional acts of government. The success of this office in bringing about a better public sense of fairness in the justice system now depends on the credibility it can establish in its initial two years of operation.

Support through the ESF package during this critical start-up phase will be instrumental in assuring the effectiveness and in establishing the political independence of this office. Technical assistance will be provided to: prepare a strategic plan and an immediate action plan, together with an organization structure, budget, staffing plan and operational manuals, for the institutional development of the office; select and train staff; and develop a public education and information campaign on the role of the office and how individuals can seek its assistance. Funding will also be provided to assist in equipping the office, particularly with establishing an adequate information system to monitor court decisions, draft legislation, and cases.

- **Political and Constitutional Reform** - Constitutional Reforms are being considered by the Congress and the Executive branches. The Alarcon administration has designated a 14 member Commission to develop specific proposals for its consideration. This Commission has already indicated

interest in having access to outside experts to describe how other countries have addressed concerns similar to those under consideration. The national plebiscite scheduled for May 25 proposes options for designating members for a broader National Assembly to consider the constitutional reforms being developed by the Commission as well as other initiatives for political reform.

The ESF package would add funding to the existing LAC Regional Civic Education Program that works through Partners of the Americas, the Kettering Foundation, University of Los Andes, and four of Latin America's leading NGO's in civic education and political reform. This network would work with selected Ecuadorian NGO's to develop a program that would provide short-term expertise from the US and Latin America to enrich the debate of the National Assembly on the issues under consideration. The Ecuadorian NGO's would also be responsible for broadening public awareness of the issues under consideration by organizing public fora, meetings of the experts with the media, and publication of recommendations for specific reforms easily understood by the majority of the population. The result would be a constitutional reform process that better takes into account other relevant experiences, and a better informed public about the reform measures.

- **Public Education on Privatization and Modernization** - Ecuador is far behind other Latin American countries on moving ahead with modernization of the State. GOE administrations have been unable to mount a coherent public information campaign to build a national consensus on the new role of the State. Efforts of past Presidents have been thwarted by organized resistance from public institutions, unions of public employees, students and other groups re-acting largely on dogmatic grounds and ignoring any discussion of evidence and facts. CONAM, the National Council on Modernization, is seeking multi-donor support to undertake a public education campaign during this interim government to provide the basis for building a national consensus. A portion of the undisbursed balance of the existing IBRD loan for modernization of the State can be earmarked to help support the development of such a campaign and CONAM may seek additional resources from IDB or other donors for this major undertaking.

The ESF package would contribute towards CONAM's efforts to design and test an effective public information campaign. As a pre-condition, CONAM would be expected to provide evidence that adequate other donor financing has been arranged in an amount exceeding the ESF resources. The ESF inputs would be used principally for: short-term technical assistance to prepare a comprehensive strategy; the design and execution of a national survey of public opinion; and the testing of the various informational materials and techniques developed. A small pilot program to use private concessions to expand and operate water and sewerage services also will be carried out in two or three medium sized municipalities. This will help demonstrate some immediate positive impacts of the modernization program Ecuador will pursues. CONAM is ready to proceed with policy reforms to promote the use of such concessions on a national scale in order to increase the level of investment for this essential infrastructure.

4. Performance Monitoring of the Special Objective

The activities to be supported by the special ESF allotment will be short term in nature and will have specific benchmarks or performance indicators intended to measure the political will of the Alarcon administration to proceed with needed reforms or measures. These will be closely monitored by the Country Team. A small amount of funding would be including for FSN support in the implementation and monitoring of the various components.

Special Objective - Transparency and Good Governance

INDICATOR: COR 0.3 - Improved citizen confidence in political and administrative processes of government.

Baseline (1997) TBD
Target (1999) TBD

The indicator for this special objective will be drawn from the Democracy and Justice Index being developed by CLD. Based on the final design of the ESF package, and with the completion of the design of the Index (expected by July 1997), appropriate factors will be selected to determine the baseline and to establish the measurement of achievement.

The Governance Indicator Tables can be found in Annex A.

D. Other Activities in Support of Global Objectives

The G/ENV/UP Regional Urban Development Office/Quito (RUDO/Quito) will continue to complement the Mission's Strategic Objective portfolio with the development and implementation of activities related to housing sector reform; urban environment; and disaster prevention, mitigation, and preparedness.

1. Ecuador Housing Sector Reform

The objective of this activity is "Increased and sustained access to adequate housing solutions by low-income groups." This directly contributes to the Environment Center's SO 2 Intermediate Result 2.1 "Increased access to shelter and related infrastructure services."

Shelter is a basic need which most families must meet; however, the cost of meeting this need constitutes the single largest expenditure for most households. Yet few urban households have access to credit for housing. In an inflationary and unpredictable economic environment, credit is unavailable to pay for the cost of a housing solution or for extending water and other basic urban services to the plot. Under these circumstances, households struggle for several years to achieve modest goals. However, it is not only the poor who have problems with access to credit to finance basic shelter needs. The problem extends to a broad range of society, including even middle and upper classes, since lack of income to service the loans is not the principal constraint. The volatile, unpredictable economic environment has exacerbated the difficulties inherent to housing finance activities. Unstable regulatory systems, prevailing distortions, government mismanagement of direct housing lending, and provision of shelter by the government have constrained further the development of dynamic market based housing finance systems able to adjust and survive in fluctuating economic conditions.

Recently, however, the housing sector has undergone dramatic changes. The mentality of development partners has evolved from one of inertia to active interest. RUDO/Quito now deals with a more expanded and diverse group of counterparts who seek out and listen to policy recommendations. Due to these changes, involvement in the housing sector is viewed as an opportunity rather than as a problem to be left to the government. Housing for the poor is seen as a area ripe for economic activity instead of drain on the economy.

The GOE transformation to the role of a facilitator in the housing sector moved forward during the administration of President Sixto Duran Ballen. Reflecting successful policy dialogue with the Minister of Housing, the Alarcon administration has announced its decision to avoid direct construction of houses and has continued actively seeking private sector capital for housing. The GOE dialogue with private sector entities resulted in the joint financing and establishment of the Mortgage Titling Company (CTH). International financing institutions such as the Andean Financial Corporation (CAF), and the IDB's IFC (Interamerican Financial Corporation) are now interested in supporting the CTH as shareholders and/or providers of credit to the CTH. The Ecuadorian Housing Bank's (BEV) housing refinancing unit (URH) has actively approved refinancing operations with credit unions and savings and loans using HG-007 funds. It has also moved forward with institutional and financial reforms. The Ministry of Urban Development and Housing (MIDUVI) assumed a leadership role in the housing and environmental infrastructure sector by developing a sound housing, urban development, and environmental policy. The introduction of a housing accessibility mechanism for the poor, based on transfers from the national budget is another successful initiative.

Future activities are expected to produce the following results:

- Through targeted technical assistance, first issuance of housing incentives is expected to take place during the second quarter of FY 1998. Thus, it is expected that the funding and implementation tools of this system will enable cumulative investments of $60.0 million worth of housing incentives by the end of FY 2000.

- Continued technical assistance and training will be provided to CTH to enhance its ability to provide liquidity to primary mortgage entities, and thereby increase the credit available to other low-income borrowers. With continued assistance, this corporation will become operational by first quarter FY98 and will issue mortgage backed securities on the local stock market in FY 1998 and FY 1999. Low-income shelter loans provided by private sector primary lenders are expected to reach 7,000 by the end of FY 2000.

- Efforts will be made to reactivate the $25.0 million HIG (518-HG-007) by transferring the Program's Implementing Agency from the Ecuadorian Housing Bank (public sector) to the CTH (private sector).

- Continued technical assistance will be provided to convert the role of GOE sector entities from that of direct financier and provider of housing to that of facilitator and subsidiary.

- RUDO/Quito plans to continue its presence to facilitate an agreement between IDB and MIDUVI to implement the GOE housing program with private sector involvement and the issuance of housing subsidies in accordance with the terms designed and approved by the GOE in March 1996. In this context, and if funding is available, RUDO/Quito efforts could also be directed to support MIDUVI in effectively managing the shelter sector and in eliminating obstacles to more effective housing finance.

2. Urban Environment

Regional Initiative: Reduced Pollution from Municipal Wastewater and Solid Wastes - The objective of this activity is to "Strengthen the capacity of local governments and community based organizations to adopt policies, and implement practices and technologies for improved solid waste and wastewater management." This directly contributes to the Environment Center's SO 2 Intermediate Result 2.3 "Reduced urban pollution". The initiative in Ecuador also contributes to the USAID/Ecuador Special Objective "Improved sustainable capacity of selected public and private institutions to prevent/control pollution."

Sustainable urbanization is brought about through the integration of participatory planning and the balancing of environmental, social, and economic concerns into comprehensive development agendas. As centers of population growth and economic activity, cities consume enormous quantities of natural resources and generate equally large volumes of wastes and pollution. The RUDO/Quito approach to reducing such pollution is to strengthen the capacity of local governments, NGOs, and urban-based industries to adopt and implement policies, practices and technologies for pollution prevention and mitigation.

The program began in Ecuador in FY 1995 and in Paraguay in FY 1997. The initiative will be expanded to other countries in the Region depending on the interest of USAID/Missions. Activities are expected to result in reduced pollution from municipal wastewater and solid wastes in selected municipalities of at least two countries by FY 2000.

Environmental Pollution Prevention Program (EP3) - The objective of this activity is to "Change industrial behavior and decision-making towards cleaner production." This directly contributes to the Environment Center's SO 2 Intermediate Result 2.3 "Reduced urban pollution". The initiative in Ecuador also contributes to the USAID/Ecuador Special Objective "Improved sustainable capacity of selected public and private institutions to prevent/control pollution".

Ecuador, Bolivia, Peru, and Paraguay are currently identified as EP3 priority countries in South America. Although EP3 will end in September 1998, a new initiative, the Cleaner Production Initiative, will continue implementation, mainly focusing on regulatory policy components which complement existing outreach, networking, and industrial pollution management activities. By FY 2002, improved industrial

pollution and energy efficiency management, including lead-abatement, will have been implemented in at least two countries of the region.

