

PD-ABK-227

USAID/Ecuador

Semi-Annual Report

April 1, 1994 - September 30, 1994

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I. MISSION DIRECTOR'S OVERVIEW

- A. Portfolio Review
- B. Financial Summary Table
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USAID Ecuador Portfolio Review
April 1, 1994 - September 30, 1994

A. PORTFOLIO REVIEW

1. Introduction

During the past year, the Mission took major steps to realign the Mission's Strategic Objectives and to refocus the portfolio to conform more closely with the realigned Strategic Objectives. During the most recent reporting period (April 1, 1994 to September 30, 1994), the Mission continued with this refocusing by completing/terminating projects that no longer effectively contribute to the Mission's Action Plan, by refocusing activities in on-going projects, and by initiating the design of new projects that will dynamically contribute to the Mission's objectives. The Semi-Annual Review (SAR) sessions for this period, including one for each Strategic Objective and a Wrap-Up Session, were held from November 14 to 21, 1994. All sessions were chaired by the Mission Director.

Major themes and issues of the SAR reviews:

- Refocusing/realigning the Mission's portfolio
- Managing for results
- Close coordination with other donors, including a "graduation" mechanism
- Strengthening of NGOs

2. Portfolio Overview

The Mission is continuing to realign its project portfolio in order to better meet its strategic objectives. To that end, the following projects reached their PACDs during this period: Non-Traditional Agricultural Exports (518-0019) and Andean Peace Scholarship Program (518-0067). The redesign of the Policy Dialogue and Implementation Project (518-0089) and the Child Survival and Health Project (518-0071) were completed, and the design of the second phase of the Sustainable Uses for Biological Resources (SUBIR) (518-0069) is underway. The design of the Microenterprise Assistance Support Project (518-0118) was initiated during this period with the arrival of a consultant team to undertake project design related analyses.

The portfolio (as represented by the indicators included in the table in Section D, "Project Status Report") shows major improvement this period over last period. The number of projects

with negative financial indicators is down dramatically and is limited to the excessive pipeline of the Child Survival and Health Project (518-0071), which was recently redesigned and is expected to show improvement soon. The Health and Family Planning Project (518-0084) is the only project experiencing a delay in satisfying the conditions precedent, and this is limited to the second disbursement of funds under the Non-Project Assistance Component; the Mission is analyzing both the internal and external factors contributing to this delay in order to move ahead with this component. Currently only one project is not expected to achieve its EOPS targets, the Ecuadorian Development Scholarship Program (518-0091), but this is the result of funding cuts in the face of Mission budgetary constraints. With the exception of one evaluation, the Mission is on target in undertaking evaluations and audits.

3. Success Stories

Progress is being made across the board, notably in policy reforms in the private sector, in population, and in environmental areas.

a. Strategic Objective 1 - Under this Strategic Objective, a number of projects are coming to an end, and one tends to see progress at that time. There are also a number of transition projects and new projects. The Program Outcomes are as follows: (1) improved economic and social policies; and, (2) expanded opportunities and participation by low-income groups in a growing market economy. Program Outcome 1 is being met primarily through the Policy Dialogue and Implementation Project (518-0089), with the phase out of trade and investment. Program Outcome 2 will be met primarily through the Microenterprise Assistance and Strengthening Project (518-0121).

Excellent dialoguing work being undertaken under the Policy Dialogue and Implementation Project (518-0089) has resulted in movement in improving social and economic policies. This is indicated by the deepening of economic reforms following the efforts of INCAE and Fundación Ecuador (FE), and is particularly notable in the areas of capital markets reform and the Concessions Law.

The FE directed its assistance to the Capital Markets Law through three distinct types of interventions: (1) consciousness-raising dialogue, consensus-building, and policy reform advocacy; (2) assistance in drafting of legislation; and (3) technical support and assistance to the implementing institutions. The numerous seminars and workshops organized by the FE when the law was in the drafting stage were the primary vehicle used by the GOE to raise consciousness on the need for reform and to establish an effective dialogue on the numerous issues involved in capital markets development. Observation trips to Chile for journalists served to

deepen the debate and dialogue over the proposed reform. FE technical assistance appears to have been critical in the drafting of perhaps one of the most important components of the Law -- the establishment of effective regulatory mechanisms. In addition, the FE appears to have played a critical role in informal lobbying and consensus-building through its staff and its Board of Directors. Interviews with Ecuadorians in the private and public sectors make it clear that the FE deserves considerable credit for its role in the passage of the Capital Markets Law and in particular, for the effective implementation of the law in many areas.

Another success story is the one related to the Concessions Law. The FE has played the leading role in promulgation of concessions-type privatization in Ecuador. In particular, it has been influential in consciousness-raising, and assisting different sectors in Ecuador to see the benefits of these arrangements. For example, FE management notes that many regional and municipal authorities were initially reserved about letting the private sector administer what they consider to be public programs under their direction. It soon became clear to many of these officials, however, that concessions would permit them to undertake projects that they would otherwise not be able to finance. Likewise, the FE was politically adroit in putting together a coalition of program support that included not only those with a direct financial interest (the Cámara de Construcción) but also direct beneficiaries (the Provincial Councils of Ecuador).

USAID support to the Agricultural Policy Institute (IDEA) under the Agricultural Sector Reorientation Project (518-0051) directly contributed to the approval of the New Agrarian Law. Following weeks of intense consultation among political, social, economic and indigenous interest groups, the President signed into law the most sweeping socio-economic reform in thirty years. The new Agrarian Law, drafted and promoted by IDEA, is designed to end the unscrupulous land confiscation practices which characterized both rural and peri-urban sectors during the last fifteen years. The new law re-defines the purpose of the old Land Reform Institute, charging it with cadastral and land titling functions. Land owners may now enter into contractual arrangements (with, for example, any of the thousands of young agronomists who don't own land) to make their land produce, without fear of confiscation. Communal land owners may now gain individual rights to their land, thus guaranteeing their usufruct and productive investment, which were formerly exercised at the discretion of the local political chief. The new law is expected to have an immediate positive economic impact upon the agrarian sector, which after petroleum, is the largest single contributor to the GNP.

During its LOP, the recently completed Non-Traditional Agricultural Exports Project (518-0019) surpassed the projected outputs on total non-traditional agricultural exports, employment generation, product diversification, new producers associations, etc. Under

the project, the implementing unit was transformed into a non-profit, non-governmental organization in order to continue providing specialized services beyond the USAID support. The first Board of Directors meeting was held, and the principal "Corporación PROEXANT" executives appointed.

b. Strategic Objective 2 - The Program Outcomes are as follows: (1) Increased number of users of family planning and selected health services; (2) improved quality of family planning and selected health services; and (3) improved policy and institutional environment for long-term sustainability of family planning and selected health services. The full range of projects in the Strategic Objective 2 portfolio are contributing across the board to these Program Outcomes: the Child Survival and Health Project (518-0071), the Water and Sanitation for Health and Ecuadorian Development (WASHED) Project (518-0081), and the Health and Family Planning Project (518-0084). Although there have been implementation problems, particularly in the Child Survival and Health Project (518-0071), progress toward accomplishment of the Strategic Objective has been good. Contraceptive prevalence is up, while child mortality and fertility indicators on a national basis are down; however, there still remain substantial discrepancies between urban and rural areas.

With continuing progress in the Family Planning area, one of the Mission's major successes has been its contribution to increasing contraceptive prevalence. During this semester, a national health and demographic survey was carried out. This survey confirmed what the Mission has been seeing through its routine program monitoring, i.e., the great success of the Mission's Population portfolio. USAID/Ecuador continues to be the major donor in this sector and has made a direct contribution towards increasing the contraceptive prevalence rate and in reducing fertility. The national health and demographic survey results indicate that overall contraceptive prevalence increased from 53% in 1989 to 57% in 1994. The increases in urban areas are even more dramatic, reaching nearly 70% in Quito and Guayaquil. Such an increase in contraceptive use places Ecuador among the most progressive of middle income countries.

c. Strategic Objective 3 - The Program Outcomes are as follows: (1) improved operation of the justice system; (2) current and/or potential leaders equipped with new skills or knowledge; and (3) students and professors equipped with new skills or knowledge. Program Outcome 1 is being met primarily through the Justice Reform Support Project (518-0105); Program Outcome 2 is being met primarily through the CLASP projects (518-0067 and 518-0091), and the soon to be designed Training for Development Project (518-0118); Program Outcome 3 is being met primarily through the Regional Technical Aid Center Project (518-0095). Within the limited resources available, the Mission is making progress. It is also in the process of consolidating its training management units:

the completion of the Andean Peace Scholarship Program (518-0067) and the abridgement of the Ecuadorian Development Scholarship Program (518-0091) are leading into the transition to the soon to be designed Training for Development Project (518-0118), which will consolidate all Mission training activities.

In the judicial sector, given the reality of where the Ecuadorians were a year ago, significant progress has been made, with USAID contributing to bringing order and coherence, as well as some forward movement in the sector. Substantial growth has been seen in the Corporación Latinoamericana para el Desarrollo (CLD), the private sector NGO which is just three years old. It continues to have institutional development problems, but its policy reform output and impact are remarkable, both in terms of quality and quantity. On the government side, progress has been more difficult; however, the sector strategy developed by the GOE Justice Reform Working Group is a significant step forward. Unlike other sector strategies, this one was developed by the Ecuadorians themselves. Of particular note is the GOE's request that all donors coordinate their justice sector assistance with the working group.

The justice sector provides an excellent example of USAID's ability to make a difference with a small amount of resources in a new sector where no other donors really have any experience. USAID's involvement here is providing the foundation for subsequent "graduation" projects currently being designed by the IDB and the World Bank.

d. Strategic Objective 4 - The Program Outcomes are as follows: (1) improved environmental policies and implementation; (2) improved management of natural resource and biodiversity activities in selected areas; and (3) improved practices for pollution control and urban environmental management in selected areas. This portfolio has been restructured since the last SAR and Action Plan. Mission assistance to the Presidential Environmental Advisory Committee (CAAM) is the primary vehicle for policy reform under this Strategic Objective. The SUBIR/CARE and SUBIR/TNC cooperative agreements, along with the cooperative agreement with Fundación Charles Darwin, are the primary Mission activities that contribute to natural resource "green issues." In addition, assistance to the OIKOS Foundation is the primary mission contribution to urban industrial "brown issues".

Progress is being made in the policy area, with significant outputs from CAAM, which has published and disseminated the "Basic Principles for Environmental Management in Ecuador" which outlines the national environmental policy, and has made progress toward completion of the environmental action plan.

There have been some significant achievements under Phase I of the SUBIR Project (518-0069) and the recommendations of the recent

evaluation are being incorporated into Phase II of the project. Examples of Phase I activities include an exceptionally innovative program to train indigenous community representatives, which has just entered into its second year of operation. The first twelve graduates of the program, young men from each of the SUBIR project biological reserves and park buffer zone communities, participated in an eight month course sanctioned and fully supported by the Quito Association of Attorneys. Seven different tribal groups attended seminars in Quito and organized workshops for the entire group in each of their communities, thus forging new ties and increased cross-cultural awareness among the communities. The program, providing a basic understanding of legal and jurisprudence matters related to land tenure and legislation, environmental laws, and communal and social legislation, is designed to provide communities in the protected areas with an effective linkage to governmental agencies and donor organizations.

4. Problem Projects

Only one project was rated as "C" by the Mission, the Child Survival and Health Project (518-0071). However, the project has recently been redesigned and the Mission is currently in the process of amending the Project Agreement with the Ministry of Health and entering into two new cooperative agreements with NGOs. The new components under this project are expected to trigger multiplier effects as other donors follow our lead into the new areas of policy and private sector provision of health services.

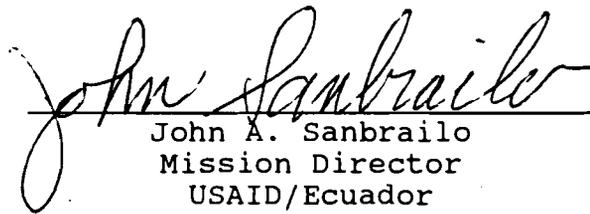
5. Mission Issues

The major Mission issue at this time is the uncertainty of funding and the resultant problems. This is disrupting project planning for a number of projects, with the greatest concern focusing on planned assistance to Fundación Ecuador and Corporación Latinoamericana para el Desarrollo. Justice sector funding is of particular concern given the level of importance attached to this sector by the U.S. Mission Planning Process. Other than funding levels, there have been no major issues or generic implementation problems.

6. Financial Summary

As shown in the tables in the following Sections B and C ("Financial Summary" and "Pipeline Analysis"), the Mission's accrued project expenditures for the period April 1, 1994 to September 30, 1994 were US\$ 8.6 million compared to US\$7.1 million in the previous semester and US\$16.2 million in the semester prior to that. The dip during the previous semester, which was only 68 percent of the level projected, was the result of a number of

projects being redesigned to overcome implementation problems or to bring them more into line with new agency policies. The current level of expenditures continues to reflect this realignment process; however, it represents 105% of the expenditures planned for the period.


John A. Sanbrailo
Mission Director
USAID/Ecuador

Clearance:
Assistant Director, Leopoldo Garza L.G.

B. FINANCIAL SUMMARY OF USAID/ECUADOR PORTFOLIO
APRIL 1, 1994 - SEPTEMBER 30, 1994
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(1) PROJECT NO.	(2) PROGRAM/ PROJECT TITLE	(3) CATE- GORY	(4) DATE OF INT. OBLIG.	(5) LAST REVISED PACD	(6) % OF LOP ELAPSED	(7) % OBLIG. EXPEND.	(8) AUTH. LOP AMOUNT	(9) CURRENT FY OBLIG. TO DATE	(10) CUMUL. AMOUNT OBLIG.	(11) MORTGAGE	(12) BEGINNING FY PIPELINE	(13) PLANNED SEMESTER EXPEND.	(14) ACCRUED SEMESTER EXPEND.	(15) ACCRUED AS % OF PLANNED	(16) CUMULATIVE ACCRUED EXPEND.	(17) ENDING PIPELINE	(18) PLANNED EXPEND. (NEXT SEM.)
ACTIVE PROJECTS																	
----- STRATEGIC OBJECTIVE 1 -----																	
518-0094	Trade and Investment Project	A	30-Aug-91	31-Aug-97	51%	82%	10,000	800	7,982	2,018	3,233	1,988	2,365	113%	6,573	1,409	0
518-0051	Agr. Sector Reorientation (G)	A	30-Jul-85	31-Dec-94	97%	93%	11,855	155	11,653	2	1,033	423	343	81%	10,810	843	480
518-0051	Agr. Sector Reorientation (L)	A	30-Jul-85	31-Dec-94	97%	100%	1,400	0	1,398	4	4	0	0	N/A	1,398	0	0
518-0068	Agr. Research/Extension/Education (G)	B	27-May-88	31-Dec-94	96%	100%	7,000	0	7,000	0	294	230	230	100%	6,983	17	64
518-0078	National Shelter Delivery System	A	10-Sep-87	31-Dec-95	85%	74%	2,100	182	2,071	29	752	181	183	101%	1,530	541	200
518-0082	Agricultural Education II (G)	A	20-Jul-89	31-Dec-97	62%	100%	1,000	0	1,000	0	0	0	0	N/A	1,000	0	0
518-0089	Policy Dialogue Support (G)	A	28-Sep-90	30-Sep-98	50%	73%	11,000	1,180	4,748	8,254	984	380	780	211%	3,464	1,282	350
518-0004	Special Development Activity	A	01-Oct-85	N/A	N/A	93%	1,597	224	1,600	(3)	0	120	118	97%	1,492	108	90
Subtotal Strategic Objective 1						89%	45,752	2,321	37,448	8,304	6,280	3,302	3,997	121%	33,248	4,200	1,184
----- STRATEGIC OBJECTIVE 2 -----																	
518-0071	Child Survival and Health (G)	C	14-Jul-89	31-May-99	53%	71%	18,000	500	11,700	6,300	4,655	1,130	781	89%	8,327	3,373	0
518-0081	Water and Sanitation for Health (G)	B	22-Sep-89	31-Dec-94	95%	77%	4,000	787	4,000	0	609	583	481	79%	3,085	915	600
518-0084	Health and Family Planning II	A	30-Aug-91	30-Sep-97	51%	57%	15,000	2,497	8,494	6,508	3,504	1,100	1,167	106%	4,829	3,685	2,250
Subtotal Strategic Objective 2						67%	37,000	3,784	24,194	12,808	8,768	2,813	2,409	86%	16,241	7,953	2,850
----- STRATEGIC OBJECTIVE 3 -----																	
518-0091	Ec. Development Scholarship Program	A	31-Jul-91	30-Sep-98	61%	60%	6,800	737	4,433	2,167	2,010	548	428	78%	2,650	1,783	515
518-0095	Regional Technical Aid Center II	A	29-Aug-91	24-Sep-98	61%	91%	1,514	450	1,522	(8)	183	198	358	182%	1,379	143	330
518-0105	Justice Sector Reform	A	24-Sep-93	30-Sep-95	50%	42%	1,000	500	1,000	0	739	395	290	N/A	418	582	300
Subtotal Strategic Objective 3						64%	9,114	1,687	6,955	2,159	2,932	1,139	1,072	94%	4,447	2,508	56%
----- STRATEGIC OBJECTIVE 4 -----																	
518-0089	Sustainable Uses of Biological Resources	B	30-Aug-91	15-Sep-98	44%	68%	9,000	903	6,189	2,811	2,080	700	980	140%	4,202	1,987	600
518-0107	Charles Darwin Foundation	B	30-Sep-91	30-Mar-95	86%	48%	500	0	500	0	400	150	0	0%	240	260	0
518-0117	Environmental Education (OIKOS) (G)	A	24-Sep-93	30-Sep-95	50%	38%	670	300	600	70	184	120	140	N/A	225	375	0
936-5559	Industrial Pollution Prevention (EP3)	A	30-Apr-94	30-Sep-99	8%	2%	243	243	243	0	0	0	0		5	238	0

(1) PROJECT NO.	(2) PROGRAM/ PROJECT TITLE	(3) CATE- GORY	(4) DATE OF INT OBLIG.	(5) LAST REVISED PACD	(6) % OF LOP ELAPSED	(7) % OBLIG. EXPEND.	(8) AUTH. LOP AMOUNT	(9) CURRENT FY OBLIG. TO DATE	(10) CUMUL. AMOUNT OBLIG.	(11) MORTGAGE	(12) BEGINNING FY PIPELINE	(13) PLANNED SEMESTER EXPEND.	(14) ACCRUED SEMESTER EXPEND.	(15) ACCRUED AS % OF PLANNED	(16) CUMULATIVE ACCRUED EXPEND.	(17) ENDING PIPELINE	(18) PLANNED EXPEND. (NEXT SEM.)
Subtotal Strategic Objective 4						82%	10,413	1,448	7,532	2,881	2,864	970	1,120	115%	4,672	2,860	600
SUBTOTAL STRATEGIC OBJECTIVES						77%	102,278	9,218	78,129	26,150	20,644	8,224	8,598	108%	88,808	17,821	4,538
TOTAL ACTIVE PROJECTS						77%	102,278	9,218	78,129	26,150	20,644	8,224	8,598	108%	88,808	17,821	4,538

ACTIVE PROGRAM

---- STRATEGIC OBJECTIVE 1																	
518-0118	Economic Stabilization Program III (G)	A	09-30-92	N/A	N/A	100%	6,200	0	6,200	0	0	0	0	N/A	6,200	0	0
---- STRATEGIC OBJECTIVE 4																	
Sec. 418	Food for Progress and Emergency Food		N/A	N/A	N/A												
PL-480	Title II		30-Mar-94	30-Sep-95	34%		3,000	0	2,600	400	0	0	0	N/A	2,600	0	0
TOTAL ACTIVE PROGRAM						100%	9,200	0	8,800	400	0	0	0	N/A	8,800	0	0

TERMINATED PROJECTS

518-0019	Non-Traditional Ag. Exports (G)	A	18-Sep-84	30-Aug-94	100%	100%	7,280	0	7,115	145	225	491	297	60%	7,109	8	491
518-0019	Non-Traditional Ag. Exports (L)	A	18-Sep-84	30-Aug-94	100%	100%	7,500	0	7,475	0	0	0	0	N/A	7,475	0	0
518-0067	Andean Peace Scholarship Program (G)	A	30-Sep-87	30-Sep-94	100%	95%	6,879	0	6,520	360	324	3	(27)	N/A	6,189	351	0
TOTAL TERMINATED PROJECTS						98%	21,639	0	21,110	505	549	494	270		20,753	357	491

C. PIPELINE ANALYSIS OF USAID/ECUADOR
SEPTEMBER 30, 1994
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PROJECT NO.	PROGRAM/PROJECT TITLE	CUMULATIVE OBLIGATIONS	FY OBLIGATIONS							CUMULATIVE PIPELINE	PIPELINE AGING						
			THRU 1988	1989	1990	1991	1992	1993	1994		THRU 1988	1989	1990	1991	1992	1993	1994
ACTIVE PROJECTS																	
STRATEGIC OBJECTIVE NO. 1																	
518-0094	Trade and Investment Project	8,041	0	0	0	2,109	4,832	500	800	1,409	0	0	0	83	1,024	22	280
518-0051	Agr. Sector Reorientation (G)	11,855	7,100	300	800	976	1,250	1,074	155	843	5	0	23	2	98	570	147
518-0051	Agr. Sector Reorientation (L)	1,396	1,396	0	0	0	0	0	0	0	0	0	0	0	0	0	0
518-0068	Agr. Research/Extension/Education (G)	7,000	2,906	1,558	1,192	1,344	0	0	0	17	0	0	3	14	0	0	0
518-0076	Shelter Section Technical Assistance (G)	2,100	563	937	0	0	0	438	162	541	17	100	0	0	0	324	100
518-0082	Agricultural Education II (G)	1,000	0	1,000	0	0	0	0	0	0	0	0	0	0	0	0	0
518-0089	Policy Dialogue Support (G)	4,747	0	0	2,450	350	692	75	1,180	1,382	0	0	229	0	0	0	1,153
518-0004	Special Development Activity Authority	1,602	518	287	185	116	111	160	224	108	0	0	0	0	0	0	108
STRATEGIC OBJECTIVE NO. 2																	
518-0084	Health and Family Planning II	8,495	0	0	0	1,385	2,113	2,500	2,497	3,865	0	0	0	0	1,211	473	1,981
518-0071	Child Survival and Health (G)	11,700	0	1,778	4,117	2,376	2,337	592	500	3,374	0	37	702	1,212	342	592	489
518-0081	Water and Sanitation for Health (G)	4,000	0	854	1,096	613	270	400	767	915	0	17	43	81	20	171	603
STRATEGIC OBJECTIVE NO. 3																	
518-0091	Ec. Development Scholarship Program	4,433	0	0	0	702	1,059	1,935	737	1,783	0	0	0	0	0	1,046	737
518-0095	Regional Technical AID Center II	1,523	0	0	0	238	300	535	450	143	0	0	0	2	0	27	114
518-0105	Justice Sector Reform	1,000	0	0	0	0	0	500	500	582	0	0	0	0	0	275	307
STRATEGIC OBJECTIVE NO. 4																	
518-0069	Sustainable Uses of Biological Resources	6,189	0	0	0	2,986	982	1,318	903	1,987	0	0	0	0	0	1,085	902
518-0107	Charles Darwin Foundation	500	0	0	0	100	100	300	0	280	0	0	0	0	0	280	0
518-0117	Environmental Education and Technology	800	0	0	0	0	0	300	300	374	0	0	0	0	0	74	300
936-5559	Industrial Pollution Prevention (EP3)	243	0	0	0	0	0	0	243	238	0	0	0	0	0	0	238
936-5839	Environmental Ed & Communication	133	0	0	0	0	0	0	133	128	0	0	0	0	0	0	128
TERMINATED PROJECTS																	
518-0019	Non-Traditional Ag. Exports (G)	7,115	2,816	1,851	2,355	293	0	0	0	4	0	0	4	0	0	0	0
518-0019	Non-Traditional Ag. Exports (L)	7,475	7,475	0	0	0	0	0	0	0	0	0	0	0	0	0	0

PROJECT NO.	PROGRAM/ PROJECT TITLE	CUMULATIVE OBLIGATIONS	FY OBLIGATIONS							CUMULATIVE PIPELINE	PIPELINE AGING						
			THRU 1988	1989	1990	1991	1992	1993	1994		THRU 1988	1989	1990	1991	1992	1993	1994
518-0087	Anders Peace Scholarship Program (G)	6,520	3,132	3,388	0	0	0	0	0	350	0	350	0	0	0	0	0
TOTAL PROJECT		97,467	25,706	11,953	12,196	13,586	14,046	10,827	9,351	18,103	22	504	1,004	1,374	2,893	4,919	7,587
ACTIVE PROGRAM																	
SO No. 1																	
518-0116	Economic Stabilization Program III (G)	6,200	0	0	0	0	6,200	0		0	0	0	0	0	0	0	0
TOTAL PROGRAM		6,200	0	0	0	0	6,200	0	0	0	0	0	0	0	0	0	0

D. PROJECT STATUS REPORT

Country: Ecuador
 Date as of: 09-30-94
 Date Completed: 12-28-94

(1) PROJECT NO. & NAME	(2) DATE OF OBLIGATION	(3) PROJECT DESIGNATION (A, B, or C)	(4) STATUS OF CP'S (Cite only if there are as yet unmet CP's older than 18 months)	(5) SIZE OF PIPELINE (Cite if pipeline exceeds 2 years estimated average annual obligations)	(6) AGE OF PIPELINE (Cite if any obligation remains more than 50% unexpended 4 years after initial obligation)	(7) ACCRUED EXPENDITURE S (Cite if accrued expenditures are less than 80% of planned)	(8) UNCOMMITTED BALANCE (Cite if balance exceeds 50% of obligation 18 months after the obligation)	(9) EOPS A. (Cite if mission believes there is little chance of achieving EOPS before current PACD)	(10) EOPS B. (Cite if EOPS are being achieved at higher level or faster rate than planned)	(11) AUDIT A. (Cite if financial audit has not been done in last 18 months)	(12) AUDIT B. (Cite if there are unresolved IG recommendations older than six months)	(13) EVAL A. (Cite if project has not been evaluated in last three years)	(14) EVAL B. (Cite if activity has PES recommendations opened 6 or more months past PES target date for closure)
STRATEGIC OBJECTIVE 1													
18-0019 Non-Trad. Ag. Exports	09-13-84	A							X				
18-0094 Trade and Investment	08-30-91	A							X				
18-0089 Policy Dialogue & Impl	09-28-90	A											
18-0076 Shelter Delivery System	09-10-87	A											
18-0004 Special Dev. Activities	10-01-85	A							X				
518-0051 Agr. Sector Reorientation	07-30-85	A							X				
518-0068 Agr. Research/Ext./Ed	05-27-88	B											
518-0082 Agr. Education II	07-20-89	A											
STRATEGIC OBJECTIVE 2													
518-0071 Child Survival & Health	07-14-89	C		X ¹									
518-0081 Water & Sanit. for Health	08-22-89	B											
18-0084 Health and Family Planning	09-10-91	A	X ¹						X			X ¹	
STRATEGIC OBJECTIVE 3													
518-0095 Reg. Tech. Aid Center II	08-29-91	A											
518-0105 Justice Reform Support	09-24-93	A										X ¹	
518-0091 Ec. Dev. Scholarship Prog.	09-30-91	A						X ¹	X			X ¹	
518-0087 Andean Peace Schol. Prog.	09-21-87	A							X				
STRATEGIC OBJECTIVE 4													
518-0069 Sust. Uses of Bio. Res.	08-30-91	B											
518-0107 Charles Darwin Foundation	09-30-91	B								X ¹		X	
518-0117 Environmental Education	09-24-93	A											

¹ Child Survival and Health Project Paper Amendment was recently completed and Mission is in the process of negotiating new agreements.

² Second disbursement under Non-Project Assistance Component.

³ Evaluation/audit planned for First Quarter FY95.

⁴ Level of funding was reduced in the face of Mission budgetary constraints.

II. PROJECT STATUS REPORTS

- A. Strategic Objective No. 1
- B. Strategic Objective No. 2
- C. Strategic Objective No. 3
- D. Strategic Objective No. 4

SEMI-ANNUAL PORTFOLIO REVIEW FOR STRATEGIC OBJECTIVE 1:

"Increase sustainable economic growth for a broad base of the population"

April 1, 1994 - September 30, 1994

1. Summary Assessment of Overall Performance of the Strategic Objective Portfolio

Mission projects and programs designed to achieve the two Program Outcomes-(PO 1) **Improved Social and Economic Policies, and (PO 2) Expanded Opportunities and Participation by Low-income Groups in a Growing Market Economy**-continue to perform well. Program activities are centered upon policy reform and implementation and direct support to marginalized groups, especially low income households, microenterprises and small farmers.

Mission projects contributing to the SO include: Agricultural Sector Reorientation (ASRP:IDEA-0051), Trade and Investment (T&I-0094), Shelter Sector Technical Assistance (SHELTER-0076), Policy Dialogue and Implementation (PDI-0089), Nontraditional Agricultural Exports (NTAE-0019), Agricultural Research, Extension and Education (AREE-0068), Agricultural Education II (AEII-0082), the new PL-480 Title II CARE/FISE/NGO Support Fund, Economic Stabilization and Recovery III (ESR-0116), Special Development Activity Authority (SDAA-0004), and Section 416 (b) Food for Progress (0480). Several of the mission-funded projects listed above have been or will be phased out in early FY 95, and new projects supporting the SO are being developed. Such modifications in the SO framework are reported below, in Section 3.

(PO 1) Policy reforms implemented by the Ministry of Agriculture's (MAG) new Policy Sub-secretariat (a consolidation of the ASRP's project units) have resulted in a \$20 million increase in the value of rice production (mostly by small farmers) over what would have occurred without the reforms, and an increase of over \$100 million from 1993, thus providing significant direct increases in the real incomes of over 150,000 people who depend directly on rice production as their major source of income.

In what many Ecuadorians consider to be the most significant piece of socio-economic reform in 30 years, the President signed the new Agrarian Development Law on June 14, 1994, thus ending a three-decade effort which successfully transferred large public and privately-held landholdings to small farmers. The new law, conceived and promoted under the ASRP's sponsorship, is expected to greatly facilitate and increase rural economic growth, guarantee property rights, and enable the development of efficient and transparent land markets. Passage of a companion law is expected in October to permit a percentage "check off" of producer association revenues to support agricultural research, extension, education and marketing activities.

Based upon USTR and GATT trade reform analyses and training provided through the MAG's Policy Sub-secretariat, modifications have been negotiated to further reduce the price band system and achieve an overall reduction and uniformity of tariffs. Approval by the GOE Office of Planning (CONADE) has also been obtained for a \$25 million World Bank project (SISA) to strengthen and expand ASRP policy analysis and essential data collection activities within the Policy Sub-secretariat.

Several financial sector reforms required to open up the economy and to take advantage of regional trade agreements were obtained through T&I project initiatives, including implementation of the Capital Markets Law and passage of the Financial Institutions Law, approved in May, 1994. The latter initiates deregulation of the financial sector, while providing greater safeguards against bank failures. The law also categorizes S&Ls and credit unions as financial entities and increases their access to capital markets.

In privatization efforts and capital market development, the Government of Ecuador concluded in an open and transparent manner the sale of state-owned enterprises utilizing advice and guidance from a USAID-funded contractor. T&I project-funded technical advisor continues providing technical services to the GOE to initiate model privatizations and assisting the GOE's National Council of Modernization (CONAM). CONAM, with ESF-LC assistance, has now developed a capacity to attract privatization assistance from other donors, such as World Bank, Interamerican Development Bank and Corporación Andina de Fomento. As a result, other donors are now prepared to assume more of a leadership role in supporting the GOE's privatization program.

(PO 2) As the NTAE project reaches conclusion, major accomplishments include the generation of more than \$73 million in total nontraditional agricultural exports, 32,000 new jobs, and more than 1600 new, mostly small producers. This is a remarkable success story when the foregoing numbers are compared to project targets of \$71 million NTAEs; 14,000 jobs; and 1500 new producers. There are now six new products exceeding projected annual export value of \$2 million; 65 per cent of the new producers are women.

The Non-Traditional Industrial Export component of the T&I project with the Federation of Exporters (FEDEXPOR), concluded in September, contributed to impressive growth in non-traditional exports, particularly diversifying agroindustry (food processing) and increasing exports of metalwork and ceramics products. By working through industry associations, FEDEXPOR placed emphasis on small-scale enterprises. Jobs were created in all three NTIE subsectors, surpassing the EOPS target of achieving an increase of \$24 million in exports and 7,000 new jobs; NTIE activities have led to an increase of 85 percent in export sales (compared to 1993) and created 28,200 new jobs, since 1991.

Under the Shelter project, \$1,160,300 in eligible mortgages were refinanced; private and public sector groups and the Ecuadorian congress have demonstrated political support for direct and transparent transfers to finance housing for the poor; and credit unions have signed commitments for refinancing \$1.4 million.

2. Significant Sector Developments and Issues having Positive Impact/Deterrence on Project Contributions to the SO

Economic reform has yielded extremely impressive accomplishments. Consumer price inflation in 1994 has been reduced from 60 percent (1992) to 25 percent; the real GDP growth rate for 1994 is 3.4 percent; bank interest rates are down 13 points from 1992 to 1994, and the spread between savings and loan rates is down 11 points to 8 points for the same period. Production has increased since 1992: manufacturing is up 34 percent, construction up 46 percent, and agriculture/fishing is up 29 percent. These accomplishments are tempered by an external public debt, up nine percent in two years, and a real per capita GDP, up less than one percent (US\$1005 per person) since 1992.

The Duran Ballen government has made considerable progress in budget reform, the development of capital markets, and the reduction of government personnel. Many unnecessary and market-distorting regulations have been eliminated. With a few exceptions, all prices are now set by the free market. The state development banks have sold equity shares in commercial enterprises to the private sector, and legislation to promote private sector involvement in telephone service and

electricity generation is expected in 1995. Meanwhile, the GOE is proceeding with the sale of Ecuatoriana Airlines.

Given these accomplishments and USAID's emphasis on broad-based economic growth, mission activities under SO 1 are now focussed on the development of a coherent Ecuadorian social policy agenda. As a result of technical assistance and media coverage of reform issues based on visits by USAID advisors, GOE leaders and private sector groups now acknowledge the need for major structural reform in the social sectors. This important change from the GOE's strictly-focussed, monetarist-stabilization approach of the past two years has been influenced by media discussion (and public opinion) of important issues. The greater understanding of the need for basic structural reform has moved public opinion leaders away from the quantitative, project-list approach for social service delivery.

A GOE plan to overhaul the social security pension and health systems, with increased private sector options in delivery, is now being debated in congress, together with a major constitutional reform, which will decrease GOE intervention in economic activities. USAID counterpart organizations, including the Fundación Ecuador, are involved in analyzing and advocating such reforms.

