

U. S. TECHNICAL AND ECONOMIC COOPERATION TO ECUADOR 1942-1977

I Summary

For purposes of presenting, in broad terms, the concept of U.S. technical and economic cooperation to Ecuador during the past 35 years, it can be divided into three major stages or time-frames:

The post-world war two stage 1942-1961

The Alliance for Progress stage 1962-1971

The New Congressional mandate stage and phase down 1972 to date

1. The post world war two stage characterized itself by substantial injections of technical and economic assistance which addressed a wide variety of social and economic development problems. It could be defined as an experimental stage, a learning process, in which, through cooperation in most of Ecuador's development issues, the idea was to progressively identify key development problems where the U.S. assistance could be more efficient. As a result, it turned out that at the end of this period, the education and agricultural sectors were the ones that received the bulk of the assistance. U.S. inputs during this stage were administered mainly through the Interamerican Cooperative Services (Servicios Cooperativos).
2. The Alliance for Progress stage. It emerged from the signing of 18 countries in 1961 of the Charter of Punta del Este. Generally, the Alliance concept was aimed at the development of an adequate institutional and physical infrastructure within the country to serve as catalyst and attract foreign and domestic investment towards specific development projects, mainly in the industrial sector. The Alliance was very much private enterprise oriented, the idea being that increased investments by the private sector would result in solving social pressures by creating more and better remunerated employment opportunities.

During this stage, the main instrument used by the U.S.G. to provide technical and economic cooperation was the Agency for International Development, which has continued to exist and to perform its specific functions up to the present date.

3. The New Congressional Mandate and phase-down stage. During the early 70's a "new approach" to foreign aid began to take form in Washington, an approach which is now in full force and effect. U.S. Congress thought that it was necessary to concentrate foreign assistance efforts and resources in fewer priority problem areas.

or sectors. The purpose of this concentration approach was two-fold 1. To better utilize the limited resources available to foreign aid, and 2. To address the problems of the poorest and neediest target groups in developing nations

Three sectors were chosen by Congressional mandate, as follows 1. Health, 2. Education, and 3. Agriculture. The AID program in Ecuador has followed the above mandate in its activities during the past five years, up until the present date when, for reasons which are not the subject of this paper, the USAID is completing a gradual phase-down process.

II. Other Donors

During the above mentioned period of time, Ecuador has received technical and financial development assistance from other governments, multilateral agencies and private groups. The task of avoiding overlap amongst donor institutions and governments has been one of the crucial issues for both the COE and the donors. Presently this problem has been solved to a large extent due to two factors: a) a better organized effort of coordination, and b) the fact that donor governments and institutions have made attempts to specialize in specific development sectors, i.e. the AID congressional mandate.

Main donors to Ecuador are: United Nations through UNDP, UNIDO, WFP, FAO, etc., OAS, British Overseas Development Fund, IDB, World Bank, Swiss Government, etc.

III. U.S G Financial Assistance

	<u>Loans</u>	<u>Grants</u>	<u>Total</u>
1. Education	\$ 5,300,000	\$16,727,597	\$ 22,027,597
2. Health	2,750,000	13,698,116	16,448,116
3. Agriculture	14,733,600	16,001,993	30,735,593
4. Industry, Urban, Housing & Energy	22,265,000	8,664,455	30,929,455
5. Infrastructure	25,422,700	4,606,000	30,028,700
6. Public Safety and Narcotics		6,379,525	6,379,525
7. Miscellaneous	41,120,400	969,010	42,089,410
8. USAID		11,132,100	11,132,100
Sub-total	<u>\$111,591,700</u>	<u>\$78,178,796</u>	<u>\$189,770,496</u>
Plus PL-480			<u>\$ 54,900,000</u>
Grand TOTAL			<u>\$244,670,496</u>

In subsequent sections the reader will find a brief review, on-a-sector-by-sector basis, of the various programs that have constituted the U.S. technical and economic effort in Ecuador during the past 35 years.

O/DP P. Maldonado mecm 10/21/77

EDUCATION SECTOR

I. Background

The U S technical and financial assistance to improve the GOE primary education system started in 1945 through the Interamerican Cooperative Services (Servicios Cooperativos). The U S at that time was assisting in a self-help construction program that concentrated on building primary school classrooms and teachers lodgings. Under this highly successful "Servicio" administered program, 710 units (classrooms and teachers quarters) had been completed and another 175 units were near completion. The U.S was not, however, assisting in any programs to increase the number of qualified primary school teachers.