Water, Sanitation and Sustainable Environment - The objective of this activity is "Increased and sustained access to adequate housing solutions by low-income groups." This directly contributes to the Environment Center's SO 2 Intermediate Result 2.1 "Increased access to environmental services and shelter in key urban areas" because it supports institutional and policy environments that facilitate municipal and private sector delivery of urban services, stresses sound financial management reforms that enable sustainability and incremental urban services coverage. This program is being implemented in both Ecuador and Chile

As South America rapidly urbanizes, its cities face an ever-increasing demand for basic infrastructure and services. The United Nations estimates that by the year 2000, nearly 90 percent of Latin America's poor will live in urban areas. Basic environmental infrastructure and services, such as piped drinking water, sewerage, and solid waste disposal are essential components of quality of life in communities. When these services are nor properly provided, managed, and maintained, people meet their basic needs in a way that is often environmentally damaging, contaminating the local environment and wasting resources. The mismanaged growth in many cities has caused a large increase in both household and industrial waste resulting in serious environmental degradation and human health hazards.

In Ecuador, the responsibility for provision of basic environmental services and infrastructure is devolving to local authorities as central government transfers decrease relative to the demand. Traditionally, central government transfers have played a large role in subsidizing basic services; user fees do not cover provision costs. Thus Ecuador faces the challenge of meeting the rapidly increasing demand for basic environmental services such as potable water, sanitation and waste disposal while traditional financial and administrative resources are decreasing. Recent studies demonstrate that during recent years, the coverage of environmental services have decreased in urban and rural areas.

Rapid urbanization in Ecuador is exacerbating these problems. The mismanaged growth in many cities, particularly coastal cities such as Esmeraldas, Duran, Machala, Santo Domingo, Babahoyo, Quevedo, Milagro, and others, has caused a large increase in both household and industrial contamination resulting in serious environmental degradation and human health hazards. This environmental degradation takes its toll on the quality of life and economic productivity of the Ecuadorian urban populations, particularly its poor who live in marginal urban areas most often located closest to the sources of pollution.

One of the biggest impediments to satisfying the tremendous needs for basic services in Ecuador is the misdirected government intervention. Instead of creating the conditions which encourage the formation of viable systems which channel private investments in basic environmental services, the GOE has discouraged private sector participation. In addition, economic conditions, characterized by a long inflationary period, have severely handicapped the financing and construction of new potable water and wastewater projects. In addition, scarce funding from the national budget, which support some of the investments made in this sector, is unevenly distributed on the basis of political criteria. Thus, small communities can seldom access these national investments. However, both the quality of life and the environment can be improved by strengthening the ability of local communities and governments to manage and sustain the provision of basic environmental services.

Future activities are expected to assist Ecuador with its environmental services sector problems by helping the GOE to:

- Implement economic and financial management reforms at the local level water and sanitation institutions to enable full cost recovery from infrastructure and service delivery investments. By the end of FY 2000, four municipalities will have implemented cost recovery reforms.

- Implement reforms to enable private investments in environmental services. Reforms will promote private capital investments for environmental infrastructure services by stimulating joint public/private and/or private delivery of urban environmental services.

- Address national policies to improve and increase access of low-income groups to water and wastewater services and affordable infrastructure by eliminating distortions and inequities that impede low-income household access to environmental services.

- Increase the role of the private sector in the financing and construction of housing, and convert the role of GOE sector entities from that of direct constructor and provider of water and sewerage services to that of facilitator, subsidiary and supervisor.

- Clarify the role of the Ministry of Urban development and Housing (MIDUVI) in the sector and move toward a decentralized and self-sustained system operating on cost-recovery principles.

Sustainable Cities - The objective of this activity is to "Encourage public participation in the urban and environmental planning process" in order to promote sustainable development in a medium-size city. This directly contributes to the Environment Center's SO 2 Intermediate Result 2.3 "Reduced urban pollution". The Sustainable Cities Initiative is being implemented in the cities of Cuenca, Ecuador and Asuncion, Paraguay. The initiative in Ecuador also contributes to the USAID/Ecuador Special Objective "Improved Sustainable capacity of selected public and private institutions to prevent/control pollution".

The need to balance economic growth with environmental protection has led to the idea of sustainable development. In essence, "sustainability" is the effective use of natural resources as well as human and technological resources to meet the needs of communities today while ensuring that adequate resources are available to meet the needs of future generations. A Sustainable City seeks to improve the quality of life for its residents and improve public health through better management of environmental resources and through the development of local resources to strengthen the local economy. Critical to the development of a sustainable city is the involvement of its citizens in guiding the city to fulfill these goals.

RUDO/Quito launched the Sustainable Cuenca initiative to bring together representatives from various sectors in the community to participate in urban planning activities and to provide a foundation for collaboration among community groups on environmentally-oriented projects. This citizens' committee will act as an advisor to the city on community-based environmental issues. RUDO/Quito will disseminate the experiences of this project to other cities and will seek to create linkages between other cities developing similar projects throughout the region.

Urban Environmental Degradation and Risk Management - The objective of this activity is to "Identify and disseminate concrete experiences which demonstrate that sound management of urban environment contributes to impede or reduce urban environmental degradation, and thus diminish the risk to disaster." This directly contributes to the Environment Center's SO 2 Intermediate Result 2.3 "Reduced Urban Pollution". The initiative in Ecuador also contributes to the USAID/Ecuador Special Objective "Improved Sustainable capacity of selected public and private institutions to prevent/control pollution".

This program is active in Ecuador, Peru, Argentina, Costa Rica, Brazil, Colombia, and El Salvador. The book "Cities at Risk: Environmental Degradation, Urban Risks and Disasters" presents some of the results. The customers and partners vary according to specific activities and countries. In the case of Ecuador, they are the Municipality of Quito and the Equilibrium Ecuadorian Disaster Prevention Network.

3. Disaster Prevention/Mitigation/Preparedness

The objective of this activity is to "Reduce the risk to life and investments and minimize the impact of disasters, mainly in urban areas." Based on the understanding of cooperation between the G/ENV/UP and OFDA, the regional agenda seeks to increase the adoption of mitigation measures in countries at risk of natural and man-made disasters and meet critical needs of targeted vulnerable groups in emergency situations. This directly contributes to the OFDA/W SO 1 "Increased the adoption of mitigation measures in countries at risk of natural and man-made disasters". It will also contribute to USAID/Ecuador Democracy SO by enhancing CSOs' ability to participate in and influence public policy debate.

This program is being implemented throughout South America, but mainly in Ecuador, Peru, Bolivia and Paraguay. The countries located at the circum-Pacific are the most vulnerable to natural disasters. Man-made disasters also occur in these same countries. Activities are expected to produce the following results:

- Under the Training initiative, education and training to diminish the vulnerability of these countries.

- Under the Local Governments initiative, assistance to the local actors to define and identify the main problems and solutions to mitigate and manage disasters; reduce risks; and increase the local governments capacity of negotiation with national and international agencies related to disaster mitigation and management.

- Under the Scholar Emergency Preparedness initiative, training programs for teachers immediate student response in case of fire, volcanic eruptions, ore earthquake; introduction of a disaster preparedness dimension into the curriculum.

PART III: Resource Requirements

A. Estimated Resource Requirements

1. Introduction

Under this Section, USAID/Ecuador is presenting the program and operating expense (OE) resources that are required to achieve the Mission's strategy for the period beginning in FY 1998 and ending in FY 2002. USAID/Ecuador funding projections are based on the planning levels provided by the Agency and the LAC Bureau and reflect a gradual phase-down from four Strategic Objectives at the present time to only two full Strategic Objectives beginning in FY 2001 (Biodiversity and Democracy), plus one highly targeted, limited timeframe special objective in family planning sustainability.

2. Program Funding Requirements

The Resource Request Table below, summarizes program funding requirements, by strategic and special objectives. USAID/Ecuador has followed USAID/W guidance indicating a DA funding level of $11.0 million for FY 1998, with a straight-lined level of $9.0 million for FY 1999 into FY 2002. In addition, the assumptions for FY 1998 include $1.0 million in ESF for democracy activities.

TABLE I - PROGRAM FUNDING REQUIREMENTS BY STRATEGIC OBJECTIVE
FY 1998 TO FY 2002
($000)

Strategic Objective		FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
SO 1 - Biodiversity Conservation		3,500	2,300	3,200	4,000	4,000
SO 2 - Family Planning/MCH	FP	3,000	3,000	3,000	3,000	3,000
	CS	1,500	1,000	1,000	-0-	-0-
SO 3 - Democracy/CSOs		1,500	1,500	1,500	2,000	2,000
Special Objective - Pollution Prevention		900	-0-	-0-	-0-	-0-
Special Objective - Microenterprise		600	1,200	300	-0-	-0-
Special Objective - Governance	ESF	1,000	-0-	-0-	-0-	-0-
TOTALS		12,000	9,000	9,000	9,000	9,000

In line with guidance from USAID/W, funding for USAID/Ecuador's portfolio parallels the transition scenario outlined in Section I.D. "Transitional Issues." The longer term focus will be Democracy and Biodiversity Conservation Strategic Objectives. For the FP and Health Strategic Objective, only family planning activities will continue after FY 2000 (as a Special Objective), therefore funding for this line item will not include Child Survival/MCH. The Special Objectives for Microenterprise and Pollution Prevention will phase out by end of FY 2000, therefore no additional funding is anticipated after FY 2000. Governance will be funded solely out of FY 1997 and 1998 ESF; therefore no DA funding has been shown for this Special Objective during the Strategic Plan period.

The above request program levels will enable the Mission to carry out the strategy proposed herein and to achieve planned results, particularly in the areas of sustainability of family planning NGOs, CSO strengthening, environmental management for biodiversity conservation, microenterprise development,

and pollution prevention. Included in these amounts are anticipated levels of Field Support. The following Table II lays out the expected use of these resources for field support from the Global Bureau.

2. Operating Expense Requirements

The Mission's OE budget for FY 1997 was approved at $2.9 million. However, there are several unanticipated events which are negatively impacting the FY 1997 budget, most notably the force reduction in personnel and concomitant involuntary separation pay. To cope with these large unexpected costs in FY 1997, the Mission has requested and received additional funds from USAID/Washington. Also, international travel for training has been almost completely eliminated. Staff have been informed that monitoring of projects through site visits will have to be curtailed, unless USAID/Ecuador gets the additional funds requested.