New leadership at the National Modernization Council (CONAM) has invigorated the GOE's structural reform program. In addition to the plans for the major state enterprises, CONAM is developing concession programs for public works, the civil registry, airports, and ports/customs administration. Postal and railroad services are being shifted to the private sector.

Debt management policies and settlement of the debt issue has been a major priority for the Duran Ballen Administration. In June 1994, Ecuador reached an agreement with the Paris Club to reschedule \$304 million in official bilateral debt. Ecuador is currently negotiating a bilateral rescheduling agreement with the United States. The Ecuadorian Government is also negotiating a major structural adjustment loan with the World Bank.

3. Monitoring of Strategic Objective Indicators

In early 1994, the mission recognized that Ecuador had made considerable progress in economic stabilization and structural reform and that mission programs had contributed to securing an IMF agreement, privatization, the development of capital markets, revision of investment and commercial codes, improving housing finance, promoting improved land tenure security and the functioning of land markets, price liberalization, and the elimination of tariff and non-tariff barriers to open up the economy. The mission also recognized that steps were required to deepen and accelerate economic reforms and ensure broad participation in the benefits of a growing economy; and that an inefficient, over-centralized social sector delivery system was undermining sustainable economic growth.

Therefore, the mission replaced the two former SOs, related to increasing trade and employment and agricultural income, with a new SO. In so doing, the mission responded to Agency and LAC strategy directives regarding broad-based economic growth, increasing opportunities for disadvantaged groups and participatory development. The new SO and Program Outcomes were presented in the FY 1995-96 Action Plan. USAID/W subsequently recommended that "PO 1 be narrowed to focus policy interventions on those policies which would help address the inequities which currently pervade Ecuadorian society."

This has been done by emphasizing social policy improvement in the PO statement and by redesigning the Policy Dialogue and Implementation (PDI-0089) project, making social policy development its first priority, followed by democratic reform

and consolidation of the economic reform. These priorities are reflected in the project's Cooperative Agreement (CA) recently executed with INCAE and the draft CA under negotiation with the Fundación Ecuador.

To respond to USAID/W guidance on participatory development and incorporating disadvantaged groups in the definition and monitoring of policy reform efforts, representative focus groups will be organized to monitor the perception of policy reform impacts; this more focussed evaluative effort will depend upon the availability of financial and staff resources. A strategy planning/M&E specialist contracted by the mission has refined the PO indicators and is completing an M&E plan for the SO, in conjunction with the M&E plans for the newly redesigned PDI project and the new Microenterprise Assistance and Strengthening (MAS-0121) project, both of which will provide the primary future support for SO 1 activities as older projects come to completion in early FY 95.

Projects ending in FY 94 or scheduled to end in early FY 95 include: Nontraditional Agricultural Exports (0019), Trade and Investment (0094); and Agricultural Research, Extension and Education (0068). The Agricultural Sector Reorientation project (0051) will end in July, 1995. These "mature" projects have been highly successful in graduating to limited additional donor and/or private sector support to assure their consolidation.

4. Recent Developments in Policy Dialogue Related to SO

(PO 1) Through the Fundación Ecuador (funded by the Trade and Investment project), a technical assistance team helped establish a Securities and Exchange Commission-type agency and prepare the appropriate implementing regulations. Two results are noteworthy: (1) numerous privatization transactions were conducted through the upgraded and transparent stock markets; and, (2) the GOE's regulatory agency has become a successful model for modernization of a state bureaucracy, as it has substantially reduced its work force in an efficient manner. In September, the Fundación facilitated a smooth transfer of the mission's capital markets technical assistance program to the Interamerican Development Bank (IDB). The IDB's Financial Sector Development Loan expands and is a follow-on to mission initiated capital markets development activities.

The GOE is implementing the use of an inflation-indexed Constant Value Unit (UVC), which makes private sector-based savings and long term lending viable. The GOE has continued to transform itself to the role of facilitator in the housing sector and is actively seeking private sector capital for housing. In this regard, private sector entities and the GOE are initiating a jointly financed secondary mortgage bank. Savings and loan institutions, six private commercial banks and one credit union have sent letters of commitment to fund the Housing Refinancing Corporation (CRH) and a secondary mortgage bank will be established during the first half of 1995.

A five-week training course in policy analysis methods for 20 staff members in the MAG's External Trade and Policy Analysis directorates (ASRP) was completed and short-term technical assistance was provided to initiate three major studies: an econometric model of the oils-feedgrains sector, an econometric model of the rice sector, and an analysis of the impact of liberalization on Coastal Zone agriculture.

The purchase and distribution by the mission of 100 copies of Dr. Douglas Southgate and Dr. Morris Whitaker's "Economic Progress and the Environment: One Country's Policy Crisis", Oxford University Press, 1994, (based upon an earlier version funded by USAID/Ecuador) among Ecuadorian leaders and policy makers is expected to have a far-reaching impact upon the dialogue linking empirically demonstrated rural economic growth and market concepts to environmental

protection. A Spanish summary of the original text has been prepared for under the ASRP/IDEA sub-agreement for wide distribution among Ecuadorian policy makers.

(PO 2) In July, the mission successfully obtained approval of a \$3 million PL-480 Title II donation through CARE International, and the commodities, scheduled for delivery in early October, have been pre-sold via public auction through the Producer's Commodity Exchange. Local currency generated by the sale is targeted to promote and support productive and environmental projects submitted by NGOs and PVOs from Ecuador's poorest rural and peri-urban regions. The program is designed to strengthen and expand the GOE's Emergency Social Investment Fund (FISE) ability to support NGO and PVO generated projects. The provision of this funding, added to \$4.5 million ESF local currency previously utilized by FISE, is helping to leverage \$100 million in other donor funding for FISE projects. These projects have cushioned the initial adverse effects of stabilization and adjustment measures on the poor.

To facilitate increased dialogue among GOE and private sector representatives of banana and shrimp producers (Ecuador's second and third largest generators of foreign exchange) regarding the dramatic decreases in shrimp larvae viability purportedly due to pesticide contamination from banana plantations, a five-person U.S. Environmental Protection Agency team visit was secured to provide and "outside" evaluation and to provide immediate, medium and long term recommendations to address the problem. In response to the short-term recommendations, the mission sponsored three weeks of pesticide management courses among producers in the affected region, and has led efforts to achieve the sponsorship of follow-on courses by the private sector, including Panamerican Agricultural School (EAP-Zamorano) staff and Ecuadorian graduates, and the Presidential Environmental Advisory Commission (CAAM).

5. Review of Issues and Status of Actions from the last SAR

The mission's comprehensive redesign of the Policy Dialogue and Implementation project was completed in August. The project redesign contains the following policy objectives: targeting of government subsidies and expenditures on the poorest and most vulnerable groups; cost recovery and greater efficiency in the application of social sector expenditures; rationalizing the respective roles of the public and private sectors, with the public sector practicing a more normative role; gradual decentralization of the administration and provision of social services to NGOs, foundations, municipalities and other decentralized service delivery mechanisms; and increased reliance on private for-profit and not-for-profit entities for the delivery of services (i.e. privatization).

To begin the process of analysis and to expose Ecuadorian public and private sector leaders to models of social sector reform, the mission brought in top international experts on the overall social sector reform experience in Chile and in social security and education reform. This timely assistance helped to shape the Ministry of Social Welfare's nascent development of social policy and raised the Ministry of Education and private sector's awareness of serious, basic problems in education administration and targeting.

PROEXANT has taken important steps leading toward self-sustainment; it is generating revenue from charging for services with nearly \$180,000 collected in 1994. The NTAE project was brought to a smooth conclusion in August, and mission support to FEDEXPOR phased out, as the organization implements its business plan to achieve self-sustainment. Fundación Ecuador is sharpening its focus as a "think tank" aimed at policy dialogue and advocacy of social and economic reforms. The foundation phased out its investment promotion activities in compliance with Section 547 legislation.

In order to facilitate a smooth transition of ASRP project activities (now subsumed within the new MAG Policy Sub-Secretariat) into the World Bank's new \$25 million policy analysis and data collection project (SISA) in May, 1995, the ASRP/MAG project activities will be extended to July 31, 1995 (at no additional cost). The remaining balance (\$250,000) of the AREE project's \$7 million commitment was disbursed and project activities (except for audit and final evaluation) completed six months prior to the PACD (12/31/94). A final project evaluation has been contracted and is underway. Activities to address expanded opportunities and participation by low-income groups in a growing market economy have been initiated by the Partner's Farmer to Farmer Program and the Title II CARE/FISE/NGO projects.

6. Major Actions for the Next Six Months

The T&I project (including PROEXANT's short-term assistance) will be brought to an orderly conclusion in FY95. The Fundación Ecuador component is expected to terminate at the end of December, 1994. PROEXANT and Fundación Ecuador proposals to other donors will be monitored, in accordance with their self-sustainability plans, and an evaluation of the Fundación's Cooperative Agreement will be undertaken. The Fundación's policy dialogue and advocacy strategies for major social/economic policy reforms will be monitored.

A Cooperative Agreement under the redesigned Policy Dialogue & Implementation project will be negotiated with the Fundación Ecuador, and the mission will assist the Foundation in defining a social/economic reform agenda in anticipation of the next GOE administration in 1996. Audits of the Foundation and IESC will be initiated and ESF activities at CONAM with the Ministry of Finance will be phased out. The long term senior advisor position to CONAM will be closed out, and a complete appraisal, privatization plan, and sales prospectus for state-owned enterprises will be completed. Subject to availability of funding, under PDI, the Mission will provide CONAM with short term technical assistance, important to maintaining the momentum of the privatization effort and the mobilization of other donor resources.

Extension of the ASRP project activities with the MAG's Policy Sub-secretariat through July 31, 1995 will be finalized, and a final evaluation and audit of both the MAG and Institute of Agricultural Strategies (IDEA) project elements contracted. An additional 200 copies of the Southgate/Whitaker book will be obtained for distribution among policy makers and a Spanish summary of the book will be finalized and published for distribution by USAID/Ecuador.

Additional pesticide management courses are being planned, with funding provided by private sector agricultural input supplier associations, and a final evaluation and audit of the AREE project will be completed. The existing MOU with the SANREM CRSP will be modified to reflect the actual emphasis upon and linkage to local institutions associated with the Sustainable Uses for Biological Resources Project (0069), in place of the existing but non-operative MOU with FUNDAGRO.

As described in Sections 3 and 5, above, under PO 1, social policy reform is now the highest priority under SO 1, while achievement of PO 2 will depend very much on the new Microenterprise project, currently under design. Achievement of social policy reform will require adequate funding resources for the Economic Growth category under USAID's OYB. The Mission expects to receive sufficient OYB resources to start the Microenterprise project in late FY 1995. To that end, during the next semester, the Mission will complete further work towards a project paper.

- As it was stated in the last SAR, the high-degree of organization at the community-level revealed in Salinas de Guaranda, Province of Bolívar has encouraged the Mission to support other initiatives of this community members. For this reason, USAID approved two other SDAA projects in Salinas de Guaranda and financed, for the first time a visit of two of its members to Chile to observe appropriate technologies of wild mushrooms processing, conservation, packing and commercialization. This project is deeply involved with reforestation and income generation as it has encouraged community members to plant pine trees in the area. This variety of wild mushrooms grows on the roots of pine trees and community members collect this product and sell it to Funorsal (the small factory of wild mushrooms).
- 12 projects approved in the last period were totally liquidated, as they were due September 30, 1994.
- Several Peace Corp Volunteers have been involved in the implementing of SDAA projects, mostly in the provinces of Cañar and Loja.

VII. GENDER CONSIDERATIONS

A total of 89,654 people have benefitted from the project; 7,977 directly and 81,677 indirectly. Approximately 23 percent of SDAA direct beneficiaries are women, principally in the areas of microenterprise, and artisanry, 37 percent are youths who will have access to skills training, and 40 percent involve adults in the areas of agriculture, fishing, microenterprise and skills training. Some of them will create their own microenterprises and most will be gainfully employed in the near future.

VIII. EVALUATIONS AND AUDITS

An evaluation of the SDAA project was carried out during this period. 25 SDAA projects were visited by the evaluators who, now are in the process of preparing comments, recommendations and a written assessment of the project.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: On several occasions Peace Corps applications have been denied because they are not applicable to the SDAA program objectives.

Corrective actions: USAID/P.C. should arrange informational meetings, as needed, directed to Peace Corp Volunteers, in order to provide them a clear understanding of the SDAA project.

2. Issue: Most of the SDAA requests are coming from the Sierra Region. There are very few applications from the Coastal Region, and most of them are from the Province of Esmeraldas.

Corrective actions: The Mission should consider NGOs as an important source to help identify possible projects in several areas, in order to improve geographical distribution.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Continue the implementation of the FY 94 SDAA Program.
2. Improve geographical distribution of the projects.
3. Process SDAA applications in a maximum of three months.
4. Analyze project evaluation results in order to adopt recommendations, as possible, and to improve project mechanisms.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A X B C

I. BACKGROUND DATA

Project Title: Non-Traditional Agricultural Exports
 Project Number: 518-0019
 Date of Authorization: original 09-13-84 last amendment 03-22-91
 Date of Obligation: original 09-13-84 last amendment 07-01-91
 PACD: original 09-31-87 last amendment 08-31-94
 Implementing Agencies: ANDE, FEDEXPOR
 Major Contractors: Development Alternatives Inc.
 AID Project Officer: Aida Lafebre
 Status of CPs/Covenants:

Date of Last Evaluation: 03-12-93 Next evaluation: Not Planned
 Date of Last Audit: 12-31-93 Next Audit: N/A
 Planned number of yearly non-federal audits for which the Mission will be responsible under the Audit Management and Resolution Program: 3

Project Terminated

FINANCIAL DATA

Amount Authorized: DA Grant: original \$2,400,000 last amend \$7,260,000
 Loan: original \$4,000,000 last amend \$7,500,000
 Amount Obligated: DA Grant: original \$230,000 last amend \$7,114,731
 Loan: original \$2,000,000 last amend \$7,474,819
 Current FY Oblig.: Grant: \$0
 Loan: \$0
 Amount Committed: Grant - Period: \$0
 Cumulative: \$7,114,145
 Loan - Period: \$0
 Cumulative: \$7,474,819
 Accrued Expenditures: Grant:
 Period - Projected: \$783,000
 Period - Actual: \$0
 Cumulative: \$7,474,819
 Period - Next: \$0
 Loan:
 Period - Projected: \$0
 Period - Actual: \$0
 Cumulative: \$7,474,819
 Period - Next: \$0
 Counterpart
 Contribution: Planned: \$4,000,000
 Actual: \$5,000,000
 % LOP Elapsed: 100
 % of Total Auth. Oblig. (Grant) 98
 (Loan) 100
 % of Total Oblig. Exp. (Grant) 97
 (Loan) 100
 % of Total Auth. Exp. (Grant) 95
 (Loan) 100

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED				% OF LOP					
	NEXT PERIOD		NEXT PERIOD		NEXT PERIOD		% OF LOP							
	LOP	PERIOD	CUM	PERIOD	PERIOD	CUM	LOP	PERIOD						
Training (persons)	M	F	M	F	M	F	M	F	M	F				
Long term	3	3	0	0	0	0	0	0	0	0				
Short term	2,565	285	200	50	2426	376	0	0	977	1067	4797	2183	187	766
	PLANNED		NEXT PERIOD		ACCOMPLISHED		% OF LOP							
	LOP	PERIOD	CUM	PERIOD	PERIOD	CUM	LOP	PERIOD						
2. Total value NTAE Exp./Year	71M	35	70	0	36	68	97							
3. *New Diversification crops	5	1	5	0	1	6	120							
4. **Expansion of Growers	1,500	100	1,500	0	84	1603	107							
5. Generation of employment	14,000	1,500	17,760	0	2003	32000	228							

*- fresh & processed maracuya, heart of palm, gypsophila, pigeon beans

III. PROJECT DESCRIPTION

The Non-Traditional Agricultural Exports (NTAE) Project is intended to promote the economic growth of Ecuador through sustained increases in exports of non-traditional products. Redesignated in 1988-90, the Phase II project's components include: (1) agricultural technology; (2) post harvest handling and quality control; (3) market information and products promotion; and, (4) policy dialogue and export financing. Project activities are now concentrated in fruits, flowers and vegetables (fresh and processed).

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE (OR OTHER JUSTIFICATION)

The purpose of the project is to establish a healthy, growing NTAE sector, supported by effective, self-sufficient services. To contribute to Strategic Objective No. 1 (SO 1) increased sustainable economic growth for a broad base of the population, the EOPS targets under NTAE include US\$71 million in NTAE exports and 14,000 new jobs.

During the reporting period the project continued emphasizing its activities at the low-income and small scale producers located in the rural areas of the Coast and the Sierra. These activities are in line with the new SO 1 "Increase Sustainable Economic Growth for a Broad Base of the Population", and with Program Output 2 "Expanded

opportunities and participation by low-income groups in a growing market economy".

As of August 1994, the PACD, the project has generated nearly 32,000 new jobs, (65% for women) thus exceeding the original project target of 14,000, and 84 new producers were assisted by the project during the reporting period, achieving a cumulative total of 1,603 new producers, which exceeded the target of 1,500 at the PACD. Total NTAE exports were approximately US\$ 73 million with six new crops exceeding US\$2 million per year in export sales.

The project has supported numerous policy dialogue activities in the areas of foreign investment, macroeconomic policy reform and reduction of barriers which have improved significantly Ecuador's trade and investment climate. 100% LOP funds contribute to SO 1.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

Purpose: To establish a healthy, growing NTAE sector, supported by effective, self-sufficient services.

EOPS Indicators:

1. Sales value per year FOB reaches US\$71 million by 1994.
2. Agricultural exports become more diverse (five new crops, each with an export value of at least US\$2 million by 1994).
3. Foreign and Ecuadorian Investment in NTAE sectors increases over the project period.
4. Ecuadorian NTAE exports earn market acceptance based on product quality and dependability of suppliers.
5. Benefits of increased exports are distributed equitably (1,500 growers by 1994; of which 65 percent are women).

Progress reported by the project management unit clearly indicates that the objectives and targets were met by the PACD.

1. 32,000 permanent jobs were created (65 percent women); and,
2. Six new products exceeded the projected annual export value of US\$2 million: fresh and processed maracuya, heart of palm, gypsophila, pigeon beans, miniature carnation flowers and processed vegetables.
3. The target of US\$71 million in export value, was exceeded in 1994 with NTAE products achieving US\$72.8 million in sales.

Project funds were fully disbursed in June 1993, well before the PACD of August 30, 1994. To continue supporting the successful NTAE activities the Mission provided additional funding under the Trade & Investment Project to cover NTAE activities through December 1994.

The project is in the process of becoming self-sustainable. PROEXANT, the project management unit, is now a legal entity, "Corporación PROEXANT". It is a non-profit private non-governmental organization. An institutional analysis and strategic plan were completed in July 1994, aimed at strengthening PROEXANT's management structure and plan for achieving financial self-sustainability.

Also, during this reporting period PROEXANT continued focusing its activities on small producers by providing TA to strengthen export capabilities. This sector has benefitted from training programs developed in the field. PROEXANT continues activities with public and private banks to open credit lines for small-scale enterprises. Furthermore, PROEXANT is helping in the design and presentation of projects requiring credit from private sector banks. Special emphasis has been placed on women entrepreneurs working in the agro-processing sector.

VI. PROGRESS DURING REPORTING PERIOD

Actions Planned in the last SAR

1. The first General Assembly of the Corporación Proexant took place in May. Board members were elected in June 1994.
2. A sales plan was implemented by each PROEXANT field office to increase total fees for services.
3. PROEXANT's own revenue generated funds are partially paying the salaries of its employees.
4. The fruit fly monitoring program is 100 percent financed by the beneficiaries (growers).
5. Authorization from Ministry of Industries (MICIP) for the quality control certification program is pending.
6. An updated strategic plan for Proexant establishing a self-sustainable organization was prepared in July 1994.
7. A new agreement between USDA and MAG to support APHIS activities was presented to the Minister of Agriculture for his signature.
8. DAI's technical assistance contract was brought to a smooth close in August 1994.

Additional Activities During the Reporting Period

1. The family planning program is continuing and 20 companies participated during the reporting period (526 men and 624 women).
2. Seminars on the use of pesticides were held on the Coast and in the Sierra. 894 participants attended these seminars (451 men and 443 women).
3. 114 companies were evaluated to determine pesticide contamination.
4. Special emphasis was given to self-sustainability activities:
 - Registration at the InterAmerican Development Bank as an eligible non-profit organization
 - A two-year Cooperative Agreement was signed with MICIP-BID to carry out studies in the flower industry.
 - Proposal presented to the Fondo Ecuatoriano-Canadiense de Desarrollo to assist small producers of "plátano" in Moraspungo-Cotopaxi. (US\$500,000).
 - The project has generated revenue in the amount of US\$135,000 during the reporting period.
 - Present a documentation to USAID to register as an eligible PVO.
 - A total of \$600,000 from the T&I project were obligated with ANDE; and the CA extended for PROEXANT to continue developing its NTAE activities through December 1994. A sub agreement between ANDE and PROEXANT was signed in September/1994.

VII. GENDER CONSIDERATIONS

The project is extensively promoting female participation in all activities, e.g., training programs, seminars, conferences, field trips, etc. Special emphasis is given to a health and family program. This program focuses on educating female workers, particularly in flower production, to prevent diseases caused by the misuse of pesticides. It trains workers in family planning methods.

Women represent 61 percent of the total increase in employment during the reporting period.

VIII. EVALUATION AND AUDITS

Audit of the NTAE project for 1993 completed.

Based upon completion of prior evaluations, Mission has determined that a final evaluation is not required, which will be further substantiated in a memo to be prepared by PPD/SEGO. A Project Completion Report will be jointly prepared by SEGO

and PPD.

CDIE conducted a world wide assessment in June, of NTAE projects sponsored by USAID. The study shows that these projects have contributed to an increase in employment and to crop diversification in Ecuador.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

The project reached a successful conclusion in August 1994. However, there is on-going concern for the institutional development and self-sustainability of Corporación PROEXANT. Board member commitment and participation is weak. Board Executive Committee meetings are held, but full Board meetings fail to achieve a quorum.

With direction and supervision provided by USAID and the DAI senior advisor, PROEXANT in 1994 pursued alternative sources of financial operational support.

Corporación PROEXANT must confront its institutional weaknesses. In January, 1995, it is expected that PL-480 will provide budget support to PROEXANT. This is "bridge financing" to offer PROEXANT additional time to achieve self-financing.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Initiate close-out of the project.
2. Support PROEXANT's two-year proposal with PL-480 title I and PL-416 from previous year available funds to partially fund operating costs for 1995-1996.
3. Monitor Corporación PROEXANT's proposals to other donors, such as, WB, IDB, CAF, etc.
4. Conduct PROEXANT's Board member visit to Dominican Republic to obtain first hand information on how to achieve self-sustainability.
5. Complete the Project Assistance Completion Report.

PROJECT STATUS REPORT
April 1, 1994 - September 31, 1994

A X B ___ C ___

I. BACKGROUND DATA

Project Title: Agricultural Sector Reorientation (ASRP)
 Project Number: 518-0051 (Loan 518-T-063)
 Date of Authorization: original 07-31-85 last amendment 09-22-93
 Date of Obligation: original 07-31-85
 PACD: original 07-30-90 last amendment 12-31-94
 Implementing Agencies: Ministry of Agriculture and Livestock (MAG)
 Institute of Agricultural Strategies (IDEA)
 Major Contractors: Sigma One Corporation (ended 9/30/93)
 Agricultural Policy Analysis Project (APAP III)
 Long-term Project Coordinator (USPSC)

AID Project Manager: Mónica Suquilanda
 Status of CPs/Covenants: 100% met

Date of Last Evaluation: 05-11-92 Next evaluation: 06-01-95
 Date of Last Audit: 04-15-93 Next Audit: 12-01-94 (IDEA)
 01-01-95 (MAG)

Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and resolution Program: 8

Number of such audits contracted for/completed during the reporting period: 1

FINANCIAL DATA

Amount Authorized: DA Grant: original \$ 7,100,000 last amend \$11,655,000
 Loan: original \$ 1,400,000
 Amount Obligated: DA Grant: original \$ 700,000 last amend \$11,653,814
 Loan: original \$ 1,400,000 last amend \$ 1,395,690
 Current FY Oblig. Grant: \$ 0
 Loan: \$ 0
 Amount Committed: Grant - Period: \$ 151,018
 Cumulative: \$11,287,327
 Loan - Period: \$ 0
 Cumulative: \$ 1,395,690
 Accrued Expenditures: Grant:
 Period - Projected: \$ 300,000
 Period - Actual: \$ 342,691
 Cumulative: \$10,810,222
 Period - Next: \$ 480,000
 Loan:
 Period - Projected: \$ 0
 Period - Actual: \$ 0
 Cumulative: \$ 1,395,690
 Period - Next: \$ 0
 Counterpart Contribution: Planned: \$ 4,000,000
 Actual: \$ 3,600,000

% LOP Elapsed: 97
 % of Total Auth. Oblig. (Grant) 99
 (Loan) 100
 % of Total Oblig. Exp. (Grant) 93
 (Loan) 100
 % of Total Auth. Exp. (Grant) 93
 (Loan) 100

II. MAJOR OUTPUTS:

	PLANNED			ACCOMPLISHED									
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	% OF LOP						
1. Situational & Outlook Reports	24	6	43	6	6	43	179						
2. Decision-Makers Special Studies	40	10	91	10	66	137	342						
3. Crop Market News	12	-	-	-	27	39	325						
4. Agroclimatic Impact Assessment	8	18	46	20	30	84	1050						
5. Institutionalization of Public & Private Project Units	6	4	6	0	4	6	100						
6. IDEA Policy Analyses	15	6	25	3	6	52	346						
7. Training	M	F	M	F	M	F	M	F					
Long Term (IDEA)	10	0	0	8	2	0	0	0	6	1	70		
Short Term	100	0	0	69	31	14	6	14	6	83	37	120	
- Local												72	36
- International (USA)												11	1

III. PROJECT DESCRIPTION

The purpose of the project is to realign agricultural sector policies to create a policy environment and set of incentives which promote increased productivity and production. The purpose is to be achieved through strengthening the analytic capacity in the Ministry of Agriculture (MAG) and the private sector, supported by improved agricultural data and information.

The Agricultural Sector Reorientation Project (ASRP) consists of the following components and activities:

1. Improved economic policy analysis

Ministry of Agriculture Policy Analysis Division (DAP)

The DAP concentrates on monitoring, analyzing, and reporting on sector performance variables to improve short-term decision-making by government officials and policy makers.

Institute of Agricultural Strategies (IDEA)

This non-profit, private-sector foundation concentrates on policy analysis and dialogue to improve the overall policy framework.

2. Improved agricultural data, statistics, and trend analysis

Agricultural Price and Market News Reporting Service

This MAG unit was strengthened to develop an improved national system for collecting, processing, and reporting wholesale price information for major commodities from major markets, including border markets.

Crop and Livestock Reporting System

This MAG unit was strengthened to develop an improved, objective, timely, and reliable system for collecting, processing, reporting, and projecting area, yield, and production data for major commodities.

Agroclimatic Impact Evaluation

This MAG unit provides and disseminates current information and analysis of the impact of changes in climatic variables on crop performance, from planting through harvest.

Computer Center

This MAG unit was strengthened to provide more responsive and effective information services in the areas of training, system development, repair, and maintenance, and technical assistance to micro-computer users throughout the MAG and its affiliated agencies.

The data, statistics, and trend analysis activities feed directly into the analytical work undertaken by DAP and IDEA. The effective and timely performance of these information units is critical to achieving the project purpose.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

This project supports Strategic Objective 1 (SO 1): "Increased sustainable economic growth for a broad base of the population," by helping to achieve Program Outcome 1 "Improved economic and social policies."

The project's two components, the MAG Policy Analysis Division, consolidated into the Sub-Secretariat of Policy, and the IDEA Foundation, have addressed policies related to the functioning of land markets, price liberalization, eliminating non-tariff barriers to open-up the economy, and activities to increase knowledge and public awareness of economic and trade issues. IDEA has provided expert technical assistance for discussion and debate of specific policy concerns and has supported counterpart organizations in the drafting and advocacy of policy legislation.

The ASRP contributes to increasing sustainable economic growth for a broad base of the population through three interrelated actions: (1) policy analysis and dialogue by IDEA to improve overall sector policies; (2) sector performance analysis in Subsecretariat of Policy to improve short-term decision-making; and, (3) the provision of accurate, objective, and timely data and information to support empirical policy analysis, reasoned dialogue, and decision-making.

Although all of the LOP funds for this project are currently designated against SO 1, it is increasingly recognized that a significant portion of the investment in this project simultaneously addresses SO 4: "Promote the sustainable use of natural resources, the conservation of biological diversity, and the control of pollution."

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT (EOPS) AND PROJECT OFFICER'S ASSESSMENT

The purpose of the project remains a valid statement and the project continues to

achieve progress.

The End of Project Status is: (1) reduced government intervention in pricing of agricultural commodities, from 16 to only 3 commodities; (2) reduced government intervention in marketing of agricultural inputs, services, and products; (3) realignment of food subsidies, policies and procedures to increase efficiency in targeting low income consumers; and, (4) realignment of structure of incentives for production of agricultural commodities.

The liberal reforms of the rice marketing system implemented by the Policy Subsecretariat resulted in a \$20.0 million increase in the value of rice production over what would have occurred without the reforms and an increase of over \$100.0 million from what occurred in 1993. These increases translate into significant increases in the real incomes of over 150,000 people who depend directly on rice production as their major source of income. The work on trade reform and negotiations with USTR and GATT are resulting in modifications of the price band system and an overall reduction and uniformization of tariffs, thereby better aligning domestic prices with international prices. The implementation of the Policy Subsecretariat, begun during the last reporting period, is now completed and the Subsecretariat was formally inaugurated by Vice-President Alberto Dahik. Ministry of Finance has budgeted \$700,000 for the Policy Subsecretariat's activities during 1995.

IDEA has continuously improved and expanded its advocacy role within the public and private sector regarding the irrigation sector to help convert INERHI from an operative to a normative structure. In the same arena, USAID/E has approved a major study "Evaluation of the Investment of Agricultural Public and Private Institutions in the Irrigation Sector" which is being developed by IDEA.

IDEA has concentrated upon to the passage of the most significant socio-economic reform which is the new Agrarian Development Law. Idea has also placed great effort in achieving consensus among different interested parties (gremios, congressmen, etc.) toward the passage of a commodity "check off" system law. IDEA analysis have been devoted to increased public and private awareness on water management systems and rural finance. The Policy Subsecretariat manages agricultural price and trade policy and has involved in the preparation, analysis, and participation in trade negotiations with USTR, GATT, and the Andean Group.

VI. PROGRESS DURING REPORTING PERIOD

Ministry of Agriculture (MAG)

1. Executed annual Coastal Crop Production Survey to obtain estimates of production during the winter harvest and make projections of the summer harvest.
2. Completed a five week training course in policy analysis methods for the personnel of the Directorates of External Trade and Policy Analysis; twenty staff professionals received training.
3. Transferred all project activities physically to the new Subsecretariat of Policy.
4. Initiated three major studies with support from short-term technical assistance: an econometric model of the oil- and feed-grains sector, an econometric model of the rice sector, and an analysis of the impact of liberalization on Coastal agriculture.
5. Initiated an impact study of trade liberalization on coastal agriculture and completed an impact analysis of the rice marketing policy.

Institute of Agricultural Strategies (IDEA)

1. Upon USAID/E approval, IDEA immediately initiated four major studies: "Evaluation of the Investment of Agricultural Public and Private Institutions in the Irrigation Sector"; "Adjustment and Consolidations of the Foreign Trade Mechanisms in Agriculture and Agro-industrial Commodities"; Analysis of the Quality and Use of the Land" and Financial Intermediation in Rural Areas". Another, "Experience in Research and Technology Transfer was also approved.
2. The matrix for policy monitoring and dialogue has been continuously improved.
3. A visit to the Dominican Republic to exchange experiences with similar institutions in that country is planned. Two executive members and two from the Board of Directors of IDEA will attend. This trip has been jointly organized with PROEXANT to observe similar institutions.

OTHER ACTIVITIES DURING THE REPORTING PERIOD

Ministry of Agriculture (MAG)

1. Continued analysis, preparation, and participation in trade negotiations with USTR, GATT, Andean Group, and Peru. Approximately 50 studies and reports during the reporting period are involved in this effort.
2. Implemented major changes in systems for collection of prices to obtain better information on agro-industrial commodities: oils, milk, rice.
3. Completed a major analytical study to establish a complete set of demand elasticities for all agricultural commodities. This is a major analytical input for policy analysis and is a "first" for Ecuador.
4. Completed "Compendium of Ecuadorian Agricultural Statistics: 1965-1993", the first compendium of agricultural statistics ever published in Ecuador, providing researchers and analysts with complete time series of all relevant sector variables.
5. Initiated the establishment of an Agricultural Economics Reference Library for the Policy Subsecretariat.
6. Obtained CONADE approval of a World Bank funded, \$25 million follow-on project (Servicios de Información para el Sector Agropecuario -SISA) to continue and expand the ASRP policy and information activities. Negotiations with the Ministry of Finance for local budget support are on-going.
7. The Minister of Agriculture requested an extension of the ASRP/MAG PACD until July 1995 in order to ensure a smooth transition into the World Bank follow-on project, which should start in April/May 1995. Documentation for project extension was initiated.

Institute of Agricultural Strategies (IDEA)

1. IDEA received technical assistance from APAP III for the Irrigation Project, as part of the APAP III support activities to the ASRP.
2. IDEA has finished the executive summaries for both "The Role of Agriculture in Ecuador's Economic Development" and "Development and the Environment Ecuador's Policy Crisis" for publication and distribution in December.
3. The publication of the "Environmental Manual" has been contracted and it will soon

be distributed.

4. IDEA has submitted drafts of their "overhead costs" and "dialogue counterpart contribution" reports to USAID/Ecuador for review and approval.
5. IDEA actively participated in the entire process to achieve passage of the new Agrarian Law. IDEA was part of the Presidential Commission that achieved consensus among indigenous people, public and private sector, congressmen, religious representatives, etc. regarding this Law.
6. The proposed Producer Association Law which will permit a "check off" system was discussed in Second Debate in the Congress. IDEA has been involved in negotiations with the Presidency regarding the partial veto of this law by the President. It is expected the law will be approved in October.

VII. GENDER CONSIDERATIONS

Project activities advocate the full participation of women in seminars and long-term and short-term training, wherein 37 percent level of participation has been achieved. Of even greater significance, all of the analyses conducted by IDEA incorporate methodologies to address and measure the impact of policy reforms upon women.

VIII. EVALUATIONS AND AUDITS

The Controller General's Office of Ecuador has finalized auditing one of the five ASRP activities within the MAG. Audit for the remaining activities are scheduled for January 1995.

