



**ASSESSMENT OF DEVELOPMENT RESULTS**  
EVALUATION OF UNDP CONTRIBUTIONS

**ECUADOR**

**REPORTS PUBLISHED UNDER THE ADR SERIES**

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**ASSESSMENT OF DEVELOPMENT RESULTS: ECUADOR**

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# Foreword

The Evaluation Office of the United Nations Development Programme (UNDP) conducts independent evaluations of UNDP contributions to development results through its country programmes. These evaluations, titled Assessment of Development Results (ADR), evaluate the relevance and strategic positioning of UNDP support and contributions to the country's development over a period of time. The purpose of the ADR is to generate lessons for future country-level programming and to contribute to the organization's effectiveness and substantive accountability. This report presents the findings and recommendations of the ADR that was conducted in Ecuador with a scope covering the period of two country cooperation frameworks from 2000 to 2008.

The evaluation looked at the range of support provided by UNDP to Ecuador in the areas of poverty reduction, environmental sustainability and democratic governance. Ecuador is a middle income country, unique for its cultural, geographical and biological diversity. Ecuador's human development index has improved between 1996 and 2005, yet income inequality across regions and ethnic groups still constitutes a challenge. Nature conservation in the Amazon and the Galapagos archipelago, two of the major global biodiversity reserves, also constitutes an important political challenge and a national priority.

The evaluation found that, overall, during the period evaluated, UNDP in Ecuador contributed to national capacity development and to the continuity of institutional activities while the country was emerging from a deep economic crisis but still experiencing high levels of political instability and institutional fragility. The production of national and local Millennium Development Goals (MDGs) reports under the leadership of national institutions and with the support of the UN system contributed to enhanced national capacity for poverty monitoring

and development planning. UNDP also facilitated dialogue between the state and civil society on several issues of national relevance, which encouraged a national debate on human development and the MDGs. In the area of environment, UNDP contributed to a national portfolio of environmental projects and strengthened local capacities to eradicate invasive species in the Galapagos.

However, the evaluation also found that, in an effort to generate additional operational resources, and to respond to the demands of the national and local government, UNDP began expanding its role in development support services (DSS) and spread its portfolio too thinly. While DSS contributed in some instances to national capacity for transparent and efficient administration, this approach also affected the programme's relevance and strategic focus adversely.

The evaluation found that UNDP was able to maintain an image of a reliable development partner, capable of acting in a decisive manner during times of political tension. The ability to move strategically in different situations, and in light of different demands, is evidenced through the plurality of roles played by UNDP in the promotion of sustainable human development: acting as advisor to decision makers and planners, mediating in conflicts that threatened democratic governance, facilitating institutional processes through technical assistance and administrative services, and mobilizing resources for national projects.

The preparation of the evaluation benefitted from the excellent cooperation of the staff of the UNDP Country Office in Ecuador, led by Resident Representative René Mauricio Valdés and by Deputy Resident Representative Luca Renda. I would also like to thank the Regional Bureau for Latin America and the Caribbean, particularly Director Rebecca Grynspan for their engagement with this evaluation.

This report would have not been possible without the commitment and support of the Government of Ecuador. The team is also indebted to those representatives from the civil society, donor countries, international financial institutions and the United Nations Country Team, who generously gave their time and frank views.

A number of people contributed to this evaluation, particularly the evaluation team composed of the team leader Sonia Fleury, team members, Hugo

Navajas, team member, Margarita Velasco, and Sergio Lenci who served as the the Evaluation Office task manager. I would also like to thank Kutisha Ebron and Anish Pradhan for their administrative support.

I hope that the findings and recommendations of this report will assist UNDP in responding to the country's development challenges and provide broader lessons that may be of relevance to UNDP and its partners internationally.



Saraswathi Menon  
Director, Evaluation Office

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# Acronyms and Abbreviations

<b>ADR</b>	Assessment of Development Results
<b>CO</b>	Country Office
<b>GEF</b>	Global Environmental Fund
<b>GDP</b>	Gross Domestic Product
<b>INECI</b>	Ecuadorian Institute for Development Cooperation
<b>MDG</b>	Millennium Development Goal
<b>OPF</b>	Observatory for Fiscal Policy
<b>RBLAC</b>	Regional Bureau for Latin America and the Caribbean
<b>SENPLADES</b>	National Secretariat for Development Planning
<b>UNDAF</b>	United Nations Development Assistance Framework
<b>UNDP</b>	United Nations Development Programme
<b>UN-HABITAT</b>	United Nations Human Settlements Programme
<b>UNHCR</b>	United Nations High Commissioner for Refugees
<b>UNICEF</b>	United Nations Children Fund
<b>UNFPA</b>	United Nations Population Fund

# Executive Summary

## PURPOSE OF THE EVALUATION

In line with Executive Board decision 2007/24, the Evaluation Office of the United Nations Development Programme (UNDP) has assessed UNDP contributions to development results in the Republic of Ecuador.

This evaluation analyzes the roles and contributions of UNDP to the continuity of institutional activities, the safeguarding of the rule of law and the development of national capacities for sustainable human development against the backdrop of a dynamic and complex national and regional context, in which UNDP operates with very limited core resources.

The aspects emphasized in this Assessment of Development Results (ADR) were established in consultation with national and international counterparts during an exploratory mission to Ecuador in August 2007.

This evaluation was undertaken by an independent team of consultants between August 2007 and November 2007. It had the following objectives:

- Produce lessons on past experiences and make recommendations for the next UNDP programming cycle in the country.
- Provide UNDP counterparts an objective evaluation of UNDP contributions to the achievement of development results.
- Support the UNDP Administrator in ensuring the quality of the organization's interventions at the country level.

UNDP performance was evaluated against the expected results, as envisaged in the programme documents. However, the evaluation also aimed to identify unexpected outcomes and missed or created opportunities.

## STRATEGIC POSITIONING

The ADR found that UNDP has flexibly responded to national and local demands over the period evaluated, gaining credibility among national and international partners as an effective broker in the development arena. Working under the UNDP 'umbrella' has been mentioned by some bilateral donors as instrumental in gaining legitimacy and avoiding potential political risks associated with sensitive issues. By the same token, national partners have acknowledged the importance of working with UNDP to access international knowledge networks, markets and development financing.

While UNDP interventions have been relevant to national challenges, there is need for more objective criteria in selecting thematic and territorial areas of focus. The 2006 report on development cooperation in Ecuador, published by the Ecuadorian Institute for International Cooperation, highlights a gap between the poverty map and the map of development cooperation in the country. The evaluation did not find evidence of a rational strategy determining UNDP programme implementation priorities; these have been determined by the capacity of national and local actors to formulate and channel their demands and by the availability of financial resources from third parties (either the government or bilateral donors). This may partially explain the perception within civil society that UNDP sometimes has ambivalent positions or is too focused on government issues.

UNDP administrative services have contributed to the continuity of government programmes during times of political instability and institutional fragility; yet, in some cases UNDP has engaged in infrastructure projects that fall out of its direct area of competence or has missed its mandate of international cooperation, *de facto* substituting the role

of national institutions in public administration, rather than creating conditions for and contributing to the development of national institutional capacities.

Brokerage, coordination and the ability to create synergies among different actors have proven to be the added value of UNDP, whose contribution to national development results in Ecuador is not necessarily related to resource mobilization and budget delivery volumes. The lack of a long-term development vision, a clear framework for technical cooperation and knowledge sharing, and a well defined exit strategy are critical factors that have clearly influenced the effectiveness of UNDP interventions. The lack of an effective system for monitoring and evaluation has proven to be a constraint for strategic management. In the absence of quantitative and qualitative follow up on emerging outcomes, informed decision making becomes a challenge. The quality of project implementation is uneven and dependent on the parameters of the executing agency or the personal capability of the project coordinator, with no relation to UNDP project management quality standards.

A structural constraint for UNDP operations in Ecuador has been the lack of core resources and, consequently, the need to follow the supply of funds from local, national and international actors. This situation has spread the programme too thinly across a variety of thematic and territorial areas without a consistent strategy and continuity over time. Among the key challenges that lay ahead of UNDP in Ecuador is the need to strike a balance between a flexible cooperation framework that allows UNDP to respond to national needs and demands while preventing the programme from being spread too thin. While some of the cases analyzed in this evaluation constitute good practice to follow in administrative service provision, it is

critical for UNDP Ecuador to imagine and implement new resource mobilization strategies in areas of UNDP competence and value added that are closely linked to long-term national development objectives and policies.

## **CONTRIBUTION TO OUTCOMES BY PRACTICE AREA**

UNDP contribution to national development results was assessed against the results matrix of the Country Programme Action Plan. The key references for the evaluation of UNDP performance are the UNDP Multi-Year Funding Framework strategic objectives and expected outcomes. Where appropriate, some of the expected outcomes have been aggregated or rephrased in a way that better reflects the actual focus of the programme.

### **DEMOCRATIC GOVERNANCE**

The evaluation found good practices in the area of democratic governance, such as the role played in the restoration of the Supreme Court of Justice. This was widely recognized as an example of how UNDP and the United Nations can best use their reputation of neutrality to mediate among conflicting institutions—helping the country avoid a constitutional crisis and preserve the rule of law.

UNDP support to state and civil society dialogues and to the political participation of marginalized groups were also important initiatives in democratic governance. Civil society representatives indicated that the dialogues and consultation processes supported by UNDP indirectly influenced the design of social policies, such as the 10 Years Education Plan. Failure to implement agreements reached in state and civil society dialogues was attributed to institutional and politi-

cal instability and was not seen as a failure in the dialogue processes *per se*, which are perceived as effective in strengthening social movements and recognizing new social actors. Yet, most of government and civil society actors highlighted the need for clearer strategic focus and greater continuity in implementing UNDP programmes. There is a general perception that UNDP strategy and action were not always consistent on issues such as social participation, dialogue processes, human rights and minority groups such as the indigenous and Afro-descendant peoples.

The evaluation found mixed results in the areas of decentralization and local participatory governance. UNDP support to the city of Guayaquil to develop local capacity for urban development management was a good practice. Yet, the rationale for selecting thematic and territorial priorities in the overall implementation of the UNDP programme was not always clear or articulated in programming documents. The relevance and sustainability of some UNDP interventions was also questionable. In addition, there is room for improvement in medium to long-term strategic vision and continuity of activities. Synergies on the ground with other development agencies, within and outside the UN system, were sometimes less than optimal. The different lines of intervention dealing with local governance—namely, strengthening institutional management capacities and developing methodologies and legal frameworks for citizen's participation—were dispersed and not articulated in an integrated approach in given territories.

#### **ACHIEVING THE MILLENNIUM DEVELOPMENT GOALS AND REDUCING HUMAN POVERTY**

The major UNDP contributions to national development results in this area relate to the positioning of the MDGs in the public agenda and the strengthening of institutional capacities for systematic poverty monitoring and development planning.

The methodology developed and disseminated in preparation of the MDG report is now used as the basis for national and local diagnostic and

planning efforts and has generated a reliable database. The reports produced have been used by universities and the media and have increased awareness of issues related to democracy and human development in the public agenda. Some of the government officials who now play key roles in the National Secretariat for Development Planning have been part of the MDG report team.

Efforts to increase fiscal transparency were also relevant and effective, though they still need to be consolidated. Support for small and medium enterprises in integrated local development projects is an emerging area of intervention and, as such, its effectiveness cannot yet be evaluated, though its thematic relevance for the country is widely recognized.

#### **ENERGY AND ENVIRONMENT FOR SUSTAINABLE DEVELOPMENT**

The most tangible outcome of UNDP environmental activities is the reduction of threats to the biodiversity of the Galapagos Islands through the eradication and control of invasive species. Outcomes from the Galapagos Islands project are still emerging. These include: the creation of the first permanent global fund for the control of invasive species; and the installation of renewable energy networks, which have the potential to significantly reduce the consumption of fossil fuels, limit carbon dioxide emissions, and reduce environmental threats from oil spills.

Overall, the effectiveness of UNDP initiatives in energy and environment and the sustainability of results are uneven. Influencing factors include coordination problems between donors and counterparts, efficiency and flexibility in project implementation, and external factors such as tourism and fishery, which work against conservation in the Galapagos Islands. In the immediate future, the challenge for UNDP is to expand its vision and activities to focus on Ecuador as a whole and address the linkages between economic growth, poverty reduction and environmental conservation at the national level.

## RESPONDING TO HIV/AIDS

UNDP advocacy and technical assistance contributed to greater commitment from the Ministry of Labour and Employment to the rights of workers infected with HIV. In 2005, the Ministry signed an agreement with UNDP focusing on HIV/AIDS in the framework of labour rights. Training materials and guidelines on HIV/AIDS were produced for the National Council on Labour and the business sector. Activities against discrimination in the workplace resulted in the approval of the Ministerial Accord No. 00398, which penalizes employers who demand proof of HIV/AIDS status as a requirement for employment or dismiss HIV-positive individuals due to their health situation.

## CROSS-CUTTING ISSUES

### GENDER AND ETHNICITY

Both the national and the local MDG reports produced during the period evaluated provide detailed socio-economic data broken down by gender and ethnicity, showing attention to issues of diversity and gender equality and providing a good basis for targeted policies and programmes. This includes two MDG reports exclusively focused on indigenous and Afro-Ecuadorian people.

UNDP also played a lead role in establishing and coordinating the UN Interagency Technical group on indigenous issues and in establishing a Consultative and Advisory Committee between Ecuadorian indigenous organizations and the UN country team. While these initiatives are important, there is still room for improvement in designing and implementing a systematic strategy for supporting minority groups with a long-term perspective.

In the area of gender mainstreaming, in 2007 the UNDP started a joint UN effort in Ecuador to prepare a toolkit for mainstreaming gender into sustainable development projects. In addition, gender is being mainstreamed in HIV/AIDS programmes and local economic development initiatives. These initiatives are commendable but still at the inception phase.

## DEVELOPMENT SUPPORT SERVICES AND NATIONAL CAPACITY DEVELOPMENT

The need for state institutions to guarantee continuity in their operations in the context of political crisis has produced a strong demand for UNDP administrative services, which are defined as *development support services* by the corporate business model. The political instability and institutional weakness that characterized the national context during the period under evaluation required, in many cases, external support to guarantee the efficiency and transparency of public administration. UNDP responded to these national demands in an efficient and flexible way, while guaranteeing its financial sustainability in the context of limited core resources. In some cases, such as that of the Ministry of Education, UNDP contributed to developing greater capacity for efficient and transparent administration. However, UNDP administrative services were not always accompanied by a clear knowledge transfer and exit strategy, so as to avoid generating dependency relations. Such dependency may be conducive to a situation whereby UNDP substitutes the role of national institutions debilitating them in the long run.