The Mission's OE costs will decrease from $2.9 million in FY 1997 to and estimated $2.2 million in FY 2002. Costs remain more or less constant in FY 1998, FY 1999, and FY 2000 owing to the large indemnization payments that are required as the Mission begins to downsize. The largest decrease occurs in FY 2001 due to the completion of activities in the Mission's portfolio, and the departure of program staff and related support staff prior to that year. The steady number of USDH post departures (one a year in FY 1998, 2000, and 2001) also contributes to the downward direction during the Strategic Plan period.

Assumptions underlying the projected budget tables following this section may include:

- Any additional costs due to ICASS will be covered completely from AID/W funds to the Mission for FY 1998 - FY 2002.
- FSN salary increases are 5 percent per year beginning in FY 1998. This figure includes step increases and promotions, which average 1 percent per year.
- Dollar inflation rate of 3 percent per year for FY 1998 - FY 2002.
- Staffing as reflected in the staffing chart.
- The Sucre-Dollar exchange rate established at S/.3,833 per $1.00 in FY 1997 will remain reasonably stable during FY 1998 - FY 2002.

3. Personnel Resource Requirements

The next several years will be challenging ones as USAID/Ecuador makes the transition to a Limited Sustainable Development Mission. During this transition period, FY 1998 to FY 2000 the Mission will begin the process of phasing out of specific activities so that by the end of FY 2000, the portfolio will consist of two Strategic Objectives and one Special Objective. However, concurrently, USAID/Ecuador will building up its Democracy Strategic Objective. Although staffing needs for economic growth programs will be reduced with the completion of those activities in FY 1998, this will be balanced out by the need for staff in the expanding Democracy Strategic Objective. Therefore, this transition period will continue to be very staff intensive, and instead of reducing current staffing levels as dictated by USAID/W, USAID/Ecuador will have to maintain current levels through FY 2000, with gradual cuts beginning in FY 2001.

The partial implementation and recurring problems with the NMS have created additional unanticipated demands on administrative and program staff. Mission management had planned to reduce OE staff levels with the successful implementation of the NMS, however, at this point there is more work and less efficiency than expected. Additionally with the Controller and EXO offices providing regional

support to USAID/Colombia and RUDO/Quito, staff reductions during the strategy period would have a negative impact on USAID/Ecuador support to these organizations.

While analysis of the USAID/Ecuador program portfolio indicates that staff numbers and OE resources should remain constant over the next two to three years, in response to USAID/W directives, USAID/Ecuador will in fact be reducing Mission staff by 9.5 percent in FY 1997, 14.0 percent in FY 1998 and an additional 5.4 percent in FY 1999 (totalling 26.3 percent over the three years) while continuing to provide support to three Strategic Objectives and three Special Objectives. In addition to a limited number of staff directly involved in the activities that will be phased out, these cuts will come primarily from the EXO and Controller staff, the offices that are responsible for Strategic Objective support, NMS implementation and Mission internal controls.

Other factors that will affect and have already had an impact on Mission resource requirements is the USAID regionalization strategy. The Quito based RCO position has been moved to Lima reducing one USDH position, but placing additional contracting responsibilities on the EXO with reduced staff. The Controllers position was scheduled to move as well but will remain in Quito until FY 1999. While staff reductions were anticipated in Controllers, reductions will be impossible until AWACS is functioning properly and the need to maintain parallel systems has been eliminated. Another important Mission position, that of the Assistant Director will also most likely be eliminated in FY 1997 following the transfer of the Assistant Director to the Dominican Republic this FY.

Please see the following table which is entitled "Workforce Requirements" which shows the Mission's staffing plans for FY 1998 through FY 2002.

While USAID/Ecuador strongly supports and embraces reengineering, empowerment and teamwork, the Mission has been subjected to too many staff cuts which could lead to an inability to meet Mission and Agency goals. Staffing levels are beginning to reach the point where the Mission will not longer be able to (1) achieve results, (2) guarantee top quality work or (3) guard against continuous vulnerabilities. As a result, any additional staff cuts beyond those identified in the "Workforce Requirements" table will by necessity force the Mission to start cutting activities, in order to safeguard the Mission's ability to implement those remaining.

As indicated, USAID/Ecuador has been given personnel numbers that will make it very difficult to meet goals and objectives during the strategic period. As the Mission begins the transition to a Limited Mission, additional OE monies will be needed for severance payments and out placement counseling for FSN staff that will be affected by Mission downsizing and regionalization.

TABLE II - GLOBAL FIELD SUPPORT

Objective Name	Field Support: Activity Title & Number	Priority	Duration	Estimated Funding ($000) FY 1998 Obligated By: GBureau	FY 1998 OpUnit	FY 1999 Obligated By: GBureau	FY 1999 OpUnit	FY 2000 Obligated By: GBureau	FY 2000 OpUnit	FY 2001 Obligated By: GBureau	FY 2001 OpUnit	FY 2002 Obligated by: GBureau	FY 2002 OpUnit
Environment	936-5554 Biodiversity Support Program (*)	Medium	FY88-98	50	-----	50	-----	50	-----	50	-----	50	-----
FP&Health	936-3057 Central Contraceptive Procurement	High	on going	400	-----	0	-----	0	-----	0	-----	0	-----
FP&Health	936-3038 Family Planning Logistics Management	High	FY95-00	50	-----	0	-----	225	-----	0	-----	0	-----
FP&Health	936-5992 Quality Assurance II Project	High	FY96-02	0	-----	75	-----	225	-----	0	-----	0	-----
FP&Health	936-5974.13 Partnerships for Health Reform	High	FY95-00	0	-----	75	-----		-----	0	-----	0	-----
FP&Health	936-5974.08 Rational Pharmaceutical Management (*)	Medium-High	FY92-97	0	-----	50	-----	100	-----	0	-----	0	-----
FP&Health	936-6006.01 Basic Support for Institutionalizing Child Survival - BASICS (*)	High	FY93-98	0	-----	75	-----	200	-----	0	-----	0	-----
Democracy	HNE-I-00-96-000-18-00 Communications and Learning Links System	High	FY96-01	250	-----	250	-----	300	-----	350	-----	50	-----
Democracy	936-5832 Advancing Basic Education and Literacy ABEL II	High	FY96-98	150	-----	150	-----	200	-----	200	-----	200	-----
Democracy	Department of Justice-Participating Agency Services Agreement (PASA)	High		100	-----	100	-----	100	-----	100	-----	100	-----
Democracy	598-0813 LAC Regional Civic Education Program	Medium-High	FY95-00	100	-----	100	-----	100	-----	100	-----	100	-----
GRAND TOTAL.....				**1,100**	-----	**925**	-----	**1,500**	-----	**800**	-----	**500**	-----

***Subject to Project extension**

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TABLE III
USAID/ECUADOR
OVERSEAS MISSION BUDGET
for OPERATING EXPENSES FY 1998-2002

15-May-97
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Rate of exchange = 3,833.00

EOCC #	E O C C Description	FY 98 Total	FY 99 Total	FY 2000 Total	FY 2001 Total	FY 2002 Total
11.1	Personnel compensation, full-time permanent					
11.1	Base Pay & pymt. for annual leave balances - FNDH	334.6	351.4	368.9	250.6	263.1
	Subtotal OC 11.1	334.6	351.4	368.9	250.6	263.1
11.3	Personnel comp. - other than full-time permanent					
11.3	Base Pay & pymt. for annual leave balances - FNDH	0.0	0.0	0.0	0.0	0.0
	Subtotal OC 11.3	0.0	0.0	0.0	0.0	0.0
11.5	Other personnel compensation					
11.5	USDH	0.0	0.0	0.0	0.0	0.0
11.5	FNDH	3.1	3.2	3.4	3.6	3.7
	Subtotal OC 11.5	3.1	3.2	3.4	3.6	3.7
11.8	Special personal services payments					
11.8	USPSC Salaries	130.0	130.0	130.0	130.0	130.0
11.8	FN PSC Salaries	1,077.3	974.2	919.4	804.4	829.4
11.8	IPA/Details-In/PASAs/RSSAs Salaries	0.0	0.0	0.0	0.0	0.0
	Subtotal OC 11.8	1,207.3	1,104.2	1,049.4	934.4	959.4
12.1	Personnel benefits					
12.1	USDH benefits					
12.1	Educational Allowances	62.0	87.0	72.5	82.5	77.5
12.1	Cost of Living Allowances	0.0	0.0	0.0	0.0	0.0
12.1	Home Service Transfer Allowances	0.0	0.0	0.0	0.0	0.0
12.1	Quarters Allowances	120.6	114.7	105.4	87.2	87.2
12.1	Other Misc. USDH Benefits	6.0	26.1	12.7	6.7	0.0
12.1	FNDH Benefits					
12.1	Payments to the FSN Separation Fund - FNDH	6.0	5.0	5.0	5.0	5.0
12.1	Other FNDH Benefits	20.0	21.0	22.0	17.0	17.8
12.1	US PSC Benefits	0.0	0.0	0.0	0.0	0.0
12.1	FN PSC Benefits	0.0	0.0	0.0	0.0	0.0
12.1	Payments to the FSN Separation Fund - FN PSC	16.1	14.0	14.0	14.0	14.0
12.1	Other FN PSC Benefits	0.0	0.0	0.0	0.0	0.0
12.1	IPA/Detail-In/PASA/RSSA Benefits	0.0	0.0	0.0	0.0	0.0
	Subtotal OC 12.1	230.7	267.8	231.6	212.4	201.5
13.0	Benefits for former personnel					
13.0	FNDH					
13.0	Severance Payments for FNDH	0.0	0.0	86.5	0.0	0.0
13.0	Other Benefits for Former Personnel - FNDH	0.0	0.0	0.0	0.0	0.0
13.0	FN PSCs					
13.0	Severance Payments for FN PSCs	97.6	81.8	77.5	11.4	0.0
13.0	Other Benefits for Former Personnel - FN PSCs	0.0	0.0	0.0	0.0	0.0
	Subtotal OC 13.0	97.6	81.8	164.0	11.4	0.0

TABLE III
USAID/ECUADOR
OVERSEAS MISSION BUDGET
for OPERATING EXPENSES FY 1998-2002

15-May-97
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Rate of exchange = 3,833.00