IDEA has submitted to USAID/Ecuador a draft audit which covers activities through December 1993.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

Ministry of Agriculture (MAG)

As the ASRP is near completion, USAID/Ecuador should decide whether or not to conduct a final project evaluation.

Institute of Agricultural Strategies (IDEA)

1. The PACD extension of the ASR project through July 1995 is being processed, for the MAG component. However, USAID/Ecuador should decide whether to also extend the cooperative agreement with IDEA beyond December 1994, to allow completion of key activities.
2. Publication of the Spanish version of the executive summary of Southgate's "Environment Ecuador's Policy Crisis" book, has been delayed because of USAID/E recommendation to improve the content.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

Ministry of Agriculture.

1. Extend PACD of ASRP/MAG through approximately July 1995 to facilitate a smooth transition of project activities into the follow-on \$25 million World Bank Project.
2. Execute Annual Planning Workshop to coordinate, plan, and budget ASRP/MAG and SISA activities for 1995.

3. Complete the three major technical studies on feed-grains/oils, rice, and liberalization.
4. Develop technical specifications for establishment of a LAN system in the Policy Subsecretariat.
5. Operationalize the Agricultural Economics Reference Library.
6. Coordinate closely with World Bank and the Appraisal Mission for SISA.
7. Monitor and participate in a national working group on the disaster producing "El Niño" phenomenon.

Institute of Agricultural Strategies

1. Initiate the new studies: "Restructuring of the Institute of Agrarian Development (INDA) and the "IDEA's Strategic Plan for 1995-2000".
2. Complete all studies contracted by USAID/Ecuador no later than December 1994.
3. Approval of "overhead cost rate" and "policy dialogue cost" for IDEA.

PROJECT STATUS REPORT
April 1, 1993 - September 30, 1994

A ___ B X C ___

I. BACKGROUND DATA

Project Title: Agricultural Research, Extension and Education (AREE)
 Project Number: 518-0068
 Date of Authorization: original 05-25-88 last amendment 03-30-92
 Date of Obligation: original 05-27-88 last amendment 07-01-91
 PACD: original 04-30-93 last amendment 12-31-94
 Implementing Agencies: Fundación para el Desarrollo Agropecuario (FUNDAGRO)
 Major Contractors: None
 AID Project Manager: Kenneth Wiegand
 Status of CP's/Covenants: N/A

Date of Last Evaluation: 05-01-91 Next evaluation: 12-30-94
 Date of Last Audit: 01-01-94 Next Audit: 01-15-95

Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and resolution Program: 8
 Number of such audits contracted for/completed during the reporting period: 0

FINANCIAL DATA

Amount Authorized: DA Grant: original \$7,000,000
 Amount Obligated: DA Grant: original \$2,817,000 last amend \$ 7,000,000
 Current FY Oblig: \$ 0
 Amount Committed: Grant - Period: \$ 0
 Cumulative: \$7,000,000
 Accrued Expenditures: Grant:
 Period - Projected: \$ 230,000
 Period - Actual: \$ 230,000
 Cumulative: \$6,936,335
 Period - Next: \$ 63,665
 Counterpart Contribution: Planned: \$2,000,000
 Actual: \$5,258,426
 % LOP Elapsed: 98
 % of Total Auth. Oblig. (Grant): 100
 % of Total Oblig. Exp. (Grant): 99
 % of Total Auth. Exp. (Grant): 99

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED				
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	% OF LOP		
1. Research/Extension Links	3	0	3	0	0	3	100		
2. Agreements signed: PVOs & Public Inst.	16	0	16	0	0	48	300		
3. Inst. Contracts & Univ.	6	1	7	0	1	20	333		
4. Workshops	605	3	603	0	2	1081	179		
5. Research Activities	200	3	176	0	2	216	108		
6. Technology: Validated	22	0	22	0	0	56	255		
Demonstrated	25	2	24	0	2	88	352		
Adopted	22	0	19	0	0	22	100		
7. Studies	15	0	15	0	1	46	307		
8. Publications	125	5	125	1	0	238	191		
9. Work with Prod. Assoc.	38	1	36	0	0	44	116		
10. Other Donor Contrib. (\$'000)									
a. Endowment*	300		305	40	20	2863	954		
b. Projects	3900	150	2872	300	20	4074	105		
11. Professionals Trained	LOP	M	F	M	F	M	F	M	F
a. Long Term	7	0	0	3	0	0	0	4	0
b. Short Term	228	0	0	134	52	0	0	1	147
12. Farmers Trained	9000	400	9100	0	120	10520	117		

(*) Includes US\$900,000 estimated value of 200 ha. of irrigated land, farm equipment and building received from CEDEGE.

III. PROJECT DESCRIPTION

The purpose of the project is to develop the capacity of the Foundation for Agricultural Development (FUNDAGRO) to serve as a catalyst for the establishment of an improved and integrated agricultural research, extension and education (REE) system in selected commodities, which fortifies and expands upon existing public and private efforts to deliver a steady flow of productivity-increasing, cost-reducing technologies to a wide spectrum of farmer-client groups with special interest in small and medium-sized producers.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

This project supports Strategic Objective 1: "To increase sustainable economic growth for a broad base of the population" and specifically Program Outcome 2: Expanded opportunities and participation by low-income groups in a growing market economy.

The AREE Project contributes to expanded opportunities and participation by low-income (rural) groups through four interrelated activities: (1) improving and strengthening FUNDAGRO's administrative and financial structure as well as its technical capabilities; (2) establishing research and extension linkage units within priority commodity programs (presently coffee, dairy and cassava); (3) supporting scientific-

based research, extension and education systems for other commodities on a selective basis as the opportunity arises; and, (4) strengthening and supporting Ecuadorian universities participating in the REE program and activities.

The project also supports SO 4: "To promote the sustainable use of natural resources, the conservation of biological diversity, and the control of pollution." and specifically Program Outcome 2: Improved management of natural resource and biodiversity activities in selected areas, by promoting rural economic growth, thereby reducing the depredation of the natural resource base.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT (EOPS) AND PROJECT OFFICER'S ASSESSMENT

The project purpose remains a valid statement and progress has been achieved in meeting the end of project status.

A commodity prioritization and selection process has been established to assist FUNDAGRO and cooperating PVOs and public sector institutions to concentrate resources on priority commodities. FUNDAGRO's financial viability has been strengthened through increased and diversified funding, as well as sound investment of its assets. Progress for this indicator has exceeded expectations. FUNDAGRO owns a seven-story building in Quito, and has an office building in Guayaquil.

Strong operational linkages have been forged with private and public sector institutions involved in REE, both locally and internationally. The number of universities, professors, graduate and undergraduate students actively participating in the program has surpassed expectations. FUNDAGRO has apparently made great efforts to incorporate gender considerations into all phases of its activities, as indicated in past and current impact assessments.

VI. PROGRESS DURING REPORTING PERIOD

1. Project funded activities essentially ended (except for evaluation, audit and long-term participant training) due to the acceleration of project implementation, which ended on July 31, five months prior to the PACD.
2. Terms of reference for a final evaluation were approved by USAID and an evaluation contracted, for delivery no later than December, 1994.
3. FUNDAGRO celebrated its annual General Assembly in Guayaquil, wherein the outgoing Board President was honored, together with the Executive Director, who recently returned from a one-year Mason Fellowship at Harvard University.

VII. GENDER CONSIDERATIONS

An overall qualification of the gender impact of the project is expected to be highlighted in the final evaluation.

VIII. EVALUATIONS AND AUDITS

A data base with all available information has been compiled for the final evaluation. Technical reference objectives were established to contract the final evaluation and FUNDAGRO was advised to observe USAID Handbook evaluation regulations and format.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: The appropriate utilization of PL-480 Section 416 Local Currency contributions to FUNDAGRO (deposited in their Endowment) has been legally questioned by the PL-480 Technical Secretariat.

Corrective Actions: The PL-480 Technical Secretariat has recommended to the Secretary of Agriculture that FUNDAGRO Endowment Funds utilized to underwrite the Executive Director's fellowship at Harvard be returned to the Endowment.

2. Issue: USAID has received no indication that FUNDAGRO has taken actions to address the recommendations contained in the Administrative and Financial Audits, completed in January and June, 1994.

Corrective Actions: The Mission will continue to urge the newly elected FUNDAGRO Board of Directors to undertake the recommendations.

3. Issue: Projections indicated that all project funds would be exhausted by June, 1994.

Corrective Actions: The final project audit and evaluation have been accelerated.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. The results of the final project evaluation will be completed by the middle of December 1994.
2. A summary of the completed activities and of the final evaluation will be published for use by collaborating institutions and others who develop farming in Ecuador.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A X B ___ C ___

I. BACKGROUND DATA

Project Title: National Shelter Delivery System
 Project Number: 518-0076 (Loan 518-HG-007-A01)
 Date of Authorization: original 08-19-87 last amendment 03-2-93
 Date of Obligation: original 09-10-87 last amendment 08-31-92
 PACD: original 08-31-90 amended to 12-31-95
 Implementing Agencies: BEV through the Housing Refinancing Unit (URH). After completion of CPs USAID has authorized (PIL NO. 16) the transfer of the FFH to the URH.
 Major Contractors: WASH/WOCCU/CHF/Carrión-García
 AID Project Officer: Renán Larrea
 Status of CPs/Covenants:
 Date of Last Evaluation: 01-94 Next evaluation: n/a
 Date of Last Audit: 04-94 Next Audit: 07-95
 Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program: -0- Number of such audits contracted for/completed during the reporting period: -0-

FINANCIAL DATA

Amount Authorized: DA Grant: original \$ 1,000,000 last amend \$ 2,100,000
 HG: original \$20,000,000 last amend \$35,000,000
 Amount Obligated: DA Grant: original \$ 226,000 last amend \$ 2,099,989
 HG: original \$10,000,000
 Current FY Oblig.: Grant: \$ 28,540
 HG: \$ -0-
 Amount Committed: Grant - Period: \$ 147,504
 Cumulative: \$ 1,750,310
 HG - Period: \$ -0-
 Cumulative: \$10,000,000
 Expenditures: Grant:
 Period - Projected: \$ -0-
 Period - Actual: \$ 182,705
 Cumulative: \$ 1,530,461
 Period - Next: \$ 200,000
 Loan:
 Period - Projected: N/A
 Period - Actual: \$ 393,475
 Cumulative: \$ 4,215,652
 Period - Next: \$ 2,000,000
 Counterpart
 Contribution: Planned: \$10,000,000
 Actual: \$ 3,742,131
 % LOP Elapsed: 83
 % of Total Auth. Oblig. (Grant) 100
 (Loan) 29
 % of Total Oblig. Exp. (Grant) 74
 (Loan) 42
 % of Total Auth. Exp. (Grant) 73
 (Loan) 12

II. MAJOR OUTPUTS:

	PLANNED		ACCOMPLISHED		% OF LOP
	PERIOD	CUM	PERIOD	CUM	
1. New Construction	13,780		60	2,474	18.0%
2. Home Improvements	10,000		-0-	598	6.0%
3. Urban Upgrading	42,152		8,000	62,249	148.6%
2. Training (persons)					
Long term					
Short term			478 140	669 357	N/A

III. PROJECT DESCRIPTION

Through this program, low-income families in urban areas gain increased access to new and upgraded shelter and urban environmental services financed by public and private sector institutions.

The program's main objectives are: (1) to assist the Government of Ecuador (GOE) in the implementation of economic reforms that promote capital mobilization for housing and related environmental infrastructure; (2) increase the role of the private sector in the financing and construction of housing and environmental infrastructure; and, (3) assist the GOE in its transformation from a direct provider to a facilitator of shelter solutions.

The policy agenda focuses on: (1) reforming GOE financial policies; (2) expanding private sector participation in the provision of low-cost shelter; and, (3) improving the management and expanding the provision of urban environmental services.

IV. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

In the USAID/Ecuador Action Plan for FYs 95 and 96, the National Shelter Delivery System Project was incorporated into Strategic Objectives No. 1 (SO 1) - Achieving Broad-Based Economic Growth; SO 2 - Stabilizing Population Growth and Protecting Human Health; and, SO 4 - Protecting the Environment.

As part of three of the Mission's SOs, the National Shelter Delivery System Project has been incorporated into the Policy Dialogue and Implementation Project, designed to increase access to markets for low-income households--in this case, housing and environmental infrastructure services.

This project contributes to SO 1 - Broad Based Economic Growth - through facilitating investment in low-income housing and environmental infrastructure which has a multiplier effect on the economy. Investment in housing creates income and jobs in construction and other sectors and also enables low-income families the opportunity to launch productive microenterprises from their homes.

The National Shelter Delivery System Project is one of the six projects that support SO 2. The project seeks to improve the environmental health of low-income families in urban areas by improving their access to new and upgraded shelter and related environmental infrastructure. Access to services such as clean and affordable water and sanitation as well as adequate shelter is directly related to the quality and sustainability of human health. Moreover, improvements in these services increase the effectiveness of other health interventions.

This project has also been incorporated into the redefined SO 4--protecting the environment--through improving the management of the urban environment. This project aims to improve the urban environment by working at municipal and national levels to reduce waste and pollution caused by poor management of environmental services.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

Financial, institutional, and environmental infrastructure advances have addressed key constraints in the shelter and urban services sector.

A. Shelter Component

The GOE has continued its transformation to that of a facilitator in the housing sector. Moreover, it is actively seeking private sector capital for housing. The GOE dialogue with private sector entities has resulted in private sector organizations expressing interest in jointly financing, with the government, a privately managed secondary mortgage bank. The Savings and Loan System and eight private commercial banks have sent letters of commitment to fund the Housing Refinancing Corporation (CRH). USAID is confident that the secondary mortgage bank will be operational during the next reporting period.

Simultaneously, the Ecuadorian Housing Bank's (BEV), housing refinancing unit, has been active in its approval of refinancing operations with credit unions and savings and loans. During the reporting period, US\$1,160,300 in eligible mortgages were

refinanced. These discounting operations have led to requests for disbursements (no.9 and no.10) for a total of US\$1,050,300 from the program's escrow account. Request for disbursements No.11 and No.12 have also been submitted to USAID for initial approval. This would provide another US\$110,000 in eligible expenditures.

RHUDO/SA continues to assist the newly created Ministry of Urban Development and Housing to assume its leadership role in the housing and environmental infrastructure sector and with the development of a national housing policy. RHUDO/SA has maintained its support of the Ministry in its restructuring process so that it can effectively respond to challenges in the housing, urban development, and water and sanitation arenas. TA was provided to the GOE to develop a national water and sanitation policy and to garner support for its implementation. Continued policy dialogue in the water and sanitation sector during the reporting period helped to clarify the direction for implementing the new policy. TA was also provided to Ministry staff for training related to institutional restructuring.

The Modernization Law was approved by Congress. Its passage enabled the Minister of Urban Development and Housing to take steps to streamline the sector's bureaucracies. The Ecuadorian Housing Board (JNV) and the Ecuadorian Sanitary Works Institute (IEOS) were dissolved. With USAID guidance, some staff from these two former entities were incorporated into the Ministry's organizational structure. At the same time, a program to reduce staff size was adopted. It is estimated that two thousand employees from IEOS and 600 from the JNV will be dismissed by the end of CY 94. (During the reporting period, 1,500 former IEOS staff resigned.) Reduction in staff size as well as operating costs demonstrates that the GOE is willing to implement institutional, management, and financial reforms and that it recognizes the correlation between structural efficiency and improved operation of the housing, urban development and water and sanitation sectors.

The introduction of direct and transparent transfers was a new initiative incorporated into RHUDO/SA's and the Mission's policy dialogue agenda with the GOE. Private and public sector organizations have responded favorably to it and there is substantial support in Congress and among political parties for using transfers in the housing sector. Direct transfers would enable low income families greater access to affordable loans. The use of transfers is considered necessary for mobilizing local resources to the poor and for activating the housing sector.

Widespread use of the Constant Value Unit (UVC) for lending and savings operations is negligible due to the significant difference between market interest rates for lending and savings in sucres. Rates for lending are 48.8 percent while rates for savings are 15.9 percent -- a difference of 32.9 percentage points. While the lending rate is favorable, it is too high to be attractive for borrowers and the savings rate is too low to promote savings in real terms. Nevertheless, USAID policy dialogue efforts and GOE commitment to the program have motivated financial entities to refinance housing mortgages from the Program Implementing Agency using UVCs. The fact that inflation has continued to fall, from 30.8% in April 1994 to 27.2% this September, is a positive sign.

The BEV continued to move forward with institutional and financial reforms. It sold non-business related assets such as shares of stock in the Selva Alegre cement factory as well as shares of a brick-making factory. In addition, the BEV is committed to selling its landholdings, worth approximately US\$50,000,000, to low-income families for housing plots. Finally the BEV has also reached agreement with employees regarding staff reductions--another 350 employees will resign by the end of CY 94.

B. Infrastructure Component

RHUDD/SA dialogue with the Municipality of Machala resulted in establishing the legal frameworks for autonomous municipal water and sewerage and solid waste management companies. RHUDO/SA believes that city council will approve ordinances in October permitting the creation of these companies. These companies will incorporate improved financial management of services and will have the right to contract with private-sector providers for various aspects of service provision.

RHUDO/SA completed a financial management analysis of service administration in Duran.

C. Credit Union Activities

RHUDO/SA continued its Regional Low-Cost Housing Program in Ecuador during the reporting period. This program works with credit unions assisting them in preparing their housing portfolios for refinancing from the URH. Credit unions were the first Intermediate Financial Entities to have housing portfolios refinanced by the URH. The URH has committed to refinancing portfolios from several credit unions during the next semester.

VI. PROGRESS DURING REPORTING PERIOD

During this period, technical assistance and policy dialogue have led to dramatic results in the program's three areas: shelter, environmental infrastructure, and credit unions.

A. Shelter Component

RHUDO/SA has continued to assist the GOE in creating a self-sustaining housing finance system, encouraging private sector involvement, and strengthening the MINDUVI's policy-making and planning capabilities.

1. An additional amount of US\$1,050,300 in mortgages were submitted to USAID in order to request reimbursements from the program's escrow account.
2. The private sector financial entities law was approved by Congress.
3. The Savings and Loan system, one credit union, and six commercial banks have committed to capitalizing (60%) of the privately managed secondary mortgage bank (SMB). The Ministers of Finance and Urban Development and Housing agreed to capitalize the remaining 40% of SMB shares through the Ecuadorian Housing Bank.
4. The BEV's URH is committed to discounting another US\$7.0 million in eligible mortgages from private sector financial intermediaries. A new borrowing under HG-007 should be contracted during the second quarter of CY 95.
5. RHUDO/SA provided TA to the MINDUVI to help define its institutional roles and responsibilities and to strengthen its policy-making and planning capabilities. Assistance consisted of recommendations for effectively structuring the new Ministry in order to enable it to formulate a long-term vision for the urban sector as a whole. The Minister has begun implementing USAID recommendations for structuring the Ministry.
6. Steps toward improving government efficiency included passage of the Modernization Law, dismantling the Ecuadorian Housing Board and the Ecuadorian Sanitary Works Institute and incorporating the latter into the new Ministry with a reduced staff.
7. The use of direct and transparent government transfers was a new strategy initiated during the reporting period. They are designed to increase low-income families access to housing solutions.

8. Key people from the construction sector, the press, Congress, CONADE, the Ministries of Finance and Urban Development and Housing, and the Fundación Ecuador travelled to Chile to study the Chilean housing subsidy system. The interest in implementing this tool is widespread in Ecuador.

B. Infrastructure Component

1. Policy dialogue activities at the highest levels of the GOE and other water and sanitation institutions have been instrumental in advancing the policy development process. TA was provided to the GOE to develop a national water and sanitation policy and to garner support for its implementation. A draft action plan was completed during the reporting period which will be used as a basis for preparing a transition plan for implementing the policy.
2. RHUDO/SA's work with municipal government to improve the provision of water and sanitation services and solid waste collection continues to advance. Due to RHUDO efforts, the city council of the Municipality of Machala will approve two ordinances in October 1994 establishing the legal basis for the creation of a municipal water and sewerage company and a solid waste management company. RHUDO/SA assisted in the development of plans for the creation of both these companies and is currently providing technical assistance for the institutional design and development of Machala's solid waste management company. RHUDO/SA also held discussions with the BEDE on coordinating activities for the creation of Machala's Solid Waste Company and Water and Sewerage Company. RHUDO/SA completed a financial analysis of service provision in Duran and held several meetings with municipal officials on possible assistance in improving solid waste services. No formal agreement on assistance has as yet been reached with the Municipality.

C. Credit Union Activities

1. RHUDO/SA has continued to advance its Regional Low Cost Housing Program in Ecuador to improve credit union's access to refinancing funds in the BEV's URH. Through this program, TA has been provided to thirteen credit unions. The BEV's URH has refinanced US\$610,000 of these credit union portfolios. These same credit unions have signed "commitments for refinancing" for US\$1,400,000.
2. Under the Regional Low Cost Housing Program, four more Peace Corps Volunteers are being trained to provide on-site TA to credit unions involved in the program.
3. A memorandum of understanding was signed with Plan International in Guayaquil to provide TA pertaining to the development of a market rate interest home improvement project and to promote their involvement in low cost housing lending.
4. FUNDAVIPE, a foundation of housing cooperatives, was given TA to help develop institutional capability to serve housing cooperatives.

VII. GENDER CONSIDERATIONS

Shelter financing and titling are available on equal terms to both women and men in Ecuador. Ecuadorian law insures that gender does not preclude access to credit and gives the same rights to unmarried heads-of-household as to those who are married.

Various non-project activities carried out during the reporting period support this program and have had a positive effect on gender consideration issues. For example:

1. RHUDO/SA co-sponsored a training conference on Women, Water, and Sanitation from June 27-July 1 in Quito. The activity initiated a training process to help Ecuadorian water authorities integrate gender and women into the design of projects

and programs. Forty-one participants, including officials from national institutions, regional organizations, municipalities, NGOs and university faculty attended. The training course will be repeated in other parts of Ecuador. The event was also sponsored by the United Nations Urban Development Program and the UN International Research and Training Institute for the Advancement of Women.

VIII. EVALUATIONS AND AUDITS

The Superintendency of Banks conducted a financial audit of the financial fund for housing (FFH) for calendar year 1993.

The General Account Office conducted a Program Audit in July 1994.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

A. Shelter Component

1. Issue: The widespread use of constant value units and the associated capital mobilization, savings improvement and private sector involvement in housing finance, depend upon market driven conditions attractive to lenders and borrowers. As was mentioned, interest rates for borrowing and for savings in sucres are not completely favorable for housing finance. A difference of 32 percentage points between interest rates for lending and for savings and a negative interest rate for savings create an unfavorable financial environment.

Corrective Actions: Monetary Board authorities are studying a strategy which will permit foreign banks to operate in Ecuador. This will encourage competition and help to bring interest rates down. RHUDO will provide support and dialogue as needed to establish viable financial conditions.

B. Infrastructure Activities:

1. Issue: The institutional role of the Subsecretary of Environmental Sanitation (SSA), which replaced IEOS, is still to be defined by the GOE, particularly in the context of its relationship to the MINDUVI, its executive agency. The new policy provides the framework for the definition of SSA's role.

Coorrective Actions: RHUDO/SA supports water and sanitation policy development which establishes new roles for institutions in the sector. The process, however, is slow and requires GOE approval. RHUDO will provide TA for completion of a final action plan and an accompanying transition plan for implementing the policy will begin during the first half of the next reporting period.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

A. Shelter Component

RHUDO/SA plans to continue TA to the MINDUVI and its URH. The goal of this effort is to enable the Ministry to design and implement housing policy, to structure the Ministry to respond to its policies, to create the Housing Refinance Corporation (CRH), to help the Ministry effectively manage the shelter sector to assist the GOE in eliminating obstacles to facilitating housing finance and to facilitate the CRH with refinancing and securitization operations.

Objectives for the next semester include:

1. Continue refinancing operations to private sector financial intermediaries through the BEV's URH.
2. Authorize at least \$2.0 million in disbursements from escrow account to the Program Implementing Agency (URH) so as to enable the URH to finance the growing demand for mortgage discounting.
3. Establish and structure the Housing Refinance Corporation (CRH) with private sector funds.
4. Encourage congressional approval of the Ecuadorian housing transfer law and bylaws.
5. Continue TA support to the MINDUVI to initiate implementation of designed and approved sectoral policies (Housing, Urban Development, Water and Sanitation), enabling this institution to develop a strong policy-making and planning capability.

B. Environmental Infrastructure Component

Planned activities under the environmental infrastructure component include:

1. Work with the MINDUVI's Subsecretary of Environmental Sanitation to implement a transition plan for implementing the water and sanitation policy.
2. Initiate technical assistance for the institutional design of a Solid Waste Management Company and Water and Sewerage Company in a municipality in Ecuador.

C. Credit Union Component

Activities planned under this component include:

1. Continue to expand activities to include two more credit unions and two more housing cooperatives under the program.

PROJECT STATUS REPORT
April 1, 1994 - October 31, 1994

A X B ___ C ___

I. BACKGROUND DATA

Project Title: Agricultural Education II
 Project Number: 518-0082
 Date of Authorization: original 07-20-89 last amendment 06-20-91
 Date of Obligation: original 07-20-89 last amendment 09-10-92
 PACD: original 07-20-94 amended to 12-31-97
 Implementing Agencies: Fundación Privada Wilson Popenoe
 Major Contractors: Escuela Agrícola Panamericana "El Zamorano" (EAP)
 AID Project Officer: Fausto Maldonado (acting)
 Status of CPs/Covenants: N/A

Date of Last Evaluation: 00-00-00 Next evaluation: 00-00-00
 Date of Last Audit: 12-31-93 Next Audit: 12-31-94

Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and resolution Program: 4

Number of such audits contracted or/completed during the reporting period: 1

FINANCIAL DATA

Amount Authorized: DA Grant: original \$1,000,000
 Amount Obligated: DA Grant: original \$1,000,000
 Current Obligated: \$ -0-
 Amount Committed: Grant - Period: \$ -0-
 Cumulative: \$1,000,000
 Cumulative: \$1,000,000

Accrued Expenditures: Grant:
 Period - Projected: \$ -0-
 Period - Actual: \$ -0-
 Cumulative: \$1,000,000
 Period - Next: \$ -0-

Counterpart Contribution: Planned: \$2,898,600
 Actual: \$1,600,000

% LOP Elapsed: 64
 % of Total Auth. Oblig. (Grant) 100
 % of Total Oblig. Exp. (Grant) 100
 % of Total Auth. Exp. (Grant) 100

II. MAJOR OUTPUTS:

	<u>PLANNED</u>				<u>ACCOMPLISHED</u>			<u>% OF LOP</u>			
	<u>LOP</u>	<u>PERIOD</u>	<u>CUM</u>	<u>NEXT PERIOD</u>	<u>PERIOD</u>	<u>CUM</u>					
	<u>M & F</u>	<u>M & F</u>	<u>M & F</u>	<u>M & F</u>	<u>M & F</u>	<u>M & F</u>	<u>M & F</u>				
1. Training (persons*)											
Long Term	190	69	15	5	213	---	----	120	15	63	21

(*) Number of students enrolled into Freshman Class at EAP on scholarship. Targets for female and male participation were not determined in the agreement.

III. PROJECT DESCRIPTION

The purpose of the Agricultural Education II Project is to strengthen Ecuador's human resource base in agriculture, mainly by supporting technical training of Ecuadorian students at the Pan American Agricultural School (EAP) in Zamorano, Honduras. The Project provides funding to the Wilson Popenoe Foundation (WPF) to

underwrite scholarships for qualified, low-income, Ecuadorian students who wish to obtain a hands-on, application-oriented higher degree in agricultural production techniques at the EAP.

IV. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

The project supports the new Strategic Objective 1 (SO 1) "To increase sustainable economic growth for a broad base of the population," particularly to the Program Outcome 2 "Expanded Opportunities and participation by low-income groups in a growing market economy". Ecuadorian students currently enrolled at the EAP, sponsored by WPF, belong to consisting's low-income families, and have found an opportunity to receive formal education and training for the benefit of the country upon their return, with the application of new agricultural technology for diversified and growing market economy.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT (EOPS) AND PROJECT OFFICER'S ASSESSMENT

The purpose of the Project remains valid and progress towards achievement of the End of Project Status exceeds the original expectations. With the income derived from the debt swap, the WPF will continue with the recruitment, selection and award

of new scholarships, through December 1997. After the selection process completed in July a new group of students will enroll in El Zamorano in January 1995.

VI. PROGRESS DURING REPORTING PERIOD

The Fundación Wilson Popenoe continued carrying out their programmed activities during the reporting period. Mission received progress reports as specified in the agreement. However, The ANRO project officer departed in July 1994, and the Mission needs to decide whether to continue monitoring this project or to take action for an early termination, since all project funds have already been disbursed.

Wilson Popenoe carried out a media campaign to inform prospective candidates about the EAP scholarship program. Qualifying exams were given in the cities of Quito, Portoviejo, Guayaquil and Cuenca for the class to enroll in January 1995. A total of 143 candidates have been pre-selected to start in January 1995.

VII. GENDER CONSIDERATIONS

Women's participation in the training program continue to increase as the promotional campaign stresses women applicants. 40 women were pre-selected among the candidates for starting in January 1995. It is expected that in the future, 50 % of the scholarships will be awarded to women.

VIII. EVALUATIONS AND AUDITS

Yearly audits are contemplated in the agreement to be paid with funds derived from the debt swap. The CY 1994 audit will be conducted in January 1995.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: All funds have been disbursed, however the PACD is 12/97 according to the last modification. The Mission has not decided yet on modification of the PACD, as indicated in the previous SAR.
2. FWP has committed to award at least 50% of the scholarships to women. Mission should follow-up to assure compliance.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Mission decision on continuing monitoring of this project.
2. The Wilson Popenoe Foundation will select and award scholarships to a new group of students who will enroll in January 1995.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A X B ___ C ___

I. BACKGROUND DATA

Project Title: Policy Dialogue and Implementation Support
 Project Number: 518-0089
 Date of Authorization: original 09-20-90 last amendment 08-26-94
 Date of Obligation: original 09-28-90 last amendment 09-09-93
 PACD: original 09-30-94 amended to 09-30-98
 Implementing Agencies: INCAE, Fundación Ecuador, Others
 Major Contractors: None
 AID Project Officer: Patricio Maldonado
 Status of CPs/Covenants: N/A

Date of Last Evaluation: 10/93 Next evaluation: 08/96
 Date of Last Audit: 08-31-93 Next Audit: 08-31-94
 Planned number of yearly non-federal audits of 2 recipients for which the Mission will be responsible under the Audit Management and Resolution Program: 0

Number of such audits contracted for/completed during the reporting period: 0

FINANCIAL DATA

Amount Authorized: DA Grant: original \$2,800,000 last amend \$11,000,000
 Amount Obligated: DA Grant: original \$2,800,000 last amend \$ 4,746,440
 Current FY Oblig.: Grant: \$1,179,634
 Amount Committed: Grant - Period: \$ 981,420
 Cumulative: \$4,515,171

Accrued Expenditures: Grant:
 Period - Projected: \$ 370,000
 Period - Actual: \$ 760,712
 Cumulative: \$3,364,156
 Period - Next: \$ 350,000

Counterpart
 Contribution: Planned: \$ 365,000
 Actual: \$ 511,593 (03-31-93)

% LOP Elapsed: 50
 % of Total Auth. Oblig. (Grant) 43
 % of Total Oblig. Exp. (Grant) 71
 % of Total Auth. Exp. (Grant) 31

II. MAJOR OUTPUTS:

	PLANNED						ACCOMPLISHED						
	LOP		PERIOD		CUM	NEXT PERIOD		PERIOD		CUM	% OF LOP		
	M	F	M	F	M&F	M	F	M	F	M	F		
<u>Seminar and Workshop Participants</u>													
Component 1	490	490	120	20	980	0	0	153	43	1590	373	324	76
Component 2	228	227	50	10	855	0	0	95	35	346	108	151	48
Component 3*	267	268	20	5	471	0	0	45	25	382	107	143	40
Component 4*	200	200	40	10	400	0	0	80	35	408	131	204	66

* These components have been eliminated in Phase II. The next SAR on this Project will reflect specific outputs for the new Project components

III. PROJECT DESCRIPTION

This Project was Amended on August 26, 1994. The purpose of the Amendment was to

redesign the Project, to increase the Life of Project Funding, and to adjust the project design to the progress that has taken place in policy reform since the Project was authorized in September 1990. The Project Purpose is to strengthen the Ecuadorian capacity to formulate and implement improved social, democratic and economic policy reforms. The amended project has four components as follows: A Cooperative Agreement with INCAE; a Cooperative Agreement with Fundación Ecuador; a Technical Support component to be managed by USAID/Ecuador; a Training Component that will be directly linked to the proposed Training for Development Project; and, an un-funded Support for Local NGO component. All Project components will address the following policy areas, in priority order: 1) Social Policy Reform, aimed at the development and initial implementation of a coherent social policy reform agenda, including education, health, nutrition, social security, housing, municipal development and decentralization; 2) Democratic Reform, aimed at the achievement of Ecuadorian consensus on measures and strategies for strengthening the democratic process; and, 3) Economic Reform, to consolidate progress in implementing major privatization and in helping Ecuador prepare its policy and legal framework for accession to NAFTA or other hemispheric open trade arrangements.

IV. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

This project, as amended, supports Strategic Objectives No. 1 (SO 1): "Increase Sustainable Economic Growth for a Broad Base of Population."; No. 2 (SO 2):

Health Services"; and, No. 3 (SO 3): "Improved Responsiveness of Selected Democratic Institutions with Greater Citizen Participation". Policy dialogue at the social, macroeconomic and sectoral levels, technical assistance, training and support to local NGOs directly contribute to an improved framework for significant social reform, improved democratic processes and broad based economic growth.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT (EOPS) AND PROJECT OFFICER'S ASSESSMENT

As explained above, during the SAR period the Project has undergone significant redesign aimed at furthering the success of this and other policy dialogue Project level activities. It should be noted that the Evaluation of INCAE activities in Ecuador conducted during the previous SAR period concluded that INCAE has aided in the development of a "greater consensus" regarding Ecuador's underlying economic model. Accordingly, progress toward the accomplishment of the purpose is being made and has contributed to the achievement of SO 1; and it is expected that in the project will begin to contribute to the Mission's progress towards SO 2 and SO 3 in the near future.

