



## CONSERVACIÓN EN ÁREAS INDÍGENAS MANEJADAS

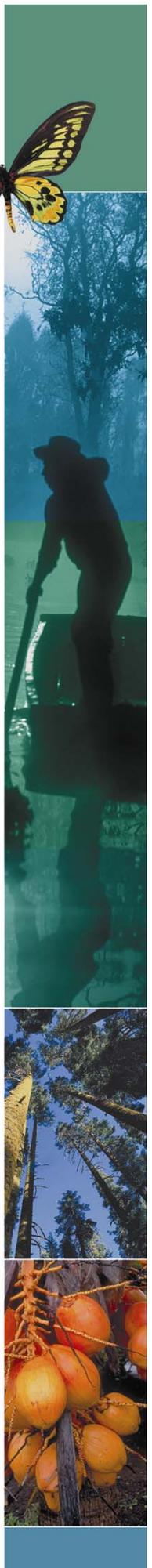
Biodiversity & Sustainable Forestry (BIOFOR) IQC  
Task Order No. 817

USAID Contract No. LAG-I-00-99-00014-00

**First “Quarterly” Report (December 02 – March 03)**

Submitted to:  
USAID/Ecuador

Submitted by:  
Chemonics International Inc.  
BIOFOR Consortium



## **CONSERVATION IN MANAGED INDIGENOUS AREAS (CAIMAN)**

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First "Quarterly" Report: November 2002-March 2003

### **I. INTRODUCTION**

This document summarizes CAIMAN's activities for the period beginning on November 14, 2004 and April 1, 2003. The beginning of this period coincides with the arrival of the COP in Ecuador; its end with the lapse of 2.5 months after submission of CAIMAN's first annual workplan. Future quarterly reports will cover three months. CAIMAN is being implemented by Chemonics International Inc. under the BIOFOR IQC (USAID Contract No. LAG-I-00-99-00014-00; Task Order No. 817).

In this first reporting period CAIMAN concentrated on establishing the basis for effective program implementation. Principal activities included office set-up, personnel recruitment, review of financial management capacity of key partner organizations (e.g. pre/award surveys), registering the project with the Ecuadorian authorities, establishing CAIMAN's accounting and financial management systems, and putting in place several implementation mechanisms (sub-contracts and grants).

This quarterly report is presented in seven brief sections additional to this introduction: administration and financial management; procurement; one section for each of CAIMAN's three high-level intermediate results; issues encountered; and prospects and future issues.

### **II. Administration and Financial Management**

#### **2.1 Office set-up, personnel, and legal requirements**

CAIMAN is the first long-term activity implemented by Chemonics in Ecuador in over a decade. The team had to start from scratch. This included the rental and adaptation of office space, registering the project with the Ministry of Foreign Affairs, obtaining a RUC number, purchasing computer equipment and furniture, recruiting personnel, setting up communications systems (phone lines, internet access) meeting all requirements related to Ecuador's labor laws, setting up an employee benefit package, and developing communications material. All this was accomplished between November 14 and January 16, 2003, together with the development of the 2002-2003 annual work plan. Table 1 lists CAIMAN's staff, identifies their roles within the team, and gives a brief synopsis of their past experience and training. The Chief of Party (Joao S. de Queiroz) and Deputy Chief of Party (Walter Palacios) are not included.