EOCC #	EOCC Description	FY 98 Total	FY 99 Total	FY 2000 Total	FY 2001 Total	FY 2002 Total
21.0	Travel and transportation of persons					
21.0	Training Travel	12.0	12.0	0.0	0.0	0.0
21.0	Mandatory/Statutory Travel					
21.0	Post Assignment Travel - to field	0.0	8.3	2.0	0.0	0.0
21.0	Assignment to Washington Travel	0.0	3.0	2.0	2.0	0.0
21.0	Home Leave Travel	18.6	12.4	3.6	19.8	5.2
21.0	R & R Travel	11.0	10.0	13.0	6.0	12.0
21.0	Education Travel	8.7	7.5	5.0	2.5	2.5
21.0	Evacuation Travel	6.0	6.0	5.0	5.0	5.0
21.0	Retirement Travel	0.0	0.0	0.0	0.0	0.0
21.0	Pre-Employment Invitational Travel	0.0	0.0	0.0	0.0	0.0
21.0	Other Mandatory/Statutory Travel	0.0	0.0	0.0	0.0	0.0
21.0	Operational Travel					
21.0	Site Visits - Headquarters Personnel	4.1	4.1	5.0	5.0	5.0
21.0	Site Visits - Mission Personnel	25.0	25.0	20.0	20.0	20.0
21.0	Conferences/Seminars/Meetings/Retreats	10.8	10.8	10.0	8.0	6.0
21.0	Assessment Travel	0.0	0.0	0.0	0.0	0.0
21.0	Impact Evaluation Travel	0.0	0.0	0.0	0.0	0.0
21.0	Disaster Travel (to respond to specific disasters)	0.0	0.0	0.0	0.0	0.0
21.0	Recruitment Travel	0.0	0.0	0.0	0.0	0.0
21.0	Other Operational Travel	10.4	10.4	10.0	10.0	10.0
	Subtotal OC 21.0	106.6	109.5	75.6	78.3	65.7
22.0	Transportation of things					
22.0	Post assignment freight	0.0	62.0	21.3	10.7	0.0
22.0	Home Leave Freight	10.0	7.0	3.5	12.0	3.0
22.0	Retirement Freight	0.0	0.0	0.0	0.0	0.0
22.0	Transportation/Freight for Office Furniture/Equip.	4.5	7.0	4.0	3.0	3.0
22.0	Transportation/Freight for Res. Furniture/Equip.	3.1	1.0	9.0	6.0	0.0
	Subtotal OC 22.0	17.6	77.0	37.8	31.7	6.0
23.2	Rental payments to others					
23.2	Rental Payments to Others - Office Space	323.5	319.7	331.0	343.1	355.8
23.2	Rental Payments to Others - Warehouse Space	16.0	16.0	16.6	17.1	17.5
23.2	Rental Payments to Others - Residences	0.0	0.0	0.0	0.0	0.0
	Subtotal OC 23.2	339.5	335.7	347.6	360.2	373.3
qq 23.3	Communications, utilities, and miscellaneous charges					
23.3	Office Utilities	52.0	54.6	50.0	50.0	50.0
23.3	Residential Utilities	16.0	17.8	20.3	20.3	24.5
23.3	Telephone Costs	78.4	54.6	20.0	20.0	20.0
23.3	ADP Software Leases	0.0	0.0	0.0	0.0	0.0
23.3	ADP Hardware Lease	0.0	0.0	0.0	0.0	0.0
23.3	Commercial Time Sharing	0.0	0.0	0.0	0.0	0.0
23.3	Postal Fees (Other than APO Mail)	1.0	1.0	1.0	0.8	0.8
23.3	Other Mail Service Costs	1.0	1.0	1.0	0.8	0.8
23.3	Courier Services	7.0	7.0	8.8	9.7	10.6
	Subtotal OC 23.3	155.4	136.0	101.1	101.6	106.7

TABLE III
USAID/ECUADOR
OVERSEAS MISSION BUDGET
for OPERATING EXPENSES FY 1998-2002

15-May-97
09:46 AM

Rate of exchange = 3,833.00

EOCC #	EOCC Description	FY 98 Total	FY 99 Total	FY 2000 Total	FY 2001 Total	FY 2002 Total
24.0	Printing and Reproduction	0.0	0.0	0.0	0.0	0.0
	Subtotal OC 24.0	0.0	0.0	0.0	0.0	0.0
25.1	Advisory and assistance services					
25.1	Studies, Analyses, & Evaluations	2.0	2.5	2.0	2.0	2.0
25.1	Management & Professional Support Services	5.1	5.4	5.0	5.0	5.0
25.1	Engineering & Technical Services	0.0	0.0	0.0	0.0	0.0
	Subtotal OC 25.1	7.1	7.9	7.0	7.0	7.0
25.2	Other services					
25.2	Office Security Guards	71.2	75.6	79.4	83.3	87.5
25.2	Residential Security Guard Services	0.0	0.0	0.0	0.0	0.0
25.2	Official Residential Expenses	0.0	0.0	0.0	0.0	0.0
25.2	Representation Allowances	1.0	1.0	1.0	1.0	1.0
25.2	Non-Federal Audits	0.0	0.0	0.0	0.0	0.0
25.2	Grievances/Investigations	0.0	0.0	0.0	0.0	0.0
25.2	Insurance and Vehicle Registration Fees	1.7	1.8	1.9	1.7	1.8
25.2	Vehicle Rental	0.0	0.0	0.0	0.0	0.0
25.2	Manpower Contracts	20.1	21.1	22.1	23.2	24.3
25.2	Records Declassification & Other Records Services	0.0	0.0	0.0	0.0	0.0
25.2	Recruiting activities	0.0	0.0	0.0	0.0	0.0
25.2	Penalty Interest Payments	0.5	0.5	0.5	0.5	0.5
25.2	Other Miscellaneous Services	34.0	34.0	34.0	26.0	22.0
25.2	Staff training contracts	16.0	16.0	10.0	10.0	10.0
25.2	ADP related contracts	0.0	0.0	0.0	0.0	0.0
	Subtotal OC 25.2	144.5	150.0	148.9	145.7	147.1
25.3	Purchase of goods and services from Government accounts					
25.3	FAAS/ICASS	100.0	90.0	85.0	80.0	80.0
25.3	All Other Services from Other Gov't. accounts	0.0	0.0	0.0	0.0	0.0
	Subtotal OC 25.3	100.0	90.0	85.0	80.0	80.0
25.4	Operation and maintenance of facilities					
25.4	Office building Maintenance	5.0	5.0	5.0	5.0	5.0
25.4	Residential Building Maintenance	2.4	2.4	2.4	2.4	2.4
	Subtotal OC 25.4	7.4	7.4	7.4	7.4	7.4
25.7	Operation/maintenance of equipment & storage of goods					
25.7	ADP and telephone operation and maintenance costs	9.2	10.0	10.0	10.0	10.0
25.7	Storage Services	0.0	0.0	0.0	0.0	0.0
25.7	Office Furniture/Equip. Repair and Maintenance	5.0	10.0	5.0	5.0	5.0
25.7	Vehicle Repair and Maintenance	4.0	4.0	4.0	4.0	4.0
25.7	Residential Furniture/Equip. Repair and Maintenance	6.0	10.0	10.0	10.0	10.0
	Subtotal OC 25.7	24.2	34.0	29.0	29.0	29.0

TABLE III
USAID/ECUADOR
OVERSEAS MISSION BUDGET
for OPERATING EXPENSES FY 1998-2002

15-May-97
09:46 AM

Rate of exchange = 3,833.00

EOCC #	E O C C Description	FY 98 Total	FY 99 Total	FY 2000 Total	FY 2001 Total	FY 2002 Total
25.8	Subsistance and support of persons (by contract or Gov't.)	0.0	0.0	0.0	0.0	0.0
	Subtotal OC 25.8	0.0	0.0	0.0	0.0	0.0
26.0	Supplies and materials	30.0	28.0	26.0	24.0	22.0
	Subtotal OC 26.0	30.0	28.0	26.0	24.0	22.0
31.0	Equipment					
31.0	Purchase of Residential Furniture/Equip.	3.2	1.6	9.8	6.0	0.0
31.0	Purchase of Office Furniture/Equip.	1.2	14.6	1.2	0.0	0.0
31.0	Purchase of Vehicles	0.0	25.0	0.0	0.0	0.0
31.0	Purchase of Printing/Graphics Equipment	0.0	0.0	0.0	0.0	0.0
31.0	ADP Hardware purchases	40.0	41.0	31.0	31.0	27.0
	Subtotal OC 31.0	44.4	82.2	42.0	37.0	27.0
32.0	Lands and structures					
32.0	Purchase of Land & Buildings (& construction of bldgs.)	0.0	0.0	0.0	0.0	0.0
32.0	Purchase of fixed equipment for buildings	0.0	0.0	0.0	0.0	0.0
32.0	Building Renovations/Alterations - Office	0.0	0.0	0.0	0.0	0.0
32.0	Building Renovations/Alterations - Residential	0.0	15.0	0.0	0.0	0.0
	Subtotal OC 32.0	0.0	15.0	0.0	0.0	0.0
42.0	Claims and indemnities	0.0	0.0	0.0	0.0	0.0
	Subtotal OC 42.0	0.0	0.0	0.0	0.0	0.0
	TOTAL ANNUAL BUDGET	2,850.0	2,881.1	2,724.7	2,314.3	2,298.9
	< - > F A A S	100.0	90.0	85.0	80.0	80.0
	< = > NET REQUEST	2,750.0	2,791.1	2,639.7	2,234.3	2,218.9
	APPROVED ANNUAL LEVEL					
	< = > Additional amount requested					

TABLE IV - WORKFORCE SCHEDULE

Funding Source	FY 97 Targets					FY 98					FY 99 Ceilings				
	US		FN			US		FN			US		FN		
	USDH	PSC	FNDH	PSC	TOTAL	USDH	PSC	FNDH	PSC	TOTAL	USDH	PSC	FNDH	PSC	TOTAL
Operating Expenses and Trust Funds	8	1	9	50	68 0	7	1	9	41	58 0	7	1	9	37	54 0
Subtotal	8	1	9	50	68	7	1	9	41	58	7	1	9	37	54
Program Funds		1		17	18		1		15	16		1		15	16
Total	8	2	9	67	86	7	2	9	56	74	7	2	9	52	70

Funding Source	FY 00 Ceilings					FY 01 Ceilings					FY 02 Ceilings				
	US		FN			US		FN			US		FN		
	USDH	PSC	FNDH	PSC	TOTAL	USDH	PSC	FNDH	PSC	TOTAL	USDH	PSC	FNDH	PSC	TOTAL
Operating Expenses and Trust Funds	6	1	9	33	49 0	5	1	8	23	37 0	5	1	8	22	36 0
Subtotal	6	1	9	33	49	5	1	8	23	37	5	1	8	22	36
Program Funds		1		15	16		1		11	12		1		10	11
Total	6	2	9	48	65	5	2	8	34	49	5	2	8	32	47

B. Programming Options

This section describes the impact on the level of investment by Strategic Objective of either a 10 percent or 30 percent reduction in development assistance funding for the USAID/Ecuador program.