Finally, the relevance of UNDP engagement in large infrastructure projects is questioned within UNDP and among its key partners.

### UN COORDINATION

UNDP partnerships and coordination within the UN system improved during the period under review. This is attributed, in part, to the UN reform process and, in part, to the ability of the Resident Coordinator to generate spaces for dialogue and coordination without imposing an agenda and while preserving the identities of organizations. The Peace and Development Programme along the border with Colombia is a good attempt at breaking from a pattern of fragmented specialized interventions that has characterized the UN system in the past. However, there is a need for greater cohesiveness and coordination of the UN system on the ground and, occasionally, for better harmonization of political strategies in addressing state and society relations.

## MONITORING AND EVALUATION

Evaluations are not conducted as expected in the UNDP evaluation policy. Monitoring does not extend beyond administrative control over project expenditure. Aggregated data on expenditure by practice area are available but not tracked regularly. Financial reporting is not always done within the established deadlines.

In the absence of quantitative and qualitative follow up on emerging outcomes, informed decision making for strategic management becomes a challenge. The quality of project implementation is uneven and dependent on the parameters of the executing agency or the personal capability of the project coordinator, with no relation to UNDP project management quality standards.

## CONCLUSIONS AND RECOMMENDATIONS

### CONCLUSIONS

1. During the period evaluated, UNDP in Ecuador contributed to national capacity development and to the continuity of institutional activities while the country was emerging from a deep economic crisis but still experiencing high levels of political instability and institutional fragility. The image of UNDP as a reliable development partner, capable of acting in a decisive manner during times of political tension, is the result of a strategic vision appropriate to the situation and continuous responsiveness to drastic changes. The ability to move strategically in different situations, and in light of different demands, is evidenced through the plurality of roles played by UNDP in the promotion of sustainable human development: acting as advisor to decision makers and planners, mediating in conflicts that threatened democratic governance, facilitating institutional processes through technical assistance and administrative services, and mobilizing resources for national projects.
2. UNDP was more effective when it was able to create synergies between different actors, even when this did not result in a large budget. Examples include the rehabilitation of the Supreme Court of Justice, the production and validation of the national and local MDG reports, and support to the city of Guayaquil.
3. When the administration of government resources responded to government priorities but was not in line with UNDP comparative advantage and not framed in clear cooperation and exit strategies, it created dependant relations where UNDP substituted the role of national institutions with little or no effect on national capacity development. The tunnel project in Quito and the relation with the Ecuadorian Institute of Social Security are cases in point. On the other hand, when UNDP provided administrative services in the framework of a clear cooperation and exit strategy, it prevented the creation of dependent relationships and contributed to the development of national capacities. UNDP work with the Ministry of Education is an example.
4. A flexible approach that responds to national and local demands is desirable and consistent with the principle of national ownership. However many social groups and some local governments may need support to transform their needs into formal demands and to channel them appropriately. A systematic effort to reach these more vulnerable actors is necessary to contribute to reducing socio-economic disparities across the country.
5. Unpredictability of programme funds constrains the possibility of defining strategic priorities with a medium to long-term vision and implementing the programme accordingly. This may result in a lack of continuity across thematic areas and territories over time, which negatively influences effectiveness and sustainability of development initiatives.
6. The lack of an effective monitoring and evaluation system limits informed strategic management, institutional learning and accountability. It affects institutional memory and knowledge sharing, constraining the possibility to inform public debate on the basis of UNDP experiences on the ground,

which is meant to be a key feature of the corporate strategy as an international knowledge network and knowledge broker.

## RECOMMENDATIONS

1. UNDP should be responsive to the government understanding of development challenges, putting greater emphasis on human development as a process of social change that extends beyond the MDG agenda.
2. UNDP should adopt objective criteria for selecting territorial areas of intervention while responding to the need for enhanced efficiency of implementation and coordination on the ground with local, national and international actors.
3. UNDP should clearly align its projects and programmes to medium and long-term national development objectives and policies, and should avoid abrupt interruption of support initiatives, particularly in the areas of human rights, fiscal transparency and local democratic governance.
4. While continuing to act as a development broker, UNDP should diversify its interlocutors in order to choose the best partners for interventions. Work on the MDGs, and poverty reduction in general, should be done in closer partnership with the Ministry of Welfare and other relevant actors of the state and civil society, including the private sector, at the national and local level.
5. UNDP needs to strengthen its capacity to manage for development results, including an effective monitoring and evaluation system. The search for greater focus, better internal communication and synergy, optimization of resources, and effective partnerships must be rationally planned. There is need for a set of indicators that enable quantitative and qualitative monitoring of UNDP work and progress towards expected outcomes.
6. Whenever development support services are provided, they should be framed in a clear cooperation and exit strategy to avoid substituting the role of national institutions and creating dependent relationships that do not contribute to national capacity development. Along this line of thinking, new types of services might have to be envisioned and negotiated in close consultation with the Government of Ecuador.

## Chapter 1

# Introduction

### 1.1 BACKGROUND AND OBJECTIVES OF THE ASSESSMENT

The United Nations Development Programme (UNDP) Evaluation Office undertakes independent evaluations in order to assess UNDP contributions to achieving development results in the countries where it operates. In line with the Executive Board decision 2007/24, Ecuador was selected for assessment because its multi-year programming cycle finishes at the end of 2008 and a new country programme document needs to be approved. Although the programming cycle is from 2004 to 2008, the evaluation takes into account a longer timeline, comprising the years 2000 through early 2007, in order to provide a better understanding of the programme for institutional learning and accountability.<sup>1</sup>

United Nations Technical Assistance began to operate in Ecuador in 1956, eventually turning into what is known today as UNDP in 1964. UNDP has operated in Ecuador since that date, promoting human development in the country. As such, it works to eliminate obstacles to achieving better standards of living, with a particular focus on democratic governance, poverty and sustainable development.

Assessments of Development Results (ADRs) provide a critical analysis of the factors that contribute to and limit the achievement of results in UNDP areas of interest. The aspects emphasized in this evaluation were jointly established during workshops in which national and international counterparts participated, which were held during the exploratory mission in Ecuador.

The evaluation was undertaken by an independent team of consultants between July 2007 and November 2007. It had the following objectives:

- Produce lessons on past experiences and make recommendations for the next UNDP programming cycle in the country.

- Provide UNDP counterparts an objective evaluation of UNDP contribution to the achievement of development results.
- Support the UNDP Administrator in ensuring the quality of the organization's interventions at the country level.

UNDP contributions in the promotion of human development were evaluated on the basis of the expected results, as envisaged in the programme documents. However, the evaluation also aimed to identify unexpected outcomes and missed or created opportunities.

### 1.2 METHODOLOGY

The assessment was conducted using a mixed-methods approach and on the basis of the evaluation criteria defined in the terms of reference. The techniques used included document review, mapping and analysis of actors, open and semi-structured interviews, focus groups, field visits, a survey distributed to coordinators of all active projects via e-mail, and validation of the information in accordance with the principle of triangulation.

#### 1.2.1 EVALUATION CRITERIA

- **Effectiveness**, understood as UNDP contribution to changes in development that reflect intended outcomes in the country programme document. Unexpected outcomes, positive and negative, are also accounted for.
- **Efficiency**, understood as the optimum transformation of the available resources into goods and services.
- **Relevance**, understood as the extent to which UNDP objectives and activities are aligned with national development challenges and priorities and with the UNDP international mandate.

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1. Due to Ecuador's political momentum, in which a new Constitution is being written by the Constituent Assembly, the UNDP country office has requested an extension of the multi-year programming cycle and the new Country Programme (2010-2014) will be approved in 2009.

- **Responsiveness (adaptability)**, understood as the ability of UNDP to respond to change in a highly dynamic context like that of Ecuador.
- **Sustainability**, understood as the existence of conditions conducive to the persistence over time of the changes that took place and the benefits generated by means of UNDP contributions.

### 1.2.2 MAPPING AND ANALYSIS OF ACTORS

One of the first steps of the evaluation process was to identify the actors that should be involved in the assessment. With the help of the national consultant, stakeholders were grouped into the following categories: central and local authorities, politicians, non-governmental organizations, private sector, leaders of social movements, political analysts, churches, military, mass media and international development agencies.

In parallel, with the help of the country office (CO) the UNDP direct counterparts were identified. Cross-referencing these two sources of information resulted in a final list of stakeholders who were divided into *key informants* directly associated with UNDP activities and *critical informants* who were capable of offering an analytical perspective on specific issues, although they were not direct counterparts of UNDP initiatives.

Having these two sets of informants helped to widen the unit of analysis and better assess UNDP initiatives and results in the larger regional, national and local context.

### 1.2.3 PURPOSEFUL PROJECT SAMPLING

During the period evaluated, the UNDP programme in Ecuador was implemented through more than 100 projects across different thematic and geographical areas. This impeded a meaning-

ful quantitative aggregation of results from the project level to the country programme as a whole. Therefore, the evaluation team opted to select a number of projects following the *purposeful sampling* methodology.

The first step in selecting the number of projects was to identify thematic and territorial areas in the UNDP programme that were perceived as priorities by the national government, the managers of UNDP and the main partners interviewed during the scoping mission. This pre-selection was validated at the end of the scoping mission in a workshop attended by representatives of central and local government, civil society, the international community and the UN system. Finally, the evaluation team, in consultation with the CO, selected 33 projects within the priority areas, trying to strike a balance between national execution and direct execution, and ongoing and closed projects.

### 1.2.4 SELECTION OF SITE VISITS

Criteria for selection of site visits included the following: the persistence of aid initiatives with a time-frame extending beyond the lifetime of a project, which is not normally more than four years; the existence of more than one UNDP project in different thematic areas that are potentially complementary; and the potential for interagency cooperation within the framework of the UN reform process.

As a result, the following areas were identified: the city of Guayaquil, where UNDP has been cooperating to support the municipality's institutional capacity for local development management and regulation since 1994; the city of Cuenca, where projects are being implemented in support of local governance and local economic development; the Galapagos Islands, which constitute a unique case in the world from the standpoint of conservation of biodiversity and the challenges of sustainable devel-

opment, where UNDP has developed a consistent blueprint for the long term; the northern frontier zone bordering on Colombia, where an innovative UN interagency cooperation model is being implemented; and the municipalities of Pedro Moncayo and Cayambe, where UNDP implemented projects to support transparency in local administration between 2003 and 2004.

During the main assessment mission, it was decided not to conduct a field visit to the northern frontier. This decision was made for logistic reasons to optimize the short time available. Nevertheless, the case of the northern frontier was carefully analyzed through desk reviews and interviews with representatives of the central government, members of the UN country team, UNDP staff and consultants operating in the field.

#### **1.2.5 VALIDATION OF THE INFORMATION**

Quantitative and qualitative data from primary and secondary sources were triangulated to validate

the findings. On the one hand, quantitative data and official documents were compared with subjective perceptions; on the other, the perceptions of different actors regarding a single topic were cross referenced.

### **1.3 STRUCTURE OF THE REPORT**

In addition to the introduction, the report is comprised of three parts and four annexes:

- The first part describes the national context in terms of development challenges and opportunities, outlining the environment in which UNDP operated.
- The second part focuses on results. After a brief description of the UNDP programme over the last cycle, it provides an analysis of UNDP contribution to development outcomes by practice area and discusses UNDP strategic positioning in Ecuador.
- The third and last part includes conclusions and recommendations.

## Chapter 2

# National Context

### 2.1 GEOGRAPHIC AND DEMOGRAPHIC CHARACTERISTICS

The Republic of Ecuador covers 276,840 square kilometres and shares borders with Colombia and Peru. Its physical geography consists of three continental regions: the highland or *sierra* region, the lowland Amazon region, and the Pacific coastal region in addition to the Galapagos archipelago. Ecuador is among the 17 countries in the world with the highest levels of biodiversity.<sup>2</sup>

The 2001 Census established a national population of 12,400,000 people with an annual demographic growth rate of approximately 1.5 percent. The highest percentage of the population is *mestizo* (77.4 percent), followed by white (10.5 percent), indigenous (6.8 percent) and Afro-Ecuadorian (4.9 percent). More than 94 percent of the population is concentrated in the highland and coastal regions. Urbanization has increased significantly during the past decades and 61 percent of the population presently resides in towns and cities. The provinces with the largest populations are Pichincha (19.7 percent), home to the national capital Quito, and Guayas (27.2 percent), which houses Ecuador's main port Guayaquil.

### 2.2 MACROECONOMIC CONTEXT

Ecuador's economy has traditionally relied on exporting primary products. Cocoa beans were the main export between 1900 and 1925, bananas between 1948 and 1970, and oil from 1972 onwards. Since 2006, migrant remittances have represented the second largest source of national income after oil revenues.

During the 1970s, there was an accelerated increase in gross domestic product (GDP) growth due to high oil prices, which placed Ecuador within the

category of middle income countries.<sup>3</sup> However, a subsequent fall of oil prices coupled with the effects of natural disasters such as the 1982-1983 El Niño phenomenon and 1987 earthquake, which destroyed the country's main oil pipeline and forced the suspension of oil production for several months, underscored the fragility of Ecuador's economy and its vulnerability to exogenous factors.

By the end of the 1980s, the country had entered a period of high inflation and faced difficulties in paying its foreign debt. This led to new agreements with the International Monetary Fund and the adoption of structural adjustment programmes. Although inflation rates stabilized at approximately 50 percent during the 1990s, there was continued dependency on oil revenues while foreign debt grew to 119 percent of GDP and interest payments absorbed 22.5 percent of public expenditures.

The debt crisis was a constant factor during this decade until interest payments were suspended in 1993 and debt reduction negotiated the following year. The financial crisis of the mid 1990s prompted the intervention of the Central Bank and closure of 18 financial institutions holding almost half of the nation's deposits. Although measures were taken to inject new resources, stabilize exchange rates and raise the credibility of the financial sector, interest rates increased and capital outflows accelerated. This crisis led to the government's decision to 'dollarize' the economy in 2000 in an effort to stimulate economic stabilization and the partial return of deposits, albeit at a high social cost.

The positive effects of dollarization measures were evident in GDP growth, which grew from negative levels in the mid 1990s to 5.3 percent in 2001, 3.6 percent in 2004 and 4.7 percent in 2005. The growth of the dollarized economy, however, did not have an immediate positive impact on the unem-

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2. According to the World Wildlife Fund.