**Table 1: CAIMAN Support staff roles and experience**

<b>Name</b>	<b>Title</b>	<b>Primary Roles</b>	<b>Education</b>	<b>Key past experience</b>
Chad Anderson	Administrator	Contract development, liaison RCO, general administration, support to accountant	BA Spanish	Project Administrator, Chemonics
Jorge Alvear	Grants Administrator	Monitor and manage implementation of grant agreements, strengthen financial systems of partner organizations.	BA Accounting and Auditing	Financial Analyst with CARE
Monica Haro	Accountant	Project accounting and financial management. Financial management strengthening of partner organization	BA Accounting and Auditing, B.Sc. (Ing.) Accounting and Auditing	Financial Analyst, Natural Resources Institute
Patricia Huilca	Administrative Assistant	Logistical matters, facility administration and maintenance supervision, travel organization, filing systems	BA Education Science (Biology)	Project Coordinator (PSUR and SUBIR) with Jatun Sacha
Lorena Hidalgo	Administrative Assistant	Pre-award surveys, revision and development of grant budgets, financial management strengthening of partner organization, translations, support to short-term consultants and grants manager.	BA Finance	Supervisory Accountant (USAID)
Maribel de La Torre	Receptionist/ Secretary	Communications, scheduling, filing, translations, support to COP and DCOP	BA (9/2003) Languages and International Relations	Customer Relations (Transchryver, Germany)
Maria Quitama	Messenger and General Services	Facility maintenance, messenger services, support to receptionist.	Primary	Housewife

## 2.1 Financial Management and Accounting

The following financial management and accounting tasks were successfully completed:

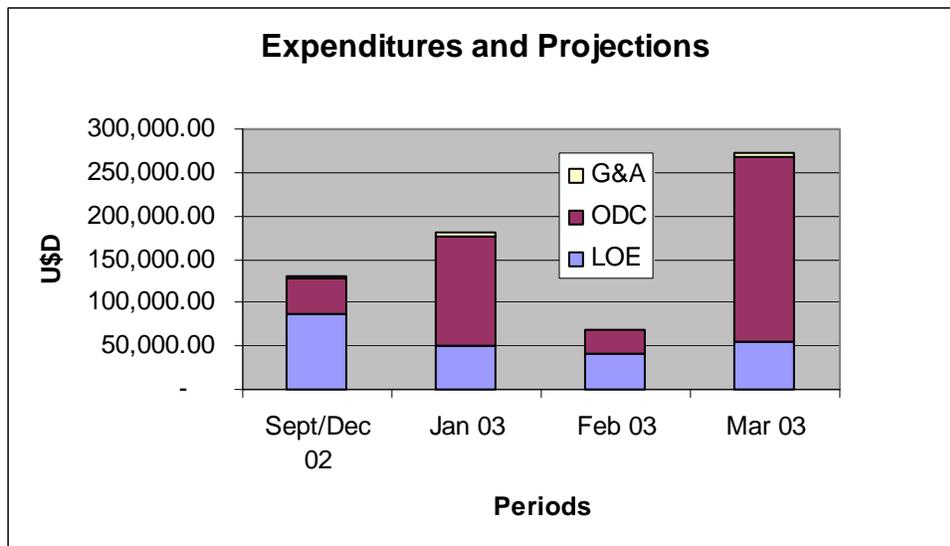
- Accounting, inventory and financial management procedures established including the development of forms for value added tax retentions, equipment inventory, etc.;
- Implementation of “Quick Books” as the project’s accounting software;
- Inscription of CAIMAN as an international project with the Servicios de Rentas Internas (SRI) to enable the project to recover Value Added Tax (VAT) paid to the government of Ecuador;

- Attainment of CAIMAN’s “numero patronal” (employer’s number) from the Instituto Ecuatoriano de Seguridad Social (IESS);
- Operationalization of budget monitoring system which is shared with USAID.

## 2.2 Budget

CAIMAN has spent 26% of its total contract budget as of March 30, 2001. If averaged over the entire period from the signing of the contract (September 30, 2002) to March 30<sup>th</sup> and straight-lined the rate of expenditure would result in a considerable amount left over at the end of the current Task Order completion data (9/30/03). However, an examination of Figure 1 tells a different story.

From September to December 2002, CAIMAN incurred substantial costs in LOE in payments to short-term consultants involved in the development of the work plan. In December the major cost item ODC, was inflated due to the purchase of the project vehicle, furniture, and computer equipment. In February, the CAIMAN team dedicated itself to the development of procurement documents and the review of our partner organizations financial management capacities. Hence the rate of expenditures decreased. The total amount spent in March increased substantially due to disbursements made under grant agreements (ONHAE, FSC, FCAE) and contracts (ECOLEX). This trend is likely to continue in April and May with the signing of a contract with Jatun Sacha and incoming vouchers from PACT. Annex 1 contains detailed budget figures, including expenditures to April 1 and projections to September 30, 2003.