The Ecuadorean ten year educational plan, adopted in 1963 in accordance with the Alliance for Progress, proposed to increase functional literacy to 80% by 1973. This was to be accomplished mainly by providing the additional classrooms and teachers required to accommodate all primary school aged children.

In 1965 an AID loan was authorized to the amount of \$5.3 million to improve the GOE primary education system. It integrated building construction and maintenance (222 schools with 1430 classrooms had been completed), textbook development and printing and teacher training. The AID goal was to maximize the participation of all people of Ecuador in the development process. The project purpose of loan was to increase the literacy rate and improve the educational content of primary education in Ecuador's primary school system.

AID programs, principally in education have focused on the basic problems of finding ways to accelerate the integration of the mass poor, disadvantaged people into the modern sector of Ecuadorean society. AID has cooperated with the GOE in efforts to upgrade human resources by improving primary education and by developing effective non-formal teaching techniques. AID cooperation in establishing a textbook production center, has produced inexpensive reading, science, and mathematic books for grades one through four. AID participation in an education sector analysis provided a comprehensive appraisal of education problems and needs and will lead to the establishment of an improved set of goals for the allocation of resources in the education sector.

II. U. S. Financial Assistance

Loans	\$ 5,300,000
Grants	<u>16,727,597</u>
Total	\$22,027,597

III. Institutions Involved in Sector

University of New Mexico (Contract for Participant Training, and textbook production assistance)

University of Massachusetts (Developing and testing informal education systems)

IV. General Evaluation

U.S.G. efforts in the Education Sector have encountered perhaps the most serious implementation bottlenecks in Ecuador. The Ecuadorean education structure has strong deficiencies at the mid-management level, and this makes it difficult for any program to be adequately planned and carried out. The school construction loan constitutes the most successful AID program in education. Other activities such as textbook preparation and distribution, teacher training, primary education and non-formal education, have had different levels of success. It can be said that programs have worked while the AID technical assistance was in place, but little has been done in terms of leaving behind a viable institutional framework after the AID input was phased out.

In brief, when dealing with the education sector, AID inputs, past or future, can make a significant impact when they are aimed at an specific technical issue or problem area, but it is unlikely that such inputs be of help to solve the deficiencies within the overall education structure.

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HEALTH SECTOR

I. Background

1. Health Services - The U S cooperation to the Government of Ecuador started in 1942 with the establishment of the Servicio Cooperativo Interamericano de Salud Pública (SCISP). The objective of the Servicio was the nation-wide delivery of health services and the coordination and integration of all the Ecuadorean entities for the creation of a centralized Ministry of Health.

The Ministry was created in 1966 after the Servicio terminated in 1964. During the operation of the Servicio several activities were developed and organizations established as follows: a national department of health education, a national department for environmental sanitation, the national school for nurses, the eradication of pian and pinto, first steps in malaria eradication, the planning and execution of the majority of hospitals and public health centers between 1943 and 1964 and the design and construction of potable water systems in 25 cities.

2. Population - USAID technical and economic support started in 1963 and has been instrumental in establishing a more liberal environment in relation to Family Planning-Population attitudes in the country and an adequate infrastructure for delivery of services in 400 government and private clinics, with 80,000 active users.

Family Planning efforts of USAID were directed at two levels or categories: a) to increase family planning capabilities in existing institutions, b) to support the build up of new FP organizations.

Under category a) assistance was provided to:

Ministry of Public Health to provide FP services within the public health units.

Ministry program also includes FP into post partum at maternity hospitals and mass media communication through radio, leaflets and bill boards, to support MCH care with FP component.

In 1971, the Ministry of Agriculture, acting through its Rural Development Division, began introducing FP activities into 14 of its centers, and carried out socio economic studies before introducing services. Medical services were transferred to MOPH, Rural Development Division, performing FP activities.

Ecuadorean Association for Family Welfare APROFE was founded in 1966 and now acts as advisory body to the government agencies

Ministry of Social Welfare, engaged in community activities in rural areas, contracts rural communities and gives courses, seminars through schools and mother's centers on Ecuador demographic problems, parental responsibility, objectives of matrimony and sex education.

National Malaria Eradication Service (SNEM) Starting in 1972, SNEM workers started a program of courses and lectures for women about Family Planning.