3. Inter-American Development Bank, Evaluation and Supervision Office, 'Evaluation of the Ecuador Country Programme 1990-2002', Washington, DC, 2004.

ployment rate, which remained high at 10.9 percent in 2001 and 11.5 percent in 2004, but did fall to 7.9 percent in 2005.<sup>4</sup>

Between 1994 and 2004, the total income of the central government averaged 16.4 percent of GDP, with 5.9 percent of it coming from oil revenues. Value added tax increased from 3 percent of GDP in 1994 to 5.7 percent in 2004; income taxes increased from 1.4 percent to 3 percent of the GDP during the same period; and migrant remittances<sup>5</sup> grew by an annual average of 12 percent between 2000 and 2006, representing 7.1 percent of the GDP in 2006. Remittances represented 23.6 percent of the total export value in 2006 and constituted almost five times the combined value of international cooperation received by Ecuador in 2005.<sup>6</sup>

Public expenditure levels by the central government have risen from 14 percent of GDP in 1994 to 18 percent in 2004. Most of this has represented current expenditures, with 24.6 percent going to capital expenditures.<sup>7</sup>

Growth tendencies during recent years show a trend towards industrial concentration with little increase in productivity, with the exception of capital-intensive sectors such as oil, electricity and water. Economic stabilization has allowed the country to achieve a net surplus of USD 1,449 million in its commercial balance, largely due to oil exports. Conversely, the non-oil related share has shown deterioration, with imports growing at 18.4 percent between 2000 and 2006. The need to stabilize the economy and make it less vulnerable to fluctuating oil prices led to the creation of the Fund for Oil Stabilization in 1999.<sup>8</sup> Subsequently, the Fund for Stabilization, Social and Productive Investment and Public Debt Reduction was established under the Organic Law for Fiscal Responsibility, Stabilization and Transparency. Between 2006 and 2007 both funds were substantially modified.

In recent years, favorable conditions in the world economy have contributed to a steady improvement in Ecuador's macroeconomic conditions. High oil prices in the international market and a depreciating dollar have supported the strongest growth of the economy in the last five years. The current account of balance of payments is in surplus; domestic inflation reached international levels helped by formal dollarization; and public debt size has declined. In 2007, growth declined because of a reduction in oil production and business confidence related to the political momentum. On 30 September 2007, Ecuador elected a constituent assembly in charge of rewriting the Constitution of the country.

### 2.3 POLITICAL AND INSTITUTIONAL CONTEXT

In 1978, Ecuador was the first country in Latin America to successfully manage the transition from military rule to the rule of law based on a multi-party system and decentralized government administration. The new constitution, approved via referendum in that year, was amended almost entirely 10 years later through a National Constituent Assembly (1997-1998). Despite these advances, however, the country has coped with recurrent periods of political instability during the past decade that weakened the institutional capacities of central government and the public sector in general. There have been seven Presidents between 1996 and 2007, and the current National Development Plan is Ecuador's first in 10 years. This combination of factors has had an effect on government policy making, implementation and coordination capabilities.

Despite these constraints, state reform and liberalization processes were introduced during the past generation. After the fall of oil prices and high inflation of the 1980s led to structural adjustment measures, social compensation programmes

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4. Ibid.

5. Statistics on transfers from countries of the Andean Community (2000-2006), General Secretariat.

6. Calculation based on aid flows data provided by the report, 'Cooperation Toward Development, Ecuador 2005', published by the Ecuadorian Institute for International Cooperation (INECI). It is important to note that remittances are not part of the income of the central government.

7. Torres A, 'Political Proposals for Fiscal Decentralization', in 'Decentralization in Ecuador: Comparative Options', FLACSO/SENPLADES and others, Quito, Ecuador, 2007, p 21.

8. Created in 1999 as part of the Law of Public Finances Reform.

were introduced on a national scale to cushion the impact of structural adjustment on vulnerable segments of the population. Between 1990 and 2002, liberal policies were adopted and several monetary and fiscal reform laws were approved that stimulated greater commercial openness. Nevertheless, the full implementation of these reforms has been partially constrained by plebiscites. The privatization process was not fully achieved, and strategic activities—especially those connected to oil—remained under state management. The existing planning system was modified and substituted by a National Council for Modernization in 1993. Although policies for modernizing the public sector were introduced, many were not followed through or achieved, in part due to political instability and institutional uncertainty.

In 1993, the existing planning system was modified and substituted by a planning office appointed to the office of the Vice President of Ecuador and a National Council for Modernization. In 2007, both entities were replaced by the National Planning Secretariat. The redefining of the role of the state was accompanied by emerging demands for decentralization and regional autonomy that were reflected in new legislation: An Organic Law for Municipalities was approved in 1971, and the ‘Law of 15%’ established mechanisms for transferring central government resources to sub-national levels. The 1978 Constitution declared Ecuador a unitary and decentralized state, recognizing its cultural diversity and establishing competencies for local autonomy. A new Political Constitution of 1998 established the decentralized administration of the state, recognized the importance of citizen participation, and addressed wealth and income distribution. Ecuador’s decentralization legislation did not define timeframes or modalities for the transfer of competencies. Local government and decentralized state levels were given the voluntary option to assume such competencies.

During the 1990s, Ecuador’s indigenous movement assumed an increasingly decisive role within the political landscape. In 1990, the Confederation of Ecuador’s Indigenous Nationalities organized an uprising that led to modifications of the agrarian

law by Congress. This was followed by the creation of the Pachakutik political movement that attracted other social actors opposed to liberal government policies. The Pachakutik movement won seven seats in the National Constitutional Assembly that drafted the 1998 constitutional reforms, recognizing Ecuador as a pluri-cultural and multiethnic state and incorporating most of the indigenous people’s rights recognized in the International Labor Organization Convention 169, which was previously ratified by the Ecuadorian National Congress.

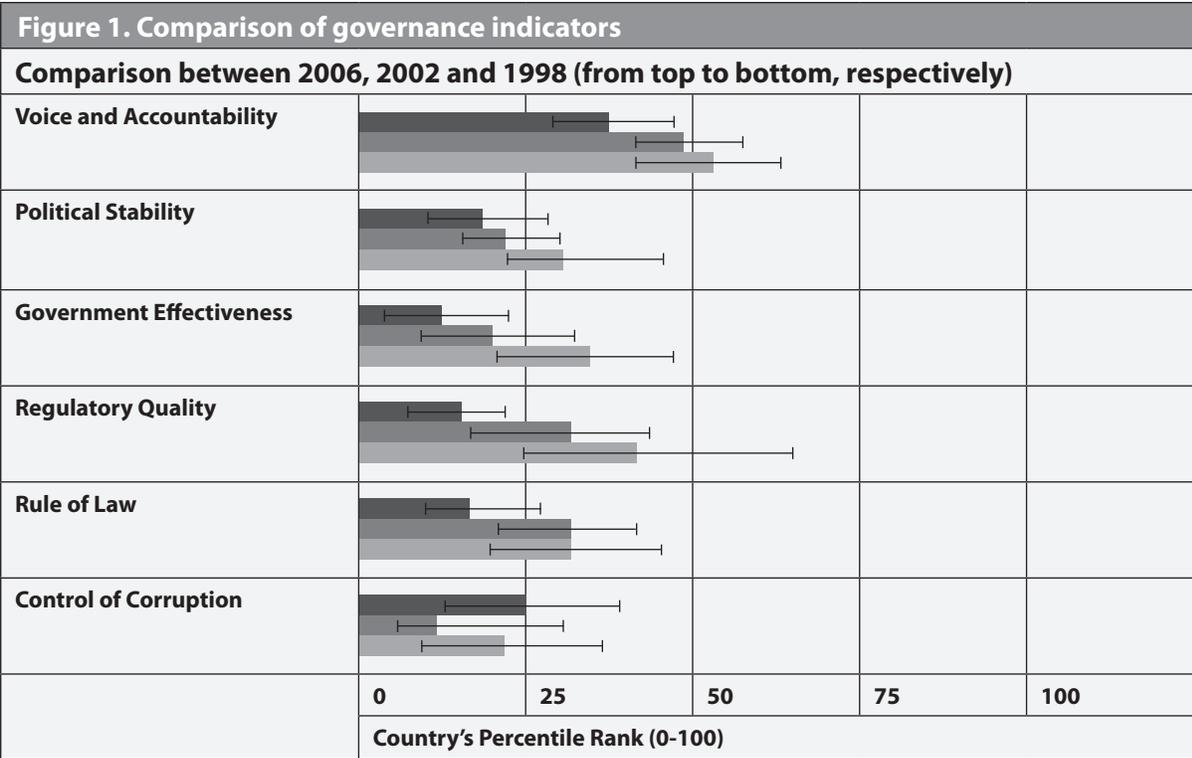
Between 1996 and 2002, the country faced periodic political crises, and three Presidents were overthrown. Pachakutik, the Confederation of Ecuador’s Indigenous Nationalities and urban-based social movements played an important role during this period, joining the alliance government of Lucio Gutierrez after his election as President in 2002. Although Pachakutik and the indigenous movement eventually left the alliance, they strengthened their presence at the local government level. Public discontent with the Gutierrez administration grew after conflicts with the Legislative and Judiciary branches led to the cessation of the Supreme Court as well as the Constitutional and Electoral Tribunals. Extensive street protests were followed with Gutierrez’s destitution by Congress in 2005. The transitional government of Alfredo Palacio (2005-2007) initiated the recovery of the judicial institutions, yet attempts to convoke a new National Constitutional Assembly were rejected by the traditional parties in Congress. The difficult conditions of democratic governance led to an intense mobilization of civil society, as well as consensus-building initiatives, such as ‘Dialogue 21’, which were supported by international cooperation agencies.<sup>9</sup>

The succession of four Presidents between 2000 and 2007 and related instability affected governance performance. In 2006, the Index of Democratic National Development<sup>10</sup> ranked Ecuador as the lowest-rated country among 18 in the region, with low scores in the categories of *Institutional Quality and Political Efficiency* and *Exercise of the Effective Power to Govern*. Likewise, governance surveys conducted by the World Bank<sup>11</sup> placed Ecuador

9. UNDP and CONESUD, ‘Social and Political Dialogue in Ecuador – Balance and Perspectives’, Manta, 2004.

10. IDD-Lat de Konrad Adenauer Stiftung and Poli in 2007 Edition available at [www.idd-lat.org](http://www.idd-lat.org).

11. World Bank Institute, ‘Democracy Matters’, Washington, DC, 2007.



Source: Kaufmann D, A Kraay, and M Mastruzzi, 2007 *Governance Matters VI: Governance Indicators for 1996-2006*.

Note: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations. The aggregate indicators do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. Countries' relative positions on these indicators are subject to indicated margins of error that should be taken into consideration when making comparisons across countries and over time.

among the low-performing countries. However, a comparison of governance indicators between 1998, 2002 and 2006 (see Figure 1) suggests improvements in all areas except corruption control.

Since the election of Rafael Correa as President in 2007, the National Constitutional Assembly has assumed greater momentum as a political priority. Delegates were recently elected to draft constitutional reforms. This process is accompanied by the Correa administration's efforts to strengthen the role and capacity of state planning and the central government in general.

**2.4 GEOPOLITICAL CONTEXT:  
BORDER RELATIONS**

Since the 1990s, Ecuador has faced an armed border conflict with Peru, promoted a Plan for the Northern Border with Colombia and negotiated a Free Trade

Agreement with the United States. Although the Free Trade Agreement was not completed, in 2008, the U.S. Congress extended the Andean Trade Promotion and Drug Eradication Act, which has allowed duty free entry for some of the country's exports for more than 10 years. Border relations with Peru and Colombia are based on integration and cooperation policies as a means to promote trade, dialogue and conflict prevention. In both cases, Bi-national Development Plans are being promoted in designated Border Integration Zones. Initiatives for integration and border cooperation with neighbouring countries are at varying stages of progress. With Peru, the main bilateral obstacles were overcome with the signing of the Peace Accords in 1998, creating conditions for local development and border integration. This has increased the level of commercial exchange from USD 256 million in 1999 to USD 1,208 million in 2005.<sup>12</sup>

12. Basombrío I, 'Economic Relations Ecuador-Peru', in 'National Plan of Foreign Policy', PLANEX 2020, p 311.

In the case of Ecuador's northern border with Colombia, the integration process still remains in its inception phase. This region is renowned both for its significant development potential, as well as for the conflicts and critical challenges that undermine this potential. It has "unmeasurable"<sup>13</sup> wealth in natural and non-renewable resources; seven ecologic reserves that comprise 25 percent of the four border provinces; and the greatest ethnic and cultural diversity in the country. There are significant opportunities for expanding cross-border trade and tourism. Esmeraldas is one of Ecuador's richest provinces in natural resources, while Sucumbios is the oil producing province that generates the highest income for the country.

These attributes are countered by levels of social exclusion and economic inequality that affect large portions of the border population. Poverty and lack of access to basic services and social infrastructure are much higher than the national average. Increased production costs resulting from the dollarization of the economy have weakened competitiveness and undermined employment generation in the border's urban settlements. Lumber extraction and informal mining, in addition to water and soil pollution caused by oil spills, have damaged area biodiversity. The limited presence of law enforcement and judicial and human rights institutions contributes to public insecurity and limited transparency in governance. This situation is aggravated by: narco-traffic, money laundering and other illegal activities; the permanent presence of insurgent groups on the Colombian side, where 80 percent of the world's cocaine supply is processed; periodic fumigations of chemical defoliants to eradicate coca plantations under 'Plan Colombia', which incurs cross-border environmental and health hazards; and the influx of refugees and displaced persons.

The development potential of Ecuador's northern border region—and its vulnerability to conflict and other threats—have made it a priority both for the

government as well as international cooperation agencies. For several years, there has been consensus on the need for an integrated planning effort that can address these challenges with explicit emphasis on conflict prevention.

## 2.5 DEVELOPMENT COOPERATION

Executive Decree No. 611, of 26 July 2000, created the Ecuadorian Institute for Development Cooperation (INECI) as a dependency of the Ministry of Foreign Affairs. The key functions of INECI include the coordination and supervision of plans, programmes, projects and other actions of international cooperation and non-reimbursable economic assistance in accordance with national priorities and the investment policies defined by the planning office.