## III. PROCUREMENT

Table 2 summarizes the grants and contracts CAIMAN entered into from January 16 to April 1, 2003. In all, CAIMAN has signed 8 different instruments totaling \$563,271. Of this amount, U\$161,062 appear as accrued expenses (grants) or actual expenses (contracts). CAIMAN is currently negotiating two relatively large activities; one with the Jatun Sacha Foundation and the other with Sertecom. Contracting with Ecolex was sole-sourced. All others contracts with

companies or NGOs were competed out among at least three bidders. A full and open competitive process led to the contract currently under negotiations with Jatun Sacha.

#### **IV. INTERMEDIATE RESULT 1: TERRITORIAL CONSOLIDATION**

Currently IR1 (Territorial Consolidation) is being pursued through three implementation mechanism: a contract with Ecolex, and one grant each to the Fundación para la Sobrevivencia del Pueblo Cofán (FSC) and Federación de Centros Awa de Ecuador (FCAE). At the early stages of the project, CAIMAN secured the services of Manolo Morales under an LOE arrangement to take advantage of an opportunity to strengthen the legal status of 110,000 hectares of Cofán territory.

The following results have been achieved thus far:

- CAIMAN strengthened the ancestral rights of the Cofán over 110,000 hectares in the poorly protected Sucumbios sector of the Cayambe-Coca Reserve. To achieve this, CAIMAN through a contract with a specialist on land tenure and in partnership with the Fundación para la Sobrevivencia del Pueblo Cofán (FSC), and the Federación de la Nacionalidad Cofan del Ecuador (FEINCE), developed an agreement between the Sinangöe Cofán Center, and the Ministry of Environment. This agreement, which officially recognizes the ancestral rights of the Cofán to the Sucumbios section of the Cayambe-Coca reserve, and specifies certain management responsibilities to be shared between the Cofán and Ministry of Environment, was signed by the outgoing minister in January 2003. Prior to this agreement the Cofán of Sinangöe had no official recognition of their ancestral rights. The ministerial agreement, however, is only the first step in what shall be a process for full legalization of the rights of the Cofán over that segment of their territory.
- CAIMAN, in partnership with the environmental law NGO ECOLEX, the FSC, and FEINCE negotiated and legalized the voluntary abandonment by 13 colonists of Cofán ancestral territory within the Cayambe-Coca reserve. The legalization was achieved through a collective “Voluntary Agreement Renouncing Rights of Occupancy over Land” signed by the Asociación Agro-artesanal el Segeyo (Asociación el Segeyo) and the Sinangöe Cofán Center. This umbrella agreement was complemented by 13 individual agreements with each of the colonists. This agreement solves a resource-centered conflict that threatened the ecological integrity of 110,000 hectares of Cofán ancestral territory and was a source of ill-feelings between the indigenous people and colonists.

