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SEMI-ANNUAL REPORT

April 1, 1992 - September 30, 1992

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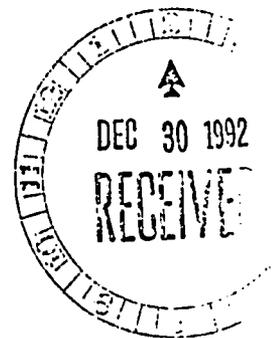


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I. Mission Director's Overview

A. Portfolio Review

The current SAR review was conducted based on the Program Performance Assessment System which is now firmly established in the Mission. USAID/Ecuador was able to conduct easily the SAR's under the new LAC Bureau guidance since the practice of reviewing the SAR's by Strategic Objective was initiated in the previous reporting period. The Mission is at the stage of finalizing monitoring and evaluation plans for each Strategic Objective. SO 3 is in final, and M and E plans for the other SO's are nearly complete. The five strategic objectives as currently stated are:

SO1) Increased Trade and Employment in Non-Traditional Exports.

SO2) Increased Agricultural Income, with Emphasis on Small and Medium Farms.

SO3) Increased Use, Effectiveness, and Sustainability of Family Planning and Selected Health Services.

SO4) Improved Responsiveness of Selected Democratic Institutions with Greater Citizen Participation.

SO5) Stem Loss of Biodiversity and Accelerate a Transition from Resource Mining to Resource Management in and around Selected Protected Areas.

In the area of policy dialogue, the Mission was very successful, achieving an extraordinarily high level of influence with the new government. To a great extent this was due to on-going policy dialogue efforts under the Policy Dialogue Support and Trade and Investment projects. For example, a national economic policy conference in March attracted the participation of several soon-to-be new Cabinet members. The series of "Policy Agenda for the 1990s" studies were drafted by several members of the new government, under the auspices of the new USAID-funded Fundacion Ecuador, five of whose Directors have since become Ministers or Subsecretaries. With the inauguration of the new government in August, the Mission set to work implementing its policy reform matrix by carrying out policy dialogue in the areas of privatization, housing, agricultural restructuring and forestry, to name a few. This has caused the Mission to have significant influence over a new National Council for Modernization of the State (CONAM); a new National Institute of Forestry, Natural Areas and Wildlife; the reorganization of the Ministry of Housing and Urban Development; and the sale of a state-owned agricultural enterprise. We are partially financing some of these activities.

During the SAR period the Mission had a total of 25 active projects. However, three projects reached their PACD on September 30, 1992 and therefore the Mission's portfolio continues to consolidate with 22 active projects as of October, 1992. A new program, the Economic Stabilization Program III (518-0116), was initiated during the reporting period, just as two previous ESF programs are winding down due to disbursement of remaining local currency.

Portfolio performance was excellent, with 17 "A" projects, 8 "B" projects and 2 "C" projects.

The highlights of the portfolio are presented below by Strategic Objective.

SO 1

The two highlights of the reporting period under this SO were the inauguration of the Fundacion Ecuador as an operating entity and the quick pace of Mission response to the desire of the new Government of Ecuador (GOE) to privatize state-owned enterprises. The Fundacion hired key staff and established offices in Guayaquil and Quito. The inauguration of the Guayaquil offices received extensive press coverage for several days which focussed on the mandate of the foundation to promote a more open economy and privatization. The Foundation has developed an "Agenda for the 90's" which is a package of draft laws or strategies being presented to the new GOE. Thus far, draft laws have been presented in the areas of privatization, capital markets and private financial institutions.

Also during the review period, the Price Waterhouse International Privatization Group (PW/IPG) provided: organized visits to study successful privatization in Mexico, Costa Rica, Chile and Argentina; seminars; and technical assistance to organize privatization offices in the Ecuador Foundation, the Ministry of Agriculture and the GOE. PW/IPG helped to structure the new National Council for Modernization of the State (CONAM).

SO 2

The two principal program activities contributing to this SO continued to produce results. The primary question now is not quality of implementation but rather sustainability. Under the Agricultural Sector Reorientation Project (ASRP, 518-0051), activities within the Ministry of Agriculture aimed at creating a market-oriented data gathering, analysis and policy system have resulted in excellent market studies and a high profile for the project's activities. Within the private-sector component of the project, the IDEA Foundation has produced important studies, including a major natural resources sector assessment, and IDEA is

closely involved with policy-makers in the new government. Thus, the remaining challenge for the Mission is to ensure that the Ministry of Agriculture continues to fund its Policy Analysis Department after the PACD of this project and that IDEA becomes a financially self-sufficient organization.

The same holds true for the Agricultural Research, Extension and Education Project. The implementing organization, the Foundation for Agricultural Development (FUNDAGRO), continues to develop new agricultural technologies and to disseminate them at the grass-roots level. The Executive Director of FUNDAGRO became the new Minister of Agriculture's informal advisor on agricultural research, extension and education (REE), which should improve Ecuador's REE system.

It appears that the Agricultural Education II Project is well on its way to sustainability, since under a recent debt swap the implementing agency was able to buy about \$2.1 million of Ecuadorian foreign debt under a debt swap program.

SO 3

The implementation highlight of the reporting period has been the improved sustainability of family planning services in Ecuador. The two local family planning NGOs (APROFE and CEMOPLAF) have moved quickly and aggressively to establish endowments and to begin their capitalization. Both organizations have embraced all concepts of institutional sustainability and are fully integrated into the strategic objective planning process. Specific indicators of sustainability have been developed through initiatives of the NGOs; information, education, and communications (IEC) activities have been strengthened and institutionalized; and the use of cross subsidies, cost recovery, and cost containment strategies are being implemented. These advances in sustainability have not diverted the NGOs from continuing to pursue their main institutional objective of increasing family planning services and the NGOs have increased the number of new users of family planning.

Equally impressive has been the Mission's work with the GOE. During this reporting period, the National Economic Development Council officially established the National Population Commission; the first significant positive move towards population policy implementation by the GOE since the Population Policy was formulated in 1987.

In other health areas, project assistance in water and sanitation and in child survival have continued despite the change in government and its concomitant disruptions. An important positive step was taken in water and sanitation with the disbursement of counterpart funds by the Ministry of Finance. This issue, which has been the cause of many difficult conversations between USAID, the

Ecuadorian Institute for Sanitation Works, and Ministry of Finance, has now been finally resolved. Another positive, albeit more tentative step towards achievement of the SO has been the increased interest in decentralization being observed within the Ministry of Health's Child Survival activities. The provinces and health areas are now, for the first time, attuned to strategic planning based on epidemiological profiles, to a supervision methodology which focuses on collaboration rather than confrontation, and to a more exact methodology for financial planning and auditing. Much more, however, remains to be accomplished and the Mission is considering a re-design of the project to better achieve its objectives.

The Mission's policy dialogue activities in health care finance took a major leap forward with the change in GOE leadership. At the policy dialogue level, the GOE has shown considerable interest in health care financing issues, ranging from privatization of the Social Security Institute and Ministry of Public Health services, to charging fees for services and commodities, to contracting the private sector for specific services. Interest in health care finance on the part of GOE further strengthens the Mission's SO, especially in the medium and long term.

SO 4

During the last SAR review, the presidential electoral campaign in Ecuador was in full swing and the Mission was helping to ensure free and fair elections through the ELECT project (518-0109). The election of a new president took place on August 10th and has been the most significant change during this reporting period. The ELECT project, which ended on September 30, accomplished its objectives. The degree of public confidence in the Supreme Electoral Tribunal increased, as did confidence in the Government as a whole. The rate of non-valid votes was lower than in past elections. These results not only validated the project, they also were the first data set generated under the PPAS in the Mission. This project was planned from its inception to contribute data to measure SO 4 and was quite successful in this respect.

Another outstanding project has been RTACII. During the reporting period, there was a 170% increase in the sale of university textbooks.

The Mission has continued to move forward in the administration of justice area. The President's postulation of judicial reform as one of his top priorities in his inaugural address was no coincidence. It was the result of our consensus-building efforts in support of administration of justice. Policy dialogue efforts have been outstanding, with a package of reforms proposed to Congress by our AOJ working groups having just been passed by an overwhelming majority in Congress. These reforms will result in a

more apolitical method of choosing Supreme Court Justices, streamlining of judicial functions at the national level and other reforms. A Strengthening Democratic Institutions project is under design and will be authorized in FY93 as an administration of justice project since the Mission has decided, due to funding limitations, to include only administration of justice activities under the project.

SO 5

The mainstay of SO 5 is the Sustainable Uses for Biological Resources Project (SUBIR). During the reporting period the SUBIR 1992 workplan was approved and four area offices were staffed and equipped. Project activities, such as the establishment of community nurseries, have begun. Many agreements have been signed between the U.S. consortium implementing the project and local NGOs and community groups. The national parks targeted under the project are being mapped and delimited. Also under the project, a Cooperative Agreement was signed with the IDEA Foundation to conduct policy analyses on selected natural resources topics and to conduct policy dialogue events based on those analyses.

During the reporting period, evaluations were conducted of both the EDUNAT III Project (518-0079) and the Coastal Resources Management Project (936-5518). The evaluations concluded that both projects had produced important outputs although their ultimate impact is yet to be known. The Charles Darwin Research Station continues to undertake activities to protect the biodiversity of the Galapagos Islands.

Conclusion

This semester's portfolio review was successful in two important respects: it allowed for discussion of the need for a number of decisions to be taken by the Mission in the next six months, and it tied into the PPAS process by surfacing issues at the Strategic Objective level that were discussed by SO teams in the week following the SAR review. The emphasis during this review was on issues, and it quickly became apparent that while SO level issues are intimately connected to project implementation issues, in order to preserve the emphasis on reviewing project implementation, a division of the two was necessary. This idea may be useful to other missions.

Looking forward to the next reporting period, when missions will be covered by the new SPR guidance, the following major actions are anticipated:

Design of Agricultural Sector Development Project;

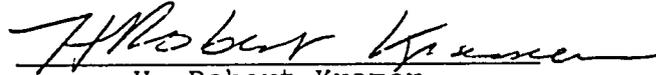
First National Rural Household Survey of Ecuador;

Design of new project to address critical shortcomings of administration of justice in Ecuador;

Evaluation of Water and Sanitation for Health and Ecuadorian Development Project;

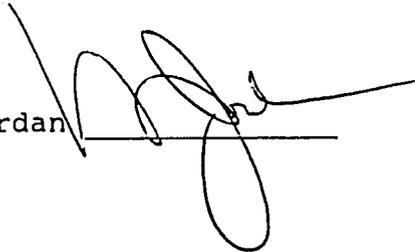
Establishment of GOE Social Emergency Fund to provide for social programs to help ameliorate impact of stabilization and adjustment on the poor;

Assist the GOE to develop a National Environmental Strategy.



H. Robert Kramer
Acting Director
USAID/Ecuador

Clearance: AD/DIR: MJordan



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FINANCIAL SUMMARY OF USAID/ECUADOR PORTFOLIO APRIL 1, 1992 - SEPTEMBER 30, 1992 (\$000)

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PROJECT NO.	PROGRAM/PROJECT TITLE	CATE-GORY	DATE OF INIT. OBLIG.	LAST REVISED PACD	% OF LOP ELAPSED	% OBLIG. EXPEND.	AUTH. LOP AMOUNT	CURRENT FY OBLIG. TO DATE	CUMUL. AMOUNT OBLIG.	MORTGAGE	BEGINNING FY PIPELINE	PLANNED SEMESTER EXPEND.	ACCRUED SEMESTER EXPEND.	ACCRUED AS % OF PLANNED	CUMULATIVE ACCRUED EXPEND.	ENDING PIPELINE	PLANNED EXPEND. (NEXT SEM.)
ACTIVE PROJECTS																	
Strategic Objective No. 1																	
518-0019	Non-Traditional Ag. Exports (G)	A	09-13-84	08-30-94	80%	70%	7,260	(3)	7,115	145	3,509	700	718	103%	4,949	2,166	700
518-0019	Non-Traditional Ag. Exports (L)	A	09-13-84	12-31-90	100%	100%	7,500	(25)	7,475	25	25	0	0	N/A	7,475	0	0
518-0094	Trade and Investment Project	B	08-30-91	09-30-97	18%	14%	10,000	4,832	6,941	3,059	2,109	900	828	92%	969	5,972	353
Strategic Objective No. 2																	
518-0051	Agr. Sector Reorientation (G)	A	07-30-85	12-31-94	77%	91%	10,700	1,250	10,426	274	787	160	811	507%	9,483	943	744
518-0051	Agr. Sector Reorientation (L)	A	07-30-85	12-31-94	77%	100%	1,400	0	1,400	0	215	0	200	N/A	1,396	4	0
518-0068	Agri. Research/Extension/Education (G)	A	05-27-88	12-31-94	67%	75%	7,000	0	7,000	0	3,590	659	1,194	181%	5,279	1,721	813
518-0082	Agricultural Education II (G)	A	07-20-89	07-20-94	60%	99%	1,000	0	1,000	0	647	140	519	371%	993	7	7
Strategic Objective No. 3																	
518-0084	Health and Family Planning II	A	09-10-91	09-30-97	17%	43%	10,500	2,113	3,497	7,003	1,384	850	1,162	137%	1,504	1,993	1,500
518-0071	Child Survival and Health (G)	C	07-14-89	12-31-94	59%	33%	12,200	2,337	10,702	1,498	7,094	1,100	93	8%	3,550	7,152	2,414
518-0081	Water and Sanitation for Health (G)	B	09-22-89	12-31-93	71%	49%	4,000	270	2,833	1,167	1,720	500	505	101%	1,392	1,441	558
518-0108	Cholera Control Care	A	08-30-91	12-31-93	47%	67%	1,420	308	927	493	620	305	305	100%	620	307	250
518-0093	Private Pharmaceutical Distribution (G)	A	09-22-90	09-30-93	67%	65%	232	81	232	0	95	43	43	100%	151	81	50
Strategic Objective No. 4																	
518-0091	Ec. Development Scholarship Program	A	09-30-91	09-30-96	20%	23%	6,600	1,059	1,761	4,839	702	517	399	77%	503	1,258	502
518-0095	Regional Technical Aid Center II	A	08-29-91	09-24-96	22%	92%	1,055	299	538	517	123	258	352	136%	496	42	244
518-0115	Administration of Justice	B	06-04-92	12-30-93	17%	2%	500	400	400	100	0	0	8	N/A	8	392	120

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PROJECT NO.	PROGRAM/PROJECT TITLE	CATE-GORY	DATE OF INIT. OBLIG.	LAST REVISED PACO	% OF LOP ELAPSED	% OBLIG. EXPEND.	AUTH. LOP AMOUNT	CURRENT FY OBLIG. TO DATE	CUMUL. OBL'G. AMOUNT	MORTGAGE	BEGINNING FY PIPELINE	PLANNED SEMESTER EXPEND.	ACCRUED SEMESTER EXPEND.	ACCRUED AS % OF PLANNED	CUMULATIVE ACCRUED EXPEND.	ENDING PIPELINE	PLANNED EXPEND. (NEXT SEM.)	
Strategic Objective No. 5																		
518-0079	Environmental Education (G)	A	07-22-88	07-21-93	80%	87%	1,100	0	1,100	0	405	60	90	150%	961	139	90	
518-0069	Sustainable Uses of Biological Resources	B	08-30-91	09-15-97	18%	21%	9,000	998	3,984	5,016	2,986	400	634	159%	835	3,149	500	
518-0107	Charles Darwin Foundation	B	09-30-91	03-31-93	67%	38%	200	100	200	0	100	30	68	227%	76	124		
Policy Reform Agenda																		
518-0189	Policy Dialogue Support (G)	A	09-28-90	09-30-94	50%	38%	3,492	692	3,492	0	2,221	600	214	36%	1,335	2,157	380	
Targets of Opportunity																		
518-0042	Fiscal Administration Development (G)	B	03-29-85	12-31-92	97%	96%	4,800	(11)	4,788	12	580	220	361	164%	4,583	205		
518-0042	Fiscal Administration Development (L)	B	03-29-85	12-31-92	97%	85%	2,250	(105)	2,145	105	857	175	365	209%	1,821	324		
518-0064	Drug Information & Public Awareness (G)	C	07-23-87	04-01-94	77%	98%	2,725	0	2,420	305	275	135	142	105%	2,383	37	147	
518-0083	Narcotics Awareness (G)	A	03-30-90	09-30-92	100%	88%	89	0	89	0	23	21	10	48%	78	11		
518-0067	Andean Peace Scholarship Program (G)	A	09-21-87	09-30-94	72%	93%	6,879	(16)	6,519	360	591	69	(394)	N/A	6,073	446	115	
518-0109	ELECT Project	A	09-30-91	09-30-92	100%	87%	1,115	675	1,115	0	440	500	735	147%	968	147		
518-0076	National Shelter Delivery System	B	09-10-87	12-31-92	96%	68%	1,500	0	1,500	0	677	100	(27)	N/A	1,015	485	153	
518-0044	Technical Training (G)	A	08-16-84	09-30-92	100%	100%	1,194	28	1,194	0	35	0	28	N/A	1,194	0		
518-0004	Special Development Activity	N/A	10-01-85	N/A	N/A	97%	1,230	73	1,230	0	N/A	44	87	198%	1,199	31	35	
SUBTOTAL ACTIVE PROJECTS							67%	116,941	15,355	92,023	24,918	31,810	8,486	9,450	111%	61,289	30,734	9,675
ACTIVE PROGRAM																		
518-0116	Economic Stabilization Program III (G)	A	09-30-92	N/A	N/A	0%	6,200	6,200	6,200	0	0	0	0	N/A	0	6,200	6,200	
SUBTOTAL ACTIVE PROGRAM							0%	6,200	6,200	6,200	0	0	0	0	0%	0	6,200	6,200

FINANCIAL SUMMARY OF USAID/ECUADOR PORTFOLIO
APRIL 1, 1992 - SEPTEMBER 30, 1992
(\$000)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
PROJECT NO.	PROGRAM/ PROJECT TITLE	DATE OF INIT. OBLIG.	DATE OF REVISED OBLIG. PACD	% OF LOP ELAPSED	% OBLIG. EXPEND.	AUTH. LOP AMOUNT	CURRENT FY OBLIG. TO DATE	CUMUL. OBLIG. AMOUNT	MORTGAGE	PIPELINE	BEGINNING FY EXPEND.	PLANNED SEMESTER EXPEND.	ACCRUED SEMESTER EXPEND.	ACCRUED AS % OF PLANNED	CUMULATIVE ACCRUED EXPEND.	ENDING PIPELINE	PLANNED EXPEND. (NEXT SEM.)
TERMINATED PROJECTS																	
518-0026	Population and Family Planning (G)	09-29-81	09-28-91	100%	99%	14,000	(193)	11,236	2,764	1,782	0	269	0%	11,173	63	0	
518-0023	Forestry Sector Development (G)	09-30-82	09-30-91	100%	92%	2,300	0	2,240	60	363	0	(176)	0%	2,063	177	0	
518-0023	Forestry Sector Development (L)	09-30-82	09-30-91	100%	100%	6,500	(17)	4,662	1,838	229	0	0	0%	4,661	1	0	
518-0059	Land Titling (G)	08-29-85	12-31-91	100%	99%	6,800	(126)	1,872	4,928	205	150	3	2%	1,851	21		
518-0059	Land Titling (L)	08-29-85	12-31-91	100%	100%	3,500	(2,237)	1,263	2,237	2,297	460	20	4%	1,262	1		
518-0049	Malaria Control (G)	03-29-85	02-29-92	100%	99%	3,000	(425)	2,574	426	581	0	(82)	N/A	2,559	15		
518-0049	Malaria Control (L)	03-29-85	02-29-92	100%	87%	6,500	(388)	6,112	388	1,764	0	(46)	N/A	5,287	825		
SUBTOTAL TERMINATED PROJECTS						96%	42,600	(3,386)	29,959	12,641	7,221	610	(12)	N/A	28,856	1,103	0

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PIPELINE ANALYSIS
USAID/ECUADOR
SEPTEMBER 30, 1992

PROJECT NO.	PROGRAM/ PROJECT TITLE	CUMULATIVE OBLIGATIONS	FY OBLIGATIONS						CUMULATIVE PIPELINE	PIPELINE AGING						
			THRU 1987	1988	1989	1990	1991	1992		THRU 1987	1988	1989	1990	1991	1992	
STRATEGIC OBJECTIVE NO. 1																
518-0019	Non-Traditional Ag. Exports (G)	7,115	2,330	288	1,872	2,332	293	0	2,166	0	0	389	1,484	293	0	
518-0019	Non-Traditional Ag. Exports (L)	7,475	7,475	0	0	0	0	0	0	0	0	0	0	0	0	
518-0094	Trade and Investment Project	6,941	0	0	0	0	2,109	4,832	5,972	0	0	0	0	1,332	4,640	
STRATEGIC OBJECTIVE NO. 2																
518-0051	Agr. Sector Reorientation (G)	10,426	7,100	0	300	800	976	1,250	943	24	0	13	50	125	731	
518-0051	Agr. Sector Reorientation (L)	1,400	1,400	0	0	0	0	0	4	4	0	0	0	0	0	
518-0068	Agri. Research/Extension/Education (G)	7,000	0	2,906	1,558	1,192	1,344	0	1,720	0	120	478	382	740	0	
518-0082	Agricultural Education II (G)	1,000	0	0	1,000	0	0	0	7	0	0	7	0	0	0	
STRATEGIC OBJECTIVE NO. 3																
518-0084	Health and Family Planning II	3,497	0	0	0	0	1,384	2,113	1,993	0	0	0	0	271	1,722	
518-0071	Child Survival and Health (G)	10,702	0	0	1,778	4,211	2,376	2,337	7,152	0	0	297	2,162	2,356	2,337	
518-0081	Water and Sanitation for Health (G)	2,833	0	0	854	1,096	613	270	1,441	0	0	152	446	606	237	
518-0108	Cholera Control Care	927	0	0	0	0	620	307	307	0	0	0	0	307	0	
518-0093	Private Pharmaceutical Distribution (G)	232	0	0	0	151	0	81	81	0	0	0	0	0	81	
STRATEGIC OBJECTIVE NO. 4																
518-0091	Ec. Development Scholarship Program	1,761	0	0	0	0	702	1,059	1,258	0	0	0	0	199	1,059	
518-0095	Regional Technical AIO Center II	538	0	0	0	0	238	300	43	0	0	0	0	23	20	
518-0115	Administration of Justice	400	0	0	0	0	0	400	392	0	0	0	0	0	392	

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PIPELINE ANALYSIS
USAID/ECUADOR
SEPTEMBER 30, 1992

PROJECT NO.	PROGRAM/ PROJECT TITLE	CUMULATIVE OBLIGATIONS	FY OBLIGATIONS						CUMULATIVE PIPELINE	PIPELINE AGING					
			THRU 1987	1988	1989	1990	1991	1992		THRU 1987	1988	1989	1990	1991	1992
STRATEGIC OBJECTIVE NO. 5															
516-0079	Environmental Education (G)	1,100	0	1,100	0	0	0	0	139	0	139	0	0	0	0
518-0092	Sustainable Land-Use Management (G)	241	0	0	0	241	0	0	0	0	0	0	0	0	0
518-0069	Sustainable Uses of Biological Resources	3,984	0	0	0	0	2,986	998	3,149	0	0	0	0	2,187	962
518-0107	Charles Darwin Foundation	200	0	0	0	0	100	100	124	0	0	0	0	24	100
POLICY REFORM AGENDA															
518-0089	Policy Dialogue Support (G)	3,492	0	0	0	2,450	350	692	2,156	0	0	0	1,139	325	692
TARGETS OF OPPORTUNITY															
518-0042	Fiscal Administration Development (G)	4,788	4,788	0	0	0	0	0	205	205	0	0	0	0	0
518-0042	Fiscal Administration Development (L)	2,145	2,145	0	0	0	0	0	324	324	0	0	0	0	0
518-0064	Drug Information and Public Awareness (G)	2,420	300	660	640	820	0	0	37	0	0	0	37	0	0
518-0083	Narcotics Awareness (G)	89	0	0	0	89	0	0	10	0	0	0	10	0	0
518-0067	Andean Peace Scholarship Program (G)	6,519	1,041	2,090	3,388	0	0	0	446	0	0	446	0	0	0
518-0109	ELECT Project	1,115	0	0	0	0	440	675	147	0	0	0	0	43	104
518-0076	Shelter Section Technical Assistance (G)	1,500	226	337	937	0	0	0	485	13	149	323	0	0	0
518-0044	Technical Training (G)	1,194	821	0	279	0	66	28	0	0	0	0	0	0	0
TOTAL		91,034	27,626	7,381	12,606	13,382	14,597	15,442	30,701	570	408	2,105	5,710	8,831	13,077

PIPELINE ANALYSIS
 USAID/ECUADOR
 SEPTEMBER 30, 1992

PROJECT NO.	PROGRAM/ PROJECT TITLE	CUMULATIVE OBLIGATIONS	FY OBLIGATIONS						CUMULATIVE PIPELINE	PIPELINE AGING							
			THRU 1987	1988	1989	1990	1991	1992		THRU 1987	1988	1989	1990	1991	1992		
ACTIVE PROGRAM																	
518-0116	Economic Stabilization Program III (6)	6,200	0	0	0	0	0	0	6,200	6,200	0	0	0	0	0	0	6,200
TOTAL		6,200	0	0	0	0	0	0	6,200	6,200	0	0	0	0	0	0	6,200

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SEMI-ANNUAL PORTFOLIO REVIEW FOR STRATEGIC OBJECTIVE NO. 1
Increased Trade and Employment in Non-Traditional Exports
Second Semester, FY 1992

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

The Mission's Trade and Investment portfolio is relatively new, and began with the establishment of the Export, Trade and Investment Office (ETIO) one and one-half years ago. The portfolio is comprised by the ongoing Non-Traditional Agricultural Exports Project (518-0019) and the new Trade and Investment project (518-0094), which began in September, 1991.

The Non-Traditional Agricultural Exports project (NTAE) which began its second phase in July, 1989 is continuing with impressive momentum. The project is now providing services under all of its components, which include Agricultural Technology, Post Harvest Handling and Quality Control, Market Information and Products Promotion, and Policy Dialogue. The Project has approximately 2 yrs. left and is expected to generate \$54 Million in non-trad. ag. exports in 1992 (76% of the \$71 M target); 7,534 jobs have been generated (54% of the 14,000 target) and there are now 3 project crops, gypsofila, fresh and processed passion fruit and heart of palm, which exceed \$2,000,000 in annual exports. These figures should be further enhanced by the accomplishment, during this rating period, of significant intermediate outputs such as: the full development of a post-harvest handling program, signing of an agreement between the Ministry of Agriculture, USOA and ANDE to place an Aphis official in Ecuador to implement a phytosanitary control system, initiation of activities for a quality seal for Ecuadorian exports, and the conduct of 26 seminars with emphasis on tropical flowers, fruit and farm administration.

The Trade and Investment umbrella project (T&I) was authorized as recently as September, 1991, and has made significant progress over the past six months. Under the Non-Traditional Industrial Export Component, the Federation of Exporters (FEDEXPOR) got a good start on its initial priority areas (metalworks, ceramics, agroindustry). It signed agreements with the Ecuadorian Society of Food Science and Technology, the Chamber of Small Industry of Azuay and the Association of Ceramics Exporters which FEDEXPOR helped to form. FEDEXPOR has already provided U.S. technical assistance to the latter two organizations in ceramics exports. Especially noteworthy are FEDEXPOR's accomplishments in working with other organizations, both Ecuadorian and international. For example, it signed agreements with: the Ecuadorian Total Quality Corporation, the Franco-Ecuadorian Chamber of Commerce and the GTZ, the latter securing German long-term technical assistance for export promotion in Europe. Working with the Fundacion Ecuador, the Chambers of Commerce and Industry, and the Ministry of Industry, FEDEXPOR helped establish a new, private sector-led worldwide export promotion effort and form a national coordinating committee for export promotion. FEDEXPOR's significant accomplishments in policy reform are described below.

Institutional development of the Fundacion Ecuador (FE) continued as the FE hired key staff, established offices in Guayaquil and secured offices in Quito. The FE and USAID signed the Cooperative Agreement in June, 1992 and the FE was officially inaugurated in August, 1992 with large participation by the private and public sectors, including Vice President Dahik, Minister of Industry Mauricio Pinto, Minister of Agriculture Mariano Gonzalez, congressional deputies and provincial officials. The FE has already conducted several important seminars in privatization on ports/custom, labor issues, and social security. It has provided the city of Guayaquil and the province of Guayas with assistance in privatization of services and is an important partner with the GOE in privatization developments. The FE-led Agenda for the 90's is a package of draft laws or strategies being presented to the new GOE. Thus far, the following draft laws have been completed: privatization, capital markets, and private financial institutions.

During the review period, the Price Waterhouse International Privatization Group (PW/IPG) buy-in under T&I provided: organized visits to study successful privatization in Mexico, Costa Rica, Chile and Argentina; seminars; and technical assistance to organize privatization offices in the FE, the Ministry of Agriculture and in the GOE. Under IPG, the former Vice-Minister of Finance, who directed the privatization effort in Chile, helped structure the National Council of Modernization (in charge of all GOE privatization activities). IPG also worked on appraisals for several state-owned enterprises and completed one (Fertisa-a fertilizer producer) which is now beginning to be privatized.

The Ecuador Economic Reform Program (ERP) ESF cash transfer was negotiated during the last two months of the review period and signed on 9/30/92. It contains important conditionality on economic reform and privatization, including requirements to establish a coordinating, GOE privatization office, develop a strategy, and present any necessary legislation. These are all key events in the privatization process which were near completion by the end of the period.

2. Strategic Objective Indicators and Progress

A. Sector Developments

The impressive trade sector developments (especially in regional trade) are characterized by a new action-oriented Ministry of Industry and Commerce (MICIP), which works well with private sector institutions such as the FE, FEDEXPOR, and the Chambers of Commerce and Industry. The private sector institutions, in turn, have been coordinating their efforts very effectively. Much has been accomplished during the last two months of the

review period (August and September), which comprise the first two months of the new GOE administration:

- GATT: On September 29, Ecuador submitted its application to join GATT.
- Free Trade Agreement (FTA) with Colombia: During September, 1992, MICIP signed an FTA with Colombia, essentially removing all tariffs, equalizing any export subsidies and allowing reciprocal trucking operations. The FTA, which was to become effective 10/1/92 (and has), received the full support of the Chambers of Industry and Commerce, which during September sponsored seminars and meetings with their Colombian counterparts.
- FTA with Venezuela: Also during September, 1992, MICIP held discussions with the Government of Venezuela (GOV), as did Ecuadorian chambers with their Venezuelan counterparts. The result is that an FTA will likely be signed in October, 1992 and will become effective on February 1, 1993.
- Access to the Andean Trade Preference Act (ATPA): The GOE and Ecuadorian private sectors highly value access to ATPA (almost all Ecuadorian exports to the U.S. will benefit) and the GOE presented its application to the USG during the review period. However, access is contingent upon resolution of the EMELEC issue. That issue is near resolution, as a Venezuela investor group, with Guayaquil investor participation, is negotiating the purchase of EMELEC, with the approval of the GOE and the U.S. owner of EMELEC.
- Improvements in the climate for Investments: The economic reform package put into place on September 3, 1992 improved Ecuador's image. The GOE is actively reviewing its IPR, and will shortly introduce a new investment law which will provide equal treatment for foreign and national investors. Other positive developments for the investment climate include the imminent introduction of a Capital Markets Law (in which USAID played an active role) and the progress in privatization, described above.
- National Council for Export Promotion, New Export Promotion System and the National Export Promotion Strategy: The FE and FEDEXPOR helped the GOE form the National Council, with various Chambers in order to coordinate export development efforts. FE and FEDEXPOR have actively assisted the GOE in "privatizing" its foreign commercial system, thus saving the GOE \$5.0 million p.a. and giving the private sector a greater role in export promotion. FEDEXPOR completed a National Export Promotion Strategy and presented it to MICIP. This will soon be adopted by the GOE.

B. Issues -What new policy directives will come out of AID/W in the wake of 60 minutes and a new administration? How can the SO-1 team and the Mission deal with this issue for the next few months?

60 minutes broadcast extremely negative portrayal on AID assistance in Central America which purportedly resulted in loss of U.S. jobs and

violation of international workers rights in export processing zones (EPZs). As a result, Section 599 of the FY 93 FAA prohibits provision of assistance that might result in loss of U.S. jobs or violation of international workers rights. As a result of this investment promotion issue and the emphasis, in the Presidential campaign, on strengthening the U.S. economy, the Policy Directorate in A.I.D. is rethinking A.I.D.'s trade and investment policy. There are as yet no recommendations. However, in the preliminary draft the point is made that trade policy reform is indispensable to any A.I.D. program. This point is also made in the A.I.D. Program and Operations Assessment Report No. 2, entitled the Export and Investment Promotion: Sustainability and Effective Service Delivery. As described above and below, the SO-1 projects have engaged in significant trade policy reform activities. Given the likely new guidance and A.I.D. evaluation results, the SO-1 team leader recommends that policy reform activities be further strengthened, especially those undertaken by FE and FEDEXPOR. Other types of interventions under NTAE and T&I are consistent with those types of interventions found to be effective in the assessment named above.

In terms of investment promotion, the IESC activity of generating investment profiles and promoting them in the U.S. has been unsuccessful. The SO-1 team recommends that investment promotion in the near future consist of improving the policy framework for investment (i.e. the environment) and the FE take the lead in this activity, possibly under its policy reform component.

- Given the uncertainty of A.I.D.'s trade development policy, the LAC Bureau is discouraging the establishment of promotion centers in the U.S. What of the Ecuador-USA Trade and Tourism Center in Miami?

The Mission is trying to make the case with the Bureau that the Center will promote two-way trade, that investment promotion will not be undertaken, that the A.I.D. contribution is limited to 33% of total costs in the first year, that the Center is the pilot activity under a new private-sector led promotion effort, and commitments with highest levels of the private and public sectors have already been made by USAID.

- Given the emphasis on policy reform in SO-1, how can SO-1 projects be better coordinated with activities under the Policy Dialogue Support project?

Many of the activities under the PDS are related to trade policy reform. Yet, there are gaps in coordination between Mission staff working in SO-1 and staff working with INCAE and PDS. Recently, INCAE proposed activities in privatization and trade policy reform and visited counterparts with little previous knowledge by SO-1 staff. The SO-1 team leader recommends that the any PDS activity relating to trade policy reform be formally made part of SO-1.

3. Program Output Data Gathering

The Strategic Objective Indicators are as follows: 1) gross annual FOB value of nontraditional exports; 2) employment in sectors with high nontraditional exports. As presented in the FY 93/94 Action Plan, Program Outputs (refined during the review period) are: 1) Greater diversification in nontraditional export products; 2) Increase in investment in nontraditional export industries; 3) Improvement in the trade and investment climate; and 4) Increase in foreign exchange earnings from tourism. Indicators and data sources are briefly described below. Draft M&E plans have been completed for SO-1, NTAE and T&I and the SO-1 team will meet over the next few weeks to review the plans. The major problem in measurement of impact is with sex disaggregated data and employment data in general. The information presented below is consistent with the findings contained in the M&E plan for SO-1, completed in July and August, 1992. It has been proposed that the Mission receive TA in order to present the SO-1 M&E plans in a uniform quantitative format. The SO-1 team wonders (as did the consultant who completed the SO-1 M&E plans) whether it is practical or necessary to present all M&E plans in the same format.

Program Output # 1: Greater diversification in nontraditional exports (NTX).

The indicator is the number of NTX products (5 digit CICI categories) with annual FOB value over \$500,000. Data for this are easily obtainable from Central Bank (CB) and FEDEXPOR.

Program Output # 2: Increase in investment in nontraditional exporting industries.

The proxy indicator for this output, for which data are obtained from the CB, is simply the amount of foreign investment in NTX sectors. The Mission would prefer to measure the amount of total investment, but reliable data are not available. Foreign investment does not fully reflect progress in the T&I climate, or the support the Mission is providing in privatization and capital markets development, but it is an acceptable proxy measurement for total investment. During the next few months the Mission will address this issue. Perhaps indicators for privatization or capital mkts. development will be developed.

Program Output # 3: Improvement in the trade and investment climate.

For this PO, the Mission's trade policy agenda was taken into account. The agenda includes: exchange rate liberalization, elimination of trade restrictions, implementation of privatization and capital markets law, tariff reform, implementation of maquila/free zone laws, improvement of the labor code, opening up competition in transportation, reforming laws related to foreign investment, and streamlining procedures to regulate trade. The indicators, at present, are: Export/import license processing time reduced from 3-4 weeks to less than one day; Fundacion Ecuador established and serving as lead private sector organization in coordinating the T&I program;

implementation of positive foreign investment-related laws including streamlining of procedures; and reduction of quantitative trade restrictions and prohibitions. Most of these will be measured in terms of passage and implementation of appropriate legislation.

Program Output # 4: Increase in foreign exchange earnings from tourism.

The indicator for this PO is the no. of foreigners entering with tourist visas, by gender. This information is available from INEC. This PO is the least developed, since the Mission is only beginning to tackle a tourism development strategy, under the T&I Project. A tourism development committee has been formed to examine within the next few months the most salient problems in developing tourism in Ecuador, and to define a comprehensive strategy, taking into account existing eco, cultural and adventure tourism opportunities.

4. Recent Developments in Policy Dialogue Related to SO-1

Generally, the reform package announced on September 3, 1992 has had a positive effect on Ecuador's image worldwide and was received positively by both foreign and Ecuadorian business persons. Specific to the trade sector the following are positive developments occurring in the last two months of the reporting period and been discussed: a new foreign exchange management system favoring exports which initially was above the market rate and is currently keeping pace with the market rate; acceleration of Andean integration through negotiation of FTAs with Colombia and Venezuela which will result in elimination of tariffs, opening up of competition in transportation, harmonization of treatment of exports, etc; drafting of a new Investment Law which will provide equal treatment for foreign investors; near resolution of the EMELEC issue which will give Ecuador access to ATPA benefits; active GOE analysis of its IPR, which should result in IPR legislation acceptable to the USG; soon to be introduced legislation on privatization and capital markets; and institutional reform related to export promotion and coordination of export development efforts with the private sector.

Some of these developments have involved substantial participation by SO-1 counterparts, i.e. FEDEXPOR or FE, or presidents of Chambers who are members of FE or FEDEXPOR. To be highlighted is the very positive relationship between SO-1 counterparts and the Minister of Industry and the Minister of Agriculture, who both happen to be members of FE. This positive relationship has been a key factor in achieving sufficient consensus to enable the GOE to implement the trade policy reforms.

5. Major Events During the Next Six Months

A. T&I

- Redesign of the T&I project to take into account new policy directives and to expand the project from \$10.0 million to \$20-\$25 million.

- Completion of a tourism strategy, most likely centered on eco-tourism and inclusion of an appropriate component in the T&I project.
- Completion of a investment promotion strategy, focussed on improving the investment climate through achieving appropriate policy reform, and based in the FE.
- Working with the FE Bd. of Directors to develop a sound and focussed strategy.
- Contracting of a Senior Advisor to help in the institutional development of FE, and develop appropriate strategies for the FE.
- Completion of contracting of TA for FEDEXPOR Non-Traditional Industrial Export Activities.
- Completion of a CY 1993 Workplans by FE and FEDEXPOR, which are consistent with each other and that to be prepared by PRDEXANT.

B. NTAE

- Completion of CY 1993 Workplan, in coordination with those to be completed by FE and FEDEXPOR.
- Sponsorship and hosting of Andina Trade 92 major trade fair.
- Establishment of Aphis position in Ecuador to improve phyto-sanitary system, which will result in decrease of export products rejected in U.S.
- Planning to incorporate NTAE activities into the T&I project as part of the T&I redesign.

6. Review of Actions to be Completed in the last SAR

The anticipated major events listed in the SO-1 Overview of the last SAR were accomplished or are well on their way to being accomplished: Andina Trade conference was planned and promoted; MAG, ANDE and USDA have signed an agreement to establish the Aphis position and the financing of that position has been firmed up; the FE is established with all requisite administrative and financial controls; privatization activities with the BNF and CFN have been completed (in fact, the Mission has achieved more in privatization than anticipated); and most initial procurement actions have been completed.

The discussion above demonstrates that the private sector/GOE cooperation in the policy area has resulted in accomplishments which exceed original expectations.

PROJECT STATUS REPORT
April 1, 1992 - September 30, 1992

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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 09-30-87 last amendment 08-30-94
 Implementing Agencies: ANOE, FEDEXPOR
 Major Contractors: Development Alt. Inc.
 AIO Project Officer: Aida Lafebre
 Status of CPs/Covenants:

 Date of Last Evaluation: 08-22-91 Next evaluation: 00-00-00
 Date of Last Audit: 12-31-91 Next Audit: 01-01-93

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: \$ - 2,803
 Loan: \$ -25,181
 Amount Committed: Grant - Period: \$ 852,906
 Cumulative: \$6,688,634
 Loan - Period: \$ 0
 Cumulative: \$7,474,819
 Accrued Expenditures: Grant:
 Period - Projected: \$ 700,000
 Period - Actual: \$ 718,594
 Cumulative: \$4,949,332
 Period - Next: \$ 700,000
 Loan:
 Period - Projected: \$ 0
 Period - Actual: \$ 0
 Cumulative: \$7,474,819
 Period - Next: \$ 0
 Counterpart
 Contribution: Planned: \$9,350,000
 Actual: \$ LC8,000M
 % LOP Elapsed: 80%
 % of Total Auth. Oblig. (Grant) 98%
 (Loan) 100%
 % of Total Oblig. Exp. (Grant) 70%
 (Loan) 100%
 % of Total Auth. Exp. (Grant) 68%
 (Loan) 100%

II. MAJDR OUTPUTS:

	PLANNED								ACCOMPLISHED				% OF LOP
	NEXT PERIOD		CUM		NEXT PERIOD		CUM		PERIOD	CUM			
	LOP	PERIOD	CUM	PERIOD	PERIOD	CUM	LOP						
	M	F	M	F	M	F	M	F	M	F	M	F	
1. Training (persons)													
Long term	3	3	0	0	0	0	1	1	0	0	0	0	0
Short term	2,565	285	400	50	1226	136	400	70	727	128	1626	229	60
2. Total value NTAE Exp./Year	71M	4.2	47.0	25.0	24	52.0							73%
3. New Diversification crops	5	0	3	1	0	3*							60%
4. Expansion of Growers	1,500	200	700	200	41	549							37%

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5. Generation of employment 14,000 1,200 10,300 1,200 949 7,534 54%
 *- fresh & processed maracuya
 - heart of palm
 - gypsophila

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: (a) agricultural technology, (b) post harvest handling and quality control; (c) market information and products promotion; and, (d) policy dialogue and export financing.

Phase I of project concentrated only on fruit, vegetables, and flowers. Phase II, amendment 7 dated March 1, 1991 added the following products to the project: wood products, aquaculture, grains, livestock products, seeds, vegetable coloring, medicinal herbs and fibers.