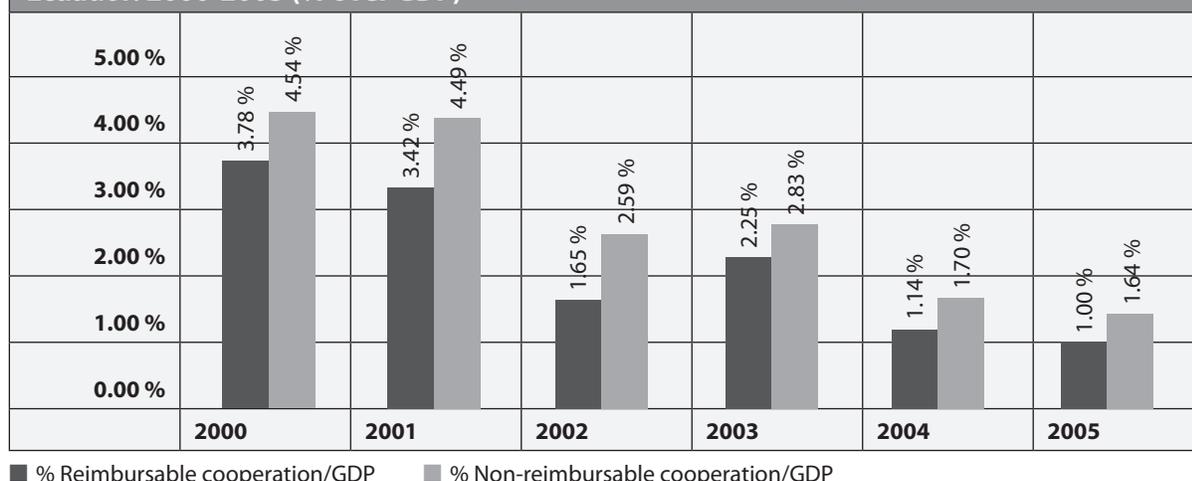
In 2005, INECI issued a report that analyzed the relationship between development cooperation flows (reimbursable and non-reimbursable) and social expenditure in Ecuador.<sup>14</sup> According to the report, the development cooperation received in 2005 amounted to almost 34 percent of the combined central government budget for the sectors of environment, education, health, housing, social welfare and labour. That year, Ecuador received USD 595 million in international cooperation, from both official (multilateral and bilateral) and non-governmental sources. Of this amount, 61.2 percent corresponded to external loans and 36.8 percent to non-reimbursable funds. As Figure 2 shows, total reimbursable cooperation declined from approximately USD 600 million in 2000 to less than USD 400 million in 2005, while non-reimbursable cooperation increased from a little more than USD 100 million in 2000 to more than USD 200 million in 2005. However, the percentage of international cooperation to GDP is declining in both cases.

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13. 'Ecuador's Northern Border: Evaluation and Recommendations of the Inter-Agency Mission of the United Nations System in Ecuador', July 2004, p 8.

14. INECI, 'Cooperation for Ecuador's Development', Quito, Ecuador, 2005.

**Figure 2. Income resulting from official and non-government cooperation, Ecuador: 2000-2005 (% over GDP)**



Source: INECI based on Banco Central de Ecuador.

The sectors that have benefited most from development cooperation are: local development, health and sanitation, environment and natural resources, industry and commerce, social welfare, the agrarian sector and governance. However, several countries that had provided significant contributions of non-reimbursable cooperation to Ecuador until 2005 are now completing their programmes and are in the process of terminating cooperation activities. These countries include Canada, the Netherlands and Switzerland.

A key finding highlighted by the INECI report concerns the territorial distribution of international aid flows, which has not addressed the regional disparities of Ecuador. Indeed, the distribution of cooperation resources at the provincial level indicates that half of Ecuador's poorest provinces were comparatively neglected or not prioritized by international cooperation agencies

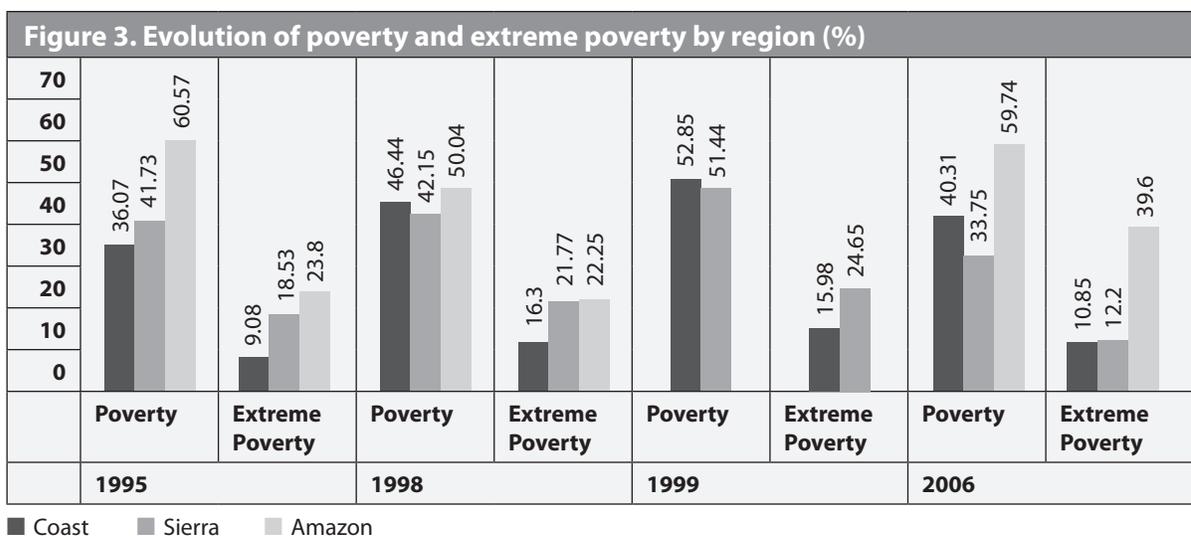
The present government has emphasized a policy of national sovereignty and autonomy in its dialogue with international cooperation agencies. This policy is accompanied by explicit efforts to strengthen the role and capacity of government institutions in coordinating international cooperation activities.

In this context, the government has identified three major problems linked to international cooperation practices that require attention: an excessive dispersion of resources that encourages the duplication of activities and, conversely, neglect of areas with higher poverty levels; lack of coordination and inconsistencies with national priorities; and the delegation of tasks to external cooperating agents that should instead be assumed by the state. These issues will be further discussed in the section of this report dedicated to the analysis of the strategic positioning of UNDP in Ecuador.

## 2.6 SOCIO-ECONOMIC CONTEXT

Ecuador's human development index has improved during the last 10 years, from 0.734 in 1995 to 0.772 in 2005. Currently, Ecuador ranks among countries with a medium level of human development, ranking 89 among the 177 countries measured. Despite the positive tendency of this index,<sup>15</sup> national percentages of poverty/extreme poverty measured by consumption increased between 1995 and 1999 but subsequently fell from 1999 to 2006, reaching levels close to those of 10 years earlier (see Figure 3).

15. The Human Development Index is calculated on the basis of three dimensions: life expectancy, basic education and per capita GDP.



Source: SIISE-INEC based on INEC, ECV. In: 'Second National Report of the Millennium Development Goals', Ecuador, 2007.

Despite declining poverty statistics, inequality according to the GINI coefficient by consumption increased from 0.42 in 1995 to 0.46 in 2006.

Poverty and inequality are linked to geography, ethno-cultural background and gender. According to the Second National Report on the Millennium Development Goals (MDGs), women's access to education has improved, approaching that of men. However, this does not lead to equal participation in the labour market: 70.6 percent of the female population does not generate income. Female unemployment is twice that of males, and income gaps between men and women with the same educational level oscillate between 20 percent and 30 percent. There are also high rates of gender violence. Political participation has increased significantly, following the establishment of quotas in electoral laws.<sup>16</sup>

Poverty rates also show significant disparities between ethnic groups. According to the latest census, the percentage of the indigenous population living in extreme poverty is almost five times that of whites, as illustrated in Figure 4.

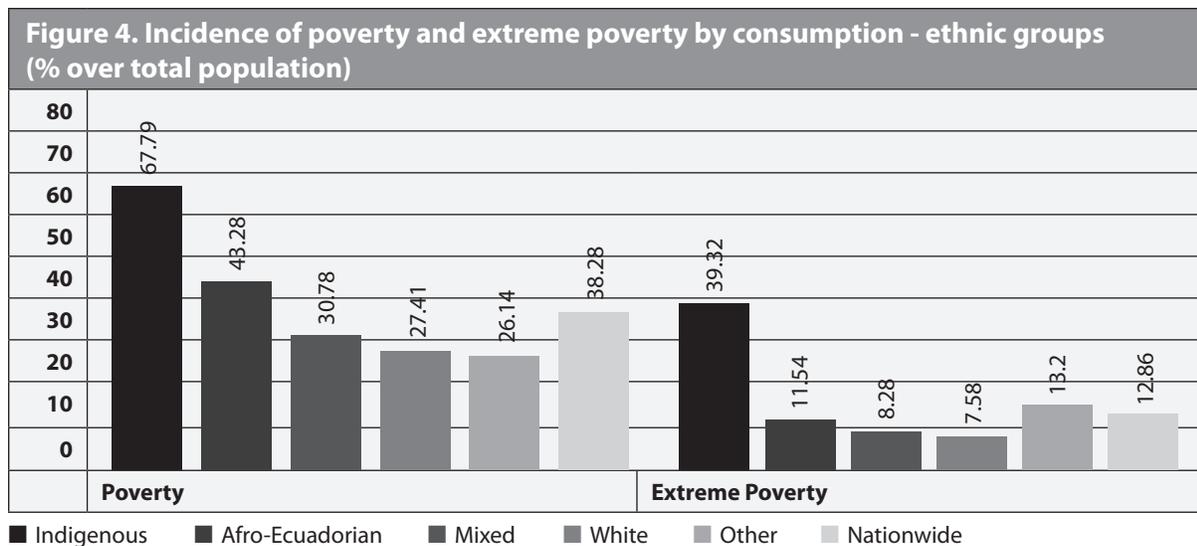
The persistence of poverty and inequality has encouraged increased emigration flows. As previously noted, migrant remittances now constitute one of the major sources of income for the country.

In 2005, Ecuador ranked 20 out of 21 countries in the region in social expenditure according to the Economic Commission for Latin America and the Caribbean, with a per capita social expenditure of USD 76 compared with the regional average of USD 610. Ecuador occupied the same position in social expenditure as a percentage of GDP (5.7 percent).

During the last decade, a significant poverty reduction initiative has been the Human Development Bonus that provides conditional monetary transfers to 47.6 percent of households within the first and second quintiles of the Selben index.<sup>17</sup> Other important initiatives include the *Alimentate Ecuador* (Feed Yourself Ecuador) programme and the *Programa de Alimentación Escolar*, a food security programme targeted at schools. The first programme offers primary attention to 2- to 5-year-old children, with 20 percent of resources earmarked for handicapped

16. 'Second National Report on the Millennium Development Goals', Ecuador, October 2007, p 15.

17. Idem, p 57. The Selben index is a comprehensive of household living conditions.



Source: SIISE-INEC based on ECV2005-2006, INEC, In National MDG report 2007.

children of all ages. The school food programme covers children from 5 to 14 years. A national nutrition programme (*Programa de Realimentación y Nutrición*) promotes adequate nourishment among infants of 6 to 36 months, as well as pregnant women and nursing mothers.<sup>18</sup>

Other important social policies programmes, based on cash compensation were the *bono solidario*, the emergency bonus, the elderly bonus, and a human development bonus, managed by the Ministry of Welfare and Social Inclusion.

A Law of Free Attention to Maternity and Childhood was approved in 1994 to offer free health services. Yet approximately 65 percent of pregnant women with access to health care have paid for at least some of the services received during their pregnancy.<sup>19</sup>

During the last decade, primary school enrolment increased by 7 percent, reaching almost 91 percent of the target population in 2006. This has helped reduce the urban-rural gap in primary education attendance from 13 percentage points in 1995 to 7 points in 2006. Current educational policies favour

the recruitment of new teachers through the use of retirement incentives and the recruitment of 2.27 new teachers for each retired teacher. Hence 1,224 teachers entered the educational system in 2006. The previous system of requiring 'voluntary' family contributions to meet school management expenses was eliminated. The savings incurred will benefit 990,000 households by 2008.

## 2.7 ENVIRONMENTAL CONTEXT

Ecuador is rich in renewable and non-renewable natural resources. It is an important oil producer and, according to the World Wildlife Fund, among 17 countries in the world with the highest levels of biodiversity. In addition to the rich biodiversity present in the mainland ecosystems (coastal, Andean highlands, inter-Andean valleys, and Amazon lowlands), the world-renown Galapagos archipelago contains more than 2,000 endemic species.

Ecuador's economy has traditionally relied on the exploitation of natural resources without sustainability considerations. This reliance has

18. The poor population that does not receive any benefits vis-à-vis children is 58.5 percent, as per the 'Second National Report on the MDGs', p 74. At the end of 2006, Programa de Alimentación Escolar covered 1,300,000 children with breakfast and lunch services for 40 percent of the school calendar year.

19. 'Second National Report on the Millennium Development Goals', Ecuador, October 2007, p 187.

contributed—both directly and indirectly—to accelerated processes of environmental degradation. The expansion of the agricultural frontier into high biodiversity areas, extensive banana cultivation, and the growth of the oil sector as the driving economic force since the 1970s, have all had significant environmental impact. The oil boom has promoted unplanned migrations to Amazon lowland areas, soil and water contamination, deforestation and heightened social conflict between settlers and indigenous communities. It is estimated that 1,225,000 hectares were deforested as the result of 994 oil platforms and related road network, and that 7,148 barrels of spilled crude oil were not recuperated between 1994 and 2000. Currently, most of Ecuador’s Amazon region is covered by exploration or exploitation contracts.

Annual deforestation rates by region range between 1.7 percent (approximately 238,000 hectares) and 2.4 percent (340,000 hectares). Less than 10 percent of harvested timber is obtained from forest reserves. The International Union for Conservation of Nature’s 2006 Red List identifies 2,180 endangered species within Ecuador that are threatened by deforestation, species traffic, and unregulated hunting and fishing. Presently, protected areas cover 19 percent of the national territory (97 percent of the Galapagos Islands). This is less than the national goal of placing 36 percent of Ecuador’s territory under protection. Although Ecuador produces less than 1 percent of the global carbon dioxide emissions, it is vulnerable to climate change. The last *El Niño* caused approximately USD 3,000 million in damages.