Ecuadorean Social Security Institute (IESS). In 1966 the IESS started a FP and a cancer detection program in a Quito Hospital. Today with external assistance from USAID it has equipped 10 clinics and 7 hospitals to provide FP services.

Ministry of Defense offering FP services through 32 health units equipped with USAID assistance, provides FP services to both enlisted men and civilians. It has a sex education program for all draftees and a rural community brigade which provides FP information to rural women.

Under category b), assistance was provided to:

Demographic Analysis Center (DAC) was established as a research population branch of the National Planning Board in 1973.

Women Medical Society (CEMOPLAF) formed by a group of medical doctors provides motivation, education and FP services to public markets, factories, and poor urban population.

Ecuadorean Medical Faculty Association (AFEME). Introduces demography within curricula in the three public universities in Quito, Guayaquil and Cuenca.

Ecuadorean Center for Family Education (CLEF) it was an outgrowth of a sex education program of YMCA. It was aimed at providing sex education in high schools.

3. Malaria Eradication - The control of malaria was one of Ecuador's major sanitary problems since 1942, because it could affect 58% of the Ecuadorean population which lives in the coastal areas. The SCISP executed a limited but well organized campaign that in only one year (1954/55) caused the decrease of incidence from 6.7% to 4.6%.

After the SCISP terminated activities in 1964, the GOE created the National Malaria Eradication Service (SMEM) which was started with AID grant funds and later reinforced with an AID malaria eradication loan.

- 4 Nutrition - During 1973-74, USAID assistance was directed to strengthening and modernizing the National Institute of Nutrition in developing a long term, multidisciplinary, analytical and planning activity that would detect and evaluate root causes of malnutrition and test alternative solutions to the problem. Activities included
- a) Testing of a mass radio advertising techniques in one coastal area was executed as a pilot activity for demonstration of educational approach as a solution to specific priority nutrition problems. This included motivating people to take steps to improve their nutritional habits by continuing breast feeding, eating iodized salt, using boiled drinking water, etc
 - b) Introduction of anthropological research in determining cultural impediments in improving nutrition
 - c) Programming of a national food supplementation program aimed at preventing childhood and mothers malnutrition.

II. U.S Financial Assistance

Loans	\$ 2,750,000
Grants	<u>13,698,116</u>
Total	\$16,448,116

III. Institutions Involved in Sector

United Nations Children Education Fund (UNICEF)
United Nations Fund for Population Activities (UNFPA)
Pan American Health Organization (PAHO)
International Planned Parenthood Federation (IPPT)
Family Planning International Assistance (FPIA)
The Pathfinder Fund
Latin American Demographic Center (CELADE)
Columbia University
University of North Carolina
World Education
Development Associates
World Neighbors
Downstate Medical Center
Margaret Sanger Center
Association for Voluntary Sterilization
Arlie Foundation

IV General Evaluation

Traditionally AID programs in the overall health sector have been well implemented and have significantly affected meaningful change. The Ministry of Public Health, in our judgment, is one of the best managed technical agencies in Ecuador.

Future efforts should focus on the following problems

1. Nutrition - Although prior projects have had implementation difficulties, there is a need for promotion activities anthropological research, delivery of nutrition inputs and services, etc.
2. Family Planning - The concept of family planning in Ecuador is accepted. The problems which need to be addressed and which A I D. and its intermediaries can make significant contribution, are Prevalence of contraceptives use studies, Expansion of FP activities into rural areas, Development of new methods for collecting vital statistics and the effect of factors such as FP, abortion on population trends, Development of new methods of personal and massive communications with emphasis on rural population, Modeling of requirements of the health sector related to population growth.

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AGRICULTURAL RURAL DEVELOPMENT SECTOR

I. Background

This sector has been provided U.S. assistance since 1942. The Institute of Inter-American Affairs provided advisory assistance in rubber, quinine and abaca. By 1951 assistance was expanded to include pest control programs for Ecuador's major export crops of cacao, coffee, and bananas.

From 1952 to 1962 U.S. efforts were directed through the Inter American Cooperative Services (Servicios Cooperativos Interamericanos). Highlights of this period were

1. Institutionalizing an Extension Service, principally 4H programs, public agricultural information programs, human resources development, and special crop improvement activities.
2. Research Development - institutionalizing research through establishment of INIAP (Instituto Nacional de Investigaciones Agropecuarias) with focus on scholarship programs, selected research in agronomy, soil conservation and animal husbandry including dairy.
3. Colonization loan in 1957 - AID loan for colonization project in Santo Domingo area (\$883,600)
4. Specialized resettlement and production development in Azuay, Cañar, Loja and Morona Santiago which created the CREA organization and involved the participation of the land reform organization IIRAC.
5. University of Idaho contract to provide technical assistance to agricultural vocational schools and a special program for coordinating University training programs with extension and research activities.