**Table 2. CAIMAN procurement actions January-April, 2003**

<b>Title of Grant</b>	<b>Signing</b>	<b>End of Activity</b>	<b>Beneficiary</b>	<b>Total value of agreement/ contract</b>	<b>Accrued expenses</b>	<b>Remaining</b>
Establishing institutional capacity for territorial conservation in the Cofán territories	21-Mar-03	21-Sep-03	Fundación para la Sobrevivencia del Pueblo Cofán - FSC	119,953	43,099	76,854
Establishing institutional capacity for the conservation of biodiversity in the Awa territory	19-Mar-03	15-Sep-03	Federación de Comunidades Awa del Ecuador - FCAE	78,000	24,730	53,270
Increasing technical and institutional capacity for the management of the Awa ancestral territory	21-Mar-03	15-Sep-03	Fundación Altrópico	56,000	21,415	34,585
Strengthening the institutional capacity of ONHAE	01-Apr-03	25-Sep-03	Organizaciones de Nacionalidades Huaorani de la Amazonía Ecuatoriana - ONHAE	34,000	0	34,000
<b>Total Grants</b>				<b>287,953</b>	<b>89,244</b>	<b>198,709</b>
<b>Title/Purpose of contract or purchase</b>	<b>Beginning date</b>	<b>End of Activity</b>	<b>Contractor</b>	<b>Total Amount of Contract</b>	<b>Payments</b>	<b>Amount remaining</b>
Diagnostic of computer and software needs for the indigenous organizations	19-Feb-03	24-Mar-03	Sertecom (diagnóstico)	2,082	1,458	625
Legal consolidation of the indigenous territories	20-Mar-03	31-Aug-03	Ecolex	267,103	66,776	200,327
Consultancy: Participation in technical evaluation panel (forest potential analysis)	01-Apr-03	04-Apr-03	Edgar Vásquez	756	0	756
Accounting software purchase (T-MAX) for federations	27-Mar-03	31-Mar-03	Sistemas Informáticos	5,376	3,584	1,792
Computer equipment, software purchase and capacity building for indigenous federations	In negotiation	17-Apr-03	Sertecom (equipos)	21,879	0	21,879
Evaluation of potential for sustainable forest management and analysis of decentralization process	In negotiation	30-Sep-03	Jatun Sacha	253,000	0	253,000
<b>Total Contracts</b>				<b>550,197</b>	<b>71,818</b>	<b>478,379</b>
<b>Total Grants and Contracts</b>				<b>838,150</b>	<b>161,062</b>	<b>677,088</b>

## V. INTERMEDIATE RESULT 2: CAPACITY FOR TERRITORIAL CONSERVATION

In this first year CAIMAN has decided to focus its capacity building efforts on the institutional strengthening of key organizations; namely, the indigenous federations (ONHAE, FCAE, FEINCE) and associated NGOs (Altropico and FSC). CAIMAN believes that the best way to elevate the capacity of the indigenous NGOs is to involve them directly in activity implementation and financial resource management. In light of their deficiencies in administrative and financial management capacity, CAIMAN has to closely monitor the use of USAID's resources and walk side-by-side with these organizations as they take on financial resources management responsibilities, and implement certain activities. In light of its institutional strengthening philosophy and the level of institutional development of partner organizations, CAIMAN set-out to put in place the minimum conditions to enable effective institutional collaboration to take place. Hence in this first quarter CAIMAN undertook the following activities:

- Pre-award surveys prior to the signing of institutional grant agreements and disbursement of funds to ONHAE, FCAE, FSC, and Altropico;
- An assessment of computer system needs for FSC, ONHAE, and FCAE (Table 2);
- The signing of institutional strengthening grants with FSC, ONHAE, FCAE, and Altropico (see procurement section);
- Installation of accounting software and training of accountants on its use (FSC, ONHAE, and FCAE);
- Purchase of computer software and hardware (installed in early April) for FCAE, FSC, and ONHAE;

The pre-award survey of indigenous and partner organizations covered 7 broad areas of organizational performance: organization structure, cash management, travel policies and procedures, procurement, financial reporting, fixed assets management and information, and audit programs. Each of these areas included a number of criteria that were evaluated according to a scale that ranged from "0" for "non-existent" to "3" for "good" (Annex 2). For example, under organization, the pre-award survey considered the aspects such as legal status, regularity of board meetings, and existence of a strategic plan among others; under travel policies and procedures the assessment took into account the existence of written travel policies, per-diem tables, and regularity of trip reports.

Figure 2 summarizes the capabilities of FCAE, FSC, Altropico and ONHAE in 7 the different areas covered by the pre-award survey. None of the four organizations have in place procurement policies or procedures. It is also evident from Figure 2 the weak control and tracking that the entities have over their inventory of fixed assets and travel expenses. Some organizations have never been subjected to an audit. These weaknesses place these organizations in the "high-risk" category. Accordingly, CAIMAN has linked disbursements with closely monitored expense reports, financial management reviews, and monitoring of field activities. This monitoring is accompanied by continuous assistance by CAIMAN's personnel.