The 2007-2010 National Development Plan highlights the following challenges as barriers to environmental conservation and sustainable development:

- Accelerated loss of biological diversity
- Deforestation
- Expansion and intensity of agrarian land use

- Accelerated extraction of marine and coastal resources
- Environmental pollution and inadequate waste management
- Pollution, deforestation and conflict related to oil and mining extraction
- Degradation of water resources and unequal access to them
- Effects and consequences of climate changes
- Insufficient extension and management of protected areas
- Conflicts regarding the use and vision of the natural patrimony

During the past 10 years, Ecuador faced periods of political instability and successive changes of government. Institutional capacities were weakened at the central government level affecting performance and coordination. Law 37 of Environmental Management enabled decentralized environmental management, but many local governments lack the abilities and tools to assume this function. As a result of these combined factors, Ecuador often lacked a consistent environmental policy framework and policy implementation has been limited.

The recent publication of the 2007-2010 National Development Plan—Ecuador’s first in 10 years—offers the most comprehensive policy statement for the period of this evaluation. Its fourth objective, “*a healthy and sustainable environment with guaranteed access to safe water, air and soil,*” contains the following policy priorities: conservation and sustainable use of biodiversity, integrated forest management, integrated watershed planning, development of a response to climate change, development of sustainable and renewable energy, consolidation of the environmental institutional framework and promotion of public policies for environmental sustainability, contamination prevention and control, improvement of state management in areas of social-environmental conflict, and reduction of public risk and vulnerability to natural disasters.

Although recently installed, the policies and actions of the current administration suggest government commitment to environmental issues. The Ishpingo Tambococha Tiputini area, which contains some of the country's most important oil deposits in the midst of unique biodiversity, has been proposed as a Nature Reserve with international support to compensate lost oil revenues. A Ministry of Electrification and Renewable Energy was recently created, and the 2007-2011 Energy Agenda outlines national policies for the sector. Significant investments in renewable energy are being made in

the Galapagos Islands that have conservation and economic benefits. After a critical International Union for Conservation of Nature evaluation that could affect the Galapagos' status as a World Natural Heritage Site, a government Executive Decree was issued in 2007 declaring an environmental emergency in the Galapagos and mandating an action plan. Since 2002, the CEREPS national fund, paid with oil export revenues, has funded hundreds of local infrastructure, basic service and conservation projects to compensate environmental damages by oil and mining activity.

## Chapter 3

# Contribution to development results

### 3.1 OVERVIEW OF THE UNDP PROGRAMME: RESOURCE MOBILIZATION AND DELIVERY

Ecuador was part of the first round of countries to roll out the simplification and harmonization process in the UN system. The country programme was synchronized with that of the United Nations Development Assistance Framework (UNDAF) and the programming cycle is harmonized with the United Nations Population Fund (UNFPA) and the United Nations Children’s Fund (UNICEF).

The Country Programme Document 2004-2008 summarizes UNDP programmatic focus in Ecuador as follows:

*“The programme supports the new government’s efforts to reinforce citizen participation and democratic dialogue, combat corruption, reduce poverty and exclusion, and reactivate the economy to create*

*jobs and wealth, as well as improve the environmental security. It is articulated around the three UNDAF intended outcomes: (i) poverty reduction through improved access to basic social services and employment; (ii) democratic governance and transparency through strengthening of government institutions and decentralization process; and (iii) sustainable environment through equitable access to natural resources.”*

Within this general framework, the results matrix of the Country Programme Document 2004-2008 presented 23 expected outcomes. The Country Programme Action Plan reflects greater focus with a matrix of 13 expected outcomes. In accordance with the structure of the 2003-2007 Multi-Year Funding Framework of the UNDP, the outcomes are articulated around 13 service lines and 5 strategic objectives, as illustrated in Table 1.

<b>Strategic objectives</b>	<b>Service lines</b>	<b>Expected outcomes</b>
1. Achieving the MDGs and reducing human poverty	1.1 MDG country reporting and poverty monitoring	National authorities incorporating MDG reporting and poverty monitoring into their policies, along with the creation of debate on sustainable human development issues
	1.2 Pro-poor policy reform to achieve MDG targets	Reduction of human and income poverty addressed as a major concern of macroeconomic and social policies
	1.3 Local poverty initiatives including microfinance	Social programmes effectively contributing to poverty reduction and the achievement of the MDGs
	1.5 Private sector development	Expansion of a competitive, market-oriented private sector, based on principles of sustainable and equitable growth

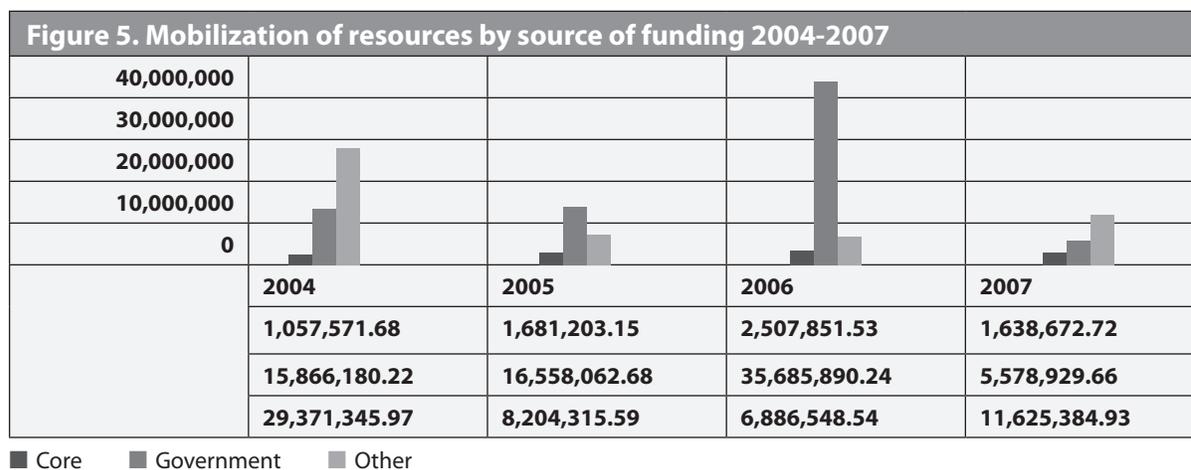
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<b>Table 1. UNDP objectives, service lines and expected outcomes in Ecuador, 2004-2008</b>		
<b>Strategic objectives</b>	<b>Service lines</b>	<b>Expected outcomes</b>
2. Fostering democratic governance	2.1 Policy support for democratic governance	National dialogue promoted to create an enabling environment for citizen participation and strengthening of democratic institutions
	2.4 Justice and human rights	National human rights system strengthened, access to justice of vulnerable groups and their capacity to claim rights improved, dialogue and participation mechanisms for indigenous people created and strengthened with mainstreamed human rights-based approach into development
	2.6 Decentralization, local governance and urban/rural development	Local authorities with effective policy and legal framework for the planning, managing and financing for local development processes
	2.7 Public administration reform and anti-corruption	Public administration reform for efficient, effective and responsive public services promoted
3. Energy and environment for sustainable development	3.1 Frameworks and strategies for sustainable development	Improved capacity of national/sectoral authorities to plan and implement integrated approaches to environmental management and energy development that respond to the needs of the poor
	3.3 Access to sustainable energy services	Improved capacity of local authorities, community-based groups and private sector in sustainable energy development
	3.5 Conservation and sustainable use of biodiversity	Improved capacity of local authorities, community-based groups and private sector in natural resources and environmental management
4. Crisis prevention and recovery	National disaster reduction	Integrated risk management system operational, including more relevant, effective and efficient response interventions
5. Responding to HIV/AIDS	5.2 Development planning, implementation and HIV/AIDS responses	Institutional capacity-building to plan and implement multisectoral strategies to limit the spread of HIV/AIDS and mitigate its social and economic impact

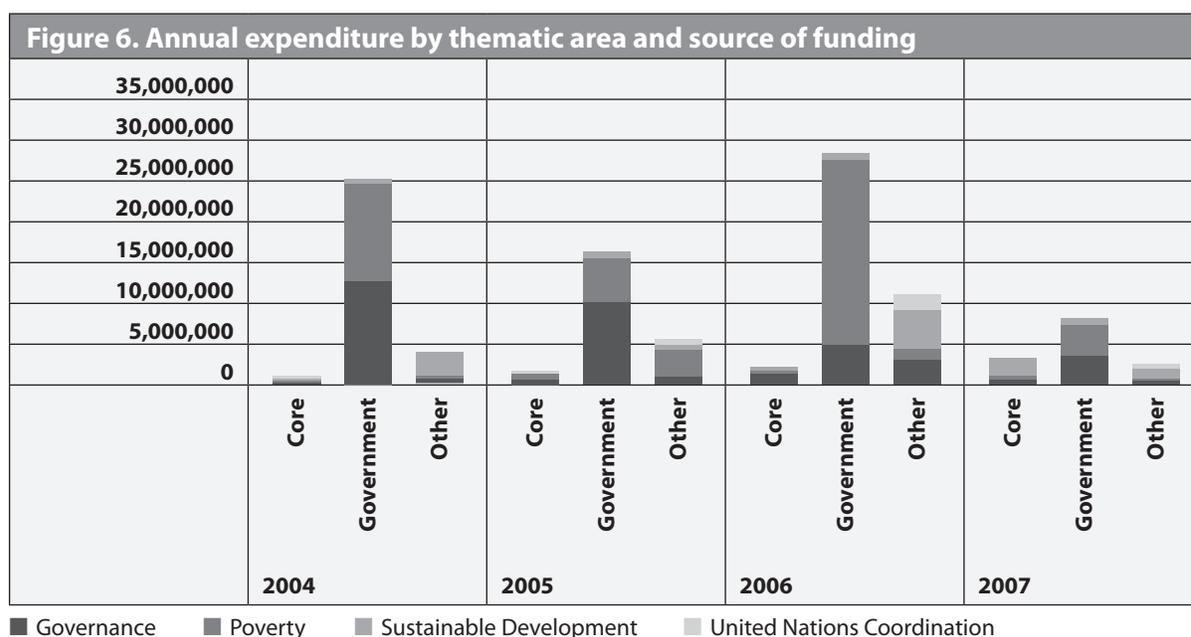
Allocation of core resources to the UNDP CO in Ecuador is very limited.<sup>20</sup> Contributions from bilateral donors finance a significant part of the programme, but the financial sustainability of the CO during the current programming cycle depended to a great extent on cost sharing with the government at the central and local levels. This rose to a maximum of 79.2 percent of the programme budget in 2006. Figure 5 details the resources for the period between 2004 and 2007.<sup>21</sup>

Under the category of 'other' in Figure 5, Global Environmental Fund (GEF) resources account for more than 80 percent and are set aside exclusively for sustainable development initiatives. This means that dependence on government funds in the areas of poverty reduction and democratic governance is much higher than what is reflected in Figure 5.

Breaking down the annual expenditure by thematic area and source of funding provides a more reliable picture of the situation. This is shown in Figure 6.



Source: UNDP office, Ecuador, October 2007.



Source: UNDP office, Ecuador, October 2007.

20. This is related to Ecuador's status of middle income country.

21. The non-availability in UNDP of financial data prior to 2004 prevents analysis of trends over a longer period. The 2007 data only include resource mobilized until September, this not reflecting the full picture of the year.

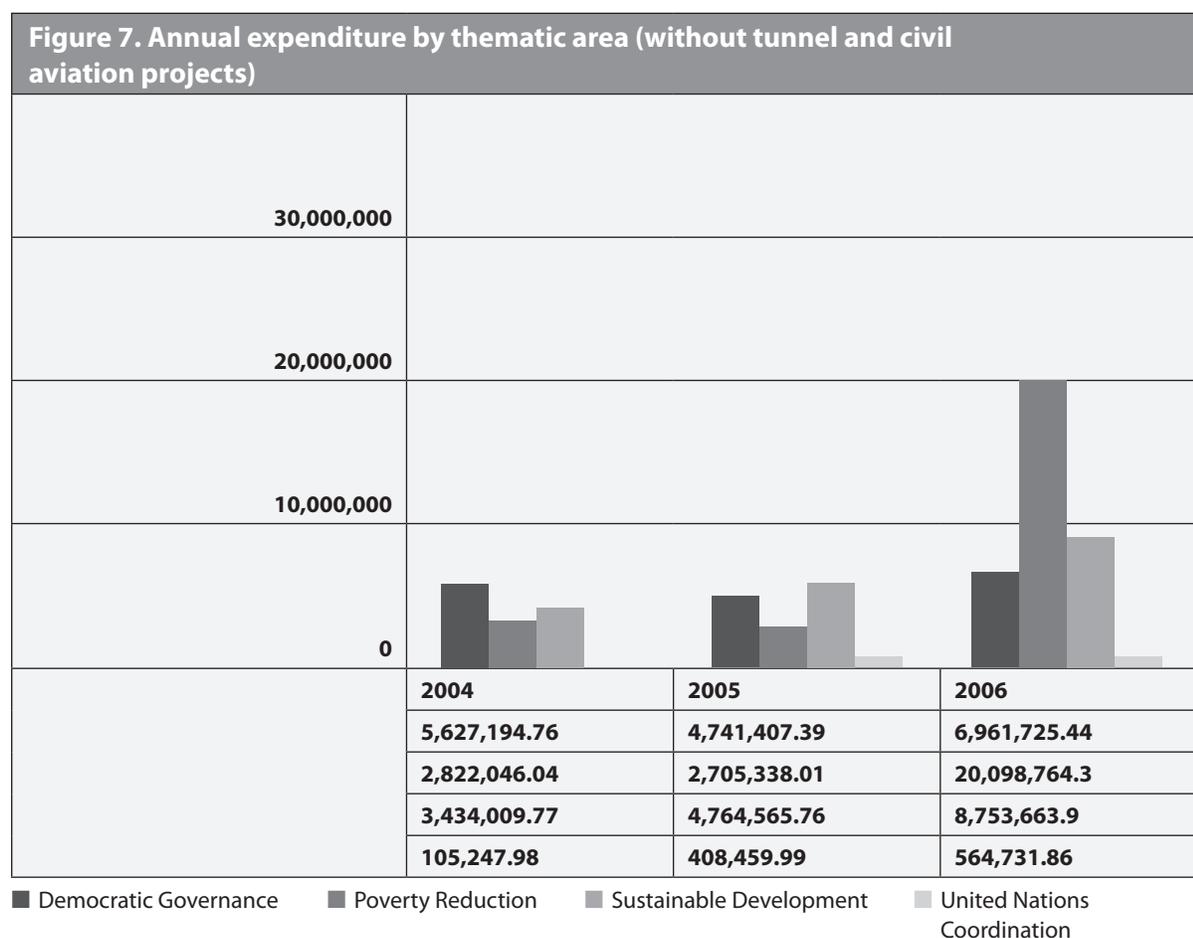
As Figure 6 shows, the percentage of government funds for expenditure during the past four years ranges between approximately 72 percent and 94 percent in the democratic governance area and between 72 percent and 95 percent in the poverty reduction area. In the sustainable development area, it never exceeds 15 percent and normally averages between 0.6 percent and 8 percent.