In 1963, USAID assistance changed from the servicio system and began to form into a modified sectoral approach meshing loan and grant funds. This system was in effect until termination of last AID project of this sector in September, 1977.

Highlights of the era were:

1. Institutionalizing rural cooperatives organizations. Contractors, such as CUNA, CLUSA, and International Development Foundation (IDF), with considerable amounts of complementary grant funds for programs were used to develop production and marketing cooperatives. Among

the many included the Coffee Cooperative Federation (FENACAFE), Rice Cooperative Federation (FLNACCOOPARI), Federation of Agricultural Cooperatives and Marketing (FECOPAM), and Federation of Credit and Savings Cooperatives (FECOAC) In the final years, AID assisted in a pilot rural development project with rural organizations testing an "Improved Rural Life" program.

2. Development of the National Cooperative Bank with and AID loan of \$1 2 million in 1963 to establish the bank and a follow up loan of \$1.2 million in 1970 to permit the bank to expand its susloan activities to member credit unions and agricultural cooperatives.
3. The Land Sale Guaranty Loan of \$3 6 million to assist GOE carry out a program to promote agricultural enterprises among small rice farmers in Guayas Basin and to facilitate these rice cooperatives in land acquisition, agricultural credit, and technical assistance.
4. The Agricultural Development and Diversification Loan \$7 2 million dollars was authorized in 1970 to assist the GOE in carrying out a project promoting the production of short cycle oil crops and cacao. Funds were used for production credit, technical assistance, marketing associations, development, on-farm infrastructure projects (irrigation, storage facilities), credit for farm equipment, seed storage and development, and program operation costs
5. Selected research project under AID centrally or regional funds in water institutions and management, animal nutrition, vampire bat control, soils management, weed control and seed development

II. U S Financial Assistance

Loans	\$14,733,600
Grants	<u>16,001,993</u>
Total	\$30,735,593

III Institutions Involved in Sector

University of Idaho (T A. services to Ecuadorean agricultural schools).

Credit Union National Association - CUNA (Cooperative Credit Program)

Cooperative League of the U.S A - CLUSA (T.A. services to agricultural cooperatives).

International Development Foundation - IDF (Marketing development)

University of Illinois (Production technology).

Mississippi State University (Seed development).

Kansas State University (Marketing development).

North Carolina State University and Agricultural Environment Systems Inc. (Soil Fertility and Evaluation).

Utah State University (Research in water management and development).

University of Florida (Animal Nutrition).

IV. General Evaluation

Sector development has generally showed slow growth both in terms of productivity and the institutional capacity to address agricultural and rural development concerns. Most observers considered the AID's phase out in extension programs premature. The program never reached maturity and has not been able to rejuvenate itself effectively. A chronic problem in Ecuador has been a top heavy bureaucracy administering the agricultural sector and the rapid turnover of personnel.

The development of INIAP as a strong agricultural research institution and the establishment of a viable Cooperative Bank are judged successes in the area of institutional development. Production programs in rice, soybeans, and dairy industry have greatly benefitted from AID contributions.

It appears AID contributions for the future can be best directed to human resource training particularly in selected agricultural commodities, marketing, research and overall administration and policy. Title VI should be explored for appropriateness in Ecuador. Cooperative development projects such as the recently completed IRL (Improved Rural Life) activity have promise in the area of rural development. Land reform is not judged a suitable area for intervention by AID.

AAAO AHankins mecm 10/18/77

INDUSTRY, URBAN DEVELOPMENT AND ENERGY SECTOR

I. Background

The U.S. G cooperation to Ecuador in this sector started in 1957 through the Servicios Cooperativos. Efforts at that time concentrated mainly in the development of the artisan handicraft industry.

With the initiation of the Alliance for Progress the U.S. was requested to assist in Ecuador in the establishment of an adequate and viable institutional framework to serve as focal point and catalyst to attract foreign and domestic investment into well identified, bankable industrial projects. Such institutional framework was comprised of the following elements.