TABLE V - 10 % REDUCTION IN RESOURCE REQUEST
FY 1998 TO FY 2002
($000)

Strategic Objective		FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
SO 1 - Biodiversity Conservation		2,600	1,700	2,600	3,400	3,400
SO 2 - Family Planning/MCH	FP	3,000	3,000	3,000	3,000	3,000
	CS	1,500	1,000	1,000	-0-	-0-
SO 3 - Democracy/CSOs		1,200	1,200	1,200	1,700	1,700
Special Objective - Pollution Prevention		900	-0-	-0-	-0-	-0-
Special Objective - Microenterprise		600	1,200	300	-0-	-0-
Special Objective - Governance	ESF	1,000	-0-	-0-	-0-	-0-
TOTALS		10,800	8,100	8,100	8,100	8,100

At the 10 percent reduction level, it is assumed that resource levels for population, child survival, and microenterprise would be held constant to meet earmarks and directives, with reductions made in the unrestricted resources available to democracy and environment objectives. Obviously, these assumptions limit the impact of these reductions to the longer-term portfolio, while the earmarks and directives protect the achievement of short-term results in those areas in which USAID/Ecuador will be phasing out during the strategic plan period. Funding for Biodiversity Conservation and Democracy would be reduced by approximately 15 percent and 24 percent respectively. The Mission would be forced to assess and evaluate activities in biodiversity in order to determine the specific areas that would have to be either cut back or eliminated. USAID/Ecuador support to the condor protection activities of the Partnership for Biodiversity would be eliminated. Each of the Mission's other biodiversity partners would be required to reduce the scope of planned activities and limit expansion into new geographic areas. Given the current status of the Democracy portfolio, it could be anticipated that the legal reform activities of CLD would be reduced; planned expansions of justice access activities of CIDES and CEPAM would be eliminated. This would effectively eliminate most of IR 1. Under IR 2, requested field support would be reduced resulting in fewer NGOs participating in strategic alliance; other activities to strengthen NGOs/CSOs would be reduced, thereby limiting the improvements in their ability to influence public policy. The incentive fund to encourage networking and linkages among NGOs would be delayed and would ultimately reach fewer organizations. Thus, this reduction would require a re-examination of the management contract with USAID/Washington to make expected results more in line with funding realities.

TABLE VI - 30 % REDUCTION IN RESOURCE REQUEST FY 1998 TO FY 2002 ($000)						
Strategic Objective		FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
SO 1 - Biodiversity Conservation		2,300	1,800	2,600	2,600	2,600
SO 2 - Family Planning/MCH	FP	2,000	2,000	2,000	2,000	2,000
	CS	1,000	700	500	-0-	-0-
SO 3 - Democracy/CSOs		1,200	1,200	1,200	1,700	1,700
Special Objective - Pollution Prevention		600	-0-	-0-	-0-	-0-
Special Objective - Microenterprise		300	600	-0-	-0-	-0-
Special Objective - Governance	ESF	1,000	-0-	-0-	-0-	-0-
TOTALS		8,400	6,300	6,300	6,300	6,300

At the 30 percent reduction level, in addition to the contractions experienced under a 10 percent cut, the Mission would be forced to also take cuts in population, child survival, and microenterprise and would thus have to reduce its contribution to meeting Agency earmarks and directives. Reductions in family planning of approximately 33 percent would negatively impact on USAID/Ecuador's objective of ensuring the sustainability of NGO partners after completion of USAID/Ecuador assistance in FY 2002, resulting in a decrease in the provision of family planning services over the longer-term, particularly in the underserved rural areas. This level of reduction would also force the Mission to curtail assistance to microenterprise credit institutions, again resulting in a decrease in the number of customers, primarily women, who would benefit from the planned consolidation of this program. Additional cuts to Biodiversity would force the Mission to eliminate support to TNC and pull out of one of the target ecological reserves; reduce support to the Charles Darwin Foundation for preservation of the unique biodiversity of the Galapagos Islands by over half; and support for CARE efforts to continue sustainable land use management plans and alternate source of income in ecological reserves and their buffer zones would be further curtailed. Democracy, which given its important role in the Mission's portfolio, had already sustained maximum cuts under the 10% scenario, would be maintained at that level. The Pollution Prevention Special Objective would be phased out at a faster pace, leaving questions as to the ability of the NGO partner to sustain services. USAID/Ecuador would also be forced to eliminate SDAA activities, an important mechanism for providing assistance to the poorer segments of Ecuadorian society and developing civil society at the community level.

ANNEX A: Indicator Tables

OBJECTIVE: Strategic Objective 1 - Conserve biodiversity in selected protected areas.
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: Strategic Objective 1

INDICATOR: BIO 1.0 (a) - Changes in natural vegetation cover in and around selected protected areas.

UNIT OF MEASURE: Change in percentage of coverage
SOURCE: Satellite imagery/Aerial photos/thematic maps
INDICATOR DESCRIPTION: Every three years (SOTL)
COMMENTS:
The assumption is that losses of vegetation will continue, but at a reduced rate in the areas selected for program activities. This indicator compares changes of vegetation cover between (1) buffer zones and reserve areas where partners are operating (selected areas) and (2) equivalent zones where there is no influence by program activities (control area). Therefore, since the Δ in the selected area (x%) is expected to be less than the Δ in the control area (y%), then $0 < x\%/y\% < 1$. Preliminary data was collected in FY 1994. Additional studies will be completed in FY 1997 in order to determine the actual baseline rate of change.

YEAR	PLANNED	ACTUAL
1997(B)	--	
2000	TBD	
2003(T)	TBD	

OBJECTIVE: Strategic Objective 1 - Conserve biodiversity in selected protected areas.
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: Strategic Objective 1

INDICATOR: BIO 1.0 (b) - Abundance and distribution of key species in and around selected protected areas.

UNIT OF MEASURE: % change in abundance and distribution
SOURCE: Field Transect studies
INDICATOR DESCRIPTION: Annually (SOTL)
COMMENTS:
The assumption is that there will be a continuing negative impact on the abundance and distribution of species, but at a reduced rate in the areas selected for program activities. This indicator compares changes in key species between (1) buffer zones and reserve areas where partners are operating (selected areas) and (2) equivalent zones where there is no influence by program activities (control area). Therefore, since the Δ in the selected area (x%) is expected to be less than the Δ in the control area (y%), then $0 < x\%/y\% < 1$. Preliminary data was collected in FY 1994. Additional studies will be completed in FY 1997 in order to determine the actual baseline rate of change.

YEAR	PLANNED	ACTUAL
1997(B)	--	
2000	TBD	
2003(T)	TBD	

OBJECTIVE: Strategic Objective 1 - Conserve biodiversity in selected protected areas.
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: Strategic Objective 1

INDICATOR: BIO 1.0 (c) - Adoption of key practices in support of conservation.

UNIT OF MEASURE: % of families adopting conservation practices (cumulative).

SOURCE: Field surveys

INDICATOR DESCRIPTION: Quarterly (SOTL)

COMMENTS:

Target Number of Families

Yr/Area	RECC	RECAY	GMR	PIP	TOTAL
1996	412	70	0	47	529
1997	300	140	10	10	460
1998	438	190	13	10	651
1999	400	240	15	10	665
2000	450	310	15	10	665
2001	500	360	15	0	875
2002	500	430	15	0	945
Total	3000	1740	83	87	4910

YEAR	PLANNED	ACTUAL
1996(B)	11%	11%
1997	20%	
1998	33%	
1999	47%	
2000	61%	
2001	79%	
2002(T)	100%	

OBJECTIVE: Strategic Objective 1 - Conserve biodiversity in selected protected areas.
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: SO 1 IR 1 - Strengthened capacity of NGOs/CSOs active in biodiversity conservation.

INDICATOR: BIO 1.1 (a) - Research papers published in peer-reviewed international journals/volumes.

UNIT OF MEASURE: Number of articles published (cumulative)

SOURCE: Reprints

INDICATOR DESCRIPTION: Annually (SOTL)

COMMENTS: National level publications are also encouraged for promotion and educational purposes. Initial steps will involve preparation and submission of research papers.

Yr/Area	RECC	RECAY	GMR	TOTAL
1997	3	2	1	6
1998	3	2	1	6
1999	3	3	1	7
2000	2	4	1	7
2001	2	3	1	6
2002	2	4	1	7
2003	2	1	1	4
Total	17	19	7	43

YEAR	PLANNED	ACTUAL
1997(B)	6	
1998	12	
1999	19	
2000	26	
2001	32	
2002	39	
2003(T)	43	

OBJECTIVE: Strategic Objective 1 - Conserve biodiversity in selected protected areas.
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: SO 1 IR 1 - Strengthened capacity of NGOs/CSOs active in biodiversity conservation.

INDICATOR: BIO 1.1 (b) - Financing of local partners by outside sources.

UNIT OF MEASURE: Dollars (thousands) provided for conservation activities (cumulative)

SOURCE: Partner annual reports

INDICATOR DESCRIPTION: Annually (SOTL)

COMMENTS:

Thousands Dollars

Yr/Area	RECC	RECAY	TOTAL
1997	1000	50	1050
1998	200	50	250
1999	0	70	70
2000	200	0	200
2001	0	70	70
2002	200	70	270
Total	1600	310	1910

YEAR	PLANNED	ACTUAL
1997(B)	1050	
1998	1300	
1999	1370	
2000	1570	
2001	1640	
2002(T)	1910	

OBJECTIVE: Strategic Objective 1 - Conserve biodiversity in selected protected areas.
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: SO 1 IR 1 - Strengthened capacity of NGOs/CSOs active in biodiversity conservation.