Overall, the pattern of expenditure does not show continuity within thematic areas over time. Democratic governance, for example, fell from 58 percent in 2005 to 28 percent of expenditure in 2006 then rose to 32 percent as of October 2007. Similar variations can be observed in the area of poverty, which fell from 31 percent in 2004 to 19 percent in 2005 then rose to 49 percent in 2006.

Moreover, the distribution across thematic areas does not fully reflect the relation between expen-

diture and substantive programme activities. This is due to the engagement of the CO in providing administrative services for large infrastructure projects. The construction of a tunnel in the city of Quito and a project to modernize civil aviation, which have been classified under democratic governance and poverty reduction respectively, are two cases in point.

Figure 7 shows the annual expenditure by thematic area, without the tunnel and the civil aviation modernization projects' expenditure. Strikingly, environment and energy are a much bigger share of the total investment, representing the majority of expenditure (37 percent) in 2005 and increasing from 1.4 percent to 24.1 percent in 2006. Figure 7 reflects a more balanced pattern of expenditure distribution across thematic areas. Yet the drastic differences within the areas of democratic governance and poverty reduction are confirmed.



Source: UNDP office, Ecuador, October 2007.

According to official data from ATLAS,<sup>22</sup> the efficiency of the Ecuador CO is in line with the regional average for Latin America and the Caribbean. In 2006, management costs were 3.9 percent of total expenditure compared with a regional average of 3.6 percent. This is lower than the global average of 13.2 percent for the same year. Ecuador is in line with the global and regional average for annual budget delivery, with an execution of programme funds of 68.8 percent in 2006, in comparison to the global average of 70.5 percent, and a regional average from the Regional Bureau for Latin America and the Caribbean (RBLAC) of 59.6 percent.<sup>23</sup>

## **3.2 CONTRIBUTION TO OUTCOMES BY PRACTICE AREA**

The following section assesses UNDP contribution to national development results against the result matrix of the Country Programme Action Plan. The key reference for the evaluation of UNDP performance are the UNDP Multi-Year Funding Framework strategic objectives and expected outcomes. Where appropriate, some of the expected outcomes have been aggregated, or rephrased in a way that better reflect the actual focus of the programme. This is reflected in the headings of the subsections of each thematic area below. Where appropriate, the analysis highlights unexpected outcomes and missed opportunities.

### **3.2.1 DEMOCRATIC GOVERNANCE**

#### **3.2.1.1 National challenges and priorities**

Ecuador has gone through a series of economic crises, natural disasters and a conflict with neighbouring Peru since the 1980s. This resulted in high political instability and an almost permanent crisis of democratic governance. Ecuador has had four different Presidents and a very high turnover of staff in line ministries and other key national institutions between 2000 and 2007. The governance crisis culminated in the dismissal of the accredited members of the Supreme Court of Justice during the government of President Lucio Gutiérrez, which resulted in the departure of the President

himself and a generalized scepticism towards National Congress for having legitimized this unconstitutional measure. Safeguarding the rule of law and national state institutions in a democratic framework constituted a major national challenge in this period.

Other challenges include decentralization and local democratic governance. On the one hand, local administrations do not necessarily have the skills and tools to effectively face the new responsibilities that they must manage, despite financial transfers from the central government. On the other hand, there is still a need to consolidate institutional mechanisms for citizens' participation, as well as a need to improve citizens' ability to articulate proposals, negotiate and follow up on public policies in the local context.

#### **3.2.1.2 UNDP programmatic focus**

Within the context described above, UNDP focused on strengthening national institutions and supporting national consultation processes between the state and civil society. Parallel to that, UNDP supported strengthening the local government and promoted participatory democracy at the local level. In the framework of decentralization, UNDP focused on two main lines of intervention: enhancing the efficiency of local authorities in regulating urban and rural development; and developing and consolidating institutional mechanisms for citizens' participation in public management as a way of deepening democracy.

#### **3.2.1.3 Contributions and shortcomings in UNDP performance**

The evaluation found good practices in the area of democratic governance, such as the role played in the restoration of the Supreme Court of Justice. This was widely recognized as an example of how UNDP and the United Nations can best use their reputation of neutrality to mediate among conflicting institutions, helping a country avoid a major constitutional crisis and preserve the rule of law.

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22. ATLAS is the UNDP corporate management software.

23. Data extracted from ATLAS' Executive Snapshot on 17 December 2007. It is impossible to prepare a trend analysis for these data, given that averages for years previous to 2006 are not available and the 2007 averages are yet to be published.

UNDP support to state civil society dialogues and to the political participation of marginalized groups were also important initiatives in supporting democratic governance. Interviewees in civil society indicated that the dialogues and consultation processes supported by UNDP indirectly influenced the design of social policies, such as the 10 Years Education Plan. Failure to follow up and implement agreements reached in state society dialogues was attributed to institutional and political instability and was not seen as a failure in the dialogue processes *per se*, which are perceived as effective in strengthening social movements and recognizing new social actors.

UNDP has also engaged in a number of important initiatives supporting human rights and access to justice, including support to the formulation and implementation of the National Human Rights Plan and support to the Ombudsman Office for greater access to the justice system and human rights protection. While the ADR confirmed these efforts were relevant, the results were mixed. A final evaluation of a UNDP project for the introduction of information and communication technology in local human rights defence offices highlights UNDP contributions to improved efficiency of the justice system, but does not analyze the effects of the actual use of these new technologies. An evaluation of a joint UNDP and Office of the High Commissioner for Human Rights project to support the implementation of the National Human Rights Plan highlights communication and coordination problems between the two entities that negatively affected the achievement of the project's objectives. The evaluation does not provide an analysis of the actual effectiveness of the project. Most of the government and civil society actors consulted highlighted the need for clearer strategic focus and greater continuity in implementing UNDP programmes and projects. There is a general perception that UNDP strategy and action was not always consistent in relation to issues such as social participation, dialogue processes, human rights and minority groups such as the indigenous and Afro-descendant peoples.

In relation to decentralization and local participatory governance, the evaluation found mixed results. The support given to the city of Guayaquil to develop local capacity for urban development management was identified as a good practice. Yet, there were also shortcomings in this practice area. The rationale for selecting thematic and territorial priorities in programme implementation was not always clear or articulated in programming documents. The relevance to human development of UNDP engagement with local governments was sometimes questionable, for example, in the case of UNDP involvement in large infrastructure projects such as the tunnel in Quito.<sup>24</sup>

Medium to long-term strategic vision and continuity of activities over time are weak points in UNDP programme implementation. In addition, synergies on the ground with other development agencies, within and outside the UN system, were less than optimal in some occasions. The different lines of intervention dealing with local governance—namely, strengthening institutional management capacities and developing methodologies and legal frameworks for citizens' participation—were dispersed and not articulated in given territories in an integrated approach. This combination of factors limited the consolidation of processes and the overall effectiveness of the programme in supporting decentralization and strengthening local democratic governance. In at least one case, the evaluation found that UNDP contributed to outcomes that were not consistent with the original intentions of the programme, *de facto* contributing to the rejection of participatory mechanisms and a recentralization of the municipal government. The Municipality of Pedro Moncayo is the case in point, discussed later on in this chapter.

### **Rule of law and the strengthening of democratic institutions**

At the height of Ecuador's governance crisis between 2004 and 2005, UNDP and the Resident Coordinator's office played an instrumental role in restoring the rule of law in Ecuador. After the

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24. The case of the tunnel is discussed in further detail in the section on development support services and national capacity development.

destitution of President Gutierrez, the government of Alfredo Palacio and the National Congress sought to restore institutional normality within the judicial branch by inviting the United Nations, Andean Community of Nations and European Union to monitor the selection of new Supreme Court judges.

The Department of Political Affairs of the United Nations Secretariat, in consultation with the UN Resident Coordinator in Ecuador, UNDP RBLAC, UNDP Bureau for Crisis Prevention and Recovery, the Office of the High Commissioner for Human Rights and the UN Special Rapporteur on the independence of Judges and Lawyers, approved the initiative under the coordination of the UN Resident Coordinator in Ecuador. An initial mission conducted in March 2005 by the Special Rapporteur of the United Nations on Independence of the Judiciary, found constitutional defects in the dismissal of Supreme Court, Constitutional Court and Electoral Court members by the National Congress, as well as in the designation of their replacements. A Screening Committee comprised by United Nations, the Organization of American States, the Andean Community of Nations, and national civil society actors, such as the Justice Network, was formed to closely monitor the new selection process in order to guarantee its transparency. Democratic stability was strengthened with the installation of new court members in November 2005, during a ceremony that was attended by the Secretary-Generals of the Organization of American States, the Secretary General of the Andean Community and the UN Under-Secretary General for Political Affairs, among others.

The UN Resident Coordinator and UNDP office in Ecuador were instrumental in leading and coordinating the process, as well as in providing methodological support for scenario analysis with the participation of a wide range of stakeholders from political parties, civil society, private sector and the media. The Government of Spain, through the Spanish Agency for International Cooperation, provided financial support for the consultation processes.

### **Increased institutional capacities for urban and rural development management: The case of Guayaquil**

The city of Guayaquil is a good example of effective UNDP contribution to institutional strengthening of urban management in Ecuador. UNDP has been cooperating with the city since 1994 in the framework of a strategic partnership with the municipality and with the UN Human Settlements Programme (UN-HABITAT). The objective was to strengthen the institutional capacities of the municipality to promote and regulate local development. This partnership has been effective and resulted in increased coverage and access to basic social services in marginalized urban areas, among other results. According to the local MDG report, extreme poverty, as measured by the Unmet Basic Needs Index,<sup>25</sup> has been reduced from approximately 23 percent in 2001 to 19 percent in 2006. All the actors interviewed in Guayaquil—including municipal workers, representatives of civil society and the private sector—believe that the municipality has considerably improved its ability to respond to the challenges of increasing growth in the metropolitan area and recognize the contribution of UNDP and UN-HABITAT in three key areas: the articulation of the different directorates and units that the municipality comprises; the technical and financial capacity to increase the coverage and access to basic social services; and the political positioning of the MDG agenda.

In this context, one of the most strategic contributions has been support for linking the urban land survey with the land property register, which has provided the basis for an effective social information system and the drawing up of a regulatory plan for the city. In addition to providing geo-referenced information, the linkage of the land survey maps with the register has made it possible to create legal certainty regarding land property, legalizing more than 1,600 properties in urban areas to date and increasing municipal revenue from property tax, thus releasing resources for greater social investment. Box 1 illustrates the UNDP and UN-HABITAT contribution.

25. **The Unmet Basic Needs Index measures poverty beyond consumption. It captures conditions of infrastructure and is complemented through indicators of economic dependence and school assistance.** In accordance with this measuring methodology, a household is considered poor if it lacks a house with proper materials, if it lacks adequate water and sanitation services, if it has a crowding level considered as critical, if the degree of economic dependence is high and when one of the children of school age is not attending classes.

## Box 1. UNDP and UN-HABITAT: Results of a successful partnership

### Highlights of the UNDP and UN-HABITAT programme in Guayaquil, Ecuador.

- Demarcation of the limits between public and private property facilitated the planning and installation of infrastructures for basic social services in marginal urban areas.
- Legal certainty on real estate property was an important step for the economic inclusion of families with limited resources. The title deed serves as proof of entitlement to the housing bond, thus allowing periodic investment to improve housing conditions, and also constitutes a potential guarantee of access to credit in the formal private system.
- Linking the land survey maps and the land register in a single integrated information system has contributed to increasing revenue from property taxes. According to data from the finance office of Guayaquil municipality, the efficiency of collection (i.e., the agreement between what should be collected and what is actually collected) ranged between 91 percent and 99 percent from 2000 to 2007. According to the same source, property tax revenues underwent a sustained increase over the same period. Both the finance office and the land survey recognize the importance of the linkage between the survey and the ownership register for the purposes described, as well as the key role UNDP and UN-HABITAT played.
- The preparation of the MDG report and its validation with civil society brought local actors together around a concrete exercise. This resulted in positioning the MDG agenda in the public debate and strengthening local institutional capacities, including skills for data collection and analysis, as well as internal communication and coordination among different units within the municipality.
- The Department of Social Action and Education was created in the municipality on the basis of an institutional model designed with UNDP support. The department was established to implement municipal programmes in the areas of social development and education with a centrally allocated budget. According to the finance office of the municipality, the Department of Social Action and Education's budget during the past four years has increased from 2.5 percent of the total municipal budget in 2003 to 5.1 percent in 2007.

A key factor in the effectiveness of UNDP contributions was the establishment of a Project Management Unit that was smoothly integrated into the municipality. The Project Management Unit gained the confidence of its counterparts and responded flexibly to their demands without losing sight of the project goals. The unit was also instrumental in optimizing the synergy between UNDP and UN-HABITAT. Municipal officials have indicated that the commitment secured by signing the cooperation agreement with UNDP represented a guarantee of predictability of funding and an element of continuity in the processes. This predictability was not perceived to be a direct result of UNDP financial contribution,<sup>26</sup> but rather a result of having entered into an established commitment with an international organization with standing.

Despite these achievements, challenges remain, especially relating to the sustainability of results. Financial sustainability is not a major concern, and the municipality can count on a critical mass of installed capacity to operate. Concerns relate more

to the need for continued consolidation of internal communication and coordination mechanisms within the municipality. This will be all the more necessary in the event of a political change in the municipal administration, which may result from the forthcoming elections. A key factor for success of this project was the continuity of the process, facilitated by the political stability of the local government. In this respect, UNDP in Guayaquil did not have to face the same challenges of adapting to drastic changes in government as occurred in other contexts.

Some of the interviewees indicated that the political transition envisaged after the next municipal elections could greatly benefit from an in-depth evaluation of the urban management experience in Guayaquil. Such an evaluation could be conducted under United Nations auspices to gain credibility as an impartial judgment and the lessons learned from such an evaluation (both positive and negative) could accompany the transition with an eye beyond local and national political divergences. Failure to

26. According to the data provided by the UNDP office in Quito, UNDP contribution amounted to less than 10 percent of the total: UNDP financial contribution was USD 546,114 while the municipality's contribution was USD 6,145,894.

respond to this appeal would mean the loss of an important opportunity not only for accompanying the political transition in the municipality but also for guaranteeing UNDP institutional memory.