- a. The Industrial Development Center (CENDES) in charge of preparing feasibility studies, promoting investment and providing technical assistance to industries.
- b. The National Finance Corporation (CV-CFN) which is a public sector industrial development bank.
- c. The Ecuadorean Finance Corporation (COFIEC) which is a private sector industrial development bank.
- d. The Ecuadorean Institute of Standards (INEMI), in charge of preparing industrial standards and quality control programs for industries.
- e. The Management Training Center, in charge of providing training in modern management techniques.
- f. The Export Promotion Institute, in charge of developing and promoting non-traditional exports.
- g. The Artisan Marketing Organization (OCEPA) in charge of improving artisan handicraft production and increasing exports in this area

All of the above institutions and organizations which conform the basic "industrial development team" for Ecuador, were started and put into operation with Alliance for Progress inputs through the AID Development loans for CV-CFN and COFIEC and technical assistance grants for the rest of the team were supplied by AID from 1960 to 1970

In 1972, when the existing Congressional Mandate took form, activities in the industry sector began to decline and from then to the present date the AID cooperation was reduced to one loan for the development

of small industries through the establishment of a rediscount mechanism in the Central Bank aimed at attracting the participation of the private banking community into development lending.

Activities in the industry sector were complemented by AID with inputs in urban development, housing and electrification. The basic idea was that for the development of industry not only a country has to be able to cope with demand and supply of investments for industrial projects, but it requires the adequate physical infrastructure to make such investments viable.

AID from the mid-sixties to the present dates was instrumental in participating in loan activities with the Ecuadorean Housing Bank (BLV) and the National Institute for Electrification (INELCEL), and in technical assistance grants to develop a master urban development plan with the National Planning Board and the Municipality of Quito

II. U S Financial Assistance

Loans	\$22,265,000
Grants	<u>8,664,455</u>
Total	\$30,929,455

III. Institutions Involved in Sector

Conway Research, Stanford Research, Georgia Tech, U.S. National Bureau of Standards, the National Rural Electrification Cooperative Association (NRECA), the Cooperative League of the U.S A (CLUSA), U S Mutual Savings and Loan Associations, OPIC, etc.

IV. General Evaluation

The Industry-Urban Sector constitutes in the overall one of AID's major accomplishments. Institutions such as CENDES, COFIEC, CV-CFN are now mature, viable, self-sustained organizations which have made substantial contributions towards the growth of the Ecuadorean industrial sector. It is due to these institutions that industry has the highest growth-rate in Ecuador

Areas such as export promotion and urban development have had lower levels of achievement mainly because the U S inputs concentrated on the planning stage and were not available for implementation purposes

It is believed that future inputs in this sector should be aimed at the development of agro-industries and selected technical participant training.

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INFRASTRUCTUREL SECTOR

I. Background

The U.S. technical and financial assistance to improve the COE infrastructure system started in 1952. Technical assistance to Ecuadorean railroad system started in 1965. Non-reimbursable funds to the amount of \$189,000 were authorized at that time.

An AID loan (\$4.2 million) financed the construction of the Loja-Macarará section (194 Km.) of the Pan American Highway in 1959. A \$5.3 million AID Loan partially financed the construction of the Quito-Quevedo highway (233 km.) in 1959, and a supplemental loan (\$2.7 million) financed the completion of that road in 1963.

The Consortium Loan (AID's portion \$13.3 million) provided for highway maintenance, highway construction and engineering services over a 5-year period (1964-1969). Highway maintenance involves reorganizing Ecuador's national highway maintenance system, the completion of work shops, warehouses, and other facilities in all maintenance districts for the repair and maintenance of highway equipment, the acquisition, reconditioning, operation, and servicing of highway maintenance equipment, the institution and operation of a comprehensive training program for maintenance personnel, and provision of all labor, materials and supervision necessary for the foregoing. Highway Construction under the Consortium Loan provides for the construction, reconstruction or improvement of paved, all-weather trunk highways, including nine major bridges. Engineering services provided for consulting engineering services in connection with highway construction and highway maintenance and feasibility studies for additional highways.

II. Financial Assistance

Loan	\$25,422,700
Grants	<u>4,606,000</u>
Total	\$30,028,700

III. Institutions Involved in Sector

Tippetts, Abbott, McCarthy and Stratton - TAMS (Consulting engineering services).