INDICATOR: BIO 1.1 (c) - Law and/or policy changes introduced as a result of NGO/CSO lobbying/advocacy.

UNIT OF MEASURE: Policy documents submitted to executive, legislative of municipality authorities, as appropriate (cumulative).

SOURCE: Congressional records

INDICATOR DESCRIPTION: Annually (SOTL)

COMMENTS: Initial steps could involve undertaking studies and drafting legislation.

Policy documents

Yr/Area	RECC	RECAY	GMR	TOTAL
1997	3	1	1	5
1998	3	2	0	5
1999	2	0	0	2
2000	2	0	0	2
2001	2	0	0	2
2002	2	0	0	2
Total	14	3	1	18

YEAR	PLANNED	ACTUAL
1997(B)	5	
1998	10	
1999	12	
2000	14	
2001	16	
2002(T)	18	

77

OBJECTIVE: Strategic Objective 1 - Conserve biodiversity in selected protected areas.
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: SO 1 IR 2 - Natural resource management plans under implementation in and around the protected areas.

INDICATOR: BIO 1.2 (a) - Hectares covered by approved natural resource management plans.

UNIT OF MEASURE: UNIT:Hectares/thousands (cumulative). Unit measurement purposively aggregates across kinds of areas and types of plans.

SOURCE: INEFAN, CARE, TNC

INDICATOR DESCRIPTION: Annually (SOTL)

COMMENTS: Area for RECC region includes buffer zone and some portion of the Reserve. Effectiveness of management plans refers to standards adopted by PIP and ITTO.

Thousands of hectares

Yr/Area	RECC	RECAY/REA	PIP	TOTAL
1996	10	0	60	70
1997	14	400	142	556
1998	36	200	0	236
1999	30	0	0	30
2000	60	300	0	360
2001	60	0	0	60
2002	60	0	0	60
2003	30	0	0	30
Total	300	900	202	1402

YEAR	PLANNED	ACTUAL
1996(B)	70	152
1997	626	
1998	862	
1999	892	
2000	1252	
2001	1312	
2002	1372	
2003(T)	1402	

OBJECTIVE: Strategic Objective 1 - Conserve biodiversity in selecteo protected areas.
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: SO 1 IR 2 - Natural resource management plans under implementation in and around the protected ares.

INDICATOR: BIO 1.2 (b) - Community land under legal title in project target areas.

UNIT OF MEASURE: Hectares under legal title (thousands, cumulative)

SOURCE: INEFAN, CARE, TNC, FUNAN, FER, INDA records.

INDICATOR DESCRIPTION: Annually (RPM)

COMMENTS: Framework for community organizations, NGOs and local authorities to participate with GOE agencies in the administration of the RECC protected area: (a) Legal framework; (b) Mapped delimitation of at least two communities completed; (c) Regulatory framework; (d) Demarcation of the RECC completed where boundaries are adjacent to settled communities, by INEFAN, with community participation.

Thousands of Hectares

Yr/Area	RECC
1996	10
1997	14
1998	36
1999	30
2000	60
2001	60
2002	60
2003	30
Total	300

YEAR	PLANNED	ACTUAL
1996(B)	10	10
1997	24	
1998	60	
1999	90	
2000	150	
2001	210	
2002	270	
2003(T)	300	

70

OBJECTIVE: Strategic Objective 2 - Increased use of sustainable family planning/maternal child health services.
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: Strategic Objective

INDICATOR: FPH 2.0 (a) - Contraceptive Prevalence Rate

UNIT OF MEASURE: Percentage of women in reproductive age (15 to 49 years) currently using a method of contraception

SOURCE: ENDEMAIN

INDICATOR DESCRIPTION: Every 5 years - 1999 (SOTL)

COMMENTS: This indicator will be verified independently every five years though a National Demographic Survey, with the next one planned for 1999. It should be noted that figures reflect all contraceptive methods, including modern and traditional. The target for the year 2000 was established based on current trends and contraceptive use profiles from the Ministry of Health, CONADE, and CEPAR. Achievement of the target will depend on strong participation by USAID/Ecuador partners, especially UNFPA, and a policy environment which allows for access to family planning methods by all women.

YEAR	PLANNED	ACTUAL
1994(B)	-	56.8
1997	58.6	
1998	59.1	
1999	59.6	
2000	60.0	
2001	60.5	
2002(T)	61.0	

OBJECTIVE: Strategic Objective 2 - Increased use of sustainable family planning/maternal child health services.
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: Strategic Objective

INDICATOR: FPH 2.0 (b) - Women and children (1-5) using improved or expanded MCH services.

UNIT OF MEASURE: Number of women and children (000s) per year.

SOURCE: MOH and CARE records

INDICATOR DESCRIPTION: Annually (RPM-2)

COMMENTS: This indicator focuses on efforts to expand access through the private sector and decentralization of services.

YEAR	PLANNED		ACTUAL	
	Chld.	Wom.	Chld.	Wom
1995(B)	0	0	0	0
1997	35	100		
1998	70	187		
1999	120	334		
2000(T)	170	434		

OBJECTIVE: Strategic Objective 2 - Increased use of sustainable family planning/maternal child health services.
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: SO 2 IR 1 - Increased cost recovery of FP NGO partners.

INDICATOR: FPH 2.1 - Cost recovery level.

UNIT OF MEASURE: Percentage of total costs covered by NGO generated income.

SOURCE: NGO statistics and financial audits.

INDICATOR DESCRIPTION: Annually (RPM-1)

COMMENTS: Cost recovery, along with institutional maturity, is crucial to long term sustainability of the family planning organization. This indicator will be verified by NGO statistics and periodic financial audits. The target excludes a major portion of their contraceptive procurement needs which are currently donated by USAID and is based on the assumption that USAID/Ecuador support for the two organizations will terminate around 2002. An equally crucial assumption is that the two organizations, with assistance from USAID, will have established sustainability funds.

YEAR	PLANNED	ACTUAL
1994(B)	--	62
1997	75	
1998	80	
1999	85	
2000	90	
2001	95	
2002(T)	100	

OBJECTIVE: Strategic Objective 2 - Increased use of sustainable family planning/maternal child health services.
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: SO 2 IR 2 - Improved quality and access to family planning services.

INDICATOR: FPH 2.2 (a) - Couple Years of Protection (CYP) provided by APROFE and CEMOPLAF.

UNIT OF MEASURE: Estimated protection provided by family planning services for a one year period, based upon volume & type of contraceptives distributed.

SOURCE: NGO statistics

INDICATOR DESCRIPTION: Annually (RPM-1)

COMMENTS: This indicator measures quality and access to family planning services. The public sector was not included in this indicator because USAID/Ecuador contribution to their program is small and more importantly there is no reliable data. The MOH publishes their service statistics one year late, and the Social Security Institute has an under reporting (over 50%). The target was based on past consumption of contraceptives with increases as follows: 25%-1996, 20%-1997, 15%-1998, and 10%-thereafter.

YEAR	PLANNED	ACTUAL
1994(B)	--	279,117
1997	553,439	
1998	636,455	
1999	700,101	
2000	770,111	
2001	847,122	
2002(T)	931,834	

OBJECTIVE: Strategic Objective 2 - Increased use of sustainable family planning/maternal child health services.
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: SO 2 IR 2 - Improved quality and access to family planning services.

INDICATOR: FPH 2.2 (b) - Quality Index applied at 40 APROFE and CEMOPLAF clinics.

UNIT OF MEASURE: Index of 6 factors

SOURCE: APROFE and CEMOPLAF

INDICATOR DESCRIPTION: Annually (SOTL)

COMMENTS: The index awards one point for each of 6 factors: no stock-outs of any method/brand; at least three modern methods available; private exam space in facility; staff trained in methods available in counselling on side-effects; state-of-the-art national guidelines available on sits; facility staffed and open at least five hours/day.
(*) Numbers in the table refer to number of factors of the index applied to all 40 clinics, i.e., in 1996 all 40 clinics were applying 4 of the 6 factors in the index.

YEAR	PLANNED	ACTUAL
1996(B)	--	4(*)
1997	5	
1998	5	
1999	6	
2000	6	
2001	6	
2002(T)	6	

OBJECTIVE: Strategic Objective 2 - Increased use of sustainable family planning/maternal child health services.
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: SO 2 IR 3 - Improved quality and access of MCH services.

INDICATOR: FPH 2.3 - Service delivery points (SDPs) with improved/expanded packages of MCH services.

UNIT OF MEASURE: Number of SDPs improved/expanded **(cumulative)**

SOURCE: Project reports from CARE,QA, BASICS and RPM

INDICATOR DESCRIPTION: Annually (RPM-2)

COMMENTS: SDPs being assisted are mostly MOH sites, plus a few NGOs. Total number of MOH SDPs from hospitals to tiny health posts, is about 1650, with some 133 NGO health centers nationwide. While USAID/Ecuador activities cover only 7% of these SDPs, it should be emphasized that the focus of assistance is on providing sustainable models of improved services, rather than national coverage.

YEAR	PLANNED	ACTUAL
1995(B)	3	3
1997	58	
1998	93	
1999	108	
2000(T)	118	

OBJECTIVE: Strategic Objective 2 - Increased use of sustainable family planning/maternal child health services.
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: SO 2 IR 4 - Increased sustainability of health NGOs

INDICATOR: FPH 2.4 - APOLO-supported NGOs achieving specific degree of cost recovery.

UNIT OF MEASURE: Number of NGOs recovering percentage of total budget
SOURCE: CARE/APOLO
INDICATOR DESCRIPTION: Annually (SOTL)
COMMENTS:

YEAR	PLANNED	ACTUAL
1996(B)	--	4 NGOs/50% 3 NGOs/20% 3 NGOs/0%
1997	4 NGOs/55% 3 NGOs/25% 3 NGOs/5%	
1998	4 NGOs/60% 3 NGOs/30% 3 NGOs/ 10%	
1999	4 NGOs/70% 3 NGOs/40% 3 NGOs/20%	
2000(T)	4 NGOs/80% 3 NGOs/50% 3 NGOs/30%	

OBJECTIVE: Strategic Objective - Strengthened civil society
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: Strategic Objective

INDICATOR: DEM 3.0 - Citizen participation in CSOs and citizen perceptions of CSOs.