VI. PROGRESS DURING THE REPORTING PERIOD

1. Principal efforts by INCAE were aimed at successfully concluding the existing Cooperative Agreement with USAID/Ecuador and negotiating for a new CA under the redesigned Policy Dialogue and Implementation Project
2. A comprehensive Project Paper amendment, laying out the Mission's social policy reform agenda and the agenda to consolidate economic reform, was completed in August 1994.
3. INCAE completed seminars, workshops, networking meetings and other activities under the original CA, and initiated work (diagnostic studies) to begin implementation of the redesigned Project.
4. On August 31, INCAE and USAID/Ecuador signed a new Cooperative Agreement which reflects the redesigned Project and its emphasis on: 1) social policy reform; 2) democratic reform; and, 3) economic reform.
5. A concept paper was developed to establish the role and responsibilities of Fundación Ecuador (FE) under the redesigned Policy Dialogue and Implementation Support Project. Negotiations between USAID and FE were initiated to define the scope of FE's participation in the Project, and, to this effect, FE has begun the preparation of a specific Proposal to USAID/Ecuador.
6. A long-standing overhead issue between INCAE and USAID was finally resolved through the combined efforts of the RIG, USAID/Ecuador and INCAE.
7. During the last reporting period, PPD played a major role in helping the government understand the underlying framework of an effective social policy, its weaknesses and deficiencies in coordination of the social sector, and raising societies' level of understanding of the structural weaknesses of the education system in Ecuador. These actions were carried out by three international consultants with experience in social and educational policy reform.

VII. GENDER CONSIDERATIONS

Participation of women has been maintained at 24 percent during this reporting period. INCAE, as well as Fundación Ecuador in the future, will continue its efforts to involve women as participants in its seminars and training programs to ensure a more representative gender participation.

VIII. EVALUATION AND AUDITS

No new evaluations have been implemented during the SAR period. The next external evaluation will be carried out in September 1996, at which time it is expected that there will be sufficient progress under all components of the redesigned and amended Policy Dialogue and Implementation Project to measure actual progress in achieving the project purpose and the critical outputs under each component. Annual audits will continue to be carried out as required by USAID regulations. project.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: FE is in the process of presenting a proposal to define the scope of its participation in the redesigned Policy Dialogue and Implementation Support Project, based in the Concept Paper developed by USAID/Ecuador. At the outset it appears that the proposed Program Outputs for FE are somewhat ambitious in light of funding limitations and realities. Does USAID/Ecuador have sufficient funds to fund all the activities and obtain all the outputs contemplated for Fundación Ecuador?

Corrective Actions: USAID/Ecuador and FE have met and will continue to meet in order to reach agreement on the scope for the new Cooperative Agreement with FE, taking into account the availability of funds.

2. Issue: Given the nature and scope of the redesigned Policy Dialogue and Implementation Support Project, it is imperative that adequate coordination exists between the different actors, i.e. INCAE, Fundación Ecuador, other NGOs, etc., and that such coordination is established on a formal and frequent basis. Particularly, coordination between INCAE and FE is essential for the achievement of the Project goal and purpose. Both institutions have expressed concerns regarding the extent and scope of the coordination effort, but have also expressed their willingness to agree on an arrangement. Based on INCAE's and FE's sensitivities, is coordination between these two institutions to the extent required for high success really feasible?

Corrective Actions: USAID is continuing to discuss with INCAE and FE the need to formalize a coordination effort and plans to conduct a one day retreat to have INCAE and FE work out coordination arrangements in detail and negotiate a Memorandum of Understanding which lays out the objectives, scope, and mechanisms for INCAE/FE coordination through out the life of the project.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Conduct a pre-award survey to assess FE's capacity to undertake activities

planned for it under the redesigned project.

2. Complete negotiations with Fundación Ecuador for its participation in the redesigned project and sign a new Cooperative Agreement with them.
3. Carry out a retreat in which INCAE and Fundación Ecuador discuss and agree on the scope and mechanisms for coordination during the life of the project.
4. Hold workshops, seminars, and networking sessions with the GOE and NGOs on social policy reform, with labor leaders and journalists on privatization and modernization, and congressmen and political leaders on strengthening democracy.
5. Define the scope of the technical support and training components under the redesigned and amended Policy Dialogue and Implementation Project, subject to the availability of funding.

PROJECT STATUS REPORT
April 1, 1994- September 30, 1994

A X B ___ C ___

I. BACKGROUND DATA

Project Title: Trade and Investment Project (T&I)
 Project Number: 518-0094
 Date of Authorization: original 08-29-91 last amendment 00-00-00
 Date of Obligation: original 08-30-91
 PACD: original 09-30-97 amended to 00-00-00
 Implementing Agencies: FEDEXPOR/CISE/FUNDACION ECUADOR
 Major Contractors: Price Waterhouse, Louis Berger, CHEMONICS
 AID Project Officer: P. de la Torre/E.Guillén/J.Watson
 Status of CPs/Covenants: N/A

Date of Last Evaluation: 09-15-93 FEDX Next evaluation: 04-01-95 IESC
 09-30-93 FE

Date of Last Audit: 12-30-92 FEDX Next Audit: 12-31-94 FE-IESC
 12-30-93 FE

Planned number of yearly non-federal audits for which the Mission will be responsible under the Audit Management and Resolution Program: 3

Number of such audits contracted for/completed during the reporting period: 0

FINANCIAL DATA

Amount Authorized: DA Grant: original \$10,000,000 last amend \$0,000,000
 Amount Obligated: DA Grant: original \$ 2,109,000 last amend \$200,000
 Current FY Oblig.: Grant: \$ 600,000
 Amount Committed: Grant - Period: \$ 340,861
 Cumulative: \$ 7,981,610

Accrued Expenditures: Grant:
 Period - Projected: \$ 2,536,600
 Period - Actual: \$ 2,365,435
 Cumulative: \$ 6,573,014
 Period - Next: FXP 000,000
 FE 700,000
 700,000

Counterpart Contribution: Planned: \$ 400,000 FXP +980,000 FE=1,144,900
 Actual: \$ 300,000 FXP +600,000 FE= 900,000

% LOP Elapsed: 50.7
 % of Total Auth. Oblig. (Grant) 79.8
 % of Total Oblig. Exp. (Grant) 82.4
 % of Total Auth. Exp. (Grant) 65.7

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED					
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	% OF LOP			
1. Logframe Outputs										
- Increase Investments (FE)	\$5M	0	5	0	0	1	20			
- Policy Changes (FE)	5	0	5	0	1	7	140			
- Increase export earnings(FXP)\$24M*	6	18	0	204	350	1458				
- Increase in employment (65% women)(FXP)	7,000	1,000	6,000	0	11,790	28,175	402			
* per year	M	F	M	F	M	F	M	F		
2. Training (persons)										
Short term FXP	268	132	330	330	0	0	438	237	1418	510
Short term FE	250	150	500	200	250	150	903	435	1666	764
	518	282	830	530	250	150	1341	672	2084	1274

* Training is not a specific objective in the Project Paper. Therefore, there are no planned LOP figures.

III. PROJECT DESCRIPTION

The Clinton Administration and U.S. Congress promulgated Section 547 of P.L. 1023-87 which imposed restrictions on USAID financial support for export and investment promotion. In accordance with USAID/Washington guidance, USAID/Ecuador began a phase-out of the T&I project in FY94 which will be completed in FY95.

The project goal has been to support the achievement of broadly-based sustainable economic growth. The project purpose is to support Ecuador's transition toward an outward-oriented growth strategy through the provision of quality export and investment promotion services and through the development of viable Ecuadorian trade and investment promotion organizations. T&I consists of three components: (1) export promotion services; (2) investment promotion services; and, (3) institutional strengthening and policy dialogue, all of which are included in Phase I of the project. The project was scheduled to be implemented over a period of four years with a total LOP funding level of US\$13,778,000 comprised of dollar-appropriated funding totalling US\$10,000,000 (73 percent) and estimated counterpart contributions of US\$3,778,000 (27 percent).

FEDEXPOR

The purpose of the September 1991 Cooperative Agreement (CA) is to provide quality export promotion services and institutional strengthening to FEDEXPOR to carry out private sectors: metalwork, food processing, and ceramics.

FUNDACION ECUADOR (FE)

The purpose of the July 1992 CA is to provide quality investment promotion services and institutional support for FE to carry out private sector development activities. The CA focuses upon the institutional development of FE and upon priority technical activities including, policy dialogue, privatization and capital markets development, and investment promotion.

FE and USAID/Ecuador developed a plan that will lead to a termination of FE's investment promotion program in December 1994.

International Executive Service Corps (IESC)

The purpose of the August 1991 CA is to promote export and investment expansion and to provide export and investment technical assistance (TA) services. IESC's work plan called for providing investment promotion services and, simultaneously, developing an Ecuadorian institution to assume this function and to develop a suitable Ecuadorian investment promotion organization.

The CA PACD was extended to December 31, 1994. USAID/Ecuador, in conformance with USAID/Washington policy decisions, is conducting an orderly phase-out and completion of the T&I project which includes the CA with IESC.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE (OR OTHER JUSTIFICATION)

The T&I Project contributes to the new Strategic Objective No.1 (SO 1) "Increase sustainable growth for a broad base of the population", particularly to the new Program Output 2 "expanded opportunities and participation by low-income groups in a growing market economy". FEDEXPOR lobbied for the Free Trade Agreement with Colombia and Venezuela and followed up by helping to alleviate some of the non-tariff barriers and by sponsoring several trade fairs and exchanges, particularly with its Colombian counterparts organizations. The value of nontraditional exports to Colombia increased from US\$85 million in 1992 to US\$195 million in 1993. All of this has led to more open trade practices which will prepare Ecuador for NAFTA accession. A consequence of more open trade and the TA provided by FEDEXPOR has been impressive growth in nontraditional industrial sectors. For example between 1991 and 1993, ceramics exports increased from US\$1.6 million to US\$6.4 million, exports of metal products increased from \$19.1 million to US\$92.1 million, and food processing exports increased from \$152.4 million to US\$220.9 million. These sectors substantially involve small producers.

The Non-traditional Industrial Exports (NTIE) component with FEDEXPOR also contributed to diversifying agroindustry and industrial exports and by increasing production. The EOPS targets under T&I include achieving US\$24 million in exports and 7,000 new jobs. NTIE activities have led to an increase of 85% in export sales (1994 vs. 1993) in this sector and created 28,175 new jobs since 1991. Through FEDEXPOR the project provided TA and offered information regarding potential new markets and new products for export. By working through industry associations, FEDEXPOR placed emphasis on small-

scale enterprises. FEDEXPOR's policy dialogue efforts focused upon achieving export-related macroeconomic reforms, e.g., reducing trade barriers to improve Ecuador's overall trade and investment climate. FEDEXPOR staff coordinated closely with the GOE's Ministry of Industries and Ministry of Foreign Affairs plus various chambers to assure consistent improvement in export policy and regulation.

In addition to FE's contribution to improve the trade and investment climate in Ecuador, the Foundation has been playing an impressive proactive role in the economic and, especially, social policy reform process. FE has undertaken activities in support of most of the major economic reform initiatives, as well as those initiatives focused on defining a social policy agenda, presented by the Durán Ballén administration. These activities include: seminars, drafting of reform laws, diagnostic studies, sponsoring overseas travel for policy and opinion leaders, and contracting internationally recognized policy analysts to assist the GOE. FE's most important strength, policy dialogue and advocacy, has contributed to responding effectively to GOE's needs regarding social policy reform. Well known experts such as: Hernando de Soto, José Piñera, Tarsicio Castañeda, Antonio Sancho, Luis Crouch, Gustavo Arcia, Fernando Reimers, among others, visited Ecuador for the purpose of providing timely technical assistance in the formulation of the GOE's Social Policy Reform Agenda.

FE was a key player in the passage of the Financial Institutions Law; the provision of TA to the Superintendencia de Compañías in establishing the regulatory base of Ecuador's capital market; assistance in the preparation of President Sixto Duran's proposal to reform the Constitution; and conducting seminars and conferences advocating passage of the Concessions and Financial Institution Laws.

FE continues acting as an umbrella organization by coordinating policy reform activities with the National Chambers of Production (Industry, Commerce, Construction). FE is recognized as the leading organization supporting the policy reform process which is aimed at improving Ecuador's economic growth and social development.

IESC contributes to SO 1 by assisting the private sector with technical assistance and market information to individual firms to improve production, develop other products, expand sales in Ecuador and in international markets, and to upgrade skills of senior, middle and lower management. IESC is no longer supporting the investor network facility to its client-firms.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

FEDEXPOR

FEDEXPOR's CA was brought to a successful conclusion on September 30, 1994. FEDEXPOR contributed to the expansion of non-traditional industrial exports by coordinating participation of Ecuadorian firms in trade fairs, disseminating market information, and assisting with improving the quality and production levels of export-oriented firms.

FEDEXPOR statistics (comparing 1994 with 1993) indicate that industrial exports increased in the following sectors: metalwork (87%); ceramics (35%); and, food processing (42%). The total increase in export earnings has reached US\$350 million in the 1991-1994 period, which is much more than the planned increase for the life of project (US\$24 million).

FEDEXPOR is focusing on the actions needed to achieve self-sustainability, such as increasing membership fees, charging for TA, and recruiting new members. Furthermore, FEDEXPOR has signed an agreement with GTZ from Germany to receive TA for a period of three years and is seeking support from other donors.

FUNDACION ECUADOR

A strategic planning seminar was held for FE management and technical staff. The result is a new focus on social policy agenda, microenterprise development and institutional strengthening. FE by providing technical assistance, by formulating policy dialogue and by implementing policy advocacy is contributing to implementation of policy reform in the economic and social sectors.

FE's strength, influencing policy and opinion leaders, has advanced the image of FE as the leading private sector-led organization supporting the policy reform process. FE's board members are working with President Durán Ballén's administration to expedite its modernization program. FE is playing a proactive role by encouraging the GOE to make decisions involving privatization transactions in the National Development Bank (BNF), National Development Corporation (CFN), Ministry of Agriculture (MAG) and Ecuadorian Social Security Institute (IESS) investment portfolios. FE should, and is expected to, implement a system to measure its overall contribution to the policy reform process.

IESC

IESC's CA will be brought to a smooth and orderly conclusion on December 31, 1994. Thus, in accordance with USAID/Washington policy directions, the IESC-FE subagreement that involved investment promotion activities will be terminated. The subagreement provides that IESC has accountability to USAID/Ecuador for unexpended funds and FE has full responsibility for eliminating investment promotion activities in accordance with Section 547 guidelines.

PRIVATIZATION/CAPITAL MARKETS DEVELOPMENT

The long-term international technical advisor (to GOE's National Council for the Modernization of the State (CONAM) and to the GOE agencies involved in privatization activities) is providing assistance not only in the transfer to the private sector of state-owned enterprises, but also, as an institutional development advisor. He has played a key role in transactions (Cementos Chimborazo and Ecuatoriana de Aviacion) as well as in the formulation of CONAM's strategy.

FE continues expanding Ecuador's general knowledge about modernization/privatization concepts and initiatives by conducting workshops with policy and opinion leaders, and sponsoring seminars/conferences to upgrade public information and awareness.

FE made an important contribution to the development of the capital market by providing TA for the capital market law implementation. This TA terminated in September 1994 under the T&I Project and will now be supported by the Interamerican Development Bank.

VI. PROGRESS DURING REPORTING PERIOD

FEDEXPOR

1. In accordance with USAID/Washington guidance, the T&I Project implemented an orderly phase-out. The long-term technical assistance contract with Louis Berger International was brought to an early termination on July 31, 1994. Mission is coordinating with USAID/W Contracts Office a resolution of Berger's termination claim.
2. FEDEXPOR's CA was brought to a close on September 30, 1994.
3. The new 1993-94 Strategic Plan was approved by USAID in April.
4. Recommendations from the study on Image, Service and Sustainability were implemented.
5. Mission supervised compliance of FEDEXPOR activities with Section 547.
6. In spite of FEDEXPOR request, Mission decided to terminate the CA as scheduled, that is September 30, 1994.
7. FEDEXPOR has engaged in self sustainability efforts.
8. The long-term technical assistance contract with Louis Berger International was brought to an early termination on July 31, 1994, in line with the phasing out of T&I activities.

FUNDACION ECUADOR

1. USAID/Ecuador and FE executed a CA extension to December 31, 1994. This extension authorizes USAID/Ecuador and FE to initiate a change in FE's focus, that is establishing a "think tank" aimed at policy dialogue and policy advocacy of social reforms.
2. In March 1994 FE produced a plan of activities for the period April-December 1994 which supports FE's commitment to institutional development and social policy reform initiatives.
3. FE is advocating the following reforms: social security (pension funds), public works concessions, social policy agenda, microenterprise development, decentralization, and deregulation of investment, trade, and industrial development, as well as intellectual property rights. Policy reform initiatives include: financial institutions, labor code, trade, commercial code, concessions and customs.
4. The election of the new President, six new members of the Board of Directors, and four Executive Committee members took place on May. The former president was from the Coastal region. The current president is from the Sierra.
5. USAID/Ecuador is monitoring FE institutional development. Nomination of 20 new General Assembly members is expected soon. Short-term technical assistance provided by Carana Corporation is contributing to FE institutional strengthening.
6. FE policy dialogue activities involved organizing 26 seminars covering subjects such as: social security reform, Ecuadorian debt negotiations, microenterprise development, GOE's Social Front Conference, land titling, public financial accounting and the modernization of the state, education reforms and international

experiences, strategic planning for industrialization policy, capital markets law and international experiences, modernization of the state, and impact of Administradoras de Fondos de Pensiones (AFPs) and Instituciones de Salud Previsional (ISAPRES) on the social security and economic development. A total of 1338 persons attended these seminars.

7. FE signed an agreement with REDBANC to channel private sector funds (US\$160,000) to prepare a report including the following subjects: diagnosis of pension funds in Ecuador, alternative policy reforms, and an analysis of the regulatory system. FE contracted (with LEXIS) a study supporting deregulation of investment controls and procedures. This study analyzes foreign investment, international trade, and intellectual property rights. A discussion with GOE officials is planned for early 1995.
8. The Urban Development and Housing Minister, the National Controller of Ecuador, the President of CONAM, and the Presidents of the Chambers of Construction, requested FE to lead, as a representative from the public and private sectors, an initiative regarding the reform of Public Contracting/Procurement Law. FE's final report will be ready in early 1995.
9. FE responded to a request from the Constitutional Commission, established by President Duran Ballen, for assistance in formulating reforms to the Constitution. FE contracted two national experts on constitutional reforms.
10. FE contracted well known Latin American social policy analysts. Hernando de Soto in Informal Sector and Private Property, Tarsicio Castañeda and Antonio Sancho in Decentralization and Public Expenditures with a Focus on the Poor, Jose Piñera in Social Security and Labor reforms; and, Luis Crouch and Gustavo Arcia in Education Policy Reforms.
11. USAID/Ecuador staff collaborated with FE in the preparation of a new CA proposal under the Policy Dialogue and Implementation Project. Mission staff have been monitoring FE's activities related to: self-sustainability, compliance with Section 547, institutional development, and, definition of FE's social agenda.

IESC

The IESC CA PACD was extended through December 31, 1994 to facilitate a smooth termination of investment promotion activities under the subagreement with FE.

PRIVATIZATION/CAPITAL MARKETS DEVELOPMENT

1. Following PW/IPG advice and guidance, the CHIMBORAZO Cement plant and ECUATORIANA Airlines will be sold in early 1995. The transactions are managed in an open and transparent manner.
2. PW/IPG's long-term advisor is assisting the Ecuadorian Social Security Institute (IESS) senior management in assessing IESS's investment portfolio for the purpose of selling companies such as Hotel Quito, Cementos Guapan, Ingenio Yancem, and Estructuras Metalicas.
3. Notwithstanding a senior management change in August, CONAM's institutional development is improving. The modernization/privatization public relations and communications strategies were approved by CONAM's board in September as well as

by President Sixto. The international donor community continues to offer significant financial resources to the GOE program.

4. The Interamerican Development Bank (IDB), World Bank (WB), and the Andean Financial Corporation (CAF) are providing TA to CONAM's strategic agenda focused on: telecommunications, energy, ports, and transportation sectors.
5. FE's provision of technical assistance for capital market law implementation terminated in September 1994. IDB is initiating a capital market development program as a follow-on to USAID/Ecuador-FE support.

PROEXANT

A total of US\$600,000 of T&I Project funds were obligated in the CA with ANDE for non-traditional agricultural export activities. More detailed information is provided in the NTAE project SAR (518-0019).

VII. GENDER CONSIDERATIONS

FEDEXPOR

Under the FEDEXPOR component, the increasing demand for female employment was taken into consideration in firms assisted by the project and in the participation of training programs, seminars, conferences, etc. In terms of job generation, the ceramics and food processing sectors filled 80 percent of their positions with women. The metalwork sector employed women at a rate of 20 percent of total positions.

FUNDACION ECUADOR/IESC

An objective to increase opportunity for female employment is being achieved through the contracting of national and international TA. The T&I project does not specifically target individual beneficiaries.

VIII. EVALUATIONS AND AUDITS

FEDEXPOR

An assessment of the NTIE component was completed in October 1993 by an independent consultant. The study assessed project performance over the prior two years and recommended ways to address project issues.

Deloitte presented an audit report in May 1994 for the period January-December 1993. USAID assured recommendations were implemented.

FUNDACION ECUADOR

The 1993 audit report is being completed. The final report will be available in November 1994. Carana Corporation/Danny Cruz de Paula completed an evaluation of the cooperative agreement between USAID/Ecuador and Fundacion Ecuador in October 1994.

IESC

Since the CA was extended through December 31, 1994 the previously planned independent audit has been postponed until 1995. Sufficient funds are available for this purpose.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

FEDEXPOR

1. Issue: Should this component be evaluated as part of a final T&I Project evaluation? A mid-term evaluation was completed in October 1993.

Corrective Actions: Mission to document decision not to undertake a T&I Project evaluation. However, a Project Completion Report will be prepared by PPD and SEGO.

FUNDACION ECUADOR

1. Issue: The FE cooperative agreement terminates on December 31, 1994. Most of planned activities for 1994 are going remarkably well; however, activities such as the agenda for the new government (1996-2000) with CINDE (Panama), and remodelling of FE's new offices will go beyond that date. In addition, FE will completely phase-out USAID-funded investment promotion activities, in December 1994. FE has instituted safeguards to ensure compliance with Section 547.

Corrective Actions: USAID/Ecuador and FE will review actual budget and planned expenditures through 12/94 to fully utilize authorized funds. Mission staff is monitoring FE's phasing-out of investment promotion activities and termination of personnel involved in those activities.

2. Issue: As the CA comes to a close, FE should allocate resources to indemnify employees who no longer will be paid with projects funds.

Corrective Actions: USAID/Ecuador and FE will revise the CA budget accordingly.

3. Issue: In January 1995, FE will sign a new agreement with USAID under the Policy Dialogue and Implementation Project. The new CA will include financing of FE operating expenses. USAID/Ecuador is requiring a strategy proposal from FE concerning social policy reforms. This strategy should have two major components. First, to support the social policy reform program for four years, and second, to assist political parties with formulating economic and social reform agendas in anticipation of the next GOE administration in 1996.

Corrective Actions: FE is receiving TA to upgrade the participation of Board of Directors members and the Executive Committee in FE strategic planning. USAID/Ecuador will work closely with FE to implement the institutional development strategy.

4. Issue: A decision is needed from USAID/Ecuador concerning the amount of funds to be allocated to FE and the Technical support components of the Policy Dialogue and Implementation Project. This will allow FE to prepare a realistic CA proposal.

Corrective Actions: USAID/Ecuador will inform FE as to the amount of funds available following receipt of USAID/W's OYB decision for Ecuador.

5. Issue: FE needs to strongly advocate a self-sustainability plan that includes attracting funds from other donors in support of policy dialogue and advocacy.

Corrective Actions: Mission staff will monitor FE contacts with other donors as well as counterpart contributions to assure availability of funds for FE's

operating budget. USAID/Ecuador may provide TA to FE senior management in the preparation of a business plan to establish FE as a think tank-type institution.

6. Issue: FE's technical personnel have been offered employment opportunities at other NGOs and international agencies. USAID/Ecuador's project salary policies are not competitive in the local market.

Corrective Actions: USAID/Ecuador should analyze this problem and propose a solution in light of new policy guidance from AID/W, and may issue a new Mission policy. A possible solution is to reduce FE staff in order to identify funds that could be allocated to salary increases for technical staff.

7. Issue: The FE long-term advisor contract will be closed in October 1994.

Corrective Action: Undisbursed funds will be reprogrammed and FE will prepare an evaluation of services rendered.

IESC

1. Issue: Under the Policy Dialogue and Implementation Project, the Mission may support IESC in 1995. Does USAID/Ecuador plan to evaluate IESC's CA under a T&I Project evaluation?

Corrective Actions: USAID/Ecuador should define the availability of funds to FE to support a portion of IESC's operating expenses in 1995.

PRIVATIZATION/CAPITAL MARKET DEVELOPMENT

1. Issue: PW/IPG's contract is expected to terminate in January 1995.

Corrective Actions: USAID staff will communicate with PW/IPG its decision not to extend the contract.

2. Issue: FE staff should coordinate with IDB the provision of TA to the Superintendencia de Compañías.

Corrective Actions: USAID/Ecuador and FE will coordinate meetings with IDB representatives.

3. Issue: CONAM's new President is seeking donor financial support to the GOE modernization/privatization program.

Corrective Actions: Mission to coordinate with CONAM's management an international donors meeting to establish availability of donor funds.

4. Issue: Does USAID/Ecuador plan to evaluate PW/IPG contract under a T&I Project evaluation? It is noted that in December 1993 USAID/W completed a world-wide evaluation of the PW/IPG buy-in contract. This evaluation included PW/IPG's performance of activities in Ecuador.

Corrective Actions: Mission to document decision not to undertake a T&I Project evaluation. However, a Project Completion Report will be prepared by PPD and SEGO offices.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

FEDEXPOR

Initiate activities for a final evaluation of the project and a final audit, if required.

FUNDACION ECUADOR

1. Carry-out an evaluation of the CA and 1994 audit.
2. Assess the need for an extension of some activities of the CA beyond December 1994.
3. Mission staff will collaborate with FE to establish a CA under the new Policy Dialogue and Implementation Project.
4. Monitor FE self-sustainability plan and M&E system.
5. Monitor compliance with Section 547 guidelines.
6. Supervise institutional strengthening TA.
7. Assist FE to define major economic and social reform agendas in anticipation of the next GOE administration in 1996.

IESC

1. Supervise IESC completion of CA activities.
2. Initiate IESC independent audit in early 1995.
3. Supervise FE-IESC agreement to support IESC operating expenses for 1995.

PRIVATIZATION/CAPITAL MARKETS DEVELOPMENT

1. Complete appraisal, privatization plans, and sales prospectus for ECUATORIANA Airlines, HOTEL QUITO and CEMENTOS GUAPAN.
2. Monitor CONAM's implementation of recommendations in the financial reports of USAID/Ecuador Controller Office.
3. Close-out PW/IPG contract.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A X B ___ C ___

I. BACKGROUND DATA

Project Title: Economic Stabilization and Recovery III Program
 Project Number: 518-0116
 Date of Authorization: original 09-30-92
 Date of Obligation: original 09-30-92
 PACD: N/A
 Implementing Agencies: Ministry of Finance and Public Credit, MOF
 Major Contractors: N/A
 AID Project Officer: Peter Lapera/Rocío Cedeño
 Status of CPs/Covenants: All met

Date of Last Evaluation:	N/A	Next evaluation:	N/A
Date of Last Audit:	01-94	Next Audit:	03-95
Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program:	None	Number of such audits contracted for/completed during the reporting period:	None

FINANCIAL DATA

Amount Authorized:	ESF Grant: original	\$6,200,000
Amount Obligated:	ESF Grant: original	\$6,200,000
Current FY Oblig.:	Grant:	\$ - 0 -
Amount Committed:	Grant - Period:	\$ - 0 -
	Cumulative:	\$6,200,000
Accrued Expenditures:	Grant:	
	Period - Projected:	\$ - 0 -
	Period - Actual:	\$ - 0 -
	Cumulative:	\$6,200,000
Counterpart	Period - Next:	\$ - 0 -
	Counterpart	
Contribution:	Planned:	\$6,200,000 (l/c)
	Actual:	\$6,200,000 (l/c)
% LOP Elapsed:		N/A
% of Total Auth. Oblig. (Grant)		100
% of Total Oblig. Exp. (Grant)		100
% of Total Auth. Exp. (Grant)		100

II. MAJOR OUTPUTS:

N/A.

Accomplishments to date include USAID's support for the GOE's social programs through the Emergency Social Investment Fund (FISE), and for efforts to promote the modernization of the state through Consejo Nacional de Modernización (CONAM).

III. PROJECT DESCRIPTION

This ESF Program will provide support to Ecuador's Economic Reform Program, as well as to its counter-drug efforts. The dollar funds will be used to reimburse the GOE for financing eligible imports from the U.S. Policy conditionality includes the establishment of economic reform measures, provision of a GOE privatization office and strategy, and GOE support for counter-drug activities. The local currency program will support the economic reform measures and will be implemented by the GOE in accordance with USAID local currency guidelines.

VI. PROGRESS DURING REPORTING PERIOD

1. Local currency generated through the Program was reprogrammed with PIL No. 015, dated March 15, 1994.
2. Additional funding was approved in the amount of S/.200'000.000,00 for Activities ESR-78-011 and ESR-78-012, with Archbishopric of Cuenca and Vicariate of Esmeraldas, on Health and Family Planning activities. Activities were extended to terminate in FY 1995.
3. Additional funding was approved in the amount of 36'500.000 for Activity ESR-78-016, to continue supporting Leishmaniasis Control Program II activities, with Medical Sciences School of the Central University of Ecuador.
4. Funding of Activity ESR-58-039, Industrial and Intellectual Property Rights, with the Ministry of Industry, was reprogrammed in order to permit the use of the balance in the amount of S/.30'528.440,00. Activity was extended through October 31, 1994.
5. CONAM had been making slow progress in privatization activities due to weak institutional capacity, changes in leadership, and shaky political commitment. However, now that CONAM's president and executive director have been appointed, the office is expected to be more productive. Activity ESR-0116-001 was extended

IV. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES (OR OTHER JUSTIFICATION)

100 percent of funding goes to Strategic Objective No. 1.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

The US\$6.2 million grant consists of a cash transfer disbursed to a separate account held in the name of the GOE, upon compliance with the conditions precedent described in the authorization and agreement. During the reporting period, the MOF compiled data on capital goods imports from the U.S. necessary to justify the use of dollars. This process was completed and the release of funds from the Separate Account to the Central Bank was authorized through Implementation Letter No. 008, dated August 30, 1993.

through December 30, 1994. PIL No. 023, dated September 13, 1994, was issued to approve a new budget and disbursement to support CONAM operations through September 1994. This PIL also establishes the conditions for a subsequent disbursement.

6. Workplans were presented and approved for Activities ESR-0116-003 and ESR-0116-003A, with Subsecretariats of Public Credit and Treasury of the Ministry of Finance.
7. PIL No. 022, dated July 25, 1994 was issued to create a new Activity, ESR-0116-004, to finance Emergency and Sanitary Works in Marginal Areas of the Country, covering mostly areas in the Sierra. The life of activity funding was to have been S/.2'000.000.000,00. However, as per the written request of the Subsecretary of Public Credit and FISE, this new activity was expanded to include coastal communities and it was decided to provide the additional funding to FISE under the existing Activity ESR-0116-002.
8. PIL No. 021, dated July 21, 1994, was issued to approve the Per Diem Regulations Manual to be used by the Program Administration Unit. This Manual would allow the Unit's staff to carry out the regular monitoring of each one of the authorized activities under the ESF Program I, II and III.
9. A working group from the National Controller General's office completed the verification of all goods purchased under each activity of the Programs. This audit will permit the Ministry of Finance to transfer the title of property to those entities that have demonstrated sufficient commitment and the capacity to continue implementing their activities.
10. Summary Financial Status Reports were updated periodically.
11. Administrative and Financial Reviews were performed by USAID/Controller's Office for the following activities: ESR-78-011, Vicariate of Esmeraldas; ESR-78-012, Archbishopric of Cuenca; and ESR-0116-001, CONAM.

VII. GENDER CONSIDERATIONS

N/A.

VIII. EVALUATIONS AND AUDITS

The National Controller General's office completed the audit of local currency activities for fiscal year 1993. The report was sent to USAID on August 8, 1994. Next audit will be contracted in March 1995.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: US\$280,000 of ESF local currency funds to finance INCAE activities have not been utilized to date.

Corrective Action: A final decision should be taken by the Mission and the Ministry of Finance to reprogram these local currency funds to another activity.

2. Issue: The Program Administration Unit in the Ministry of Finance has been facing serious administrative problems. This situation has caused difficulties in the day-to-day administration of the program, e.g., delays in the presentation of financial reports, progress reports, transfer of commodities, and reconciliation of financial data; infrequent site visits; weak analysis and evaluation of projects, etc. To date, responsibility for the administration of the program has been reduced to one person, the unit's chief.

Corrective Action: PPD has met several times with the Subsecretary of External Finance to emphasize the requirement to adequately manage and monitor local currency activities. The Subsecretary assured PPD that he would put in place the necessary personnel, including an additional analyst, auditor, and secretary, as well as provide accounting services to the unit. PPD will reiterate, in writing, the level of administrative oversight expected under the project, as well as the expected staffing to undertake the unit's functions. PPD will then follow-up on these commitments and will insist on site visits which will include PPD participation.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Program/reprogram local currency funds generated through the program.
2. Review and approval of individual activities that will be included in the overall reprogramming of local currency generations.
3. Monitor approved activities.
4. Approve annual workplans for local currency activities, including CONAM, FISE and Subsecretariats of Public Credit of Treasury of the MOF.
5. Continue reconciling financial data, in order to close out local currency projects that have reached their termination date.
6. Ensure that the Program Administration Unit carries out the transfer of the commodities to terminated local currency projects.
7. Ensure that the Subsecretary meets his commitment to adequately staff the Program Administration Unit.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A X B ___ C ___

I. BACKGROUND DATA

Project Title: Section 416 (b), Food for Progress and Emergency Food Program
 Project Number: N/A
 Date of Authorization: N/A
 Date of Obligation: N/A
 PACD: N/A
 Implementing Agencies: Ministry of Agriculture and Livestock
 Ministry of Finance.

AID Project Officer: Mónica Suquilanda

Date of Last Evaluation: 00-00-00 Next evaluation: 05-01-95
 Date of Last Audit: 12-31-93 Next Audit: 12-31-94

Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and resolution Program: 0 2

Number of such audits contracted for/completed during the reporting period:

FINANCIAL DATA

<u>Source</u>	<u>Date</u>	<u>Sucres Grant</u>	<u>Dollars Grant</u>
Emergency Food Program FY 87	05/87	867,000,000	
Section 416, (b) FY 89	03/89	1,536,817,779	
Food for Progress FY 91	02/91	5,459,680,433	
Total Obligations to Date:		7,863,498,212	

	<u>Cumulative</u>	<u>Reporting Period</u>
Emergency Food Program, FY 87		
Available (100%)*	2,313,441,990	
Earmarked (81% of available)	1,863,356,488	
Disbursed (99,8% of earmarked)	1,859,495,084	6,362,016
Section 416 (b), FY 89		
Available (100%)*	6,555,031,426	
Earmarked (100% of available)	6,555,031,426	
Disbursed (70% of earmarked)	4,603,240,218	751,611,031
Food for Progress, FY 91		
Available (100%)*	13,360,118,207	
Earmarked (97% of available)	12,959,103,709	
Disbursed (19% of earmarked)	2,465,957,354	155,298,758

* Grant plus earned interest

II. PROGRAM PURPOSE

The purpose of the Food Aid Program is to provide U.S. surplus commodities to countries suffering from short supply of selected U.S. commodities and which hold potential for commercial development with the U.S.