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

A. To contribute to performance indicator under SO1 (i.e. increase FOB value and employment under NT exports), the EOPS targets under NTAE include \$ 71 million in NTAE exports and 14,000 new jobs. To date, NTAE exports have reached \$ 54 million/year and employment increased to 7,534. The NTAE project contributes directly to USAID/Ecuador's Strategic Objective No.1, "Increased Trade and Employment" in Non-Traditional Exports through its impact on the following Program Outputs:

-- Product Diversification: EOPS target's 5 new diversified crops at an export value of \$ 2 million each. To date, the project has made significant progress towards achieving the project's target by expanding production in the following crops: pineapple, melons, heart of palm, mangoes, asparagus, fresh and processed passion fruit and gypsophila.

-- The project is continually promoting new investments in NTAE products. Apart from the credit line in the Central Bank, terminated in December 1990, two credit lines, one for \$2 million (FOPEX) and the other for \$ 680,000 (FOPINAR) are being channeled through the Corporación Financiera Nacional with ESF resources directed to new export products and small enterprises that are export oriented.

-- Trade and Investment climate. The NTAE is supporting numerous policy dialogue activities in the areas of foreign investment, macroeconomic policy reform and a reduction of barriers which have improved significantly Ecuador's trade and investment climate.

B. The NTAE project is contributing 100% of its LOP funds to the Strategic Objective No. 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 \$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% are women).

Central Bank statistics indicate that exports from January to May 1992, reached \$ 21,895, which gives an estimated average of \$52 million per year. Agricultural technology and marketing promotion continue with the joining of 40 new producers. About 1,400 has. were covered with technical assistance through 768 visits, and 9 new producers associations were established.

The project experienced a solid progress toward the achievement of EOPS. Technical assistance has been a key element for the expansion of growers and cultivated areas. There is a need for an extension of short-term technical assistance which is now being processed in the Mission. PROEXANT has played an instrumental role for expansion of exports, through participation in trade fairs, personal contacts, publications in specialized media abroad, etc. Seminars conducted had great participation and interest, particularly women (28%). PROEXANT began to organize the Andina Trade'92 event which seeks to promote ecuadorian products and to discuss new business opportunities for Ecuador and its comparative advantage.

To date, three new products with exports of \$2,000,000 per year have been developed; these are: gypsophila, fresh and processed passion fruit, and heart of palm.

VI. PROGRESS DURING REPORTING PERIOD

1. Opened new office in Ambato.
2. The post-harvest handling program was fully developed with the presence of Dr.E.Suadi, as a long-term specialist.
3. An Agreement was signed among Ministry of Agriculture-ANDE-USDA/OICD to assign

an APHIS official in Ecuador to implement a phytosanitary control system.

4. Activities were initiated for the issue of a Quality Seal for Ecuadorian export products.
5. Organization and promotion of Andina Trade'92, which is an international convention on exports, trade and business opportunities for Ecuadorian producers.
6. Support and strengthening of producer associations of mango, artichoke, passion fruit, heart of palm, etc.
7. PROEXANT moved to new offices.
8. Extension of contract with DAI for approximately \$428,000 in process.
9. During the months of June through September, 26 seminars were conducted in cities of the coast and sierra. Emphasis was on tropical flowers, fruits, farm administration, etc.
10. The project imported a variety of plants, and agreement was reached with producers to locally reproduce those plants from which 50% of such production will be returned to PROEXANT, in order to benefit other producers.
11. Surveys were conducted on workers health who use pesticides; 5 studies were carried out on strawberry and broccoli, and its impact on workers' health.
12. Participation in conjunction with NTIE in the Sevilla'92 Fair held in Spain.

VII. GENDER CONSIDERATIONS

A study to measure employment generation for women resulting from project activities is underway. The project has extensively promoted the participation of women in all activities performed throughout the country: training programs, seminars, conferences, field trips, etc.

VIII. EVALUATIONS AND AUDITS

1. A project audit is to be completed in October, 1992 by Deloitte Tomatsu. Price Waterhouse is conducting an audit of counterpart contributions.
2. Design of a Monitoring & Evaluation system, and training of personnel who will provide information for data collection in the new designed formats.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. The future of PROEXANT still remains an issue. A plan of action needs to be prepared to define future NTAE activities.

2. Management problems exist in PROEXANT and USAID when dealing with DAI. There is a need to seek ways to coordinate efforts from all parties involved in the project.
3. Project evaluation scheduled for FY94 may need to be conducted earlier to determine if these activities merit continuing USAID support.
4. Short-term TA is not being provided by IESC as originally estimated. Instead, additional TA will be notiated with DAI. There are serious questions about the effectiveness of IESC TA. Mission needs to look at this situation and decide whether to continue with IESC in this and other projects.
5. PROEXANT has concentrated mainly on agricultural related technologies. Therefore, lobbying activities and the seeking of additional credit lines are not priority areas.
6. There are complaints of the use of Project vehicles for personal business by PROEXANT personnel. Strict measures must be implemented to avoid unofficial use of such vehicles.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Hold Andina Trade'92 event in Quito in November.
2. Continuation of APT Link project activities with focus on technical assistance and new product research efforts.
3. Establishment of the APHIS Representative in Ecuador, and secure funding for a two-year period.
4. Preparation, submittal and approval of the 1993 work plan.
5. Attend the international trade show Food Pack of the Americas 93.
6. Completion and dissemination of 20 product profiles to growers, processors and exporters.
7. Conduct census of NTAE crops area planted and estimation of new employment and export value to be created.
8. Continuing program of importation of planting material 7,000 plants of berries and 960,000 of pineapple.
9. Negotiate amendment to technical assistance contract with DAI.
10. Initiate the process to define housing of future PROEXANT activities.

PROJECT STATUS REPORT
April 1, 1992 - September 30, 1992

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I. BACKGROUND DATA

Project Title: Trade and Investment Project
 Project Number: 518-0094
 Date of Authorization: original 08-29-91 last amendment 00-00-00
 Date of Obligation: original 08-30-91 last amendment 01-27-92
 PACD: original 09-30-97 amended to 00-00-00
 Implementing Agencies: FEDEXPOR/CISE/FUNDACION ECUADOR
 Major Contractors: Price Waterhouse
 AID Project Officer: P.Lapera/E.Guillén/J.Watson
 Status of CPs/Covenants: N/A

Date of Last Evaluation: N/A Next evaluation: 09-30-93
 Date of Last Audit: N/A Next Audit: 12-31-92

FINANCIAL DATA

Amount Authorized: DA Grant: original \$10,000,000 last amend \$0,000,000
 Amount Obligated: DA Grant: original \$ 2,109,00 last amend \$6,940,839
 Current FY Oblig.: Grant: \$4,832,000
 Amount Committed: Grant - Period: \$2,684,320
 Cumulative: \$4,370,531

Accrued Expenditures: Grant:
 Period - Projected: 900,000
 Period - Actual: \$ 828,078
 Cumulative: \$ 969,550
 Period - Next: \$ 353,000

Counterpart Contribution: Planned: \$4,222,916
 Actual: \$ 546,000

% LOP Elapsed: 17%
 % of Total Auth. Oblig. (Grant) 69%
 % of Total Oblig. Exp. (Grant) 13%
 % of Total Auth. Exp. (Grant) 9%

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED			% OF LOP
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	LOP	
1. Increase Investments	\$ 5M	0	0	0	0	0	0	
2. Trade and investment serv	120	0	0	15	0	0	0	
3. Increase in export earnings	\$24M	1	3	1	0	0	0	
4. Increase in employment (65 women)	7,000	200	600	100	0	0	0	

5. Training (persons)
 Long term
 Short term

M	F	M	F	M	F	M	F	M	F	M	F
200	30	480	150	150	50	126	40	316	19		

III. PROJECT DESCRIPTION

The project goal is 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 will be implemented over a period of six years with a total LOP funding level of \$13,778,000 comprised of dollar-appropriated funding totalling \$10,000,000 (73%) and estimated counterpart contributions of \$3,778,000 (27%).

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

1. The Nontraditional Agricultural Export Project (NTAE 518-0019) and the Trade and Investment Project (T&I 518-0094) will contribute to Project Objective No.1, by diversifying agricultural and industrial exports and by increasing production. Activities include: technology transfer, in production, processing and marketing; promotion efforts, including participation in fairs and a market information service; enhancement of quality control; and stimulation of provision of export services by private firms and training in export marketing.

Toward Project Objective No.2, T&I Project activities as conducted by International Executive Services Corps (IESC) and the Fundación Ecuador include: the development of an Ecuadorian capability in investment promotion; privatization and capital markets development; promotion of joint ventures; IESC technical assistance and use of investor's network; and, production of informational material and training.

Under the T&I Project, the Fundación Ecuador will be coordinating the private sector's policy reform effort with the GOE in order to improve the trade and investment climate, the third program output of Strategic Objective No.1. Areas to be addressed will be: exchange rate liberalization, elimination of trade restrictions, implementation of privatization and a capital markets law, tariff reform, improvement of the labor code, opening up competition in transportation, reform of laws related to foreign investment, and streamlining procedures which regulate trade. GOE Economic Reform Program will complement these efforts by providing dollar disbursements for achieving policy conditionality, especially in Privatization.

2. The T&I Project contributes 100% of its LOP funds to the Strategic Objective No. 1.

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

On June 30, 1992 a Cooperative Agreement between A.I.D and Fundación Ecuador was signed and a formal inauguration ceremony was held in August. The Guayaquil headquarters staff is in place with recruitment of additional project analysts to be completed in the near future. A Subdirector for Quito was selected in September and steps are being taken to open the Quito office in November. Recruitment of additional Quito-based staff is underway. Much progress has been made under T&I in privatization both with the FE and GOE as described in the Strategic Objective No. 1 overview and below. The FE and FEDEXPOR have been actively working with various chambers and MICIP on export strategy improvements. The Strategic Objective No.1

team leader's primary concern is with the lack of progress in the investment promotion component. The overall project warrants a "B" rating.

VI. PROGRESS DURING REPORTING PERIOD

IESC Investment Promotion Component

This component has been unsuccessful since the activities listed below have not resulted in a single investment. The Mission should consider terminating the CA W/IESC and/or merging it into FE activities.

- Five main sectors, food processing, metalwork, maquila, mining and tourism, were identified to receive support.
- A V.E. in tourism from IESC came to Ecuador to do a tourism sector survey in September 1992.
- The IESC-led investment network program has generated in Quito and Guayaquil 50 projects which have been sent to IESC Stamford to identify prospective investors.
- To enhance coordination, the IESC-Investment Promotion office in Guayaquil was moved to the F.E. offices.

Fundación Ecuador

Fundación Ecuador, in response to requests from the leading political parties in Ecuador, prepared an economic reform agenda. President Sixto Durán Ballén and his new administration began initiating reform legislation in September. The contract with Price Waterhouse/Ecuador for the recruitment of technical consultant teams to draft legislation is being amended to commence Phase II of the "Agenda for Economic Reform in the Nineties" program.

A major buy-in contract with Price Waterhouse/International Privatization Group (PW/IPG) through AID/Washington Bureau for Private Enterprise is providing technical services to facilitate transactions involving state-owned enterprises in Ecuador and to organize privatization seminars and country visit programs.

GOE selected PW/IPG to prepare appraisals and privatization plans for several companies in the Banco Nacional de Fomento portfolio. PW/IPG completed an appraisal of the state-owned fertilizer plant (FERTISA) in September. It delivered a draft report to the principal shareholders (Banco Nacional de Fomento, Corporación Financiera Nacional and Ministerio de Agricultura y Ganadería) in October. PW/IPG is responsible for the marketing plan and will advise shareholders in this sales transaction. Corporación Financiera Nacional and PW/IPG are evaluating the feasibility of structuring a mutual fund with the privatization of several CFN-owned firms.

PW/IPG, in coordination with the Mission and Fundación Ecuador, provided technical assistance to: (1) the drafting of GOE privatization legislation, (2) the establishment of a national office of privatization (Consejo Nacional de Modernización del Estado), (3) a privatization management unit in the Ministry of Agriculture to coordinate the sale of companies held in the portfolios of the Ministry of Agriculture, Banco Nacional de Fomento, and Corporación Financiera Nacional (which total approximately 70 firms), and (4) a privatization technical assistance contracting unit in the Fundación Ecuador.

Fundación Ecuador, with assistance from PW/IPG and PW/Ecuador, completed two country visit programs and organized seminars/workshops focusing upon the privatization of ports, municipal services and social security. Fundación Ecuador sponsored: (1) seminars addressing how privatization programs can resolve labor union issues, and (2) participation of senior GOE and private sector leaders at privatization of telecommunications and capital market development seminars.

Another buy-in contract with Price Waterhouse/Financial Services Development Project produced a capital markets strategy for the Fundación Ecuador and Ecuador's stock markets in Quito and Guayaquil. This was undertaken in coordination with the new capital markets law written with technical assistance provided by the Mission during February - June 1992.

FEDEXPOR

During the review period, FEDEXPOR completed the start-up activities mentioned in the previous SAR: most of the 16 project personnel have been hired; FEDEXPOR's Work Plan was approved by USAID; all office equipment was procured, including a computer system appropriate for FEDEXPOR's leading role in data collection for SO-1; agreements with the Chamber of Small Industry of Azuay and the Association of Ceramics Exporters were signed in Cuenca to promote ceramics exports; an agreement with the Ecuadorian Society of Food Science and Technology (SECTAL) was signed; FEDEXPOR participated in major international fairs including Sevilla 92, SIAL in Paris, and Matchmaker in Rotterdam, Holland; and proposals for the U.S. technical assistance were received and analyzed and firms were requested to submit cost and technical addendums which were also analyzed by the Technical Evaluation Panel (TEP).

The most significant accomplishments relate to FEDEXPOR's ability to coordinate well with other international institutions, thereby securing additional resources and its significant and growing role in policy reform activities. During the review period FEDEXPOR signed agreements with the Franco-Ecuadorian Chamber of Commerce to secure assistance in the SIAL fair and with GTZ for long-term technical assistance both in the new promotion center in Hamburg and in Ecuador. FEDEXPOR's accomplishments vis-a-vis the new GOE administration have been remarkable. FEDEXPOR and the Fundación Ecuador (FE) led the effort to establish the much-needed National Export Promotion Coordinating Council with the GOE and important chambers. FEDEXPOR and FE helped the Ministry of Industry and Commerce (MICIP) to "privatize" and replace its costly and inefficient foreign commercial service with a workable plan of establishing four private sector funded promotion centers in key cities in

the world. FEDEXPOR prepared a first-time-ever National Export Strategy which is being adopted by the GOE. Other significant trade reforms presented by FEDEXPOR to the GOE include: Drawback Incentive Law; plan to streamline custom documentation and operations; and a proposal to reform exporters' foreign exchange deposit requirement with Central Bank. FEDEXPOR has played the leading role in monitoring the implementation of the Export Facilitation Law and helping the GOE to make improvements. The bottom line in all of this is that FEDEXPOR has done an outstanding job in improving the policy environment for export promotion.

VII. GENDER CONSIDERATIONS

Under the FEDEXPOR component, the increasing demand for the employment of women continues to be a factor in the selection of industries to be assisted. Impact of women is a criteria in the recently completed M&E plans for the two projects and SO-1.

VIII. EVALUATIONS AND AUDITS

While PROEXANT has ongoing audit arrangements, during the reporting period FEDEXPOR signed a contract with an audit firm for continuous audit arrangements. FE should sign a contract for such arrangements during the next review period. Quarterly implementation reports have been presented by the implementing entities.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

Overall

- The confusion regarding AID's T&I strategy in AID/W in the wake of 60 minutes and the election threatens several T&I activities. The T&I redesign will take new policies into consideration.
- Given IESC's lack of results and the changing T&I policy in AID/W, the USAID needs to develop an investment promotion strategy which is based on policy reform to improve the investment climate. Such a strategy would be implemented by FE.
- The present SAR format whereby FE, FEDEXPOR and IESC activities are all reported together is inadequate. There should be a separate SAR for each component. Section II "major outputs" needs to be modified for next SAR.
- Actions need to be taken with T&I PVOs to pursue sustainability, which should include charging fees for services.
- There may be conflict of interest regarding FE & FEDEXPOR Directors.

Investment Component

- Prior to initiating new activities, a comprehensive investment promotion strategy will be prepared.

- IESC's Quito Investment Promotion Manager's contract was not renewed.
- IESC's investment promotion component has not met its goals. Options for IESC continuation in the project need to be developed.
- Following development of an investment promotion strategy, consideration may be given to merging IESC's program with the Fundación Ecuador.
- An investment strategy should evaluate Ecuador's foreign investment law and regulations for modifications to encourage greater foreign investment.

Fundación Ecuador

- The scope of work of FE should be clearly defined.
- Steps should be taken to avoid conflict of interest in privatization.
- The Agenda for the 90's reform package needs to be closely followed in order to prevent falling behind schedule?
- FE's role in privatization vis-a-vis the GOE's role is being clarified in coordination with the GOE.

FEDEXPOR

- The Mission's FEDEXPOR (NTIE) FSN project manager was detailed to the FE from March to September, 1992 and resigned from USAID at the end of September. This led to a number of delays in FEDEXPOR, Fundación Ecuador and other T&I project implementation, including the contracting of U.S. TA for FEDEXPOR. This factor impeded the ETIO Director from accomplishing overall management responsibilities and making progress in SO-1 M&E plan elaboration. The FSN-12 position must be filled as soon as possible.
- USAID needs to review PROEXANT and FEDEXPOR delivery of services to ensure increased emphasis on small and medium firms or farms and eliminate any assistance to operations which employ (i.e. exploit) children.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

Investment Component

- The Mission should prepare an investment strategy given new AID/W policies. Activities should include policy reform to improve the investment climate.
- The Mission should consider terminating the IESC component prior to March 30, 1993.
- IESC to prepare pamphlets, brochures, video, etc. for investment promotion

- Complete two new investment projects in food processing and mining.
- Subject to policy guidance from AID/W, and completion of an investment strategy FE should start investment activities.

Fundación Ecuador / Privatization (Price Waterhouse)

- Provide long-term and short-term technical assistance to Consejo Nacional de Modernización del Estado (CONAM).
- Provide a long-term technical advisor for the institutional development of the Fundación Ecuador.
- Complete appraisals, privatization plans, and sales documents for several MAG, CFN and BNF companies.
- Commence Phase II of trade reform legislation (Agenda of the 90's).
- Continue Fundación Ecuador lobby effort for the passage of a new capital markets law.
- Complete Fundación Ecuador staff recruitment in Quito and Guayaquil offices and commence administrative operations in Quito.

FEDEXPOR

- Design and implement a coordinated statistical data sharing system for trade and investment.
- Make final selection of U.S. firm, contract TA, and start implementation of IA.
- Until U.S. TA firm is operating, provide IESC TA to selected sectors.
- Start FEDEXPOR 1993 Work Plan preparation process, in coordination with preparation of FE and PROEXANT Work Plans.
- Follow up on policy reform presented by FEDEXPOR to GOE.
- Provide answer to FEDEXPOR on proposal to combine FEDEXPOR coast manager and NTIE director for the coast functions and fill such position with highly qualified professional.

SEMI-ANNUAL PORTFOLIO REVIEW FOR STRATEGIC OBJECTIVE NO. 2
"Increased Agricultural Income, with Emphasis on Small and Medium Farms"
Second Semester, FY 1992

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

The main program activities (projects) contributing to the Mission's second Strategic Objective--the Agricultural Sector Reorientation Project (ASRP) and the Agricultural Research, Extension, and Education Project (AREEP)-- continued to show good progress over this reporting period. An external evaluation of ASRP conducted in June concluded that: "the ASRP is a success story in the making. Although the Project is still fragile in a number of respects --and will require nurturing for some time--, it has already succeeded in having clearly identifiable, significant impacts on public understanding of agricultural policy issues and the process of formulating market oriented agricultural policies in Ecuador. Most importantly... the likelihood is high that both the Ministry and IDEA will be able to continue to make constructive contributions to agricultural policy-making for the foreseeable future". At the MAG, the basic elements of the agricultural information system are functioning and have shown significant improvement over the past six months. The Computer Center and the Agroclimatic activities are most advanced in achieving their purpose. At IDEA, a number of important studies, including the major natural resources sector assessment, were completed during the period, and IDEA personnel were very active in policy dialogue dealing with the Strategic Objective's policy agenda as well as in related activities including drafting and lobbying for legislation and providing technical assistance to the MAG and private producer associations. In addition, IDEA succeeded in winning several small contracts for studies from the World Bank, IDB, and FAO. Financial sustainability of IDEA and the ASRP MAG units, as well as institutionalization of the MAG units, are the principal concerns with respect to ASRP.

As for the AREEP, implementation continued to be smooth for the most part. The law granting the national agricultural research institute (INIAP) institutional autonomy and an increased budget was approved by the GOE, and FUNDAGRO provided advice to the MAG and INIAP on the content of the law as well as the implementing regulations. FUNDAGRO's Executive Director became the new Minister of Agriculture's informal advisor on agricultural research, extension and education, which should improve prospects for strengthening Ecuador's agricultural REE system. In addition, FUNDAGRO continued to make progress towards financial sustainability with an increment to its endowment fund provided by the Food Aid Program and was able to secure additional funding for specific activities from the Ecuadorian-Canadian Fund and the Kellogg Foundation. Some issues requiring attention include the definition of FUNDAGRO's REE strategy, including commodity focus, extension methods, and involvement in marketing under the proposed Agricultural Sector Development Project; the time frame for phasing out AID assistance to FUNDAGRO; and, FUNDAGRO's future relationships with other AID-supported organizations carrying out projects in support of SO 2.

Finally, the Wilson Popenoe Foundation, which implements the Agricultural Education I! Project, had an important achievement during the reporting period. The Foundation, with AID and other donor assistance, was able to buy about \$2.1 million of Ecuadorian foreign debt under the GOE's Debt Swap Program. This transaction will enable the Foundation to greatly expand and sustain its scholarship program benefiting needy Ecuadorian students attending the Panamerican Agricultural School.

2. Strategic Objective Indicators and Progress

Strategic Objective: Increased agricultural income, with emphasis on small and medium farms

Indicators: (a) gross real income per ha. from selected commodities; (b) gross real income accruing to farms of 20 ha. or less from selected commodities; (c) rural household total real income and real agricultural income by size of farm for Costa, Sierra and Oriente regions

Output 1: Reduced distortions in priority markets

Indicators: (a) nominal protection rate (percent) on selected commodities; (b) tariff rate (percent) on fertilizer, agrochemicals and seed; (c) reduction (percent) in MAG budget for public enterprises; (d) change in absolute real value of agricultural investment, and private investment as percentage of total agricultural investment; (e) percent of agricultural GDP included in the national budget for agricultural science and technology; (f) difference between market interest rate and interest rate charged by Agricultural Development Bank for agricultural loans

Output 2: Increased efficiency of production, processing and marketing of selected commodities

Indicators: (a) calf mortality rate (percent); (b) milk production per cow and per ha.; (c) farmgate price for milk within FUNDAGRO program regions; (d) coffee yields (Kg/ha); (e) farmgate price for coffee within FUNDAGRO program regions; (f) cassava processed by producer associations (MT); (g) farmgate price for cassava within FUNDAGRO program regions

During this reporting period the SO committee finished the program-level monitoring and evaluation plan, while also recognizing that some adjustments will have to be made in the commodity - specific indicators for the new Agricultural Sector Development Project.

The SO statement was amended to broaden the focus of the SO from "income from selected commodities" to "agricultural income" and from small and medium farms only to "an emphasis on" small and medium farms. These changes reflect the

fact that FUNDAGRO's strategy for interventions at the farm level is evolving toward introducing commodity - based technologies rather than just single commodity technologies. (This change in approach was recommended by an external evaluation team.) In addition, the rephrased SO implicitly recognizes that for the most part policy change in the sector will have a positive impact on agriculture (production of many commodities) and on farmers in general.

A new SO performance indicator was added to take advantage of the information to become available through the National Rural Household Survey. The indicator is a direct measure of the income on small and medium farms, and together with the commodity - specific income data, will allow a clearer analysis of the impact of the program on the agricultural income of small and medium farmers. It also takes into account the equity and poverty alleviation goals underlying the SO.

While the program M&E plan has been completed, work remains to finalize the M&E plans for the projects included under SO 2, and to institutionalize the M&E systems within the organizations (MAG, IDEA, FUNDAGRO) implementing the program. These are important tasks since the project level data are the source of indicators for the program level and the key to interpretation of the dynamics underlying the indicators. This work will continue within the organizations and be completed as part of the new project design.

3. Sector Development and Issues Relating to the Strategic Objective

The period of April-September 1992 included a number of events which affected the realization of the Strategic Objective of increasing farm income on small and medium farms in Ecuador and the program output of reduced policy distortions in agricultural product and factor markets. On July 5th the conservative free market party candidates Sixto Durán-Ballén and Alberto Dahik were elected President and Vice-President, respectively, of Ecuador. On August 10th, Sr. Durán-Ballén was inaugurated as President, and he named a cabinet dominated by private sector businessmen, including Eng. Mariano González (President, San Carlos Sugar Co.) as Minister of Agriculture. On September 3rd, President Durán announced his macroeconomic adjustment policies which included a devaluation of the sucre of 35.5% (with the elimination of the weekly mini-devaluations and the setting of the official intervention exchange rate at S/.2,000 per US dollar), the tightening of monetary policy, the liberalization of interest rates, the reduction of the size of the government, the increase of gasoline prices by more than 100%, the increase in the prices of electricity, telephone, and water, and a number of compensatory programs to help the poor. He also introduced a proposed law into Congress to reform the government bureaucracy and privatize or restructure the state-owned enterprises. This law, however, was not approved by Congress and had to be withdrawn by the Office of the Presidency.

On August 24th, Ecuador, Colombia and Bolivia agreed to have free trade among their countries beginning October 1, 1992. These countries also agreed that free trade between Ecuador and Venezuela would begin no later than January 1, 1993 and a common external tariff (CET) would be adopted by this group no later than December 31, 1993; Perú decided to remain outside this free trade group

until December 31, 1993. As reported in the previous SAR, Colombia and Venezuela eliminated their import tariffs between the two countries on January 1, 1992. With the initiation of free agricultural trade between Ecuador and Colombia to begin on October 1, 1992, Foundation IDEA, in coordination with the Policy Analysis Division (DAP) and the Subsecretary of Marketing in the Ministry of Agriculture and several agricultural producers groups, continued to actively lead the discussions on the benefits of free trade within the region and with the rest of the world. The policy recommendations of IDEA for promoting international free trade, especially for agricultural commodities, support the recommendations of President Bush's Enterprise for the Americas Initiative.

The adoption of a free trade policy for the Andean region and the rest of the world should provide greater impetus to liberalize agricultural and food prices and to eliminate costly government interventions which distort free market price signals and lead to the inefficient allocation of resources in Ecuador. The policy analysis and dialogue activities of IDEA, FUNDAGRO, MAG/DAP and USAID/ANRO continued to support those private and public sector groups who advocate policy reforms which lead to greater agricultural market price liberalization, productivity, and competitive efficiency and which in turn would lead to increased farm incomes for small and medium farms in Ecuador. For this reason, continuing efforts are being made to not only improve the pricing and market efficiency of agricultural products and inputs, but also to study and promote ways to create a more efficient and viable agricultural REE system. The building of support for these proposed policy reforms among private producer groups and public decision-makers has been a slow and arduous task that has been hindered by widespread misinformation about the cause and effects of free market economic policies and by strong rent-seeking interest groups. Consequently, a major effort has been made by IDEA, FUNDAGRO, and the DAP during this reporting period to work closely with the various agricultural missions from the World Bank, the Interamerican Development Bank (IDB), and the International Monetary Fund (IMF) to set policy and project priorities to increase private investment in the agricultural sector.

The Consumer Defense Law, passed in July 1990, continues to be the key obstacle to the further liberalization of food and agricultural prices. With this law, the "Intendentes" of the Ministry of Government can continue to arbitrarily impose maximum retail prices on several basic consumption items, including food products, with the result that producer prices are frozen and disincentives created for greater agricultural investment and production. In addition, many newly elected populist congresspersons have argued for price controls, greater general credit subsidies, and continuation of massive public spending on state-owned enterprises. This misguided development strategy has weakened the new government's initial interest to privatize the state-owned agricultural enterprises (e.g., ENAC, ENPROVIT, Fertisa, Aztra, Ensemillas). Nevertheless, the Minister of Agriculture, Mariano Gonzalez, in meetings with USAID, the World Bank, and IDB has continued to express that his highest priority for the development of the agricultural sector is the privatization of MAG's state-owned enterprises.

Thus, the need for USAID's support of the new government's proposed free market policy reforms on agricultural trade, privatization, and liberalization of product and factor markets is critical at this time. This effort must be strengthened in the next six month period, as the new government has given clear signals that they want to develop a free market, outward-oriented economy and a dynamic, competitive agricultural sector. Thus, a series of policy dialogue seminars with the newly elected officials and the provision of timely technical assistance will be critical to enact and implement the necessary policy reforms that will lead to a more free market economy and to increased farm incomes, especially for small and medium farmers, in a cost-effective manner.

4. Policy Dialogue Agenda Related to the Strategic Objective

During this reporting period, IDEA, FUNDAGRO, MAG/DAP and USAID/ANRO continued their active involvement in policy dialogue with the Ecuadorian public and private sectors to achieve the Strategic Objective of increasing agricultural incomes on small and medium farms. As stated above, the policy dialogue activities dealt with both macroeconomic and sectoral policies influencing agricultural trade, production, and institutional development. Monthly reports prepared by Dr. Duty Greene (Sigma One Corporation) indicate that more than 100 major policy dialogue events (seminars, briefings, meetings) took place during this reporting period. These events included the discussion of key issues of the USAID/Ecuador Agricultural Sector Assessment Report (now translated into Spanish and being sold by IDEA), autonomy for INIAP, free agricultural trade and price policy recommendations for the major agricultural commodities and production factors, situation and outlook reports for key agricultural products and inputs, methods to improve the collection, processing, and publication of agricultural production and market data and information, and the privatization of state-owned agricultural enterprises. In general, the objective of these events was to inform Ecuadorian decision-makers about the importance of implementing the appropriate macroeconomic and trade policies, free market prices in an open economy, and a science-based agricultural production system in the public and private sectors.

The long-term Sigma One Corporation macroeconomist (Dr. Duty Greene), the IDEA economists and analysts (Dr. Hugo Ramos, Dr. Carlos Camacho, Dr. Jorge Soria, Mónica Acosta, Fernando Suárez, Rubén Flores and Pablo Salazar), the DAP economists and analysts (Carlos Izquierdo, Victor Bucheli, Raúl Dávila), the Directors of IDEA, DAP and FUNDAGRO (Neptalí Bonifaz, Ramón del Salto, and Jorge Chang), the Coordinator of the ASRP (David Flood), the ANRO Director (David Alverson) and ANRO Staff (Fausto Maldonado and Mónica Suquilanda) were the principal USAID/ PL-480-funded persons working in policy analysis and dialogue to achieve the Strategic Objective of increasing the farm incomes on small and medium farms and the program output of reducing distortions in agricultural product and factor markets. In addition, short-term assistance in the policy analysis and agricultural statistics and information areas from the Sigma One Corporation contract provided Dr. Morris Whitaker, Carlos Criollo, Norberto Quezada, Rigoberto Stewart, Walter Sanchez, Edmund Andrews, Andrew Urquhart, and Herb Fullerton who produced key documents and surveys and led important seminars and workshops in Quito and Guayaquil during this reporting period which also contributed importantly to the realization of SO 2.

5. Expected Major Events, Accomplishments, and Actions During the Next Six Months

- a. Complete design of Agricultural Sector Development Project.
- b. Finalize institutional arrangements, secure funding, and make plans for implementation of National Rural Household Survey.
- c. Finalize M&E plans for projects contributing to SO 2 and begin operations of M&E systems within organizations implementing these projects.
- d. Pass new agrarian law.
- e. Sign Presidential decree and begin implementation of agricultural price band policy.
- f. Improve implementing regulations for INIAP autonomy law.
- g. Sign contracts with firms to manage privatization of several parastatal agricultural enterprises.
- h. Develop internal policies and procedures at IDEA in response to external financial management review.
- i. Complete programming of food aid local currency needed to support SO 2.
- j. Hold strategic planning seminars and annual work plan and budget retreats involving the MAG and IDEA under ASRP; FUNDAGRO under AREEP.
- k. Survey users/clients of MAG's agricultural statistics (prices, production estimates, etc.) to determine utility, adequacy, and relevance of these outputs.
- l. IDEA negotiates with the GOE to try to secure an increment to IDEA's endowment fund through the IDB's proposed agriculture sector loan.
- m. Through PACT, carry out training for Boards of Directors of IDEA and FUNDAGRO.
- n. FUNDAGRO finalizes agreements with the Corporación Andina de Fomento, Agristar and Spanish Agency for Cooperation to support production of several crops.
- o. FUNDAGRO obtains resources from the Ecuadorian-Canadian fund to expand production and marketing activities for several commodities.
- p. Determine whether and how the Mission and ANRO counterpart organizations should collaborate with the SANREM CRSP.

6. Review of Previous SAR's "Actions to be Taken Over the Next Six Months"

- a. Begin design of new Agricultural Sector Development Project (ASDP): Done. Concept Paper completed and approved with some conditions.

- b. Carry out evaluation of the Agricultural Sector Reorientation Project: Done. Evaluation was positive and being used in design of ASDP.
- c. Prepare PL-480 Title I proposal if USAID receives green light to do so: Not done. The light was red.
- d. Complete SO 2 M&E plan: Done.
- e. Pass the INIAP autonomy law: Done. Improvements to implementing regulations still required.
- f. IDEA presents new agrarian law to Ecuadorian Congress: Done. Draft law is still being negotiated at committee level.
- g. Augment FUNDAGRO's and Wilson Popenoe Foundation's endowments with proceeds of FY-91 sorghum donation: Done.
- h. FUNDAGRO signs agreements with other donors for various REE activities: Partially completed.
- i. IDEA signs agreements to do agricultural policy studies for World Bank, IDB, CAF and other donor and/or producer groups: Partially completed.
- j. IDEA finalizes its financial analysis, operational procedures to systematize new business activities: Pending. External financial management review done during reporting period needs to be followed up with specific actions.
- k. Wilson Popenoe Foundation hires new Development Director: Done.
- l. IDEA initiates institutional strengthening of FENARROZ: Done.
- m. MAG/DAP prepares sector briefing book for new Minister of Agriculture: Done.
- n. Sign and implement no cost extension of AREEP Cooperative Agreement: Done.

PROJECT STATUS REPORT
April 1, 1992 - September 30, 1992

A X B ___ C ___

I. BACKGROUND DATA

Project Title: Agricultural Sector Reorientation
 Project Number: 518-0051 (Loan 518-T-063)
 Date of Authorization: original 07-30-85 last amendment 06-14-90
 Date of Obligation: original 07-31-85 last amendment 04-19-91
 PACD: original 07-30-90 last amendment 07-30-93 *
 Implementing Agencies: Ministry of Agriculture and Livestock (MAG)
 Institute of Agricultural Strategies (IDEA)
 National Institute for Census and Statistics (INEC)
 Major Contractors: Sigma One Corporation
 AID Project Manager: Mónica Suquilanda
 Status of CPs/Covenants:

 Date of Last Evaluation: 05-11-92 Next evaluation: 08-30-93
 Date of Last Audit: 07-31-92 Next Audit: 08-30-93

* For IDEA training component only, PACD 12-30-94

FINANCIAL DATA

Amount Authorized: DA Grant: original \$7,100,000 last amend \$10,700,000
 Loan: original \$1,400,000 last amend \$ 0
 Amount Obligated: DA Grant: original \$ 700,000 last amend \$10,426,001
 Loan: original \$1,400,000 last amend \$ 0
 Current FY Oblig. Grant: \$1,250,000
 Loan: \$ 0
 Amount Committed: Grant - Period: \$ 171,866
 Cumulative: \$9,990,454
 Loan - Period: \$ 174,208
 Cumulative: \$1,395,690
 Accrued Expenditures: Grant:
 Period - Projected: \$ 159,905
 Period - Actual: \$ 810,774
 Cumulative: \$9,483,035
 Period - Next: \$ 743,506
 Loan:
 Period - Projected: \$ 0
 Period - Actual: \$ 199,621
 Cumulative: \$1,395,690
 Period - Next: \$ 0
 Counterpart Contribution: Planned: \$4,000,000
 Actual: \$2,184,731

 % LOP Elapsed: 91.25%
 % of Total Auth. Oblig. (Grant) 97.44%
 (Loan) 100.00%
 % of Total Oblig. Exp. (Grant) 90.95%
 (Loan) 99.69%
 % of Total Auth. Exp. (Grant) 88.62%
 (Loan) 99.69%

II. MAJOR OUTPUTS:

The major output of the Project is the institutionalization of a sustainable capacity for agricultural policy analysis in both the public and private sectors, supported by sustainable information systems in the areas of production statistics, price information, and agroclimatic impact information.

1. Technical Leadership assigned to DAP

PLANNED				ACCOMPLISHED			% OF LOP
LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM		
	Continues to be met			Achieved May 1990			

2. Improve crop yield models for major commodities
 a. Expand monitoring system from 35 to 75 sites
 b. Establish verified crop yield models for 6 major commodities

	PLANNED				ACCOMPLISHED		% OF LOP
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	
a. Expand monitoring system from 35 to 75 sites	75	0	35	0	0	35	47
b. Establish verified crop yield models for 6 major commodities	6	3	6	0	3	6	100

	PLANNED				ACCOMPLISHED				% OF	
	LOP		PERIOD		CUM		NEXT PERIOD			LOP
	M	F	M	F	M	F	M	F		
3. Training	10		2	1	6	1	2	1	60	10
Long term*			0	0	69	31	0	0	69	31
Short term (local)	100		0	0	0	0	0	0	69	31

* Private sector component with Fundación IDEA

III. PROJECT DESCRIPTION

The ASRP consists of the following components and activities:

- A. Improved economic policy analysis, through the Policy Analysis Division (DAP) in the MAG and through IDEA in the private sector. The DAP concentrates on monitoring, analyzing, and reporting on sector performance variables to improve short-term decision-making. IDEA concentrates on policy analysis and dialogue to improve the overall policy framework.
- B. Improved agricultural data and statistics, through support to:
 1. Agricultural Prices and Market News Reporting Service. The purpose is to establish a national system for collecting, processing, and reporting wholesale price information for major commodities from major markets, including border markets.
 2. Crop and Livestock Reporting System. The purpose is to establish an objective, timely, reliable system for collecting, processing, reporting and projecting area, yield, and production data for major commodities.
 3. Agroclimatic Impact Evaluation. The purpose is to provide current information and analysis of the impact of changes in climatic variables on crop performance, from planting through harvest.
 4. Computer Center. The purpose is to establish the Computer Center as a responsive and effective provider of information services in the areas of training, system development, repair and maintenance, and technical assistance to micro-computer users.

The outputs of the data and information activities feed directly into the work done by the DAP and IDEA. Thus, the effective and timely performance of the information activities is critical to achieving the project purpose.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

- A. Numerous studies have demonstrated that policy constraints and inappropriate policy decisions have reduced sector growth and farm incomes. The ASRP contributes to the relaxation of these constraints and, thereby, the improvement of farm incomes through three interrelated actions: (1) policy analysis and dialogue by IDEA to improve overall

sector policies; (2) sector performance analysis in the DAP 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.

B. The ASRP is contributing 100% of LOP funds to Strategic Objective No. 2.

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

- A. 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 analysis capacity in the MAG and the private sector, supported by improved agricultural data and information. The principal EOP's are: (1) strengthened analysis capacity in the MAG; (2) establishment of a reliable and timely agricultural information system for production, prices, and agroclimate incidence; and, (3) establishment of IDEA as a technically and financially sustainable policy research institute.
- B. Overall Assessment. Major progress has been made. The new administration views the MAG ASRP units and IDEA as primary sources for technical analysis and information. Both have been instrumental in the progress toward the establishment of a new pricing policy based on price-bands and in regional liberalization for the agricultural sector. IDEA has cemented relationships with the strongest agricultural producer organization, FENARROZ. IDEA is making progress with other international agencies for funding. The information-related activities are demonstrating strong progress in terms of collecting, processing, and reporting reliable information in a timely manner.

VI. PROGRESS DURING REPORTING PERIOD

1. Strengthened analysis capacity in the MAG. By all measures the analytical capacity of the DAP has shown significant improvement: (1) standard publications--during the reporting period, DAP situation and outlook reports (approximately 60) have been published systematically, on schedule, with an increasingly better level of analysis; (2) special outputs--numerous special reports including a policy briefing book for the new administration, analysis of the impact of the new economic program on representative commodities, and simulation models showing the impact of the price-band mechanism on selected commodities have been published and used; (3) personnel--the MAG has assigned two additional analysts with economics degrees to the DAP; and (4) effectiveness--the new administration has repeatedly called upon the DAP to provide information and analysis on issues under discussion.
2. Establishment of a reliable and timely agricultural information system for prices, production, and climate incidence. Significant progress has been made, and most technical and institutional problems are being resolved.

1
17

- a. **Price and Market News.** Based on an internal evaluation, the data processing systems are being overhauled and remade. The new system (just installed) is more rapid, more flexible, more user friendly, and provides for both standardized reports and specific queries. This should enable more timely and useful reporting. A new office on the Colombian border was established. Ensuring data quality from the field remains a problem.
 - b. **Crop and Livestock Reporting.** The Statistics Division conducted its third major crop survey in July, providing data and information on crop production, area, yield, and credit use for the major coastal commodities. The results are consistent and coherent across the board and provided the basis for crop projections. An internal evaluation of the crop survey of MAG and INEC was conducted by external consultants, who provided recommendations for improving both systems.
 - c. **Agroclimatic Impact Reporting.** In the previous reporting period, it was noted that an internal evaluation had led to redesign of the methods of this activity. During this period, major progress was made in implementing the changes. The reports and analysis provided during the period are more timely, relevant, understandable, and useful.
 - d. **Computer Center.** A major acquisition of computer equipment and software was accomplished during the period. Software is standardized throughout the project and the equipment was installed and operational practically without any down time. The CC developed and installed the new program for the Price Network. Processing of the Crop Survey was accomplished in record time. An evaluation of the feasibility of installing a network for project activities was conducted--the recommendation was negative. The CC continues to provide training and technical assistance to users in good fashion.
- Overall, the basic elements of the information system are functioning and showing significant improvement. The Computer Center and the Agroclimatic activities are most advanced in achieving their purpose. With the installation of the new program in Prices, significant improvement should follow. The ability of Statistics to plan and execute crop surveys continues to show improvement.
- e. All actions indicated in the last report were completed, except one, which is that IDEA was not able to reach its target of approximately US\$200,000 in new contracts.
3. **Establishment of IDEA as a technically and financially sustainable policy research institute.** Good progress was made in the following areas:
- a. **Studies.** A major accomplishment was the completion of the natural resources sector assessment. Other studies completed dealt with: a proposed policy agenda for agriculture, the effect of exchange rates on Ecuador's exports, privatization and the agricultural sector,

agricultural protection in Ecuador, and natural resources and the environment.