It should be noted that the ADR mission did not find any documents indicating the existence of systematic monitoring of the programme by the UNDP office in Quito, despite the recommendations to this effect made by an evaluation of the first phase of the project, conducted by an independent consultant in 2004. While the cooperation provided has contributed to positive outcomes, the lack of institutional memory on this process could seriously limit learning and replicability, beyond the individual experience of those who were directly involved in the project.

### **Enabling environment for citizens' participation in the context of decentralization**

This component of UNDP strategy in Ecuador over the period of the evaluation was mainly implemented through the Transparent Municipalities programme with a budget of USD 100,000. One third of the budget was funded by the Ecuadorian Civic Commission for Control over Corruption and two thirds by UNDP. The programme had a total duration of less than one year—the first phase of four months and the second of six months—between 2002 and 2004. Within this time-frame, the programme intended to promote and consolidate participatory municipal management in four municipalities<sup>27</sup> and, on the basis of these experiences, to formulate a model for transparent municipal management to be disseminated and applied at the national level. Despite the existence of a document that systematizes the programme in general terms, the evaluation did not find evidence of a municipal management model developed or supported by UNDP, let alone disseminated at the national level.

Programme activities consisted of development support services<sup>28</sup> and technical assistance for the participatory design of local development plans. UNDP was also instrumental in strengthening

institutional mechanisms for citizens' participation, such as the Local Development Council and the Community Boards.

The evaluation team conducted a site visit in Pedro Moncayo, one of the municipalities where a new administration had been elected. In the new political context, there was a rejection of the institutional mechanisms and legal framework for participatory democracy that had been designed and implemented with the project's support. UNDP was clearly perceived as a political ally of the previous administration and one that would support Community Boards and the Local Development Council in opposition to elected authorities. One of the interviewees justified this as follows:

*“Technical assistance was abruptly interrupted... (and)...participation turned too political, the Development Council being perceived as the maximum authority, to the point where the Mayor was seen only as one more actor among others, and whose power as an elected authority was de-legitimized...”*

This is an important case to be analyzed for institutional learning. The concern expressed by the interviewee coincides with comments made by several analysts interviewed in the capital. In their view, the challenge of widening and deepening democracy is in the search for complementarity between representation and participation, rather than in a dichotomy between elected authorities and civil society representatives. They perceive this dichotomised vision as often characterizing the attitude of international cooperation and as entailing the risk of creating barriers instead of openings in state and society relations.

The experience in Pedro Moncayo also shows that when UNDP approaches a local government with proposals to take advantage of the political conjunction without long-term vision and commitment, it can compromise its image of impartiality, neutralize its comparative advantages, and even contribute to outcomes that are not in line with what was initially intended. This case highlights the need for greater attention to political transitions and greater

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27. Pedro Moncayo, Cayambe, Esmeraldas and Rumiñahui.

28. That is, administrative service provision for public procurement of goods and services.

flexibility in adapting to emerging demands at the local level. It also highlights the need for greater efforts to establish strategic partnerships with other development agencies that might complement and or reinforce UNDP initiatives.

### **3.2.2 ACHIEVING THE MDGS AND REDUCING HUMAN POVERTY**

#### **3.2.2.1 National challenges to and priorities for achieving the MDGs**

The costs generated by natural disasters, financial crises and dollarization of the economy have not been equitably distributed within society. According to the 2007-2010 National Development Plan, between 1990 and 2006 only higher-income households (those in the top 20 percent of earners) did not experience a drop in per capita income, while the other 80 percent faced reductions in income level.<sup>29</sup> Economic stabilization has been achieved at a high cost to the more vulnerable social groups and small to medium-scale productive sectors, as reflected in the inability of the labour market to absorb entry demand.

In this context, strengthening national capacity to monitor poverty and inequality and to design policies accordingly became an important challenge. The effective implementation of targeted social policies was seen as critical to reducing poverty and inequality, and fiscal equity and transparency of the administration was instrumental to sustainable development financing. By the same token, the expansion of the private sector, particularly small and medium-size enterprises, became a priority for breaking dependency on primary commodity export and promoting equitable growth.

#### **3.2.2.2 UNDP programmatic focus**

UNDP mainly focused on upstream activities, geared toward positioning the MDGs in the public debate and strengthening institutional capacities. More downstream activities, such as support to small and medium enterprises and local economic development initiatives, constitute an emerging area of intervention.

#### **3.2.2.3 Contributions and shortcomings in UNDP performance**

Major UNDP contributions to results in this area relate to the positioning of the MDGs in the public agenda and the strengthening of institutional capacities for systematic poverty monitoring and development planning. Efforts made to increase fiscal transparency were also relevant and effective. However, the absence of a medium and long-term vision and of a clear exit strategy may compromise the sustainability of the results achieved.

Support to services for small and medium enterprises in integrated local development projects is an emerging area of intervention, and it is too early to evaluate its effectiveness. However its thematic relevance for the country is widely recognized. Cross-cutting issues, such as gender, are well addressed in the MDG reports but not in other initiatives.

#### **MDG positioning, poverty monitoring and planning capacities**

The Executive Decree 1619 for poverty reduction, approved in 2004, led to two independent processes: the preparation of the first national MDG progress report; and a series of consultation processes focusing on the state budget and the design and approval of a Fiscal Pact for poverty reduction, as well as policies to achieve the envisaged goals.

The first national MDG report was prepared in 2005 with the active participation of INECI, several bilateral organizations and all the organizations of the UN system led by UNDP, gathering in the Poverty Reduction Round Table. The process was led by the Centre for Millennium Investigations. The Centre was created in 2005 and integrated actors from the public administration, national universities and the international cooperation.<sup>30</sup> It is a centre for the dissemination of the MDGs, focusing on the production of information and methodologies for monitoring poverty and establishing priorities for public policies.

After the completion of the first MDG report in 2005, UNDP strategy focused on the prepara-

29. SENPLADES, 'National Development Plan 2007-2010: Planning for the Citizens' Revolution', Quito, Ecuador, 2007.

30. Through an agreement between the Technical Secretariat of the National Front, the Consortium of Provincial Councils of Ecuador, the Latin American Faculty for Social Sciences, and UNDP, within the framework of the MDG National Secretariat.

tion of provincial and municipal MDG reports.<sup>31</sup> The Centre for Millennium Investigations was in charge of the design of locally adapted methodology and indicators, as well as of training programmes to develop local capacities for data collection and statistical analysis. In parallel, the second national MDG report was completed in October 2007 with support by the UN system under UNDP leadership. This second report largely drew on the database generated at the provincial level. In this respect, localizing the MDGs was an effective strategy to strengthen local planning capacities and highlight territorial inequalities in the national framework. In the National Development Plan published in 2007, the MDGs are the framework that is meant to guide international cooperation.

The methodology developed and disseminated in preparation of the MDG report is now used as the basis for national and local diagnostic and planning efforts. It has generated a reliable database in a country that has had many limitations in this area. The reports produced have been used by universities and the media, and contributed to increased awareness of issues related to democracy and human development in the public agenda. Some of the government officials who now play key roles in the National Secretariat for Development Planning (SENPLADES) have been part of the MDG report team. More recently, UNDP supported the formulation of the current National Development Plan, constituting the first official definition of mid-term national priorities in more than a decade.

### **Increased fiscal transparency**

One of the priorities defined in the UNDP programme documents was the contribution to fiscal transparency and social control over public administration. UNDP, in cooperation with UNICEF, mobilized resources and provided support to the creation of the Observatory for Fiscal Policy (OPF). The OPF is a non-governmental organization that promotes the dissemination of the fiscal culture, encourages transparency and monitors public accounts. Through the periodic dissemina-

tion of articles, bulletins and analysis of financial data, OPF has positioned itself as a reference for the media, academia and society in general. The OPF judicial statute was formally approved by the government, indicating the national relevance and ownership of the initiative.

When the evaluation visited Ecuador, UNDP, in consultation with the World Bank and the German Agency for Technical Cooperation (GTZ), was defining an exit strategy to gradually bring to an end its financial support to the OPF. An effective exit strategy is needed to guarantee continuity of the activities projected for 2008 and the very existence of the OPF, an initiative that so far has proven to be effective and relevant. The evaluation also found that UNICEF had already distanced itself from OPF in order to support another initiative called *Lupa Fiscal*.<sup>32</sup>

### **Expansion of a competitive, market-oriented private sector based on principles of sustainable and equitable growth**

This is an emerging area of strategic focus. However, the evaluation did not find evidence of significant UNDP support to the expansion of the private sector in Ecuador—clearly based on principles of sustainable and equitable growth—over the time-frame evaluated.

The modernization of civil aviation, in which UNDP was involved in only as budget administrator, has enabled Ecuador's airline sector to meet international standards. This allowed the country to establish direct flights to the United States and some major cities in Latin America. This is an important opportunity for Ecuador to engage with the regional and global economy. Yet links between this operation and the principles of sustainable and equitable growth were weak or not expressed in any strategic or programmatic document, or in any monitoring or evaluation report. The key question at stake relates to the overall relevance of such initiative *vis-a-vis* UNDP mandate. This will be addressed later on in this chapter.<sup>33</sup>

31. Through two associated projects, provincial reports on MDGs are prepared in Pichincha, Manabí, Azuay, Bolívar and Los Ríos, in addition to Guayaquil.

32. The *Lupa Fiscal* is exclusively geared towards the detailed screening of public accounting, and not to the promotion of a fiscal culture in a wider sense, as OPF is.

33. See the section on development of support services and national capacity development for additional information.

Recently, UNDP Ecuador has engaged in a programme to support a local development agency in the city of Cuenca—one of the three major cities of the country—and some other smaller cities. This initiative is part of the ART GOLD programme, largely financed by the Italian Government. The ART GOLD programme is an innovative line of interventions that gather public and private actors around local economic development initiatives. The relevance of this initiative is recognized by all the interviewees. At the time of this evaluation, it was not possible to analyze the effectiveness of these local development initiatives because they are still in an incipient phase. However, during the field visits, it became clear that the contribution of the United Nations Volunteers is perceived by local producers as highly effective in transferring knowledge. However the lack of a system for monitoring outcomes in the UNDP unit in charge of the programme is a matter of concern. Such monitoring is critical to establish a connection between support to local enterprises and the emerging outcomes in terms of equitable and sustainable growth.

### **Missed opportunities**

Despite the positive contributions in poverty monitoring, advocacy and planning capacities for the MDG and human development, there were some missed opportunities that hindered UNDP support to achieving the MDGs. Namely, the fact that UNDP did not establish links with the ministries that directly relate to fighting poverty, such as the Ministry of Welfare and Social Inclusion, which is responsible for poverty reduction policies and compensation programmes.

Another opportunity for more effective engagement in poverty reduction relates to initiatives in support of migrant workers. To date, their economic contribution to national development has not been addressed in public policies or been given systematic attention by the international cooperation. Recent attempts by the government and UNDP to deal with the matter show that this subject is slowly entering the public agenda but is still at an incipient stage.

## **3.2.3 ENERGY AND ENVIRONMENT FOR SUSTAINABLE DEVELOPMENT**

### **3.2.3.1 National challenges and priorities in sustainable development**

In addition to conserving the biodiversity in Galapagos, Ecuador faces environmental challenges on the mainland—mainly related to the sustainability of oil exploration and the advancement of the agricultural frontier in the Amazon rain forest.

The policies and actions of the current administration, although recently installed, suggest government commitment to environmental issues. The Ishpingo Tambococha Tiputini area, which contains some of the country's most important oil deposits in the midst of unique biodiversity, has been proposed as a Nature Reserve with international support to compensate lost oil revenues. The Ministry of Electrification and Renewable Energy was recently created, and the 2007-2011 Energy Agenda outlines national policies for the sector. Significant investments in renewable energy are being made in the Galapagos Islands that have conservation and economic benefits. After a critical International Union for Conservation of Nature evaluation that could affect the Galapagos' status as a World Natural Heritage Site, a government Executive Decree was issued in 2007 declaring an environmental emergency in the Galapagos and mandating an action plan. Since 2002, the CEREPS national fund, paid with oil export revenues, has funded hundreds of local infrastructure, basic service and conservation projects to compensate environmental damages by oil and mining activity.

### **3.2.3.2 UNDP programmatic focus in sustainable development**

UNDP activities in the area of sustainable development mainly focused on the conservation of the Galapagos Islands and support for a new management model for the sustainable development of the archipelago. Support for sustainable development initiatives on the mainland has only recently acquired momentum.

### 3.2.3.3 Contributions and shortcomings in UNDP performance

The greatest achievement and most tangible outcome of UNDP environmental activities is the reduction of threats to the biodiversity of the Galapagos Islands through the eradication and control of invasive species. Outcomes from the project in the Galapagos Islands are still emerging. These include: the creation of the first permanent global fund for the control of invasive species; and the installation of renewable energy networks, which have the potential to significantly reduce the consumption of fossil fuels, limit carbon dioxide emissions, and reduce environmental threats from oil spills.

The effectiveness of UNDP initiatives in energy and environment is uneven and points to problems of sustainability. Among the local population, there is concern that social and economic issues are taking a back seat to environmental issues that are supported by international development agencies. Other factors that limit the effectiveness and sustainability of the initiatives include problems of coordination between donors and counterparts, the efficiency and flexibility of projects, the weakness of local institutions and external factors such as tourism and fishery, which work against the conservation of the ecosystems in the archipelago.

#### Support to environmental institutions and generation of a national portfolio of environmental projects

UNDP supported the Ministry of the Environment in the development of a strategic vision and identification of selection criteria to approve projects that currently comprise the national environmental portfolio. Project ECU/99/017, Environmental Strategy for Sustainable Development, worked closely with the Management and Monitoring Unit of the ministry in formulating the Plan for Environmental and Social Restoration, which establishes strategies and activities to treat the degradation of the ecosystems, risks to human health, and social conflicts resulting from oil and mining activities.

The plan includes gender, ethnicity and social participation and strategic partnerships as cross-cutting components. Important products related to the Plan for Environmental and Social Restoration include guidelines for the design of environmental projects in the national planning framework, action plans and an Operations Hand Book for the Management and Monitoring Unit.

One of the interviewees summarized UNDP contributions as follows:

*“UNDP has been a supporter of ideas. It has helped more by participating, rather than by observing. It offered us its capacity, without imposing agendas.... It has helped us in preparing intervention strategies in the rest of the country....”*

The preparation of the Plan for Environmental and Social Restoration indirectly contributed to the approval of more than USD 50 million for environmental restoration projects between 2005 and 2006. These resources come from a special national account for economic reactivation and scientific development that is financed through oil revenues. UNDP also supported the Ministry of Environment's strategy to obtain funds from the GEF. Some of the current projects<sup>34</sup> were identified during workshops supported by UNDP.