III. PROJECT DESCRIPTION

1. Local Currency Uses

The Program provides matching funds for nine activities within four priority areas: (1) agricultural and natural resources policy reform; (2) natural resource and environmental management; (3) agricultural and environmental education; and, (4) small-scale agricultural, fish-culture, and livestock production and rural processing of fruits and vegetable crops. Studies and analyses, per se, are not funded.

Activities have been implemented through the following entities:

Public Sector

- Ministry of Agriculture (MAG)
- Central University of Ecuador (Quito)
- State University of Bolivar (UEB)
- Technical University of Manabí
- Technical University of Babahoyo
- Northern Technical University
- Colegio Técnico Agropecuario Juan Benigno Vela

Private Sector

- Agricultural Research Foundation (FUNDAGRO)
- Institute for Agricultural Strategies (IDEA)
- The Non-Traditional Export Promotion Project (PROEXANT)
- National Rice Growers Federation (FENARROZ)
- Rural Women's Foundation (FUNDELAM)
- Sierra and Oriente Cattlemen's Association (AGSO)
- Cassava Producers Association of Manabí (UATAPPY)
- Los Bancos Cattlemen's Association

- Ecuador Holstein Friesian Association

2. Local Currency Management

Since 1988, the Program has been implemented and monitored through a semi-autonomous technical office, the Secretariat for PL-480 Implementation. The Secretariat is composed of four professional and three administrative personnel. Policies and procedures are set forth in USAID/E issued project implementation letters (PILs) and funding decisions are made by a Steering Committee composed of MAG, MOF and USAID/E representatives.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE (OR OTHER JUSTIFICATION)

The local currency generated from the sale of the commodities provides funding to support the achievement of Strategic Objective 1: "To increase sustainable economic growth for a broad base of the population," and SO 4: "To promote sustainable use of natural resources, the conservation of biological diversity, and the control of pollution."

Program funding contributes to the Mission's policy dialogue agenda by strengthening the policy analysis and educational capabilities of Ecuadorian organizations and by leveraging policy reforms with the potential to significantly improve social and economic growth, efficiency and equity in the rural sector.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT (EOPS) AND PROJECT OFFICER'S ASSESSMENT

Support is provided to a limited number of public and private organizations to increase the production and productivity of small farmers, through the expansion and diversification of agricultural activities, marketing improvements, construction of rural infrastructure, natural resources management and conservation, agricultural research, extension and education; and development of rural micro-enterprise and small-scale agro-industries.

Additional proceeds from the sale of donated commodities provide supplementary local currency to support such bilateral projects as: Agricultural Research, Extension, and Education (0068), Agricultural Sector Reorientation (0051), Nontraditional Agricultural Exports (0019), Sustainable Uses for Biological Resources (0069), and Agricultural Education (0082).

VI. PROGRESS DURING REPORTING PERIOD

1. Two of the three trout farms set up with PL-480 funding have become operative micro-enterprises, especially the one in Peltepec, where fish sales have risen sizably, business management has improved, and the egg hatchery is now on-line. However, the operation in Poaló is at a standstill due to financial limitations of Juan Benigno Vela Vocational School, the implementing institution.
2. PL-480's assistance to the Chaco rural cheese factory has improved working conditions tremendously, enabling it to increase their processing volume from 1500 to 3000 liters of milk per day. This makes it a competitive factor in the milk market, where Nestlé has been the only large buyer. Its cheeses are well-known for top quality. They have diversified their lines of production, and are even raising some good-looking hogs on the whey from their cheese processing.
3. The assessment of pesticide pollution due to improper handling, made in 110 agricultural enterprises has been completed. On this basis, a training program will be developed for integrated agricultural pesticide management, geared toward businesspersons, technicians and farm workers, mainly from export-oriented flower, fruit, and vegetable firms.

4. Experimental fruit orchards established on some small farms in Bolívar Province are developing satisfactorily, which bodes well for the viability of fostering fruit-growing in this zone of Ecuador, where the terrain is quite rugged, small farms predominate, cereal grains are the main field crop as a monoculture, and rural poverty rates are high.
5. Intense, ongoing promotion by FUNDAGRO of organic farming techniques and their experimental results have interested an ever-growing number of farms utilizing this approach. A number of organic vegetable producers are doing well in the Quito and Guayaquil markets.

VII. GENDER CONSIDERATIONS

The micro-enterprises formed with PL-480 financial backing through FUNDELAM -- handicrafts, guinea-pig husbandry, and hog-raising-- involve 51 rural women, and are becoming well-established as businesses. The crafts operation is producing hand-woven goods, which they sell to tourists right in their own community at much higher prices than they could get if they placed their wares with shops in Quito or Guayaquil. The sale of guinea pigs and hogs has also significantly increased; project beneficiaries are now expressing interest in undertaking small-scale dairy operations. To complement these efforts by FUNDELAM in this zone, the most heavily eroded areas are being reforested. A first phase will plant ten thousand native-species seedlings.

VIII. EVALUATIONS AND AUDITS

Local-currency funds generated and used through Ecuador's PL-480 program have been audited, together with the Secretariat of Implementation, which is responsible for program management. This audit, by Price Waterhouse, covered the August 1988-December 1993 period and detected no irregularities. The audit report's remarks deal only with recommendations for strengthening the Implementation Secretariat's internal control system.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: The project to rehabilitate the Guayaquil Grain Facility, now under FENARROZ management, has not gotten under way due to interference by a road building project by the Guayaquil Municipal Government.

Corrective Actions: FENARROZ is analyzing the possibility of relocating the plant. This would make it, in practical terms, an entirely new project, to be presented to PL-480 for reconsideration.

2. Issue: The endowment funds scheduled for INIAP, ANCO and CORMADERA have not been delivered yet: INIAP has not yet completed stated prerequisites and the other two beneficiary institutions do not meet the requirements defined in the instructions for endowment fund provision, as recently issued by us.

Corrective Actions: For CORMADERA and ANCO, it has been agreed to provide funding in other ways than the endowment fund mode; regarding INIAP, negotiations with the Government of Ecuador will attempt to define the situation.

3. Issue: The appropriate utilization of PL-480 Section 416 Local Currency contributions to FUNDAGRO (deposited in their Endowment) has been legally questioned by the PL-480 Technical Secretariat.

Corrective Actions: The PL-480 Technical Secretariat has recommended to the Secretary of Agriculture that FUNDAGRO Endowment Funds utilized to underwrite the Executive Director's fellowship at Harvard be returned to the Endowment.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Implement recommendations made by PL-480 and Implementation Secretariat audit reports.
2. Programming the use of PL-480 funds for the 1994-1996 period.
3. Decide on action to be taken regarding PL-480 funds earmarked for INIAP, especially in light of major funding for INIAP planned by World Bank.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A X B ___ C ___

Project Name: PL-480 Title II CARE/FISE/NGO Support Fund (C-FNSF)

Project Number: Not Applicable

Project Funding: PIO/T No.: Not Applicable
Grant: US\$3,000,000
Appropriation: Not Applicable
Budget Plan Code: Not Applicable
Total Estimated Amt: US\$2,600,000
Total Obligated Amt: US\$2,600,000
Counterpart Contr.: US\$0.00

Major Contractor: CARE/Ecuador and the Social Investment Emergency Fund (FISE)

LOP: March 1994 to September, 1995

Technical Office: Agriculture and Natural Resources (ANRO)

PROJECT PURPOSE:

To facilitate the implementation of sustainable, productive infrastructure and environmental projects that benefit low-income persons in rural and peri-urban areas, with an emphasis on maximizing employment of individuals served by the infrastructure and ensuring food security, and to promote institutional strengthening of NGOs in order to increase their capacity to design, implement and administer effective development projects.

MISSION INVOLVEMENT:

Project design and implementation has taken place in close coordination with the Mission's Program and Project Development (PPD) Office. Monitoring will be carried as per criteria established in the Multi-Year Operational Plan (MYOP) and contractual agreements.

The MYOP PL-480 Title II program will generate local currency to support the Ecuadorian Social Investment Fund (FISE), and NGOs working with indigenous people. Better linkages will be developed between FISE and NGOs in order to benefit low-income, marginal communities that are beyond traditional public or private outreach programs and services.

The current grant provides funds for one year with the possibility of extension for a second year depending on the success of the program and the availability of food commodities for monetization purposes in year two.

STRATEGIC OBJECTIVE NO. 1 AND 4 INDICATORS:

- SO 1 Indicator No. 1: Net income of small enterprises
- SO 1 Indicator No. 2: Percentage of small farmers with increasing net household incomes

STRATEGIC OBJECTIVE No. 1 AND 4 PROGRAM OUTPUTS:

- SO 1 PROGRAM OUTCOME NO. 1: Improved economic and social policies
- SO 1 PROGRAM OUTCOME NO. 2: Expanded opportunities and participation by low-income groups in a growing market economy
- SO 4 PROGRAM OUTCOME NO. 2: Improved management of natural resource and biodiversity activities in selected areas
- SO 4 PROGRAM OUTCOME NO. 3: Improved practices for pollution control and urban environmental management in selected areas

MAJOR ACCOMPLISHMENTS TO DATE:

Project approval was received in June, 1994, and preparations for the sale of the commodity were initiated. All of the commodity was sold prior to its arrival in the port of Guayaquil through the Commodity Exchange. Proceeds from the sale will be deposited in a savings account opened for this purpose and final payment will be made conditional to the results of the Surveillance General Service (SGS) analysis of the grain.

CARE has hired a project coordinator who will begin working on October 24, 1994. His initial tasks will involve contacting potential partners among the NGO community to determine their criteria for accessing the CARE/FISE/NGO Support Fund (C-FNSF). Once sufficient information has been collected, a concrete proposal will be made to FISE as to how they can adapt their existing regulations to accommodate the NGOs into their own funding mechanisms.

CURRENT STATUS INCLUDING MAJOR ISSUES:

FISE funding regulations are being analyzed by CARE and FISE to determine where they might be made more accommodating to work with NGOs. Both, FISE and CARE have agreed, that changes will not substantially alter the current FISE funding mechanism. Moreover, instead of establishing new infrastructure to run the program, they have agreed to make the best use of what FISE has already in place. This will contribute

to an important budget decrease in the line item for new staff to manage the program, as considered in the program budget. Upon consensus it is expected that CARE-FISE agreement will soon be signed.

SEMI-ANNUAL PORTFOLIO REVIEW FOR STRATEGIC OBJECTIVE 2:

"Reduce levels of mortality and fertility to levels which are commensurate with sustainable development"

April 1, 1994 - September 30, 1994

1. Summary Assessment of Overall Performance of the Strategic Objective Portfolio

The Strategic Objective 2 (SO 2) portfolio includes the Child Survival and Health Project (518-0071), the Water and Sanitation for Health and Ecuadorian Development (WASHED) Project (518-0084), and the Health and Family Planning Project (518-0084). In addition, the portfolio includes centrally funded projects in AIDS, nutrition, and US PVO programs with Catholic Relief Services (CRS), Project HOPE, and Plan International.

Despite the economic downturn of the 1980's, Ecuador continues to make significant progress in improving the health status of its population and in increasing the availability of safe and efficacious family planning methods. The activities of SO 2, including program assistance, non-project assistance, policy dialogue, and donor coordination continued to provide critical support to the ongoing programs of Ecuadorian institutions in this sector. In population, USAID continues to be the major donor and has made a direct contribution to increasing the contraceptive prevalence rate and in reducing fertility. Preliminary evidence from the national survey of health and family planning (ENDEMAIN II) indicate that overall contraceptive prevalence increased from 53% in 1989 to 57% in 1994. Such an increase in contraceptive use places Ecuador among the most progressive of middle income countries. In child survival, USAID has leveraged World Bank and IDB resources towards major health sector reform initiatives. USAID support to the Ministry of Health has resulted in concrete improvements in the provision of health services in selected hospitals and health centers. In water and sanitation, USAID's policy dialogue initiatives have resulted in a major decision on part of the Municipality of Machala to fully privatize water and sanitation services. The Ministry of Urbanization and Housing (MINDUVI) continues to receive USAID support for the implementation of the National Water and Sanitation Policy.

With respect to the programs which support the SO, the most important advances during this reporting period have been the amendment of the Child Survival and Health Project, the preparation of a National Transition Plan for the Child Survival and Health Project, the completion of several technical manuals for the WASHED project and the completion of the national survey of health and family planning (ENDEMAIN II) for the Health and Family Planning Project.

The Ministry of Health (MOH) reform initiatives presented by the Minister of Health nearly two years ago, the signing of a major World Bank health sector loan, and the results of the external project evaluation provided an excellent opportunity to carefully review the activities of the Child Survival Project and to prepare an amendment to the original project. The redesign of the Child Survival Project has been carried out in close coordination with other offices of the mission, with counterparts both in the MOH and in other institutions (including the private

sector), and with other donors. A concept paper for the redesign of the project was presented to the mission in February. The Project Paper Amendment was completed and authorized by the Mission Director in July. The amendment to the Project Agreement and Cooperative Agreements with two non governmental agencies, CEPAR and CARE, are being

drafted. The redesigned Child Survival Project will focus on specific child survival policies and programs through four specific components: 1) A MOH Public Policy Support component will provide assistance for the MOH policy development to improve resource use, strengthen the production and distribution of PHC services in specific health areas, and to foment the expansion of private sector services. This component will be carried out under a grant to MOH. The recently created NGO Coordinating Office of the MOH will be a prime beneficiary of USAID support; 2) A MOH Child Survival Program component will continue to provide assistance to the MOH for programmatic and administrative strengthening of child survival interventions. The specific activities to be carried out under this component have already been authorized under the original Project Agreement, subsequent amendments, and Project Implementation Letters; 3) A Policy Analysis component will develop an independent NGO think tank capability for policy analysis, formulation, dissemination, and advocacy. Primary emphasis will be on policies which support targeting of subsidies and institutional role definition. This component will be carried out under a Cooperative Agreement with the Centro de Estudios de Población y Paternidad Responsable (CEPAR). CEPAR will coordinate closely with other Ecuadorian and international organizations carrying out policy dialogue activities in the health sector, such as Fundación Ecuador, Instituto Centroamericano de Administración de Empresas (INCAE), Fundación Eugenio Espejo, and others; 4) A Private Sector Program Strengthening component will assist the private sector in developing mechanisms to provide more effective and sustainable child survival and primary health care services. Private sector health care demonstration projects will be replicated in health areas throughout the country. This component will be implemented under a Cooperative Agreement with CARE International.

Although the Child Survival and Health Project as amended will continue until May of 1999, the long term technical assistance provided by Management Sciences for Health (MSH) will come to an end on December 31, 1994. In order to ensure a smooth transition of activities over to the Ministry, and in order to ensure a strong sense of project ownership on the part of Ministry officials, a National Transition Plan was prepared. This plan formalizes, on an activity by activity basis, which MOH officer will be responsible for ensuring that the activity continues beyond the termination of the MSH assistance. This is particularly important since many of the MSH products are process related (such as software for information systems) and will be useful only to the extent that there is continuity of use. There is also considerable uncertainty within the MOH, as reflected in on-going strikes and by the recent change of Minister. USAID will continue to maintain close dialogue with senior Ministry officials and the new Minister, and it is not anticipated that this will directly affect project

implementation.

As the WASHED project begins to wind down in its final year of implementation, an important activity which has picked up pace has been the preparation of a water and sanitation technical package. This package consists of several manuals designed to assist public and private agencies in the construction, operation, and maintenance of water and sanitation systems. Each manual will cover a separate topic, ranging from the use of appropriate technologies in construction, to methodologies for operating and maintaining systems, to setting up a fee structure for adequate cost recovery, to health promotor training and strategies for implementing health education programs. The manuals will be particularly important as the MINDUVI moves to decentralize procedures, placing responsibility on the municipalities for the implementation of water and sanitation programs. The complete set will be finished by the end of this calendar year and will be widely disseminated beginning in January, 1995.

The evaluation of the impact of activities carried out under SO 2 is largely based on national data on mortality and fertility. For this purpose, a national demographic and health survey is carried out approximately every five years. The last such survey was carried out in 1989. During this reporting period, the demographic and health survey of 1994 (Encuesta Nacional Demográfica y Materno Infantil - ENDEMAIN II) was carried out by CEPAR. Very preliminary findings indicate a significant increase in the percentage of women in reproductive ages (ages 15-49) who are currently using some form of contraception, and a concomitant decrease in infant mortality. The final results will be available in early calendar year 1995.

2. Significant Sector Developments and Issues Having Positive Impact/Deterrence on Project Contributions to the SO

A number of sector developments and issues have affected the performance of the SO. First, the re-organization of the IEOS as part of MINDUVI's Subsecretaría de Saneamiento Ambiental (SSA) continued at a slow pace, creating chaos, uncertainty, and turnover amongst the staff of the SSA. This in turn has slowed the activities of the project. Fortunately, most of the project EOPS have been met; the single most important activity is the completion of the technical package, which is being done by local consultants.

Second, activities at the Ministry of Health have been affected by a series of localized strikes and by a nationwide measles vaccination campaign that detracted health workers' attention away from ongoing prevention programs. The strikes were in response to increasing worker dissatisfaction with the Minister of Health, who was rumored to be one of the cabinet members that would be impeached. Striking workers were also unhappy with the MOH policy of charging a fee for service.

Third, the national commission to review the Constitution completed its deliberations and presented to the President its recommendations. The chapters related to health and health services has changed little, except for a very important provision allowing the private sector to provide social security insurance. Depending on how this provision is codified, it will have a significant impact on the social security institute (IESS) and on the Seguro Social Campesino.

3. Monitoring of Strategic Objective Indicators

The field work for the national demographic and health survey was completed. Preliminary results indicate a significant improvement in mortality and fertility. At a national level, infant mortality has declined to under 40 per thousand live births, while overall contraceptive prevalence rates have increased to over 57%. Estimates of overall fertility, rates by provinces, and rates by source of contraception, will be available in early CY 95.

USAID/W requested that the mission review the SO 2 statement, in light of the indicators that have been used. USAID/W commented that the SO statement closely reflects the output level statements, and that the key indicators (mortality, fertility) of the SO are more relevant to a "higher level" statement. With this feedback, the SO statement has been changed to the following: "Reduce levels of infant mortality and fertility to levels which are commensurate with sustainable development". This new statement is reflected in the SAR reports.

4. Recent Developments in Policy Dialogue Related to the SO

During this reporting period, two significant activities in policy dialogue have taken place.

First, USAID was heavily involved in policy dialogue with key officials of CONADE and other government and non-governmental agencies with respect to the U.N. International Conference on Population and Development, which was held in Cairo in September. Ecuador's position as evidenced in the public debate during the conference pointed to an extremely conservative stance regarding family planning. However, the success of USAID's policy dialogue was seen in Ecuador's National Plan of Action in which the rights of couples to family planning was clearly reiterated. As well, the National Commission for Constitutional Reform did not make any substantive changes to the paragraphs referring to family planning.

Second, USAID has been involved as a technical advisor on the inter-institutional commission on health care reform. This commission was established at the request of the President, and includes the Consejo Nacional de Modernización (CONAM), the ministries of Health and of Social Welfare, other public agencies, private sector and NGO representatives. The commission has been working on a legislative proposal which would replace the current Código de Salud. USAID technical staff have provided input into the process in an effort to ensure that key policy priorities, such as targeting of the subsidy and defining the roles and responsibilities of the various health sector actors, are addressed in the proposed legislative reform.

5. Review of Issues and Status of Actions from the last SAR

1. USAID support for the formulation and implementation of the GOE Water Sector policy has continued, with the initial preparation of a Plan of Action for the implementation of the policy.

2. The Project Paper Amendment to the Child Survival Project was approved on July 19th, 1994. The Amendment to the Project Agreement and the Cooperative Agreements with CARE and CEPAR are being completed.

3. The endowments for the family planning NGOs is pending their presentation of the proposal for setting up an endowment. The proposals will be ready by November 1994.

4. The Plan of Action of the National Population Policy has been officially submitted to USAID. A decision on the future of the NPA will be held off until the results of the mid term evaluation of the Health and Family Planning Project are available.

5. All documentation for the mid term evaluation of the Health and Family Planning Project has been prepared.

6. Donor coordination in policy dialogue has continued to be strong, especially with UNFPA in issues related to population policy.

7. The SO statement has been reviewed and modified based on comments from USAID/W.

6. Major Actions for the Next Six Months

1. Carry out the mid-term external evaluation of the Health and Family Planning Project and implement recommendations, including amending the project if necessary.

2. Complete the six month no-cost extension of the WASHED project and initiate close out activities.

3. Initiate the implementation of the CARE and CEPAR Cooperative Agreements for the Child Survival Project.

4. Complete the hiring process of the Technical Assistance in AIDS and Child Survival (TAACS) Advisor and ensure his/her smooth incorporation in the program.

PROJECT STATUS REPORT
April 1, 1994 - September 31, 1994

A ___ B ___ C X

I. BACKGROUND DATA

Project Title: Child Survival and Health (CS&H)
 Project Number: 518-0071
 Date of Authorization: original 06-07-89
 Date of Obligation: original 07-14-89 last amendment 05-26-93
 PACD: original 12-31-94 last amendment 05-31-99
 Implementing Agencies: Ministry of Public Health of Ecuador (MOH)
 Major Contractors: Management Sciences for Health
 USAID Project Officer: Ken Yamashita
 Status of CPs/Covenants: All project CPs have been satisfied.

Date of Last Evaluation: 08/93 Next evaluation:
 Date of Last Audit: 12/93 Next Audit: 12/94

Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program: 3

Number of such audits contracted for/completed during the reporting period: 1

FINANCIAL DATA

Amount Authorized: DA Grant: original \$12,200,000 last amend \$18,000,000
 Amount Obligated: DA Grant: original \$ 1,778,000 last amend \$11,700,000
 Current FY Oblig: \$ (500,000)
 Amount Committed: Grant - Period: \$ 1,493,978
 Cumulative: \$10,281,768

Accrued Expenditures: Grant:
 Period - Projected: \$ 1,130,000
 Period - Actual: \$ 781,129
 Cumulative: \$ 8,326,513
 Period - Next \$ 900,000

Counterpart Contribution: Planned: \$16,100,000
 Actual: \$13,889,892

% LOP Elapsed: 55%
 % of Total Auth. Oblig. (Grant) 65%
 % of Total Oblig. Exp. (Grant) 71%
 % of Total Auth. Exp. (Grant) 46%

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED		
	LOP #	PERIOD #	CUM #	NEXT PERIOD #	PERIOD #	CUM #	% OF LOP %
1. Child Survival Intervention and Systems strengthened:							
- Central level	5	1	5	1	1	8	160
- Provincial level	40	10	30	10	8	35	88
2. Epidemiological indicators							
- infant immuniz.coverage*	80%	--	80%	--	--	93%	116
- annual supervision reports by each province	8	2	8	0	2	6	75
- annual reports 1 by province	40	8	32	8	8	24	60
- reduce IMR to	44					36.9	
3. Training short term							
International	19	11	0	0	21	15	0
In-country	531	1595	0	0	473	1438	0
					0	368	959
					0	0	21
					0	0	15
							**
							**

* As of September/94, immunization coverage rates for the period are: BCG 100%; measles 94.02% DPT 87.12%; OPV 89.42%.

** % OF LOP - International (M) 111 (F) 136
 In-country (M) 273 (F) 190

III. PROJECT DESCRIPTION

The purpose of this project is to improve the effectiveness of child survival and primary health care programs and interventions nationwide. The main project beneficiaries will be specific segments of the population (i.e. low and marginal income, rural and peri-urban communities).

The project consists of four major components: (1) Ministry of Public Health (MOH) on-going child survival program activities, (2) MOH policy support, (3) Policy Analysis, and (4) Private Sector program strengthening

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

The project is directly related to achievement of the Strategic Objective (SO). The

on-going child survival activities will affect effectiveness through improved service quality; institutional strengthening will affect efficiency through improved planning and programming, logistics, monitoring and evaluation, and training; decentralized management will affect utilization through a more flexible and faster response to local needs; the private sector strengthening will affect use, efficiency, and sustainability through improvements in health service revenue generation and resource allocation. One hundred percent of project funds directly contribute to the achievement of SO 2.

V. PROGRESS TOWARD ACHIEVEMENT OF EOPS AND PROJECT OFFICER'S ASSESSMENT

The project paper amendment was prepared, reviewed and approved by the mission during the reporting period. Project modifications which respond to changes in the GOE policy environment regarding child survival and primary health services delivery have been fully accepted by the MOH, and has articulated its interest to have NGO involvement in policy formulation and reform and in health care interventions. A number of negotiations with the MOH and NGOs which will be responsible for the future implementation of the new components of the project have been carried out. Unsolicited proposals have been presented by CEPAR and CARE to support the policy analysis and the private sector program strengthening components, respectively. The Project Agreement Amendment as well as documentation for Cooperative Agreements have been prepared and are circulating for approval by the mission.

VI. PROGRESS DURING REPORTING PERIOD

1. The Project Paper amendment was completed, reviewed, and approved by the mission in July, 1994. Unsolicited proposals from CARE and CEPAR have been presented based on which documentation for the Cooperative Agreements have been prepared. The project Agreement amendment has been prepared and is circulating for clearances.

2. The medical and audiovisual equipment has been received and stored at Centro Estatal de Medicamentos e Insumos Médicos (CEMEIN) warehouse. A distribution plan has been prepared based on the provinces' needs. Only the refrigerators have been distributed to the provinces because of their needs during the measles campaign which took place during August and September.

3. Implementation of management information systems continued during this semester. The MOH moved ahead with the adoption of the Health Ware which is a statistics program containing all the information related to health services, immunization coverage, epidemiological indicators, etc.

4. The MOH in conjunction with the technical assistance team is carrying out an inventory of all the commodities procured with project funds.

VII. GENDER CONSIDERATIONS

The most important beneficiaries of this project include women of reproductive age and children. Mothers are the natural allies in resolving child health problems, and thus emphasis is placed on activities targeted at them, such as health education and training. These activities heavily involve participation of female health promoters.

In sum, the project enjoys a significant participation of women in all of its components.

VIII. EVALUATIONS AND AUDITS

An external evaluation of the project was conducted in August, 1993, a final report was received in the Mission in December, 1993.

Several audits have been carried out for the project. Last audit covered the period January 1 to December 31, 1993, final report has been received in October, 1994.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: A transition plan was prepared and approved with the Annual Work Plan in May, 1994. The transition plan contained specific activities being carried out by the technical assistance team to be transferred to the MOH starting May. Unfortunately, due to GOE's priorities such as the measles campaign and numerous local strikes, the implementation of the plan did not begin until the end of September.

Corrective Action: The Mission will carefully monitor the implementation of the transition plan. Mission will participate in training sessions which will be carried out by MSH to identify MOH personnel responsible in each technical and administrative area to smooth the transition and continuation of activities at the end of the technical assistance in December, 1994.

2. Issue: There is an environment of continuing uncertainty in the MOH, exacerbated by on-going strikes and by the recent change of Minister. While it is not anticipated that this will directly affect the course of project implementation, it is important to be particularly aware of and sensitive to this situation.

Corrective Action: USAID will maintain close contact with the new Minister and his team to ensure MOH support and consensus for the new direction of the Child Survival Project.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SIX MONTHS

1. Initiate the implementation of new components of the redesigned project.
2. Monitor closely the development of the CS-I activities at the end of the T.A., especially monitor the implementation of the transition plan.
3. Participate in field trips with MOH and MSH personnel.
4. Complete the distribution of medical and audiovisual equipment procured with project funds.
5. Receive final report from MSH.

PROJECT STATUS REPORT
April 1, 1994 - September 31, 1994

A B X C

I. BACKGROUND DATA

Project Title: Water and Sanitation for Health and Ecuadorian Development
 Project Number: 518-0081
 Date of Authorization: original 07-21-89
 Date of Obligation: original 09-22-89 last amend 05-26-93
 PACD: original 12-31-93 last amend 12-31-94

Implementing Agencies: Subsecretaria de Saneamiento Ambiental (SSA)
 Major Contractors: WASH, Romero & Asociados
 AID Project Officer: Ken Yamashita
 Status of Cps/Covenants: All CPs have been met

Date of Last Evaluation: 03-20-93 Next evaluation:
 Date of Last Audit: 12-31-93 Next Audit: 12-31-94

Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program: 1

Number of such audits contracted for/completed during the reporting period: 1

FINANCIAL DATA

Amount Authorized: DA Grant: original \$1,000,000 last amend \$4,000,000
 Amount Obligated: DA Grant: original \$ 853,800 last amend \$4,000,000
 Current FY Oblig: DA Grant: \$ 767,171
 Amount Committed: Grant - Period: \$ 517,622
 Cumulative: \$3,614,442

Accrued Expenditures: Grant:
 Period - Projected: \$ 583,000
 Period - Actual: \$ 460,978
 Cumulative: \$3,084,976
 Period - Next \$ 600,000

Counterpart Contribution: Planned: \$15,761,000
 Actual: \$13,959,000

% LOP Elapsed: 95%
 % of Total Auth. Oblig. (Grant) 100%
 % of Total Oblig. Exp. (Grant) 77%
 % of Total Auth. Exp. (Grant) 77%

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED *			
	LOP	PERIOD	CUM.	NEXT PERIOD	PERIOD	CUM.	% OF LOP	
1. Prov. Oper. Modules established	16	0	16	8	0	8	50	
2. RW&S systems built (people served in 000s)	640	80	560	80	23	217	34	
3. Hygiene education (mass media cycles)	320	40	272	48	29	183	58	
4. Operations & maintenance (RW&S inventory completed)	7	0	7	1	1	6	86	
5. Provincial O&M program begun	8	0	8	0	0	8	100	
6. Local training	8	0	8	0	0	8	100	
a) IEOS personnel	2288	300	2288	0	261	2696	100	
b) RW&S Board comm. members	5768	600	5768	750	750	39200	100	
7. Training (persons) short-term	60	10	46	12	13	20	33	

*Project activities started in October, 1990.

III. PROJECT DESCRIPTION

The purpose of this project is to strengthen the capability of the Subsecretaria de Saneamiento Ambiental (SSA) to assist rural communities in eight provinces to: (1) install cost-effective, technologically appropriate safe water supply systems and latrines; (2) use Water and Sanitation (W&S) systems to improve family health status; and, (3) maintain and improve the systems in the future. The eight provinces served by this project are Carchi, Imbabura, Pichincha, Cotopaxi, Chimborazo, Tungurahua, Azuay, and El Oro. The project consists of seven major components: systems construction, hygiene education, operations and maintenance, appropriate technology, training, private sector participation, and policy dialogue. The latter two components were included as part of a no-cost extension approved in December 1993. The private sector participation component enables CARE to continue building RW&S systems and providing hygiene education, and the policy dialogue component assists the GOE to develop and implement W&S policy.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

The provision of potable water and basic sanitation, along with adequate operations

and maintenance and hygiene education, is a service necessary to improve health status and living conditions. This project directly affects access to rural potable water through the counterpart construction of water and sanitation systems. Effective use is enhanced through training and hygiene education activities and community proper operation and maintenance support to RW&S system sustainability.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

The project progress has been consistent even though the project has had to overcome the dislocation caused by the modernization process of the GOE and the reorganization of the Water and Sanitation Sector, as well as with structural, authority and staff changes at the central and provincial levels. Notwithstanding these difficulties, most of the EOPS have been achieved. During the reporting period, the project has concentrated its activities on the Annual Workplan for 1994 to consolidate the project's activities, and to prepare the Technological Standards for Building Sustainable Rural Potable Water and Sanitation Systems. Technical and financial assistance from WASHED during the reporting period was instrumental in sustaining a high level of commitment to reforming the WS&S sector. Continued policy dialogue during the reporting period helped to clarify the direction for implementing the new policy.

As a result of the policy process and of likely programmatic changes due to reorganizations at SSA and the Ministry of Housing and Urban Development (MINDUVI), and at the request of the Minister, an amendment for a no-cost extension to July 31, 1995 is being processed. This extension will focus more on the application of the policy for which USAID will support the GOE in the preparation of a transition plan. This transition plan will facilitate the application of the model proposed under the National Policy and to transfer the responsibilities to the municipalities without interrupting services especially in the rural areas. The plan will also determine how, where and when the responsibilities will be transferred. The implementation of the transition plan will be complex and will need a series of systematic and sustained actions, technical assistance, and commitment of national and international organizations to ensure the application of the policy and to return the responsibility for the potable water and sanitation to local governments. During the extension period WASHED will also plan a dissemination program for the technological standards for building sustainable rural potable water and sanitation systems among all institutions in charge of implementing projects and funding the sector such as municipalities, NGOs, construction companies and decentralized institutions (i.e. as FISE and BDE).

VI. PROGRESS DURING REPORTING PERIOD

A. Management Level

1. First draft of the Technical Standards for Building Sustainable Rural Potable Water and Sanitation Systems has been concluded and approved by SSA authorities. Other component's documentation as manuals and norms based on those technical standards were also designed.
2. WASHED has provided valuable coordination and technical assistance to the policy dialogue activities at the highest levels of the GOE and other WS&S institutions. International support from WASH, as well as from RHUDD/SA, has been critical in

advancing the policy development process. A draft action plan which was completed with WASH Technical Assistance will be used as a basis for preparing a Transition plan for policy implementation.

3. Deloitte and Touche carried out a financial audit of the project covering the period July 1, 1992 to December 31, 1993. Mission and counterpart are reviewing the draft report.
 4. The implementation of the CY 94 Work Plan started in April with two additional components: Policy Dialogue and Private Sector Support. Policy process and reorganization at MINDUVI and SSA require Mission support. A no-cost extension project amendment to July 31, 1995 is being processed.
 5. In July, 1994 the Mission signed a US\$100,000 Grant Agreement with CARE for the provision of latrines, water systems and sanitary education training in Bolivar, Carchi and Babahoyo, Los Rios. Notwithstanding a significant delay in awarding the grant, activities in Carchi have been initiated in 7 communities out of 20.
- ##### B. Component Level
1. An evaluation workshop for the O&M component was organized in April. The performance of the O&M activities of the 8 provinces was evaluated and solutions were defined. A program to support the activities planned by the Provincial Directorates was established.
 2. The Rural Waste Water Disposal Manual has been completed. This document will reinforce the activities of the Water Boards and of the O&M provincial units.
 3. An O&M National Plan has been prepared. This plan will be reviewed by the O&M Component Director, and will be linked with the National Policy.
 4. The Rural Water Demand Study, Phase I, and the Hand-operated Pumps Evaluation have been completed. The reports with findings and recommendations will be distributed immediately.
 5. A Study for solid waste disposal for rural areas has been completed. Final report and the field "cartillas" will be edited and published for dissemination.
 6. A workshop to analyze and discuss the Study on Norms and Designs for Potable Water Systems and Solid Waste Disposals took place in Quito with the participation of public, private, and university representatives.
 7. Four Appropriate Technology studies and the UCETA's magazine No. 4 were published and distributed.
 8. Three study results were applied in water and sanitation system construction: latrines and house pipe connections in Tungurahua and gravel prefilters in Azuay. As a result of these studies three major outputs have been verified: reduction in construction time, better use of funds and financing and community participation.
 9. A workshop to produce broadcast educational messages was organized in Riobamba with the participation of community leaders and health promoters. Thirty new

educational messages were produced and will be evaluated by the SSA and the technical assistance. Fifteen messages are being selected to be disseminated via radio in rural areas.