- b. **Policy dialogue.** IDEA was very active in dialogue and lobbying re priority policies contributing to SO 2. Subjects included agricultural trade, pricing, research, production, and institutional development. IDEA also has begun analyzing and discussing irrigation policy. Through an agreement with the Mission, it is also taking the lead on policy dialogue related to SO 5.
 - c. **Legislation.** Substantial progress was made in drafting a new law governing land and water markets and in laying the groundwork for a commodity price liberalization decree and a decree establishing price bands for tradeable commodities.
 - d. **Technical support.** IDEA provided advice to the MAG on the price band mechanism, privatization of agricultural enterprises, and the INIAP autonomy law.
 - e. **IDEA institutional development.** IDEA received four small contracts from the IDB, World Bank, and the FAO. In addition, a financial management review carried out by an external consultant, identified problems and provided recommendations to strengthen IDEA's financial sustainability.
 - f. **Training.** IDEA renewed its training program in agricultural economics for students at the Catholic University. Also, as authorized in the Cooperative Agreement with IDEA, three students were selected and travelled to the US for graduate training in agricultural economics and natural resources management.
4. The C.A. with IDEA was amended to obligate \$40,000 for the design of the Agriculture Sector Development Project and \$160,000 for a national rural household survey.
5. The Sigma One contract was amended to add funds to provide technical assistance through March 1993.

VII. GENDER CONSIDERATIONS

Participation. Women participate as professionals in all project activities. A woman is the Director of the Computer Center and a woman was sent for advanced degree training under the IDEA scholarship program.

Data and Information. No data disaggregated by sex is collected in the crop surveys, because of the nature of the surveys. However, under the proposed Rural Household Survey, such data will be collected and analyzed.

VIII. EVALUATIONS AND AUDITS

- A. **Evaluations.** An external project evaluation was conducted with LAC TECH personnel in June. The major conclusion of the evaluation was: "the

ASRP is a success story in the making. Although the Project is still fragile in a number of respects--and will require nurturing for some time--, it has already succeeded in having clearly identifiable, significant impacts on public understanding of agricultural policy issues and the process of formulating market oriented agricultural policies in Ecuador. Most importantly....the likelihood is high that both the Ministry and IDEA will be able to continue to make constructive contributions to agricultural policy-making for the foreseeable future." Internal evaluations, using short-term technical assistance, have been conducted in statistics, for crop surveys, and in agroclimatic impact, to improve methodologies, and in prices, to guide future activities.

- B. Audits. All findings of the RIG audit of IDEA have been closed, except for the one that requires IDEA to install and implement an acceptable accounting system.
- C. Financial Management Review of IDEA. Short-term TA was used to conduct a financial management review of IDEA. The report provided a series of recommendations to improve the financial and internal management process within IDEA. IDEA has requested further ST/TA to assist it in developing the internal policies and procedures to respond to the issues raised. A team is scheduled for January to assist in this.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

- A. Ministry of Agriculture. The main issues are related to institutionalization--structure and financing. With World Bank and IDB funds, there is a likelihood of significant restructuring of the MAG. This is both an opportunity and a problem. The Mission will work with the MAG, IDB, and the World Bank (1) to ensure the DAP remains as an advisory unit to top MAG management and (2) to move the major statistical and information collection and processing units into a functional relationship with the DAP. The ASRP budget request for 1993 for public funds, S/.100 million, was submitted. However, it should be noted that the overall MAG budget has been cut by some 45%.
- B. IDEA. Financial sustainability remains the major issue. The financial management review provides recommendations for strengthening internal policies and procedures. However, the central issue is developing new business. IDEA received various small contracts from IDB and the World Bank. A major contract for assisting the technical development of FENARROZ was received from FENARROZ and PL-480. Continuing discussions with the World Bank and IDB are positive. IDB has requested that IDEA prepare a proposal for future funding under the IDB sector loan, which may involve new resources for IDEA's endowment fund.
- C. The development of the information for the Program Performance Assessment System (PPAS) has been discussed thoroughly with the MAG and IDEA. No major problems are foreseen.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

MAG/ASRP

- A. Continue to improve and publish monthly and annual Situation and Outlook reporting by DAP. Continuous. Responsible: D.Greene, D.Flood, C.Izquierdo.
- B. Continue to provide timely and useful information to MAG top management and technical support in implementation of price-band policy. Continuous. Responsible: D.Greene, D.Flood, C.Izquierdo, R.del Salto.
- C. Hold strategic planning seminar and annual work plan and budget retreat. November/December. Responsible: D.Flood, R.del Salto, M.Suquilanda.
- D. Improve sampling frame as per internal evaluation and conduct fourth crop survey by Statistics Division. March/April 1993. Responsible: C.Criollo, D.Flood, P.Loza, S.Gavilanez.
- E. Implement new data processing programs in Price Network. October/November. Responsible: D.Flood, K.Nuñez, S.Gavilanez.
- F. Develop improved methodology for collecting and processing data on farm gate prices. January 1993. Responsible: C.Criollo, D.Flood, P.Loza.
- G. Survey users/clients of published information to determine utility, adequacy, and relevance of outputs. November 1992. Responsible: D.Flood, C.Izquierdo, R.del Salto, M.Suquilanda.

IDEA

- A. Develop internal policies and procedures in response to issues raised in financial management review. January 1993. Responsible: D.Flood, D.Greene, M.Bonifaz.
- B. Develop new business with IDB and World Bank. Responsible: D.Greene, M.Bonifaz, D.Southgate.
- C. Provide continued technical support to MAG for implementation of new agrarian law, implementation of price-band policy, and privatization of state agricultural enterprises. Responsible: H.Ramos, D.Greene, M.Suquilanda.
- D. Translate natural resource policy assessment and hold seminars on same. Responsible: D.Southgate.
- E. Under agreement with Mission, continue policy dialogue related to SO5. Responsible: D.Southgate.
- F. Hold strategic planning seminar and annual work plan and budget retreat. November/December. Responsible: D.Flood, D. Greene, M.Bonifaz, M.Suquilanda.

- G. Develop a plan for the opening of an office in Guayaquil. February 1993. Responsible: D.Flood, D.Greene, N.Bonifaz, H.Ramos, M. Suquilanda.
- H. Attempt to secure additional funding for endowment through new IDB agriculture sector loan. March 1993. Responsible: N.Bonifaz, D.Flood, H.Ramos.

RURAL HOUSEHOLD SURVEY

- A. Finalize interinstitutional arrangement among ASRP/MAG, IDEA, and INEC for survey execution. November. Responsible: D.Flood, C.Criollo.
- B. Plan survey content and implementation arrangements. January 1993. Responsible: D.Flood, C.Criollo.

ASRP EVALUATION

- A. Prepare P.E.S. and transmit to AID/W. November. Responsible: M.Suquilanda, G.Páez.
- B. Hold meeting to discuss evaluation and follow-up actions with MAG and IDEA. December. Responsible: M.Suquilanda, N.Bonifaz, R.del Salto.

AGRICULTURAL SECTOR DEVELOPMENT PROJECT

- A. Finalize SOW for PP design team. November. Responsible: D.Flood, D.Alverson, J.Chang.
- B. Complete PP design. March 1993. Responsible: D.Alverson, J.Chang.

SAR0051.ASM
(10-30-92)

PROJECT STATUS REPORT
April 1, 1992 - September 30, 1992

A X B ___ C ___

I. BACKGROUND DATA

Project Title: Agricultural Research, Extension and Education
 Project Number: 517-008
 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 Officer: Fausto Maldonado
 Status of CPs/Covenants:
 Date of Last Evaluation: 05/91 Next evaluation: 00/00
 Date of Last Audit: 12-31-91 Next Audit: 12-31-92

FINANCIAL DATA

Amount Authorized: DA Grant: original \$7,000,000
 Amount Obligated: DA Grant: original \$2,817,000 last amend \$7,000,000
 Currently Obligation: 0
 Amount Committed: Grant - Period: \$ 194,987
 Cumulative: \$7,000,000
 Accrued Expenditures: Grant:
 Period - Projected: \$ 659,000
 Period - Actual: \$1,193,654
 Cumulative: \$5,279,384
 Period - Next: \$ 812,600
 Counterpart Contribution: Planned: \$4,200,000
 Actual: \$4,165,000
 % LOP Elapsed: 66%
 % of Total Auth. Oblig. (Grant) 100%
 % of Total Oblig. Exp. (Grant) 76%
 % of Total Auth. Exp. (Grant) 76%

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED			% OF LOP
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM		
1. RELU's established in PCP's	3	0	3	0	0	3	100	
2. Agreements signed: - PVO's & Public Inst.	16	3	16	0	2	44	275	
3. Inst. Contrs. & Univ.	6	8	6	0	8	19	317	
4. Workshops	600	80	600	40	80	1020	170	
5. Research Activities	200	20	123	30	45	183	92	
6. Technology validated	22	10	22	1	12	54	245	
Demonstrated	22	18	22	0	9	80	364	
Adopted	22	4	15	0	3	21	95	
7. Studies	15	8	15	6	3	31	207	
8. Publications	120	20	120	6	70	160	133	
9. Prod. assoc. worked with	35	2	35	0	2	41	117	

	PLANNED				ACCOMPLISHED			% OF LOP
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM		
10. Other donor contrib. (\$'000)								
a. Endowment (*)	300	100	300	110	100	1127	376	
b. Projects	3900	1500	2722	3848	1148	2722	70	
11. Professionals Trained								
a. Long term	7	1 0	2 0	1 0	1 0	3 0	40% 0	
b. Short term	228	18 2	101 42	15 8	15 18	116 60	51 26	
12. Farmers trained	9000	400	8180	800	1020	8580	95%	

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

III. PROJECT DESCRIPTION

The Project entails several interrelated activities aimed at assisting FUNDAGRO to accomplish the following tasks:

- To improve and strengthen its administrative and financial structure as well as its technical capabilities;
- To establish research and extension linkage units (RELU's) within each Priority Commodity Program (PCP), presently coffee, dairy and cassava;
- To support science-based research, extension and education systems (REE's) for other commodities on a selective basis as the opportunity arises; and,
- To foment and support Ecuadorian universities participating in the REE program and activities.

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

The purpose of the Project is to institutionalize FUNDAGRO as an NGO capable of serving as a catalyst in the establishment and operation of an improved and coordinated Research, Extension and Education System. The end objective is to help small- and medium-sized farmers increase their incomes through their adoption of more productive technologies in selected commodities. FUNDAGRO is one of the main actors in producing data for monitoring and evaluation of program impact re SO 2. Baseline data for SO 2 indicators were included in the last Action Plan, and they will be updated for the next AP.

The REE project is contributing 100% of LOP funds to Strategic Objective # 2.

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

Key EOPS indicators include:

- A commodity prioritization and selection process in place to assist FUNDAGRO and cooperating PVO's and public sector institutions to concentrate resources on priority commodities. This has been accomplished.
- FUNDAGRO's financial viability strengthened through increased and diversified funding, as well as sound investment of its assets. Planned progress for this indicator has been exceeded. Over \$1.9 million is invested in the U.S., FUNDAGRO owns a 7-story building in a choice Quito location, and has opened offices in Guayaquil and Portoviejo.
- Strong and growing operational linkages forged with private and public sector institutions involved in REE, locally and internationally. LOP objectives have been surpassed.
- An ever-increasing number of deans of colleges, professors, graduate and undergraduate students actively participating in the program. Progress has been beyond expectations.

- Efforts are made to involve women in all phases of the Project. This continues to move forward very satisfactorily.

Progress in achieving these and other indicators has accelerated in each succeeding reporting period as FUNDAGRO attains maturity and consolidates its financial, administrative and technical capacity. FUNDAGRO's image as a responsible and productive agricultural development NGO has continued to grow, both locally and abroad.

The Project Purpose remains an accurate statement of project objectives.

VI. PROGRESS DURING REPORTING PERIOD

1. The new law for autonomy of the National Agricultural Research Institute (INIAP) was submitted to and approved by the Congress and the President of the Republic. As mentioned in previous reports, FUNDAGRO played a significant role in its development and has continued to provide advice to attempt to remedy its defects.
2. A no-cost extension of the project until December 31, 1994, was authorized by USAID, adding the extension of other components to the extension of the training component approved in the previous reporting period.
3. The Fondo Ecuatoriano-Canadiense approved a \$ 300,000 activity (80% loan, 20% grant), to assist the Association of Cassava Producers and Processors (UATAPPY), to increase production and improve marketing of cassava. The loan will finance a credit program, while the grant will be used to improve UATAPPY operations and training.
4. Out of eighteen women from Project areas who were selected, thirteen participated in the leadership and agriculture training offered by the "Ecuador/USA Training Program", channeled through FUNDAGRO.
5. FUNDAGRO received a new local currency contribution of \$75,000 from the Food Aid Program to increase its endowment fund.
6. A new grant for \$220,000 was provided by the Kellogg foundation to FUNDAGRO for the vocational schools program.
7. During the reporting period, FUNDAGRO's counterpart contribution increased to more than US\$4,150,000, exceeding the amount originally estimated by FUNDAGRO.
8. Three FUNDAGRO staff members and two university teachers attended the First International Crop Science Congress. Dr. Jorge Chang was appointed as a member of the Permanent Congress Committee, which is in charge of preparing the next international meeting.

VII. GENDER CONSIDERATIONS

REE activities are open to the participation of both male and female farmers. In addition, there are some training development activities which are specifically carried out by women's organizations. Thus, in the coffee program, five groups

(about 123 women) are working on coffee bean processing and sale; in the cassava program, two groups (60 women) are processing starch; and in the dairy program, four groups (80 women) are joining efforts to improve the nutritional status of their families, through informal education. A new group of women nutritionists has been added, under an agreement with ESPOCH, to provide assistance to women's groups in other REE areas.

Reports from field staff indicate that some of the women trained under the Andean Peace Scholarship Program are actively collaborating with REE and other community development activities in their respective areas of residence, including one participant who assists with a weekly radio program in Chimborazo. During the reporting period, 13 women participated in a training program under the APSP.

VIII. EVALUATIONS AND AUDITS

The FUNDAGRO evaluation unit has been closely working with USAID TA to prepare a monitoring and evaluation plan for SO 2.

The last audit was performed for 1991 and no major recommendations were made. The 1992 audit will be performed in January 1993.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Some actions planned for the reporting period have been delayed. The agreement with AgriStar has been delayed due to the fact that getting a patent authorization in Ecuador involves a very lengthy process. Negotiations by FUNDAGRO to secure funds from CAF and the Spanish Agency for Cooperation have been delayed while these institutions establish the terms of their relationship with the new government.
2. Recent findings from assessments of field activities call for a closer monitoring of technology adoption and training. FUNDAGRO and ANRO must prepare a plan for such monitoring. PPD has resources through the Genesys project to assist in this effort.
3. FUNDAGRO has begun charging overhead rates to other donors, as suggested by USAID. An example is the one now applied to the Fondo Ecuatoriano-Canadiense loan. An overhead rate for USAID is being estimated. A multi-year financial sustainability plan would be an issue to consider in the design of the new agricultural sector development project.
4. The Director of Development in FUNDAGRO resigned in June and now the Foundation is deliberating whether to hire a new person or assign those functions to other offices.
5. There is a concern about FUNDAGRO coordinating its activities with other institutions involved in agricultural development. FUNDAGRO can provide useful information and collaborate with other projects. USAID may take the lead so appropriate coordination exists among the various projects.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Finalize negotiations with the Corporación Andina de Fomento (CAF) to secure \$155,000 for a biotechnology lab, particularly for plantain, cacao and other crops' propagation, and \$128,000 for industrial tomato production. (H Burbano; January 1993)
2. Follow up on proposals to the Spanish Agency for Cooperation: \$392,800 for corn production system improvement and \$126,000 for cacao, plantain and other crops biotechnology. (J. Chang; January 1993)
3. Evaluate a roasted coffee processing plant project, which may enable farmers to increase their incomes through processing their beans rather than selling them unprocessed at depressed prices. (Pablo Alvarez, January 1993)
4. Continue search to secure additional funding (\$335,000) for Organic Farming Project. (C. León; S. Sacks, ongoing)
5. Finalize biotechnology agreement with Agristar allowing FUNDAGRO micropropagation patent use. (J. Chang, March 1993)
6. Obtain the last PL-480 disbursement of approximately s/. 90,000,000, for FUNDAGRO endowment fund. (J. Chang; D. Alverson, November 1992)
7. Consolidate the marketing capacity for the UATAPPY with the funds received from the Fondo Ecuatoriano-Canadiense (FECD) (US\$ 300,000). (C. Egúez; March 1993)
8. Obtain grant and loan resources from the FECD to expand the production and marketing coverage from the potato, milk, rice and tomato projects (Babahoyo farm) (J. Chang, March 1993)
9. Organize and host the International Meeting on Research Sustainability Based on Case Studies, with the participation of FUNDAGRO, FEDERACAFE, and Fundación Chile, with the assistance of the LAC TECH Program (J. Chang, K. Byrnes, March 1993)
10. Prepare the 1993 workplan and budget, and design a multiannual plan based on strategic planning (FUNDAGRO Board of Directors, December 1992)
11. Participate in the Agricultural Sector Development Project design (J. Chang, F. Maldonado)
12. Follow up on contacts established with U. S. universities involved with CRSP projects; determine whether or not to collaborate. (J. Chang, F. Maldonado, ongoing)
13. Organize and host the Latin American Symposium on Farming Systems Research and Extension. (Jorge Chang, Jorge Uquillas, March 1993)
14. Prepare SOW for monitoring technology adoption and training.

SAR0068.ASM
(11-04-92)

PROJECT STATUS REPORT
April 1, 1992 - September 30, 1992

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"
 AID Project Officer: Cecilia Tarré
 Status of CPs/Covenants: N/A

Date of Last Evaluation: 00 00-00 Next evaluation: 00-00-00
 Date of Last Audit: 07-31-92 Next Audit: 03-31-93

FINANCIAL DATA

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

Accrued Expenditures: Grant:
 Period - Projected: \$ 140,000
 Period - Actual: \$ 518,031
 Cumulative: \$ 992,708
 Period - Next: \$ 6,532

Counterpart
 Contribution: Planned: \$2,898,600
 Actual: \$1,040,000

% LOP Elapsed: 38%
 % of Total Auth. Oblig. (Grant) 100%

% of Total Oblig. Exp. (Grant) 99%
 % of Total Auth. Exp. (Grant) 99%

II. MAJOR OUTPUTS:

LOP	PLANNED */		ACCOMPLISHED			
	PERIOD	CUM.	PERIOD	CUM.	% OF LOP	
	M & F	M & F	M & F	M & F	M & F	
1. Training (persons)						
Long Term	105	20	73	16	75	71

*/ Targets for female and male participation under the Agricultural Education II were not determined in the agreement.

III. PROJECT DESCRIPTION

The Agricultural Education II Project is to strengthening 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 Wilson Popenoe Foundation (WPF) has recruited qualified students for entry into EAP, and they have succeeded academically, graduating at a higher rate than average for students from all countries.

The Project is designed to provide support to the WPF for intensive, practical training in advanced agricultural production techniques to low-income Ecuadorian students at the EAP.

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

A. Specific linkage to S.O.: The Project is contributing to Strategic Objective No. 2: increased agricultural income, with emphasis on small and medium farms. Trainees, who must return to Ecuador after graduation, will eventually support achievement of program outputs through the development and validation of new technologies, and assist in the adoption of new or proven technologies by farmers. Having a qualified human resource base in the

agricultural sciences will facilitate the achievement of this Strategic Objective.

B. Percent of LOP funds relating to SO 2: 100%.

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

1. The project purpose is to build upon and institutionalize the WPF scholarship program for Ecuadorian students at the EAP. During the reporting period considerable progress was made toward this purpose. As explained in more detail below, the WPF succeeded in gaining approval from the GOE for, and then executing, a large purchase of Ecuadorian foreign debt under the GOE's debt swap program. The debt swap will enable the WPF to both increase the number of scholarships granted annually and to sustain the scholarship program for the foreseeable future. This should be considered a major achievement.

VI. PROGRESS DURING REPORTING PERIOD

1. On August 6, 1992 the Monetary Board of Ecuador approved the WPF's request to exchange up to \$2.1 million worth of Ecuadorian foreign debt under the GOE's Debt Swap Program. The proceeds of the swap will be used to finance an expanded scholarship program with the technical support of EAP and USAID. To execute the transaction, the WPF used \$500,000 from the current AID Grant and \$200,000 donated by the EAP. The bonds were purchased at 34% of face value.
2. Amendment No.3 to the Grant Agreement was approved on September 10, 1992 to enable the Foundation to use \$500,000 to purchase Ecuadorian foreign debt and to extend the PACD to December 31, 1997.
3. The Food Aid Program's Implementation Secretariat disbursed to WPF \$/.260 million of the \$/.378 million that the GOE and AID agreed to provide the Foundation under the terms of the FY 91 Food for Progress Agreement. The local currency is being used to increase the WPF's endowment fund.
4. In July 1992 the WPF deposited \$26,588 in counterpart funding to increase the Foundation's endowment. In addition, the Foundation purchased an office in Guayaquil to serve as their headquarters. This purchase was made with counterpart funds.
5. The WPF undertook an aggressive promotional campaign directed towards students in the Provinces and selected minority groups, and examination sessions were held in May as planned.
6. In May 1992, 109 Ecuadorian students were selected to attend the EAP beginning in January 1993. Of these, 63 were from the Sierra and 46 from the Coast. This number exceeds the number of students originally planned to benefit from the project during its entire life.
7. The new WPF Director of Development was hired in May 1992.

VII. GENDER CONSIDERATIONS

Women's participation in the training program increased this year over the previous year. Of the 109 Ecuadorian students selected in May 1992, 15 were women. It is expected that this number will increase substantially until the end of the project. The USAID Project Officer is a woman.

VIII. EVALUATIONS AND AUDITS

On September 30, 1992 Romero & Asociados presented in draft an audit report of the WPF Grant which was sent to the USAID Controllers Office for review. The next audit for CY 92 will be contracted during the first semester of 1993.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. What should the Mission do to make sure Wilson Popenoe Foundation complies with last audit recommendations, now that all project funds have been disbursed and the Foundation will operate with funds derived from the debt swap mechanism? Some audit recommendations concern: a) accounting policies and procedures; b) project budget control; and, c) elaboration of monthly financial statements.
2. We need to redefine the role of USAID in the implementation of the project, beginning January 1993, when the Foundation no longer receives funds from USAID. The new PACD is December 31, 1997. Should we monitor this project the same way we do with the SULAMAN project that also uses resources from debt conversion?
3. The Foundation is beginning to implement specific controls in financial activities recommended by Romero & Asociados. These are: independent accounting controls for the Project; and, maintenance of an individual bank account for USAID funds.
4. USAID will not prepare an Agreement Amendment to include procurement and installation of computerized financial accounting software for WPF because funds have been committed to use the debt swap program. WPF should use debt swap funds to buy computer equipment.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Selection session for the 1995 class to be held in November 1992 at Agricultural Chamber in Quito. (RARámbulo, VNovillo, CTarré - 11/92)
2. Disbursement to WPF of remaining \$/.118 million in food aid local currency for the Foundation's endowment fund. (LSánchez, MSuquilanda, CTarré - 11/92)

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GENERAL DEVELOPMENT OFFICE
SEMI-ANNUAL PORTFOLIO REVIEW FOR MISSION STRATEGIC OBJECTIVE NO.3
"INCREASE USE, EFFECTIVENESS, AND SUSTAINABILITY OF FAMILY PLANNING
AND SELECTED HEALTH SERVICES"
SECOND SEMESTER, FY 1992

I. Overall Performance of The Strategic Objective

The main program activities (projects, non-project assistance, ESF, policy dialogue) contributing to this SO continued to show good progress during this semester. Particularly impressive have been the gains related to improving the sustainability of family planning services. The two local family planning NGO's (APROFE and CEMOPLAF) have moved quickly and aggressively to establish endowments and to begin their capitalization. Both organizations have embraced all concepts of institutional sustainability and are fully integrated into the strategic objective process. Specific indicators of sustainability have been developed through initiatives of the NGO's; information, education, and communications (IEC) activities have been strengthened and institutionalized; and the use of cross subsidies, cost recovery, and cost containment strategies are being implemented. These advances in sustainability have not detracted the NGO's from continuing to pursue their main institutional objective of increasing family planning services. By utilizing a continuous feedback strategy of operations research, patient flow analysis, surveys, etc., the NGO's have been able to systematically increase the number of new users of family planning. Equally impressive has been the success of the NPA component. During this reporting period, CONADE officially established the National Population Commission; the first significant positive move towards population policy implementation by the GOE since the Population Policy was formulated in 1987. Moreover, all the NPA implementing agencies (Ministry of Health, Social Security, CONADE, and Ministry of Finance) have met or exceeded the CP's in order to receive the first tranche of local currency funds.

Progress in other program areas including Project Assistance, ESF and Policy Dialogue has also been positive. In project assistance, the excellent long term technical assistance being provided in water and sanitation and in child survival have resulted in a smooth transition with the new government and with minimal disruptions. An important positive step was taken in water and sanitation with the disbursement of counterpart funds by the Ministry of Finance. This issue, which has been the cause of many difficult conversations between USAID, IEOS, and Ministry of Finance, has now been finally resolved. Another positive step towards achievement of the SO has been the increased decentralization being observed within the Ministry of Health's Child Survival activities. The provinces and health areas are now much more attuned to strategic planning based on epidemiological profiles, to a supervision methodology which focuses on collaboration rather than confrontation, and to a more exact methodology for financial planning and auditing. In the SO's ESF activities, a significant achievement was the transfer from the Ministry of Finance to CEPAR the totality of their ESF budget. This has allowed CEPAR to invest the local currency in interest bearing instruments, thereby strengthening the institution and leveraging the ESF local currency contribution to CEPAR's activities. The policy dialogue activities have taken on added importance and urgency with the new GOE administration's interest in privatization and reform of the state. The GOE priorities have clearly had a positive impact on the health and family planning sector. (See III below).

II. Significant Sector Developments

The most significant sector development during this semester has been the change in GOE leadership. Of particular relevance has been the GOE strategies towards privatization and modernization of the state, and its policies of structural adjustment and social compensation. Firstly, key presidential advisors who have been

advocating privatization and modernization of the state have also proposed radical changes in the Ministry of Health (MSP) and the Social Security Institute (IESS). The GOE would like to move quickly in both institutions, but legal precedence, long established institutional interests, and lack of technical know-how has slowed the process. As an example, an impasse was reached when the Minister of Social Welfare, Dra. Mariana Argudo named a privatization advocate to head up IESS. A generalized strike ensued and Minister Argudo eventually had to back down on her candidate. A compromise Director, Dr. Leoncio Andrade, was appointed, and the strike ended. Nonetheless, a sour taste remains with many senior IESS officials, and any future attempts at privatization will need to be carried out with great political finesse. At the MSP the privatization move has been mentioned by some of the new leaders of the institution, but no specific plans have been elaborated nor actions taken. The new Minister, Dr. Leonardo Viteri has on occasion stated publicly that the policy of free services must change. Indeed, at several MSP hospitals there is an explicit fee that is being charged for supplies and some services.

Secondly, the GOE policies of structural adjustment and promises of social compensation have placed substantial pressure on the MSP to come up with immediate activities which would serve as proof that the GOE is embarking on social compensation measures. The MSP has responded with two initiatives: the control of malaria and dengue, and widespread availability of essential generic drugs. Both initiatives are of importance to the sector, but given the current weaknesses of the health system, it is unlikely that a "quick start" implementation can be initiated. The MSP has neither the staff, financial resources nor the legal support to effectively carry out these activities. Moreover, while control of malaria and provision of drugs are important, they are not the principal health problems afflicting this country. A concerted effort in the provision of water and basic sanitation, for example, would have a much greater political and epidemiological impact.

Other sector developments which have affected this SO include the change in IEOS organization from Ministry of Health to Ministry of Housing and Urban development. IEOS is the agency which implements the USAID water and sanitation project. President Sixto Duran, by decree, created the Ministry of Housing and Urban Development and placed IEOS under the new Ministry. However, IEOS having been created by law can not change its functions until a new law is passed. In the meantime, although the sub secretary and director general of IEOS have been named by the Minister of Housing and Urban Development, IEOS continues to carry out functions related more to MSP (such as basic sanitation, hygiene education, health promotion). In addition, MSP officials continue to insist that the issue of where IEOS is housed has not yet been decided. The reorganization of IEOS is potentially very positive in that local water authorities could take on much greater power and responsibility, thereby furthering the decentralization process. At the same time, greater assistance to the local levels may be necessary in order to improve their capacity to plan, operate, and maintain water and sanitation systems.

III. Developments in Policy Dialogue

The Mission's policy dialogue activities in health care finance took a major leap forward with the change in GOE leadership. At the policy dialogue level, the GOE has shown considerable interest in health care financing issues, ranging from privatization of IESS and MSP services, to charging fees for services and commodities,

to contracting the private sector for specific services. Interest in health care finance on part of GOE further strengthens the Mission's SO, especially in the medium and long term.

The policy dialogue activities related to population policy also took an important step forward with the establishment of the National Population Commission. With the change in GOE leadership, a much more active policy dialogue process has to be carried out to ensure that the progress achieved to date does not slow down.

IV. Strategic Objective Indicators

Strategic Objective: Increased use, effectiveness, and sustainability of family planning and selected health services.

Performance Indicators: 1) Contraceptive Prevalence Rate; 2) Total Fertility Rate; 3) Infant Mortality Rate; 4) Percent of cost recovery of selected FP NGO's 5) Percent of MOH budget allocated to the provincial and area level.

Program Output 1: Increased number of users of family planning and selected health services.

Output Indicators: 1) Percent of population under age 1 that is fully immunized; 2) Percent of women of reproductive age that are immunized from tetanus toxoid; 3) Percent of new users of NGO FP services by age and gender; 4) Percent of rural population with access to water and sanitation; 5) Incidence of diarrheal disease.

Program Output 2: Improved policy and institutional environment for long term sustainability of family planning and selected health services.

Output Indicators: 1) Capital funds established by selected family planning NGO's; 2) Percent of selected provinces and their areas with established program planning and budgetary procedures; 3) Percent of selected provinces and their areas with administrative and financial delegation; 4) Percent of local water authorities collecting adequate user fees; 5) Percent of cost recovery in selected public hospitals.

Program Output 3: Improved quality of family planning and selected health services.

Output Indicators: 1) Percent of health centers with vaccines available according to MOH norms; 2) Percent of health centers meeting basic standards; 3) Percent of health centers implementing and continuing FP/MCH norms; 4) Percent of rural water/sanitation units with an adequate operations and maintenance system; 5) Percent of communities with operating hygiene education programs.

Considerable progress was made during the reporting period in refining the SO indicators. A completed Monitoring and Evaluation Plan was submitted in September, the first completed M&E Plan for the Mission. A manager for the M&E plan was designated, and virtually all baseline information has been collected. For some of the indicators, the first set of progress measures should be available during the next semester.

V. Issues and Actions from the Last SAR

All six major actions planned for this semester were successfully accomplished. The issues which have arisen during this semester include:

1. **Water and Basic Sanitation.** The SO has two activities, WASHED and CARE/Cholera which fall under the rubric of water and basic sanitation. These activities,

however, are only marginally related to the SO. Moreover, with RHUDD support for the newly created Ministry of Housing and Urban Development, conflicts in goals and objectives of specific projects are already becoming evident. For example, while RHUDD technical assistance has recommended that IEOS functions be devolved to the Municipalities, one of the project objectives of WASHED is to strengthen IEOS. Thus, beginning with the WASHED evaluation, which will take place during the next reporting period, the Mission should embark on an internal review of assistance in Water and Basic Sanitation, to determine whether assistance in that area should cease or whether the SO should be modified.

2. **Child Survival.** The implementation of the Child Survival project continues to show a low level of expenditures. With only two more years before the original PACD, the project pipeline continues to be excessive at over US\$7 million. Some alternatives should be considered which would support project objectives and would significantly increase the level of project activity. For example, a buy-in to the PAHO/EPI program for neonatal tetanus (an AID/W centrally funded project), would improve vaccine coverage in a priority area of the project; a quasi-independent activity with IESS, focusing on management of MSP hospitals and improving coverage of the Seguro Campesino would improve efficiency of service delivery; a more direct relationship with provincial and area level MSP directorates would enhance decentralization efforts; an early start with health care financing activities, including the expansion of project activities to NGO's would provide an immediate response to GOE interests in an USAID project area which is currently planned for FY94. Any major redesign effort will require a conditioned effort with MSP and the technical assistance team.
3. **Health Care Finance.** The design of the HCF project is progressing based on the Mission accepted project start date of 1994. Special studies which look at supply side issues are being carried out; a demand analysis is planned for the next reporting period. However, given the GOE interest in health financing, and in the privatization of IESS, Mission should consider an early start for the HCF project through a modification to the Child Survival project (see Issue #2, above).
4. **AIDS.** The worldwide AIDS pandemic has reached Ecuador. Currently there are approximately 400 reported cases of AIDS. Even assuming complete reporting, this means a potential of approximately 10,000 cases of HIV positive. With a potential doubling time of one to three years, the number of AIDS cases in Ecuador could increase from 400 to 13,000 in the next five years. The Ministry of Health, with PAHO assistance, is slowly responding to this disease. USAID has already been asked to be part of an interagency committee. It is likely that funding requests will be made during the next reporting period. As the major donor agency involved with AIDS, we need to assist the GOE to get ahead of the disease curve as AIDS gains a significant foothold in Ecuador.
5. The change in GOE administration has slowed the progress of the family planning NPA component. A more active role by Mission management will be required in order to re-establish the commitment which was evident in the previous administration.

Major Actions for Next Period

1. Carry out WASHED evaluation and decide on future of USAID support for water and basic sanitation.
2. Carry out Malaria evaluation in the context of assessment of vector borne diseases as it affects the public health system.
3. Decide on the future of the Child Survival project, with emphasis on possible

redesign issues.

4. Work with public sector family planning counterparts to secure the second tranche of NPA dollars.
5. Conclude recruitment for an Health Care Finance Advisor, initiate negotiations and other pertinent documentation.

file:health\sar03.292

date: 11-10-92

PROJECT STATUS REPORT
April 1, 1992 - September 30, 1992

A ___ B ___ C X

I. BACKGROUND DATA

Project Title: Child Survival and Health
 Project Number: 518-0071
 Date of Authorization: original 06-07-89
 Date of Obligation: original 07-14-89 last amendment 03-27-91
 PACD: original 12-31-94
 Implementing Agencies: Ministry of Public Health of Ecuador
 Major Contractors: Management Sciences for Health
 AID Project Officer: Patricio Murgueytio
 Status of CPs/Covenants: All project CPs have been satisfied.

Date of Last Evaluation: 00-00-00 Next evaluation: 06-00-93
 Date of Last Audit: 06-30-92 Next Audit: 12-00-92

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

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

FINANCIAL DATA

Amount Authorized: DA Grant: original \$12,200,000
 Amount Obligated: DA Grant: original \$ 1,778,000 last amend. \$10,702,121
 Current FY Oblig: \$2,337,000
 Amount Committed: Grant - Period: \$ 487,620
 Cumulative: \$5,900,275

Accrued Expenditures: Grant:
 Period - Projected: \$1,100,000
 Period - Actual: \$ 93,161
 Cumulative: \$3,550,274
 Period - Next \$2,414,000

Counterpart Contribution: Planned: \$16,100,000
 Actual: \$ 9,000,000**

% LOP Elapsed: 58%
 % of Total Auth. Oblig. (Grant) 87%
 % of Total Oblig. Exp. (Grant) 33%
 % of Total Auth. Exp. (Grant) 29%

** MSH/MOH estimate

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED			% OF LOP
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM		
	#	#	#	#	#	#	%	
1. Child Survival Intervention and Systems strengthened:								
- Central level	5	1	2	1	1	2	40	
- Provincial level	40	8	16	8	8	16	40	
2. Epidemiological indicators								
- infant immuniz.coverage	80%	*						
- exclusive breastfeeding	15%							
- ORT use rate	20%							
- reduced ARI incidence	20%							
- annual supervision reports by each province	8							
- annual reports 1 by province	40	0	0	8	0	8	20	
- increase community partic.	30%							
- reduce IMR to	44							

*Immunization coverage rates for the period: BCG 83%; measles 53%; DPT 58%; OPV 60%

	PLANNED				ACCOMPLISHED			% OF LOP
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM		
	M F	M F	M F	M F	M F	M F	M F	
3. Training short term International In-country**	19 11	3 4	19 11	1 1	2 4	9 7	47 64	
	21 26	22 00	38 31		22 00	38 31	150	

** Gender breakdown data are not available for this report.

III. PROJECT DESCRIPTION

The project consists of three major components: 1) Child Survival program strengthening; 2) strengthening of decentralized management and support systems for sustainable child survival service delivery; and 3) the examination of health financing initiatives.

The purpose of this project is to improve the effectiveness of child survival programs in eight provinces with the greatest potential for infant mortality reductions so as to reduce neonatal mortality as well as rural/urban mortality differentials.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

All components of the project are directly related to achievement of the Strategic Objective. Program strengthening will affect effectiveness through improved logistics and training; decentralized management will affect use and sustainability through a more flexible and faster response to local needs; health financing initiatives will affect use and effectiveness through improvements in health care revenue generation and resource allocation.

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

Key EOPS indicators include infant mortality rate (IMR), number of prenatal visits, % of births cared for by trained personnel, prevalence of malnutrition, prevalence of ARI, diarrheal disease and ORT use, and immunization coverage. These indicators are being measured and used for establishment of intermediate targets and development of provincial plans. Use of relevant statistical information for planning is now institutionalized at the provincial level and implementation at area level has started as well.

VI. PROGRESS DURING REPORTING PERIOD

1. GENERAL TECHNICAL ASSISTANCE

- a) PIL No. 12 approved and implemented.
- b) MSH completed contract modifications in accordance with PIL 12.
- c) Institutionalization of team work approach in all provinces and areas.
- d) Continuous coordination and support for implementation of FY92 workplan as well as preparation of a computerized FY93 workplan in nearly 800 health units and areas. Comprehensive planning manual developed for MCH activities.
- e) Installation and implementation of financial management software (SAF) in 4 areas: 1 in Imbabura, 2 in Pichincha, and 1 in Cotopaxi. This plan is to replace the manual accounting systems at the national level.
- f) Installation of inventory management software (ECUAPRO) in Chimborazo's Health Directorate (financial department; 80% accomplished). Plan to add this system in 1 hospital next semester.
- g) Deputy Director for MSH arrived in July.
- h) Supervision training completed; 8 provincial supervision plans elaborated.

2. TRAINING

- a) Several training seminars and workshops completed in country in areas dealing with software applications, service quality improvement, health education techniques, MCH issues, primary care, and general management.
- b) The analysis for the centers of professional development was not conducted due to the fact that PIL 12 was not approved until the end of the period. However, a major survey, the Training Needs Assessment, was undertaken in all 8 provinces, involving 1600 participants from approximately 67 operating units. Data are currently being analyzed and results will be available in mid-November.
- c) Three local rapid assessments were carried out as planned in Pichincha. They were very well received by the MOH, and at least three more provinces are involved in planning similar studies in 1993.
- d) The accounting and finance mini-diagnosis was completed in all eight provinces in conjunction with MSH and UAF, as well as the course for managing project funds. Each province was scored in accordance to a final examination, and the results are published in the project bulletin. As a result of this course, the project accounting manual was revised and distributed to all participating financial departments.
- e) Six more MOH individuals received training in the United States during this period, bringing the total number of students to 17 of the required 33 for the LOP.
- f) Workshop for MSH advisors and provincial educators, using case studies to improve problem-solving was conducted.
- g) Criteria developed to plan and design courses with a higher level of quality. This will hopefully be used in all provinces at a national level.

3. PROCUREMENT

- a) Procurement according to plans ongoing. General Director approved provincial distribution of first project purchase of medical equipment (approximately \$700,000). Provinces currently justify receipt of this equipment in accordance with criteria established by MSH/MOH, including review of their first computerized inventory system (ECUAPRO) and use of a rational distribution scheme.
 - b) 33 computers delivered to MOH/MSH; 12 vehicles delivered to MOH/MSH.
 - c) MSH solicited national bids for a Procurement Service Agent (PSA); this PSA has been selected and will be sent to USAID for approval.
4. USAID worked with MSH and Washington consultant to establish project strategic objectives and related indicators.
 5. Government transition is smooth up to this point, and the project has been elevated to the level of the General Director, who presides at all Executive Committee Meetings. In addition, the General Director is responsible for signing and distributing all project correspondence within MOH.

VII. GENDER CONSIDERATIONS

The main purpose of this project is to improve implementation and delivery of MCH services in a decentralized fashion. This approach will enhance responsiveness of MOH and other local services to MCH needs. In addition, project health education activities heavily involve participation of female health promoters.

VIII. EVALUATIONS AND AUDITS

- Audit in process by AID's controller's office to quantify project assistance delivered by MOH counterpart.
- MSH consultant from Honduras/USAID CSHP came to Ecuador and developed an internal M&E system as well as tested this system in 3 different provinces (Tabon's report).
- USAID/CONT office plans an external accounting audit of USAID/MOH funds to be carried out in 12/92.
- An internal audit by Boston/MSH is planned for 1-2/93.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. **ISSUE:** Project funds administered by the MOH continued to move slowly through this period due to delays in liquidation of advanced funds. Provinces have improved financial management, but UAF could be better organized and there exists a bureaucratic obstacle course at the central level.

CORRECTIVE ACTIONS: During this period a large part of the delays were due to strikes, and work stoppages during the election months of July and August. The Annual Plan (Plan N) package will strengthen efforts to plan project activities thus facilitating implementation and supervision of activities. MSH provides UAF intensive technical assistance so that funds can be managed more efficiently. HFPD coordinated a meeting with MSH and the USAID/CONT to develop specific procedures and turn-around times for USAID disbursements to the MOH as well as coordination in cash flow monitoring.

2. **ISSUE:** Although a new administration has been in office for several months, there is a widespread perception that the MOH has not defined explicit policy guidelines for the sector. Furthermore, a change in MOH leadership may occur in early 1993. This political uncertainty may have a negative effect on project implementation.

CORRECTIVE ACTIONS: MOH has made it clear to MSH and the provinces that their priorities are in logistics and in health education. MSH has established links with the General Director and other national directors. HFPD keeps a close eye on MOH developments.

3. **ISSUE:** Changes in USAID project manager, in MSH TA team, in MOH central and provincial levels.

CORRECTIVE ACTIONS: Assure follow-up and continuity of TA activities.

4. **ISSUE:** Should there be a further redesign of the project?

CORRECTIVE ACTIONS: A redesign should be viewed in conjunction with the MSH T.A. Team and the internal evaluation exercise planned for February.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. GENERAL TECHNICAL ASSISTANCE

- a) Review and approve workplan FY93 (GDO, 12/92), and modify the computerized

- version of Plan N to monitor project progress, both programmatically and financially.
- b) Continue coordination meetings with counterparts (GDO, ongoing)
 - c) Conduct follow-up/evaluation of teamwork organizational approach in 2 provinces (MSH, 3/92).
 - d) Select and hire TA COP, other TA team members (GDO/MSH, 2/93).
 - e) Work on organizational development of MOH, specifically exploring ways to increase productivity using an incentive system (MSH, ongoing).
 - f) Develop strategic plan for the development of one professional development center (MSH, 2/92).
 - g) Start process of training network in one or two provinces (MSH, 3/92).
 - h) Review progress of MOH use of new project computers, and initiate second purchase of computer equipment (MSH, 3/92).
 - i) Start a computerized accounting system in one more hospital (MSH, 3/92).
 - j) Initiate a systems analysis study of the accounting process in the provinces with the purpose of streamlining it (MSH, 3/92).
 - k) Have the supervision program fully operational in all eight provinces, and monitor its progress (MSH, 3/92).
 - l) Implement ECUAPRO in the Banco Nacional de Vacunas (MSH, 3/92).
 - m) Continue support of Coordination Unit (MSH, ongoing).

