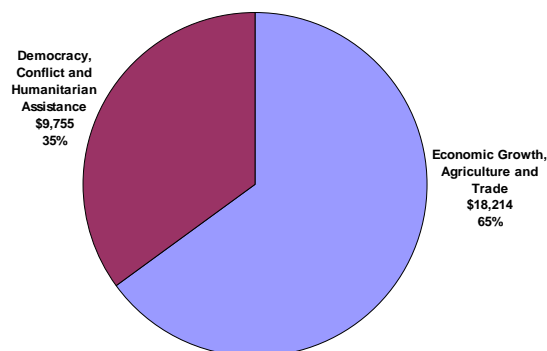
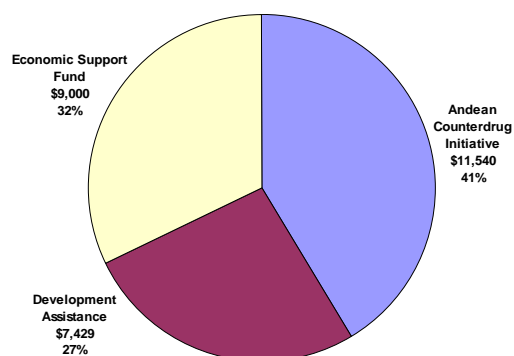


Ecuador

FY 2006 Assistance by Sector



FY 2006 Assistance by Account



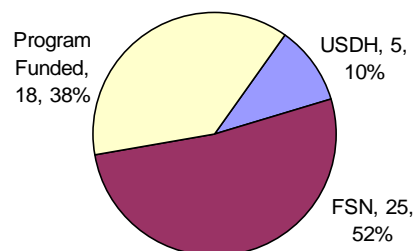
Objectives and Budget

Objective	SO Number	FY 2004	FY 2005	FY 2006
Biodiversity Conservation	518-001	5,011	4,644	4,329
Southern Border Development	518-011	1,988	1,488	2,000
Democracy and Conflict Prevention	518-012	7,628	8,250	5,215
Northern Border Development	518-013	14,912	14,880	11,540
Economic Opportunities	518-014	4,921	6,626	4,885
Health Initiatives	518-YYY		148	
Total (in thousands of dollars)		34,460	36,036	27,969

Administrative Expenses and Workforce

Administrative Expenses	FY 2004	FY 2005	FY 2006
Mission Allocation	1,828	1,895	1,891
USDH Salaries & Benefits	748	765	782
Program Funds	1,949	2,355	2,355
Total (in thousands of dollars)	4,525	5,015	5,028

FY 2006 Workforce



Mission Director:
(Acting) Carl Derrick

Ecuador

The Development Challenge: The year 2004 was characterized by political instability, labor strikes, popular protests, and declining social conditions for the majority of Ecuadorians. President Lucio Gutierrez's administration fought for political survival after attempts by opposition parties to remove the President from power. The President's party suffered a poor showing in the October 2004 regional and municipal elections, thus forcing the President to rely on a fractious coalition of parties in the 100 seat Congress. However, the elections were deemed to be free and fair by international observers. According to the 2004 Democratic Values Survey, public support and confidence in democracy has increased slightly since the first survey in 2001. Given the volatile political climate and fragile democracy in Ecuador, much remains to be done before stability, development, and prosperity are assured.

As an oil exporter, Ecuador has benefited from high world oil prices, resulting in a projected real gross domestic product (GDP) growth rate of 5.1% for 2004. Due to structural inefficiencies, including corruption, the improved GDP figures have not translated into real benefits for most Ecuadorians. Health, education, and other public workers have participated in strikes against the government. In addition, poor understanding among Ecuadorians of the benefits of free trade has resulted in protests against the proposed free trade agreement with the United States.

Ecuador has an annual population growth rate of 2.1%, a high infant mortality rate (30 per 1,000), a high prevalence of infectious diseases (tuberculosis, malaria, and HIV/AIDS), chronic malnutrition, and high levels of maternal and child mortality. Access to safe water and sanitation is worse than in Peru and Bolivia, and modern health care facilities are limited among urban and rural poor populations. Ecuador invests approximately 3% of its GDP in education. Rural populations, particularly indigenous people, suffer from a lack of educational opportunities.