The outcome of the assessment of hardware and software status and needs are summarized in Table 3. It presents a dismal situation. In short, all organizations need computers additional to the ones they have. There is also a severe shortage of internet access points in all organizations. One organization, FCAE, has an excessive number of printers, which points to the need for the installation of a Local Area Network (LAN). This would reduce the need for printers and would dramatically enhance access to the internet. Finally, all organizations made extensive use of pirated software. For example, none of the organizations had licensed accounting packages. Finally, according the CAIMAN's sub-contractor for this computer and software needs assessment, the staff at these organizations is poorly trained on the operation and maintenance of computer equipment and software. CAIMAN has taken the steps to remediate these deficiencies.

**Table 3: Hardware and software status**

MATRIX OF STATUS AND NEEDS FOR HARDWARE AND SOFTWARE FOR INDIGENOUS ORGANIZATIONS						
	ONHAE		FCAE		FSC	
ITEM	Actual	Recommended	Actual	Recommended	Actual	Recommended
Personal Computer	5 a	11	10 c	11	2 d	3
Portable Computer	1	1	1	1	1	1
Printer	3 b	4	12 e	13	2	2
Photocopying machine	1	1	1	1	0	1
Fax	2	2	1	1	1	1
Phone Central	1	1	1	1	0	0
% legal software	0%	100%	17%	100%	20%	100%
Internet/ e-mail	1 pc	7 pc	1 pc	11 pc	1	3
Computer Network	No	Yes	No	Yes	No	No
Legal accounting software	0%	100%	0%	100%	0%	100%
Staff's knowledge of software packages	Poor	Good	Poor	Good	Poor	Good