3. TRAINING

- a) Training seminars and workshops in country (MOH program chiefs, ongoing)
- b) Local rapid assessment training to be implemented in 8 project provinces (MSH, 2/93).

4. PROCUREMENT

- a) Procurement by MOH according to plans (MOH, ongoing)

capability to design, manage, and apply research to improve RW&S technologies and efficiency; and also to complete studies that may be used to increase efficiency of RW&S construction and operation. Training activities undertaken by this project will introduce and upgrade technical and managerial skills of IEOS headquarters and field personnel in order to enhance performance.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

The increased use of MCH services depends not only on provision of services but also on increased demand. Provision of basic water and sanitation as well as hygiene education raises people's awareness and understanding of health. This in turn leads to increased demands for expanded and improved services.

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

This project has begun to experience success. Almost all actions planned for this reporting period have been accomplished in a timely and efficacious manner. The project team, both at the managerial level as well as the operational level have worked in a coordinated fashion towards strengthening IEOS' decentralization process. International and local assistance have played an important role towards achieving continuing success.

VI. PROGRESS DURING REPORTING PERIOD

1. MANAGEMENT LEVEL

- 1.1 Fourth WASH technical assistance (TA) for the Operations and Maintenance O&M component was carried out during 4/92.
- 1.2 Second project monitoring workshop was successfully carried out during 9/92. All participants had a positive experience. Recommendations will be incorporated in project workplan for FY93.
- 1.3 Fourth WASH TA for the appropriate technology component and fifth TA for the hygiene education and O&M components were carried out during 9-10/92.
- 1.4 Vehicles were delivered to IEOS in 8/92. Motorcycles have been shipped and tools and equipment have been purchased and soon will be delivered to IEOS. Technical specifications for pipe and accessory purchasing have been approved for host country bidding.
- 1.5 Coordination activities have successfully facilitated government transition period without significantly affecting project performance.
- 1.6 WASH TA contract was extended and funds are available for FY93.
- 1.7 MOF has provided the Mission with a letter stating that IEOS has been allocated counterpart funding as required by the project agreement.
- 1.8 Computerized provincial communications network is being installed and tested.

2. COMPONENT LEVEL

- 2.1 O&M component:
 - 2.1.1 User tariff study has been concluded.
 - 2.1.2 Nine pick-up trucks for O&M component delivered to IEOS provincial offices.
 - 2.1.3 Technical specification and bidding procedures for host country procurement of pipes and accessories have been approved by Mission
 - 2.1.4 Water quality control program has been initiated in four provinces with equipment provided to IEOS by PAHO
 - 2.1.5 Four provincial warehouses were completed and two other are under construction
- 2.2 Appropriate technology component:
 - 2.2.1 Initiated one applied research study and contracted out three other studies as well as the updating of the RWS&S technical design norms.
 - 2.2.2 The second UCETA magazine was published and distributed in 5/92.
- 2.3 Hygiene education (HE) component:
 - 2.3.1 HE activities held in 217 rural communities served 28,079 families or approximately 140,000 individuals.
 - 2.3.2 Together with community leaders HE developed 16 radio messages. Final edition and broadcasting are in preparation.
 - 2.3.3 The socio-cultural, participative study was accomplished in 60 rural communities. Results will be available in 10/92.
- 2.4 Training component:
 - 2.4.1 Second phase of 27 women promoter training was completed in 8/92 1
 - 2.4.2 During the reporting period, 16 formal training events were completed serving 427 IEOS employees and village members; 2852 rural community members trained in informal events. The latter are mostly mothers, community leaders, and school teachers trained by female promoters. 3
 - 2.4.3 Training system procedure manual approved and published by IEOS. The project works towards institutionalizing this system. 1

VII. GENDER CONSIDERATIONS

Both IEOS and the rural communities agree that field work by hygiene sanitation promoters is beneficial for the project. Their participation has been expanded and supported and currently involves approximately 43 women. In addition, informal training in O&M and hygiene education is mainly targeted to women as they are the most influential member in the family.

VIII. EVALUATIONS AND AUDITS

- Midterm evaluation scheduled for 01/93; IQC process with AID/W initiated.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

Issue.- A new administration took office in 8/92. IEOS officials at the central and provincial levels have changed.

Corrective Action: New authorities are involved in project activities. The II WASH monitoring workshop was carried out with participation of several former officials, which has facilitated transition and sharing of relevant information.

Issue.- Delay in purchasing of vehicles, equipment, and tools for O&M.

Corrective Action.- Despite continuous actions taken to monitor and improve procurement process, Mission's procedures may be time-consuming. Procurement of water quality monitoring equipment is delayed due lack of timely cooperation by AID/W. Close follow-up is required.

Issue.- Operational modules proposed by the construction component are paralyzed due to lack of funding.

Corrective Action.- Construction funds are being funneled by IEOS through other projects.

Issue.- Midterm evaluation delayed. RTI cancelled TA visit due to poor coordination with AID/W.

Corrective Action.- Evaluation re-scheduled for 01/93 with new TA team. IQC with JSI to be completed 12/92.

Issue: Consider no-cost PACD extension.

Corrective Action: Conduct M&E activities to assess project's merits for extension. Decide on future of IEOS assistance based on issue mentioned in overview.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

A) MANAGEMENT LEVEL

1. Carry out midterm evaluation (PM, AID/W, 01-93)
2. Coordinate elaboration and approval of FY93 project workplan (AA, PM, 12/92)
3. Complete delivery of motorcycles, tools, and equipment to IEOS (PM, 12/92)
4. Carry out financial audit of the project (RIG, 11/92).

B) COMPONENT LEVEL

1. Approve and implement user tariff study; design charts and train promoters (IEOS, ongoing).
2. Implement O&M program in Cotopaxi, Azuay, Carchi, Chimborazo (IEOS, 2/93).
3. Finish warehouse building in El Oro and Pichincha; initiate construction in Tungurahua and Imbabura (IEOS, 3/93).
4. Finalize installation and operation of computerized provincial communications network (AA, 01/93).
5. Publish and distribute UCETA magazine No. 3 and Technical Report No. 2 (IEOS, 01/93).
6. Finalize procurement and distribution of pipes and accessories for provincial O&M programs; also purchasing and distribution of water quality monitoring equipment (IEOS, 03/93).

7. Finalize appropriate technology studies and the technical design norms (IEOS, 03/93).

8. Initiate the HE mass media campaign with radio messages (IEOS, 11/92).

9. Carry out KAP survey for the hygiene education component (IEOS, 12/92).

10. Delivery-reception of motorcycles, equipment, and tools (GDO, IEOS, 12/92)

PROJECT STATUS REPORT
April 1, 1992 - September 30, 1992

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1. BACKGROUND DATA

Project Title: Health and Family Planning
Project Number: 518-0084
Date of Authorization: original 08-04-91 last amendment 00-00-00
Date of Obligation: original 09-10-91 last amendment 00-00-00
PACD: original 09-30-97 amended to 00-00-00

Implementing Agencies:

NPA: Ministry of Finance (MOF)
 Consejo Nacional de Desarrollo (COHADE)
 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, and FHI
AID Project Officer: Mario Vergara
Status of CPs/Covenants: (See section VI)

Date of Last Evaluation: 00-00-00 Next evaluation: 12-15-94
Date of Last Audit: 00-00-00 Next Audit: 12-15-92
Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program: XXXX
 Number of such audits contracted for/completed during the reporting period: XXXX

FINANCIAL DATA

Amount Authorized: DA Grant: original \$10,500,000*
Amount Obligated: DA Grant: original \$ 3,497,513
Current FY Oblig: DA Grant \$ 2,113,146
Amount Committed: Grant - Period: \$ 1,577,196
 Cumulative: \$ 2,461,563

Accrued Expenditures: Grant:
 Period - Projected: \$ 850,000
 Period - Actual: \$ 1,162,078
 Cumulative: \$ 1,504,112
 Period - Next \$ 1,500,000

Counterpart Contribution:
 Planned: C.A. \$11,770,870 NPA \$2,500,000
 Actual: C.A. \$ 1,386,247 NPA \$ 500,000

% LOP Elapsed: 19%
% of Total Auth. Oblig. (Grant) 33%
% of Total Oblig. Exp. (Grant) 43%
% of Total Auth. Exp. (Grant) 14%

* 2,500,000 NPA
 8,000,000 DA

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II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED			% OF LOP
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM		
Use/Effectiveness								
1. *CPR increase from 53% to 58%	5%	0.97	0.97	0.42	0.97	0.97	19%	
2. *Contraceptive Modern Methods Mix from 40% to 50%	10%	1.94	1.94	0.84	1.94	1.94	19%	
3. *New users under age of 25. (Baseline 32%)	18%	3.5	3.5	1.5	3.5	3.5	19%	

Sustainability

1. Trust fund for APROFE and CEMOPLAF (ooo's)	US\$1,000	200	200	200	227	227	23%
2.**PVO's cost-recovery increase from 30 to 65%	35%	5	5	3	5	5	14%
3. Training (persons) Overseas - Short term	M F	M F	M F	M F	M F	M F	M F
	7 7	2 2	2 2	2 3	0 1	1 1	0% 14%

Policy Reform

1. A national population policy implementation plan, including the re-creation of the National Population Council by year two: National Population Council created.
 2. IESS purchasing with own budget 100% of contraceptives by PACD starting in an increasing manner in year four.
 3. MOF supporting additional budgetary requests from MOH for maternal health and family planning activities by year two.
- * These data will be reconfirmed by National Fertility Surveys and/or KAP'S surveys.
- ** These data will be reconfirmed by Financial Audits.

III. PROJECT DESCRIPTION

The project goal is to improve the health of mothers and children through 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) improve communications in order to expand service delivery to specific target sub-groups which have exhibited high levels of unmet demand or are of high health risk.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

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

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

C.A. Component: APROFE and CEMOPLAF have satisfactorily met their quarterly established targets related with services; information, education and communication; and institutional strengthening. Both institutions have begun to share program experiences and have expanded their relationships with other institutions including the MOH and IESS.

NPA Component: Even though the new GOE administration took over during this reporting period, the component through the public sector showed progress toward achievement of purpose. Highlights of component include accomplishment of virtually all CP's for the first US dollars disbursement; formal establishment of the National Population Commission; and approval of participating institutions workplans.

ESF Component: CEPAR received all funds which will enable the entity to strengthen its institutional capability. The Church projects continue working to reach project goals.

VI. PROGRESS DURING REPORTING PERIOD

C.A. Component

1. CEMOPLAF's pricing study finalized.
2. APROFE and CEMOPLAF finalized and implemented Trust Fund strategy.
3. Technical Assistance was determined and contracted for APROFE and CEMOPLAF. Buy-ins were carried out through the Population Council, Family Health International and the Johns Hopkins University.
4. Annual meeting to review all component activities and strategies was carried out successfully.
5. APROFE and CEMOPLAF entered into formal agreements with MOH for IUD insertion training and sterilization services.

NPA Component

1. First US Dollars 500,000 disbursement was delivered to the GOE.
2. Institutions workplans approved through PILS.
3. Second US\$1,000,000 were obligated.
4. National Population Commission was established through a formal document (Acuerdo de Vicepresidente)

ESF Component

1. CEPAR's remaining funds were delivered prior approval of Investment plan. First transactions were carried out successfully.
2. CEPAR was informed that no additional AID funds were planned in the future for the institution.

Technical Assistance

1. Funds to complete obligation with SOMARC were obligated.
2. Buy-in to carry out SOMARC assessment study was finalized.

VII. GENDER CONSIDERATIONS

Family planning programs in general are directed towards women of reproductive age, this group being the essential target group. However, under the current project, emphasis has been put on reaching current and potential male family planning users through nationwide promotion of condom use and vasectomy.

VIII. EVALUATIONS AND AUDITS

A monitoring and evaluation plan draft for SO3 has been analyzed and will be finalized during the coming reporting period. A midterm external evaluation is planned for FY 94.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. **Issue:** Project Implementacion Committee (PIC) meetings have not been carried out as planned due to lack of support by new GOE administration to the NPA portion of the project. This will delay the implementation of local currency activities, and consequently, the meeting of CPs for the second disbursement.

Corrective Action: Establish new GOE leadership commitment toward projects; GOE to assign official representatives from the various organizations to conform the PIC; GOE to initiate PIC meetings on a regular basis to monitor this component.

2. **Issue:** It appears that the implementation of the Population Policy is not among the priority topics within CONADE.

Corrective Action: Policy dialogue has to be actively carried out among USAID, UNFPA and CONADE. The PIC input is also another mechanism to address this issue. Mission Management will raise this issue with Pablo Lucio Paredes and Carlos Izurriaga who is CONADE's social policy coordinator. INCAE should put this issue on their social policy workshop agenda. CONADE does not need a big staff to be involved in this area - CEPAR could act as their staff.

3. **Issue:** Additional level of DA LOP funds is needed due to the following reasons:

- AID/W, due to overall budget constraints is not able to match funds with Mission for technical assistance as programmed in Project Paper.
- AID/W instructed Mission to purchase all contraceptive commodities, including those that were not originally budgeted.
- The Municipality of Quito and the Armed Forces have requested the Mission to provide contraceptive commodities.
- APROFE's and CEMOPLAF's counterpart projections are higher than planned. Both institutions have requested additional funds for the Trust Fund over the current US\$500,000 assigned for each Cooperative Agreement.

Corrective Action: Amend the Project Paper to increase the level of DA LOP funds. Mission will provide more funds, but this issue was based on cuts in AID/W's family planning budget. It is not clear whether AID/W has really suffered cuts since there was a large family planning earmark this year.

4. **Issue:** According to SOMARC's information it appears that there are several irregularities with Futura's administrative and program implementation procedures.

Corrective Action: Carry out an audit ASAP.

5. **Issue:** CEPAR and CEMOPLAF apparently have to strengthen their Board of Directors.

Corrective Action: Technical assistance will be given through PACT to strengthen and/or modify, if that is the case, the Board of Directors.

6. **Issue:** Once current ESF funds assigned are exhausted, there will no longer be ESF funds for CEPAR and the Church projects.

Corrective Action: Officially decide within Mission future of CEPAR and Church projects and pass this information to these institutions.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Procurement of contraceptives for the period 1993-1994. Prepare contraceptive procurement tables (Vergara 1/93)

2. SO3 program level indicators finalized (Vergara, Yamashita 3/93)

3. Attend Latin American Family Planning Seminar in Mexico (counterpart representatives 11/12/92)

C.A. Component

1. Approve 1993 annual workplans for APROFE and CEMOPLAF (Yamashita, Vergara 2/93)
2. Finalize APROFE's potential user study (INOPAL, APROFE, CEPAR 11/92)
3. Follow-up on trust fund and debt swap (Vergara, J.Vaca, continuous)
4. Follow-up on recommendations made from PACT for CEMOPLAF's and APROFE's Board of Directors (Vergara, Yamashita, CEMOPLAF 3/93)

NPA Component

1. Re-activate PIC (Representatives from CONADE, MOF, IESS, MOH and USAID/E continuous)
2. Clear CP's for the second US\$1,000,000 disbursement. (Vergara, Rivadeneira, R. Vaca-2/93)

ESF Component

1. Follow-up on recommendation made from PACT for CEPAR's Board of Directors (Vergara, Yamashita, CEPAR 3/93).
2. Follow-up on investment plan for CEPAR (Vergara, R. Vaca, continuous)
3. Officially inform the Church of scarce ESF resources and the unavailability of funds to continue with program once current ESF funds are exhausted (Yamashita, Vergara 1/93)

Technical Assistance

1. Carry out Futura's audit and implement recommendations (Vergara, J. Vaca, Futura 3/93)

SEMI-ANNUAL REVIEW

April 1, 1992 - September 30, 1992

Project Name: Private Pharmaceutical Distribution - ASOPROFAR

Project Number: 518-0093

Financial Data:

Amount Authorized:	DA Grant:	Original	\$151,000
		Amend.	\$232,313
Amount Obligated:	DA Grant:	Original	\$151,000
		Amend.	\$232,313
Amount Committed:	DA Grant:	Period	\$ 81,313
		Cumul.	\$232,313
Accrued Expenditures:	DA Grant:		
	Period - Projected		\$ 43,128
	Period - Actual		\$ 43,128
	Cumulative		\$151,000
	Period - Next		\$ 50,000
Counterpart Contribution:	Planned		\$1,359,794
	Actual to Date		\$ 401,526*

* estimated. See "Issues" below.

% LOP Elapsed:	65%
% of Total Auth. Oblg. (Grant)	100%
% of Total Oblig. Exp. (Grant)	65%
% of Total Auth. Exp. (Grant)	65%

Project Purpose: To provide low cost high quality brand name drugs to underserved populations in urban marginal and rural areas on a self sustaining basis.

Implementing Agency: Asociacion Ecuatoriana de Industrias e Importadores de Productos Farmaceuticos (ASOPROFAR). The Asociacion has established an NGO-PROMESA, which is implementing the program in the field.

Major Accomplishments: At the end of the first two years of implementation, the project has exceeded 100% of the original EOPS, having established 66 botiquines (small farmacias) as of this SAR period. Administrators of all botiquines have received training in medical information systems (including stock/inventory control, procurement and logistics), word processing, and spread sheet analysis.

The success of this project has gone well beyond the measurable EOPS. Despite frequent conflicts with the GOE, the image of ASOPROFAR has vastly improved. Headquarters representatives of pharmaceutical firms have requested information on the PROMESA program so that it may be replicated in other countries. Over twenty local NGO's have participated in this program and there is a long waiting list of additional NGO's that would like to take part. The investment on part of

USAID to date has been only US\$151,000. However, given the high visibility in Ecuador and within the international pharmaceutical industry, and the high impact amongst the most impoverished communities of Ecuador, it is evident that the return on the USAID investment has been extraordinary.

In June, 1992, ASOPROFAR submitted a proposal for expansion of the original grant in order to establish an additional 100 botiquines in the next twelve months. Coincidentally with the internal Mission review of the proposal, the new GOE administration of Sixto-Duran Ballen took office. The new administration announced as a priority activity the provision of essential drugs. ASOPROFAR quickly responded to the GOE needs with a proposal which included: 1) the distribution of generic drugs; and 2) the expansion of the PROMESA botiquin program. The GOE has been silent on the first proposal, partially due to internal dissention (between the Ministry of Health and Ministry of Industry). On the other hand the GOE has welcomed ASOPROFAR's proposal to expand the PROMESA program.

The new ASOPROFAR/PROMESA project greatly expands the activities to date in the following areas: 1) the number of botiquines increases by 100. Thus the total number of botiquines established by the end of this project will be 160. The population covered will also expand, to an approximate total of 2 million persons in rural and urban marginal areas; 2) increased emphasis is placed on health education and communication activities, with the objective of reducing morbidity and mortality due to preventive diseases and increasing the correct use of prescription drugs; 3) the industry expands its contribution beyond medication, to include the establishment of at least 8 health clinics, and a vehicle and driver.

The only two issues facing this project are: 1) The accounting of the counterpart contribution. The expectation on part of ASOPROFAR/PROMESA is that USAID will contribute approximately 20% of the total project costs. The counterpart contribution will include ASOPROFAR, PROMESA, and NGO's as sources, and salaries, construction, forgone income, credit, and supplies as budgetary items. An initial audit by Romero Asociados indicated that counterpart contribution was substantially less than projected, although even at the low audited levels it already equalled the total USAID contribution. For the next counterpart audit, all sources of counterpart should be included; 2) ASOPROFAR has committed to provide a vehicle and driver as part of their counterpart contribution. The Mission has decided that further disbursement will not be made until the vehicle and driver are provided.

PROJECT STATUS REPORT
April 1, 1992 - September 30, 1992

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I. BACKGROUND DATA

Project Title: Cholera Response in Affected Rural Areas
 Project Number: 518-0108 Grant 518-004-G-00110900
 Date of Authorization: original 08-30-91
 Date of Obligation: original 08-30-91
 PACD: original 08-30-92 amended to 12-31-93
 Implementing Agencies: CARE
 Major Contractors: XX
 AID Project Officer: Patricia Rodríguez
 Status of CPs/Covenants:

Date of Last Evaluation: 09-92 Next evaluation: 12-30-92
 Date of Last Audit: 08-92 Next Audit: 08-30-93
 Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program: N/A
 Number of such audits contracted for/completed during the reporting period: N/A

FINANCIAL DATA

Amount Authorized: DA Grant: original \$ 619,854 last amend \$1,419,854
 Amount Obligated: DA Grant: original \$ 619,854 last amend \$ 926,741
 Current FY Oblig.: Grant: \$ 306,887
 Amount Committed: Grant - Period: \$ 306,887
 Cumulative: \$ 926,741
 Accrued Expenditures: Grant:
 Period - Projected: \$ 304,854
 Period - Actual: \$ 304,854
 Cumulative: \$ 619,854
 Period - Next: \$ 250,000
 Counterpart Contribution: Planned: \$ 586,084 last amend \$1,247,089
 Actual: \$1,140,379
 % LOP Elapsed: 46%
 % of Total Auth. Oblig. (Grant) 65%
 % of Total Oblig. Exp. (Grant) 67%
 % of Total Auth. Exp. (Grant) 44%

II. MAJOR OUTPUTS:*

	PLANNED				NEXT**				ACCOMPLISHED			
	LOP		PERIOD		CUM		PERIOD		CUM		LOP	
	#	#	#	#	#	#	#	#	#	#	#	%
1. Number of latrines built	15,000	7,500	15,000	4,500	9,505	15,980	107					
2. Number of programs broadcasted	120	1,000	1,060	-	1,368	2,602	2,168					
3. Number of families trained	15,000	7,500	15,000	4,500	9,505	15,980	107					
4. Number of CORUS established	200	50	150	67	106	256	128					
	H	F	M	F	M	F	M	F	M	F	M	F
2. Training (persons)	#	#	#	#	#	#	#	#	#	#	#	%
Long term	#	#	#	#	#	#	#	#	#	#	#	%
Short term	#	#	#	#	#	#	#	#	#	#	#	%

*first year of the project only. Amended project outputs will be reported next SAR.
 **next period was calculated according to the project amendment.

III. PROJECT DESCRIPTION

The project was originally implemented in Los Pios, Imbabura, and Chimborazo provinces. An expansion of the project was approved to include Loja and Azuay. The project consists of three components: 1) latrine construction, 2) hygiene education, and 3) mass media campaign. The project plans to support the construction of 28,500 latrines in a coordinated effort with IEOS, MSP, communities and NGO's, using an appropriate technology for each geographical region. The education campaign consists of: a) organizing and training the community in hygiene and prevention of diarrheal diseases and constructing a demonstration latrine, b) building latrines and reinforcing the educational messages, and c) evaluating the effectiveness of the interventions.

The goal of the project is to diminish cholera morbidity and mortality by 80% in 430 rural communities in the five provinces mentioned above. Since cholera incidences are expected to vary seasonally, the indicator of achievement will be the reduction in cholera incidence to 100 cases in the last three months of the project and cholera deaths to less than ten. Intermediate goals are to increase: 1) the correct use of rehydration procedures to 80%; 2) the use of adequately

treated drinking water and foods to 60%; 3) the correct handwashing methods and occasions to 80%; 4) the adequate protection of food to 80%; 5) the correct use of latrines and excreta disposal to 28,500 families; and 6) establish 430 CORU's populares.

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

Although cholera has passed the epidemic stage in Ecuador and has entered the endemic stage, the provinces and communities where project activities are contemplated still have a high incidence of cholera. Thus, as mentioned in previous SAR's, this project responds to a logframe assumption that there will be no major epidemics. Beyond this, however, this project addresses the long term effectiveness and sustainability of health services in as much as reductions in diarrheal disease and improved hygiene habits will reduce the stress on the health agencies of providing primary health services.

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

The project has met or exceeded all major outputs originally planned. An evaluation of the project was carried out in September by a team of MSP, CARE, OPS, and independent consultants which concluded that all EOPS have been met. Indeed, in virtually all communities, there has been a significant reduction in fatality due to cholera since the project started. Given the success of this project, CARE has proposed an expansion of project activities to additional communities and to two provinces. USAID accepted the proposal and an eighteen month extension went into effect on September 30.

VI. PROGRESS DURING REPORTING PERIOD

All major actions planned for this reporting period were carried out successfully. The construction of latrines continued in remaining and adjacent communities. A total of 15,980 latrines have been constructed. Numerous additional communities have requested latrines, and have offered considerable counterpart resources in order to carry out the construction.

The oral rehydration education strategy has been reviewed and modified. As a result, there is greater participation in hygiene education and there has been significant improvements in oral rehydration therapy. The revised strategy has also been instrumental in obtaining community support for the establishment of community based oral rehydration units (CORU's). Cumulatively, a total of 250 CORU's have been established.

The de-ob/re-ob process was successfully followed in order to add funds to the project and thereby respond positively to CARE's proposal for expansion. However, due to last minute AID/W accounting problems, only a portion of the de-ob was received. The Mission decided to go ahead with the full amount of the proposal for the extension, and provide incremental funding during FY 93.

VII. GENDER CONSIDERATIONS

Women continue to play an important role in this project. At the community level, women are frequently the key actors in mobilizing the community into action when counterpart resources are required. As well, mothers play an important role in hygiene education and appropriate use of oral rehydration treatment.

VIII. EVALUATIONS AND AUDITS

1. The mid-term evaluation was carried out on April 15, 1992.

2. The evaluation at the end of the first year of activities was completed in September, 1992. The most relevant results of this evaluation indicated that there was a significant impact when comparing baseline with evaluation data. For example, the use of adequately treated drinking water and foods increased from 45% to 78.6%. The goal was 60%. The correct handwashing methods and occasions increased from 20% to 99.7%. The goal was 80%. The correct use of latrines and excreta disposal has increased from 26% to 90.6%. The goal was 80%. With regard to the goal of this project to diminish cholera morbidity and mortality by 80%, the evaluation showed that the goal reached only 50%. This objective will be reviewed and reinforced.

3. For auditing purposes CARE has to follow Circular A-133 for all U.S. PVOS. However, on August '92 CARE performed an internal audit.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. Issue: Due to accounting errors in AID/W, the full amount of the de-ob/re-ob was not received by the Mission. This project was therefore partially funded.

Corrective Action: Mission has approved the LOP funding as originally envisioned. Incremental funding will be provided during FY93 in order to fully fund the project.

2. Issue: Is there a cholera earmark the Mission could absorb?

Corrective Action: Carrie Thompson will find out and report on this to us. If we could get more funds, the project could be expanded in terms of geographical coverage.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Initiate project activities in the two new provinces (Azuay, Loja) and expand activities in the current three provinces (Imbabura, Chimborazo, Los Rios), including signing agreement with provincial GOE leadership.

2. Provide incremental funds in order to fully fund the project.

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GENERAL DEVELOPMENT OFFICE
SEMI-ANNUAL PORTFOLIO REVIEW FOR STRATEGIC OBJECTIVE NO. 4
Strengthened Democratic Institutions With
Improved Responsiveness of Selected Democratic
Institutions With Greater Citizen Participation
March-Sept 1992

I. Overall Performance of the Strategic Objective

With local and national election campaigns underway during most of this reporting period, and a new government installed on August 10th, we have had an ideal time to relate activities under SO 4 to democracy in Ecuador. Particularly interesting has been the window on the election processes offered by our election assistance activities provided through the ELECT/CAPEL project. This project confirmed the great tensions between Guayaquil and Quito and demonstrated that a national Tribunal Supremo Electoral (TSE) can provide rules and regulations for elections, but cannot control the process. And in spite of difficulties, the two teams of international observers that we financed gave high marks to Ecuador for running a peaceful and democratic election. The consolidation and strengthening of the RTAC book program, and an increase in book sales from some 7,000 books sold in the last reporting period, to almost 18,000 books sold this period, gave proof that we are on track in increasing the availability of modern textbooks through the university bookstores and the commercial sector in Ecuador. Our efforts to improve the justice system, with initial support for two AOJ working groups in Quito and Guayaquil, may have high payoff at little cost as proposals developed by these groups for reform of the justice system begin to be reviewed in the new Congress. Finally, positive progress continues to be made with the CLASP training program as long and short term trainees undergo training in support of all Mission Strategic Objectives.

II. Significant Sector Developments

The election of a new president on August 10th and selection of new ministers has been the most significant change during this period. The ELECT/CAPEL project, which came to an end during this SAR period, had, according to the GOE, a positive effect on the election process. The civic education campaign, aimed at motivating citizens to actively participate in the elections, was seen as very supportive. According to studies, the degree of public confidence in the Tribunal Supremo Electoral (TSE) went from 45% in March to 64% in July. Confidence in the Government went from 35% to 53% in the same months; and while low, confidence in the political parties went from 19% to 23%. Additionally, the rate of non-valid votes was lower than in the past. The consolidated rate for non-valid votes and abstentionism was 43% for the first round and 37% for the second, compared to 50% for the 1990 elections.

The national textbook sales program posed positive gains with a 170% increase in the sale of university textbooks during this period. Important to note is that of the total number of books sold during this reporting period, 51% were sold by private and university bookstores, compared to 19% in the previous period (this as compared to direct sales by CODEU, the university coordinating organization). The amount of money in the reflow account has increased as well. It is worth highlighting the fact that 18% of the cost of the second shipment of books, and 44% of the cost of the third shipment was paid for with reflow account funds earned from the sale of books. An important development for a project working towards self-financing.

A cornerstone in SO 4 is the first phase of the Administration of Justice project. Recognizing that the administration of justice in Ecuador is in a state of crisis, the Mission is embarking on a long term strategy for reform. This first phase of our project support includes an agreement with ILANUD to prepare revised civil and criminal codes and procedures, and to conduct a study of the informal justice system. In parallel with this agreement is a contract with a local NGO charged with supporting informal AOJ working groups to develop proposals for the reform of the justice system. At the end of this SAR period, these informal AOJ groups had developed a major proposal for reform that was submitted to the newly elected Congress for review, modification and approval. This proposal covers such difficult issues as the way in which Supreme Court Justices are chosen, and the role of the Supreme Court and Superior Courts (at the provincial level). Difficult issues to address in any society, and in particular in one in which the oligarchy has so much to lose as the justice system becomes more transparent.

III. Developments in Policy Dialogue

Probably no single theme is more important for democracy in Ecuador than the reform of the justice system. As noted above, the Congress has begun a review of reform of this sector. The outcome of this review will have a major effect on the level and direction of our second stage of assistance which will deal in part with implementation of reforms. Under the RTAC II book program there has been a series of project presentation for administrative personnel and professors at 9 institutions of higher learning on the Coast. As a result of these presentations, Coastal universities not previously involved with RTAC have signed an agreement with CODEU to sell RTAC textbooks in the university bookstores or have placed their first orders.

IV. Strategic Objective Indicators

Strategic Object: Improved responsiveness of selected democratic institutions with greater citizen participation.

Performance Indicators: (1) Senior levels of government review, revise and pass selected judicial area reform; (2) Perceived confidence in legal system; (3) RTAC II - being developed; (4) CLASP II - being developed.

Program Output 1. Improved operation of justice system.

Output Indicators. (1) Reforms (civil/penal/structural) drafted. (2) Proposals for reform presented to senior government officials for review and action. (3) Reduction in case processing time. (4) Information seminars/events to analyze progress in implementation of reforms.

Program Output 2. Leaders and potential leaders equipped with and applying new skills and knowledge.

Output Indicators. (1) Proportion of participants reporting more involvement effectiveness in community, professional and/or institutional activities. (2) Number of people trained. (3) Number of participants exposed to democratic activities and organizations in the U.S. (4) Number of professors adopting RTAC texts by gender and fields (gender numbers only at mid-point and end of project). (5) Increase in sales of project books in several fields. (6) Percentage of students in served fields buying one or more books (special surveys mid-point and end of project).

V. Issues and Actions

Most all outstanding issues have been resolved during this SAR period.

OIT's system for tracking HBCU placements does not count HBCU training unless participants attend an HBCU during the fiscal year in which they begin training. For example, a participant who departs in late FY 91, but does not receive his HBCU training until FY 92, is not counted. AID/W LAC has been notified that this needs to be corrected.

During this reporting period, AID/W advised the Mission that it no longer has funds to support the RTAC central management contract or to meet its unfunded textbook purchase liability with the Mission (approx \$314,000). Without the central contract, the project cannot be successfully completed; without the additional funds for the purchase of books, the reflow account will not attain the level necessary to permit continued purchase of books after the PACD. This is an excellent project that deserves adequate support to ensure eventual self-sufficiency.

The ELECT/CAPEL Project has come to an end. The Tribunal Supremo Electoral and CAPEL recommend continued USAID support for the election process. However, the most important assistance relates to the change in the Ecuadorian election law and this assistance needs to be provided this year, during the post-election "window of opportunity" and before the 1994 bi-election campaign process gets underway. This assistance is required now, and before our 2nd phase AOJ (Strengthened Democratic Initiatives) Project begins. USAID GDO has been in contact with LAC/DI regarding technical support under the regional LAC project with IIDH/CAPEL. This needs the attention of LAC and a decision to provide this support.

The log frame for the long term AOJ project has been reviewed and is in process of revision. The present estimate is a 10 year \$10 million project. This level of funding will require approval of an increased project funding level from AID/W.

Major Actions for Next Period.

AOJ. Once GOE names new President of Supreme Court, Procurador General (Attorney General), and makes a decision on location of functions that were under Subsecretary of Justice within the Ministry of Government, meet with these officials to review AOJ MOU signed between USAID and GOE in June 1992. Present AOJ Concept Paper mid-March.

RTAC II. Reach agreement with AID/W on level of continued support for this project, including funding for central coordinating office in Mexico. Determine if USAID has adequate funds to support project through proposed PACD. Explore options for use of additional ESF to support RTAC.

CLASP II. Review training plans. Develop short term training course for AOJ.

11.9.92

PROJECT STATUS REPORT
April 1, 1992 - September 30, 1992

A X B C

I. BACKGROUND DATA

Project Title: Ecuador 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 09-30-96 amended to N/A
 Implementing Agencies: World Learning, Inc. (WLI), formerly called the Experiment in International Living (EIL)
 Major Contractors: World Learning, Inc.
 AID Project Officer: Jennifer Stimson
 Status of CPs/Covenants: N/A

Date of Last Evaluation: N/A Next evaluation: 02-94
 Date of Last Audit: N/A Next Audit: 01-94 (WLI)
 Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program: Number of such audits contracted for/completed during the reporting period:

FINANCIAL DATA

Amount Authorized: DA Grant: original \$6,600,000 last amend \$0,000,000
 Amount Obligated: DA Grant: original \$ 702,283 last amend \$1,761,283
 Current FY Oblig.: Grant: \$1,059,000
 Amount Committed: Grant - Period: \$1,059,000
 Cumulative: \$1,761,283

Accrued Expenditures: Grant:
 Period - Projected: \$ 517,349
 Period - Actual: \$ 399,335
 Cumulative: \$ 502,986
 Period - Next: \$ 502,400

Counterpart Contribution: Planned: \$ N/A
 Actual: \$ N/A

% LOP Elapsed: 20.00%
 % of Total Auth. Oblig. (Grant) 26.69%
 % of Total Oblig. Exp. (Grant) 28.56%
 % of Total Auth. Exp. (Grant) 7.62%

II. MAJOR OUTPUTS:

	PLANNED				NEXT				ACCOMPLISHED				% OF LOP	
	PERIOD		CUM		PERIOD		CUM		PERIOD		CUM			
	M	F	M	F	M	F	M	F	M	F	M	F		
Training (persons)														
Long term	30	19	10	0	10	0	0	0	10	0	10	0	33	0
Short term	117	79	19	29	19	29	0	0	20	25	20	25	17	32

III. PROJECT DESCRIPTION

The Ecuador Development Scholarship Program is part of the Caribbean and Latin American Scholarship Program II (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, and 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 US-based training for current and potential leaders. At least 70% of the participants shall be disadvantaged and

40% shall be women.

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

A. The Ecuador Development Scholarship Program contributes to Strategic Objective #4 by equipping current and potential leaders with the leadership and technical/academic skills needed to sustain a democratic society and exposing them to the workings of a free enterprise economy in a democratic society.

Program output #3, leaders and potential leaders equipped with and applying new skills and knowledge, will be measured by three indicators: 1) proportion of participants reporting more involvement or effectiveness in community, professional and/or institutional activities; 2) number of participants exposed to democratic activities and organizations in the U.S.; and 3) number of people trained. Data on the first indicator will be collected through questionnaires and case studies (by WLI) and special surveys, focus groups and case studies (by the evaluation contractor). Data on the second indicator will be gathered through the project reporting system maintained by WLI. Statistics on the third indicator will be derived from the CLASP Information System (CIS) data base.

B. Percent of LOP funds relating to S.O.: 100%

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

The purpose of the Ecuador Development Scholarship Program 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 (1 to 9 months, average 6 weeks) and 49 long-term (12 to 24 months). All training will take place in the United States 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, 45 short-term participants and 10 long-term participants have received or are receiving training. All of these programs have included an "Experience America" component. Twenty-six participants have been identified for Masters degree programs scheduled to begin in FY93 and FY94.

Progress to date is very good.

VI. PROGRESS DURING REPORTING PERIOD

1. Short-term training: Three groups were selected and trained, as follows: 13 women agriculturists, with Fundagro as the counterpart; 14 supervisors of health promoters, with the Ministry of Health, the "Seguro Social Campesino", and the Fundación Instituto de Cooperación (ICD) as counterparts; 18 leaders of non-traditional agricultural producer associations, with PROEXANT as the counterpart. Each group received two predeparture orientation sessions. The "Women in Agriculture" group was debriefed upon return.

2. Long-term technical training: 10 agricultural high school teachers received predeparture orientation and departed for a 12 month technical program in September. The program was coordinated with Fundagro and the "Programa de Mejoramiento y Expansión de la Educación Técnica (PROMEET)" of the "Unidad Ejecutora MEC-BID".

3. Long-term academic training: Recruitment was undertaken for all Masters programs for the life of project, in the fields of public health with an emphasis in administration, hospital administration, health administration and finance; urban planning; agricultural economics; agribusiness; food technology; horticulture with an emphasis in post-harvest activities; natural resources management; natural resources policy and economics; organic chemistry and international business. Participants were selected (some conditionally) for all of the fields except urban planning, natural resource policy and economics, hospital administration and health administration. Two additional fields for which participants were selected were economics/finance and animal science. 17 participants were selected to depart in April 1993 and one to depart in April 1994. An additional 10 participants were accepted to depart in April 1994 depending on their progress in English. Of the 17 participants scheduled to depart in FY93, 2 dropped out for personal reasons and 2 requested that their scholarships be postponed to 1994. Seven of the remaining 13 are currently receiving preparatory English language training in Quito.

4. The WLI contract was amended to include minor corrections in the terms of their contract and changes in key personnel for the U.S. Project Administrator and local follow-up coordinator positions.

VII. GENDER CONSIDERATIONS

By Congressional mandate, at least 40% of EDSP participants must be women. 45% of EDSP participants in FY92 were women.

VIII. EVALUATIONS AND AUDITS

Mid-term and final evaluations have been budgeted for in the WLI contract. They are currently planned for February 1994 and late 1995. In addition to these formal evaluations, WLI is responsible for monitoring and debriefing participants, and conducting in-depth interviews and case studies with selected participants and their institutions. Annual audits will be conducted 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. OIT's current system for tracking HBCU placements does not count HBCU training unless participants attend an HBCU during the fiscal year in which they begin training. For example, a participant who departs in late FY91, but does not receive his HBCU training until FY92, is not counted. Because this system failed to capture all of our HBCU training under APSP (and similar problems may be anticipated under EDPS), the Mission requested that the AID/W HBCU Committee revise its tracking system to count HBCU placement as months in training rather than "new starts". While no written response has yet been received, the Mission has been advised by phone that OIT plans to continue counting HBCU placement by "new starts". Therefore, the Mission's efforts and success in HBCU placement will not be fully recognized.

2. Actual expenditures are 77% of projected expenditures for the period. The difference can be largely accounted for by two factors: 1) the impact of the rate of exchange, which has the effect of increasing the local budget; and 2) the fact that training expenditures were budgeted based on the total cost of short-term FY92 programs, but only 2/3rds of these expenditures were actually billed during the period.

3. Two additional issues relating to program design and identification bear watching: 1) the need for more participant input into training design (to date training has been based on recommendations from third parties, i.e. technical offices and counterpart institutions); and 2) the need to examine and possibly reformulate our procedures for identification of target groups (the number of suitable training proposals submitted by the technical offices has made such identification difficult). In order to obtain more "participant input", the contractor and the counterpart institutions will conduct focus groups with sample individuals similar to the candidates we will be recruiting and incorporate their input into the training design before issuing the RFP. In order to broaden the pool of potential target groups, we are considering inviting selected counterpart institutions to submit proposals in addition to the technical offices' proposals.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Short-term training: The EDSP Advisory Committee will meet to evaluate training proposals submitted by the technical offices and select three short-term target groups of approximately 16-20 participants each for FY94. WLI will coordinate training design (including a focus group) and recruitment with the counterpart institution for at least one of these groups (3/93, JJCisneros, WLI and JStimson, GDO/EDI).

2. Debriefings: 14 supervisors of health promoters and 18 leaders of non-traditional agricultural producer associations will be debriefed and incorporated into the CLASP Alumni Association upon return (10/92, JJCisneros, WLI and JStimson, GDO/EDI).

3. Long-term recruitment: A second and final round of recruitment for Masters degree participants will be undertaken (1/93, JJCisneros, WLI and JStimson, GDO/EDI).

4. The CLASP II Project Paper will be amended to change the requirements for institutional commitment and the definitions of disadvantaged and elite (3/93, JStimson, GDO/EDI).

5. Two new key personnel will be hired to replace the local follow-on coordinator and training coordinator, whose contracts will run out in December 1992 and February 1993 (1-3/93, JJCisneros, WLI and JStimson, GDO/EDI).

6. RTAC books will be ordered for trained EDSP participants (3/93, JJCisneros, WLI and JStimson, GDO/EDI).

7. The U.S. Project Director and Project Administrator will visit Quito to coordinate project implementation plans with the local contract office and the Mission (1/93, JStimson, GDO/EDI).

PROJECT STATUS REPORT
April 1, 1992 - September 30, 1992

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: N/A Next evaluation: 10-93
 Date of Last Audit: July, 1992 Next audit: 10-93
 Planned # of yearly audits: one # of such audits completed
 during reporting period:
 one - July/92

FINANCIAL DATA

Amount Authorized: DA Grant: original \$1,055,100* last amend \$0,000,000
 Amount Obligated: DA Grant: original \$ 239,423 last amend \$ 299,000
 Current FY Oblig: Grant: \$ 537,423

 Amount Committed: Grant - Period: \$ 1,042
 Cumulative: \$ 538,465

 Accrued Expenditures: Grant:
 Period - Projected: \$ 257,500
 Period - Actual: \$ 351,213
 Cumulative: \$ 495,727
 Period - Next: \$ 244,000

 Counterpart
 Contribution: Planned: \$ 20,322
 Actual: \$ 21,892 (S/1390=US\$1)

 % LOP Elapsed: 20%
 % of Total Auth. Oblig. (Grant) 51%
 % of Total Oblig. Exp. (Grant) 92%
 % of Total Auth. Exp. (Grant) 46%

* USAID/E buys-in to the regional project. Data provided here refer only to USAID/E funds.