IV. General Evaluation

In round figures, a total of \$13.2 million was disbursed under the Consortium Highway Loan (\$13.3 million). Due to extended delivery delays on the part of several manufacturers, a balance of approximately \$100,000 was deobligated in March, 1975. The construction

of all sections of roads and bridges within the loan project has been completed. All maintenance equipment and spare parts for the basic maintenance plan of the project have been procured. The Consulting Engineers' (TAMS) completion report is a useful compendium of data and costs, and planning for new roads, which may be helpful to those considering further investment in road construction in Ecuador.

O/DP NVela mecm 10/18/77

PUBLIC SAFETY AND NARCOTICS CONTROL SECTOR

I. Background

1. Public Safety Program 1958 - 1974 - In 1958, at the request of the GOE, U.S. technicians made a study of Ecuador's civil police and customs service. The study centered mainly on the police and resulted in recommendations to improve its administration, training, equipment, communications, and record keeping. It was also noted that it needed to improve both the quantity and quality of its transportation, vehicle repair facilities, weapons, ammunition, and armory supplies.

With this background information, a bilateral agreement was signed, with the principal objectives being to upgrade the police to a satisfactory operating level for maintaining public order. The USAID provided Public Safety Advisors and commodities

By 1962, the emphasis was placed on strengthening the police capability to maintain internal security.

Between 1958 and 1964, a communications system for both the urban and rural areas was installed, some 50 vehicles were provided, a laboratory and central records office were established in Quito, and a police garage was built in Guayaquil.

By 1966, two more garages were built, 19 criminal investigation units were established in the provinces, the Police School in Babahoyo was created, the first 100 students were trained, a radio patrol system was established in Quito, Guayaquil, and Ambato, a code for standardizing all traffic signs and signals nationwide was written, a criminal investigation laboratory was completed in Quito, and photo labs were installed in the cities of Quito and Guayaquil.

During the years 1962 to 1971, the National Police was completely restructured, in accordance with its Organic Law of 1964. The officers' school was established and three years of training were required to become a police officer.

Continued improvement was noted over the years in all areas in which the USAID/Public Safety Division had been lending assistance and commodity support. Additionally, some 230 police officers had received training either at the Inter-American Police Academy or in Washington.

2. Narcotics Control Program 1973-1977

Two drug supply reduction programs (enforcement) were initiated between the USG and the GOE in 1973 while the USAID/Public Safety Division (PSD) was still in operation. One drug demand reduction program was commenced the following year. With the demise of the PSD in early 1975, the Narcotics Control Division (NCD) was created within the USAID Mission to Ecuador and it continued to support the USG side of the three programs that had been started by the PSD.

At the present time, there are two drug supply reduction programs and two drug demand reduction programs between the USG and the GOE. The supply reduction programs are with the Ministries of Government and Finance, involving the National Police, Narcotics and Interpol Service (NPNIS) and the Customs Military Police (CMP). The demand reduction programs are with the Ministries of Public Health and Education and involve the National Division of Narcotics Control and Inspection and the Department of Students' Welfare.

In the broadest sense, the interest of the United States in Ecuador, as regards narcotics control, is to stem and eventually stop the flow of cocaine to the U.S. Our immediate, short-term interest is to curtail severely the illicit trafficking of cocaine. The two drug supply reduction programs are targeted on this interest. The two drug demand reduction programs are designed to help prevent drug abuse among high school students and to create an awareness among the populace and GOE officials of the growing drug abuse problem in Ecuador. It is thus expected that the problem of drug abuse in Ecuador will be better known and understood by the GOE and that it will then take more effective steps to eliminate it and increase its overall effort to combat illicit drug trafficking.

Most of the cocaine passing through Ecuador is usually in the form of cocaine sulfate (paste) and comes from Peru and Bolivia. About 90 percent of the cocaine transiting Ecuador is smuggled through the country and into Colombia by land transportation involving buses, commercial transport trucks, and private vehicles. The remaining 10 percent is smuggled into Colombia by boat, usually from Guayaquil or Esmeraldas, entering Colombia at Tumaco or Buenaventura.

Responding to its own perceptions and to USG advisory pressure, the GOE has taken some positive steps to attempt to stem the flow of drugs through Ecuador and to limit the drugs available locally. Specifically, the GOE has (1) steadily increased its input to combat the drug problem over the past four years in terms of human, material, and financial resources, (2) improved anti-narcotics legislation, (3) created an interministerial coordinating committee on narcotics, (4) increased the number of police assigned

to narcotics enforcement from only 35 in 1973 to 215, (5) addressed the growing problem of drug abuse in Ecuador by means of an "awareness" program and another program designed to help prevent drug abuse among high school students.