Ecuador continues to make strides in recovering from the collapse of the economy and banking system which befell the country in 1999. Important achievements have been accomplished in the fiscal sector, especially with the Law of Fiscal Responsibility which has imposed discipline in the management of the government budget. In 1999, rampant inflation and capital flight caused Ecuador to dollarize the economy. The measure has delivered low inflation and macroeconomic stability but has also highlighted Ecuador's lack of competitiveness. This deficiency as well as the need to implement structural changes in the oil, electricity, telecommunications, and banking sectors, continue to demand for further needed macroeconomic reforms. The total external debt estimated for 2004 represents 57% of GDP and debt service estimated as a percentage of earnings from exports reaches 22.1%. Unemployment rates continue above 10%, while underemployment is approaching 50%. Over 60% of the population lives in poverty.

Ecuador continues to suffer from the destabilizing effects of drug trafficking activities in neighboring countries and the collateral effects in security. Finally, the destruction of natural ecosystems is threatening Ecuador's impressive biodiversity. The country that is one of the world's richest biodiversity centers and holds 10% of the earth's plant species and 18% of bird species, is now approaching the highest deforestation rate in South America. Technical capacity, personnel, and the political will necessary to implement regulations aimed at protecting the environment have been lacking.

The U.S. national interests in Ecuador are upholding democratic institutions; combating drug trafficking and terrorism; fostering Ecuador's economic development; building trade, investment, and financial ties; and combating poverty. Ecuador's position in the heart of South America's most violent region also underscores the country's importance to U.S. interests. A democratic and prosperous Ecuador can help restrain the spread of illegal drugs and violence across the Northern Andes.

The USAID Program: USAID is requesting FY 2005 and FY 2006 funds to address the five strategic areas: biodiversity conservation; democracy and governance; economic opportunities; and development of Ecuador's northern and southern borders. USAID supports the conservation of biologically important regions within Ecuador's protected area systems. USAID seeks to increase support for the democratic system by strengthening the transparency and accountability of democratic institutions, fostering greater

Ecuador PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2003 Actual	FY 2004 Actual	FY 2005 Current	FY 2006 Request
Andean Counterdrug Initiative	15,896	14,912	14,880	11,540
Child Survival and Health Programs Fund	0	0	148	0
Development Assistance	7,127	7,087	6,624	7,429
Economic Support Fund	17,500	12,461	14,384	9,000
Total Program Funds	40,523	34,460	36,036	27,969

STRATEGIC OBJECTIVE SUMMARY

518-001 Biodiversity Conservation				
DA	5,097	5,011	4,644	4,329
ESF	1,000	0	0	0
518-011 Southern Border Development				
ESF	3,000	1,988	1,488	2,000
518-012 Democracy and Conflict Prevention				
DA	300	205	0	615
ESF	8,251	7,423	8,250	4,600
518-013 Northern Border Development				
ACI	15,896	14,912	14,880	11,540
518-014 Economic Opportunities				
DA	1,730	1,871	1,980	2,485
ESF	5,249	3,050	4,646	2,400

Mission Director (Acting),
Carl Derrick

US Financing in Thousands of Dollars

Ecuador

518-001 Biodiversity Conservation	DA	ESF
Through September 30, 2003		
Obligations	25,930	3,000
Expenditures	19,719	2,000
Unliquidated	6,211	1,000
Fiscal Year 2004		
Obligations	5,008	0
Expenditures	3,431	1,000
Through September 30, 2004		
Obligations	30,938	3,000
Expenditures	23,150	3,000
Unliquidated	7,788	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2005 NOA		
Obligations	4,644	0
Total Planned Fiscal Year 2005		
Obligations	4,644	0
Proposed Fiscal Year 2006 NOA		
Obligations	4,329	0
Future Obligations	15,564	0
Est. Total Cost	55,475	3,000

US Financing in Thousands of Dollars

Ecuador

518-011 Southern Border Development	ESF
Through September 30, 2003	
Obligations	15,392
Expenditures	12,350
Unliquidated	3,042
Fiscal Year 2004	
Obligations	1,988
Expenditures	2,485
Through September 30, 2004	
Obligations	17,380
Expenditures	14,835
Unliquidated	2,545
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2005 NOA	
Obligations	1,488
Total Planned Fiscal Year 2005	
Obligations	1,488
Proposed Fiscal Year 2006 NOA	
Obligations	2,000
Future Obligations	632
Est. Total Cost	21,500

Data Sheet

USAID Mission:	Ecuador
Program Title:	Democracy and Conflict Prevention
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	518-012
Status:	Continuing
Planned FY 2005 Obligation:	\$8,250,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$615,000 DA; \$4,600,000 ESF
Year of Initial Obligation:	2001
Estimated Year of Final Obligation:	2006

Summary: Ecuador's crisis of democratic legitimacy continues. USAID is strengthening the justice reform process, building participatory, effective local governance, fighting corruption, and supporting free and fair elections. In September 2004 new efforts were undertaken to combat trafficking in persons.