II. MAJOR OUTPUTS:

	PLANNED		NEXT		ACCOMPLISHED		% OF
	LOP	PERIOD	CUM	PERIOD	PERIOD	CUM	
1. Books ordered	300,000*	45,000	65,000	20,000	37,724	98,896	33%
2. Books sold	250,000*	40,000	70,000	20,000	18,798	25,747	10%

* These figures have been revised based on first year implementation experience.

III. PROJECT DESCRIPTION

The Regional Technical Aid Center II (RTAC-II) project was created to contribute to educational development in Central and Latin 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 has two major components: a) The textbook program, in which university professors select titles to be adopted as required textbooks for their courses based on information provided in the RTAC II catalog which contains approximately 3,000 titles in 24 major technical and scientific fields. Publishers from the countries that participate in the project activities will provide textbooks to RTAC II. b) The pamphlet component consists of the production and distribution of pamphlets and booklets to host government technicians and USAID

projects who will use them in their outreach or extension work or for AID-sponsored or other community projects.

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 very wide range of books in their disciplines, and books can be purchased at reasonable prices; thus contributing to a rise in the academic level and 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.

To this date, 40 bookstores, both private and university, have signed sales agreements with CODEU. Of the total amount of 18,798 textbooks sold during this period, 51% was sold through these bookstores.

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

The main purpose of the project is to cover an unsatisfied demand for university textbooks in a wide variety of technical, scientific, social and political areas, by providing updated, good quality and reasonably priced textbooks, accessible to students and non students.

The EOPS indicators include: a) number of textbooks sold through private and university bookstores; and b) amount of money in the reflow fund mechanism to permit continuous purchase of textbooks after the project PACD.

Progress toward purpose achievement was good. More flexible and efficient administrative procedures; i.e. consignment sales, inventory adjustment and more frequent collection of sales receipts, were adopted both to encourage more bookstores to participate in the program and to allow the project to collect sales money more rapidly. As a result, sales of books through private and university bookstores are increasing. Of the total number of books sold during this reporting period, 51% were sold by private and university bookstores, compared to 19% in the previous period. The amount of money in the reflow account has increased as well. 18% of the cost of the second shipment of books, and 44% of the cost of the third shipment of books was paid for with reflow account funds.

The local counterpart and the National Coordinator began a series of university-based "question and answer" sessions designed to increase knowledge about the project and encourage the use of textbooks at the university level. During this

reporting period project presentations were made to administrative personnel and professors at 9 institutions of higher learning on the Coast. As a result of these activities, the Coastal universities that did not yet have an established distribution center signed an agreement with CODEU to sell RTAC textbooks in their university bookstores (or libraries) and place their first orders. They also resulted in an increase in visits by educators to the two RTAC Bibliographic Centers.

VI. PROGRESS DURING REPORTING PERIOD

- The second shipment of books was received during this period. Textbook sales increased dramatically over the previous reporting period because the books were available for sale before the start of classes (6,949 books in the previous reporting period as compared to 18,798 in this reporting period; an increase of 170%). In addition, the third adoption period (Sierra was carried out).
- CODEU was given a four-month no-cost extension of their grant with AID (until December, 1992) which allowed them to consolidate their operation, as well as to restructure their operations in Quito and Guayaquil which has resulted in better and more efficient service.

- The problem of unreliable MIS (Management Information System) reports has been temporarily resolved by CODEU's creation of a substitute system. The revised version of the RTAC MIS will be available sometime in 1993.

- Two National Conferences of Academic Directors of Universities and Polytechnics were held to disseminate information about the project. The project also received nation-wide publicity as part of an education supplement in the newspaper "El Comercio" in September. Additional supplements featuring RTAC will follow.

- In recognition of RTAC's importance to the country, the GOE and the Mission approved the use of S/100 million (approx. US\$50,000) in ESF for the purchase of books.

VII. GENDER CONSIDERATIONS

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

VIII. EVALUATIONS AND AUDITS

The first audit of CODEU was carried out in July by the RTAC regional auditing firm, Orellana & Asociados. No major problems were found and all recommendations were immediately adopted.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

- During this reporting period the Mission was advised by AID/W that it no longer

had funds to support the RTAC central management contract or to meet its unfunded textbook purchase liability with the Mission (approx. US\$314,000). This came as an unpleasant surprise. Without the central contract, this excellent project cannot be successfully completed; without the additional funds for the purchase of books, the reflow account will not attain the level necessary to permit continued purchase of books after the PACD. AID/W has since advised that sufficient funds have been obligated to the central contract to permit continuation through the summer of 1993. However, without a clear commitment on the part of AID/W to continued funding of the central contract until the PACD, the Mission will be unable to assume the unfunded liability or to continue with the project until 1996. AID/W will make its decision regarding the level of financial support available for RTAC during the next reporting period.

- Sales figures continue to lag behind projections. Sales of books during the previous reporting period were disappointing due to the fact that, for reasons beyond the Mission's control, the first shipment of books was not available for sale until well into the semester (late November, 1991). On the other hand, books were available for sale before the start of classes during this reporting period and sales have shown a 170% increase. Based on the first year of project implementation, LOP figures for number of books ordered and number of books sold have been revised down. The LOP figure for number of books ordered is higher than the LOP figure for number of books sold which provides for an adequate inventory when AID's financial support terminates in 1996. The project accomplished only 47% of its planned sales for the period. However, it is important to note that the planned sales figure was based on the former LOP number of books sold figure.

- Information pamphlets are also offered under the RTAC project. Until recently, the pamphlets were offered free of charge, but recently a decision was made in AID/W to charge approximately US\$ 0.40 per pamphlet. The quality of information contained in the pamphlets has been criticized as out of date, too simple, and as using a level of language which is inappropriate for Ecuador's rural population. Given the complaints about quality and the fact that the Mission's RTAC budget does not contemplate the purchase of pamphlets, it is recommended that this activity be dropped from Ecuador's project.

- The project previously reported unfair competition by one of the major RTAC publishers through its Ecuador promoter (selling RTAC titles to private bookstores at the same prices as offered under the project). This issue was discussed both with the offending publisher and senior project management. As a result, the volume of these inappropriate sales has decreased. Unfortunately it has not disappeared. Discussions with the publisher and senior project management will continue.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Fourth adoption period to be carried out from October 15 to November 20. Arrival of books in country by the end of February/93. (EBatallas/SWinter)
2. Conferences to be given in Quito, Guayaquil, and Cuenca on "Quality of Education in Universities" and "Use of Textbooks". (Nov'92-Feb'93 - EBatallas/SWinter)

3. The establishment of an agreement with IECE (Instituto Ecuatoriano de Crédito Educativo) to provide credit to students for the purchase of RTAC textbooks.
4. Collection of gender disaggregated data on use of the Bibliographic Center. (Continuous - CODEU).
5. Participation by RTAC in the Andean Trade Fair. (November - SWinter/EBatallas).
6. Contact major private and public enterprises to seek additional funding sources for RTAC. (continuous - EBatallas)

PROJECT STATUS REPORT
April 1, 1992 - September 30, 1992

A x B ___ C ___

1. BACKGROUND DATA

Project Title: Electoral Education and Civic Training
 Project Number: 518-0109
 Date of Authorization: original 09-30-91 last amendment 06-04-92
 Date of Obligation: original 09-30-91 last amendment 06-04-92
 PACD: original 07-31-92 amended to 09-30-92
 Implementing Agencies: Centro de Asesoría y Promoción Electoral (CAPEL)
 Major Contractors: N/A
 AID Project Officer: Christof Baer
 Status of CPs/Covenants: N/A

Date of Last Evaluation: 09-30-92 Next evaluation: N/A
 Date of Last Audit: 09-30-92 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: Number of such audits contracted for/completed during the reporting period: 1

FINANCIAL DATA

Amount Authorized: DA Grant: original \$1,000,000 last amend \$1,115,101
 Amount Obligated: DA Grant: original \$ 440,000 last amend \$1,115,101
 Current FY Oblig.: Grant: \$ 675,101
 Amount Committed: Grant - Period: \$ 675,101
 Cumulative: \$1,115,101

Accrued Expenditures: Grant:
 Period - Projected: \$ 500,000
 Period - Actual: \$ 734,843
 Cumulative: \$ 968,509
 Period - Next: \$ 0

Counterpart
 Contribution: Planned: \$ 250,000
 Actual: \$ 247,000

% LOP Elapsed: 100%
 % of Total Auth. Oblig. (Grant) 100%
 % of Total Oblig. Exp. (Grant) 87%
 % of Total Auth. Exp. (Grant) 87%

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED		
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	% OF LOP
1. Percentage of correctly marked ballots	56%	56%	56%	56%	60%	60%	107%
2. Training (persons)							
Long term	0	0	0	0	0	0	0%
Short term (*)	87,329**	84,128	87,329**	0	64,994	65,676	75%

(*) 57% of poll workers trained were male, and 43% were female
 (**) Revised during implementation

III. PROJECT DESCRIPTION

The ELECT Project consists of three components: (1) the Civic Education Campaign component which is aimed at motivating citizens to actively participate in the first (May) and second (July) rounds of the 1992 elections; (2) the Training component which is aimed at providing poll workers with the knowledge and skills necessary to appropriately interpret and apply Ecuadorian voting procedures and to correctly resolve any problems which arise during the voting process; and, (3) the Elections Observations component which consists of observation of the May and July vote by a team of 12 international observers. The project was originally conceived to cover the first round of the elections only, but due to the success of this first stage it was decided that the project be extended to cover the second round.

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

A number of institutions exist in Ecuador whose activities are crucial to promoting and sustaining a democratic society. However, a limited understanding exists on the part of the general citizenry as to their role and responsibilities in the basic processes crucial to promoting and sustaining democracy, such as the electoral process. The ELECT Project directly supports USAID/Ecuador Strategic Objective No. 4, strengthen democratic institutions with greater citizen participation, by informing Ecuador's citizenry of the importance of their active participation, in electing leaders who represent their interests and training poll workers in voting procedures which will provide important institutional development.

100% of the LOP funds relate to S.O.4.

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

The project purpose is to strengthen Ecuador's democratic institutions through more active, transparent and responsible citizen participation in the electoral process.

The key indicators are: (1) the degree of public confidence in 1992 Presidential and congressional elections as measured by public opinion polls; and (2) the percentage of ballots correctly marked in the 1992 elections.

Progress toward purpose achievement was very good. All major activities planned were successfully executed. Since the last reporting period the 1992 election, in its first and second rounds, has taken place. Both the counterpart organization (TSE) and the implementing agency are satisfied with the result of the project activities. The results are positive and have had an impact on the electoral process: there was a higher degree of public confidence in the electoral process and the rate of non-valid votes was lower than in the near past. The consolidated rate for non-valid votes and abstentionism was 43% for the first round and 37% for the second, compared to 50% for the 1990 elections. It should be noted that an estimated 10% of the voters were not registered on the Voter Registration List and therefore could not vote. This problem was due to deficiencies at the Civil Registry which is managed by the Ministry of Government and could not be corrected by the TSE.

The degree of public confidence in the electoral process, as measured by public opinion surveys conducted before and after the elections, rose significantly: the degree of public confidence in the TSE went from 45% in March to 64% in July; the confidence in the Government went from 35% to 53% in the same months; and finally, the confidence in the political parties went from 19% to 23%.

VI. PROGRESS DURING REPORTING PERIOD

All major actions planned for the period have been accomplished.

In the training component of the projects, 731 Electoral Instructors were trained; this represents 46% more than the proposed goal. 356 of these instructors were chosen to train a total of 64,878 poll workers (84% of proposed number of poll workers to be trained) during the months of April and May. This process was slightly delayed due to the delay in the nomination of the poll workers by the Provincial Electoral Tribunals in certain provinces, especially Guayas. The poll workers that were not directly trained (12,682) received indirect training through

teaching materials published in the press and distributed among the poll workers. For the purpose of training the poll workers, a number of teaching materials were designed and printed. Additionally, a Monitoring Plan was designed and implemented to assess the effectiveness of the training process.

The final phase of the training required that the instructors travel throughout the country. For this purpose a plan was designed by a CAPEL specialist to determine the best access ways to the different locations and the proper timing. Finally, some actions that had not been originally planned were executed: (1) A training course to reinforce the skills of the Provincial Supervisor (mid-April); and (2) a written convocation to the poll workers for the training program.

The Civic Education component was aimed at: (1) lowering the abstentionism rate and (2) increased public confidence in the electoral process and the TSE. For this purpose a media campaign was designed for the first and second rounds of the elections. The media campaign for the first round lasted three weeks and was implemented through 973 spots for television, 36,802 spots for radio broadcasting, 135 newspaper adds. The second campaign, which lasted two weeks, was contained 29 spots for television, 15,338 spots for radio broadcasting and 483 newspaper adds. All these efforts were aimed at raising public awareness on the need for participating in the elections and to strengthen the public perception of the TSE.

The third component of the project consisted in the observance of the elections by a team of international experts. This task was undertaken for both rounds of the elections by two teams that visited Ecuador. The first team was composed of 15 members and the second one of 9 members. A favorable report on the electoral process was submitted by both teams.

VII. GENDER CONSIDERATIONS

The training component benefitted a total of 64,878 poll workers from which 57% were male and 43% were female. The rest of the project benefitted Ecuadorians of voting age equally.

VIII. EVALUATIONS AND AUDITS

CAPEL has submitted monthly reports detailing activities to date. A final evaluation and audit were originally planned for July 1992. This date was changed to October 1992 due to the extension of the project to cover the second round of the elections.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

Implementation of the training campaign had to be delayed in some provinces due to the delay in the nomination of the poll workers by the Provincial Electoral Tribunals. This had a negative effect in the number of trained poll workers for those provinces.

Part of the project's activities were to train 252 officials from the Provincial Electoral Tribunals and 8,925 delegates from the political parties. neither of these activities was met. In the first case, the officials from the Provincial Electoral Tribunals were to be trained by the Electoral Instructors. The TSE and

the implementing agency considered that these instructors did not have the sufficient knowledge to undertake this training and therefore decided not to proceed with it. In the second case, the political parties showed no interest in the course, which was therefore suspended.

Delays in the nomination of poll workers in Guayas, in addition to the training problems described above caused the project to meet only 75% of its training goal.

The 1992 elections showed marked improvements over previous elections. However, several areas of electoral administration illustrate weaknesses with potentially serious ramifications for the electoral process in the event of closely contested races. The areas of weakness include the Electoral Registry, the composition of the TSE, various procedural issues and the composition of the polling stations. A proposal for Electoral Reform was presented by CAPEL, but due to the lack of funds at USAID/Ecuador, the Mission can not fund the proposal. Perhaps LAC Bureau can fund it through the central project.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Project Closeout Report (CBaer, 3/31/93).

PROJECT STATUS REPORT
April 1, 1992 - September 30, 1992

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I. BACKGROUND DATA

Project Title: Administration of Justice
 Project Number: 518-0115
 Date of Authorization: original 06-04-92 last amendment N/A
 Date of Obligation: original 06-04-92 last amendment N/A
 PACD: original 12-30-93 amended to N/A
 Implementing Agencies: ILANUD
 Major Contractors: N/A
 AID Project Officer: Christof Baer
 Status of CPs/Covenants: N/A

Date of Last Evaluation: N/A Next evaluation: 12-30-93
 Date of Last Audit: N/A Next Audit: 12-30-93
 Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program: Number of such audits contracted for/completed during the reporting period: N/A

FINANCIAL DATA

Amount Authorized: DA Grant: original \$ 500,000
 Amount Obligated: DA Grant: original \$ 400,000
 Current FY Oblig.: Grant: \$ 400,000
 Amount Committed: Grant - Period: \$ 300,000
 Cumulative: \$ 300,000

Accrued Expenditures: Grant:
 Period - Projected: \$ 0
 Period - Actual: \$ 7,900
 Cumulative: \$ 7,900
 Period - Next: \$ 120,000

Counterpart
 Contribution: Planned: \$ 78,000
 Actual: \$ 0

% LOP Elapsed: 17%
 % of Total Auth. Oblig. (Grant) 80%
 % of Total Oblig. Exp. (Grant) 2%
 % of Total Auth. Exp. (Grant) 1%

II. MAJOR OUTPUTS:

	PLANNED			ACCOMPLISHED			% OF LOP
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	
1. Number of drafted laws	4	0	0	0	0	0	0%

III. PROJECT DESCRIPTION

The Administration of Justice Project consists of six major activities: the revision of the Penal and Sentencing Codes; the revision of the Civil Procedures Code; the revision of the Organic Law for the Public Ministry and Legislation for the Judicial Police; the study of the Informal Justice System; Studies and Design Activities and a Regional Conference.

The revision of the Penal and Sentencing Codes will strengthen the state of law and

respect for human rights in Ecuador as specified in its principal regional and international agreements.

The revision of the Civil Procedures Code will improve the administration of justice in the civil procedural field.

The revision of the Organic Law for the Public Ministry and Legislation for the Judicial Police will formulate specific reform proposals to the organic law and the judicial police to consolidate the democratic state of law.

The Study of the Informal Justice System consists of research on the informal mechanisms used for conflict resolution in Ecuador, providing information on the structure, operation, effectiveness and the needs for improvement. The results of this research will be disseminated to encourage discussion on the study's implication for wider justice sector reform.

The Studies and Design Activity will be programmed and developed by USAID/Ecuador in the future. Finally, the Regional Conference will be designed to foster the diffusion and acceptance of the revised codes and procedures.

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

The Administration of Justice in Ecuador is in a state of crisis. The growth in Ecuador's population over the last 20 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 1980's further contributed to demands on the courts, as crime rates increased. The current Ecuadorian legislation to deal with these increasing demands on the judicial system is outdated. This is especially true with the legislation to be revised in this project. The AOJ project directly supports USAID/Ecuador Strategic Objective No. 4, "Strengthen democratic institutions with greater citizen participation", by providing the judicial system with a set of laws and procedures to make the administration of justice in Ecuador more effective and transparent. The project is aimed at strengthening the capability of the Judiciary and the Prosecutorial Function to provide better and timely services to the population, thus enforcing the democratic system in Ecuador.

100% of the LOP funds relate to S.O.4.

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

The purpose of this Cooperative Agreement is to provide support to ILANUD in its efforts to revise selected Ecuadorian laws and legal codes and procedures, and to conduct a study of the informal judicial system.

Effective date of Agreement was June 4, 1992. Progress has been slow during reporting period, primarily due to the change of government. Although certain activities have begun, the majority have not. ILANUD and this Mission are waiting for the appointment of the government officials of the counterpart institutions to start implementation of these activities. It is expected that this will happen at the beginning of next reporting period.

The major activity that has started, the revision of the Criminal and Sentencing Code, is progressing well.

VI. PROGRESS DURING REPORTING PERIOD

The revision of the Criminal and Sentencing Code has started and activities are currently under way. A commission of Ecuadorian lawyers has started compiling information, and will soon begin drafting the new code. The draft will be presented to a larger group of professionals for discussion.

The revision of the Civil Procedures Code is due to start in the next reporting period. Delays in the appointment of new Supreme Court Justices have delayed the process. The Ecuadorian Supreme Court is the counterpart for this activity and its President will be involved in the revision process. It is therefore desirable that the new Court be appointed prior to starting this activity.

The beginning of the revision of the Organic Law for the Public Ministry and Legislation for the Judicial Police has been delayed due to the delay in the appointment of the new General Prosecutor.

The Study of the Informal Justice System began on time with the contracting of the necessary personnel. Nevertheless activities had to be stopped due to the elimination of the counterpart institution, the Justice Subsecretariat of the Ministry of Government. It is expected that the functions of the Subsecretariat of Justice that relate to the project will be assigned to the Ministry of Social Welfare.

VII. GENDER CONSIDERATIONS

This project centers on the revision and drafting of administration of justice legislation. All Ecuadorians have equal rights of access to the justice sector.

VIII. EVALUATIONS AND AUDITS

ILANUD is required to submit quarterly progress reports. The final evaluation and audit are planned for December 1993.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

As previously explained, project implementation has been delayed due to the delay in the appointment of the government officials of three counterpart institutions. The affected activities are: (1) the revision of the Civil Procedures Code, and (2) the revision of the Organic Law for the Public Ministry and Legislation for the Judicial Police. The corresponding counterpart institutions are the Supreme Court and the Government. It is expected that the appointment of the Supreme Court Justices and the General Prosecutor will take place during the next reporting period. The Study of the Informal Justice System has been delayed due to the elimination of the counterpart institution, the Justice Subsecretariat. It is expected that the functions of this institution that relate to the project will be assigned to the Ministry of Social Welfare also during the next reporting period.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Start of revision and drafting of Penal and Sentencing Code (CBAer, 10-1-92)
2. Start of revision and drafting of Code of Civil Procedures (CBAer, 11-30-92)
3. Publication of background material (previous codes, previous reform proposals, etc.) collected for drafting of Penal and Sentencing Code (CBAer, 1-31-93)
4. Termination of first draft of Code of Civil Procedures (CBAer, 2-28-93)
5. Presentation of the first draft of Code of Civil Procedures (CBAer, 3-31-93)
6. Presentation of Concept Paper for Democratic Initiatives (AOJ Project) (ELEDdy, 3-15-93)
7. Start of Informal Justice Sector Study (CBAer, 2-28-92)

SEMI-ANNUAL PORTFOLIO REVIEW FOR STRATEGIC OBJECTIVE No. 5

"Stem loss of biodiversity and accelerate a transition from resource mining to resource management in and around selected protected areas"

Second Semester, FY 1991

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

Continued progress was made during the reporting period in the refinement of SO 5. During the reporting period, the indicators were reviewed and tested at the field level at selected SUBIR sites. The M&E Plan has been finalized in draft to include the Mission's two-pronged natural resources strategy: (1) to address the underlying causes of environmental degradation, like lack of economic opportunity and inadequate policy; and, (2) at the same time, to work to alleviate the symptoms of the problem through improved management of protected areas and protection of biodiversity. The strategy implies inputs at the macro (policy) and micro (community development) levels. It is closely linked theoretically to SO No. 2 that focuses on increasing agricultural incomes as one means of alleviating pressures on frontier areas. The task of the M&E Plan will be to test the link regarding the assumptions of the SO tree that changes in people's behavior (land management practices) will stem the loss of biodiversity.

The SUBIR 1992 Workplan was approved and four area offices were staffed and equipped and are serving the needs of the project at the field level. Several collaborative agreements were signed between CARE and local organizations thereby launching field activities such as agroforestry, socio-economic diagnostic survey, workshops, and delimitation of reserves. Faunal inventory and ethnobotany teams began work in selected areas. SUBIR efforts in Interorganizational Collaboration are resulting in promising activities such as legalizing Quichua communes on the lower Napo river.

The Mission entered into a Cooperative Agreement with IDEA to conduct policy analyses on selected topics during the reporting period. The Mission has brought to closure its assessment of the policy constraints impeding effective stewardship of natural resources and is actively promoting the findings in policy dialogue activities with both the private and public sectors. More emphasis is required to coordinate the SUBIR field based activities with the recommendations from the assessment.

The EDUNAT III Project continues to be successful in producing publications on various environmental themes. Counterpart contribution continues to exceed what was planned. The project continues to work on industrial pollution assessments, and organized several seminars with the Chamber of Industries. The Environmental Law was not passed by Congress due to election year politics.

Workplans for the AID/W financed Parks in Peril Project were approved by the Mission as activities are designed to get these Parks ready for inclusion in Phase II of SUBIR. The Mission was successful in securing AID/W's approval to fund "The Tagua Initiative" to test the concept of harvesting non-traditional forest products in an attempt to conserve

biodiversity. Performance indicators need to be established for these two projects to measure progress towards the S.O.

2. Strategic Objective Indicators and Progress

The Performance Indicators remain the same, whereas, the Output Indicators were changed and this is illustrated by bold type. These indicators are being field tested and will be changed in the future to reflect field conditions if necessary.

Strategic Objective: Stem loss of biodiversity and accelerate a transition from resource mining to resource management in and around selected protected areas.

Indicators: (a) change in abundance and distribution of species indicating diversity; (b) change in land cover in and around selected protected areas; (c) percent of land area under non-destructive management in and around selected communities.

Output 1: Establish mechanisms which generate income and employment from non-destructive use of resources in selected communities.

Indicators: (a) **Number and percent of persons disaggregated by gender, ethnicity, and age (DGEA) with income from tourism;** (b) **Number and percent of persons DGEA with income from non-destructive resource use;** (c) **Number and percent of persons (DGEA) with income from utilization of tagua nut in selected communities.**

Output 2: Strengthen local community, governmental and non-governmental organizations' ability to plan/administer programs and monitor resource status.

Indicators: (a) **number of local organizations with capacity for effective management of biological resources, participating in SUBIR activities;** (b) **change in number of local residents DGEA participating in activities of local organizations;** (c) **change in area under active encroachment in selected protected areas;** (d) **organization activities;** (e) **training program for local organizations and communities.**

Output 3: Develop, test, and promote technologies in selected communities which improve ability of individuals and enterprises to manage resources.

Indicators: (1) progress in R&D program - (a) **number of research studies;** (b) **number and regularity of reports on indicator species identified/tracked;** (c) **number and regularity of reports on biological inventory study areas;** (2) Progress in identification and adaptation of technologies - (a) **number of reports identifying and adapting technologies;** and (b) **number of technological packages being applied in communities.**

(3) Change in number of persons DGEA in selected communities using natural forest management, agroforestry, or non-destructive agriculture and

livestock management technologies. (4) Agroforestry in the Galapagos; and (5) Tagua nut indicator.

Output 4: Improved management and protection of natural resources in and around protected areas through reform and implementation of policies governing forests, oil industry, protected areas, and colonization.

Indicator: We need 3-4 indicators to reflect the impact of policy change per se - something between "draft a forestry law" that is not an impact indicator and "increase forest cover" that is a SO indicator and not an output indicator.

3. Sector Developments and Issues Relating to the Strategic Objective

Progress was made in revising the M&E plan for SO 5 as well as for the SUBIR project. A workshop was held to develop the baseline survey which will provide 60% to 80% of the information for the M&E plan to monitor income, biological diversity, and resource use systems. The survey will be conducted in 6 SUBIR related zones. Training sessions were held on methods for conducting biological inventories. Field work commenced during the reporting period to measure the biological aspects of the baseline survey.

a. Should SO 5 be dependent only on SUBIR activities or should the Mission include other projects such as Coastal Resources Management, Parks in Peril, Charles Darwin, and the Tagua Initiative?

4. Policy Dialogue Agenda Related to the Strategic Objective

Policy dialogue continues to be an important element of our strategic objective.

The Mission has brought to closure its assessment of the policy constraints impeding effective stewardship of natural resources, and will actively promote the findings in policy dialogue activities with both the public and private sectors. IDEA natural resources personnel as well as USAID personnel met on several occasions with the new government on reforms that the policy assessment suggests are essential for environmentally sound economic development in Ecuador. What is required is that the GOE must respond to the causes of biodiversity loss as well as to the increased scarcity of natural resources. The major constraints affecting this sector are: (1) property rights; (2) lack of human resources; (3) lack of appropriate technologies and capital; and (4) market prices which discourage wise use.

The Mission through close collaboration with IDEA, Fundación Natura, Ecociencia, IUCN, Cooperation for the Amazonian Treaty, and other environmental NGOs, continues to implement its specific program of policy analysis and dialogue. The program's geographic focus is similar to the selected areas of high biological diversity in which the Mission wants to encourage a "transition from resource mining to resources management." It is estimated that this program will be completed by September 1993.

The program is working in the following areas:

- a. Putting in place the regulatory regime needed to contain oil industry pollution in eastern Ecuador;
- b. Establishing a viable institutional framework for managing the country's national protected areas;
- c. Promoting policy changes needed if reforestation of partially and fully abandoned deforested land in northwestern and eastern Ecuador is to occur; and,
- d. Developing a model for privatizing government-owned resources in ways that will encourage their wise use and management.

5. Highlights of the Major Events, Accomplishments, and Actions During the Next Six Months

- a. Field test collection of data of M&E Plan.
- b. Translate the natural resources policy assessment to Spanish and continue to hold meetings with the GOE, NGOs, and private sector, and assist GOE to complete a national environmental strategy.
- c. Establish indicators for Parks in Peril, The Tagua Initiative, and Charles Darwin projects.
- d. Conduct workshop on wood products seminar.
- e. Continue dialogue with Petroecuador and U.S. oil companies.

6. Review of Previous SAR's "Actions to be taken Over the Next Six Months"

- a. Enter into a Cooperative Agreement with IDEA to conduct the policy analysis and dialogue program. Completed.
- b. Examine and revise (if necessary) the reporting systems of CRM, EDUNAT III, and Charles Darwin, to ensure that information is available to assist in attainment of SO 5. On-going.
- c. Finalize M&E plan for SO 5 and field test collection of data. On-going.
- d. Have each member of the Mission's Strategic Objective No. 5 visit at least one project in the natural resources portfolio. On-going.
- e. Continue discussions with Petroecuador and U.S. oil companies regarding environmentally sound oil explorations. On-going.

PROJECT STATUS REPORT
April 1, 1992 - September 30, 1992

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I. BACKGROUND DATA

Project Title: Sustainable Uses for Biological Resources
 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 09-30-92
 PACD: original 09-15-97
 Implementing Agencies: Ministerio de Agricultura y Ganadería
 Consortium: CARE International/The Nature Conservancy/Wildlife Conservation International
 Major Contractors: None
 AID Project Officer: Ron F. Ruybal
 Assistant Project Officer: Amparo Salgado
 Status of Cps/Covenants:
 Date of Last Evaluation: 00-00-00 Next evaluation: 03-01-94
 Date of Last Audit: 15-08-92 Next Audit: 09-30-93
 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 \$ 4,350,000
 Amount Obligated: DA Grant: original \$2,986,053 \$ 3,984,053
 Current FY Oblig.: \$ 998,000
 Total Amount Committed: Grant - Period: \$ 998,000
 IDEA \$ 286,300
 CARE \$ 568,000
 D. Southgate \$ 143,700
 Cumulative: \$ 3,984,053
 IDEA \$ 286,300
 CARE \$3,554,053
 D. Southgate \$ 143,700
 Total Accrued Expenditures: Grant:
 Period - Projected: \$ 400,000
 Period - Actual \$ 633,761
 CARE \$ 597,540
 D. Southgate \$ 36,222.17
 Cumulative: \$ 835,357
 CARE \$ 799,135
 D. Southgate \$ 36,222.17
 Period - Next: \$ 500,000
 Counterpart Contribution: Planned: \$ 1,215,800
 Actual: \$ 0
 % LOP Elapsed: 18%
 % of Total Auth. Oblig. (Grant) 91%
 % of Total Oblig. Exp. (Grant) 20%
 % of Total Auth. Exp. (Grant) 19%

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED			% OF LOP
	LOP #	PERIOD #	CUM #	NEXT	PERIOD #	CUM #	%	
				PERIOD #				
1. Logframe outputs								
a. Community organizations implementing SUBIR-promoted activities	150	0	0	16	6	6	4%	

	PLANNED				ACCOMPLISHED			% OF LOP
	LOP #	PERIOD #	CUM #	NEXT	PERIOD #	CUM #	%	
				PERIOD #				
1. Logframe outputs								
b. Ecuadorian NGOs implementing SUBIR activities	20	8	0	6	12	12	60%	
c. Government organizations implementing SUBIR activities	8	3	0	1	2	2	25%	

	PLANNED				ACCOMPLISHED		
	LOP	PERIOD	CUM	NEXT PERIOD	PERIOD	CUM	% OF
	#	#	#	#	#	#	LOP
1. Logframe outputs							
d. Park management plans being implemented *	6	0	0	0	3	3	50%
e. Community - based ecotourism programs developed	12	0	0	3	0	0	0
f. Land use models in community forestry, agriculture, and biological resources extraction developed	27	0	0	6	0	0	0
g. Demonstration plots established in buffer zones	90	0	0	10	6	6	7%
h. Community nurseries producing seedlings	150	0	0	2	1	1	-
i. Hectares of buffer zone lands treated with SUBIR-promoted technologies	12,000	0	0	1,000	0	0	0

* Park plans are emergency plans being implemented until full management plans are developed

	M		F		M		F		M		F		% of LOP
2. Training (persons)													
a. Professionals trained in applied research methods	200	0	0	0	0	0	30	20	34	20	34	20	27%
b. Community organization leaders trained in planning/accounting	100	0	0	0	0	0	40	20	21	5	21	5	26%
c. Members of Ecuador's armed forces trained in environmental sciences	800	0	0	0	0	0	0	0	0	0	0	0	0
d. Reserve guards & community extension agents trained (continuous)	100	0	0	0	0	0	20	0	18	0	18	0	18%
e. Participants receiving training in land use technologies	2000	0	0	0	0	0	200	100	30	10	30	10	2%
f. Community workshops on seminars held in each of the six areas	30	0	0	0	0	0	5	0	0	0	0	0	0

III. PROJECT DESCRIPTION

The goal of the project is the conservation and management of Ecuador's renewable natural resources for sustained economic development. Its purpose is to identify, test, and develop economically, ecologically, and socially sustainable resource management models in selected conservation units 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.

This project is organized under five major components: organizational development, natural areas management, ecotourism development, improved use of land and biological resources in buffer zones, and research and monitoring. Each component can be summarized as follows:

Organizational Development

The key to satisfying this objective is the strengthening of rural communities and private, public and non-government organizations, so they can implement natural resources conservation activities. Local people will participate in the design, implementation, and monitoring of project activities. Community leaders will receive training in organizational development and will become trainers and extension agents for their communities. Training activities and technology transfer to beneficiaries will be provided by Ecuadorian NGOs and other agencies working in collaboration with SUBIR.

Protected Areas Management

This component consists of developing management plans for each of the three parks during the pilot phase. The plans include: park demarcation, training of personnel, developing park infrastructure for ecotourism, establishing a community-based environmental monitoring network, and working with park guards to enforce legal mandates in protected areas.

Ecotourism Development

The goal of this component is to develop the potential of each park/reserve as an ecotourism market. This will involve evaluating the ecotourism potential of each site. Ecotourism interpretative centers will be constructed. Guides will be trained and literature, such as promotional brochures, trail guides, etc., will be developed. The project will work closely with the private tour operators.

Improved Use of Land and Biological Resources in the Buffer Zones

This component is based on the premise that by improving/maintaining the productivity and sustainability of resource use systems surrounding protected areas, pressure to convert wildlands within and near the protected areas to agricultural activities will be reduced as resource users are offered more sustainable and economical land use systems. Community forest management, agroforestry, improvement of agricultural practices, and pilot projects in sustainable land use will be activities under this component.

Research and Monitoring

This program will generate information that will assist in the attainment of project objectives. The proposed strategy is to develop models that demonstrate the economic value of conservation of natural resources activities.

This will include conducting baseline studies and monitoring research activities. As the project proceeds, greater responsibility for research design and implementation will be assumed by Ecuadorian institutions. This component will include: ethnobotanical research to identify economically valuable plant species, applied research to improve and diversify agricultural production, introduction or improvement of forestry practices in buffer zones, and socio-economic research to analyze land tenure and land use conflicts.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

This project is the flagship project for Strategic Objective No. 5, to "stem the loss of biodiversity by accelerating a transition from resource mining to resource management in and around selected protected areas." Because SO 5 rests almost exclusively on the SUBIR Project, all data for the indicators of the SO 5 tree will come from SUBIR (except measures related to national policy formulation). Both the project and SO 5 assume that change in land use practices will slow the loss of biodiversity. Further, the project assumes that (1) it can develop economically attractive and socio-culturally acceptable models, (2) residents will adopt non-destructive land use practices that are economically attractive, and (3) with increased local economic diversity and improved technology, residents will opt for intensive rather than extensive land use. These assumptions will be constantly tested throughout the implementation of SUBIR.

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

The purpose of the project is stated above and remains a valid statement. The Project's M&E Plan will track progress towards the achievement of the EOPS. The project continues to make progress in project implementation despite the problems experienced during the reporting period.

VI. PROGRESS DURING REPORTING PERIOD

Consortium Activities

1. The Consortium published three separate project planning documents during the period: 1) Phase I Strategic Plan: 1992-1994, 2) SUBIR Interim Work Plan: April 15-June 30, 1992 and 3) SUBIR Semi-Annual Workplan: July 1-December 31, 1992. USAID requested the preparation of the latter two plans in lieu of approval of the Strategic Plan. All but the Strategic Plan were approved by USAID.
2. The Consortium established four area offices in Borbón, Ibarra, Borja and Coca. These offices were staffed and equipped and will serve the Project at the area level.
3. The following organizations signed collaborative agreements with CARE to directly implement SUBIR activities: Peace Corps, Emisoras Gran Colombia, EcoCiencia, Missouri Botanical Garden, PROMOBOT, Herbario Nacional, Federation de Comunas de Nacionalidad Amazonia Ecuatoriana (FCUNAE), and the Asociación de Trabajadores Agrícolas and Autónomos de Cuellaje (ATAACU). Collaborations are continuing with Fundación Natura and Unidad

Técnica Ecuatoriana de Plan Awá (UTEPA) for protected areas management and natural forest management activities.

4. Planning and Administrative systems were set up for FCUNAE and ATAACU, and these second-level organizations are now managing their own funds for project implementation. A workshop involving six Ecuadorian NGOs produced the survey instrument and guide for the SUBIR Socio-economic Diagnostic Survey which will be carried out in all project areas with community participation before the end of 1992. Also, SUBIR facilitated scholarships (in Ecuador) to members of Chachi, Cofán and mestizo community organizations through a Spanish PVO in order to build an improved human resource base for future SUBIR-related activities.
5. SUBIR completed the purchase of motorcycles, audiovisual equipment, uniforms and boots, radios, and horses for the three protected areas.
6. The Project hired an "In-Service Trainer" who is making prolonged field trips throughout the protected areas to give hands-on training to conservation officers and reserve guards in patrol techniques, equipment maintenance, enforcement procedures, community relations and reporting, as well as the siting of new reserve refuges.
7. The mapped delimitation of the reserves with satellite and side-looking radar imagery is well advanced for Cotacachi-Cayapas and Cayambe-Coca reserves. The program for establishment of the "Bioreserva del Noroccidente" is underway with UTEPA, Fundación Natura, WWF, and MAG.
8. Activities under the Improved Use of Land and Resources component focused on the Cuellaje area, where three local extensionists were hired by ATAACU and provided training by SUBIR and PROMUSTA. A regional nursery intended to serve 10 communities has been initiated in Cuellaje, and five demonstration farm sites were selected. A forest utilization study is underway in the tropical forests of Cotacachi-Cayapas, Zona Baja as well as a diagnostic study of agroforestry activities in the Coca area.
9. Under the Research and Monitoring component, three workshops were delivered to train Ecuadorian biologists in field inventory methods. EcoCiencia, SUBIR's principal counterpart in these activities, has formed faunal inventory and ethnobotany teams who began field work in Cotacachi-Cayapas. PROMOBOT has organized field teams for botanical inventories in SUBIR areas and will initiate field activities in the next period. A deforestation study is underway for Cotacachi-Cayapas, Zona Baja involving satellite imagery mapping (time sequence) and a longitudinal study of resource utilization practices of Chachis, Blacks and Mestizo colonists.
10. SUBIR efforts in Interorganizational Collaboration are resulting in several significant programs. The group "Jóvenes Progresistas de Borbón" was assisted in a clean-up program for the town of Borbón. The Municipio of Francisco de Orellana is assisting with the construction of a Tourism Information Center in Coca, donating land and engineering assistance.

IERAC/Coca is nearing signature of an agreement to provide support in legalizing Quichua communes on the Bajo Napo. SUBIR is facilitating assistance to the Asociación Ganadera de Borja in its request of transfer of the INCRAE experimental ranch in the Borja area to develop a research and training program in silvipasture systems. SUBIR also organized a mobile seminar with the Subsecretary of Forestry and Renewable Natural Resources, Subsecretary for the Environment, the Chief of the Amazon Unit of IERAC and USAID/ANRO's Director. This seminar, implemented with GTZ/PROFORS has opened up important dialogue concerning petroleum development and environmental, economic, and social problems in the Oriente.

USAID and IDEA activities

1. The Mission signed a Cooperative Agreement with IDEA to launch our natural resources policy dialogue program.
2. Agreements were not signed between Maxus and EcoCiencia as well as Maxus and PROMOBOT to carry out animal and plant inventories along the proposed road in block 16. These agreements should be signed next reporting period. Dialogue with ARCO did not take place due to work priorities.

VII. GENDER CONSIDERATIONS

SUBIR has integrated aspects of gender, ethnicity and age of participants in all aspects of project implementation, including: program planning of activities which balance gender roles, desaggregating (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 M&E Plan.

VIII. EVALUATIONS AND AUDITS

The M&E Plan has been finalized and will be used as the basis for generating data for periodic evaluations. Field instruments (e.g. socioeconomic diagnostic survey) are being prepared by component as activities are unfolding in the project areas.

SUBIR has instituted a fully computerized accounting and inventory system to facilitate periodic audits. Currently, the Project submits monthly update statements to USAID using the Co Ag budget format.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

- a. The Project Implementation Committee is not functioning as envisioned due to personality conflicts between certain members, and scheduling a time convenient to all parties has been difficult. See section X. for corrective action.

- b. The IDEA natural resources policy program and the Consortium field based policy activities are not coordinating their efforts to enhance the Mission's policy dialogue efforts. See section X for corrective action.
- c. USAID has not given approval for the use of US Government funds in the development of conservation education modules for the Ecuadorian Armed Forces' training schools and conscripts. The Regional Legal Advisor has written a draft opinion on this matter and should finalize his opinion in the near future.
- d. The change in Ecuadorian Government in August has created a vacuum in the Ministry of Agriculture and Livestock, as SUBIR's principal counterpart, the Subsecretary of Forestry and Renewable Natural Resources, is being reorganized into the National Institute of Forestry, Natural Areas and Wildlife (INEFAN). Counterpart staff in the Division of Natural Areas and Wildlife are being cut or reassigned. The Project Officer is meeting with INEFAN personnel as employees are being assigned.
- e. The Chachi Federation suffered internal division within and among its communities. This delayed the Consortium in negotiating a project agreement to initiate activities after 18 months of effort. SUBIR assisted in organizing and financing the Chachi Congress in August which led to the election of a new directorate. The Consortium is now actively collaborating with this new directorate and hopes to sign an agreement in December.

X. MAJOR ACTIVITIES PLANNED FOR THE NEXT SEMESTER

USAID activities

1. Hold Project Implementation Committee meetings on a regular basis to coordinate SUBIR activities (January 1993 - Ruybal).
2. Hold monthly meetings between IDEA and SUBIR to better coordinate policy activities at both field and national levels (January 1993 - Ruybal).
3. Continue IDEA policy program and hold seminar on wood products industry at end of November. (D. Southgate).
4. Start development of environmental strategy.