UNIT OF MEASURE: The estimated percentage of citizens participating in civil society organizations; the estimated percentage of citizens who believe NGOs and other civil society organizations play an important and positive role in Ecuador.
SOURCE: CLD, Fundacion Alternativa NGO
INDICATOR DESCRIPTION: Annually (SOTL)
COMMENTS: These two indicators will be obtained from the annual index on democracy in Ecuador being developed by CLD. The indicators to be used will not be a projected rate of increase because of the difficulty in establishing a reasonable annual target that can be attributed to the USAID/Ecuador program. Instead, the performance measurement each year will be whether or not there is a statistically significant increase in the two percentages, i.e, a yes or no determination.

YEAR	PLANNED	ACTUAL
1997(B)	--	
1998	upward trend	
1999	upward trend	
2000	upward trend	
2001	upward trend	
2002(T)	upward trend	

OBJECTIVE: Strategic Objective - Strengthened civil society
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: IR 1 - NGOs/CSOs/ active in promoting civil and political rights.

INDICATOR: DEM 3.1 (a) - Diversification in the number of outside donors or institutional Ecuadorian sources supporting the three principal rule of law NGO partners currently working with the Mission

UNIT OF MEASURE: Number of outside donors/institutions
SOURCE: CLD, CEPAM, CIDES records, progress and financial reports, audits.
INDICATOR DESCRIPTION: Semi-Annually (SOTL)
COMMENTS: This indicator will be measured starting FY 1997.

YEAR	PLANNED	ACTUAL
1996(B)	--	See comment
1997	CLD=2	
1998	CLD = 2	
1999	CEPAM = 3	
2000(T)	CIDES = 3	

OBJECTIVE: Strategic Objective - Strengthened civil society
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: IR 1 - NGOs/CSOs/ active in promoting civil and political rights.

INDICATOR: DEM 3.1 (b) - For CEPAM, an increase in clients served through Comisarias de la Mujer.

UNIT OF MEASURE: Increase in clients served per year.
SOURCE: Comisarias data base system, NGO progress reports
INDICATOR DESCRIPTION: Annually (RPM)
COMMENTS: An indicator of increased number of clients served by Comisarias is appropriate during this period because of the under-reporting of domestic violence cases. At some future point, not yet determined, increased prevention efforts will begin to reduce the growth of domestic violence cases.

YEAR	PLANNED	ACTUAL
1996(B)	--	25,600
1997	26,750	
1998	28,900	
1999	30,000	
2000	33,000	
2001	36,000	
2002(T)	37,000	

OBJECTIVE: Strategic Objective - Strengthened civil society
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: IR 1 -NGOs/CSOs/ active in promoting civil and political rights.

INDICATOR: DEM 3.1 (c) - For CIDES, an increase in cases processed through Alternative Dispute Resolution and indigenous legal clinics.

UNIT OF MEASURE: Number of cases
SOURCE: CIDES progress and evaluation reports
INDICATOR DESCRIPTION: Annually (RPM)
COMMENTS: By 1997, 65 community based mediators will be trained to provide effective community ADR and other legal services.

YEAR	A	B	C	TOTAL
1996	4	0	0	4
1997	76	36	54	166
1998	108	60	96	264
1999	130	72	138	340
2000	150	85	125	360
2001	180	100	150	430
2002	216	120	180	516

TYPE A - FAMILY MEDIATION: The beneficiaries are expected to range from 4 to 8 persons per case.

TYPE B - SECTORIAL MEDIATION: The beneficiaries are expected to range from 3 to 6 persons per case.

TYPE C - COMMUNITY MEDIATION: The beneficiaries are expected to range from 10 to 1000 persons per case.

YEAR	PLANNED	ACTUAL
1996(B)	--	4
1997	166	
1998	264	
1999	340	
2000	360	
2001	430	
2002(T)	516	

OBJECTIVE: Strategic Objective - Strengthened civil society
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: IR 2 - NGOs/CSOs influencing public policies and programs.

INDICATOR: DEM 3.2 (a) - Number of legislators, cabinet members, and mayors who report CSO/NGO influence in policy, legislative, and program decisions.

UNIT OF MEASURE: Number of individuals
SOURCE: Fundacion Alternativa NGO surveys
INDICATOR DESCRIPTION: Annually (SOTL)
COMMENTS: This information would have to be obtained by a survey of all such officials, roughly some three hundred individuals. USAID/Ecuador tentatively plans working with Fundacion Alternativa or some similar NGO to establish a baseline in 1998 that would permit the establishment of annual targets. A ten percent annual increase in the numbers of officials reporting a positive response would be reasonable.

YEAR	PLANNED	ACTUAL
1998(B)	Establish baseline	
1999	10%	
2000	10%	
2001	10%	
2002(T)	10%	

OBJECTIVE: Strategic Objective - Strengthened civil society
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: IR 2 - NGOs/CSOs influencing public policy.

INDICATOR: DEM 3.2 (b) - NGOs establish new or significantly improve existing strategic alliances in economic/social development sector.

UNIT OF MEASURE: Number of alliances
SOURCE: Fundacion Alternativa studies, data base expansion
INDICATOR DESCRIPTION: Annually (RPM)
COMMENTS: Information will be generated principally as a result of the implementation of the annual fund to be established for NGO network/alliances proposals. The first round of open competition will not take place until late FY 1998. In effect, a baseline study will have to be prepared in FY 1998 for future guidance.

YEAR	PLANNED	ACTUAL
1998(B)	Baseline study prepared	
1999	TBD	
2000	TBD	
2001	TBD	
2002(T)	TBD	

OBJECTIVE: Strategic Objective - Strengthened civil society
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: IR 2 -NGOs/CSOs influencing public policy.

INDICATOR: DEM 3.2 (c) - Increase in the number of NGOs effectively using telecommunications technology will increase by 10 percent annually beginning in 1999.

UNIT OF MEASURE: Percentage increase
SOURCE: Fundacion Alternativa NGO data base, LearnLinks follow-up reports
INDICATOR DESCRIPTION: Annually (SOTL)
COMMENTS: Information will be generated principally under the buy-in to the centrally managed LearnLinks telecommunications program. Drawing on the Fundacion Alternativa NGO data base, LearnLinks will have to undertake a baseline study of the number of NGOs currently using modern telecommunications technologies effectively. For this purpose a composite criteria for determining the factors that define effective use will be developed.

YEAR	PLANNED	ACTUAL
1998(B)	--	
1999	10%	
2000	10%	
2001	10%	
2002(T)	10%	

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OBJECTIVE: Special Objective - Improved sustainable capacity of selected public and private institutions to prevent/control pollution.
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: Special Objective

INDICATOR: POL 0.1 (a) - Cleaner industrial production and energy efficient operations implemented

UNIT OF MEASURE: Number of industries adopting CP and EE practices (cumulative)

SOURCE: OIKOS, EP3, E2P3, Chambers of Industry, AmCham, CAAM. Monthly updating of matrices; Progress reports; Case studies published by OIKOS

INDICATOR DESCRIPTION: Quarterly (RPM)

COMMENTS: Cleaner operations refer to standards recommended by E2P3. 23 textile plants are designing their own pollution prevention program.

YEAR	PLANNED	ACTUAL
1995(B)	--	2
1996	10	15
1997	20	31
1998	30	
1999	40	
2000(T)	50	

OBJECTIVE: Special Objective - Improved sustainable capacity of selected public and private institutions to prevent/control pollution.
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: Special Objective

INDICATOR: POL 0.1 (b) - Municipal solid waste management practices improved

UNIT OF MEASURE: Number of municipalities using improved solid waste management practices (cumulative)

SOURCE: Municipalities, MIDUVI. Direct reports from selected municipalities.

INDICATOR DESCRIPTION: Annually (RPM)

COMMENTS: Accomplishment of these results is dependent upon availability of resources.

YEAR	PLANNED	ACTUAL
1996(B)	--	2
1997	1	
1998	1	
1999	2	
2000(T)	3	

OBJECTIVE: Special Objective - Increased access to financial services to microentrepreneurs
APPROVED: JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador

RESULT NAME: Special Objective

INDICATOR: MAS 0.2 - Increase in the number of microentrepreneur borrowers by year.

UNIT OF MEASURE: Number of borrowers (000s) per year.

SOURCE: Banco Solidario, CARE, CRS, FINCA, P.Hope, ACCION

INDICATOR DESCRIPTION: Quarterly (RPM-2)

COMMENTS: The drop in numbers from last year's R4 is due to the following: (1) the FED (Fundación Ecuatoriana de Desarrollo), an NGO which currently serves the largest number of microentrepreneurs, decided not to partake in the program; and (2) the anticipated merger of CorpoMicro and Financiera Uno, potential partners under the CARE Cooperative Agreement, did not occur. Thus the baseline for the new Strategic Plan period has been developed to cover only current partners, beginning in FY 1996.

Women's participation will increase gradually to over fifty percent over the six year life of this special objective.

YEAR	PLANNED	ACTUAL
1996(B)	--	2.466
1997	10,000	
1998	20.000	
1999	35.000	
2000(T)	50,000	

OBJECTIVE: Special Objective - Support reforms and measures to reduce corruption and improve government accountability. **APPROVED:** JULY/1997 **COUNTRY/ORGANIZATION:** USAID/Ecuador			
RESULT NAME: Special Objective			
INDICATOR: COR 0.3 - Improved citizen confidence in political and administrative processes of government.			
UNIT MEASURE: % change	**YEAR**	**PLANNED**	**ACTUAL**
SOURCE: CLD Survey	1997(B)		
INDICATOR DESCRIPTION: Quarterly (RPM)	1998		
COMMENTS: Indicators to be finalized following input from US Embassy.	1999(T)		

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ANNEX B: Data Sources

1. World Bank. Poverty Report, 1995.

2. USAID. LAC Selected Economic and Social Data, 1996.

3. World Bank. Poverty Report, 1995.

4. Central Bank of Ecuador. 1997.

5. International Monetary Fund. International Financial Statistics Yearbook, 1995.

6. USAID. LAC Selected Economic and Social Data, 1996.

7. USAID. LAC Selected Economic and Social Data, 1996.

8. Panamerican Health Organization. Basic Indicators of Health in the Americas, 1996.

9. World Bank. Country Assistance Strategy Statement, 1997.

10. Meyers, Norman. "Threatened Biological Hot Spots in Tropical Forests," The Environmentalist, Vol. 8 No. 3, 1988.

11. World Bank. Poverty Report, 1995

12. Endemain - National Demographic and Health Survey, 1994.

13. Colburn, Forrest. " El Abismo entre los Ecuatorianos y sus Partidos Políticos," INCAE-Cuadernos de Economia, Number 6, February, 1996.