10. The socio-cultural study and the KAP survey have been completed and published, the dissemination will take place during the month of October.
11. Two parallel workshops to develop Techniques and Strategies for Community Work were organized with the participation of 38 health promoters.
12. The Health Promoters Manual has been completed. Editing and publishing has been contracted.
13. Nineteen educative sessions for women and men leaders were carried out by provincial health promoters.
14. Sixteen training events for 441 participants were coordinated.
15. Two training manuals have been prepared: 1) for operators, and 2) for members of the Water Boards.

VII. GENDER CONSIDERATIONS

Field work by female hygiene education promoters has been one of the highlights of this project. These promoters are able to convey messages in a clear and effective manner to targeted audiences such as school teachers, mothers, and children.

VIII. EVALUATIONS AND AUDITS

A midterm evaluation was carried out in February 1993. Project staff at the central and provincial levels were highly collaborative in providing information and other relevant material. The final report was received in 4/93 and was closely reviewed by USAID, project staff, and former IEOS authorities. An external audit covering the period 09/22/89 through 06/30/92 was carried out by Romero & Asociados with no major findings. A draft audit report covering the period 07/01/92 through 12/31/93 has been presented by Deloitte & Touche for Mission and counterpart review. The draft report does not present major findings.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: To consolidate the gains of USAID technical and financial assistance in this sector, the WASHED project needs a no-cost extension of the PACD.

Corrective Actions: An action memorandum justifying the need for an extension as well as the PIL extending the PACD to July 31, 1995 is circulating for clearance in the Mission.

2. Issue: The GOE needs to improve coordination in water and sanitation and to prepare a transition plan to define strategies and programs for sectoral institution interventions. The role of the Subsecretary of Environmental Sanitation, which replaced IEOS, still needs to be defined particularly in the context of its relationship to the Ministry of Urban Development and Housing of which it is a part.

Corrective Actions: USAID/Ecuador is actively supporting Water and Sanitation policy development which establishes new roles for institutions in the sector. It is expected that completion of a final action plan and an accompanying transition plan for implementing the policy will begin during the first half of the next reporting period. The process is slow and requires GOE coordination and decision.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. As part of project phase-out, WASHED should complete the validation and evaluation of the Technological Standards to Build Sustainable Rural Potable Water and Sanitation Systems and support the dissemination among the new public and private implementing institutions. (SSA, 3/95).
2. Continue support for the policy implementation. (RHUDD, KY, ongoing)
3. Process the PACD extension. (KY, 11/94)
4. Provide continuing support to provinces to carry out O&M activities (SSA, ongoing).
5. Complete pending Appropriate Technology studies and publications (SSA, 12/94).
6. Edit and publish several Hygiene Education documents; initiate the new educational radio messages cycle; monitor provincial Hygiene Education activities (SSA, 12/94).
7. Complete dissemination of training manuals for RW&S system operators and administrators. Edit and publish the HE promoters training manual (SSA, 1/95).

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

I. BACKGROUND DATA

Project Title: Health and Family Planning
 Project Number: 518-0084
 Date of Authorization: original 08-14-91 last amendment 01-06-94
 Date of Obligation: original 08-27-91 last amendment 09-22-94
 PACD: original 09-30-97 amended to 00-00-00
 Implementing Agencies: NPA: Ministry of Finance (MOF)
 Consejo Nacional de Desarrollo (CONADE)
 Ministerio de Salud Pública (MSP)
 Instituto Ecuatoriano de Seguridad Social (IESS)
 CA: Asociación Pro-Bienestar de la Familia Ecuatoriana (APROFE)
 Centro Médico de Orientación y Planificación Familiar (CEMOPLAF)
 ESF: Centro de Estudios de Población y Paternidad Responsable (CEPAR)
 Archbishopric of Cuenca
 Vicariate of Esmeraldas
 Major Contractors: SOMARC, JHU/PCS, INOPAL, FHI, and CDC.
 AID Project Officer: Margarita Quevedo
 Status of CPs/Covenants: (See section V)
 Date of Last Evaluation: 00-00-00 Next evaluation: 11-15-94
 Date of Last Audit: 09-26-94 Next Audit: 10-30-95
 Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program: 1
 Number of such audits contracted for/completed during the reporting period: 1

FINANCIAL DATA

		TOTAL	P.A.	NPA
Amount Authorized:	DA Grant: original	\$10,500,000	8,000,000	2,500,000
	: actual	\$15,000,000	12,500,000	2,500,000
Amount Obligated:	DA Grant: original	\$ 1,364,703	864,703	500,000
	: cumulative	\$ 8,494,097	6,994,097	1,500,000
Current FY Oblig:	DA Grant:	\$ 2,496,584	2,496,584	0
Amount Committed:	Grant - Period:	\$ 1,328,809	1,328,809	0
	Cumulative:	\$ 7,494,097	6,994,097	500,000
Accrued Expenditures:	Grant:			
	Period - Projected:	\$ 2,250,000	1,250,000	1,000,000
	Period - Actual:	\$ 1,167,668	1,167,668	0
	Cumulative:	\$ 4,828,699	4,328,699	500,000
	Period - Next	\$ 2,250,000	1,250,000	1,000,000
Counterpart Contribution:	Planned:	\$11,770,870	9,270,870	2,500,000
	Cumulative:	\$ 6,791,915	6,291,915	500,000
% LOP Elapsed:		50	50	50
% of Total Auth. Oblig. (Grant)		57	56	60
% of Total Oblig. Exp. (Grant)		57	62	33
% of Total Auth. Exp. (Grant)		32	35	20

II. MAJOR OUTPUTS:

	PLANNED			ACCOMPLISHED			% OF LOP	PLANNED				ACCOMPLISHED				
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM		LOP	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	LOP	
																M
1. CPR increase from 53% to 58%	5%	0.42	2.03	0.32	1.00	4.00	80									
2. Contraceptive Modern Methods Mix from 40% to 50%	10%	0.84	3.40	0.62	1.00	6.00	60									
3. PVO new users under age of 25. (Baseline 30%)	20%	1.55	6.05	1.00	5.00	20.00	100									
Sustainability																
1. Trust fund for APROFE and CEMOPLAF	US\$1,000	100	500	100	195	595	60									
2. PVO's cost-recovery increase from 30 to 65%	35	3	11	3	15	35	100									
3. Training (persons) Overseas - Short term	7	7	2	3	4	5	2	2	2	2	2	2	6	8	86	114

Policy Reform

The remaining major policy reform outputs to be achieved are listed below:

OUTPUT:

1. A national population policy implementation plan, including the recreation of the National Population Council by year two.

STATUS:

National Population Council created. CONADE finalized the implementation plan in August, just in time for the United Nations International Conference on Population and Development in Cairo in September.

OUTPUT:

2. IESS purchasing with own budget 100 percent of contraceptives by PACD starting in an increase manner in year four.

STATUS

The Project is in its third year, but to this date IESS relies 100% on USAID donated contraceptives.

III. PROJECT DESCRIPTION

The project goal is to improve the health of mothers and children through a reduction in high risk births, and to promote the freedom and right of couples to choose the number and spacing of children they desire.

The project purpose is to increase the use, effectiveness, and sustainability of family planning services in Ecuador, through: (1) the strengthening of family planning non-government organizations (NGOs) in order to improve their institutional sustainability over the long run; (2) operational policy reform and implementation by the public sector, increasing the levels of resource allocation and political commitment to family planning; and, (3) improved communications in order to expand service delivery to specific target sub-groups which have exhibited high levels of unmet demand or are at high health risk.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE:

All components of the project are directly related to achievement of the Strategic Objective (SO). Policies and improved financial management will affect the effectiveness and sustainability of family planning programs; training and technical assistance (TA) will affect the use of family planning services.

This project is the continuation of the highly successful and continuous support that USAID has provided to the population sector over the past 20 years. With USAID being the single largest donor in this sector, its projects have had a major impact in reducing the rate of population growth, increasing the access and use of family planning, and improving the population policy environment. Over the past twenty years, the rate of population growth has declined from over 3.0 percent to approximately 2.2 percent today; total fertility rate has declined from over six children per woman to approximately 3.5 children today; the contraceptive prevalence rate has increased from 53 percent to 57 percent.

V. PROGRESS TOWARD ACHIEVEMENT OF EOPS AND PROJECT OFFICER'S ASSESSMENT

There is some concern regarding the political environment and public opinion pertaining to family planning and reproductive health activities. The government's very conservative decision to support the Vatican at the Cairo conference was a clear indication of how volatile the family planning issue still is in Ecuador. Even though the USAID project has been highly successful, more work needs to be done to assure Ecuadorian women and men access to family planning services.

Project Assistance (PA) Component: Many EOPS have been met at 50 percent of life of project. Both APROFE and CEMOPLAF have surpassed the 60 percent level of cost recovery. Both APROFE and CEMOPLAF are working on innovative approaches to family planning and reproductive health. For example in communication they are doing research before the materials are produced, and testing them before they are used. In general they are increasingly using research as part of their decision making process, particularly in CEMOPLAF. APROFE is working on other reproductive health issues such as HIV/AIDS; they have given workshops on women and AIDS, to sex workers associations in Guayas.

Non-project Assistance (NPA) Component: Many of the conditions precedent for the second disbursement have been met, but it will very difficult for all to be met. It is clear that it has to be amended in some fashion, in order for it to go forward. The mission has to make a decision as to what it's position will be regarding this component of the project, taking into account the current political situation.

ESF Component: Both CEPAR and the Church have accomplished in a satisfactory manner their planned operational activities. CEPAR was granted a no-cost extension to their project for three more years, until September 1997.

VI. PROGRESS DURING REPORTING PERIOD

Project Assistance Component

1. Based on the endowment guidelines prepared by USAID, APROFE and CEMOPLAF are preparing a formal proposal.
2. CEMOPLAF staff were trained at the Centers for Disease Control (CDC) in the use of a Contraceptive Tracking System. This is the first time that CDC has taken this software and installed it "in the field", and eventually it will work at the clinic level.
3. A new arrangement with the shipping company was established, in order to reduce the delays in the reception of contraceptives by our counterparts.
4. Financial Analysis done with the Office of the Controller.

Non-Project Assistance Component

1. Involvement in CEPAR's investment plan continues as a USAID member is on the project implementation committee.
3. Disbursement of the second tranche continues to be delayed until USAID receives all

the documentation from the Ministry of Finance.

ESF Component

1. Mission concurred with the Ministry of Finance to extend the current agreement with CEPAR, with the same terms and conditions for three more years.

Technical Assistance

1. SOMARC has further developed their proposal to continue the social marketing based on the needs of APROFE and CEMOPLAF. A final decision on the TA will be taken depending on the availability of central and mission funds.
3. There is an agreement with ECUAVISIA to produce a soap opera with reproductive health messages. The Johns Hopkins University/Population and Communication Services are providing the technical assistance to ECUAVISIA.
4. Data collection activities for the 1994 DHS survey have ended. This work was done by CEPAR with TA from CDC.

VII. GENDER CONSIDERATIONS

Family Planning programs in general are directed towards women of reproductive age. However, under the current project, increasing use of contraceptives by males has also been emphasized. At the organizational level, the two NGOs have a preponderance of female workers in their family planning clinics.

VIII. EVALUATIONS AND AUDITS

A mid-term evaluation is scheduled for October 1994. The preliminary results of the DHS survey are now available. The yearly audits were conducted during this period.

IX. ISSUES, PROBLEMS, DELAYS, AND PROPOSED CORRECTIVE ACTIONS

1. Issue: The Office of the Controller office conducted a financial analysis in APROFE and CEMOPLAF including projected expenses until the end of the project and concluded that each organization will need about US\$1,000,000.00 each in order to complete all the planned activities until the end of the project.

Corrective Actions: Wait for the results of the mid-term evaluation, which includes a financial component, and amend the project if necessary.

2. Issue: The disbursement of the second tranche has been delayed, since not all conditions have been met, and some are very unlikely to be met.

Corrective Actions: Review results of the project evaluation. Carry out a mission wide analysis of the situation and make a decision on the future of this component of the project.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SIX MONTHS

1. Conduct midterm evaluation. Implement recommendations.
2. Dissemination of the results of ENDEMAIN.

PA Component

1. Finalize endowment plans, prior analysis of proposals from the two organizations.
2. Review annual work plans.

N.P.A. Component

1. Decide which direction the mission wants this component to take, whether to amend it or to terminate it.

ESF Component

1. Completion of the projects with the Archbishopric of Cuenca and Vicariate of Esmeraldas.

SEMIANNUAL PORTFOLIO REVIEW FOR STRATEGIC OBJECTIVE 3:

"Improved Responsiveness of Selected Democratic Institutions with Greater Citizen Participation"

April 1, 1994 - September 30, 1994

1. Assessment of Overall Performance of the Strategic Objective's Portfolio

The mission's Democratic Initiatives portfolio consists of the Ecuador Development Scholarship Program (EDSP) (518-0091); the Regional Technical Aid Center (RTAC) II Project (518-0095) and the Justice Reform Support Project (JRSP) (518-0105).

Progress toward achievement of the strategic objective (SO) continues to be good. The JRSP celebrated its first birthday. Under the project the Latin American Development Corporation (CLD), as part of its Judicial Reform Constituency Building and Public Education Component, masterminded a 400 percent increase in the number of newspaper articles on judicial reform; and through its Judicial Reform Technical Support Component with the Quito and Guayaquil Working Groups, revised and/or drafted major pieces of legislation, such as the Penal Procedures Code and the Organic Law of the Judicial Function.

Progress has also been made under the JRSP grant to the Government of Ecuador (GOE). Early in the reporting period it became evident that the Chief of Staff's Office (Office of the Presidency - the grant coordinating/implementing office) was being overwhelmed with various political problems which were severely limiting the amount of time that Office could devote to actively participating in justice sector reform. The administrative and implementation delays caused by this situation led to the decision to hire a judicial reform coordinator. Since the hiring of the coordinator an observation trip to the United States was made, two observational trips to Latin American countries with successful judicial reform efforts have been planned, baseline studies are being contracted and a pilot activity to create a management database on prisoners in preventive detention has begun. Most importantly, portions of the Ecuadorian strategy/action plan for continued and sustainable justice sector reform have been drafted. The entire draft strategy/action plan - a document which will serve as the basis for USAID/Ecuador's and other donors' future judicial reform interventions - will be completed during the next reporting period. Due to the Administrative delays discussed above, expenditures under the grant have been slower than desired.

Twenty Master's degree students traveled to the United States to begin their course work under EDSP. Twelve Master's students successfully completed their first year of study. Four alumni events were held and two individual case studies were conducted. Returned participants continue to report a high level of satisfaction with their experiences and training programs. They also continue to report that they are successfully applying their training in their communities and organizations.

The Mission is in the early stages of design for the Training for Development (T for D) Project. T for D will provide training at the strategic objective level for all four USAID/Ecuador strategic objectives. An illustrative list of planned SO level training has been developed and discussed with the technical offices. Project design

will begin during the next reporting period.

RTAC/Ecuador continues to provide leadership for the entire region-wide RTAC activity. The project continued its ground breaking and highly successful and widely attended "excellence in teaching" seminar series and made considerable progress on its textbook data base activity. The data base provides both students and professors with a quick and easy way of identifying information sources and comparing textbooks. It is a popular tool which is in great demand. The manager of RTAC/Ecuador's implementing agency was appointed as President of the Committee of Distribution Center Managers of RTAC II. Sales continue to lag behind projections. To combat this trend, the implementing organization has begun an internal restructuring, as well as an aggressive marketing and publicity campaign.

2. Significant Sector Developments and Issues Relating to SO 3

The hiring of a judicial reform coordinator has accelerated implementation of the JRSP grant to the GOE by relieving the Deputy Chief of Staff of the day to day burden of project implementation, allowing him more time to concentrate on the overall importance of judicial sector reform to the continued development of Ecuador. The success of this approach was seen in President Sixto Duran-Ballen's August, 1994 State of the Nation Address when he forcefully restated the commitment of his government to judicial reform and singled out the JRSP as one of the outstanding successes of his administration. For his part, the judicial reform coordinator has played an active and important role in discussing justice sector needs with other donor and financial entities. He also facilitated internal GOE discussion which resulted in the inclusion of judicial reform in the national development plan.

CLD and the Quito and Guayaquil Working Groups have also been focussing on the constitutional reform process mandated by President Duran-Ballen. The reform process is aimed at modernizing the structure of the Ecuadorian government. As with the 1992 constitutional reforms (limited to court system reform) CLD and the Working Groups will present their recommendations to the Congress and the Executive branch.

RTAC/Ecuador is involved in a pilot activity to test the acceptance and marketing feasibility of books in the areas of privatization, economic and social development, anti-corruption and political sciences. Each of the selected areas and titles is of critical importance to the achievement of the mission's strategic objectives. In addition, making more information on these topics, which are crucial to the continued development of Ecuador, available to the general public encourages and supports greater citizen participation. No other RTAC project offers such a wide, economically and socially relevant selection of titles.

3. Monitoring of Strategic Objective Indicators

The SO indicators and program output indicators were modified and the revised tree presented in the FY 95-96 Action Plan. An internal evaluation of the JSRP has begun. The judicial reform indicators are slightly behind target due to the fact that Congress has been focussing on the recently completed mid-term elections. However, information dissemination and NGO institutional strengthening goals have been surpassed. The latest in a series of yearly RTAC/Ecuador evaluations was recently completed. With the exception of sales, all RTAC-related indicators are on target. The EDSP Monitoring and Evaluation Plan, as well as a Scope of Work for a mid-term evaluation, were approved. Each of the evaluation activities feeds into and supports the SO indicators. The gathered information will be reported in the FY 96-97 Action Plan.

4. Recent Developments in Policy Dialogue Related to SO 3

As reported in last period's semi-annual review SO overview statement, USAID/Ecuador began a series of meetings with high level GOE officials, to discuss the need for judicial sector donor coordination. As a result of the policy dialogue initiative, President Duran-Ballen issued a letter to all international donor organizations informing them that donor assistance in the area of judicial sector reform was welcomed by the GOE and, in order to assure the optimal use of resources, all proposals must be submitted to the GOE Justice Sector Working Group (a review body formed under and supported through the JSRP). Such high level intra-governmental coordination of donor activities is a first for the GOE. It is hoped that this example will influence other sectors within the government to take a more proactive stance in resource management and planning.

5. Review of Issues and Actions from the Last SAR

1. Rule of Law: As reported above, implementation and spending under the grant were delayed. As a result, the first judicial reform observational visit to another Latin American country was delayed until the start of the next reporting period. However, an observational trip to the United States was made. As well, contracting for the case backlog and case processing time was not completed within the reporting period. However, pre-trial detainee baseline study was transformed into a database management tool pilot activity and begun. The Ecuadorian Supreme Court has repeatedly expressed its satisfaction with the pilot activity and its appreciation. The draft strategy will be completed during the next reporting period. CLD has successfully completed the majority of activities called for under its Cooperative Agreement (CA) with USAID. During the next reporting period some additional activities will be added to the CA and other small adjustments will be made. Finally, the mission successfully promoted GOE donor coordination and will continue to participate in GOE led coordination meetings.

2. RTAC: RTAC/Ecuador has continued to be an active participant in the negotiations surrounding the proposal and budget for a new RTAC II Mexico office. The appointment of the local implementing organization manager as President of the Committee of Distribution Center Managers of RTAC II is evidence of the quality of RTAC/Ecuador's contribution and the esteem in which it is held by its colleagues.

3. EDSP: Participant target levels have not been revised pending a decision from mission technical offices about the availability of project funds to support "buy-ins" to EDSP. The participant target decisions will be made during the next reporting period.

6. Major Actions for the Next Six Months

1. Implement the JSRP grant. This includes the development of a draft Ecuadorian judicial reform strategy and at least one visit to another Latin American country to observe judicial reform.

2. Amend CLD's CA to include new activities, extend the life of activity by approximately one month and make other adjustments.

3. Facilitate a Mission review of progress to date under the JSRP.

4. Determine whether the JSRP will be extended or a new rule of law activity will be designed.

5. Make progress on the development of an RTAC/Ecuador supported Center for Teaching Excellence.

6. Revise the RTAC/Ecuador implementing agency structure and begin a publicity and marketing campaign.

7. Revise EDSP participant targets.

8. Conduct the EDSP mid-term evaluation.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A X B ___ C ___

I. BACKGROUND DATA

Project Title: Andean Peace Scholarship Program (CLASP I)
 Project Number: 518-0067
 Date of Authorization: original 02-14-85 last amendment 02/21/89
 Date of Obligation: original 09-21-87 last amendment 09/21/89
 PACD: original 09-30-91 amend to 09-30-94*
 Implementing Agencies: Development Associates & World Learning Inc. (WLI),
 formerly called the Experiment in International Living
 (EIL)
 Major Contractors: same as above
 USAID/Ecuador Proj. Officer: Jennifer Stimson
 Status of CPs/Covenants: N/A

Date of Last Evaluation: 10-24-91 Next evaluation: 09-94
 Date of Last Audit: 04-93(WLI) Next Audit: N/A
 Planned number of yearly non-federal audits of recipients for which the mission will be responsible under the Audit Management and Resolution Program: 1
 Number of such audits contracted for/completed during the reporting period: 0

*PACD for regional project. APSP/Ecuador ended 09-30-93.

FINANCIAL DATA

Amount Authorized: DA Grant: original \$6,313,000 last amend \$6,879,000
 Amount Obligated: DA Grant: original \$ 75,000 last amend \$6,519,517
 Amount Committed: Grant - Period: \$ 0
 Cumulative: \$6,519,517

Current FY Oblig.: Grant: \$ 0

Accrued Expenditures: Grant:
 Period - Projected: \$ 3,264
 Period - Actual: \$ (27,146)*
 Cumulative: \$6,169,040
 Period - Next: \$ 0

Counterpart
 Contribution: Planned: \$ 0
 Actual: \$ 0

% LOP Elapsed: 100.00
 % of Total Auth. Oblig. (Grant) 94.77
 % of Total Oblig. Exp. (Grant) 94.62
 % of Total Auth. Exp. (Grant) 89.68

* The negative figure is due to an error in the accruals exercises conducted in March, 1994. The actual expenditure for the period was \$3,523.50.

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED							
	LOP		PERIOD		CUM		NEXT PERIOD		% OF			
	M	F	M	F	M	F	M	F	CUM	LOP		
1. Training (persons)												
Long term	52	38	0	0	52	38	0	0	52	38	100	100
Short term	181	139	0	0	181	139	0	0	176	147	97	106

III. PROJECT DESCRIPTION

The Andean Peace Scholarship Program (APSP) was a regional subcomponent of the Caribbean and Latin American Scholarship Program (CLASP), the objectives of which were to contribute to the formation of more effective manpower resources, thereby ensuring the leadership and technical skills needed for the progressive, balanced and

pluralistic development of the Andean countries, and to strengthen mutual understanding between these countries and the U.S. The program strategy provided for short and long-term U.S.-based training for current and potential leaders. At least 70 percent of the participants were required to be disadvantaged and 40 percent women.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE (OR OTHER JUSTIFICATION)

1. Specific Linkage to Strategic Objective (SO): N/A
2. Percent of LOP Funds Relating to SO: N/A

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

The purpose of the APSP is to promote democratic values, strengthen U.S.-Andean relations and contribute to the Andean countries' economic, political and social development by providing current or potential leaders with relevant technical and

academic training in priority developmental areas, as well as exposing them to the U.S., its citizens, values, and cultures.

The EOPs were 410 scholarships of which 320 were short-term (one to nine months, average six weeks) and 90 long-term (12 to 30 months). All training took place in the U.S. or Puerto Rico, and included an "Experience America" cultural component. Follow-up activities were conducted in order to increase the effectiveness of the training.

All participants to be trained under the project departed by the end of FY 91. A total of 413 Ecuadorians received APSP training, including 90 long-term participants and 323 short-term participants (three more than were planned for). APSP/Ecuador exceeded Congressional mandates for 40 percent participation by women and 70 percent participation by disadvantaged participants with 44 percent women and 83 percent disadvantaged over the life of project. An APSP follow-on program was established with seven regional alumni associations, 14 technical and academic associations, and a National Coordinating Committee with representatives from the various associations. The CLASP Alumni Association is now organized around provincial chapters.

The November 1991 process evaluation of the project resulted in the conclusion that APSP achieved its purpose. Follow-on activities have been well-received by the returned participants.

Both the U.S. and in-country contractors' accounts have been closed and no more expenditures will be accrued.

VI. PROGRESS DURING REPORTING PERIOD

1. Publication of the two issues of the participant newsletter was delayed.
2. World Learning submitted a final report and final voucher in April. Contract close-out procedures have been begun by RCO and will be terminated during the next reporting period.
3. Surplus funds in the Development Associates contract were not deobligated as planned, but are expected to be deobligated in FY95.
4. The evaluation of long-term APSP participants was not conducted because it was not possible to schedule it until November 1994.

VII. GENDER CONSIDERATIONS

APSP/Ecuador exceeded the Congressional mandate for 40 percent participation by women with a total of 44 percent women over the life of project.

VIII. EVALUATIONS AND AUDITS

The CLASP I evaluation contractor, Aguirre International, performed a process evaluation of the project in October and November 1991, interviewing a total of 234 returned participants. Since 55 long-term participants (61 percent of the total number of long-term participants) were still in training at the time of the evaluation, an additional evaluation of these trainees' programs will be conducted in November 1994 through a buy-in to the CLASP evaluation contract, at the same time as the mid-term EDSP evaluation is conducted. The APSP evaluation will be financed using EDSP funds. An independent financial compliance audit of the World Learning contract was conducted in April 1993.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: Surplus funds in the Development Associates contract were not deobligated as planned.

Corrective Action: This deobligation will be included in the FY95 deobligation plan.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Two issues of the participant newsletter will be published.
2. The World Learning contract will be closed out by RCO.
3. A Project Assistance Completion Report will be prepared.
4. Surplus funds in the Development Associates contract will be deobligated.
5. An evaluation of long-term APSP programs will be conducted in November.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A X B ___ C ___

I. BACKGROUND DATA

Project Title: Ecuadorian Development Scholarship Program (CLASP II)
 Project Number: 518-0091
 Date of Authorization: original 05-02-91 last amendment N/A
 Date of Obligation: original 09-30-91 last amendment N/A
 PACD: original 09-30-97 amended to N/A
 Implementing Agencies: World Learning, Inc. (WLI) (formerly the Experiment in International Living (EIL))
 USAID/Ecuador Proj. Officer: Jennifer Stimson
 Status of CPs/Covenants: N/A
 Date of Last Evaluation: N/A Next evaluation: 11-94
 Date of Last Audit: N/A Next Audit: N/A
 Planned number of yearly non-federal audits of recipients for which the mission will be responsible under the Audit Management and Resolution Program: 1
 Number of such audits contracted for/completed during the reporting period: 0

FINANCIAL DATA

Amount Authorized: DA Grant: original \$6,600,000 last amend \$0,000,000
 Amount Obligated: DA Grant: original \$ 702,283 last amend \$4,432,922
 Current FY Oblig: Grant: \$ 736,988
 Amount Committed: Grant - Period: \$ 200,000
 Cumulative: \$4,432,922
 Accrued Expenditures: Grant:
 Period - Projected: \$ 548,512
 Period - Actual: \$ 426,310
 Cumulative: \$2,649,774
 Period - Next: \$ 515,000
 Counterpart Contribution: Planned: \$ N/A
 Actual: \$ N/A
 % LOP Elapsed: 50
 % of Total Auth. Oblig. (Grant) 67.17
 % of Total Oblig. Exp. (Grant) 59.77
 % of Total Auth. Exp. (Grant) 40.15

II. MAJOR OUTPUTS:

	<u>PLANNED</u>				<u>ACCOMPLISHED</u>				<u>% OF LOP</u>					
	<u>PERIOD</u>		<u>CUM</u>		<u>PERIOD</u>		<u>CUM</u>							
	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>	<u>M</u>	<u>F</u>						
Training (persons)														
Long-term	30	19	14	11	29	20	0	0	11	9	29	15	97	79
Short-term	117	79	0	0	88	59	0	0	0	0	37	59	32	75

III. PROJECT DESCRIPTION

The Ecuador Development Scholarship Program (EDSP) is part of the Caribbean and Latin American Scholarship Program (CLASP II), the goals of which are to promote broad-based economic and social development and to encourage and strengthen a free enterprise economy and democratic pluralism in the Latin American and Caribbean region. EDSP will equip a broad base of Ecuadorian leaders and potential leaders with technical skills, training, academic education, and an appreciation and understanding of the workings of a free enterprise economy in a democratic society. EDSP is a follow-on to the Andean Peace Scholarship Program.

The program strategy provides for short- and long-term U.S.-based training for current and potential leaders. At least 70 percent of the participants shall be disadvantaged

and 40 percent shall be women.

IV. RELATIONSHIP OF PROJECT TO MISSION STRATEGIC OBJECTIVE

- The Ecuador Development Scholarship Program contributes to Strategic Objective No. 3 (SO 3) by equipping current and potential leaders with the leadership and technical/academic skills needed to sustain a democratic society and by exposing them to the workings of a free enterprise economy in a democratic society.

One program performance indicator has been established for EDSP: the percent of CLASP II trainees demonstrating more effectiveness in community professional or institutional activities. Leaders and potential leaders equipped with new skills and knowledge, will be measured by four indicators: (1) number of people trained in the U.S.; (2) number of people exposed to democratic values and activities in the U.S.; (3) percent of CLASP II trainees learning new skills; and, (4) percent of CLASP trainees applying new skills. Data on the program performance indicator and the third and fourth program output indicators will be collected through questionnaires and case studies (by WLI) and special surveys, focus groups and case studies (by the evaluation contractor). Statistics on the first program output indicator will be derived from the CLASP Information System (CIS) data base. Data on the second program output indicator will be gathered through the project reporting system maintained by WLI.

2. Percent of LOP funds relating to SO: 100 percent.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

The purpose of the EDSP is to equip a broad base of Ecuadorian leaders and potential leaders with technical skills, training and academic education, and an appreciation and understanding of the workings of a free enterprise economy in a democratic society. EDSP will provide current or potential leaders with appropriate and relevant technical and academic training in priority developmental areas, as well as exposing them to the U.S., its citizens, values and cultures.

The EOPs are 245 scholarships of which 196 will be short-term (average six weeks) and 49 long-term (12 to 24 months). All training will take place in the U.S. or Puerto Rico and will include an "Experience America" cultural component. Follow-up activities will be conducted in order to increase the effectiveness of the training.

To date, 96 short-term participants and 24 long-term participants have received or are receiving training. The project has exceeded the target of 70 percent disadvantaged participants with 84 percent disadvantaged participants to date. Progress has been good but financial limitations will make it impossible to meet the original targets.

VI. PROGRESS DURING REPORTING PERIOD

1. Short-term training: The community health training program with CEMOPLAF was suspended due to the apparent unavailability of suitable candidates. It was determined that only one more short-term program can be financed using EDSP funds and the decision was made to focus this program on AIDS education and prevention. Meetings were held with GDO/HFPD, the Peace Corps and Alliance, an international NGO supporting community action on AIDS, to discuss a proposal for AIDS-related training. Meetings were held with the technical offices to discuss the possibility of "buy-ins" to EDSP using bilateral project funds, HFPD and ANRO expressed interest in the "buy-ins" but cannot guarantee the availability of funding in time to accomplish the training during FY95.

2. Long-term training: Five master's participants were cut from the program after failing to meet the required TOEFL scores established by the Mission as a requirement for continuation in the program. Twenty master's participants travelled to their US-based English language training (ELT) sites after receiving three in-country orientation sessions (during the reporting period) and a week long orientation program in Washington, D.C. All twenty participants were placed in master's programs in the fall and 12 FY93 master's participants successfully completed their first year of training. Site visits were made to six participants. A FY94 master's participant withdrew from the program and returned to Ecuador in September. New estimated life of project funding is sufficient to cover the FY93 and FY94 master's participant's programs and one more short-term program, and to maintain the World Learning contract and follow-on activities through September 1996 at their current levels.

3. Follow-on: Technical workshops were held for FY93 Natural Resource Administrators, FY93 Amazon Region Community Leaders, FY92 Leaders of Non-traditional Agricultural Producer Associations, and FY92 Women in Agriculture participants. The National Coordinating Council (NCC) did not meet as planned because the directorship delayed

calling a meeting. Since the NCC President left Ecuador in January on a one year internship in the U.S., the directorship has suffered from a lack of leadership, commitment and organization. Publication of a "cuaderno" on natural resources and a participant newsletter was delayed by participants' tardiness in submitting and editing the articles. World Learning conducted two individual case studies, the first on an artichoke producer who participated in the FY92 Small Producers of Non-traditional Agricultural Products short-term program, and the second on an auxiliary nurse from the FY93 short-term program for auxiliary nurses from the Seguro Social Campesino.

4. US\$200,000 in incremental funding for the World Learning contract were obligated in August.
5. The Monitoring and Evaluation Plan was approved, as well as the Scope of Work for the mid-term evaluation. An evaluation specialist from the CLASP central evaluation contractor, Aguirre International, visited Ecuador to assist with the planning for the mid-term evaluation.
6. The EDSP PP was not amended because, based on an examination of project documentation, and in consultation with PPD and O/CONT, it was deemed unnecessary.
7. World Learning's contract for EDSP was not modified to amend the project budget because the nature and cost of possible "buy-ins" by technical offices is undefined. However, the RCO granted provisional approval of the items requiring immediate modification, including an increase in the U.S. director's level of effort and authorization for the contractor to exceed a couple of line items by over 15%.

VII. GENDER CONSIDERATIONS

By Congressional mandate, at least 40 percent of EDSP participants must be women. Fifty-three percent of EDSP participants in the first three years of the project were women. Forty-four percent of master's participants are women.