Consortium activities

1. Select new Project Coordinator.
2. Prepare, submit and approve 1993 annual workplan (January 1993 - Consortium, MAG, USAID).
3. Submit annual report on SUBIR activities as well as diagnostic report (December 1992 - Dulin).

4. Sign additional collaborative agreements with a minimum of 6 NGOs, 2 farmer associations, 1 indigenous federation, 2 tourism agencies, IERAC, and a collaborative program agreement among SUBIR, Natura, UTEPA, Cultural Survival and WWF (March 1993 - SUBIR personnel).
5. Finalize socioeconomic diagnostic baseline surveys for all areas and publish reports (March 1993 - NGOs, Espinoza).
6. Initiate permanent plots and transects for biological monitoring in 3 study areas, and initiate 4 applied biological resource studies (February 1993 - EcoCiencia, PROMOBOT, Stallings).
7. Complete precision maps for all three protected areas and physically delimit (signs, markers) areas of conflict (March 1993 - J. Black).
8. Deliver a workshop on ecotourism inventory methods and carry out ecotourism surveys in Playa de Oro and San Miguel (RECC), Sigangüe (RECA) and Añangu (PNY) (October 1992 - J. Black).
9. Establish three sites for community forest management and carry out inventories (RECC); select sites for 10 additional demonstration farms/plots (RECC, RECA, PNY); complete diagnostic study of Agroforestry Subproject in Coca; complete forest utilization study in RECC, Zona Baja (March 1993 - M. Añazco).
10. Inaugurate the River Transport System on the Rio Napo with the FCUNAE (January 1993 - M. Espinoza).
11. Establish three Interorganizational Coordinating Committees, one in each area (April 1993 - M. Espinoza).
12. Initiate land titling activities for communities affiliated with FCUNAE along the Rio Napo and Rio Tiputini (January 1993 - M. Espinoza).

PROJECT STATUS REPORT
April 1, 1992 - September 30, 1992

A X B ___ C ___

I. BACKGROUND DATA

Project Title:	Environmental Education (EDUNAT III)	
Project Number:	518-0079	
Date of Authorization:	original 07-22-88	
Date of Obligation:	original 07-22-88	
PACD:	original 07-21-93	
Implementing Agencies:	Fundación Natura	
Major Contractors:	None	
AID Project Manager:	Fausto Maldonado	
Assistant Project Officer:	Amparo Salgado/Mireya Matute (from September 1992)	
Status of CPs/Covenants:	N/A	
Date of Last Evaluation:	03-27-92	Next evaluation: 00-00-00
Date of Last Audit:	12-31-91	Next Audit: 12-31-92
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	\$1,100,000
Amount Obligated:	DA Grant: original	\$1,100,000
Amount Committed:	Grant - Period:	\$ 0
	Cumulative:	\$1,100,000
Accrued Expenditures:	Grant:	
	Period - Projected:	\$ 60,000
	Period - Actual:	\$ 89,811
	Cumulative:	\$ 961,282
	Period - Next:	\$ 90,000
Counterpart Contribution:	Planned:	\$1,227,400
	Actual:	\$1,500,000
% LOP Elapsed:		83%
% of Total Auth. Oblig. (Grant)		100%
% of Total Oblig. Exp. (Grant)		87%
% of Total Auth. Exp. (Grant)		87%

II. MAJOR OUTPUTS:

As an OPG, this project was not planned with a logframe and no verifiable quantitative indicators were established. Some of the components include quantifiable activities, although their implementation level may vary from one semester to another.

III. PROJECT DESCRIPTION

The EDUNAT III project builds upon activities initiated under the EDUNAT I and II Projects and seeks to institutionalize those activities within Ecuadorian public and private sector organizations.

With EDUNAT III, Fundación Natura has planned to support activities under five components or "strategies" to achieve the following:

1. An increased public awareness of the environment by developing and implementing a program to educate, sensitize, and motivate Ecuadorians on environmental matters.

2. Development and implementation of a technical information and assessment system for technologies related to environmental protection and conservation for public and private industries.
3. An expanded environmental education program by developing a mechanism for strengthening and expanding environmental education in both the formal and informal educational systems.
4. The involvement of private and public community development organizations in environmental conservation and protection by developing and implementing training in both rural and urban areas.
5. The establishment of a scientific and technical information system for environmental and natural resources matters within Fundación Natura by developing and maintaining a system for collecting, processing and disseminating scientific and technical information.

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

The EDUNAT III project is contributing to Strategic Objective No. 5: "Stem loss of biodiversity and accelerate a transition from resource mining to resource management in and around selected protected areas since it is promoting activities that deal with improved management of natural resources through dissemination of information, and working with formal and non-formal education systems, and conducting specific activities such as high school ecology clubs, and training of school teachers.

This project supports three of the four strategic objective program outputs: policy dialogue, increased awareness of the importance of conserving natural resources, and management of protected areas.

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

The purpose is to expand and strengthen environmental awareness among the Ecuadorian people in such a manner that it will motivate the public to take actions to protect and conserve the environment and natural resources.

Project implementation has not faced major problems.

Several publications, TV spots and radio programs were produced or issued during the reporting period.

Although the Environmental Law was submitted to the Environmental Commission as well as Congress, discussion and final approval of the law was not achieved due to election year politics. However, the law is included among the priorities of the Commission and expected to be approved this year.

EDUNAT III has continued the work regarding on-site industrial pollution assessments, and has organized seminars for the various industrial sectors, with the collaboration of the industries' chambers and public agencies like IEOS and the municipalities.

As recommended by the external evaluation team, it is expected that strategies No. 1 and 5 will be incorporated as a core function of Fundación Natura. Accordingly, EDUNAT has substantially reduced its participation in strategy No. 5.

VI. PROGRESS DURING REPORTING PERIOD

1. As a follow up to the publication of "Potential Impacts of Industries in Ecuador", seven seminars were given on industrial pollution problems.
2. 42 two-day training programs on environmental education for pre-school teachers were carried out during the reporting period.
3. 300 copies of a poster series on environmental education for primary schools were distributed country-wide. A Manual of Activities for High School Ecology Clubs was published.

4. Advisory work and supervision of environmental profiling continued, with the addition of one province to the program.
5. Different forms of teaching aids such as video programs and flip charts have been prepared for the use of school teachers.
6. Several publications were issued and distributed. These include, among others: "Deterioro Ambiental Rural, Algunas Alternativas de Solución", "Cómo evitar el efecto dañino de los plaguicidas", "Principales problemas ambientales de salud pública y de saneamiento del Ecuador", "El Huerto Orgánico Familiar. Agricultura orgánica al alcance de todos".
7. The planned counterpart contribution was exceeded during the reporting period, reaching more than \$1,500,000.

VII. GENDER CONSIDERATIONS

Previous reports have highlighted the important contribution of women to the project and the leadership provided by women to environmental NGO's in general and to Fundación Natura in particular.

During the reporting period the policy to encourage women's participation has continued and increased; a large part of the participants are women, especially pre-school and school teachers.

VIII. EVALUATIONS AND AUDITS

1. The last audit was performed for 1991 and no major recommendations were made. The next audit will be performed in January, 1993.
2. The mid-term evaluation report was submitted to USAID in July. The report recommends further assistance for three of the five project components. The evaluation recommended that at the end of the EDUNAT III Project, strategies dealing with increased public awareness of the environment, and the scientific and technical information system, be incorporated as core functions of Fundación Natura and that USAID funding cease. Since the industrial pollution strategy has a high profile nationally, the evaluation team recommended that USAID or other donors continue supporting this activity. Similarly, support was recommended for the formal education and community development components.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. This is the last year of USAID assistance to the EDUNAT Project. However, as the mid-term evaluation has recommended, three of the project components deserve additional support. The Mission should decide whether or not to continue to support these activities.
2. Although activities such as ecology clubs and other activities related to the educational system have been strongly encouraged by EDUNAT III, they have not received the necessary support from educational authorities. This has been compounded by the problems affecting education in Ecuador.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Publication of TV spots and videos on public education. This is a joint endeavor of EDUNAT, ECUAVISIA, FEPROTUR, and Fundación Tú y Yo. (October 1992 to March, 1993; Marco Encalada)
2. Five seminars on industrial pollution for industrial managers will be carried out. (Marco Encalada, EDUNAT Industrial pollution team, March 1993)
3. Teachers' Training will continue at different levels (pre-school, primary and high school. (Marco Encalada, Formal Education Team, Ongoing)
4. Field visits to assess project implementation. (Fausto Maldonado, EDUNAT Team Leaders, October, 1992 through March, 1993)
5. Advisory work and supervision of environmental profiling in 10 provinces of Ecuador; activities with the high school ecological clubs. (Marco Encalada, Formal Education Team, Ongoing)

SAR0079.HMG-(11-04-92)

SEMIANNUAL REVIEW
April 1992 - September 1992

Project Name: Conservation of Biological Resources in the
Galapagos 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: \$200,000
Total Obligated Amt: \$200,000
In-kind Contributions: \$ 68,000

Grantee: The Charles Darwin Foundation.

LOP: 30 September 1991 - 30 September 1994.

Technical Office: ANRO/REA.

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

ACTIONS: On 19 June 1992, an additional \$100,000 was obligated for this Project, in response to a new Congressional earmark requiring AID to do so. In-kind contributions were increased by \$34,000. The LOP is extended to 30 September 1994 (previously, was 31 March 1993.). Project activities will be essentially unchanged, except for monitoring of seismic activities (which have potentially significant impacts on the resources of the Islands), budgeted for \pm \$20,000.

On 21 September 1992, we received detailed financial (with vouchers and budget breakdowns for advances) and technical reports from the Darwin Foundation, all of high quality. These reports correspond to a mid-term evaluation report mentioned in the last SAR, which was due in June, but extended by the Project Officer to September (due to the normal problems of communication with the Galapagos, and the need for the Foundation office in Quito to review and approve the reports, with internal financial audits).

The Darwin Station Project manager, Pádraig Whelan, is presently visiting the USDA Plant and Animal Quarantine Office in Hawaii, where there are many problems similar to the introduction of exotics in the Galapagos Islands. Previously, there was contact with the USDA Plant Quarantine Office, Miami.

It appears that the introduced plants and animals in the Galapagos pose increasing threats to the integrity of the unique ecosystems of these islands. It is unlikely that permanent solutions to these problems can be found, with the relatively small amount of funding being received from AID. Either additional AID funding should be found, for long-term support, or we should encourage other donors to join with us in funding this internationally-important activity.

Howard L. Clark, ANRO/REA, 4 November 1992

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Semi-Annual Portfolio Review for the Policy Reform Objective
April 1, 1992 - September 30, 1992

1. Assessment of Overall Performance of Policy Reform Portfolio

The last SAR review highlighted the general character of this policy reform objective in the sense that it seeks major policy reform without the leverage that international organizations tend to have in Ecuador. As this caveat remains relevant in this review, measurement of attribution of policy change in this objective will necessarily have to be more judgmental than quantitative.

In this regard, major activities, such as the National Conference held in March 1992, on "Ecuador's Transition to a Non-Petroleum Economy" continue to impact the activities of this SAR review, and the new GOE's stabilization and structural adjustment policies. Acceptance of the major gasoline prices increase by a wide range of Ecuadorian leaders could be attributed in part to the success of the National Conference in March. Moreover, the nine major areas of policy reform identified during this conference were discussed in follow-up conferences held in July and form a major part of the new GOE's economic program.

Some of the major policy reforms on which the INCAE conference in March had an impact include: the GOE's stabilization program put into place on September 3, 1992; the GOE's decision to enter the Andean FTA; and progress on privatization of state agricultural enterprises. These areas of policy reform cover AID/Quito's five strategic objectives (SOs).

Moreover, as a result of better coordination among policy team members, the GOE is benefitting from the interchange of information in areas being addressed in more than one SO.

2. Progress Toward Purpose Achievement

Progress in meeting the PDS project purpose to establish a process and a mechanism for informed dialogue and discussion is providing the backdrop for better and increased discussion by the private and public sectors. This progress is exemplified by the most recent work carried out by an INCAE professor who is a specialist in social sector compensation policies. He has been working with Pablo Lucio Paredes of CONADE and the UPS (Unidad de Política Social) in the GOE. A strategic planning workshop to be held on December 17 and 18 will be held with the Ministers of Education, Health, Welfare and CONADE. President Durán-Ballén will also be invited.

3. The Policy Matrix

Review of the policy matrix has identified important progress toward achieving a number of policy reform objectives. This will set the stage of course for monitoring of strategic objective indicators.

As a result of various discussions on making the policy matrix more effective as a management tool, policy team members reduced the number of policy reforms in each of the SOs. Policy reforms which were eliminated from the SOs were in turn transferred to the general policy implementation matrix, which summarizes the reforms to be addressed primarily through dialogue in the policy dialogue support project with INCAE. Some of these reforms, such as appropriate exchange rate policy for Ecuador, which is a cross-cutting policy reform, will, of course, be addressed as needed in SO1, SO2, and the General Policy Reform Objective.

4. Issues

Is coordination adequate in terms of meeting the needs of the SO team leaders? A privatization subcommittee was formed to carry out additional meetings on this high priority topic for the Mission. Should subcommittees be formed on natural resources policy, health care financing, and democratic initiatives?

Implementation Matrix for Policy Reform

Strategic Objective 1: Increased Trade and Employment in Non-traditional Exports.

Version 11-12-92

SPECIFIC POLICY REFORM DESIRED	DONE-TO-DATE BY GOE	PROPOSED AID ACTIONS/ IMPLEMENTATION STEPS	AID OFFICE OR INDIVIDUAL(S) RESPONSIBLE	COORDINATION WITH GOE AGENCY OR OTHER DONOR	TIME FRAME	INSTRUMENT/ PROJECT
a) Implementation of GOE privatization strategy.	Created privatization council (CONAM); formed strategy for CONAM; 15 firms identified for privatization; working with CFN, MAG, and BNF on appraisal of state enterprises.	Provide long- and short-term T.A. to CONAM and Fundación Ecuador (FE); arrange appraisal of entities through PW/IPG.	ETIO; PPD; ANRO.	CONAM; CFN; MAG; BNF; UNDP; IDB; World Bank.	2 years	Trade and Investment Project (T&I), 518-0094.
b) Passage and implementation of a capital markets law which favors equity capital over debt.	Draft of law prepared and edited by Central Bank; GOE plans to submit fast-track Capital Markets Law to Congress.	Implement recommendations of PW Capital Markets Team; identify lead private sector counterpart.	ETIO.	Superintendencias de Companias; Banco Central.	2 years.	T&I, 518-0094.
c) Develop non-discriminatory legal framework that is respectful of intellectual property rights (IPR) and conducive to investment.	Preliminary investment law drafted by GOE.	Develop investment strategy with FE; execute buy-in with AID/Washington for T.A.; contact GOE advisors on IPR and LRJ (legal, regulatory, and judicial) framework.	ETIO; PPD.	FE; CONAOE; MICIP; IDB.	6 months for AID actions.	T&I, 518-0094.
d) Eliminate non-tariff barriers to trade, such as trade restrictions, prohibitions, red tape, etc. for both importers and exporters.	Ventanilla única implemented and working successfully.	Monitor implementation of ventanilla única.	ETIO.	Banco Central; MICIP.	1 year.	T&I, 518-0094.
e) Develop export strategy.	Export-promotion strategy drafted and being finalized by MISIP; National council for the promotion of exports created by MISIP, various chambers of commerce, FEDEXPOR, and FE; public sector transferred all export promotion activities to private sector.	Assist in the development of pilot export-promotion office in Miami, pending AID/Washington approval; monitor MISIP approval of national export strategy.	ETIO.	MISIP; FEDEXPOR; IDB; FE; GTZ.	1 year.	T&I, 518-0094.

Implementation Matrix for Policy Reform

Strategic Objective 2: Increased income on small and medium farms from selected commodities.

Version 11-12-92

SPECIFIC POLICY REFORM DESIRED	DONE-TO-DATE BY GOE	PROPOSED AID ACTIONS/ IMPLEMENTATION STEPS	AID OFFICE OR INDIVIDUAL(S) RESPONSIBLE	COORDINATION WITH GOE AGENCY OR OTHER DONOR	TIME FRAME	INSTRUMENT/ PROJECT
a) Privatize State-owned Agricultural Enterprises (SOAE's), including ENPROVIT, ENAC, FERTISA, and ENSEMILLAS; create production & price information system.	BNF disposed to privatizing entities.	Work with CONAM and MAG to create privatization committee within MAG, contract with consulting firms to privatize selected entities, monitor privatization process.	ANRO; ETIO.	MAG Privatization Committee; IDEA.	Present to December 1993.	Agricultural Sector Reorientation, ASRP, 518-0051; Agricultural Sector Development Project.
b) Strengthen land market through security of tenancy, ease of transfer via sale or rental, and creation of land tax/bank.		Conduct study of current land tenure and market situations, promote passage of newly-drafted agrarian law.	ANRO.	IDEA; Congress; perhaps IDB and IBRD.	Present to December 1992.	ASRP, 518-0051.
c) Free market prices for agricultural and food products. Reform Consumer Defense Law.		Domestically, reform Consumer Defense Law to eliminate price fixing and replace Law with a price band mechanism. Internationally, liberalize agric. trade through elimination of non-tariff barriers.	ANRO.	IDEA; MAG (DAP; Subsecretary of Marketing).	Present to June 1993.	ASRP, 518-0051.
d) Increase public & private investment in agricultural research, extension, and education (REE).	National Agricultural Research Institute (INIAP) autonomy law has been passed. Includes provision for increased GOE budget for research.	Strengthen agricultural research capacity; focus research on country's priorities; work to develop sound implementing regulations for INIAP autonomy law; assist in formation of farmers' associations; co-finance debt-for-education swaps.	ANRO.	FUNDAGRO; INIAP; IDEA; perhaps IBRD.	Present to April 1993.	Agricultural Research, Extension, and Education (REE), 518-0068; Agricultural Education Training II (Fundación Wilson Popenoe), 518-0082.
e) Develop an efficient system of rural financial intermediation; eliminate interest rate subsidies and fixed margins for agricultural credit.	BNF interest rates have been increased toward market rates.	Continue public education and policy dialogue about market rates with farmers; secure support for and conduct study of existing rural credit system.	ANRO; LAC TECH.	IDEA.	Present to June 1993.	ASRP, 518-0051.

Implementation Matrix for Policy Reform

Strategic Objective 3: Increased use, efficiency, and sustainability of family planning and selected health services

Version 11-12-92

SPECIFIC POLICY REFORM DESIRED	DONE-TO-DATE BY GOE	PROPOSED AID ACTIONS/ IMPLEMENTATION STEPS	AID OFFICE OR INDIVIDUAL(S) RESPONSIBLE	COORDINATION WITH GOE AGENCY OR OTHER DONOR	TIME FRAME	INSTRUMENT/ PROJECT
a) Assist in the implementation of a policy to decentralize health services; clarify policy & strengthen MOH provincial offices, administration, and budgeting procedures.	Policy statements; organizational changes; minor changes in authority.	On-going technical assistance to revise policy statements and improve instruments and techniques for carrying out policies; policy dialogue on legal issues.	GDO; Policy Dialogue Team.	MOH; CONADE; WB; IDB; PAHO.	On-going until 1997.	Child Survival and Health, 518-0071.
b) Privatize selected IESS services of Ministry of Social Welfare (MBS).	Requests for technical assistance; isolated initiatives.	Disseminate Mesa Lago report about financing reform; conduct financial analysis of Seguro Campesino; incorporate IESS into health care financing project.	GDO; Policy Dialogue Team.	MBS; MOH; CONADE; WB; IDB; PAHO.	On-going until 1997.	Child Survival and Health, 518-0071; Health Care Financing Project, 518-113.
c) Establish a system of fee-for-service for health care services.	Public commitment and articulation; isolated initiatives.	Hire health care financing advisor; conduct demand analyses.	GDO; Policy Dialogue Team.	MCH; CONADE.	Through end 1994; hire advisor by summer 1993; analysis by end of 1993.	Health Care Financing Project, 518-113.
d) Assist with implementation of Population Policy by providing CONADE with skills and technical knowledge to implement policy.	Policy formulated; commission for policy implementation established.	Technical assistance to CONADE to carry out policy.	GDO; Policy Dialogue Team.	CONADE; MOF; UNFPA.	1 year.	Health and Family Planning Project.

Implementation Matrix for Policy Reform

Strategic Objective 4: Improved responsiveness of selected democratic institutions.

Version 11-12-92

SPECIFIC POLICY REFORM DESIRED	DONE-TO-DATE BY GOE	PROPOSED AID ACTIONS/ IMPLEMENTATION STEPS	AID OFFICE OR INDIVIDUAL(S) RESPONSIBLE	COORDINATION WITH GOE AGENCY OR OTHER DONOR	TIME FRAME	INSTRUMENT/ PROJECT
a) Approval by Congress of constitutional amendments to restructure the Judicial System.	Law has been submitted to Congress.	Once law approved by Congress, AID steps to assist in the implementation will be developed.	GDO; Education and Democratic Initiatives.	ILANUD; Supreme Court; Fiscal General.	Ongoing.	Administration of Justice, 518-115.
b) Adoption of new criminal & civil legal codes and procedures.	Draft code of criminal procedures presented to Congress; draft civil procedures code being revised.	In progress, ILANUD will carry out project.	GDO; Education and Democratic Initiatives.	ILANUD; Supreme Court; Fiscal General.	Present to December 1993.	Administration of Justice, 518-115.

Implementation Matrix for Policy Reform

Strategic Objective 5: Stem loss of bio-diversity.

Version 11-12-92

SPECIFIC POLICY REFORM DESIRED	DONE-TO-DATE BY GOE	PROPOSED AID ACTIONS/ IMPLEMENTATION STEPS	AID OFFICER INDIVIDUAL RESPONSIBLE	COORDINATION WITH GOE AGENCY OR OTHER DONOR(S)	TIME FRAME	INSTRUMENT/ PROJECT
a) Institutional regime to contain oil industry pollution.	Pollution regulations drafted by Petroecuador service contractors and issued by GOE.	Analysis of economic inputs of new environmental regulations; lobby for implementation.	ANRO (Ruybal and Southgate).	Petroecuador; IDEA.	Analysis done by February 1993.	Cooperative Agreement with IDEA under SUBIR, 518-0069-A-00-213900.
b) Reforestation of partially or fully abandoned land by small holders.	INEFAN created; financing mechanism and other policy reforms needed to initiate major reforestation initiative must be developed and implemented.	Refine proposals for changes in forestry and colonization laws.	ANRO (Ruybal and Southgate).	INEFAN; IDEA.	By January 1993.	Same as above.
c) Privatization of GOE-owned natural resources.	Same as above.	Same as above.	Same as above.	Same as above.	Same as above.	Same as above.

Implementation Matrix for Policy Reform

GENERAL POLICY REFORMS -- CROSS-CUTTING ISSUES.

Version 11-12-92

SPECIFIC POLICY REFORM DESIRED	DONE-TO-DATE BY GOE	PROPOSED AID ACTIONS/ IMPLEMENTATION STEPS	AID OFFICE OR INDIVIDUAL(S); RESPONSIBLE	COORDINATION WITH GOE AGENCY OR OTHER DONOR	TIME FRAME	INSTRUMENT/ PROJECT
a) Appropriate exchange rate unified at market equilibrium rate.	35 percent devaluation; dual-rate system in place; reserves skyrocketed.	Policy dialogue.	PPD; ETIO; ANRO.	INCAE through Policy Dialogue Support Project.	Ongoing.	Policy Dialogue Support Project, 518-0089.
b) Reduce fiscal deficit through expenditure control and increased revenues; IMF stand-by agreement.	Announced one-time capital tax on businesses, plans to expand VAT to all goods and services, stricter tax collection; reduced or eliminated many subsidies.	Policy dialogue.	PPD; ETIO.	INCAE through Policy Dialogue Support Project; IMF.	Ongoing.	Policy Dialogue Support Project, 518-0089.
c) Liberalize interest rates and eliminate credit subsidies by Central Bank to public and private sectors.	New monetary law restricts Central Bank subsidized credits and loans.	Policy dialogue.	PPD.	IDB; World Bank.	Ongoing.	Policy Dialogue Support Project, 518-0089.
d) Appropriate external debt policy through renegotiations and debt reduction program.	Negotiations with IMF and commercial banks; reserves very high; President announced that Ecuador will pay its debt over the next year.	Policy dialogue.	PPD.	IMF; Commercial Banks.	Ongoing.	Policy Dialogue Support Project, 518-0089; ETIO, Fundación Ecuador.
e) Performance-based management for state enterprises and reform of laws and regulations which govern them.	Newly-created modernization council, CONAM, has been charged with this reform area.	Policy dialogue.	PPD.	CONAM; CONADE.	Ongoing.	Policy Dialogue Support Project, 518-0089; Fundación Ecuador.
f) Tight monetary policy.	Open market operations.	Policy dialogue.	PPD.	IMF.	Ongoing.	Policy Dialogue Support Project, 518-0089.
g) Labor reform.	Some labor reform.	Policy dialogue.	PPD.	None.	Ongoing.	ETIO.
h) Reform GOE budgetary process through elimination of earmarks for military and other groups/activities; legal reform of Hydrocarbons law which would allow petroleum companies to profit.	GOE prepared two draft budgetary reform laws, both of which would greatly improve process, though neither has been submitted to Congress yet.	Policy dialogue.	PPD.	INCAE through Policy Dialogue Support Project; IMF.	Ongoing.	Policy Dialogue Support Project, 518-0089.

PROJECT STATUS REPORT
April 1, 1992 - September 30, 1992

A X B ___ C ___

I. BACKGROUND DATA

Project Title: Policy Dialogue Support
 Project Number: 518-0089
 Date of Authorization: original 09-20-90 last amendment 09-30-92
 Date of Obligation: original 09-28-90 last amendment 09-30-92
 PACD: original 09-30-94
 Implementing Agencies: INCAE
 AID Project Officer: Guillermo Jáuregui
 Status of CPs/Covenants: N/A

Date of Last Evaluation: N/A Next evaluation: not yet scheduled
 Date of Last Audit: 07-24-92 Next Audit: not scheduled
 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: 1

FINANCIAL DATA

Amount Authorized: DA Grant: original \$2,800,000 last amend \$3,491,751
 Amount Obligated: DA Grant: original \$2,800,000 last amend \$3,491,751
 Current FY Oblig.: Grant: \$691,751
 Amount Committed: Grant - Period: \$691,751
 Cumulative: \$3,491,751
 Accrued Expenditures: Grant:
 Period - Projected: \$600,000
 Period - Actual: \$214,584 (1)
 Cumulative: \$1,335,543
 Period - Next: \$380,000

Counterpart Contribution: Planned: Sucres 1,120,000,600
 Actual: Sucres 1,008,460,700

% LOP Elapsed: 50.0%
 % of Total Auth. Oblig. (Grant) 100.0%
 % of Total Oblig. Exp. (Grant) 38.2%
 % of Total Auth. Exp. (Grant) 38.2%

(1) Within the past week, we have received from INCAE a report which shows that expenditures for the project for the reporting period are greater than those shown in the AID accounting system. The actual expenditures for the period were \$521,511. The true expenditures represent 87% of projected expenditures for the period and 47% for the percentage of total amounts of obligated and authorized funds expended to date.

II. MAJOR OUTPUTS FOR LIFE-OF-PROJECT:

	ACTIVITIES ACCOMPLISHED CUMULATIVE	ACTIVITIES ACCOMPLISHED PERIOD	PARTICIPATION BY GENDER AND IN AGGREGATE				Planned LOP Aggregate	PERCENT OF LOP Completed
			PERIOD		CUMULATIVE			
			M	F	M	F		
1. Policy Dialogue								
a. Policy Formulation and Consensus-Building Seminars (3)	39	14 *	340	67	1336	309	980	168%
b. Structural Reform Studies Seminars (4)	18	1	40	5				
c. Macroeconomic and Public Policy Seminars (10)	4	0	-	-				
d. Economics Journal (8)	1	1	NA	NA				
2. Leader Training in Economics					105	44	455	33%
a. Economic Education Seminars (2)	6	4	43	10				
b. Short-term Public Sector Economics Workshops (10)	0	0	-	-				
c. Short-term Private Sector Economics Workshops (2)	2	0	-	-				
3. University Training in Economics					166	41	535	39%
a. Diagnostic Workshops (5)	0	0	-	-				
b. University Development Program Seminar (1)	0	0	-	-				
c. Economic Training, Curriculum Reform, and Teaching Methodology Workshops (8)	7	4	95	28				
4. Data Generation and Analysis					238	67	400	76%
a. Research training for researchers (4)	5	1	29	14				
b. Commissioned studies by researchers (14)	0	0	-	-				
c. Diffusion seminars (2)	0	0	-	-				
d. High-level dialogue seminars (2)	0	0	-	-				
e. Institutional strengthening seminars (2)	0	0	-	-				
Total	82	25	547	144	1841	458	2370	97%
			79%	21%	80%	20%		

* Includes 10 networking sessions.

Articles published under Project during reporting period:

1. Competitiveness and Sub-Sectoral Industrial Reconversion
2. Sectoral Analysis: the Case of Textiles
3. Commercial Policy Options before the Process of Economic Opening
4. Reform of the Financial System
5. Policies for Stabilization, Financial Reform, Economic Opening, Social, and Reform of the State and Infrastructure
6. Actions to Measure the Diagnostic of the Viability of Approval and Application of the Laws
7. The Base for the Definition of an Exchange Policy in Ecuador
8. The Experience of the CBI Countries in Export Promotion
9. Ecuador: Stabilization Policy
10. From Fearing the Market to Loving It? The Transition from Structuralism to Economic Liberalism in Ecuador, 1965-1992
11. Fiscal and Monetary Policy in an Economy in Transition to an Open Economy that Is Less Dependent on Oil
12. Trade Policy in Developing Countries: Lessons for Ecuador and the Andean Pact Countries
13. Education in Ecuador: Crisis and Proposals for Integral Reform
14. Modernization of the Ecuadorian State
15. Labor Policy (Chang)
16. Ecuador: The Construction Sector in National Development
17. Ecuador: Agricultural Policy
18. Labor Policy in Ecuador (Contreras)

Books published under Project during reporting period:

1. Industrial Reconversion. Eduardo Doryan.
2. Economics and Populism: Illusions and Reality. Noel Ramirez.

III. PROJECT DESCRIPTION

The Project purpose is to establish a process and a mechanism for informed macroeconomic policy dialogue and discussion, based on the implications and advantages of outward and market oriented policy reform in the medium to long term. Toward this end, the main activities of the project include: policy dialogue seminars and publications to help build consensus among Ecuadorian decision-makers, leader training in economics, revision of the teaching of economics at the university level, and improvement of the methods by which economic data is generated and analyzed.

IV. RELATIONSHIP TO MISSION STRATEGIC OBJECTIVES

The Policy Dialogue Support Project is related to each of the Mission's strategic objectives through the development of consensus on policy reforms among the various elements of Ecuadorian society, and the development and dissemination of macroeconomic skills and knowledge.

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

The Project purpose is to establish a process and a mechanism for informed macroeconomic policy dialogue and discussion, based on the implications and advantages of outward and market oriented policy reform in the medium to long term. The end-of-project objectives (EOPS) of the project are: 1) clear consensus emerging among key political and economic interest groups on Ecuador's future growth-with-equity and the strategy needed to achieve it; 2) more frequent and more substantive policy dialogue sessions conducted among key representatives of diverse interest groups about market-oriented economic policies; 3) greater understanding of the facts surrounding Ecuador's growth process, income distribution, and vested interest groups; 4) improved economic analysis capability among mid- and high-level public and private sector

officials; and, added at the end of this past semester, 5) technical assistance to the Government of Ecuador in the implementation of its policy reforms.

EOP 1: The Policy Dialogue component continues to be the strongest element of the project, with participation exceeding the original life-of-project (LOP) targets while only half-way through the project life. The June 1992 Intersectoral Workshops in both Guayaquil and Quito were direct follow-ups to the National Conference in March 1992. The policy topics covered in the intersectoral workshops included those agreed upon at the national conference and included the economic opening process, financial, social, education, and labor policy, macroeconomic stabilization, reform of the state, agricultural policy, and infrastructural policy. Each of the intersectoral workshops brought together a diverse group of participants to develop further consensus on policy reforms and for the workshops 18 policy papers were prepared. EOP 2: The sending of 39 Ecuadorians to the Master in Business Economics Program in Costa Rica was a key step in assuring the medium- and long-term success of the project objectives. An international commerce seminar also took place during the reporting period. EOP 3: INCAE sponsored three different courses in industrial organization, international business, and macroeconomics for university professors during the period. EOP 4: Four INCAE professors led a workshop on economics research. EOP 5: This component has just begun and therefore there is nothing to report currently.

VI. PROGRESS DURING REPORTING PERIOD

Over the past 6 months, the Policy Dialogue Support Project has undergone a number of changes. First, at the onset of the Policy Dialogue Support Project it became clear that a medium- and long-term training component would be necessary to support the overall goals of the project. Consequently, the Mission and INCAE decided that a two-year Master in Business Economics program for the most qualified Ecuadorian candidates at the INCAE campus in Costa Rica would be one effective way to achieve medium- and long-term training. Therefore, the first group of 39 project-funded Ecuadorian students began their studies in September 1992. To proceed with this part of the project required: a) amending the cooperative agreement to reflect this change, and b) extensive preparation by the AID/Ecuador GDO office.

The second major reform of the project over the past 6 months has been the addition of a fifth component to the project -- implementation of the Government of Ecuador's policy reforms, in which INCAE will provide direct technical assistance to the new GOE. Specifically, INCAE will provide short-term and long-term advisors to define policy and implementation options, train selected GOE personnel, monitor the policy implementation process, and engage the GOE in strategic planning. The areas in which INCAE plans to focus its assistance are in monetary policy, the financial sector, fiscal policy, social policy, industrial and agricultural policy, and policy analysis.

VII. GENDER CONSIDERATIONS

The participation rate of women, on average, in INCAE activities for the reporting period and cumulatively is approximately 20 percent. While significant progress has been made in increasing the participation of women in INCAE-sponsored activities, more has yet to be done. If one of the primary goals of the project is to build consensus among various factions of Ecuadorian society, then this necessarily requires the active inclusion of both men and women. It may be useful to identify the participation rates of Ecuadorian women in various higher education programs, relevant professions, and other AID-sponsored activities to determine benchmarks by which the Progresec Program might be judged.

VIII. EVALUATIONS AND AUDITS

In July 1992, Arthur Anderson presented its findings from a full financial audit of the Project for the period of September 1, 1990, to August 31, 1991, at the INCAE

offices in Costa Rica. The following are the findings and recommendations of the audit:

- a. INCAE does not maintain separate accounting records for each project and does not identify the separate sources of funding.
- b. INCAE does not have written procedures to indicate to personnel the steps that must be followed when purchasing goods and supplies.
- c. The auditors did not find written evidence that INCAE prepares periodically reconciliations of the information generated by USAID/Ecuador.
- d. INCAE has not carried out annual financial audits of the project as required by the Cooperative Agreement.

These findings were presented to representatives of INCAE, who expressed their agreement with the findings of the audit and acceptance of the recommendations presented. INCAE has completed the necessary corrective measures for findings a, c, and d, and they are in the process of resolving b.

In addition to the Arthur Anderson audit, another independent audit was conducted to review the indirect cost rate of the project. The original provisional rate specified in the Cooperative Agreement was 20.33 percent. However, after review, the independent auditor has recommended the revised provisional or final indirect cost rate be increased. This recommendation was submitted to AID/Washington approximately 6 months ago, but AID/Washington has yet to respond.

With respect to the monitoring and evaluation of the project, the original project paper provided for an in-house, mid-term evaluation, to be conducted jointly by INCAE and AID, with funds provided for in the cooperative agreement. INCAE is currently in the process of preparing its mid-term evaluation. The original project paper also allocated \$50,000 for a final, independently-conducted evaluation of the project. However, discussion in AID has led to the conclusion that the project could benefit greatly by an independently-conducted mid-term evaluation. This would allow time for any short-comings of the project to be addressed and any strengths to be fortified before the end of the project. The project accountant estimates the cost of such an evaluation to be \$40,000. If it is decided to undertake such an evaluation, sufficient funds would need to be added to the project.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

While component 1 and 2 of the Project have shown marked success, it is not clear what progress has been made in components 3 and 4. According to the Cooperative Agreement, component three involves working with "economic faculties to provide macroeconomic training, curriculum reform and teaching methodologies that reflect a more open approach to macroeconomic education." Component 4 involves "work with Ecuadorian research institutes to provide well-coordinated and integrated economic investigation so that both the data generation institutions and their users have more coherent and well-founded research for improved macroeconomic policy reform." The strategy developed for the project puts emphasis on institutionalizing policy dialogue in Ecuador by strengthening the entities that carry it out and conduct research, presumably the universities and institutes.

It is possible that the components as designed are too ambitious, since they include strengthening of more than half a dozen universities and research institutes. University professors participating in component 3 have expressed frustration. The component is structured so that individual professors are invited to "refresher courses" from time to time, but INCAE personnel do not provide technical assistance to each faculty. In fact, they did not develop agreements with each university

faculty as required by the Cooperative Agreement. With such a great number of faculties participating, clearly this would be difficult. While the courses offered under component 3 technically meet the requirements of the Cooperative Agreement, it is unlikely that they will lead to better economics faculties in Ecuador. Likewise, since the emphasis in component 4 is on working with individuals, it is unlikely that research institutions will benefit as institutions. The question is therefore whether components 3 and 4 still merit funding, in which case they should enter into a more intense stage where a few institutions are given tailored assistance. Or perhaps the Project should be consolidated, with the budget redistributed toward the remaining components.

These questions can be addressed during the Project's mid-term evaluation, but perhaps even prior to that the Mission could reach a decision as to focussing these components. This is especially critical given the fact that the project is to be extended during FY93, and given the current budget situation.

Another area of concern is that the Mission must ensure coordination among technical assistance activities to ensure that efforts are not being duplicated. In the case of this project, the Mission needs to ensure that the assistance offered by INCAE to the GOE does not duplicate that given by other AID-sponsored consultants and organizations. This requires that INCAE be made more aware of AID's priorities and activities.

Finally, specific administrative issues will require the attention of Mission management over the next semester. The long-standing issue about whether AID will accept the method by which INCAE pays its professors has yet to be resolved and INCAE is hesitant to embark on the newly-added fifth component until this issue is resolved. Also problematic is the fact that AID/Washington has not yet responded to the independent auditor's recommendation for a new indirect cost rate. These two issues are crucial for the smooth and efficient administration of the project.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

Substantively, over the next six months, INCAE will continue its policy dialogue, networking, macroeconomics training, and economics faculty reform activities of the first four components. Over 40 courses, workshops, seminars, case studies, and publications are planned over the next semester. Among these activities will be a workshop on social and development policies with the Unidad de Política Social (UPS) of the GOE, with a follow-up session on strategic planning to which President Sixto Durán-Ballén will be invited.

In addition, INCAE will embark on the fifth component of providing implementation assistance to the new GOE. Of particular interest will be, in the early spring of 1993, a second set of Intersectoral workshops/mini-conferences which follow upon the work of the National Conference which was held in March 1992. With respect to the fifth component, a number of workshops with various ministries and government agencies are planned and will address the issues of social policy and reform of the state, monetary, exchange rate, and fiscal policy, industrial policy, and managing the politics of adjustment. INCAE researchers will prepare policy papers on each of these topics, then will help to define program options with government officials at workshops.

Other significant activities planned for the next period include further planning and negotiation with respect to the prospective new INCAE campus in Ecuador. INCAE will be preparing an implementation plan for the development of the campus, as well as continuing its fund-raising efforts. Already, INCAE has received a commitment from the Ministry of Finance for the local currency equivalent of US\$ 1 million for the construction of the campus, and the national committee has committed itself to raising US\$ 500,000 from the Ecuadorian private sector.

USAID/Ecuador and INCAE will jointly conduct an evaluation of components 3 and 4 of the Project over the next reporting period. Particular attention will be given to the issues addressed above. In addition, USAID/Ecuador will write a Scope of Work for the development of a Monitoring and Evaluation Plan for the Project and will contract the services of a technical assistance firm to carry out the development of the Plan.

TARGETS OF OPPORTUNITY

Projects:

Fiscal Administration Development (518-0042)

Drug Information and Public Awareness (518-0064)

Fundación Guayaquil (518-0083)

Andean Peace Scholarship (518-0067)

LAC Training Initiatives (598-0640)

National Shelter Delivery System (518-0076)

Technical Training (518-0044)

Special Development Activities (518-0004)

PROJECT STATUS REPORT
April 1, 1992⁹¹ - March 31, 1992

A ___ B X C ___

I. BACKGROUND DATA

Project Title: Fiscal Administration Development
 Project Number: 518-0042 (Loan 518-W-061)
 Date of Authorization: original 01-13-85 last amendment 03-16-90
 Date of Obligation: original 03-29-85 last amendment 06-03-87
 PACD: original 07-31-89 amended to 12-31-92
 Implementing Agencies: Ministry of Finance (MOF), General Direct.Revenues
 Major Contractors: CIAT
 AID Project Officer: Edgar Guillén
 Status of CPs/Covenants: Fully Met

Date of Last Evaluation: 10-15-89 Next evaluation: 12-31-92
 Date of Last Audit: 08-31-91 Next Audit: 00-00-00

FINANCIAL DATA

Amount Authorized: DA Grant: original \$4,800,000
 Loan: original \$2,000,000 last amend \$2,250,000
 Amount Obligated: DA Grant: original \$1,500,000 last amend \$4,788,379
 Loan: original \$1,000,000 last amend \$2,145,320
 Current FY Oblig.: Grant: (11,621)
 Loan: (104,680)
 Amount Committed: Grant - Period: 361,366
 Cumulative: \$4,582,992
 Loan - Period: 77,116
 Cumulative: \$1,821,349
 Accrued Expenditures: Grant:
 Period - Projected: \$ 220,300
 Period - Actual: \$ 361,366
 Cumulative: \$4,582,992
 Period - Next: \$ 40,000
 Loan:
 Period - Projected: \$ 175,000
 Period - Actual: \$ 365,233
 Cumulative: \$1,821,349
 Period - Next:
 Counterpart
 Contribution: Planned: \$3,559,000
 Actual: \$ 91,005
 % LOP Elapsed: 94%
 % of Total Auth. Oblig. (Grant) 100%
 (Loan) 100%
 % of Total Oblig. Exp. (Grant) 95%
 (Loan) 84%
 % of Total Auth. Exp. (Grant) 95%
 (Loan) 80%

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II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED			
	PERIOD		NEXT		PERIOD	CUM	% OF LOP	
	LOP #	PERIOD #	PERIOD #	PERIOD #				
1. Logframe outputs, including sex disaggregated data, e.g.	M	F	M	F	M	F	M	F
2. Training (persons)* Short Term	2.8	.7	.8	.4	1.4	.6	0.	.0
	.7	.1	3.3	1.1	119	156		

III. PROJECT DESCRIPTION

This project is designed to strengthen the General Directorate of Revenues (GDR) collection and administrative abilities. The PACD July 31, 1992, was extended to December 31, 1992 only for audit and evaluation. Activities under this component include:

- Technical assistance to the MOF to implement aspects of the new law.
- On-the-job training for Ministry of Finance (MOF) staff nation wide (including GDR).
- Public education and information dissemination involving the new Tax Reform Law.
- Remodeling of 5 GDR Regional Offices.
- Procurement of computer supplies.