II U S Financial Assistance

Public Safety Grants	\$4,567,443
Narcotics Control Grants	<u>\$1,812,082</u>
Total	\$6,379,525

III. Institutions Involved in Sector

National Institute on Drug Abuse (NIDA)
Drug Enforcement Administration (DEA)

IV. General Evaluation

1 Public Safety

Although public safety programs worldwide have been terminated by the U S. Congress on March 31, 1975, the combined efforts of the GOE and the USAID/Public Safety Division have resulted in the institutionalization of the National Police and, with adequate leadership, the force should continue to improve in the areas of administration, communications, training and narcotics control.

2. Narcotics Control

Ecuador is beginning to understand its position as a transit point for drugs bound for other markets. It has begun to meet its responsibilities and has proved its susceptibility to pressures from other countries by signing international agreements and bilateral narcotics control agreements with the U.S. Ecuador's capacity for interdiction of illicit drug traffic and prevention of increased production has grown significantly in recent years. Unfortunately, the GOE's enforcement agencies are performing below their actual capacity because of the lack of dedication to narcotics enforcement at the highest levels of government and because of other constraints which are classified.

Ecuador's cooperation with third countries on narcotics matters is considered to be satisfactory. Its physical location is ideal for making a significant impact on the traffic in coca in whatever form. A concerted effort in Ecuador could result in sizeable seizures and unrest among the traffickers, eventually causing them to change their traditional smuggling methods, thus making cocaine much more expensive and less available in the U.S.

Regardless of the current constraints and the existence of apathetic civic and government leaders, the Mission believes it important to continue to expand actual GOF capacity, as well as to create greater GOE will to stop trafficking since the traffickers are also increasing their capabilities. The attainment of our interests in this field means a growing capability and commitment by the GOE to do a job which, in the final analysis, only the GOE can do.

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PL-480 PROGRAMS

I. Summary

- 1 PL-480 Title I Programs. Use of PL-480 Title I Loans were principally oriented to the agricultural sector. Under the 3 agreements, the funds which generated local currency from these Title I sales were used for campaigns aimed at increasing production for basic food crops, strengthening agricultural credit institutions, encouraging private sector investment in agro-industries, improving extension and research facilities, developing and strengthening a system of collection and analysis of agricultural statistics, and providing improvement in the marketing and distribution system for agricultural products.

Also other projects, as determined jointly by the GOL and AID, included irrigation, highway construction and maintenance (including feeder roads), financial assistance to Ecuadorean agricultural colleges, pest control, and technical training of personnel.

Non-agricultural activities using Title I funds include the following infrastructure projects such as improvement and maintenance of the railroad lines Quito-Guayaquil, and construction of a large irrigation system in Portoviejo. Financial assistance to improve educational facilities which included acquisition of equipment and materials for buildings of the Central University in Quito, and classrooms and laboratory facilities at the Catholic University of Quito. Credit was provided to the National Development Bank to open lines of credit for new industries, and for industrial promotion studies and surveys. Title I funds were used to help support construction of potable water supply systems through well construction, and financing a malaria eradication program in the Guayaquil area.

2. PL-480 Title II Programs. Ecuador has participated in this food program since 1954 principally through the cooperative efforts of the VolAgs--namely CARE and CRS. These two organizations have traditionally worked through GOE Ministries of Education, Public Health, Agriculture and Social Welfare.

CARE and CRS have provided school feeding programs. More than 500,000 children have been attended to during each school year. This program is now being phased out. Other agreements between the Ministry of Social Welfare, the Ministry of Public Health with CARE and CARITAS have been focused on programs of maternal-child nutrition for pre-school children, and pregnant and lactating mothers. This was directed to that sector of the population which is marginal and vulnerable to malnutrition.

Additionally, there are programs for providing food, medicine, and clothing to old age homes, programs of food contributions for laborers who work in infrastructure development projects under Title I, when this program was in operation, encouragement of cooperative self-help efforts using food supplements as compensation for salaries, food support for natural disaster emergencies, and assistance to small farmers settling in new colonization areas.