Inputs, Outputs, Activities:

FY 2005 Program: Improve Justice Sector/Legal Framework (\$1,550,000 ESF). USAID will provide technical expertise and training to the National Justice Reform Commission; the Supreme Court, National Judicial Council, Prosecutor General's Office, Judicial Police, and the Public Defender's Office; train at least 60% of criminal justice sector operators in the application of Criminal Procedures Code reforms; help implement the National Training Plan for Justice Operators; fund small grants to civil society organizations for innovative justice reform projects; promote legal reforms, judicial independence and impartiality with support of civil society justice networks; and provide technical expertise, training, and equipment to implement legal, institutional, organizational, and administrative priorities of the National Adjustment Plan to improve Criminal Reform. Prime grantee is Fundacion Esquel.

Protect Human Rights and Equal Access to Justice (\$800,000 ESF). USAID will train public defenders to enhance their capacity to implement the Public Defense System; assist in the design and implementation of an Action Plan for this system; support 10 civil society legal defense centers for vulnerable groups, including poor prisoners; disseminate the reformed Criminal Procedures Code and related laws to victims; promote the enforcement of political rights of women, youth, indigenous people, and Afro-Ecuadorians through technical expertise and training. Prime grantee is Fundacion Esquel.

Support Democratic Local Government and Decentralization (\$1,900,000 ESF). USAID will provide technical expertise and training to local governments, public institutions, and communities to advance decentralization policy, citizen participation and oversight, and local government management strengthening. New areas of intervention will include the Galapagos and several other provinces with emphasis on rural district councils and indigenous local governments. Prime contractor and grantees include Associates in Rural Development Inc., CARE, and Fundacion Esquel.

Promote and Support Anticorruption Reforms (\$2,000,000 ESF). USAID will provide technical expertise and training to leaders and viable public sector and civil society institutions within the Ecuadorian Anticorruption System (SAE) to develop policy dialogue; improve investigative methods; increase public awareness and oversight to reduce corruption; promote the access of SAE institutions and civil society to the best practices and expertise in the world; improve SAE institutional capacity for transparency and accountability in government planning, budgeting, procurement, and sensitive operations such as customs. Prime contractor is Management Systems International.

Reduce Trafficking in Persons (\$300,000 ESF). Grants to U.S. and local civil society organizations will help the Government of Ecuador eradicate trafficking in persons through prevention, control, prosecution, and protection efforts. Prime grantees are Fundacion Esquel, International Defense of Children, and Geneva Global, Inc.

Promote and Support Free and Fair Elections (\$1,700,000 ESF). USAID will support domestic observation of the 2006 national elections; civic and voter education campaigns; quick vote counts; monitoring of campaign spending and enforcement of electoral reforms; new constitutional and electoral law reforms; electoral dialogues and the third series of the Democratic Values Survey; implementation of the Electoral Tribunal's reforms and strengthening of the training commission; and key Ecuadorians' visits to the U.S. in support of USAID's Democracy Program components. Prime grantees are Participation Ciudadana, Vanderbilt University, and State's Public Affairs Section.

FY 2006 Program: Improve Justice Sector/Legal Framework (\$800,000 ESF). With the results of the second evaluation of the criminal accusatory system, the updated Integral Justice Reform Plan, and the National Training Plan expected by the end of 2005, USAID plans to support the application of key institutional, legal, administrative, and organizational reforms and initiatives by public and judicial institutions; provide support to civil society justice networks and coalitions for application of the accusatory justice system and strengthening of the public defense system; and assist the new Supreme Court President to enforce constitutional and justice reforms. Grantees to be determined.