*a ONHAE has two antiquated computers*

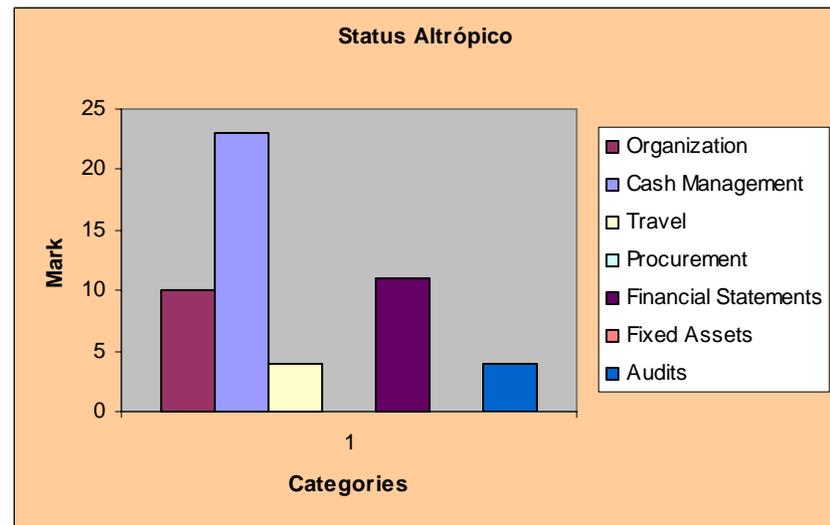
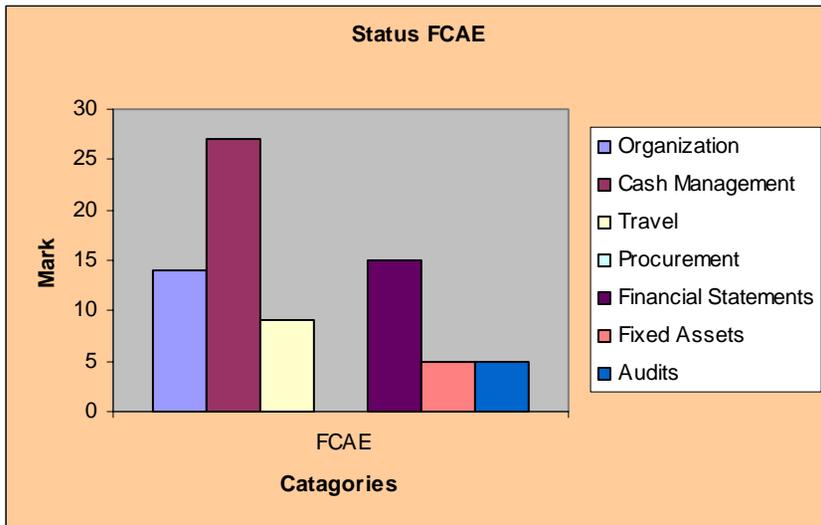
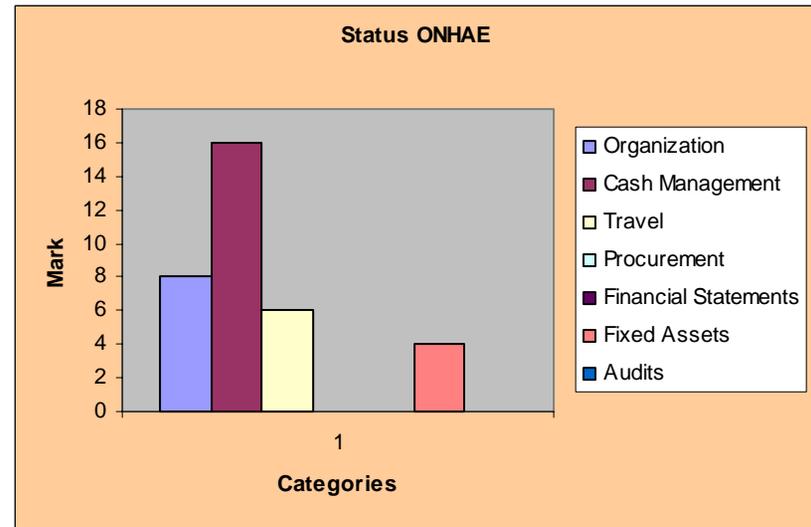
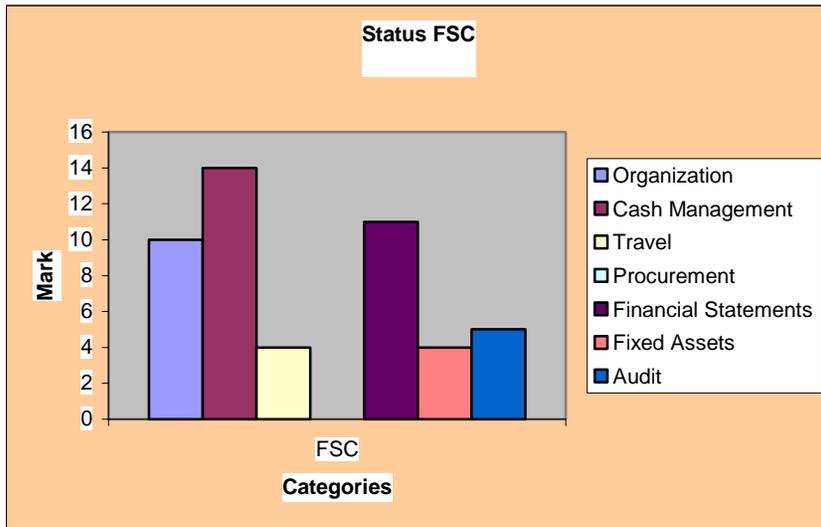
*b ONHAE 1 printer which is out of order. All the printers are ink injection*