* Figures are presented in thousands.

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

N/A

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

The project purpose is to increase central government fiscal revenues, particularly from income and sales taxes. The EOPS is a net increase in non-petroleum revenues of S/.25 billion by the PACD, above and beyond what would have been expected in the absence of the Project.

Tax-based revenues for the last four months (April 92 - July 92) were 380.2 billion sucres versus 262.1 billion sucres during the same period of 91. This represents in nominal terms a 45% increase for the period which given the inflation rate of 49% is considered a decrease mainly due to the political campaign and the change of government.

The main focus of the project extension is to consolidate the administration of the 1990 tax reform. Progress has been made in both the public education and information dissemination component as well as in providing technical assistance and training in key areas of the tax reform administration. The project remodeled 5 GDR Regional Offices and procured computer equipment.

VI. PROGRESS DURING REPORTING PERIOD

The Inter-American Center of Tax Administration (CIAT) continued to provide Technical Assistance to the Project. Technical Assistance includes:

- Tax administration: Computerized audit system which includes a program to identify and process information from 14,000 "Large scale tax-payers" was developed. This represents 100% of the total number of identified "Large scale tax-payers" in Ecuador plus a high percentage of the "Medium scale tax payers". Procedures to identify and control tax payer non-compliance have been developed and the use of computerized tax return forms have been implemented in the regional offices.
- Organization and Management: A proposal for the new organizational structure for the General Directorate of Revenues (GDR) has been analyzed and approved by GDR senior officials. The proposal has been approved by the Minister of Finance.
- Training: A total of 38 seminars were conducted:
 - 4 seminars on "General Administration" held in Quito, with a total of 127 participants. (37 women, 90 men)
 - 17 seminars on "Tax Administration" held in Quito, Guayaquil, Ambato, Cuenca and Portoviejo with a total of 501 participants (70 women, 431 men).
 - 17 seminars on "Computer Sciences", held in Quito, Guayaquil and Cuenca with a total of 221 participants (49 women, 172 men).

- Remodeling: Five Regional Offices in Quito, Guayaquil, Cuenca, Ambato and Portoviejo were remodeled.
- In Guayaquil it was also implemented the "Aula de Capacitación e Informática".
- Procurement: Procurement of computer equipment was completed.
- Publications: Two books were published: a "Glosario de Términos Jurídico-Tributarios" and the "Análisis de las Sentencias de Casación".

VII. GENDER CONSIDERATIONS

The project does not specifically target individual beneficiaries with the exception of training. The numbers of female participants is lower than men, but larger than expected (planned 700 and actual 1100).

VIII. EVALUATIONS AND AUDITS

- An annual financial audit (conducted by Price Waterhouse) was concluded. The final report will be received in December 1992.
- A final evaluation of the project will commence in December 1992 and will be managed by PPD.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

- The Mission decided to extend the PACD until September 30, 1993 only for evaluation.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

- Receive final report of the financial audit conducted by Price Waterhouse and resolve any outstanding issues.
- Commence the final project evaluation.

PROJECT STATUS REPORT
April 1, 1992 - September 30, 1992

A ___ B ___ C X

I. BACKGROUND DATA

Project Title: Drug Information and Public Awareness
 Project Number: 518-0064.2
 Date of Authorization: original 07-23-87 - last amendment 04-02-90
 Date of Obligation: original 07-23-87 last amendment 04-02-90
 PACD: original 07-23-89 amended to 04-01-94
 Implementing Agencies: Fundación Nuestros Jóvenes (FNJ)
 Major Contractors: N/A
 AID Project Officer: Adriana B. de Páez
 Status of CPs/Covenants:

Date of Last Evaluation: 08-30-90 Next evaluation: 03-01-94
 Date of Last Audit: 09-30-92 Next Audit: 09-30-93
 Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program: 2
 Number of such audits contracted for/completed during the reporting period: 1

FINANCIAL DATA

Amount Authorized: DA Grant: original \$1,600,000 last amend \$2,275,000
 Amount Obligated: DA Grant: original \$ 300,000 last amend \$2,419,772
 Current FY Oblig.: Grant: \$0,000,000
 Amount Committed: Grant - Period: \$0,000,000
 Cumulative: \$2,419,772
 Accrued Expenditures: Grant:
 Period - Projected: \$ 135,000
 Period - Actual: \$ 141,755
 Cumulative: \$2,382,862
 Period - Next: \$ 146,570
 Counterpart Contribution: Planned: \$1,273,300
 Actual: \$1,220,100
 % LOP Elapsed: 77.78%
 % of Total Auth. Oblig. (Grant) 88.80%
 % of Total Oblig. Exp. (Grant) 98.47%
 % of Total Auth. Exp. (Grant) 87.44%

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED				% OF LOP					
	LOP		PERIOD		CUM		NEXT PERIOD			PERIOD	CUM			
	M	F	M	F	M	F	M	F						
1. Number of persons at information dissem. events *	15	12	2.5	2.5	11.4	11	2.5	2.5	6.8	3	15.9	12.2	106	101
2. Training (persons)														
Short term	0		0		0		0		0		0		0	
Long term	0		0		0		0		0		0		0	

* Figures are presented in thousands. Events to provide familiarization with the Anti-narcotics Law are not included (See section VI below)

III. PROJECT DESCRIPTION

The Drug and Public Awareness project (which is in its second phase) has 4 main components: a) institutional strengthening of the implementing agency, Fundación Nuestros Jóvenes (FNJ); b) research on drug consumption and the risks of consumption; c) Prevention information dissemination; and d) legal education.

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

A. Specific linkage to S.O.: N/A
 B. Percent of LOP funds relating to S.O.: N/A.

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

The purpose of this project is to significantly increase public awareness about the problem of drugs and drug abuse by increasing understanding of the negative effects of drug production, trafficking and consumption.

The EOPS indicators include: a) Government institutions articulate clear and coherent strategies relating to the political, economic, financial and social areas which support drug prevention programs; b) implementation of effective controls which impede the formation of drug trafficking and production networks; c) a reduction in the rate of growth in the consumption of illegal drugs (as compared to 1988); and d) anti-drug attitudes, opinions and practices shared by 95% of the population.

Progress during the reporting period has been mixed. Numerous preventative information dissemination activities have been held nationwide including: round table discussions; video presentations, workshops and seminars; conferences; summer camps; and radio broadcasts. However, the planned Epidemiological Survey is behind schedule. FNJ planned to carry out the Survey under the auspices of CONSEP (the National Drug Council) with joint AID (25%) and United Nations (UNDCP) (75%) funding. Unfortunately, Ecuador's high level of inflation has overtaken the funds currently available for this activity in the project budget, and UNDCP headquarters has still not made a decision on whether or not to financially support this activity.

VI. PROGRESS DURING REPORTING PERIOD

As mentioned above, numerous preventative information dissemination activities were held during the reporting period. Among these sessions were 2 seminars on the 1990 anti-narcotics law given to members of the Ecuadorian Air Force.

FNJ also made considerable progress in closing outstanding audit and evaluation recommendations; 74% of the FNJ-action recommendations have been closed to date (see Section VIII).

The Foundation has fully paid the bill for collection issued during the last reporting period and is exercising greater control and oversight of its internal expenses.

In September, 1992 FNJ initiated a series of strategic planning meetings designed to assist the Foundation make the transition from heavy reliance on AID funding to financial self sufficiency.

VII. GENDER CONSIDERATIONS

Both genders enjoy equal access to FNJ's activities. Data indicate men slightly outnumber women in attendance at the Foundations preventative information and legal education events. This difference is based on level of participant interest.

VIII. EVALUATIONS AND AUDITS

As discussed earlier, FNJ has closed 74% of its outstanding audit and evaluation recommendations.

The following FNJ-action audit recommendation remains open:

- implementation of an improved accounting system. FNJ does not currently have sufficient funds to purchase and implement an AID approved accounting software package. They therefore plan to close this recommendation during the next reporting period (FY93).

The following FNJ-action evaluation recommendations remain open:

- analysis of cash flow for the payment of the FNJ building mortgage. The mortgage will be completely paid in November, 1992 -one month later than originally planned.
- purchase of new accounting software. See above.
- development of a basis of indirect costs to be charged for services provided by FNJ to other institutions. FNJ's existing indirect cost manual needs to be updated. Work on this has begun and will be completed during the next reporting period.
- definition of functions and responsibilities of the Executive President and FNJ Project Manager, as well as to change the current practice of having the Executive President and the President of the Board of Directors be the same person. The resolution of this issue requires a change in FNJ's statutes which can take place only at a General Assembly meeting. The next meeting is planned for the next reporting period.

The following AID-action evaluation recommendations remain open:

- Training for the FNJ Board of Directors (in progress); and
- a decision on FNJ's administrative cost level. These decisions will be taken in conjunction with the review of FNJ's CY1993/1994 Work plan during the next reporting period.

An audit of the counterpart contribution (06/05/92) shows that FNJ is meeting its required contribution level.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. The burden of paying for the building created a number of financial problems; i.e. misuse of USAID funds for activities not approved under the Cooperative Agreement; procurement not contemplated under the grant; and misuse of a separate bank account for USAID funds as a source of cash to cover other than project related expenses. These issues have been resolved and the bill of collection issued by O/CONT to recover the funds misused has been paid by FNJ. The Mission will continue to periodically review FNJ's financial status. FNJ now estimates that the building will be paid for by November 1992 - one month later than originally planned.
2. Assigning the roles of Executive President and President of the Board of Directors to two different people requires a change in FNJ's Statutes, an activity which can only be carried out during a General Assembly meeting. The next General Assembly

Meeting is tentatively planned for November 1992. The Mission will insist that this topic be placed on the agenda. However, while the change may be agreed to by the General Assembly, its full implementation cannot be ensured.

3. FNJ has almost depleted the funds currently obligated to the project. Because FNJ is presently planning its CY 1993/94 activities, it is essential for the Foundation to know whether USAID's financial and managerial support will continue and under what conditions. An action memorandum for the Acting Mission Director is circulating. The purpose of this memorandum is to ask approval for the continuation of USAID financial support to FNJ.
4. The evaluation carried out by Development Associates recommended that FNJ's administrative cost level be decreased from the 30% stipulated in the agreement to 20% during the final year of the project. As indicated under VIII above, this is a decision that USAID will have to take during the next reporting period. If the final tranche of US\$0.3 million is obligated under the Project, FNJ will have only 15 months before the Project ends (April 1, 1994) to cover its administrative costs with USAID financial support. Consequently, FNJ will have to look for new strategies to become self-sustainable beyond the Project.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. Oversee compliance with the outstanding audit and evaluation recommendations. (03/30/93 APÁez/FNJ/OCONT)
2. Reach internal agreement on the future level of AID financial support for the project. (11/30/92 ABPÁez, DIR, O/CONT)

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PROJECT NAME: Culture of Rejection Toward Narcotrafficking

PROJECT NUMBER: Grant No. 518-0083-G-00-0080-00

\$ LOP AMOUNT: \$88,900.00

PURPOSE: To develop a training system which will enable members of the Guayaquil informal sector to identify the social, cultural, and economic threats posed by the incursion of narcotics trafficking and abuse in their city and to develop a preventive culture to combat these problems.

IMPLEMENTING AGENCY: Fundación Guayaquil - Guayaquil, Ecuador

MAJOR ACCOMPLISHMENTS DURING THE PERIOD:

- PACD was extended until May 31, 1992 to complete the publication and dissemination of the texts "Description of Project Methodology" and "Evaluations and Recommendations", as well as to reproduce several audiovisual cassettes included within the Project, entitled "Culture of Rejection Toward Narcotrafficking Program". Nevertheless, the extension was not enough to complete the job described, therefore, through amendment No. 3 dated July 23, 1992, Mission agreed to extend PACD until September 30, 1992, providing no additional funds.

Project Close-out Report will be prepared during the next reporting period.

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PROJECT STATUS REPORT
April 1, 1992 - September 30, 1992

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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 amended 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
 AID Project Officer: Jennifer Stimson
 Status of CPs/Covenants: N/A
 Date of Last Evaluation: 10-24-91 Next Evaluation: 04-94
 Date of Last Audit: 01-02-90 (Fulbright) Next Audit: 01-93 (WLI)
 Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program: 5
 Number of such audits contracted for/completed during the reporting period: 0

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
 Current FY Oblig: Grant: \$ (16,056)
 Amount Committed: Grant - Period: \$ 0
 Cumulative: \$6,519,517
 Accrued Expenditures: Grant:
 Period - Projected: \$ 613,989
 Period - Actual: \$ (393,764)*
 Cumulative: \$6,073,292
 Period - Next: \$ 115,400
 Counterpart
 Contribution: Planned: \$ N/A
 Actual: \$ N/A
 % LOP Elapsed: 73.00%
 % of Total Auth. Oblig. (Grant) 94.77%
 % of Total Oblig. Exp. (Grant) 93.15%
 % of Total Auth. Exp. (Grant) 88.29%

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

* Accrued expenditures are negative because the Mission received a credit of \$1,028,253 which had been erroneously debited from the Development Associates contract. Actual expenditures for the period were \$634,489.

II. MAJOR OUTPUTS:

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

III. PROJECT DESCRIPTION

The Andean Peace Scholarship Program is a regional subcomponent of the Caribbean and Latin American Scholarship Program (CLASP), the objectives of which are 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 United States. The program strategy provides for short and long-term US-based training for current and potential leaders. At least 70% of the participants shall be disadvantaged and 40% shall be women.

IV. RELATIONSHIP OF PROJECT TO STRATEGIC OBJECTIVE

A. Specific Linkage to S.O.: N/A

B. Percent of LOP Funds Relating to S.O.: N/A

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

The purpose of the Andean Peace Scholarship Program is to promote democratic values, strengthen US-Andean relations and contribute to the Andean countries' economic, political and social development by providing 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 were 410 scholarships of which 320 were short-term (1 to 9 months, average 6 weeks) and 90 long-term (12 to 30 months, average 16 months). All training took place in the United States or Puerto Rico, and included an "Experience America" cultural component. Follow-up activities are being conducted in order to increase the effectiveness of the training.

All participants to be trained under the project departed by the end of fiscal year 1991. A total of 413 Ecuadorians received or are receiving 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% participation by women and 70% participation by disadvantaged participants with 44% women and 83% disadvantaged over the life of project. An APSP follow-on program has been established with seven regional alumni associations, 14 technical and academic associations, and a National Coordinating Committee with representatives from the various associations.

Progress to date has been very good.

VI. PROGRESS DURING REPORTING PERIOD

1. Follow-on: Technical association workshops were conducted for the following short-term groups: FY91 Librarians, FY91 "Women in Agriculture", FY91 Auxiliary Nurses, FY88 and FY90 Health Administrators, and FY89 Aquaculturists. Regional association meetings were held for the associations from Santo Domingo de los Colorados, the Central Sierra region, and the Southern Sierra region. The National Coordinating Committee, with representatives from all regional and technical associations, was legally registered as an association when its bylaws were approved by the Ministry of Social Welfare. This Committee met once during this period to discuss organization and activities for the association. A technical "workbook" on "Natural Areas and the Environment in Ecuador", written by members of the FY88 Watershed Managers group and the FY90 National Park Managers group, was published.

2. Long-term training: Twenty participants returned to Ecuador after completing Masters degrees in the following fields: food science, civil engineering, animal science, public health, educational administration, public administration, and

public administration with an emphasis in health administration. 13 participants in a nine month nondegree graduate level program in agricultural economics completed their program and returned to Ecuador. Two long-term technical participants in 16 month graduate level programs in banking and finance and agroecology returned after completing their programs. Four participants in 16 month graduate level programs were granted extensions to enable them to complete their Masters degrees. The extensions will be funded using unexpended funds in Development Associates' contract and Development Associates will continue to provide financial and monitoring support.

3. Errors in AID/Washington's and the Mission's disbursement records were corrected. The Mission received a credit of \$1,028,253 which had been erroneously debited from the Development Associates contract.

4. RTAC books were ordered for APSP returnees as part of the follow-on program.

VII. GENDER CONSIDERATIONS

APSP/Ecuador exceeded the Congressional mandate for 40% participation by women with a total of 44% 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% 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 may be conducted in the second quarter of FY94 through a buy-in to the CLASP II evaluation contract. Because the WLI contract was extended and their independent financial compliance audit was not urgently required, it was decided to postpone the audit until closer to the new completion date of their contract, in November, 1992. Given that there are still approximately \$90,000 in unexpended funds in their contract, it will be extended again for nine months.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

1. The Mission requested that AID/W reprogram deobligated CLASP I funds from Development Associates' contract to CLASP II. We have been informed that the deobligation process was never initiated and is now planned to take place in FY93.

2. OIT's current system for tracking HBCU placements does not count HBCU training unless participants attend an HBCU during the fiscal year in which they begin training. For example, a participant who departs in late FY91, but does not receive his HBCU training until FY92, is not counted. As a result, 21.1 HBCU training months accomplished under APSP were not counted in FY91. The Mission requested that the AID/W HBCU Committee revise its tracking system to count HBCU placement as months in training rather than "new starts". While no written response has yet been received, the Mission has been advised by phone that OIT plans to continue counting HBCU placement by "new starts". Therefore, the Mission's efforts and success in HBCU placements will not be fully recognized.

X. MAJOR ACTIONS PLANNED FOR

1. Follow-on: Technical association workshops will be held for the following groups: FY91 Microentrepreneurs, FY88 Artisans, FY88 Watershed Managers and FY90 National Parks Managers, FY91 Agricultural Extensionists, FY89 and FY91 Young Political Leaders, and FY88 Women Community Leaders, FY90 Afro-Ecuadorian Leaders and FY90 Urban Community Leaders. Three debriefings will be held for returned long-term participants from the agricultural economics program, the University of New Mexico, and other universities. The National Coordinating Committee will meet at least once. Two participant newsletters and one technical workbook on "Health and the Community" will be published (3/93, Cisneros, WLI and JStimson, GDO/EDI).
2. Steps will be taken to reprogram deobligated CLASP I funds for CLASP II. (3/93, JStimson, GDO/EDI, LVelasquez, O/CONT, and PMartinez, PPD).
3. The regional contract with the U.S. Contractor, Development Associates, will be extended through June, 1993 (02/93, LAnderson, LAC/DR/EHR).
4. The WLI contract will be extended to September 30, 1993 (12/92, JStimson, GDO/EDI and MStevenson, RCO).
5. An independent financial compliance audit of the WLI contract will be conducted (1/93, JStimson, GDO/EDI and JJCisneros, WLI).

PROJECT STATUS REPORT
April 1, 1992 - September 30, 1992

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I. BACKGROUND DATA

Project Title: LAC Training Initiatives II
 Project Number: 598-0640.11
 Date of Authorization: original 04-18-85 last amendment 02-18-87
 Date of Obligation: original 10-01-84 last amendment 09-28-89
 PACD: original 09-30-94 amended to 12-31-92*
 Implementing Agencies: There are 12 different implementing agencies
 Major Contractors: N/A
 AID Project Officer: Catalina León
 Status of CPs/Covenants: N/A

 Date of Last Evaluation: N/A Next evaluation: N/A**
 Date of Last Audit: 09-30-91 Next Audit: 12-31-92

Planned number of yearly non-federal audits of recipients for which the Mission will be responsible under the Audit Management and Resolution Program: 2
 Number of such audits contracted for/completed during the reporting period: 1

* PACD for the Ecuador buy into the regional project
 ** Since this is a Regional Project, the evaluation will be carried out by the LAC Bureau at the end of the Project (September 1994)

FINANCIAL DATA

Amount Authorized: DA Grant: original \$ 450,000.00 last amend \$1,450,000
 Amount Obligated: DA Grant: original \$ 50,000.00 last amend \$1,420,985
 Current FY Oblig: Grant: \$ (22,438.00)
 Loan: \$ -0-
 Amount Committed: Cumulative: \$1,420,985.00

 Accrued Expenditures: Grant:
 Period - Projected: \$ 8,585.00
 Period - Actual: \$ 13,736.00
 Cumulative: \$1,377,300.00
 Period - Next: \$ 21,694.93

 Counterpart Contribution: Planned: \$ 215,000.00
 Actual: \$ 314,394.27
 % LOP Elapsed: 97.92%
 % of Total Auth. Oblig. (Grant) 98.00%
 % of Total Oblig. Exp. (Grant) 96.92%
 % of Total Auth. Exp. (Grant) 94.99%

II. MAJOR OUTPUTS:

	PLANNED						ACCOMPLISHED			% OF LOP	
	PERIOD		CUM		NEXT PERIOD		PERIOD		CUM		
	M	F	M	F	M	F	M	F	M		
1. Training (persons)											
Long term	21	0	0	0	0	0	0	0	14	14	134%
Short term	104	0	0	0	0	0	1	2	124	31	149%

*Note: Targets for female and male participation under the LAC Training Initiatives were not determined in counterpart agreements, except in the case of the only on-going activity with the Fulbright/AID Cooperative Agreement. The level of training as well as the number of scholarships to be implemented under each sub-activity were specified in each institutional agreement.

III. PROJECT DESCRIPTION

This project is designed to provide training for Ecuadorians in order to promote the transfer of knowledge and skills as a necessary element in the process of development, and also to afford a unique opportunity for participants to be exposed to democratic processes in the United States. Special attention is directed toward the training of disadvantaged segments of the population.

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

A. Specific linkage to S.O. N/A
 B. Percent of LOP funds relating to S.O. N/A

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

The purpose of the project is to provide training to participants from private and public institutions. The EOPS: 125 participants were planned under the project for fiscal years 85, 86 and 87 (21 academic long-term and 104 technical short-term). Fields of training included agriculture, fruit culture and entomology. With the addition of minimal FY-87 resources, a few new fields of training were opened, including liberal arts.

To date, a total of 154 short-term and 1 long-term technical courses have been completed, and 28 long-term academic training grants have been implemented. Training fields have included journalism, educational administration, computerized information systems, dairy cattle, agriculture, scientific environmental issues, educational technologies, international trade, human resource management and project design/management, housing administration, agribusiness management, marketing, engineering administration, project design/management, ecology, childhood education, environmental science and business administration.

Progress is very good. The project is exceeding its goals.

<u>Status</u>	<u>Targets</u>	<u>Completed</u>	<u>In progress</u>
1. Short-term technical courses	104	154	-
2. Long-term academic program	21	28	-
3. Long-term technical courses	0	1	-

VI. PROGRESS DURING REPORTING PERIOD

On June 23, 1992, AID approved Ecuadorian Grantees Magdalena Carrillo and Byron Jaramillo to participate in the VI Latin American Project Selection, Design, Evaluation and Implementation of Policies Seminar held between June 22 through July 31, 1992 at the Institute of International Management for Development of the Graduate School of Public and International Affairs of Pittsburgh University.

On August 19, 1992, under the AID/Fulbright Cooperative Agreement the Mission co-sponsored the participation of Ms. Nidia Guayaquil from Escuela Politécnica Nacional to participate in a one-month observational visit from August 19, 1992 through September 11, 1992 at Texas Lutheran College, studying the admission and registration process.

The last three AID/Fulbright long-term participants returned to Ecuador during this reporting period upon completion of their academic training programs.

Financial audit for the period of July 1, 1989 through September 30, 1992 has been completed. Fulbright is contacting Romero y Asociados so that a close out audit be immediately performed.

The PIO/P-estimated budgets for previously completed short and long term scholarships are being adjusted to reflect real training costs. This is a continuous action that will go beyond the termination of the grant.

VII. GENDER CONSIDERATIONS

Targets for female participation were not specified in the counterpart agreements under this project, except in the case of the AID/Fulbright Cooperative Agreement. That agreement established a global target of 32%, and under the Fulbright Agreement, women's participation has been 20% short-term and 59% long-term. Under the Fulbright/AID Agreement the overall women's participation in short-term is 15% and in long-term is 40%.

VIII. EVALUATIONS AND AUDITS

On August 21, 1992 Fulbright Commission advised the Mission that recommendations made by auditors have been implemented.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

N/A.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

The Fulbright/AID Cooperative Agreement close out audit report will be carried out during next semester. (March/93 - GDO/Fulbright/O/CONT).

November 9, 1992

William H. Yaeger, Director RHUDO/SA

Semi-Annual Review, Office Portfolio Review

H. Robert Kramer, Acting Mission Director, USAID/Ecuador

I. Brief Assessment of Overall Performance of Project

Much occurred during the past six months with the National Shelter Delivery System Project, 518-0076 and HG-007. Highlights of project accomplishments included the following:

A. HG-007

1. The Third Amendment to the Implementation Agreement between the State of Ecuador and the Government of the United States of America was signed on the last work day of President Borja's Administration, August 7, 1992, which transferred the implementation of the HG-007 project from the Central Bank of Ecuador (BCE) to the Ecuadorian Housing Bank (BEV). Execution of this Implementation Agreement Amendment was of great importance to President Borja because it represented the fulfillment of an important institutional reform sought by his government before it left office. This was to get the BCE out of managing development activities such as the Financial Fund for Housing (FFH) which it did poorly and return to more traditional Central Bank functions which the BCE should more logically manage.

B. 518-0076 Grant Funded Activities

1. On May 29, 1992, agreement was reached with the GOE to change the implementing institution for the 0076 grant from the BCE to the Ministry of Finance with the execution of the Third Amendment to the grant's PROAG.
2. Additional grant funded service buy-ins were executed with the World Council of Credit Unions (WOCCU) and WASH to extend the provision of technical assistance to the Ecuadorian credit union movement and to municipal water authorities and similar institutions.
3. WOCCU and CHF advisors and consultants conducted a full series of training programs with FECOAC affiliated credit union officials throughout the country on how to manage financially sound credit union operations and lending programs as well as how to properly manage and implement home improvement lending programs.

4. Through the WASH Project, Economist Elsa de Mena's technical assistance services were contracted to respond to a previously programmed commitment with the Ecuadorian Comptroller General (CGE) to prepare a cost accounting manual to implement an accounting system devised through earlier USAID financed technical assistance to the Quito Water Authority (EMAP-Q).
5. TA was given to the GOE to study the restructuring of HG-007 financed lending to reactivate Ecuadorian financial institution participation.
6. Policy dialogue and technical assistance support was provided in response to the new Housing Minister's request for help with properly structuring the newly created Ministry of Urban Development and Housing and to support the GOE's efforts to transform the BEV into a second-story lending institution where a Housing Refinancing Unit would be located to manage the loan discounting functions of the Housing Finance Fund transferred from the Central Bank.
7. In response to assistance requests from the newly elected municipal officials in Guayaquil and Machala, RHUDDO staff initiated a variety of exploratory discussions with the newly installed government officials and interested private sector representatives on the privatization of potable water and solid waste collection and disposal services in both cities.
8. Discussions were initiated between the Minister of Urban Development and Housing's Francisco Albornoz and FEEOAC's General Manager Miguel Toscano on possible Housing Fund discounting of the eligible home improvement loans portfolio generated by the Ecuadorian credit union system.

Execution of the Third Amendment to the Implementation Agreement to change the implementing institution from the BCE to the Ministry of Finance was required to formalize relationships with the new GOE institution selected to serve as USAID's new counterpart institution charged with managing grant funded activities. The execution of additional grant funded service buy-ins with WOCCU and WASH extended opportunities for two important groups of USAID counterparts - the credit unions and water authorities and similar institutions - to complete institutional strengthening objectives originally proposed to be achieved through technical assistance. The completion of each of the types of technical assistance provided through WOCCU, CHF, and the WASH Project with our different counterparts were important

contributions to the institutional strengthening objectives which each of our counterparts sought to achieve.

How RHUDO and the Ecuador Mission have structured their policy dialogue and responded to the new Ministry of Urban Development and Housing and BEV's initial technical assistance needs will determine whether and how in many instances that GOE efforts to provide this country with fully functional housing finance and production systems will succeed or not. Similarly, how RHUDO and the Ecuador Mission have chosen to respond to municipal assistance requests on the privatization of potable water and solid waste collection and disposal and to credit union system requests for fresh financing will doubtlessly help efforts by both municipalities and credit unions to better serve and meet the needs of their constituents.

II. Project Indicators Related to Baseline Information Development and Targets

In the context of this Mission's Program Performance Assessment System (PPAS), the National Shelter Delivery System Project (HG-007) and (518-0076), and its activities have been classified as Targets of Opportunity. Nonetheless, from no matter what perspective and how project progress may be measured, the implementation of the National Shelter Delivery System Project has achieved increased visibility and importance in the context of Mission dialogue and relationships with the new GOE Administration who took office on August 10th, especially its new Ministry of Urban Development and Housing and CONADE.

Project indicators and policy reforms included in the Mission's FY 93-94 POD and Action Plan which have been selected to measure National Shelter Delivery System Project accomplishments continue to be valid and monitored. These are:

- SO # 3 indicators: (Infrastructure Component) - (1) operating costs of municipal water systems; (2) technical norms updated; and (3) water systems rehabilitated.

- SO # 3 program outputs: (Urban Shelter and Infrastructure HG loan) - (1) improved policy and institutional environment for long term sustainability of ... selected health services through such activities as: (a) operations research in cost recovery methodologies; (b) financial planning and accountability at municipal level; (c) policy conditionalities for disbursement of funds; (d) assistance in strategic planning, etc.; and (2) effective utilization and improved

quality of selected health services through such activities as (a) encouraging private sector participation in services delivery; (b) contracting private sector participation in services, etc.

- Specific Policy Reforms: (1) privatization of state enterprises; (2) tight monetary policies; (3) financial liberalization; (4) elimination of credit subsidies; (5) reduction of Central Bank credit to public and private sectors; (6) reform of Monetary Law; and (7) reform of legal, regulatory environment.

To support RHUDO's efforts to develop baseline information for the project indicators cited, the contracted services of CORDES, a local consulting firm, with complementary back-up support provided by Arq. Roberto Carrión, a local independent consultant, to analyze 1990 GOE population and housing census data and municipality expenditure levels in infrastructure services were completed during this SAR period.

III. Significant Sector Developments and Issues Related to the Project

After months of intensive dialogue led by RHUDO/SA with Ecuador Mission management intervention and support at critical junctures, agreement was reached with the out-going Borja Administration and the incoming Durán-Ballén Administration to formalize the transfer of the implementation of the National Shelter Delivery System Project from the Central Bank of Ecuador (BCE) to the Ecuadorian Housing Bank (BEV). This agreement was formalized by the Borja Government's execution of the Third Amendment to the project's Implementation Agreement on its last work day in office.

With the new GOE government's assumption of power on August 10th, RHUDO/SA and the Mission have become heavily engaged with the newly created Ministry of Urban Development and Housing to respond to its many requests for technical assistance. Prior to its departure from office, RHUDO and the Mission were focused on helping the out-going GOE carry out a variety of structural, institutional, legal, and policy reforms required to restore movement in the country's paralyzed home construction and housing finance sectors. Once the new government took office, RHUDO and the Mission have been providing assistance in such varied areas as: (a) helping the new Ministry of Urban Development and Housing properly structure itself to take on its new roles as the principal institution responsible for setting policies, defining parameters for public and private sector participation, and devising the proper mechanisms to generate the financing required to sustain the operations of a viable housing finance system to meet the country's needs for low-income housing; and (b) helping the new ministry devise proper operating and administrative procedures to govern the functions of

new ministerial entities such as that of a new Housing Refinancing Unit (URH) and the transformation of the BEV into a second story lending institution as well as to orient intermediate lending institutions to use new types of instruments such as double indexed loans to promote lending under inflationary conditions.

Concurrent with the global sector developments cited, newly elected Mayors in Guayaquil and Machala and their private sector allies have approached RHUDO and the Mission for assistance to implement new initiatives such as to privatize the provision of solid waste collection and disposal services and the provision of potable water services through concessions granted by municipal and provincial water authorities to private entrepreneurs interested in providing such services.

IV. Relevant Developments in Policy Dialogue

See above for details.

V. Highlights of Major Events, Accomplishments, and Actions Expected During Next Six Months

- BEV will have met a number of USAID conditions to disengage itself in direct lending operations, selling off of unproductive assets, and putting in place operating and administrative procedures required to make fully operational the new Housing Refinancing Unit (URH).
- RHUDO will have approved disbursement of new funds to BEV's (URH) to start up operations to complete the construction of unfinished BEV housing inventory so that these units can be sold off.
- A GOE sanctioned audit of the Financial Fund for Housing in the BCE will have been initiated to meet a condition for the fund's transfer to the BEV's URH.
- Arrangements worked out and agreements reached to enable the credit union system's home improvement loan portfolio to be discounted by the BEV's URH and new funding from the URH's Housing Finance Fund will have been disbursed for placement by individual credit unions in new home improvement loans to qualified low income families.
- WASH Project TA to strengthen ANEMAPA's role to coordinate and consolidate municipal water authority operations throughout the country will continue to be implemented.
- WOCCU's technical assistance and training program funded by FHA/PVC and Mission grant funds to strengthen and transform credit unions into sound intermediary financial entities which

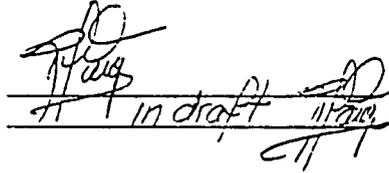
are guided by appropriate financial policies and properly trained staff will continue to be implemented.

- CHF's FHA/PVC funded technical assistance and training program directed to prepare the credit union system on how to properly manage home improvement loan portfolios will continue to be implemented.
- RHUDO will continue its dialogue and assistance to municipalities and with private sector entrepreneurs in Guayaquil and Machala interested in the privatization of municipal services such as potable water and solid waste collection and disposal.

VI. Review of Last SAR's Uncompleted Actions

All actions scheduled to be completed in the last SAR were accomplished. This was no small achievement, but due to the efforts of an army of dedicated USAID and Ecuadorian staff and officials, supported by a variety of excellent contractors who provided the appropriate advice and support at key junctures of this very complex process plus the maintenance of a never say quit attitude.

Clearance: Renán Larrea
Sonny Low

Handwritten signatures and initials, including "in draft" and "11/20/09".

Drafted by: RHUDO/SA/sl/ena/semi-annual

execution of the Third Amendment to the Implementation Agreement, the FFH is to be transferred to the Housing Refinancing Unit (URH) of the Ecuadorian Housing Bank (BEV) to discount eligible mortgages, home improvement and urban upgrading loans generated by private/public Intermediary Financial Entities.

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

This project conforms with continuing Mission interest in supporting GOE efforts to improve the quality of life for low-income families in urban areas, by allowing them to access upgraded and new shelter financed by public and private sector institutions and by financing infrastructure (water and sewer system) improvements. Also, the project conforms with the Mission's strategic objectives and policy reform agenda in promoting substantial policy, institutional, and programmatic changes in housing finance, shelter, and related infrastructure delivery. It complements the efforts of USAID/Ecuador's Water and Sanitation for Ecuadorian Development Project under the family planning and selected health services SO by serving urban residents while the Mission's project targets primarily rural residents.

Furthermore, this project broadens the coverage of the Mission's Policy Dialogue Support Project to include efforts to reform the Ecuadorian housing finance system. Lastly, it will enable AID to complement the variety of assistance being provided by other donors such as the World Bank and the Interamerican Development Bank (IDB) in infrastructure and municipal development assistance.

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

A. Shelter Component

The most significant achievement of this reporting period was the signing of the Third Amendment to the Implementation Agreement on the last work day of President Borja's administration. Prior to August 7, 1992, most of the program efforts were focussed on getting the amendment signed.

The Implementation Agreement was amended to change the Implementing Agency of the program, to transform the BEV into a second story lending institution, to make the JNV exclusively a policy making institution, and to transfer the FFH from the Central Bank to the BEV's new Housing Refinancing Unit (URH) so a new shelter finance system which will operate effectively is created.

A series of conditions relating to changing the new implementing agency's functions formed an important part of the third amendment. The major conditions necessary to have the new implementing agency assume program implementation responsibilities are listed below:

- the creation of a financial system for the shelter sector, based on refinancing the shelter portfolio.
- activating the functions of the National Housing Board (JNV) as a state institution serving as the regulatory agency for Ecuadorian Housing Policy.
- the creation of an Independent Housing Refinancing Unit (URH) in the BEV structure to function as the refiner of shelter loans provided by the shelter

sector and promote and stabilize a secondary mortgage market.

- the BEV is to discontinue direct construction and lending operations and carry out the following functions: insurer of housing finance activities, key institution for the Savings and Loans System, and other functions given to it by the State.
- that the BEV complies with the plan for institutional restructuring.
- that the implementing agency has established and adopted lending mechanisms based on the principles of real recovery of investments. This will permit access to funding from the private financial sector.

Furthermore, the Duran-Ballen Administration's creation of a new Ministry of Urban Development and Housing has elevated the importance of shelter and urban development policy dialogue and USAID assistance to that sector in Ecuador.

B. Infrastructure Component

The EMAP-Q cost accounting manual technical assistance was completed at the end of September and a one day workshop highlighting the principal features of the system and describing its applicability to municipal water authority operations was held the first week of October. Approval by the Ecuadorian State Comptroller General will pave the way for the adoption of the EMAP-Q cost accounting system by other municipal infrastructure agencies in this country.

A Project Preparation Workshop, a second technical assistance activity to be organized through the auspices of the WASH buy-in of services, was postponed during this SAR reporting period until municipal entities had the opportunity to place new personnel following the country's August 10th elections and the restructuring of the BEV was completed so that staff assigned to new organizational units could attend this workshop to gain the necessary knowledge to carry out their new job functions.

Four new activities were designed for the Third Phase of the WASH Technical Assistance service buy-in.

The first activity is targeted to the institutional development of ANEMAPA, the national association of municipal infrastructure agencies. This activity will be undertaken over a one year period, scheduled to start in October, 1992.

The second activity is to be direct technical assistance to the two infrastructure agencies in Quito, EMAP-Q and EMA-Q. Each institution is to receive three weeks of precisely targeted WASH consultancies on selected topics. This activity may be reprogrammed to include technical assistance to Guayaquil's EMAP-G and EMA-G or some other water and sewerage authority in this country.

The third activity is to be TA in "Twinning" to EMAP-Q. This is to involve up to 15 days of TA to EMAP-Q to enable it to provide assistance in strategic planning and technology transfer to other municipal water companies.

The fourth is to be an Institutional Development Workshop for Managers of Water and Sewer Companies. It will be scheduled whenever USAID can examine the needs of newly named officials at municipal infrastructure agencies.

VI. PROGRESS DURING REPORTING PERIOD

A. Shelter Component

USAID continued with its policy dialogue and support efforts to assist the newly created Ministry of Urban Development and Housing and BEV/JNV authorities to transform the BEV into a second-story lending institution and the JNV into a policy making and planning institution for the shelter sector.

The following progress was made during the reporting period:

Technical assistance was provided to help the GOE study how to restructure HG-007 financed lending to reactivate Ecuadorian financial institution participation and beneficiary interest in this project.

A TA plan to facilitate BEV/JNV's institutional reforms was prepared.

PILs were prepared and delivered to the MOF to earmark and commit \$105,000 of grant funds to amend the WOCCU/CUNA buy-in of technical assistance to continue support to the credit union system and \$10,000 for infrastructure program seminars.

The third amendment to the PROAG was executed by USAID/Ecuador Mission Director Costello and Ecuador's Acting Minister of Foreign Relations Aleman on May 29, 1992, to change the implementing agency for the grant from the Central Bank of Ecuador to the Ministry of Finance (MOF), Subsecretary for Public Credit, to extend the grant PACD for three years to December 31, 1995, and to secure MOF concurrence for previously contracted technical assistance and training activities financed by the Project.

The Third Amendment to the HG-007 Program's Implementation Agreement was executed on the last work day of President Borja's Administration. The Urban Development and Housing Ministry was created by new President Sixto Duran-Ballen. RHUDD/SA and the Ecuador Mission committed themselves to help support the Ecuadorian Housing Bank (BEV) in its restructuring process.

RHUDD continued policy dialogue and support efforts to assist the newly created Urban Development and Housing Ministry, and BEV/JNV authorities with their efforts to carry out institutional reforms to transform the BEV into a second story lending institution, and the JNV into a policy making and planning institution for the shelter sector.

Consultancies assessed BEV's financial situation and assisted with the implementation of the dual indexed lending mechanism. Also, assistance was provided directly to Housing Minister Albornoz to assess political, administrative, operational and practical implications related to the structuring of the new Ministry of Urban Development and Housing.

Discussions between Minister of Urban Development and Housing's Albornoz and FECOAC's General Manager Toscano were initiated on possible Housing Fund discounting of home improvement loan portfolio generated by the credit union system. RHUDD policy dialogue with BEV's top managers made progress in helping them implement institutional reforms.

B. Credit Union Activities

RHUDD reviewed and approved WOCCU's second phase proposal of continuing technical assistance support to the credit union system, so on 7/31/92 a \$105,000 buy-in of WOCCU Phase 2 services was executed. This was combined with funding from the FHA/PVC centrally funded Ecuador Cooperative Initiatives Grant TA Project.

After CHF and WOCCU met conditions set by RHUDD, RHUDD and AID/W's FHA/PVC approved a restructured program proposal and granted WOCCU, CHF, and COLAC a program extension of the Ecuador Cooperatives Initiatives Program through June 30, 1993.

"Updating Financial Strategies" regional seminars, diagnostic studies of credit union financial operations, and the development of financial restructuring plans for individual credit unions launched second phase TA support to the credit union movement.

CHF advisors formalized agreements to fund a home improvement lending coordinator with FECOAC and conducted training with FECOAC affiliated credit union officials on how to properly manage and implement home improvement lending programs.

C. Infrastructure Component

Work on preparing a Cost Accounting System Manual to be used by municipal water authorities was started by Elsa de Mena, a WASH consultant who was contracted to carry out this technical assistance assignment for the Ecuadorian Comptroller General's Office. The technical assistance was concluded with the conduct of a one-day seminar, during which details on the accounting systems' use by municipal water authorities and others were shared with officials representing the Quito Water Authority, the Provincial Water Authority of Guayas, and the Ecuadorian Vice-Minister of Urban Development. The process to negotiate a grant to ANEMAPA to finance a Project Preparation Workshop with municipal water companies was started during the reporting period.

Discussions were initiated between RHUDD and municipal officials in Guayaquil and Machala on possible technical assistance with the privatization of municipal services such as the provision of potable water and the collection and disposal of solid waste.

VII. GENDER CONSIDERATIONS

During the reporting period, in training sponsored by this program such as the ten seminars held by the Federaci3n Nacional de Cooperativas de Ahorro y Cr3dito del Ecuador (FECOAC) which instructed local credit union members on how to manage financially sound credit union operations and how to implement home improvement lending programs, more than 12% of the participants were women. During the life of the program to date, the participation by women in all of the training activities co-sponsored by RHUDD/SA surpasses an average of 35%.