Protect Human Rights and Equal Access to Justice (\$305,000 DA, \$200,000 ESF). USAID plans to expand assistance to legal centers, public defenders, and university professors. USAID will also provide technical assistance to improve rehabilitation policies and services to promote and monitor application of legal and political rights of vulnerable groups, including trafficking in persons. Grantees to be determined.

Support Democratic Local Government and Decentralization (\$1,100,000 ESF). USAID will continue to further decentralization policy, promote and expand citizen participation and oversight, and local government management strengthening in an expanded geographical range within Ecuador. Contractor and grantees to be determined.

Promote and Support Anticorruption Reforms (\$900,000 ESF). USAID will review the progress of Ecuador's Anticorruption System to determine the feasibility of continuing this program component, as well as an approach that will attain best results in the future. Contractor to be determined.

Reduce Trafficking in Persons (\$310,000 DA). USAID plans to provide assistance to the government and civil society to sustain reduction of trafficking in persons in Ecuador. Grantees to be determined.

Promote and Support Free and Fair Elections (\$1,600,000 ESF). USAID plans to promote democratic values and civic education campaigns. It may also promote new leaders to participate in subnational elections and electoral reforms and monitor enforcement of electoral legislation. Grantees to be determined.

Performance and Results: USAID support has been critical to the improved application of the criminal justice system. Civil society groups have made key contributions to judicial independence and transparency. The civil society group Participation Ciudadana has become the major actor in the oversight of electoral processes and the promotion of civic and democratic practices nationwide. USAID support, closely coordinated with other donors, has been the foremost contributor to decentralization policy reforms, citizen participation, and oversight of local governments. Exchanges to and from the United States have contributed to results in each of the democracy program components.

By program completion, justice sector operators will have a thorough understanding of the reformed Criminal Procedures Code and judicial institutions will have improved their coordination and collaboration efforts to better respond to the victims. Decentralization policy will have advanced, local governments will be stronger and more participatory, anticorruption initiatives will be yielding visible results, and free and fair national elections will have been held in 2006.

US Financing in Thousands of Dollars

Ecuador

518-012 Democracy and Conflict Prevention	DA	ESF
Through September 30, 2003		
Obligations	6,557	21,641
Expenditures	6,511	9,820
Unliquidated	46	11,821
Fiscal Year 2004		
Obligations	220	7,423
Expenditures	220	7,713
Through September 30, 2004		
Obligations	6,777	29,064
Expenditures	6,731	17,533
Unliquidated	46	11,531
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2005 NOA		
Obligations	0	8,250
Total Planned Fiscal Year 2005		
Obligations	0	8,250
Proposed Fiscal Year 2006 NOA		
Obligations	615	4,600
Future Obligations	0	0
Est. Total Cost	7,392	41,914

US Financing in Thousands of Dollars

Ecuador

518-013 Northern Border Development	ACI	Plan Colombia
Through September 30, 2003		
Obligations	25,896	8,000
Expenditures	8,316	8,000
Unliquidated	17,580	0
Fiscal Year 2004		
Obligations	14,912	0
Expenditures	12,591	0
Through September 30, 2004		
Obligations	40,808	8,000
Expenditures	20,907	8,000
Unliquidated	19,901	0
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2005 NOA		
Obligations	14,880	0
Total Planned Fiscal Year 2005		
Obligations	14,880	0
Proposed Fiscal Year 2006 NOA		
Obligations	11,540	0
Future Obligations	2,772	0
Est. Total Cost	70,000	8,000

US Financing in Thousands of Dollars

Ecuador

518-014 Economic Opportunities	DA	DCA	ESF
Through September 30, 2003			
Obligations	4,692	0	12,575
Expenditures	2,679	0	3,364
Unliquidated	2,013	0	9,211
Fiscal Year 2004			
Obligations	530	884	3,050
Expenditures	306	0	5,545
Through September 30, 2004			
Obligations	5,222	884	15,625
Expenditures	2,985	0	8,909
Unliquidated	2,237	884	6,716
Prior Year Unobligated Funds			
Obligations	0	616	0
Planned Fiscal Year 2005 NOA			
Obligations	1,980	0	4,646
Total Planned Fiscal Year 2005			
Obligations	1,980	616	4,646
Proposed Fiscal Year 2006 NOA			
Obligations	2,485	0	2,400
Future Obligations	0	0	0
Est. Total Cost	9,687	1,500	22,671