*c FCAE has two antiquated computers*

*d FSC has one useless computer*

*e The printers of FCAE are ink injection. Printing costs high*

**Figure 2: Summary results of pre-award survey of CAIMAN's partner organizations**

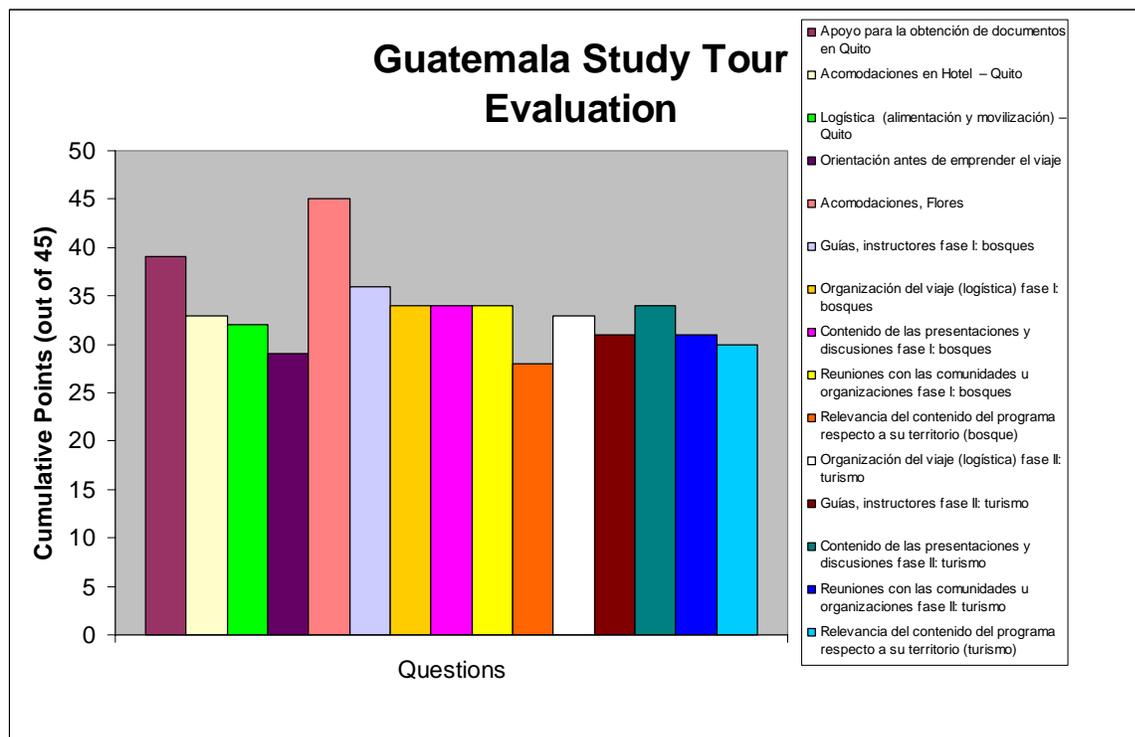


In addition to this assistance aimed at strengthening the indigenous organizations and key partners, CAIMAN started to prepare the terrain for the implementation of environmentally sound economic activities related to forest management. To accomplish this, CAIMAN organized a week-long study tour for 8 indigenous leaders and one Ministry of Environment officer to community-managed forest concessions and tourist operations in Guatemala and the Guatemala-Mexico border.

Figure 3 summarizes the results of the training-tour evaluation administered by CAIMAN. The total amount of points possible is 45. The participants were highly appreciative of the support provided by the CAIMAN office in helping them secure the documentation necessary for their travel. In actual fact this implied the regularization of their legal situation as citizens of Ecuador. For example (Table 4), 7 out of the 9 participants did not have their “Military Permit” a document required under Ecuadorian law. Furthermore, two of the participants lacked even their identity card, a document necessary for functions as basic as cashing a check, opening a bank account, or even traveling within Ecuador. This illustrates the amount of institutional capacity building and personnel training that are required to turn the three indigenous organizations into viable institutions.

It is interesting that some participants did not feel that the forest concessions model was applicable to indigenous territories in Ecuador. In the comments section of the evaluation several individuals pointed out that Ecuadorian law did not allow timber extraction from indigenous land. This is, of course, not correct. Ecuadorian law does permit such use provided all prerequisites have been met such as the development and approval of a forest management plan. The perception that timber extraction from indigenous territories is not legal reveals the lack of understanding of indigenous rights and responsibilities over the use of natural resources by indigenous peoples. Figure 3 also illustrates that CAIMAN must do a better job in orienting the participants prior to departure.