This reporting period RHUDD sent participants to women and local development

PROJECT STATUS REPORT
April 1, 1992 - September 30, 1992

A X B ___ C ___

I. BACKGROUND DATA

Project Title: Technical Training
 Project Number: 518-0044
 Date of Authorization: original 08-16-84 last amendment 05-30-89
 Date of Obligation: original 08-16-84 last amendment 05-30-89
 PACD: original 09-30-89 amended to 09-30-92
 Implementing Agencies: Centro Juvenil San Patricio
 Major Contractors:
 AID Project Officer: Patricio Maldonado
 Status of CPs/Covenants:

 Date of Last Evaluation: 12-31-91 Next evaluation: N/A
 Date of Last Audit: 12-31-91 Next Audit: N/A

FINANCIAL DATA

Amount Authorized: DA Grant: original \$ 150,000 last amend \$ 1,193,960
 Amount Obligated: DA Grant: original \$ 150,000 last amend \$ 1,193,960
 Current FY Oblig.: Grant: \$ 0
 Amount Committed: Grant - Period: \$ 0
 Cumulative: \$ 1,193,960

 Accrued Expenditures: Grant:
 Period - Projected: \$ 0
 Period - Actual: \$ 27,960
 Cumulative: \$ 1,193,960
 Period - Next: \$ 0

 Counterpart
 Contribution: Planned: \$ 1,831,292
 Actual: \$
 % LOP Elapsed: 100%
 % of Total Auth. Oblig. (Grant) 100%

 % of Total Oblig. Exp. (Grant) 100%

 % of Total Auth. Exp. (Grant) 100%

II. MAJOR OUTPUTS:

	PLANNED				ACCOMPLISHED				% OF LOP					
	PERIOD		CUM		PERIOD		CUM							
	M	F	M	F	M	F	M	F						
1. Fulltime students trained for gainful employment.	800	40	800	0	0	775	100%							
2. Community adults trained in technical skills	400	260	20	20	400	260	0	0	120	68	70	30		
Long term	0	0	0	0	0	0	0	0	0	0	%	%		
Short term	400	260	20	20	400	260	0	0	15	10	120	68	70	30
(reporting on long-term and short-term training under each project is mandatory; if none mark zero)														
3. Teachers in private and public sector schools trained in the use of the competency-based curriculum technology.	520	70	520	0	0	575	110%							

	PLANNED				ACCOMPLISHED			
	LOP	PERIOD	CUM	NEXT	PERIOD	CUM	% OF LOP	
				PERIOD				
4. Students in public and private sector schools trained through the competency-based curriculum.	7,030	2,170	7,030	0	0	7,350	105%	
5. Learning Resources Center equipped and in operation	1	0	1	0	0	1	100%	
6. Private foundation established and in operation to serve as linkage between the CJSP and the local private sector	1	0	1	0	0	1	100%	

III. PROJECT DESCRIPTION

The project has as its main objective the institutional development of the Centro Juvenil San Patricio (CJSP) and is designed to expand and improve the Centro's technical program by means of selective use of technology transfer of a new methodology for teaching and for education administration; improved educational

materials and teacher training program. FY-89 funds were provided to add an extension component to the project, in order to disseminate the San Patricio Model into other, public and private institutions, that serve the technical training needs of poor youths throughout Ecuador. A key component of the institution building aspect of the project is the establishment of a viable, permanent linkage with the local private sector to maximize the availability of human and financial resources for the Centro, and to achieve a more practical instruction with a better focus on the real needs of potential employers.

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

N/A

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

The CJSP has consolidated the process of technology transfer and institution building with public and private institutions that deal with the education and behavioral problems of poor children and youths throughout Ecuador. The CJSP has placed emphasis on the training of teachers of the Ministry of Education and Ministry of Social Welfare schools that deal with poor youths and children with behavioral problems. San Patricio has also consolidated other key elements of the project i.e. the linkage with the private sector through the "Fundación Chicos de la Calle" and the Learning Resources Unit, with emphasis on the production of curriculum modules. The CJSP is also moving ahead with creativity on hard work to consolidate its institutional self-sufficiency, as evidenced by the approval by the Monetary Board of a proposal to obtain a debt for development "cupo". Partial funding for the purchase of debt is being provided by the German Salesian Organization.

VI. PROGRESS DURING REPORTING PERIOD

1. The final impact study and the final audit of the Project were completed during the SAR period.
2. Both the impact study and the audit were reviewed by the CJSP and comments were presented for incorporation into the final reports.

VII. GENDER CONSIDERATIONS

Although the CJSP is mainly oriented to serve technical training needs of out-of-school, male youths and children, it is also providing training in sewing and cooking to a limited number of women from the area of Cumbayá where the Centro is located, particularly during weekends.

VIII. EVALUATIONS AND AUDITS

The CJSP has completed final impact evaluation and a final audit of the project.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

No major issues have been identified, pending the results of the final impact evaluation and the final audit.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

1. None are anticipated as the project has fully spent and/or committed the OPG resources and no further activities will be funded with AID funds.

PROJECT STATUS REPORT
April 1, 1992 - September 30, 1992

A X B C

I. BACKGROUND DATA

Project Title: Special Development Activity Authority
 Project Number: 518-0004
 Date of Authorization: original 10-01-85
 Date of Obligation: original 10-01-85
 PACD: N/A
 Implementing Agencies: N/A
 Major Contractors: N/A
 AID Project Officer: Patricio Maldonado
 Status of CPs/Covenants: N/A

Date of Last Evaluation: 11-30-89 Next evaluation: TBD
 Date of Last Audit: N/A Next Audit: N/A

FINANCIAL DATA

Amount Authorized: DA Grant: original \$1,229,717
 Amount Obligated: DA Grant: original \$1,229,717
 Current FY Oblig.: Grant: \$ 73,000
 Amount Committed: Grant - Period: \$ 107,496
 Cumulative: \$1,229,717

Accrued Expenditures: Grant:
 Period - Projected: \$ 44,000
 Period - Actual: \$ 86,599
 - Cumulative: \$1,199,522
 - Period-next: \$ 35,000

Counterpart
 Contribution:
 % LOP Elapsed: 100%
 % of Total Auth. Oblig. (Grant) 100%
 % of Total Oblig. Exp. (Grant) 98%
 % of Total Auth. Exp. (Grant) 93%

II. MAJOR OUTPUTS:

Not applicable to this project.

III. PROJECT DESCRIPTION

The purpose of the project is to finance small self-help activities aimed at improving the lives of the rural and/or urban poor with financial support that can have an immediate impact at the community level.

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

The SDAA project has been identified by the Mission as a target of opportunity project. It was designed to provide with quick financial assistance to poor urban and rural communities to promote income generation activities and technical skills

training aimed at improving communities social and economic development.

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

During the reporting period, twenty three small community development project throughout Ecuador were approved for SDAA assistance in areas such as micro-enterprise development, agriculture, technical skills training, etc.

The total SDAA funds committed in FY-92 in US\$100,453 with the following geographical distribution:

1. Sierra	US\$ 77,393	77%
2. Coast	9,956	10%
3. Oriente	13,104	13%
TOTAL	US\$ 100,453	

The project has accomplished its objective in reaching poor disadvantaged groups in

Ecuador in urban and rural areas with quick financial assistance that has achieved a positive social and economic impact for at least 12,864 beneficiaries.

VI. PROGRESS DURING REPORTING PERIOD

Same as No. V above

VII. GENDER CONSIDERATIONS

Approximately 50% of SDAA direct beneficiaries are women, principally in the areas of skills training, artisanry, micro-enterprise development, and agriculture.

VIII. EVALUATIONS AND AUDITS

There are none outstanding.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

In response to the problems reflected on the last SAR review, the Mission hired a SDAA Coordinator who has done an outstanding job in monitoring and following-up of SDAA projects throughout the country.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

- To begin with the implementation of the FY-93 SDAA Program.
- To continue reducing the overdue advances. Since the last semi-annual review we have reduced the overdue advances from \$77,094.62 to \$30,446.69.
- To ensure a better geographical distribution of the projects.

conferences in Brazil and Colombia. Also, RHUDO co-sponsored the "Women at City Hall: Innovative Solutions for the Ecuadorian Municipality Conference" with IULA in June. Financed by Mission PD&S funds, it is doubtless that this conference impacted Ecuadorian municipalities affected by the Women and Local Development Program. Some 90 participants including newly elected municipal officials attended this conference and during it formed the first "National Network of Women in Municipalities" to strengthen the coordination of actions supporting women in development initiatives.

VIII. EVALUATIONS AND AUDITS

Once agreement is reached with the GOE on who will conduct the audit of the Financial Fund for Housing's (FFH) books and accounts at the Central Bank before the funds are transferred to the BEV's URH, an audit of the FFH will be scheduled. Hopefully this will occur during the next SAR reporting period.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

A. Shelter Component

The sooner that the Ministry of Urban Development and Housing and its affiliated entities such as the BEV and the URH can put in place the structural and institutional reforms, the procedures to govern new operations, and the policies and mechanisms which will capture domestic resources and open the spigots of international donors to disburse blocked resources to the Ecuadorian housing finance system for new shelter sector activities, the sooner will this country's paralyzed home construction sector be reactivated. Decisive actions by the Housing Minister, the Monetary Board, and others at the highest decision-making levels of the GOE supported by their influential private sector allies must be taken and followed through by builders, materials suppliers, financiers, and local government officials motivated to start new projects, assume new risks, and forge new public/private sector partnerships which will produce more affordable shelter solutions for all those in need.

B. The Infrastructure Component

A genuine follow through and use by municipal officials and private concessionaires of the technical assistance that they are provided to make new investments and start construction activities will increase the effective provision of municipal services such as potable water and the collection and disposal of solid waste.

C. Credit Union Activities

Success by credit union system leadership in their negotiations with the Ministry of Urban Development and Housing and the BEV to get the system's home improvement loan portfolio discounted by the URH's Housing Finance Fund and new funds disbursed to the credit unions will offer system members financing for more home improvement loans.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

A. Shelter Component

To help the GOE consolidate the structural and institutional reforms which it has agreed to, the following actions have been planned for the next semester:

- Provide the Ministry of Urban Development and Housing and its affiliated entities such as the BEV and URH selected technical assistance in such areas as:

- (a) continuing support to the structuring of the new Ministry; (b) support to implement the BEV's financial reform plan; (c) support to coordinate actions to implement a double indexation lending system; (d) support to design and oversee the implementation of an appropriate accounting system for the BEV's URH; and (e) support the BEV's transformation into a second story lending institution and the implementation of double indexation systems by intermediate financial entities. (R. Larrea, S. Low. 03/31/93).

- BEV and URH compliance with USAID conditions plus the completion of a GOE sanctioned audit to facilitate the FFH's transfer from the BCE to the BEV. (R. Larrea. 01/31/93)

- Conditions met by the credit union system to present its home improvements loan portfolio to the BEV for discounting and new financing is disbursed to credit unions for new home improvements lending. (R. Larrea, S. Low. 12/15/92.)

B. The Infrastructure Component

- Project Preparation Workshops with private bankers and water companies in coordination with ANEMAPA scheduled and conducted. (D. Siervo 03/31/93)

- The second phase of the ANEMAPA institutional strengthening T.A. is completed. (D. Siervo 01/31/93)

- Technical assistance is provided to water authorities in Guayaquil and Machala on the process to privatize the provision of potable water services. (D. Siervo, S. Low 12/31/92)

C. Credit Union Activities

- Implementation of second phase of WOCU's technical assistance program to credit union system is continued. (S. Low, D. Siervo 03/31/93)

- Continuing implementation of CHF's technical assistance in home improvements lending program to credit union system. (S. Low, D. Siervo 06/31/93)

PROGRAM ASSISTANCE

Economic Stabilization and Recovery Program III (518-0116)

Food Aid Program (518-0480)

PROJECT STATUS REPORT
April 1, 1992 - September 30, 1992

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	
Major Contractors:	N/A	
AID Project Officer:	Paulyna Martínez	
Status of CPs/Covenants:	Pending	
Date of Last Evaluation:	N/A	Next evaluation: N/A
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:	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:	\$6,200,000
Amount Committed:	Grant - Period:	\$ - 0 -
	Cumulative:	\$6,200,000
Accrued Expenditures:	Grant:	
	Period - Projected:	\$ - 0 -
	Period - Actual:	\$ - 0 -
	Cumulative:	\$ - 0 -
	Period - Next:	\$6,200,000
	Counterpart	
Counterpart Contribution:	Planned:	\$6,200,000 (1/c)
	Actual:	\$6,200,000 (1/c)
% LOP Elapsed:		N/A
% of Total Auth. Oblig. (Grant)		100%
	% of Total Oblig. Exp. (Grant)	0%
	% of Total Auth. Exp. (Grant)	0%

II. MAJOR OUTPUTS:

N/A.

III. PROJECT DESCRIPTION

This ESF Program will provide support to Ecuador's Economic Reform Program, as well as 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 AID local currency guidelines.

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

N/A.

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

The \$6.2 million grant consists of a cash transfer to a separate account held in the name of the GOE, disbursed in one tranche upon compliance with the conditions precedent described in the authorization and agreement.

The Program Agreement was signed on September 9, 1992.

VI. PROGRESS DURING REPORTING PERIOD

The GOE has met all of the CP's.

VII. GENDER CONSIDERATIONS

N/A.

VIII. EVALUATIONS AND AUDITS

The National Controller General's office is the entity that audits local currency activities under this ESF Program.

IX. ISSUES, PROBLEMS, DELAYS AND CORRECTIVE ACTIONS

None.

X. MAJOR ACTIONS PLANNED FOR THE NEXT SEMESTER

Monitor GOE's stabilization program and the specific areas included in the conditions precedent to the Agreement.

Review and approval of individual activities that will be included in the overall programming of local currency generations.

Monitoring of disbursement of dollars from the separate account.

PROJECT STATUS REPORT
April 1, 1992 - September 31, 1992

I. BACKGROUND DATA

Project Title: Section 416 (b), Food for Progress and Emergency Food Program
 Project Number: 518-0480
 Date of Authorization: N/A
 Date of Obligation: N/A
 PACD: N/A
 Implementing Agencies: The authorized GOE representatives are the Ministries of Agriculture and Finance.

AID Project Officer: Mónica Suquilanda

Date of Last Evaluation: 00-00-00 Next evaluation: 07-31-93
 Date of Last Audit: 12-31-87 Next Audit: 07-31-93

FINANCIAL DATA (518-4801)

<u>Source</u>	<u>Date</u>	<u>Sucres Grant</u>	<u>Dollars Grant</u>
Emergency Food Program FY 87	05/87	867,000,000	4,806,786.05*
Section 416, (b) FY 89	03/89	1,536,817,779	2,845,958.85**
Food for Progress FY 91	02/91	5,460,546,883	5,574,660.18***
Total Obligations to Date:		7,864,364,662	13,227,405.08
Exchange rates:		(*) 1US\$ = S/.180.37	
		(**) 1US\$ = S/.540.00	
		(***) 1US\$ = S/.979.53	

	<u>Cumulative</u>	<u>Reporting Period</u>
Emergency Food Program, FY 87	1,904,094,720	
Programmed (% of avail.)	1,904,094,720 (100%)	
Disbursed (% of avail.)	1,404,352,888 (74%)	259,002,100 (14%)
Section 416 (b), FY 89		
Available	4,439,943,136	
Programmed (% of avail.)	4,488,013,014 (100%)	
Disbursed (% of avail.)	2,194,478,698 (49%)	932,497,468 (21%)
Food for Progress, FY 91		
Available	7,082,428,206	
Programmed (% of avail.)	8,766,865,533 (124%)	
Disbursed (% of avail.)	719,573,133 (0.10%)	702,573,133 (10%)

II. Progress Purpose

The purpose of the Food Aid Program is to provide U.S. surplus commodities (e.g. grains) which are in short supply in Ecuador and hold potential for developing commercial trade with the United States. The local currency generations from the sale of these commodities provide support to public and private organizations principally engaged in efforts 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 small-scale agroindustries. The Program also contributes to the Mission's policy dialogue efforts by strengthening the policy analysis and education capabilities of Ecuadorian organizations and by leveraging policy reforms with the potential to significantly improve growth, efficiency and equity of the agricultural sector.

The Program is intended to contribute to achievement of three of the Mission's five Strategic Objectives: those related to increasing agricultural income on small and medium farms; to increasing exports and employment; and, to sustainable use of biological resources in selected geographic areas. Local currency proceeds of sales of donated commodities provide supplementary resources to those made available through such bilateral projects as Agricultural Research, Extension, and Education; Agricultural Sector Reorientation, Nontraditional Agricultural Exports, and Sustainable Uses for Biological Resources.

III. Program Status

A. Local Currency Uses

The program currently supports 25 activities, within four priority areas: 1) agricultural and natural resources policy and information; 2) agricultural production and productivity: yuca, sheep, sorghum, alpaca, aquaculture, cacao, cattle, horticultural crops; 3) agricultural education; 4) environmental and natural resource management.

The following agencies are implementing the above mentioned activities:

Public Sector

- Ministry of Agriculture (MAG)
- ESPOCH
- Colegio Técnico Agropecuario Quinindé
- Universidad Central del Ecuador

Private Sector

- Sheep Growers' Association (ANCO)
- Yuca Producers Association of Manabí (UAPPY-M)
- Agricultural Research Foundation (FUNDAGRO)
- Institute for Agricultural Strategies (IDEA)
- CARE
- Yuca Producers Association of Esmeraldas (UAPPY-E)
- Casa Campesina Cayambe
- Administrative Commission, Puyango Forest
- Environment and Development Foundation (AMDE)
- Partners of the America
- Anthropological Program for Ecuador (PAE)
- PROEXANT
- PREDUR
- National Rice Growers Federation (FENARROZ)
- Central American Business Administration Institute (INCAE)
- Wilson Popenoe Foundation
- Rural Women's Foundation (FUNDELAM)
- Sierra and Oriente Cattlemen's Association (AGSO)
- Los Bancos Cattlemen's Association
- ECOCIENCIA

B. Local Currency Management

USAID/Ecuador and the Government of Ecuador (GOE) are implementing the Food Aid Program through the Implementation Secretariat. This Implementation Secretariat is staffed by professional and support personnel who are well qualified to manage the day to day operations of the program. Implementation policy and procedures are set forth in project implementation letters (PIIs) which are jointly agreed to by the GOE and USAID.

C. Problems and Delays

1. Now that MAG has permitted the sale of the last 6,200 MT of sorghum from the FY 91 Food for Progress program, and the Implementation Secretariat has recovered the currency from sales to finance programmed activities, there is concern about future food aid and the future of the Implementation Secretariat.
2. The Rural Land Registry and Titling Project in Pelileo Canton became financially unviable and was terminated because one of the principal co-financiers did not comply with its obligation.
3. The evaluation of the Quimiag project, Sprinkler Irrigation on Small Parcels, has been delayed due to various difficulties in the CARE office and the change of the CARE Director.
4. The return on investment of the Food Aid Program funds has declined dramatically because of the drop in interest rates since mid-September as a result of economic policies adopted by the government.

D. Major Activities or Corrective Actions During Next Six Months

1. Review of the Operational and Administrative Procedures for the USAID Food Aid Program - Ecuador and revision of certain procedures to improve the administration of this program.
2. Change of the investment policy to get better return on the Program's sucre investment.
3. Final liquidation of the 36,000 metric tons of sorghum donated under the FY91 Food for Progress Program.
4. Request to USDA to permit USAID/Ecuador to continue managing funds which have not been disbursed, until local currency generated by the Program has been fully expended.

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CENTRALLY-FUNDED PROJECTS

	<u>Category</u>	<u>Strategic Objective</u>	
Regional Environmental Support "Tagua Initiatives"	"A"	5	
Parks in Peril	"A"	5	
APT Link	"B"	1	
LACTECH	"B"	1	
Bean Cowpea CRSP	"B"	2	
Coastal Resources Management	"B"	5	
Immediate Relief Assistance	"C"	Targets	of
		Opportunity	
Cooperative Initiatives Grant Program	"C"	Targets	of
		Opportunity	

STRATEGIC OBJECTIVE NO. 5
April 1992 - September 1992

Project Name: Regional Environmental Support "Tagua Initiatives"

Project Number: 598-0780.00 "A"

Fiscal Data:

PIO/T No.:	518-0780-3-20093
Grant No.:	518-0780-G-22160
Appropriation:	72-11231021 RCNPO92134
Budget Plan Code:	LDS2-92-25518-KG12
Total Estimated Amt.:	\$150,000
Total Obligated Amt.:	\$150,000

Grantee: Conservation International (CI)

LOP: September 18, 1992 - September 30, 1994

Technical Office: ANRO

PROJECT PURPOSE

The purpose of this Grant is to improve the trade in tagua palm nuts (vegetable ivory) and create economic alternatives to cutting timber in biologically sensitive areas of the tropics. At the same time, the project involves intensive community development and training to build local capacity for sustainable ranforest management.

ACTIONS

Approval of annual work plans and minimal oversight during project implementation.

STRATEGIC OBJECTIVE NO. 5
April 1992 - September 1992

Project Name: Parks in Peril
Project Number: CA No. LAC-0782-A-00-0047-00 "A"
Grantee: The Nature Conservancy-AID/W
LOP: September 30, 1990 - March 31, 1993
Technical Office: ANRO

PROJECT PURPOSE

The purpose of this Program is to ensure adequate on-site protection for critically threatened national parks and reserves in Latin America and the Caribbean that have global biological significance.

ACTIONS

Approval of annual work plans and minimal oversight during project implementation.

STRATEGIC OBJECTIVE NO. 5
April 1992 - September 1992

Project Name: Coastal Resources Management
Project Number: 936-5518 "B"
Project Funding: PIO/T No.: 936-5518-3-20052
Grant: LAC-5518-A-00-5054-00
Appropriation: 72-11231021 PO92064
Budget Plan Code: LDN2-92-25518-KG13
Total Estimated Amt.: \$150,000
Total Obligated Amt.: \$150,000
Counterpart Contrib.: \$1,546,558
Major Contractor: University of Rhode Island
LOP: March 3, 1986 - May 30, 1994
Technical Office: ANRO

PROJECT PURPOSE

The Coastal Resources Management Project (CRMP) is a centrally funded project whose goal is to contribute to the economic development of LDCs by assisting them to develop and apply better methods of managing their coastal resources on a sustainable basis. This will be accomplished through the development of an integrated system for managing coastal resources. The project is implemented through pilot projects in three countries of which Ecuador was chosen in 1985 as the first pilot country.

ACTIONS

Approval of annual work plans and monitoring project phase out to start the IDB-funded project. The CRMP requires minimal oversight during implementation.

STRATEGIC OBJECTIVE NO. 5
April 1992 - September 1992

Project Name: Immediate Relief Assistance to Flood Victims
in the Coastal Region of Ecuador

Project Number: 968-2030

Fiscal Data: Grant No.: 518-2030-G-00-2063-00
Appropriation: 72-11X1035 V2684165
Budget Plan Code: EFDX-92-16830-IG41
Total Estimated Amt.: \$25,000
Total Obligated Amt.: \$25,000

Grantee: Partners of the Americas

LOP: April 21, 1992 - July 21, 1992

Technical Office: ANRO

PROJECT PURPOSE

Partners of Americas, which is implementing an Emergency Preparedness Program for Ecuador since 1989, requested emergency assistance from USAID/Ecuador and the USG/GOE local currency program to meet the immediate needs of disaster victims in the coastal provinces of Ecuador.

ACTIONS

According to the National and Provincial Offices of Civil Defense, this emergency relief effort was the most effective project implemented during or after the 1992 floods in the coastal provinces of Ecuador. The reasons for this project's success can be summarized as follows: a) funds were accessed quickly through the USG (This donation was the first international assistance to reach flood victims); b) Partners' well-established program ties with national and local civil defense institutions and its own administrative infrastructure at the provincial level (Guayas) enabled prompt and expeditious project definition and management; and c) assistance was focused and concentrated on a limited segment of the affected population to increase the impact on beneficiaries.

Using Partners as an implementing institution had the advantage of assuring that the Grant funds were earmarked to meet specific needs. If the donation had been given directly to the National Office of Civil Defense, it would have been deposited into an "emergency fund" and programmed for general disaster relief purposes. Since Partners maintains a close working relationship with the National Office of Civil Defense, ancillary agreements with the National and Provincial Offices of Civil Defense were negotiated and signed within a few days, assuring close institutional collaboration during project execution.

The success of this joint disaster relief effort between Partners and Civil Defense has paved the way for future collaboration if a more serious disaster occurs.

A data base of emergency response contacts has been devised for Guayas province. Partners intends to develop a data base of emergency response contacts for other provinces in Ecuador, which will be of great utility if another disaster strikes.

PROJECT OUTPUTS

Major project outputs include:

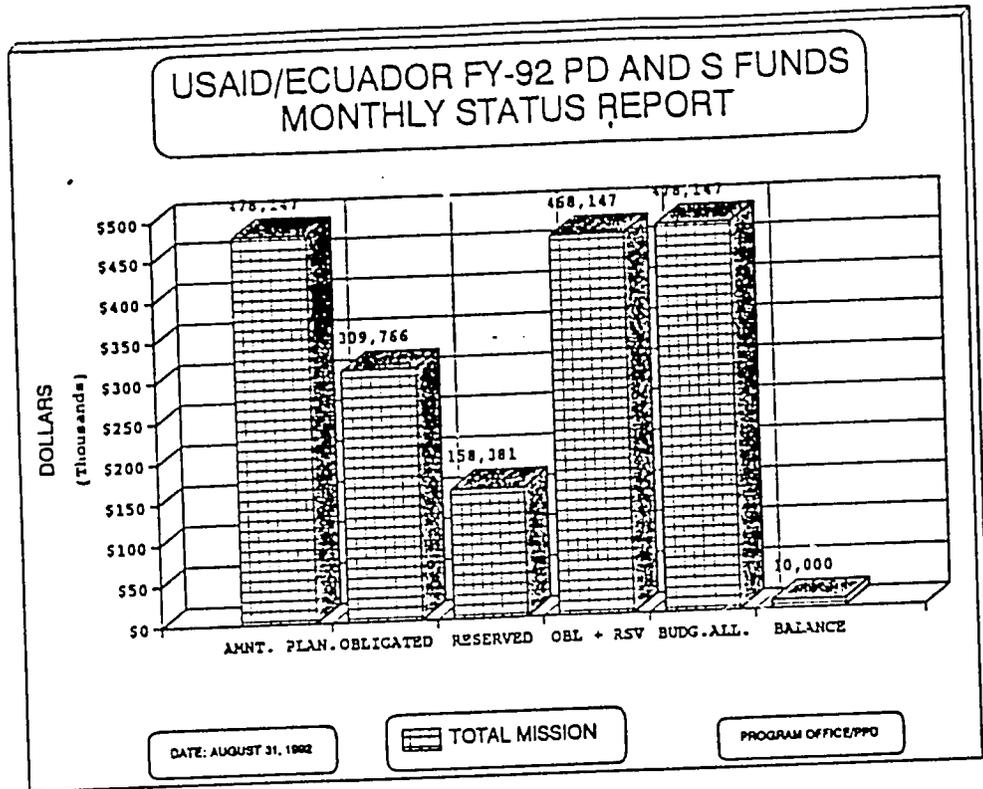
- 3 new schools constructed, benefiting 160 children and three communities
- 900 families received medical attention
- 105 homes rebuilt
- 1,000 mosquito nets distributed
- 2 cantonal offices of Civil Defense--Daule and Samborondon--equipped

FHA/PVC Centrally-Funded Project

(A) Supports Target of Opportunity and Can Be Managed by RHUDO/SA.

1. Project Title and Number: Cooperative Initiatives Grant Program: Cooperative Sector Low-Cost Housing Project in Ecuador. No. OTR-0192-A-00-9089-00 with CUNA/WOCCU and No. OTR-0192-A-00-9145-00 with CHF.
2. Funding Level: (Total Funding to Date from FHA/PVC) - \$340,000.
3. PACD: 06/30/93.
4. Project Purpose: Create mechanisms in the Ecuadorian credit union system to mobilize savings for investment in the housing sector and establish a cooperative vehicle for producing affordable and legal housing projects.
5. Nature and Extent of Mission Management: Extensive RHUDO/SA staff oversight including sign-off of proposed scope and funding of individual WOCCU/CHF technical assistance support activities provided to Ecuadorian credit union system and selective RHUDO/SA staff monitoring and participation at a sample of WOCCU/CHF sponsored events held in Ecuador. Also, USAID/Ecuador has provided front office support and participation at high profile project activities -i.e. Mission Director inauguration of credit union system's national strategic planning workshop/seminar.
6. Project Rating: B.

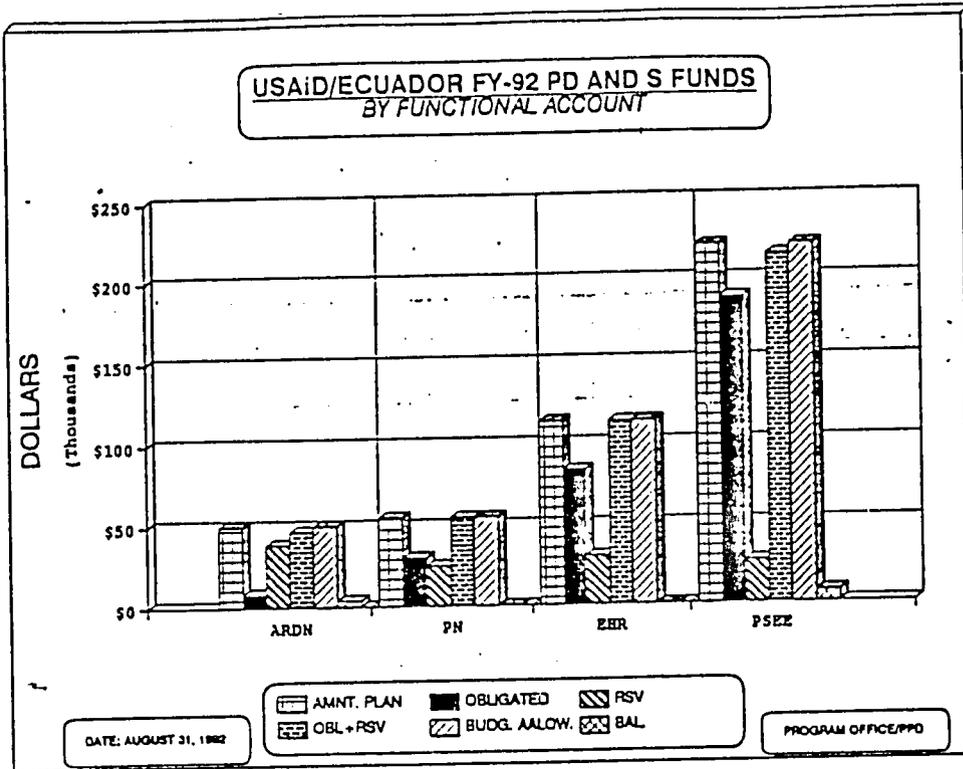
Drafted by: RHUDO/SA/S.Low/ENA



STATUS REPORT AS OF AUGUST 31, 1992

FY-92 OYB PD AND S ACCOUNTS BY TECHNICAL OFFICE

PURPOSE	(1) AMOUNT PLANNED	(2) OBLIGATED TO DATE	(3) RESERVED TO DATE	(4) (2+3) TOTAL	(5) (6-4) BALANCE	(6) BUDG. ALLOW TO DATE
1. PD&S ANRO.	0	0	0	0	0	0
2. PD&S ETIO.	25,000	0	25,000	25,000	0	25,000
3. PD&S GDO/HFP.	30,000	30,000	0	30,000	0	30,000
4. PD&S GDO/EDI.	107,170	100,500	0	100,500	6,670	107,170
5. PD&S RHUDO.	49,605	49,605	0	49,605	0	49,605
6. PD&S PPD - O/CONT. - RCO	263,042	129,661	133,381	263,042	0	263,042
7. AMOUNT FOR POSSIBLE RE-PROGRAMING.	3,330	0	0	0	3,330	3,330
TOTALS	478,147	309,766	158,381	468,147	10,000	478,147
PERCENTAGES	100.0%	64.8%	33.1%	97.9%	2.1%	100.0%



FY-92 OYB STATUS REPORT AS OF AUGUST 31, 1992

PD AND S BY FUNCTIONAL ACCOUNT

PURPOSE	(1) AMOUNT PLANNED	(2) OBLIGATED TO DATE	(3) RESERVED TO DATE	(4) (2+3) TOTAL	(5) (6-4) BALANCE	(6) BUDG. ALLOW TO DATE
1. PD&S ARDN 518-0000.01	50,000	8,030	38,640	46,670	3,330	50,000
2. PD&S HE 518-0000.02	39,000	0	39,000	39,000	0	39,000
3. PD&S PN 518-0000.03	55,000	30,000	25,000	55,000	0	55,000
4. PD&S EHR 518-0000.04	113,040	83,321	29,719	113,040	0	113,040
5. PD&S PSEE 518-0000.05	221,107	188,415	26,022	214,437	6,670	221,107
6. PD&S CS 518-0000.06	0	0	0	0	0	0
TOTALS	478,147	309,766	158,381	468,147	10,000	478,147
PERCENTAGES	100.0%	64.8%	33.1%	97.9%	2.1%	100.0%

PD & S MONTHLY STATUS REPORT

DATE: AUGUST 31, 1992

1992 OYB							STATUS REPORT AS OF AUGUST 31, 1992						
D AND S ARDN ACCOUNT (518-0000.01)													
	(1)		(2)	(3)	(2+3)	(4)							
	AMOUNT	TECHNICAL	OBLIGATED	RESERVED	TOTAL	BUDG. ALLOW							
	PLANNED	OFFICE	TO DATE	TO DATE		TO DATE							
DEVELOPMENT OF M&E PLANS (GENERAL)	38,640	PPD	0	38,640	38,640	38,640							
US/PSC ADMIN. MGMT. CONSULTANT	8,030	RCO	8,030	0	8,030	8,030							
DESIGN OF AG. SECT. DEV. PROG.	0	ANRO	0	0	0	0							
PROCUREMENT OF USAID PR PAMPHLET	0	PPD	0	0	0	0							
AMOUNT FOR POSSIBLE RE-PROGRAMMING	3,330											3,330	
TOTALS	50,000		8,030	38,640	46,670	50,000							
PERCENTAGES	100.0%		16.1%	77.3%	93.3%	100.0%							

1992 OYB							STATUS REPORT AS OF AUGUST 31, 1992						
D AND S HE ACCOUNT (518-0000.02)													
	(1)		(2)	(3)	(2+3)	(4)							
	AMOUNT	TECHNICAL	OBLIGATED	RESERVED	TOTAL	BUDG. ALLOW							
PURPOSE	PLANNED	OFFICE	TO DATE	TO DATE		TO DATE							
ASSESSMENT OF HEALTH CARE FINANCING.	0	GDO/HFP	0	0	0	0							
M & E SPECIALIST	15,600	PPD	0	15,600	15,600	15,600							
ASSISTANCE TO NGO BOARDS	23,400	PPD	0	23,400	23,400	23,400							
TOTALS	39,000		0	39,000	39,000	39,000							
PERCENTAGES	100.0%		0.0%	100.0%	100.0%	100.0%							

PAGE 2

7-92 O1 B STATUS REPORT AS OF AUGUST 31, 1992

MANUSPN ACCOUNT (518-0000.03)

PURPOSE	(1) AMOUNT PLANNED	TECHNICAL OFFICE	(2) OBLIGATED TO DATE	(3) RESERVED TO DATE	(2+3) TOTAL	(4) BUDG. ALLOW TO DATE
ASSESSMENT FOR CONTRACEPTIVE SOCIAL MARKETING.	30,000	GDO/HFP	30,000	0	30,000	30,000
ASSISTANCE TO NGO BOARDS AMOUNT FOR POSSIBLE RE-PROGRAMING.	25,000	PPD	0	25,000	25,000	25,000
TOTALS	55,000		30,000	25,000	55,000	55,000
PERCENTAGES	100.0%		54.5%	45.5%	100.0%	100.0%

Y-92 OYB STATUS REPORT AS OF AUGUST 31, 1992

MANUS EHR ACCOUNT (518-0000.04)

PURPOSE	(1) AMOUNT PLANNED	TECHNICAL OFFICE	(2) OBLIGATED TO DATE	(3) RESERVED TO DATE	(2+3) TOTAL	(4) BUDG. ALLOW TO DATE
	0		0	0	0	0
2. DESIGN OF A DI/AOJ PROJECT.	22,500	GDO/EDI	22,500	0	22,500	22,500
3. SUPPORT FOR THE AOJ LAWYERS/JUDGES WORKING GROUP. (CORP. LAT. DEASAROLLO)	40,000	GDO/EDI	40,000	0	40,000	40,000
4. M & E SPECIALIST.	3,400	PPD	0	3,400	3,400	3,400
5. ASSISTANCE TO NGO BOARDS	26,319	PPD	0	26,319	26,319	26,319
6. COMPLETE HOST COUNTRY CONT. AUDIT.	20,636	CONT	20,636	0	20,636	20,636
7. REGISTRATION FOR AWID CONFERENCE.	185	PPD	185	0	185	185
TOTALS	113,040		83,321	29,719	113,040	113,040
	100.0%		73.7%	26.3%	100.0%	100.0%

STATUS REPORT AS OF AUGUST 31, 1992

FY-92 OYB
PPD AND SPSEE ACCOUNT (518-0000.05)

PURPOSE	(1) AMOUNT PLANNED	TECHNICAL OFFICE	(2) OBLIGATED TO DATE	(3) RESERVED TO DATE	(2+3) TOTAL	(4) BUDG. ALLOW TO DATE
1. UNIVERSITY INTERN FOR PPD.	35,701	PPD	35,701	0	35,701	35,701
2. DEVELOPMENT OF M & E PLANS (GENERAL).	1,022	PPD	0	1,022	1,022	1,022
3. SUPPORT FOR AOJ LAWYERS/JUDGES WORKING GROUP.(CORP. LAT. DEASAROLLO)	44,670	GDO/EDI	38,000	0	38,000	44,670
4. TOURISH SECTOR STRATEGIC PLAN	25,000	ETIO	0	25,000	25,000	25,000
5. ANDEAN TRADE INITIATIVE STUDY	20,000	PPD	20,000	0	20,000	20,000
6. ANALYSIS OF 1990 GOE CENSUS OF POPULATION AND HOUSING.	10,105	RHUDO	10,105	0	10,105	10,105
7. IULA-WID-RHUDO SPONSORED REGIONAL SEMINAR ON WOMEN IN LOCAL DEV. QUITO	11,000	RHUDO	11,000	0	11,000	11,000
8. ASSISTANCE TO NGO BOARDS	0	PPD	0	0	0	0
9. MONITORING AND EVALUATION SPECIALIST.	0	PPD	0	0	0	0
10. COMPLETE HOST COUNTRY CONT. AUDIT.	42,393	O/CONT	42,393	0	42,393	42,393
11. RESPONDAON II CONFERENCE	2,716	O/CONT	2,716	0	2,716	2,716
12. MUNICIPAL DEVELOPMENT PP.	28,500	RHUDO	28,500	0	28,500	28,500
13. PROCUREMENT OF USAID PR PAMPHLET.	0	PPD	0	0	0	0
14.	0		0	0	0	0
15. AMOUNT FOR POSSIBLE RE-PROGRAMING.	0		0	0	0	0
TOTALS	221,107		188,415	26,022	214,437	221,107
PERCENTAGES	100.0%		85.2%	11.8%	97.0%	100.0%

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TABLE VII - SCHEDULE OF EVALUATIONS COMPLETED AND PLANNED
(FY 1992, FY 1993 AND FY 1994)

USAID/Ecuador:or AID/W Office:_____

Evaluation Officer: Paula Goddard

Title: Chief, Program and Project Development Office

Evaluation Activities (1)	Date of Evaluation (2)	Date Sent to AID/W (3)	PACD (4)	Funding Level (5)
Non Traditional Agricultural Exports (518-0019)	6-93	N/A	08-30-94	-----
Trade and Investment (518-0094)	09-93	N/A	09-30-97	\$ 70,000
Agricultural Sector Reorientacion (518-0051)	06-92 08-30-93	Internal N/A	07-30-93	N/A \$ 60,000
Agricultural Research, Extension and Education (518-0068)	None planned	N/A	12-31-94	N/A
Fiscal Administration Development (518-0042)	01-93	N/A	07-31-92	\$ 58,000
Malaria Control (518-0049)	cancelled 06-92	N/A	02-29-92	\$ 45,000
Private Sector Financing and Health Care (518-0060)	11-91	07-15-92	12-31-91	\$ 50,000
Child Survival and Health (518-0071)	06-93	N/A	12-31-94	\$ 80,000
Water and Sanitation for Health and Ecuadorian Development (518-0081)	1-93	N/A	12-31-93	\$ 45,000

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TABLE VII - SCHEDULE OF EVALUATIONS COMPLETED AND PLANNED
(FY 1992, FY 1993 AND FY 1994)

USAID/Ecuador: or AID/W Office: _____

Evaluation Officer: Paula Goddard

Title: Chief, Program and Project Development Office

Evaluation Activities (1)	Date of Evaluation (2)	Date sent to AID/W (3)	PACD (4)	Funding Level (5)
Health and Family Planning (518-0084)	N/A	N/A	09-30-97	N/A
Cholera Reponse in Affected Rural Areas (518-0108)	04-92	07-15-93	08-30-92	\$ 20,000
Drug Information and Public Awareness (518-0064)	03-94	N/A	04-01-94	\$ 80,000
Culture Rejection Toward Narcotrafficking (518-0083)	10-91	07-15-92	05-31-92	\$ 10,000
Andean Peace Scholarship Program (518-0067)	10-91 06-93	N/A	12-31-92	Evaluation Funded by LAC
Ecuadorian Development Scholarship Program (518-0091)	09-93	N/A	09-30-96	\$ 30,000
Regional Technical Aid Center II (518-0095)	10-93	N/A	09-24-96	\$ 45,000
Electoral Education and Civic Training (518-0109)	07-92	Internal N/A	09-30-92	\$ 10,000
LAC Training Initiatives II (518-0640.11)	09-94	To be carried out by LAC Bureau	To be carried out by LAC Bureau	To be carried out by LAC Bureau
Environmental Educational (518-0079)	03-92	09-92	07-93	\$ 20,000
Cholera Control Project (518-0108)	09-92	12-92	12-93	\$ 5,000

TABLE VII - SCHEDULE OF EVALUATIONS COMPLETED AND PLANNED
(FY 1992, FY 1993 AND FY 1994)

USAID/Ecuador:or AID/W Office: _____

Evaluation Officer: Phula Goddard

Title: Chief, Program and Project Development Office

Evaluation Activities (1)	Date of Evaluation (2)	Date Sent to AID/W (3)	PACD (4)	Funding Level (5)
Sustainable Uses for Biological Resources (518-0069)	03-94	N/A	09-15-97	\$ 80,000
Conservation of Biological Resources in the Galapagos (518-0107)	03-93	N/A	09-30-94	To be financed by Grantee as counterpart
Policy Dialogue Support (518-0089)	01-93	N/A	09-30-94	\$ 45,000
National Shelter Delivery System (518-0076)	01-92	07-15	12-31-95	\$ 50,000
Technical Training (518-0044)	12-91	07-15	09-30-92	\$ 66,000
Special Development Activity Authority (518-0004)	TBD	N/A	N/A	