In addition to its Food for Peace program with the VolAgs, AID has always been a principal contributor to the substantial World Food Program of the United Nations which has operated a number of rural oriented development projects

III. U. S Financial Assistance

PL-480 Titles I and II Programs \$54,900,000

IV. General Evaluation

CARE/CRS efforts over the years have had excellent credibility in the PL-480 programs. They have generally exercised good administrative control in their activities and consistently focus on relevant projects. Both agencies have received AID approval to continue substantial programs through FY 1980 with a focus on maternal-child health activities. Currently U. S. contributions for both agencies in PL-480 commodities is about \$1.2 million per year.

Title I programs, terminated in 1972, were useful instruments in assisting GOE address rural concerns. Several of the very highly effective projects were with the 4H Foundation, the agricultural experiment stations and the feeder road activities.

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MISCELLANEOUS AREAS OF U S INVOLVEMENT

I. Background

As mentioned in the Summary of U S Technical and Economic Cooperation to Ecuador, U S cooperation in Ecuadorean development has addressed a wide variety of social and economic issues, before the entering into the Congressional Mandate stage of sector concentration

Following is a brief description of some of the more important miscellaneous areas where U.S. involvement took place.

1. Budget Support This activity has focused in the provision of loan funds to the GOE in order to cover deficits in the overall Government Operating Expenses Budget.

AID was requested and did grant five operating expense budget loans from 1961 to 1970.

2. - Feasibility Studies The purpose of this activity was to investigate the possibilities to implement specific projects through the determination of their technical and economic viability

In 1963, the GOE requested AID loan funds to conduct feasibility studies for a) supervised agricultural credit (the results of this study were later incorporated into a project of Cooperative Credit, b) the Pisayambo hydroelectric project, and c) a land reclamation study in the Guayas area.

In 1959, a second feasibility studies loan was provided to the GOE to cover the following studies a) new airports for Quito and Guayaquil, and b) Andean Pact related industrial studies by the Development Center (CENDES).

3. Aerial Photogrametric Mapping In 1961, AID provided loan and grant funds to cover the initial needs for a national mapping service. This service was placed in the hands of Geographic Military Institute. AID and counterpart funds were used for the construction of headquarters building for the Institute and the purchase of an airplane to be used in aerial photogrametric activities.
- 4 Special Development Activity Authority (SDAA) The SDAA has been used in Ecuador in the implementation of small, community oriented, impact projects designed to benefit low income groups. The areas of health and education have received the bulk of SDAA investment

5. Labor Under regional funding and through contract with the American Institute for Free Labor Development, AID has maintained a program of cooperation with the Ecuadorian democratic labor movement, aimed at the strengthening of the Ecuadorian Confederation of Free Labor Organizations (CEOSL). The program contemplates basic trade union education, collective bargaining and cooperativism.
6. Reimbursable Development Programs (RDP) Starting in 1975, AID became involved in a program of promotion of U.S. technical services to developing countries on a reimbursable basis. The program is still in its initial stages and contemplates some interesting features such as the "deferred payment mechanism" under Section 607 (a) of the Foreign Assistance Act. In Ecuador no specific RDP has materialized but efforts have been made in areas such as maritime administration, fire services administration, fertilizer production, tax administration, education, etc.
7. Disaster Relief Assistance. Except for a disaster of major proportions, i.e., Cotopaxi eruption, the USAID Mission and the chief officer, are the focal points for all planning and coordination in case of a disaster. In the past three years, AID has assisted the Government of Ecuador (GOL) by donating tents after an earthquake, acted as middleman for the procurement of serum for a typhoid outbreak, financed a team from AID/W/OFDA to study and make recommendations re civil defense in case of earthquake/eruption of major volcanos, and acted as the Trust Fund Agent for the purchase of seismic equipment by the GOL Civil Defense Office.

II. US Financial Assistance

	<u>Loan</u>	<u>Grant</u>	<u>Total</u>
Budget Support	\$ 35,590,000		\$ 35,590,000
Feasibility Studies	3,730,400		\$ 3,730,400
Aerial Photogrametric Mapping	1,800,000	\$ 47,000	\$ 1,847,000
SDAA and other		922,010	922,010
Total	<u>\$ 41,120,400</u>	<u>\$ 969,010</u>	<u>\$ 42,089,410</u>

III. Institutions Involved

Inter American Geodetic Survey (IAGS), in mapping.
International Engineering Company (IECO), in airport studies.
Checci and Co., in industrial studies.

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