VIII. EVALUATIONS AND AUDITS

A mid-term evaluation has been budgeted for in the WLI contract and is scheduled for November 1994. Due to financial restrictions and the late timing of the mid-term evaluation, a final evaluation will not be conducted unless additional funding becomes available. In addition to the mid-term evaluation, WLI is responsible for monitoring and debriefing participants, and conducting in-depth interviews and case studies with selected participants and their institutions. A-133 audits will be conducted annually by an independent U.S. affiliated public auditing firm with experience in government GAO standards for audit.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: Budget cuts combined with increases in participant costs will result in the project's training approximately 90 participants less than originally targeted (approximately 155 instead of 245). In order to increase the number or EDSP trainees and take full advantage of World Learning's training programs, the project has offered the technical offices the opportunity to "buy-in" to EDSP

using bilateral project funds. The mechanism for accomplishing these buy-ins would be through OYB transfers. World Learning needs a firm commitment to any buy-in arrangements by the end of the calendar year in order to ensure that adequate staff will be retained to support FY95 training programs. If few or no "buy-ins" are contemplated, decisions may be made to reduce World Learning's administrative structure accordingly. While a couple of technical offices have expressed interest in the buy-ins, funding may not become available until too late in the fiscal year for the training to be accomplished in FY95. EDSP "buy-ins" will not be considered for FY96.

Corrective Action: The technical offices have been given a deadline of November 30, 1994, to advise the EDSP Project Manager if they can commit to "buying into" EDSP in FY95.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Short-term training: The local directorship of the Alliance for AIDS organization will submit a revised proposal for AIDS training at the end of October. If it is accepted, a training design will be developed and recruitment will be initiated for this program. The technical offices will advise the EDSP Project Manager of any firm plans for EDSP "buy-ins" by November 30, 1994.
2. Follow-on: Technical workshops will be held for the following groups: FY93 Auxiliary Nurses, FY92 Supervisors of Health Promoters, FY92 Agricultural High School Teachers, FY93 Natural Resource Administrators, and FY93 Amazon Region Community Leaders. One "Cuaderno" on natural resources and one participant newsletter will be published. World Learning will conduct two individual case studies.
3. The mid-term evaluation will be conducted in November, 1994.
4. Participant targets will be adjusted.
5. The World Learning contract will be amended after numbers of "buy-in" trainees and associated costs have been determined.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A X B ___ C ___

I. BACKGROUND DATA

Project Title: Regional Technical Aid Center II (RTAC II)
 Project Number: 518-0095
 Date of Authorization: original 04-22-91 last amendment N/A
 Date of Obligation: original 08-29-91 last amendment N/A
 PACD: original 09-24-96 amended to N/A
 Implementing Agencies: Corporación para el Desarrollo de la Educación
 Universitaria (CODEU)
 Major Contractors: Aguirre International
 AID Project Officer: Susana Winter
 Status of CPs/Covenants:

 Date of Last Evaluation: August, 1994 Next evaluation: 07-95
 Date of Last Audit: July, 1994 Next audit: 03-95

 Planned # of yearly audits: one # of such audits completed
 during reporting period:
 one

FINANCIAL DATA

Amount Authorized: DA Grant: original \$1,055,100 last amend \$1,514,000
 Amount Obligated: DA Grant: \$1,522,346
 Current FY Oblig: Grant: \$ 449,616
 Loan: \$0,000,000
 Amount Committed: Grant - Period: \$ 316,025
 Cumulative: \$1,522,346

 Accrued Expenditures: Grant:
 Period - Projected: \$ 195,800
 Period - Actual: \$ 355,983
 Cumulative: \$1,378,685
 Period - Next: \$ 330,000

 Counterpart
 Contribution: Planned: \$ 20,322
 Period: \$ 41,230*
 Cumulative: \$ 198,461

 % LOP Elapsed: 64
 % of Total Auth. Oblig. (Grant) 100
 % of Total Oblig. Exp. (Grant) 91
 % of Total Auth. Exp. (Grant) 91

* E.R. S/2258 = \$1
 As of January 1993, CODEU is covering its operation with its own funds.

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED		
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	% OF LOP
1. Books provided	300,000	20,000	145,000	20,000	32,869	197,376	65
2. Books sold	250,000	20,000	130,000	20,000	14,626	81,463	33
3. Reflow account					142,409	823,984	

III. PROJECT DESCRIPTION

The Regional Technical Aid Center II (RTAC-II) project was created to contribute to educational development in Central and South American countries, through the increased availability of high quality, U.S. published texts, in Spanish, at affordable prices to university and technical school students, libraries, and professionals. The project consists of a textbook program, by which university

professors select titles to be adopted as required textbooks for their courses based on information provided in the RTAC II catalog. As of August 1994 the expansion of the catalog to cover all academic areas was approved by USAID/W and the new catalog contains more than 10,000 titles including primary and secondary textbooks, published in any country and available in Spanish.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

- The implementation of RTAC II in Ecuador strengthens the university and educational systems in a variety of ways which reinforce democratic concepts.

- Professors and students have access to a wide range of books in their disciplines and books can be purchased at reasonable prices. This contributes to a rise in the academic level thus enabling them to have up-to-date information available since books are changed periodically as new editions appear.

- Democratic values are transmitted through books. Under RTAC II, a wide range of choice in books is available. Students are no longer forced to buy teacher's notes or pirated books. They increasingly are able to question their professors and form their own opinions based on a variety of sources.

- Through this program we strengthen private enterprise by developing a market based on volume and free competition.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

- Progress toward purpose achievement is good, although the obstacles encountered in each period require additional, more innovative efforts on the side of our counterpart in order to overcome these and to continue an upward curve in sales and in the number of professors using textbooks.

- As part of the academic support component, CODEU organized several seminars and conferences, with the support of the University of Maryland, on new methodologies for the use of textbooks in the classroom. Also, the University's Director of the Center for Teaching Excellence presented their model on how to create such a Center for training of university professors to the authorities of CONUEP and several universities.

- During this semester, total sales amounted to 14,626 books for S/463,471,253 (approximately US\$205,257 at the E.R. of S/2258 per US\$1), of which 76.5 percent were channelled through the distribution network. US\$142,409 were deposited in the reflow account during this semester. The total amount deposited in this account since December 1991 is US\$823,984. Sales are still behind projections; therefore, CODEU will restructure its organization immediately and start an aggressive marketing and publicity campaign in order to better promote the advantages of RTAC prices and wide selection of titles. In this respect, the project manager has recommended that CODEU present a proposal to use funds remaining under the grant, for this purpose, as well as to take advantage of funding for technical assistance which is now available under the regional contract.

VI. PROGRESS DURING REPORTING PERIOD

1. The seventh adoption period took place with the participation of promoters from 10 publishing companies.

2. The data base, contracted under the academic support component, has now over 1,300 indexes of the titles most in demand, and is providing professors and students with a valuable information tool.

3. In the month of July, Dr. James Greenberg, Director of the Center for Teaching Excellence of the University of Maryland, presented their model for a center to train professors with a focus on methods and techniques that can be applied to improve classroom teaching and to motivate students, to the authorities at CONUEP and several universities in Quito and Guayaquil.

4. Also under the academic support component, during the months of June and July, the project presented several conferences with professors Saul Sosnowski and William Harwood of the University of Maryland.

5. Taking advantage of the expansion of the RTAC catalog, the Mission Director allocated additional funds to the project in order to carry out a "pilot project" to test the acceptance and marketing feasibility of books in the areas of privatization, economic and social development, anti-corruption, political sciences, and similar areas. So far, several titles have been requested from publishers in different Latin American countries, and we expect to have the first batch of these books in country by November, 1994.

6. During this reporting period, the Manager of CODEU and the Project Coordinator have had an active role in the Committee of Distribution Center Managers of RTAC II. They were both in charge of organizing the VIII Regional Annual Meeting in Miami during the first week of September. This was the first time that this event was no longer organized by the regional contractor. The agenda, the site of the conference, and the events that took place were praised by all attendants. As a result of this, the Manager of CODEU was appointed President of the Committee for the period 1994-1995 and the Project Coordinator was asked to continue working closely in the coordination of Committee activities.

7. CODEU and USAID met with the new Ministry of Education during the last week of September. The Minister requested CODEU to help with the selection of new textbooks for the curricular reform that is to be implemented in the coming year, in the four levels of basic education. CODEU has already contacted the main publishers that prepared such textbooks for the recent Mexican curricular reform and a special room with the samples from these publishers will be made available to the team assigned by the Minister to carry out this task. We expect that once the textbooks are selected and officially approved by the Minister, the distribution and marketing can be done by CODEU as part of the expansion of RTAC to primary and secondary levels.

VII. GENDER CONSIDERATIONS

The RTAC II project serves both genders equally because both men and women have equal access to the purchase of textbooks.

VIII. EVALUATIONS AND AUDITS

The first audit of the project was carried out during this reporting period. No significant findings were noted.

The second annual evaluation of the project was carried out during this reporting period. The most significant findings were: a) only 30% of university students know about RTAC textbooks, compared to more than 50% of university professors. b) 3.5 out of 7 subjects per semester/year are taught with textbooks; c) students agreed that they learn more from classes taught with textbooks; professors also agree that textbooks are beneficial to the learning process, but the majority of them use textbooks for consultation or research and not for continuous development of a subject; d) professors and students agreed on the importance of learning study techniques, dynamic reading and comprehension techniques, and structured writing.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: The major issue continues to be the distortion of prices in the market.

The publishing companies are openly selling the same RTAC titles, at the same RTAC costs plus bigger margins directly to bookstores. The bookstores then give preference to the non-RTAC provided texts.

Corrective action: This issue forces project management to implement new strategies in order to fight against such practices to maintain the spirit of the project "modern textbooks at affordable prices": a) the project director, who is now the President of the Committee of Distribution Center Managers, has stressed that one of his major actions during the 1994-1995 period will be to see that the tripartite agreement (Distribution Centers/RTAC Mexico/Group A Publishers) approved during the VIII RTAC Annual Conference is strictly enforced to control the market and to negotiate special editions of RTAC best-sellers; b) institute an aggressive publicity campaign promoting the fact that RTAC offers the lowest price to the consumer.

2. Issue: Although the project has been promoted in all Ecuadorian universities, the chaos and administrative disorder of the two largest universities - Central in Quito and Estatal in Guayaquil - has resulted in only partial penetration of the project. More than 50% of Ecuadorian university students are enrolled there.

Corrective actions: a) Plan and carry out an aggressive promotional and marketing campaign, especially in the two big state universities, taking advantage of the administrative changes (elections) that are now occurring. b) Carry out more frequent book fairs especially in state universities, stressing the advantages of RTAC prices and the wide selection of titles.

3. Issue: Although the use of textbooks has gone up since the beginning of the project, this is not adequately reflected in the volume of sales. Not all professors who adopt texts encourage or oblige their students to use them.

Corrective action: a) The adoption procedure has to be revised and redefined. b) Continue the academic support program, but make it available to students also in order to reach a general consensus in favor of the use of textbooks, thus creating a bigger demand.

4. Issue: The lack of a "friendly" management information system causes delays in the delivery of orders which has a negative effect on the project's relations with bookstore owners who have to wait for unusually long periods to get their orders.

Corrective action: CODEU has contracted the design of a complementary accounting program, in order to cope in part with this disadvantage. However, CODEU through the Committee of Distribution Center Managers, will insist that a new MIS should be in place before the end of FY95.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Eighth adoption period (1st semester 1995) from October 15 to November 30, 1994. Arrival of books in country by mid March, 1994.
2. Coordination and participation in the "Feria del Libro Universitario y Politécnico" sponsored by CONUEP, CODEU, Casa de la Cultura, and the Municipality of Quito. (November 26 - December 5)
3. Seminars for professors on "Total Quality Applied to University Teaching" and for students on "How to facilitate the learning process". (Oct. - Dec. 1994)
4. Participation in the Feria Internacional del Libro in Guadalajara to contact new publishers and select new titles in all areas, in view of the expansion of the project. (Nov. 26 - Dec. 4)
5. Publication of a bi-annual newspaper containing RTAC titles and prices to be widely distributed among universities, businesses, industries, and the general public. (first issue by Nov. 30)
6. Signing of an agreement with the Ministry of Education for the selection of textbooks for the curricular reform in all levels of basic education. (Nov. 30)
7. Completion of a plan to establish an adequate credit mechanism for the purchase of textbooks, in view of the new "tributaria" legislation which grants important deductions to private enterprises that donate funds for education and cultural purposes. (Feb/95)
8. Continue coordinating efforts between the University of Maryland and Ecuadorian universities interested in establishing centers for teaching excellence within their institutions. (Jan/95)
9. Implementation of a new marketing strategy and promotional campaign. (continuous as of Oct. 15)

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A X B ___ C ___

I. BACKGROUND DATA

Project Title: Justice Reform Support Project
 Project Number: 518-0105
 Date of Authorization: original 09-23-93 last amendment N/A
 Date of Obligation: original 09-24-93 last amendment 09-30-94
 PACD: original 09-22-95 amended to N/A
 Implementing Agencies: GOE, Corporación Latinoamericana para el Desarrollo
 Major Contractors: N/A
 USAID/Ecuador Proj. Officer: Christof Baer
 Status of CPs/Covenants: N/A

Date of Last Evaluation: N/A Next evaluation: 09-23-94
 Date of Last Audit: N/A Next Audit: 09-22-95
 Planned number of yearly non-federal audits of recipients for which the mission will be responsible under the Audit Management and Resolution Program: 1
 Number of such audits contracted for/completed during the reporting period: N/A

FINANCIAL DATA

Amount Authorized: DA Grant: original \$1,000,000
 Amount Obligated: DA Grant: original \$ 867,028
 Current FY Oblig.: Grant: \$ 132,845
 Amount Committed: Grant - Period: \$ 230,402
 Cumulative: \$ 797,430

Accrued Expenditures: Grant:
 Period - Projected: \$ 395,000
 Period - Actual: \$ 289,738
 Cumulative: \$ 417,737
 Period - Next: \$ 300,000

Counterpart Contribution: Planned: \$ 306,857
 Actual: \$ 0

percent LOP Elapsed: 50
 percent of Total Auth. Oblig. (Grant) 100
 percent of Total Oblig. Exp. (Grant) 42
 percent of Total Auth. Exp. (Grant) 42

II. MAJOR OUTPUTS

	PLANNED				ACCOMPLISHED		% OF LOP
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	
1. Number of laws drafted*	4	1	1	3	0	1	25
2. Studies completed**	3	0	0	3	0	0	0

* Number of laws drafted has been lowered from 6 to 4. This change is necessary because the Working Groups have decided to focus on the revision of the Constitutional Reforms presented to Congress by the Executive Branch.
 ** Studies have been contracted for and will be completed during next period.

III. PROJECT DESCRIPTION

The purpose of the Judicial Reform Support Project is to support Ecuadorian judicial reform efforts and GOE activities to improve the administration of justice. The Justice Reform Support Project consists of two separate agreements: (1) a Limited Scope Grant Agreement (LSGA) with the Government of Ecuador (GOE); and, (2) a Cooperative Agreement (CA) with the Corporación Latinoamericana para el Desarrollo (CLD). While there are two separate agreements, all activities focus on the creation of an Ecuadorian strategy for continued and sustainable justice sector

reform.

The LSGA is providing funding for: (1) a Justice Sector Working Group (JSWG) composed of representatives from the Supreme Court, the Attorney General's Office, the General Prosecutor's Office, the Ministry of Government, the Secretary of Public Administration, USAID/Ecuador, and the private sector. The primary purpose of this Working Group will be to design a project proposal to support Ecuadorian justice sector reform which will be presented to USAID/Ecuador and other donors for funding; (2) studies which include baseline data gathering; (3) travel for public and private sector officials to observe judicial reform efforts in other countries; (4) project management; and, (5) audit and evaluation.

Four sets of activities are being funded under the CA with CLD: (1) Judicial Reform Constituency Building and Public Education. Under this component CLD will promote greater public understanding and support for judicial reform efforts; (2) Judicial Reform Technical Support. The purpose of this component is to accelerate and deepen the reform process through several activities including the provision of secretariat services to the Quito and Guayaquil Private Sector Working Groups; and the drafting of legislation; (3) CLD institutional development. The basic purpose of this is to support CLD's efforts to develop itself into a self-sufficient, independent, and broadly based non-governmental judicial reform organization with widespread support; and, (4) monitoring and evaluation.

IV. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES (OR OTHER JUSTIFICATION)

1. The administration of justice in Ecuador is in a state of crisis. The growth in Ecuador's population over the last twenty years, and the accompanying shift in its geographic distribution from rural to urban areas, has placed increased demands on the judicial system. Depressed economic conditions in the 1980s further contributed to demands on the courts as crime rates increased. Ecuador is in an urgent need of reform to its justice system. The JSRP directly supports USAID/Ecuador Strategic Objective No. 3 (SO 3), "Strengthen democratic institutions with greater citizen participation", by providing the Ecuadorian justice sector with the necessary assistance to develop an Ecuadorian strategy for continued and sustainable justice sector reform. The project will also support private sector efforts to build public consensus for judicial reform and provide the necessary assistance to the public sector for the drafting and enactment of necessary legislative reforms. Finally, the project will support the institutional strengthening of a local NGO working in the area of judicial reform, thereby creating a local capability for future efforts in this area.
2. One hundred percent of the LOP funds relate to SO 3.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT AND PROJECT OFFICER'S ASSESSMENT

A coordinator has been contracted under the LSGA to address judicial reform issues for the Office of the Presidency. The role of this person is to coordinate the activities of the JSWG, the Executive Branch and other donors. As such the coordinator has been charged with authorship of the judicial reform action plan. Portions of this action plan have been drafted and will be submitted to the JSWG for its review and approval in the next reporting period. Additionally the coordinator has played an active role in discussing the justice sector needs with other donor and financial entities. This process has facilitated the discussions between the aforementioned institutions and the GOE. Finally, the coordinator has also facilitated internal GOE discussions which has resulted in the inclusion of judicial reform in the national development plan. Therefore, progress towards achievement of the project's purpose has been good.

The above mentioned actions have been crucial to successful implementation of USAID/Ecuador's strategy of making judicial reform a topic of national importance, helping Ecuador accelerate its judicial reform process, and setting the basis for the involvement of other donor institutions in the Ecuadorian reform process.

These efforts have been supported by the private sector through the CA with CLD. Under this agreement a public awareness campaign has been designed and will be implemented in the next reporting period. CLD has succeeded in carrying out the majority of activities required under the CA. For more details see Section VI.

VI. PROGRESS DURING REPORTING PERIOD

1. Portions of the action plan for the justice sector have been drafted and will be further discussed in the JSWG. This first part of the drafting process has been the most difficult since it involved the design of the methodology to be followed and the development of the action plan's structure. The final version of the action plan will be presented in the next reporting period.

The baseline gathering studies are being contracted for. The Study on Prisoners in Preventive Detention has been expanded to include a pilot activity to design a database to track the cases of prisoners without sentence. This database will be the first of its kind in Ecuador and will be a powerful tool to drastically reduce the number of such prisoners. The database will be ready in the second

month of the next reporting period.

Two observational trips for justice sector authorities have been scheduled for the first quarter of FY95. These trips will teach the Ecuadorians about the judicial reform processes in Uruguay, Argentina, Chile, Colombia, Costa Rica and Puerto Rico.

2. Progress in CLD's CA has been good. Under the Judicial Reform Constituency Building and Public Education component CLD has continued to actively promote public understanding of and support for the Ecuador judicial reform. Indeed, public discussion of the problems that the judicial system faces has greatly increased since the signing of the CA. This is demonstrated by the fact that the number of newspaper articles dealing with justice issues has risen 400%. Under this same component CLD is developing a Communications Strategy for the Public Opinion Campaign which centers on the idea of marketing the judicial reform process as a national goal. The campaign will be implemented in the next reporting period. A series of ads have been designed and will appear in newspapers, magazines and on television. As a parallel action a communications expert will be hired to support the campaign by lobbying for this national goal among the decision makers of Ecuador's society.

Under the Judicial Reform Technical Support component CLD has continued providing the Quito and Guayaquil Working Groups with technical and secretariat support. The Groups are currently focusing on the constitutional reform process which is one of the GOE's initiatives. The Groups will not only analyze and discuss the judicial aspects of the proposed reforms but also the constitution as a whole. The proposed reforms are aimed at modernizing the structure of the Ecuadorian government. The groups will present their recommendations to Congress and the Executive Branch. The Working Groups' input to the proposed constitutional reforms will improve their quality and enhance the level of their discussion among Congress and the Executive Branch. The Working Groups have also been working on the Penal Procedures Code and the Organic Law of the Judicial Function. These draft laws will be ready in the next reporting period.

Major pieces of legislation have been revised and/or drafted in this reporting period and are now ready for public discussion. This includes the Penal Procedures Code and the Organic Law of the Judicial Functions. CLD has done an excellent job by increasing its communications and good relations with the Supreme Court. This is reflected by the fact that the Working Group's proposal for a new Organic Law of the Judicial Function has been merged with the Court's proposal.

The CLD institutional strengthening process has been efficiently implemented. All the mechanical aspects (i.e. accounting system, administrative manuals) of CLD's administration are in place. The only concern centers on the delay of getting the Board of Directors more involved in CLD's development (see Section IX).

VII. GENDER CONSIDERATIONS

This project centers on the development of an Ecuadorian Strategy for judicial reform which will take gender related issues into consideration.

VIII. EVALUATIONS AND AUDITS

The Mission has decided to conduct an internal evaluation of the project after its first year of implementation. This process will be carried out at the beginning of the next reporting period.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: One of the major outputs of the CA with CLD is a broadly-based, high level Board of Directors (BOD) that is actively involved in establishing CLD policies, setting program priorities and helping in fund raising. Members of the Guayaquil and Quito Rule of Law Working Groups have joined CLD's BOD. Nevertheless the Board has not involved itself in the direction of the organization to the extent desired. This is part due to the fact that it is difficult for these individuals to differentiate between their role as members of the Working Groups and as members of the Board.

Corrective Action: USAID/Ecuador's will closely monitor progress in activities to promote a greater understanding of the need for an active BOD among its members and its administrative staff. First priority under the CLD Institutional Strengthening Component will be granted to providing training to the BOD to increase its members' understanding of their role in the organization.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Start implementation of public awareness campaign.
2. Observational visits to Uruguay, Argentina, Chile, Colombia, Costa Rica and Puerto Rico.
3. Delivery of action plan.
4. Training activities for members of the CLD's BOD.
5. Completion of Prisoners in Preventive Detention database.

SEMI-ANNUAL PORTFOLIO REVIEW FOR STRATEGIC OBJECTIVE 4:

"Promote the sustainable use of natural resources, the conservation of biological diversity, and the control of pollution"

April 1, 1994 - September 30, 1994

1. Summary Assessment of Overall Performance of the Strategic Objective Portfolio

The mission's projects and programs designed to achieve the three Program Outcomes: (1) Improved Environmental Policies and Implementation, (2) Improved Management of Natural Resource and Biodiversity Activities in Selected Areas, and (3) Improved Practices for Pollution Control and Urban Environmental Management in Selected Areas continue to perform well.

Projects contributing to the SO include: Sustainable Uses for Biological Resources (SUBIR-0069), Shelter Sector Technical Assistance (SHELTER-0076), Environmental Education and Technology Transfer (OIKOS-0117), the Charles Darwin Foundation (GALAPAGOS-0107), Agricultural Sector Reorientation (ASRP:IDEA-0051), Agricultural Education II (WPF-0082), the new PL480 Title II CARE/FISE/NGO Support Fund, and several USAID/W funded projects including Cooperative Agreement with the World Resources Institute's Center for International Development and Environment (WRI-5517), Environmental Pollution Prevention (EP3-5559), Environmental Education and Communication (GREENCOM-5839), Parks in Peril (PIP-0782), Sustainable Agricultural and Natural Resource Management (SANREM CRSP-4198), Environmental Management Systems (EMS-0605), Environment and Natural Resource Policy and Training (EPAT-5555), and LACTECH (0807).

(PO 1) Progress towards the completion of a national environmental action plan, led by the Presidential Environmental Advisory Commission (CAAM), with the technical assistance of the WRI, remains on course and the nation's second Environmental Congress has been scheduled for February, 1995, wherein a final version reflecting a consensus among GOE and NGO/PVO entities will be formally adopted. Based upon a major evaluation of the SUBIR project completed in June, the design of Phase II emphasizes a renewed focus upon policy analyses, dialogue and reforms associated with the sustainable use of natural resources and the conservation of biological diversity.

Passage of the new Agrarian Development Law on June 14, 1994, conceived and promoted under the ASRP/IDEA sub-project agreement, is expected to have a profoundly positive effect upon rural economic growth, thereby reducing socio-economic pressure upon Ecuador's national parks and ecological reserves. RHUDO's work with local private sector and NGO/PVO entities, which is designed to reinforce the mission's municipal development strategy contained in the Policy Dialogue and Implementation Project, has successfully led to the adoption of a solid waste management program based upon the concepts of cost-recovery and cost-sharing among beneficiaries in one of Ecuador's major secondary cities. RHUDO has continued providing support to municipalities in the establishment of legal frameworks for autonomous water and sewerage companies and in financial management analysis and has completed the scope of work for a major urban environmental strategy assessment with assistance from EPAT.

(PO 2) The June, 1994 SUBIR project evaluation concluded that "substantial results have been achieved and initiatives launched with a high probability of success" to improve the management of natural resource and biodiversity activities in selected areas during its first two years of field implementation. Ecociencia (a local PVO) has "become Ecuador's premier biological research and training institution, capable of supporting not only Phase II of SUBIR but similar initiatives elsewhere. SUBIR has made significant strides in opening channels of communication between environmental groups and natural resources related industries, particularly with Endesa/Botrosa in timber and Maxus in oil exploration. The geographic focus of the project is particularly conducive to the conservation of ecosystem diversity...in three protected

areas and their buffer zones that efficiently encompass an array of more than a dozen distinct ecosystems, from Pacific mangroves through cloud forests, páramos, and the forests of the Amazon." Parallel activities under the Greencom, Parks in Peril, and SANREM CRSP, the WRI-CAAM Environmental Action Plan and the Charles Darwin foundation have successfully initiated activities to influence public and private sector attitudes towards pesticide management and the impact of pollutants upon Guayaquil's Estero Salado and its tributaries, to improve protective measures to conserve the uniqueness of the Galapagos Islands and other parks in peril, to establish scientific baselines and benchmarks to determine measures of sustainable natural resource management, and to promote increased public awareness that we "protect what we value".

(PO3) The decision to integrate RHUDO activities into SO 4 has directly affected the mission's ability to increasingly address the many urban and industrial contamination issues confronting Ecuador. RHUDO is assisting municipalities to improve administrative and financial management skills necessary for extending basic environmental infrastructure and services including sewerage, solid waste management, and safe drinking water systems. Through mission access to the EP3 and Greencom projects, and working with the EDUCAR Project's OIKOS Foundation and a new Limited Scope Grant Agreement with CAAM, the mission has obtained expert technical assistance from the Environmental Protection Agency, the Academy for Educational Development, and other U.S. agencies to address critical and immediate environmental emergencies, including a large forest fire in the Galapagos, an impasse between banana and shrimp producers regarding the causes of high mortality among shrimp larvae (referred to as the Taura Syndrome), the establishment of an oil clean-up trust fund, and the adoption of pollution prevention technologies by an initial group of Ecuador's most offending industries.

2. Significant Sector Developments and Issues having Positive Impact/Deterrence on Project Contributions to the SO

(PO 1) The Global Environmental Facility (GEF) of the World Bank has approved an \$8.2 million project to protect biodiversity by improving conservation administrative capability in Ecuador, through the National Forestry and Parks Agency (INEFAN - the GOE counterpart to the SUBIR project). This will be accomplished by (1) strengthening the central administration of INEFAN and decentralizing natural areas management, (2) preparing area management plans, (3) educating and training INEFAN staff and area vicinity residents, (4) developing infrastructure and ecotourism, (5) developing communities contiguous to protected areas, (6) defining national policies for the protection of biodiversity, (6) promoting legal reforms to implement the new policies, (7) strengthening the institutional framework of INEFAN, and (8) creating a Program and Project Coordination Unit within INEFAN. The mission expects that most of the Phase II SUBIR activities will be increasingly assumed by the GEF facility during the next three years, thus facilitating the "graduation" of SUBIR Phase III to GEF-World Bank funding by 1998.

(PO 2) In July, the mission successfully obtained approval of a \$3 million PL480 Title II donation through CARE International. Local currency generated by the sale is targeted to promote and support productive and environmental projects submitted by NGOs and PVOs from Ecuador's poorest rural and peri-urban regions. The program is designed to strengthen and expand NGO/PVO support by the GOE's Emergency Social Investment Fund (FISE). The SUBIR project has forwarded ten proposals to FISE, totaling more than \$160,000, to support projects which directly address improved natural resource management.

The June, 1994 SUBIR project evaluation concluded that although "substantial results have been achieved", nevertheless, "serious problems....must be rectified...before authorization to embark on Phase II. Project management oversight and policy guidance has proved unworkable due to duplication of administrative processes and delays in making and implementing critical decisions. Legitimate project management interventions by USAID/Ecuador have been frustrated. Different chains of authority have led to management frustration, created confused signals, and contributed to high turnover from the coordinator down through the Project field staff. [M]ore than 300 activities....reflect an overburden of disparate activities in scattered sites. In short, SUBIR is not yet able to function as the "learning institution" it was intended to be in the Project Paper. Solving these problems will require a major investment of time and changes in SUBIR structure and operations." Based upon these findings, the mission took immediate action to streamline project management, reduce and focus the number of project activities, and to incorporate all of the evaluation recommendations into the design of Phase II.

(PO 3) The Ecuador Pollution Prevention Program (E2P3), the result of a "buy-in" to the USAID/W-based EP3 project, has been established and staffed within the OIKOS foundation's Quito office. A national program coordinator, a local pollution prevention expert and an information/training specialist have been hired. Based on site visits already performed at fifteen plants, E2P3 teams have carried out nine pollution prevention pre-assessments. Under the urban environmental management activity, an analysis of solid waste collection services, coverage rates and recommendations was completed and presented to the Mayor of Machala, the City council and municipal department directors. The recommendations to increase coverage are now being implemented, including the creation of a parastatal solid waste management enterprise with fiscal autonomy, the contracting of microenterprises (tricycle collectors to navigate the city's narrow streets) to provide collection services, and the transformation of an open air dump to a sanitary landfill.

3. Monitoring of Strategic Objective Indicators

The June, 1994 SUBIR project evaluation concluded that "at present, the integrated analysis of project activities is essentially nonexistent. After nearly three years of implementation, SUBIR still has no functioning monitoring and evaluation (M&E) system. This means that USAID/Quito still has no means for carrying on its own Strategic Objective impact evaluation of progress toward meeting environmental and natural resource goals." Subsequently, an M&E specialist was contracted as part of the Phase II design team, and based upon the recommendations, a comprehensive (albeit simplified) M&E system is being designed for the second phase of the project. It is highly probable that the new system will impact upon the mission's current SO 4 indicators for Program Outcomes 1 and 2.

With the recent initiation of activities contributing to Program Outcome 3, OIKOS has completed a detailed six-month work plan incorporating E2P3 activities and has established bi-weekly meetings with USAID/E to monitor progress and track budget expenditures against proposed accomplishments.

4. Recent Developments in Policy Dialogue Related to SO

(PO 1) The purchase and distribution by the mission of 100 copies of Dr. Douglas Southgate and Dr. Morris Whitaker's "Economic Progress and the Environment: One Country's Policy Crisis", Oxford University Press, 1994, (based upon an earlier version funded by USAID/Ecuador) among Ecuadorian leaders and policy makers is expected to have a far-reaching impact upon the dialogue linking empirically demonstrated rural economic growth and market concepts to environmental protection. A Spanish summary of the original text has been prepared for under the ASRP/IDEA sub-agreement for wide distribution among Ecuadorian policy makers. Dr. Southgate has since been contracted through EPAT to develop the terms of reference for an urban environmental industrial assessment.

In preparation for the second National Environmental Congress and adoption of the Environmental Action Plan, a statement of Basic Environmental Policies (representing inter-institutional and intra-governmental consensus regarding environmental policies) was passed as a presidential decree and published and widely distributed by CAAM in June. A similar document, developed by CAAM, the Ministry of Energy and Mines, and the state-owned oil conglomerate (Petro-Ecuador), outlining basic environmental precepts related to the sustainable development and exploitation of Ecuador's petroleum resources, was published and widely distributed.

(PO 2) Under approved activities within the SUBIR and CAAM agreements, natural resource management and environmental awareness training activities have been incorporated into the Armed Forces basic training curriculum and environmental impact assessment training courses (leading to certification) have been developed and commercially offered to the public.

(PO 3) "Options for an Oil Clean-Up Fund", a report based upon the EP3 Technical Assessment team's visit to Ecuador has been prepared for distribution among cognizant Ecuadorian individuals and organizations, as well as the EPA's assessment of the Taura Syndrome, which includes recommendations for the structuring of a clean-up fund for Guayaquil's Estero Salado and its tributaries. Support for this effort from the Inter-American Development Bank has reportedly been obtained by the Municipal government of Guayaquil.

5. Review of Issues and Status of Actions from the last SAR

(PO 1) A \$250,000 Limited Scope Grant Agreement has been awarded to CAAM to support the development of the Environmental Action Plan and parallel activities.

(PO 2) Based upon the June, 1994 SUBIR Project evaluation, several actions have been taken by the mission to immediately implement "bridging" recommendations into Phase II, and the formal design for Phase II has been contracted; final recommendations are expected in early October. Buy-in's with both the Greencom and EP3 projects have been completed and several valuable technical assistance missions completed under their auspices. A partially revised M&E plan for SO 4 will be completed during the next semester, based upon the SUBIR Phase II M&E plan, to be completed in late October.

A \$300,000 add-on was awarded to OIKOS to continue with the EDUCAR Project. This add-on to OIKOS will enhance its institutional capacity, reinforcing its ability to implement the EP3 and GreenCom Projects, as well as other activities.

6. Major Actions for the Next Six Months

(PO 1) The second National Environmental Congress will be held in February, wherein it is expected that the Environmental Action Plan will be approved and adopted. The policy element for SUBIR Phase II will be finalized and implemented and up to four Ecuadorians will have begun their Ph.D. training in Environmental or Natural Resource Economics in the U.S. under the SUBIR training element.

(PO 2) The existing MOU with the SANREM CRSP, a USAID/W centrally-funded project to develop sustainable natural resource management benchmark criteria, will be modified to reflect the actual emphasis upon and linkage to local institutions associated with the Sustainable Uses for Biological Resources Project (0069), in place of the existing official (but non-operative) agreement with FUNDAGRO. SUBIR Phase II activities will be finalized and their implementation begun. Mission emphasis will be upon eventual graduation of SUBIR activities to GEF-World Bank funding of Phase III, by 1998.

(PO 3) A kick-off meeting to promote the E2P3 program is planned by OIKOS for the end of November. At least two round table seminars to discuss and share the advances of the industrial assessments will also be held. During the next period, a document clearing house will be established and pollution prevention diagnostics will be

completed for five industries. An assessment will be conducted to define measures through which OIKOS, CAAM and other local entities may access the EPA's new TIES program.