**Figure 3 – Evaluation Results by participants in Guatemala sustainable forest management and eco-tourism study tour.**



**Table 4. Documents obtained for participants with CAIMAN assistance**

Name	Organization	Documents Obtained		
		Identity Card	Passport	Military Permit
Camilo Huaomoni	ONHAE		X	
Nancy Guiguita	ONHAE			
Emergildo Criollo	FEINCE		X	X
Roberto Aguinda	FEINCE	X	X	X
Luis Narvez	FEINCE	X		X
Florencio Cantincuz	FCAE			X
Hermes Cuasaluzñn	FCAE			X
Silvio Alvarez	FCAE		X	X
Vicente Valarezo	Min. Amb.			X

## **VI. INTERMEDIATE RESULT 3: FINANCIAL SUSTAINABILITY**

CAIMAN initiated or is negotiating contracts and agreements for several activities that will contribute to the financial sustainability of indigenous organizations and territorial conservation. These activities have two aims: 1) Increasing income at the institutional and household levels; and 2) reducing cash needs by increasingly meeting household needs from sustainable resources utilization. In summary:

- CAIMAN completed the procurement process for the evaluation of the commercial potential for the sustainable use of timber from the three indigenous federations. This activity will commence in early May.
- Through a grant to Fundación Altopico, CAIMAN has initiated research into the ecological and economic potential for the exploitation of bee products and fish production by the Awa.
- Through a grant to FSC, CAIMAN is supporting the implementation of turtle management, a key source of protein to the Cofán. Improved turtle management will reduce cash needs and pressure on natural resources.

At the time of report writing these activities were being initiated. This being the case, it is too soon to discuss results.

## **VII. ISSUES ENCOUNTERED**

During this first period of activity, CAIMAN experienced relatively few and minor impediments to program implementation. Two issues may be singled out: 1) the eruption of Volcán Reventador and the need for the US Embassy to examine the background of some of our collaborators. The former caused a delay of two weeks in office set-up and work planning activities, and the latter delayed the signing of a contract and a grant agreement also for two weeks.

## **VIII. PROSPECTS AND FUTURE ISSUES**

During this first reporting period, CAIMAN had to focus on getting most of the implementation mechanisms in place and developing working relationships with its closest partners. The team has been running at full speed and has neglected some of its own housekeeping chores and promoting the project and USAID's assistance outside the confines of the indigenous territories and institutions. In the next three months CAIMAN will focus on the following:

- Monitoring implementation and financial management of grants with indigenous federations and "sister" NGOs;
- Promoting CAIMAN within government and the society at large through more visible collaboration with the Ministry of Environment and a proactive stance towards the media;
- Putting in place the last few implementation mechanisms such as a contract for assessment of the economic feasibility of non-timber forest products and eco-tourism. These will provide guidance to CAIMAN in its support of concrete income generating activities in forthcoming years;

- Honing its in-house office procedures and enhancing team work;
- Developing reporting material formats to help its closest partners meet requirements of grant agreements with CAIMAN;
- Reaching out to international NGOs to identify areas of potential collaboration.

CAIMAN has an optimistic outlook for the next three months. It expects considerable progress under IR1 (Territorial consolidation) and IR2 (Capacity for Territorial Conservation). Under IR3 (Financial Sustainability) CAIMAN is taking a step-by-step approach as it does not want to jump blindly into income generating activities and financing mechanisms without reasonable assurance of their financial, socio-cultural, and ecological viability.

There are two issues that CAIMAN will have to address in the future. First, the CAIMAN team has detected a palpable reluctance of Ecuadorian NGOs to work in partnership with for-profit companies. CAIMAN will use its procurement process to foster alliances between these two groups. Second, CAIMAN has also detected certain sensitivities of a few international NGOs over the incursion of CAIMAN into what they consider are their turf. CAIMAN will work to assuage these feelings through a positive dialogue and will look for opportunities for collaboration where it makes economic, strategic and technical sense. CAIMAN has no intentions of using other entities as a “pass-through” mechanism.