14. Mansilla, Sara and Maira, Gloria. "Gender and Justice Administration in Ecuador," Building Democracy with Women", edited by Ana Maria Brasileiro, UNIFEM, 1996.

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TAGS:
SUBJECT: FY 97-98 R4 FOR USAID/ECUADOR -- MANAGEMENT
CONTRACT

1. SUMMARY: THE FY 97-98 RESULTS REVIEW AND RESOURCE REQUEST (R4) FOR ECUADOR WAS REVIEWED ON MAY 17, 1996; THE DAEC WAS CHAIRED BY AA/LAC MARK SCHNEIDER. IN ATTENDANCE WERE REPRESENTATIVES FROM PPC, M/B, G AND ALL APPROPRIATE LAC OFFICES. ALSO ATTENDING WERE AMBASSADOR-

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DESIGNATE LESLIE ALEXANDER AND DCM-DESIGNATE KURT STRUBLE. THE AA/LAC COMMENDED THE MISSION ON A WELL PREPARED R4. THE USAID/ECUADOR DIRECTOR, TOM GEIGER, AND STAFF MEMBERS BETH CYPSER AND PATRICIO MALDONADO PRESENTED THE R4. THE TECHNICAL APPROACH PRESENTED IN THE R4 WAS APPROVED BY THE BUREAU, SUBJECT TO THE GUIDANCE PROVIDED BELOW. HOWEVER, THE SCOPE, SIZE AND DURATION OF THE PROGRAM ARE SUBJECT TO FURTHER GUIDANCE. END SUMMARY.

2. PROGRAM SCOPE: THE PRINCIPAL ISSUE DISCUSSED DURING THE ECUADOR R4 DAEC REVIEW WAS WHETHER THE ECUADOR PROGRAM

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COULD CONTINUE TO PURSUE A FULL SUSTAINABLE DEVELOPMENT PROGRAM STRATEGY. GIVEN CURRENT AND EXPECTED PROGRAM AND OE LIMITATIONS, A REDUCTION IN THE NUMBER OF STRATEGIC OBJECTIVES AS WELL AS IN THE USDH STAFF LEVEL WILL BE

REQUIRED. USAID/W WILL PROVIDE FURTHER GUIDANCE ON THIS POINT BEFORE THE END OF AUGUST.

3. STRATEGIC PLAN: THERE WAS AGREEMENT THAT A STRATEGIC PLAN SHOULD BE DEVELOPED AFTER THE NEW GOVERNMENT, TO BE ELECTED IN AUGUST, IS INSTALLED AND OPERATIONAL. ECUADOR WILL, THEREFORE, BE REQUIRED TO SUBMIT A NEW STRATEGIC PLAN, WHICH ADDRESSES EXIT STRATEGIES, IN THE SPRING OF 1997. GIVEN THE PHASE OUT THAT WILL BE REQUIRED IN SOME STRATEGIC OBJECTIVES, AS THE MISSION FURTHER REFINES AND RESTRUCTURES ITS SOS AND IRS WITH ITS PARTNERS AND CUSTOMERS, IT WILL BE PARTICULARLY IMPORTANT TO INVOLVE OTHER DONORS. THE STRATEGIC PLAN SHOULD BREAK OUT THE DESCRIPTION OF THE MISSION'S DONOR COORDINATION EFFORTS INTO A SEPARATE SECTION. USAID SHOULD CONTINUE TO USE USAID/W AS VIRTUAL TEAM MEMBERS FOR CONSULTATION DURING

THIS PROCESS. LAC/SPM AND OTHER OFFICES ARE PREPARED TO ASSIST THE MISSION WITH THE DEVELOPMENT OF RESULTS FRAMEWORKS, PERFORMANCE INDICATORS AND THE SP.

4. BUDGET CUTS AND PROGRAM PRIORITIES: AA/LAC STATED THAT IN MAKING DIFFICULT PROGRAM CHOICES USAID/ECUADOR WILL NEED TO LOOK AT THE MOST CRITICAL PROBLEMS WHICH MIGHT BE AMELIORATED WITH REDUCED LEVELS AND TIME-LIMITED USAID ASSISTANCE. THE MISSION SHOULD CONSIDER NOT JUST WHAT MAKES MOST SENSE FROM A MANAGEMENT POINT OF VIEW (I.E., ONE PROJECT IS ENDING, ANOTHER WILL NOT START), BUT ALSO AND PRIMARILY WHERE THE GREATEST IMPACT CAN BE ACHIEVED. IN AGREEING WITH THIS APPROACH, THE MISSION POINTED OUT THAT WHERE IT WOULD CONCENTRATE ITS RESOURCES WOULD NECESSARILY DEPEND IN PART ON WHAT THE CLOSE OUT DATE WILL BE. THAT IS, WHAT CAN REASONABLY BE ACCOMPLISHED VIA WHAT MECHANISMS WILL DEPEND ON HOW MUCH TIME REMAINS.

WHEN ASKED FOR EXAMPLES OF THE IMPACT OF BUDGET CUTS ON THE PROGRAM, THE MISSION HIGHLIGHTED THE TERMINATION OF ENVIRONMENTAL ACTIVITIES IN OIL EXPLORATION AREAS. AA/LAC ALSO STRESSED THE NEED TO STAY INVOLVED WITH THE JUSTICE SECTOR WORKING GROUP.

5. POPULATION AND HEALTH: AN ISSUE WAS RAISED CONCERNING THE PACE OF USAID/ECUADOR'S DISENGAGEMENT FROM THE POPULATION AND HEALTH SECTOR, PARTICULARLY IN LIGHT OF THE UNFINISHED BUSINESS WITH THEIR PRIMARY NGO PARTNERS IN THE POPULATION PROGRAM. THE MISSION STATED THAT IT CAN BEST ADDRESS THIS PROBLEM SATISFACTORILY IF THE POPULATION

PROGRAM CONTINUES TO 2002. SIMILARLY, THE MISSION REPORTED THAT THE MINISTRY OF HEALTH IS MAKING GOOD PROGRESS IN PRIVATIZING AND DECENTRALIZING SEVERAL HEALTH

SERVICES WITH ASSISTANCE FROM THE USAID CHILD SURVIVAL AND

HEALTH PROJECT. THEY BELIEVE THAT THIS PROGRAM CAN REASONABLY ACHIEVE ITS OBJECTIVES BY 1999. ALTHOUGH REVIEWERS AT THE ISSUES MEETING AGREED WITH THE MISSION ON THE APPROPRIATENESS OF CONTINUING SUPPORT TO THESE PROGRAMS, A DECISION ON CONTINUED PROGRAM SUPPORT WILL HAVE TO AWAIT SUBSEQUENT GUIDANCE (PER PARA 2 ABOVE).

6. AIR POLLUTION: IN RESPONSE TO AN ISSUE CONCERNING THE DETERIORATING AIR QUALITY IN QUITO, THE MISSION REPORTED THAT THEY ARE ADDRESSING THE PROBLEM AT THE POLICY LEVEL THROUGH THEIR SUPPORT TO PRESIDENTIAL ENVIRONMENTAL ADVISORY COMMISSION (CAAM) AND THAT, TO THE DEGREE CENTRALLY FUNDED TECHNICAL ASSISTANCE RESOURCES ARE AVAILABLE, THEY ARE PREPARED TO FACILITATE THE PROVISION OF THAT ASSISTANCE. BEYOND THESE LIMITED EFFORTS, HOWEVER, THE MISSION DOES NOT HAVE THE FINANCIAL RESOURCES NEEDED TO TAKE A MORE ACTIVE ROLE.

7. PERFORMANCE MEASUREMENT: THE MISSION WAS LAUDED ON THE GREATER DEGREE TO WHICH "PEOPLE-LEVEL IMPACT" IS TO BE MEASURED IN THE PERFORMANCE MEASUREMENT SYSTEM AS OUTLINED IN THE DRAFT RESULTS FRAMEWORKS. AS THE MISSION REEXAMINES ITS SOS, IRS AND INDICATORS, IT SHOULD STRIVE TO ENSURE THAT WHAT IS BEING PROPOSED FOR THE STRATEGIC PLAN PERIOD WILL BE IN THE MISSION'S MANAGEABLE INTEREST. ALSO OF CONCERN WAS THE NEED FOR INTERIM PROXY INDICATORS

THROUGHOUT THE PORTFOLIO, WHICH SHOULD BE ADDRESSED DURING PREPARATION OF THE STRATEGIC PLAN. OF PARTICULAR CONCERN WAS THE LACK OF ANNUAL (NON-DHS YEARS) PHN PERFORMANCE INDICATORS, WHICH MAKES YEARLY ASSESSMENT OF PROGRAM PROGRESS DIFFICULT AND UNRELIABLE. SPECIFIC COMMENTS WERE PROVIDED BY LAC/RSD/PHN IN A MEMO DATED MAY 14, 1996, AND GUIDANCE ON GENDER AND PEOPLE LEVEL IMPACT WAS COMMUNICATED TO THE MISSION BY THE LAC WID ADVISOR IN A MEMO DATED MAY 16, 1996. BOTH OF THESE MEMOS ARE TO BE CONSIDERED PART OF THE R4 GUIDANCE.

8. OPERATING EXPENSE BUDGET: THE MAIN OE ISSUE RAISED CONCERNED REDUCTION IN STAFFING LEVELS AS DISCUSSED IN PARAGRAPH 2 ABOVE.

9. BUDGET: THE FY 96 DA OYB IS 11.880 MILLION, INCLUDING GLOBAL FIELD SUPPORT.
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