PROJECT STATUS REPORT
April 1, 1993 - September 30, 1994

A ___ B X C ___

I. BACKGROUND DATA

Project Title: Sustainable Uses for Biological Resources (SUBIR)
 Project Number: 518-0069
 Date of Authorization: original 08-14-91 last amendment 00-00-00
 Date of Obligation: original 08-30-91 last amendment 07-29-94
 PACD: original 09-30-98
 Implementing Agencies: National Forestry and Parks Agency (INEFAN)
 Institute of Agricultural Strategies (IDEA)
 World Resources Institute (WRI)
 University of Georgia (SANREM CRSP)
 Presidential Env. Advisory Commission (CAAM)

Major Grantees: CARE Intl; The Nature Conservancy, Wildlife
 Conservation Society, Presidential Advisory Environmental Commission

AID Project Officer: Ron F. Ruybal
 Status of CP's/Covenants: 100 % met

Date of Last Evaluation: 05-29-94 Next evaluation: 05-29-96
 Date of Last Audit: 09-30-93 Next Audit: 01-30-95

Planned number of yearly non-federal audits of recipients for which the mission will be responsible under the Audit Management and Resolution Program: 1
 Number of such audits contracted for/completed during the reporting period: 1

FINANCIAL DATA

Amount Authorized: DA Grant: original \$9,000,000
 Amount Obligated: DA Grant: original \$2,986,053 Last Amend \$5,302,053
 Current FY Obligated: \$6,189,198

Amount Committed: Period \$ 637,145
 IDEA \$ -0-
 CARE \$ 624,212
 JCC Advisor \$ -0-
 CAAM \$ 250,000
 Cumulative: \$5,939,198
 IDEA \$ 286,300
 CARE \$4,872,053
 JCC Advisor \$ 143,700
 CAAM \$ 250,000

Accrued Expenditures: Period-Projected: \$ 600,000
 Period-Actual: \$ 979,890
 IDEA \$ 27,319
 CARE \$ 403,565
 JCC Advisor \$ 1,645
 CAAM \$ 5,000
 Cumulative: \$4,201,858
 IDEA \$ 132,865
 CARE \$2,983,212
 JCC Advisor \$ 105,891
 CAAM \$ 5,000
 Period-Next: \$1,200,000

Counterpart Contribution: Planned: \$1,215,800
 Actual: CARE \$ 639,000
 INEFAN \$ 350,000
 CAAM \$ 100,000

% LOP Elapsed: 48%
 % of Total Auth. Obligated: 69%
 % of Total Oblig. Expended: 68%
 % of Total Auth. Expended: 66%

11. MAJOR OUTPUTS:	PLANNED				ACCOMPLISHED		
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	% OF LOP
1. Community Organizations Implementing SUBIR-Promoted Activities	150	0	8	25	35	47	31
2. Ecuadorian NGOs Implementing SUBIR Activities	20	16	18	10	10	35	175
3. Government Organizations Implementing SUBIR Activities	8	1	2	3	3	9	112
4. Park Management Plans Implemented	6	2	3	0	1	5	83
5. Community-Based Ecotourism Programs Developed	12	4	7	2	3	8	66
6. Land-Use Models in Community Forestry, Agriculture, and Biological Resources Extraction Developed	27	13	16	13	8	17	63
7. Demonstration Plots Established in Buffer Zones	90	36	46	36	40	98	109
8. Community Tree Nurseries Producing Seedlings	150	7	17	4	4	12	8
9. Hectares of Buffer Zone Lands Treated with SUBIR-Promoted Technology	12,000	500	520	50	280	620	5
10. Training (persons)	PLANNED				ACCOMPLISHED		
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	% OF LOP
	M & F	M F	M F	M F	M F	M F	M & F
a. Professionals trained in applied research methods	200	15 10	38 13	15 10	35 16	92 39	65
b. Community organization leaders trained in planning/accounting	100	20 40	40 50	20 40	0 5	61 30	91
c. Members of Ecuador's armed forces trained in environmental sciences	800	200 400	200 200	200 200	200 200	200 200	25
d. Reserve guards & community extension agents trained (continuous)	100	50 15 70	15 50 15 75	1 128	1	129	
e. Participants receiving training in land use technologies	2000	50 25 120	55 50 25 310	180 480	250	36	
f. Community workshops or seminars held in each of the six areas	30	50 100	50 100	50 100	100	116	

CAAM Activities ¹ :	PLANNED				ACCOMPLISHED		
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	% OF LOP
11. Development of National Environmental Action Plan (EAP)							
a. Three sectoral environmental strategies being implemented for improved management of fragile ecosystems, non renewable natural resources, and urban pollution	3	0	0	3	0	0	0
b. Four environmental programs being implemented on combating urban pollution, protecting biodiversity, reducing deforestation, and sustainable petroleum development	4	0	0	2	0	0	0
c. Eight regional seminars or workshops provided on national Environmental Action Plan	8	0	0	6	0	0	0
d. Establishment of a national training system for conducting envmnt. impact assessments	1	0	0	1	0	0	0
e. National Trust Fund for the Environment established	1	0	0	0	0	0	0
12. Second National Environmental Congress ¹							
a. Convene Second National Environmental Congress	1	0	0	1	0	0	0
b. Analyze and prioritize by sector the governmental environmental policies	1	0	0	1	0	0	0
c. Complete assessment of civil society's role and its relationship with the state regarding the environment	1	0	0	0	0	0	0
d. Implementation of EAP recommendations regarding improved environmental management	1	0	0	0	0	0	0
13. Community Participation in the Development of EAP ¹							
a. Complete five studies describing how to facilitate dissemination of information to assure full participation civilians	5	0	0	2	0	0	0
b. Complete three educational campaigns describing EAP	3	0	0	2	0	0	0

	PLANNED				ACCOMPLISHED		
	LOP	PERIOD	CUM	NEXT		CUM	% OF LOP
				PERIOD	PERIOD		
14. Support for Resolution of the "Taura Syndrome" ¹							
a. Establish a mechanism among public agencies at national, regional and local levels, the private sector, and research entities, related to Syndrome to better coordinate efforts and resources	1	0	0	1	0	0	0
b. Establish information reporting system for the Gulf of Guayaquil to monitor areas affected by Syndrome	1	0	0	1	0	0	0
c. Establish a professional and institutional strengthening training program to provide support to institutions and individuals working with problems related to Syndrome	1	0	0	1	0	0	0
d. Establish policies, strategic interventions, and regulations for improved environmental management and to reduce pollution being applied in the Guayaquil Gulf and surrounding areas	1	0	0	1	0	0	0
15. Institutional Development ¹							
a. Establish CAAM as a functioning entity	1	1	1	0	1	1	100
16. International Travel ¹							
a. Improve international image of Ecuador regarding environmental matters (trips)	4	2	2	1	2	2	50
b. Implement the EAP by means of various sources	1	0	0	0	0	0	0
c. Firmly establish relationships with U.S. environmental community	1	0	0	0	0	0	0

¹ Added to SUBIR outputs under Limited Scope Grant Agreement with CAAM on 9/21/94. Output units may be subsequently quantified.

III. PROJECT DESCRIPTION

The purpose of the project is to identify, test, and develop economically, ecologically, and socially sustainable resource management models in selected protected areas and their buffer zones in order to preserve biodiversity and improve

the economic well-being of local communities through their participation in the management of renewable natural resources.

The project is organized under six major components: (1) policy analysis, dialogue, and training; (2) organizational development; (3) natural areas management; (4) ecotourism development; (5) improved use of land and biological resources in buffer zones; and, (6) research and monitoring.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

The project supports Strategic Objective 4 (SO 4): "Promote the sustainable use of natural resources, the conservation of biological diversity, and the control of pollution."

The project relates directly to the Agency's and LAC's environmental goals of reducing long-term threats to biodiversity by achieving two of the SO 4 program outcomes: "improved environmental policies" and "improved management of natural resource and biodiversity activities."

The project contributes to: (1) increased public and private understanding of policy issues through research and analysis of the impact of natural resource policies on natural resource use; (2) the identification and specific policy reform initiatives required to improve natural resource use efficiency; (3) the presentation of policy alternatives and the development of consensus among those who influence and/or make policy decisions; and, (4) the monitoring and evaluation of natural resource policy reforms.

Implementation of project activities is based on the assumptions that: (1) change in land-use practices will slow the loss of biodiversity; (2) that national level policy reforms can be coordinated with field activities to obtain the desired change of behavior from resource mining to resource management; (3) that economically attractive and socio-culturally acceptable natural resource models can be developed, field tested and adopted; and, (4) that with increased local economic diversity and improved technology, residents will opt for intensive rather than extensive land use.

V. PROGRESS TOWARD PURPOSE ACHIEVEMENT (EOPS) AND PROJECT OFFICER'S ASSESSMENT

The purpose of the project remains a valid statement. The project continues to make progress in gathering important baseline data for SO 4 and meeting objectives in park and protected area management.

VI. PROGRESS DURING REPORTING PERIOD

1. The project evaluation was completed according to the terms of reference and a four person team arrived in early April. The mission approved the evaluation document in late May. The scope of work for the Phase II design was completed, a Gray Amendment firm selected to conduct the design, and a five person team was approved by the mission to begin field work in early July.
2. Based on recommendations from the evaluation, the mission approved the assignment of unity of command for project management to CARE through the end of Phase I.
3. IDEA has been unable to establish a new sub-contract with CARE; therefore, three of the five analyses have since been contracted by CARE's new Policy Analysis component.
4. The project coordinator resigned and the deputy coordinator assumed this position. The TNC Coordinator of Ecotourism and Protected Area Management

components ended his three year contract with the project.

Clean-up Fund, based upon their site visits in Ecuador.

5. A Policy Analysis Coordinator was contracted and the Policy Analysis Component began to function in late June. The first group of paralegals graduated from their eight month course and began to generate information at the grassroots community level for legalization of their communal lands and/or local organizations. The Policy Analysis component prepared the terms of reference and contracted the technical assistance necessary to carry out three national policy studies: monitoring the environmental changes associated with the new agrarian reform law, developing guidelines for the decentralization of protected areas, and providing a working model to include community based ecotourism in the new tourism law.
6. Project field activities were reduced and focussed upon the Cotacachi-Cayapas Reserve based upon the external evaluation recommendations, and an ecotourism plan was initiated in Playa de Oro. Terms of reference for institutional strengthening plans for the environmental NGO's EcoCiencia and Jatun Sacha were completed.
7. A biodiversity symposium was held in coordination with INEFAN. More than 160 individuals from 30 organizations attended the event and received a publication containing 41 research abstracts produced by the project's Research and Monitoring component.
8. Planning and training activities under the SANREM CRSP (a centrally-funded research project to determine benchmarks and monitoring criteria related to sustainable natural resource management) were integrated into the project, and research sites have been selected bordering the Cotacachi-Cayapas Reserve.
9. Following publication and distribution of CAAM's "Basic Principles for Environmental Management in Ecuador", and based upon the March Workshop among GOE and NGO institutions, terms of reference for the Environmental Action Plan (EAP) were prepared and widely distributed. After lengthy consultation, consensus was achieved regarding 17 basic environmental policies. These were promulgated by Presidential decree in June and published in newspapers throughout the country; 60,000 copies of the decree have been printed and distributed.
10. Consultants contracted by CAAM are preparing sectoral environmental policy documents for presentation at the Second National Environmental Congress in February. A Biodiversity Working Group has been created under the auspices of CAAM, linking together 30 representatives of public and private agencies. The Group, funded partially by the World Bank's GEF project, has issued a draft document on conservation and uses of biodiversity for review by over 40 local conservation entities. Other studies underway address issues related to mangrove forests, coastal resources, protected areas, fragile ecosystems, and non-renewable resources, e.g. oil and minerals.
11. Through funding provided by the IDB, and in coordination with the mission, an EPA technical assistance team was obtained to analyze the causes associated with high shrimp larvae mortality, a condition referred to as the "taura Syndrome". As a follow up to the EPA's recommendations, the mission obtained technical assistance from the Escuela Agrícola Panamericana (Zamorano) and an association of farm chemical suppliers to provide pesticide management training among applicators, producers and input suppliers in the affected zones.
12. CAAM continues to promote the creation of an Ecuadorian Environmental Fund. As an adjunct to this activity, the mission's buy-in to the EP3 Project provided a team of EPA specialists to prepare a concept paper for an Oil

VII. GENDER CONSIDERATIONS

SUBIR has integrated aspects of gender, ethnicity, and age of participants in all aspects of project implementation, including: disaggregating (DGEA) resource use practices within the socioeconomic diagnostic survey instrument, training programs across gender and ethnic lines, and balanced participation at all counterpart levels (community, NGO, and SUBIR staff), as well as in the SUBIR Monitoring and Evaluation (M&E) Plan. Data is currently being collected for program planning.

VIII. EVALUATIONS AND AUDITS

The June, 1994 SUBIR project evaluation concluded that "substantial results have been achieved and initiatives launched with a high probability of success" to improve the management of natural resource and biodiversity activities in selected areas during its first two years of field implementation. Ecociencia (a local PVO) has "become Ecuador's premier biological research and training institution, capable of supporting not only Phase II of SUBIR but similar initiatives elsewhere. SUBIR has made significant strides in opening channels of communication between environmental groups and natural resources related industries, particularly with Endesa/Botrosa in timber and Maxus in oil exploration. The geographic focus of the project is particularly conducive to the conservation of ecosystem diversity...in three protected areas and their buffer zones that efficiently encompass an array of more than a dozen distinct ecosystems, from Pacific mangroves through cloud forests, páramos, and the forests of the Amazon."

The evaluation concluded that although "substantial results have been achieved", nevertheless, "serious problems...must be rectified...before authorization to embark on Phase II. Project management oversight and policy guidance has proved unworkable due to duplication of administrative processes and delays in making and implementing critical decisions. Legitimate project management interventions by USAID/Ecuador have been frustrated. Different chains of authority have led to management frustration, created confused signals, and contributed to high turnover from the coordinator down through the Project field staff. [M]ore than 300 activities...reflect an overburden of disparate activities in scattered sites. In short, SUBIR is not yet able to function as the "learning institution" it was intended to be in the Project Paper. Solving these problems will require a major investment of time and changes in SUBIR structure and operations."

Based upon these findings, the mission took immediate action to streamline project management, and reduce and focus the number of project activities. Simultaneously, the mission decided to continue the second phase of the project, and a design team was contracted to develop a plan for Phase II which incorporates the evaluation's recommendations. CARE has implemented a fully-computerized accounting and inventory system to facilitate periodic audits.

IX. ISSUES, PROBLEMS, DELAYS, AND CORRECTIVE ACTIONS

1. Issue: The evaluation recommends further concentration of project resources upon a reduced number of activities, within a more restricted geographic focus, and under a less cumbersome management structure.

Proposed Corrective Actions: The design team has been instructed to incorporate the evaluation recommendations into the Phase II design. A new CA with both CARE and TNC will be prepared, and the mission will determine whether a PP Amendment is justified.

2. Issue: IDEA has been unable to negotiate the remaining two analyses of environmental issues with CARE.

Proposed Corrective Actions: Given CARE's successful contracting of three of the analyses originally contemplated under the CARE/IDEA subcontract, CARE will be requested to assume responsibility for contracting the two remaining analyses during Phase II, under the Policy Analysis component.

3. Issue: Final arrangements to fund up to four Environmental or Natural Resource Economics Ph.D. participants has been delayed due to programmatic and administrative reasons. All of the participants have been selected and notified of the possibility they may receive a scholarship. All of the selected candidates have accumulated sufficient credits toward their Ph.D. degrees to enable completion of their programs by September, 1998, the date to which the CA Training Element has been extended.

Proposed Corrective Actions: The mission will determine whether CARE can subcontract with PIET the management of the training program without further competitive procurement procedures. If not, the mission in coordination with CARE will explore other alternatives to enable the training program to move forward.

X. MAJOR ACTIVITIES PLANNED FOR THE NEXT SEMESTER

1. Complete Phase II design by November 1 and complete new Cooperative Agreements with CARE, the Nature Conservancy and the Wildlife Conservation Society, and a new MOU with the SANREM CRSP.
2. Assist INEFAN in bringing to closure the World Bank agreement for the GEF financed Biological Diversity Project and ensure close coordination with SUBIR activities.
3. Contract with local consultants the two remaining analyses of the five originally to be completed by IDEA.
4. Submit a 1995 Work Plan, 1993 Annual Report and Project Brochure for USAID approval, and analyze/review the Phase II design with USAID and participating institutions, and hold a management and project coordination workshop with INEFAN.
5. Staff the Tropical Forester and develop sustainable forest management plans for over 30,000 hectares between the Onzole and Cayapas Rivers in Northwest Ecuador, in coordination with INEFAN, local communities, environmental NGOs, and wood industries.
6. Complete the biological monitoring and base-line mapping necessary for the SO M&E Plan, and conduct scientific symposiums to disseminate the findings of several studies completed under the research and monitoring component.
7. Implement the training plan for at least four Ph.D. candidates in Environmental or Natural Resource Economics.
8. Complete arrangements for Second National Environmental Congress and launching of national Environmental Action Plan.
9. Support CAAM efforts to obtain additional funding to support national environmental policy reform initiatives.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A ___ B X C ___

Project Name: Conservation of Biological Resources in the Galápagos Islands, Ecuador

Project Number: OPG-518-0107
Grant No. 518-0107-G-00-1127-00

Project Funding: PIO/T No.: 518-0107-3-09178
Appropriation: 72-1111021 PO91135
Budget Plan Code: LDNA-91-25518-IG13
Total Estimated Amt: \$500,000
Total Obligated Amt: \$500,000
In-kind Contrib.: \$136,500

Grantee: The Charles Darwin Foundation

LOP: 30 September 1991 - 30 March 1995

Technical Office: ANRO

PROJECT PURPOSE:

The purpose of this Grant is to mitigate human impacts and conserve biological diversity of the Galápagos Islands, Ecuador, particularly the botanical species of the Galápagos.

MISSION INVOLVEMENT:

Additional reporting requirements were added in the September 1993 Project Amendment, such as a Work Plan for all activities through March 1995, and an annual internal evaluation with proposals for long-term funding from other sources. These requirements provide greater USAID/Ecuador management oversight. Financial audits of the Darwin Foundation worldwide are done annually, at the expense of the Foundation, by Price Waterhouse Co.

STRATEGIC OBJECTIVE 4 INDICATORS:

- Change in abundance and distribution of species in and around selected protected areas.

STRATEGIC OBJECTIVE 4 PROGRAM OUTCOME:

- Improved management of natural resource and biodiversity activities in selected areas.

MAJOR ACCOMPLISHMENTS TO DATE:

- Technical studies that will serve for management purposes were prepared on sea-cucumber fisheries, censuses of lava-lizards, and Galápagos snakes.
- Permanent monitoring for management purposes of plant regeneration and distribution was organized.
- A data base for the Darwin Station herbarium was established.

- Three seismographs have been installed.
- About 26 farmers have participated in the agroforestry program, planting and protecting promising tree species. Training in agroforestry techniques has been given to more than 78 farmers.
- Posters demonstrating the importance of the quarantine inspection system have been published and distributed.
- Assistance was provided by the U. S. Forest Service to control a fire in the Galápagos Park. The Charles Darwin Foundation provided information to the team and obtained additional assistance from other donors.
- An educational campaign was designed to reduce the introduction of new species and increase demand for and support of a new quarantine system.
- The Parks in Peril project collaborated with the Darwin Foundation to produce a preinvestment analysis for the Galápagos Marine Resources Reserve.

CURRENT STATUS, INCLUDING MAJOR ISSUES:

Project implementation has proceeded as planned, in spite of problems such as difficulties in finding qualified personnel to conduct the different research components. However, at the end of the year, almost all technical personnel had been contracted and are working.

The fire in Isla Isabela (April-June 1994) required much attention and was the cause of delays in about 25% of the planned activities. A high mortality of plants and growth stunted due to drought have also delayed the implementation of the agroforestry component of the project.

The Greencom Project will coordinate with the educational campaign that has been designed to reduce the introduction of species.

The Foundation has not yet submitted an annual report of Project activities for FY94. Required financial audits and the required work plans have been received; however financial information was not been received on a timely basis and at the end of the fiscal year, USAID records showed only about 20% of the funds spent, whereas in reality it was 80%; however, this has yet to be reported by the Foundation to USAID.

Fundación Darwin is considering a request for a short-term, no-cost extension of the project to complete the activities that were delayed.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A X B ___ C ___

Project Name: Environmental Education and Technology Transfer
(EDUCAR)

Project Number: 518-0117

Project Funding: P10/T No: 518-0117-3-30114
Grant No.: 518-0117-G-00-3320-00
Appropriation: 72-1131021
Budget Plan Code: LDVA-93-25518-EG13
Total Estimated Amt: US\$600,000
Total Obligated Amt: US\$600,000
Total Expenditures: US\$300,000
Counterpart Contr.: US\$160,000

Project Officer: Fausto Maldonado, ANRO

Grantee: The OIKOS Foundation

LOP: September 24, 1993 - September 30, 1995

Technical Office: ANRO

PROJECT PURPOSE:

The purpose of the project is to increase Ecuadorians' awareness of ecological issues by encouraging leaders and the public in general to change attitudes and practices with regard to industrial and agricultural production processes, and social, political and cultural structures that impact negatively on the environment and natural resources.

The Project will seek options to improve technologies to address industrial pollution problems, either by pollution prevention techniques or by reducing costs of proposed solutions to industrial pollution.

EDUCAR project activities adhere to the following LAC Bureau environmental principles:

- Emphasizing environmental education programs that raise public awareness of environmental issues associated with urban and industrial pollution;
- Integrating environmental considerations into activities of other sectors to insure environmental soundness and long-term sustainability;
- Encouraging the enforcement of sound environmental regulations and regulatory structures; and,
- Encouraging the use of economic incentives and disincentives that promote the adoption of environmentally sound industrial technologies.

MISSION INVOLVEMENT:

The current grant provided funds for only one year. OIKOS submitted an Annual Work Plan which was approved by the Mission. Project implementation has been closely monitored by USAID/Ecuador through bi-weekly meetings with OIKOS officers and by

submission of monthly progress reports. The Agriculture and Natural Resources Office (ANRO) coordinates with the Regional Housing and Urban Development office (RHUDDO), regarding OIKOS activities implemented under the Environmental Pollution Prevention Project (EP3). Last August, an agreement was also signed with the GreenCom Project.

STRATEGIC OBJECTIVE 4 INDICATORS

- Strategic Objective Indicator 1: Completion and implementation of Environmental Action Plan
- Strategic Objective Indicator 3: Models for different industries developed and adopted by demonstration enterprises.

STRATEGIC OBJECTIVE 4 PROGRAM OUTCOMES

- Program Outcome 1: Improved environmental policies and implementation.
- Program Outcome 3: Improved practices for pollution prevention.

MAJOR ACCOMPLISHMENTS TO DATE

Project implementation began in September 1993. Grant Agreement conditions precedent were rapidly fulfilled and an overhead rate was approved by USAID/Ecuador.

1. ENVIRONMENTAL TECHNOLOGY

A. Activities for Industrial Technology Transfer

(1) A needs assessment on environmental technology transfer was completed. Using a rapid assessment method this was conducted in several cities in Ecuador and involved not only industries but also transportation, construction, agriculture and other

sectors. An updated information base for industrial technology needs will be established and maintained by OIKOS.

(2) A pre-feasibility study was completed for the creation of a bank to address the financial needs required for technology adoption by industries. A special methodology was designed and the concept of a bank was jettisoned in favor of an "intermediary financial institution" since the corresponding laws do not authorize the creation of banks for this purpose. Although OIKOS is seeking financial support for this idea, only a Swiss group, formed by private industries, has responded.

Mission support is limited to the above mentioned study, but mission does not intend to support OIKOS as a financial institution. Rather USAID support will be for OIKOS as a technical assistance supplier or intermediary agent in the area of urban industrial pollution prevention and control.

3) A feasibility study for the creation of an environmental education institute for local leaders has been undertaken and is 80 percent complete.

(4) A data base listing institutions with environmental technology information has been initiated; it includes both national and foreign entities. A documentation center has been created and its services are available for interested industries and individuals.

B. Technical Assistance and Marketing of Environmental Technologies for Industries.

(1) A pilot test of "in situ" advisory services for industries was planned, and under it several activities have been implemented. Through an agreement with the International Executive Services Corps (IESC), a specialist in the metal working industry was contracted who worked with four industries instead of only one. The process has allowed OIKOS to learn and plan for future assistance to industries in this area.

2. ENVIRONMENTAL EDUCATION IN THE SCHOOL SYSTEM AND THROUGH MASS MEDIA

(1) Information Dissemination through Mass Media - OIKOS has created a data base to help overcome the constraints of information generation and dissemination in Ecuador as part of their Documentation center. It will be augmented with information provided by other NGOs and other sources. This basic work has allowed OIKOS to disseminate information through press releases and other means throughout the country. Five TV spots were produced and transmitted over a six month period. Other government and private entities have shown interest in joining OIKOS in this endeavor.

(2) Environmental Education Curriculum Revision - Under an agreement signed with the Ministry of Education and the Pan-American Center for Geography Studies (CEPEIGE) all planned activities were completed. With the cooperation of CEPEIGE, the geography curriculum for high schools was revised and through a training for trainers program, more than 250 school teachers have been trained in 12 provinces.

(3) Production of Teaching Materials - An Environmental Education Guide for geography teachers was published and the distribution of 3000 copies begun, as well as a 2000 copies of a manual for preparation of teaching materials.

(4) Activities with Urban and Rural Communities - Through an agreement with the Italian Cooperation Agency, OIKOS has developed an environmental education/management program with six rural communities near El Carmen, Manabí Province. The program involved both school teachers and community members. In La Victoria community,

Cotopaxi Province, OIKOS provided assistance to help solve environmental problems related to their activities in ceramics. In July, OIKOS signed an agreement with the Municipal Waste Collection Company (Empresa Metropolitana de Aseo, EMASEO) to provide environmental education to both EMASEO personnel and communities.

3. INSTITUTIONAL DEVELOPMENT

(1) A draft Handbook of Rules and Regulations of OIKOS was prepared for approval by the General Assembly next November. Handbooks for specific areas have also been prepared (travel, procurement, filing, contracting, etc.).

(2) A handbook for short and long term planning and another on the prioritization of environmental topics, have been completed.

(3) New Projects/Activities Negotiation - OIKOS has entered into negotiation with several foreign donors and Ecuadorian entities for new activities and projects including the Swiss assistance (The Business Council, a private group), and IDB through its Multilateral Investment Fund. The first contract with the International Executive Services Corps was signed in August and a specialist in the steel industry has completed a six week environmental audit of several companies. According to the end of year report, the planned counterpart contribution was exceeded by 60 per cent.

CURRENT STATUS INCLUDING MAJOR ISSUES

The EDUCAR Project has been implemented as planned during this first year. USAID funding has been extended for one year with the same project components. Additional activities, namely with the EP3 and the GreenCom Projects will be implemented in the second year.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A X B ___ C ___

Project Name: Environmental Pollution Prevention Program (EP3)

Project Number: 936-5559-00

Project Funding: P10/T No.: 936-5559-3-40032
Grant: PCE-5559-C-00-3021-00
Appropriation: 72-114/51021
Budget Plan Code: LDV4-94-25518-KG13 RSVCTLND
P400082
Total Estimated Amt.: US\$ 742,823
Total Obligated Amt.: US\$ 243,000
Counterpart Contrib.: US\$ 120,000

Major Contractor: RCG/Hager Bailly Inc., in collaboration with
Corporacion OIKOS

LOP: July 1, 1994 - June 30, 1997

Technical Office: RHUDO/SA in collaboration with ANRO

PROJECT PURPOSE:

The objective of ECUADOR/EP3 (E2P3) is to establish a sustainable pollution prevention program through integrated, focussed technical assistance activities coordinated with local counterparts. E2P3 and local implementers will coordinate pollution prevention audits, assessments, site demonstrations and provide technical assistance to industrial firms. The program will include in-country training, workshops, seminars, technical information and technology demonstrations to:

- Demonstrate that pollution prevention is a broadly applicable approach that can play a major role in the Ecuador's environmental management efforts.
- Demonstrate that pollution prevention practices reduce the cost of environmental management as compared to conventional pollution control technologies. It also seeks to demonstrate that industries can achieve positive financial returns from investment in pollution prevention. E2P3 will emphasize low-cost and no-cost management practices and techniques by identifying new equipment and processes and sources of financing.
- Develop a pool of Ecuadorian private sector environmental consultants with first-hand experience and training in the development and implementation of waste minimization and pollution prevention programs in industrial facilities.
- Strengthen local institutions by expanding their technical expertise in pollution prevention through technical assistance for clean production, pollution prevention information dissemination, and training programs.
- Perform policy studies that will identify appropriate steps to advance industrial pollution prevention in Ecuador.
- Implement a program of pollution prevention information dissemination and training to provide Ecuadorian industrial firms and environmental consulting services with the knowledge needed to participate in industrial

environmental management.

MISSION INVOLVEMENT:

In FY94, the Mission provided \$243,000 as a buy-in to the Central EP3 Project. The total Mission buy-in will be \$743,000 over three years.

RHUDO/SA is supervising program activities on behalf of the Ecuador Mission, in close coordination with the ANRO office.

In addition, RHUDO is in bi-weekly contact with the EP3 Washington office and the OIKOS corporation.

Under an MOU signed by RHUDO and OIKOS, formal bi-weekly program meetings will be held beginning in the first quarter of FY95.

STRATEGIC OBJECTIVE 4 INDICATORS:

- Models for different industries developed and adopted by demonstration enterprises. (SO 4 Indicator No. 3) This project contributes to SO 4 - Protecting the Environment -through reducing environmental pollution associated with industrialization. Water, air and soil pollution prevention practices decrease the need for costly and ineffective pollution control interventions. This project aims to improve the urban environment through better environmental management in municipalities and in the private sector.

STRATEGIC OBJECTIVES 4 PROGRAM OUTCOMES:

- Improved practices for pollution control and urban environmental management in selected areas. (Program Outcome No. 3)

MAJOR ACCOMPLISHMENTS TO-DATE:

The project began in July, 1994. The project was in the initial start-up phase during

this reporting period (3 months).

The project has established a local office in Corporacion OIKOS and has begun site investigations for future E2P3 activities. A National Program Coordinator, a local pollution prevention expert and an information/training person have been hired.

The project has begun to implement Pollution Prevention Diagnostic Assessments. Pollution Prevention Diagnostic Assessments include the following steps:

1. Identification of an industrial plant.
2. Pre-assessment visit.
3. Information gathering and agreement with the plant.
4. Visit to the plant and submission of recommendations to the plant.
5. Follow up and TA on implementation of the recommendations.

Based on site visits already performed at 15 plants, several E2P3 teams have carried out 9 pollution prevention pre-assessments. ENIC tannery in Quito and Salazar Tannery in Salcedo have been identified for full assessments and two metal and plating plants have been identified for partial assessments. E2P3 will continue identifying sites for possible assistance and working to strengthen pollution prevention activities.

In addition, EP3 organized a seminar in Washington, D.C, for the Municipality of Quito to examine options for a Solid Waste/Biogas Processing and Electricity Generation Project.

No constraints to project implementation have been identified.

CURRENT STATUS INCLUDING MAJOR ISSUES:

The Ecuadorian EP3 Office was set-up as planned. The team visited 15 plants, 7 more than were projected for the period. The project was able to surpass its target of 8 visits because the team was assembled and began functioning ahead of schedule.

No problems have been identified in this period.

No evaluations and audits have been included in the Ecuadorian Environmental Pollution Prevention Project buy-in. The Centrally funded portion of the program will provide for audits and evaluations.

MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER:

Planned activities for the next semester include:

1. A Kick-Off Meeting to promote the Ecuadorian Environmental Pollution Prevention Project.
2. At least 2 Round-table seminars to discuss and share the advances of the industrial assessments.
3. Establishment of the document clearing-house. The clearing-house should begin to function, providing information to Ecuadorian industries and municipalities.
4. Completion pollution prevention diagnostic assessments in 5 industries.

5. Initiation of pollution prevention diagnostic assessments in another 5 industries.
6. Investigation of funding options for development of a scope of work for conducting a pre-feasibility study for a Quito Municipal Solid Waste/Biogas Processing and Electricity Generation Project.

PROJECT STATUS REPORT
April 1, 1994 - September 30, 1994

A X B ___ C ___

Project Name: Parks in Peril (PIP)
Project Number: CA No. LAC-0782-A-00-0047-00
Project Funding: PIO/T No.
Grant:
Appropriation:
Budget Plan Code:
Total Estimated Amt.:
Total Obligated Amt.:
Counterpart Contrib.:
Project Officer: Bruce Kernan, SA/REA, (ANRO)
Grantee: The Nature Conservancy (TNC)-USAID/W
LOP: September 30, 1990 - September 1997
Technical Office: Agriculture and Natural Resources Office (ANRO)

PROJECT PURPOSE:

To ensure adequate on-site protection for critically threatened national parks and reserves in Latin America and the Caribbean that have global biological significance. The Ecuadorian parks are Machalilla (Manabi Province) and Podocarpus (Loja and Zamora Chinchipe Provinces).

MISSION INVOLVEMENT:

Approval of annual work plans and minimal oversight during project implementation.

STRATEGIC OBJECTIVE 4 INDICATORS:

- Change in abundance and distribution of species in and around selected protected areas.

STRATEGIC OBJECTIVE 4 PROGRAM OUTCOMES

- Improved management of natural resource and biodiversity activities in selected protected areas.

MAJOR ACCOMPLISHMENTS TO DATE

Machalilla National Park

- The tourism plan for park was completed.
- The office and visitor center in Puerto López have been completed.
- Infrastructure for the ranger station on the Isla de la Plata has been completed.
- Communities in the El Pital area have initiated dialogue with Park authorities to

integrate community members into the Park's management.

Podocarpus National Park

- Fundación Arcoiris won a suit against the Ecuadorian Mining Institute thus requiring the cancellation of mining concessions within park boundaries.
- The National Institute of Forestry and Natural Areas (INEFAN) and three partner NGOs constituted the Committee for the Defense of Podocarpus.
- Fundación Arcoiris and INEFAN negotiated an agreement that led to the removal of artisanal miners from the park.

CURRENT STATUS INCLUDING MAJOR ISSUES

- TNC will visit Ecuador in mid-November to check progress and discuss the inclusion of additional parks in the PIP (e.g. the Galápagos Marine Reserve).
- Mission approval of the 1994 Work Plan indicated more attention should be given to resolving the legal status of land ownership in the Machalilla National Park.
- Serious conflicts regarding land ownership, colonization, and logging exist in the Loyola area of the Podocarpus National Park.
- A continuous program of monitoring by the local officials and INEFAN should be considered to prevent another invasion of the Podocarpus NP by miners and colonists.
- The long-term financial and administrative stability of the parks has now become the focus of the project. Unnecessary operating costs will be reduced and eliminated.

- The mission has not yet received a final Work Plan for the recently included Antisana Mountain Reserve.
- The Nature Conservancy will open its Regional Office for South America in Quito, in January 1995.
- The Nature Conservancy is planning a "Technical Coordinating Meeting for NGOs" which will be held in Quito, in May 1995.