While there is still room for better donor coordination, it is important to highlight the key role of UNDP in creating the Donor's Round Table for the Galapagos Islands, which has been instrumental in providing coordinated support to the Galapagos National Park Service, the main government institution for protecting the fragile ecosystems and biodiversity of Galapagos. The Galapagos National Park Service has historically suffered from very high turnover of senior management due to the lack of transparent criteria and procedures for appointment. In a joint effort with Inter-American Development Bank and USAID, in 2006 UNDP provided technical support to the Ecuadorian government for the selection of a new Director of the Park Service on a competitive basis, thus contributing to greater institutional stability.

34. These include the expected GEF Full-Sized Project 'Adaptacion al Cambio Climatico a Traves del Manejo de Aguas' and 'Reserva de la Biosfera Yasuni' financed through the MDG fund with a contribution of USD 4 million.

## Conservation of biodiversity and sustainable development in the Galapagos Islands

The Galapagos archipelago is recognized worldwide for its biodiversity, which includes more than 2,000 endemic species. The government established the Galapagos National Park in 1959 for the purpose of conserving the islands' ecosystems, and it was proclaimed a World Heritage Site by UNESCO in 1978 and classified as a biosphere reserve in 1984. Currently, 97 percent of the land area of Galapagos province is a protected area, and there is also a marine reserve.

However, conservation of the Galapagos ecosystems is threatened by a combination of factors. Among those are the uncontrolled growth of immigration (population increased from 1,346 in 1950 to 18,640 in 2001),<sup>35</sup> tourism, and the introduction of more than 780 exotic species of plants and animals, of which 17 are considered invasive and harmful to the endangered species of the Archipelago.<sup>36</sup> Furthermore, there are negative environmental impacts linked to fishing and the illegal contraband of protected species. Recent evaluations carried out by International Union for Conservation in Nature show a sustained process of environmental degradation, a tendency that provoked UNESCO's declaration on the risk to the status of Site of World Patrimony, as well as an executive decree from the central government that declared a situation of environmental crisis in the Galapagos Islands. International tourism is the economic engine of the Galapagos Islands, producing 68 percent of the provincial income between 1999 and 2005 and providing employment to one fifth of the economically active population.<sup>37</sup>

UNDP has seen mixed results in its projects focusing on conserving the biodiversity and sustainable development in the Galapagos.

UNDP saw positive outcomes from a series of pilot campaigns for the control of invasive species, which were undertaken on six islands and resulted in the

eradication of 12 species of animals and plants. These initiatives strengthened the institutional capacities of the Galapagos National Park, which is now able to autonomously implement air and land hunt campaigns. A long-term plan for the control of invasive species with baseline indicators was adopted by the National Park. The campaigns also raised local awareness about the importance of such control by creating a national Inter-Institutional Committee for the Management of Invasive Species, which participated in control campaigns together with the Park and the Darwin Foundation. In addition, although the GEF Small Grants Programme has failed to generate outcomes at the macro level—due to the dissemination of small communal initiatives—many interviewees recognized the success of the programme in incorporating sustainable systems for the management of natural resources in local development processes. Moreover, the Small Grants Programme has been the main link between UNDP and the indigenous and rural populations during the period of the evaluation.

The UNDP project Galapagos 20/20 produced a strategic road map with recommendations to strengthen local governance, control illegal migration, generate alternative tourism, and revitalize the productive sector through credits and public investment. However, there was little participation of local actors in this project, which was based in Quito. In addition, the project in support of the National Institute for Galapagos has been affected by shortcomings in its design, a slow execution with inconsistent technical assistance, and little attention to the requirements for institutional capacity. A recent evaluation recommended the redesign of the project in order to make its continuity viable.<sup>38</sup> Yet another challenge facing UNDP is the need to overcome the present project cycles of three to five years in order to focus on medium and long-term outcomes and encourage sustainability of outcomes. To date, the Donors' Round Table has failed to generate tangible improvements in the coordination or impact of the projects.

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35. Census data provided by INECI.

36. Project document ECU/00?G031, 'Control of Invasive Species'.

37. Data provided by INECI 2006.

38. Observations based on the 'Mid-term Evaluation of the Project 0041869', PROINGALA, 2007, and 'Final Project Report 0046628: Galapagos 20/20 Road Map'.

### **3.2.4 RESPONDING TO HIV/AIDS**

#### **3.2.4.1 National challenges and priorities in responding to HIV/AIDS**

Ecuador's rate of HIV/AIDS infection grew from 0.8 per 1,000 people in 1990 to 10.6 per 1,000 people in 2005, with a strong increase in the number of affected women.<sup>39</sup> The creation of a wide and decentralized institutional network for prevention and treatment programmes, beyond the health sector, is critical to responding to this challenge. This implies a revision of the current legislation, including issues of labour rights for HIV/AIDS infected people and anti-discrimination measures.

#### **3.2.4.2 UNDP programmatic focus**

UNDP intervention in this area focused on building the institutional capacity of the Ministry of Labour and Employment and mobilizing resources towards a coordinated response to the epidemic. The strategy of the Multi-sector Responses to HIV-AIDS Project<sup>40</sup>—working together with the Ministries of Health, and Labour and Employment—combines activities on prevention, treatment, training, communication, gender equality and labour rights

#### **3.2.4.3 Contributions and shortcomings in UNDP performance**

UNDP initiatives supported the Ministry of Labour and Employment in its commitment to the rights of workers infected with HIV. In 2005, the ministry signed an agreement with UNDP, focusing on HIV/AIDS in the framework of labour rights. Training materials and guidelines for the National Council on Labour and the business sector were produced on HIV/AIDS. Activities that fought against discrimination in the labour sector were also undertaken, resulting in the approval of the Ministerial Accord No. 00398, which penalizes employers who demand proof of HIV/AIDS status as a requirement for employment or dismiss HIV-positive individuals due to their health situation.

An important output produced by the Ministry of Health with UNDP contribution is the Strategic National Multi-Sector HIV/AIDS Plan for 2007-

2015. The plan is the outcome of a consultation process with more than 300 delegates from central and local governments, non-governmental organizations, social organizations and groups that are directly affected by HIV/AIDS.

An indirect outcome of UNDP contributions and advocacy work is the School for Promoters of Responses to HIV/AIDS, which addresses the epidemic, labour rights of infected people and project design. The school is geared towards local governments, private enterprises and non-governmental organizations. It presently works with 35 municipalities and 3 provincial governments. Five cities approved municipal ordinances on HIV/AIDS, and the municipalities of Quito and Guayaquil are currently implementing their own HIV/AIDS programmes.

### **3.2.5 CROSS-CUTTING ISSUES**

UNDP programming documents for Ecuador highlight the following as cross-cutting issues: promotion of gender equality, development of national capacity, and promotion of partnership for results and the United Nations Reform.

#### **3.2.5.1 Gender and ethnicity**

Both the national and the local MDG reports produced during the period evaluated provide detailed socio-economic data broken down by gender and ethnicity, showing attention to issues of diversity and gender equality and providing a good basis for targeted policies and programmes.

Two of the MDG reports focused exclusively on indigenous and Afro-Ecuadorian people. UNDP also played a leading role in establishing and coordinating the UN Interagency Technical group on indigenous issues and on establishing a Consultative and Advisory Committee between Ecuadorian indigenous organizations and the UN Country Team. While these initiatives are important, there still is room for improvement in designing and implementing a systematic, long-term strategy for support to minority groups.

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39. 'National Plan for Development 2007-2010', p 125.

40. Direct execution project executed by UNDP with support received from UN AIDS, Spanish Agency for International Cooperation and the Government of Holland.

In 2007, UNDP started a joint UN effort to prepare a toolkit for gender mainstreaming into sustainable development projects. Gender is also being mainstreamed into HIV/AIDS programmes and in local economic development initiatives. These initiatives are commendable but still at an inception phase. To be effective, they will require continued efforts and attention at all levels of programme management.

### 3.2.5.2 Support services and national capacity development

The need for state institutions to be able to continue their programmes and operations has produced a strong demand for UNDP administrative services, which are defined as *development support services* by the corporate business model. The political instability and institutional weakness that characterized the national context during the period under evaluation required, in many cases, external support to guarantee the efficiency and transparency of public administration. UNDP responded to these

national demands efficiently, while finding in this type of service provision a formula to guarantee its financial sustainability in a context of very limited core resources.

In supporting the Ministry of Education, UNDP effectively combined the administration of government resources with technical assistance and an effective exit strategy that led to greater institutional capacity of the ministry and an increase in coverage of basic education. Box 2 shows the key aspects of this contribution and results achieved.

While the case described in Box 2 is an example of a good practice, the ADR identified areas of improvement with respect to the effectiveness and sustainability of UNDP contributions to the development of national capacities for transparent and efficient administration. The relevance of some of the initiatives in which UNDP got involved is not always clear, *vis a vis* the UNDP mission to support the country in achieving the MDGs and pursuing human development.

#### Box 2. Combining development services with institutional capacity development: UNDP contribution to the programme 'Basic Education for All'

Budget constraints to increase the number of teachers in accordance with the growing student population were limiting the coverage of basic education in Ecuador. In 2004, when the Basic Education for All programme was launched, the public education system had a large number of teachers at retirement age whose salaries were at the maximum level in accordance with the existing salary scale. The ratio between the maximum salaries and entry-level salaries was approximately 2.5 to 1. Thus the creation of retirement incentives was key to releasing resources for new posts. Yet the creation of retirement incentives was challenged by political and technical challenges: on the one hand, the teachers' union was hesitant to accept the incentives, mainly due to the fear that these offers might not be real or to concerns regarding the times and procedures for disbursement; on the other hand, designing and applying efficient administrative payment procedures was a technical challenge to the Ministry of Education. In this context, the Ministry of Education requested the technical assistance of UNDP, whose most strategic lines of intervention included: support for the design of a negotiating platform between the parties involved to define the amount, times and procedures for disbursing the incentives, but without direct UNDP participation in the negotiation; support for the administrative design of the disbursement procedures; and processing of the first payment of incentives to test and refine the designed procedures before transferring full administrative responsibility to the ministry.

UNDP capacity to seek new solutions and the technical competence of its personnel were positively assessed by national counterparts. Likewise, the commitment and efficiency of UNDP administrative staff was recognized as a key factor in the implementation of the incentives system: its success in processing payments for more than USD 16 million in a single day dispelled the teachers' mistrust. Throughout the process, UNDP worked in close cooperation with the Ministry of Education. This enabled the ministry to assume direct responsibility for administering the process in future. This first experiment, conducted in 2006, resulted in 1,900 new teachers in the education system for 2007 which included 1,458 appointments to infant schools in order to meet the objective of universalizing the first year of general basic education.

In 2007, the number of teachers accepting voluntary retirement increased, and the ministry administered the entire process in complete autonomy, thus demonstrating the political and technical sustainability of the incentive system and of the results achieved with UNDP support.

Mixed results were found in support services provided to local governments. Examples include the administration of the *Trolebus*<sup>41</sup> projects in the cities of Quito, Guayaquil and Cuenca. In these projects, UNDP played an important role in procurement processes, facilitating the exchange of experiences with other Latin American cities where the same system had already been implemented, and providing access to international experts for technical assistance. UNDP combined its ability to mobilize knowledge with the provision of efficient and transparent administrative services. However, its lack of a strategy to develop the administrative capacity of the local government resulted in the local government being dependent on international organizations or the central government for the administration of similar projects in the future.

UNDP participation in a major infrastructure project in the city of Quito also raised issues. In this case, UNDP accepted the municipality's offer to administer more than USD 40 million for the procurement of goods and services for a road tunnel. Engagement in this project gave rise to serious administrative and legal issues that required complex negotiations to avoid international arbitration and come to a mutual agreement between the parties. While the administrative dimension is not the focus of this evaluation, the poor management of the risks involved, the fact that UNDP engagement was not framed in a broader strategy to strengthen administrative capacities of the municipality, and the relevance of such an infrastructure project to the UNDP mission remain open questions that UNDP is addressing.

A different situation occurred in the case of UNDP support to the Ecuadorian Institute of Social Security. Initially, UNDP was to provide assistance for administering a loan from the Inter-American Development Bank within the context of a social security reform programme. UNDP support contributed to the reengineering of institutional processes to improve the efficiency of the institute. In November 2001, the Constitutional Tribunal of Ecuador declared the unconstitutionality of several articles of the Social Security law, thus stopping the reform process. As a result, a second phase

of UNDP support to the Ecuadorian Institute of Social Security was designed, but the linkages with a larger effort of institutional reform were not very clear. The second phase resulted in basic administrative services for procurement of goods and services. An evaluation of this programme, commissioned by the CO, states:

*“...from what has been possible to establish at this point in its development, the programme is not backed by a strategic statement expressed in a plan of action that serves as a point of reference for its implementation.”<sup>42</sup>*

This statement was confirmed by the evaluation. While the UNDP role in supporting continuity of institutional activities was acknowledged, the question was raised whether part of the UNDP mission is to perform national institutional functions that are not framed in a larger strategy for sustainable institutional strengthening. The risk entailed is that of substituting the role of the state and creating a dependant relation with the national counterpart that, in the long run, contributes to institutional weakening rather than strengthening.

### 3.2.5.3 UN coordination

UN coordination in Ecuador is based on the ‘lead agency methodology’, which was operationalized through a set of coordinated arrangements put in place in 2004. The lead agency methodology is founded on the principle that operational coordination is the responsibility of all agencies, although the coordination system is administered by UNDP. In this framework, an agency is designated to lead UN coordination, with support of the Resident Coordinator's office, in each of the key areas of the UNDAF and the MDG. Leadership is based on each agency's mandate and comparative advantage.

The evaluation found a general perception that UNDP partnerships and coordination within the UN system improved during the period under review. This has been attributed to the ability of the Resident Coordinator to generate space for dialogue and coordination without imposing an agenda and while preserving the identities of each organization involved. The lead agency methodol-

41. A system of light trains used for urban transportation.

42. ‘Evaluation of Project ECU/00/002’, p 7.

ogy has been critical for the coordinated support that the UN system provided to the formulation of the two national, six provincial and two municipal MDG reports, as well as to the formulation of the National Development Plan.

During the period under review, the UN system, under the leadership of the Resident Coordinator, has responded in a coherent manner to the government's request to help avoid the spill-over effects of the Colombian internal armed conflict. In 2004, following a request from the Government of Ecuador, a UN inter-agency mission visited the border area between Ecuador and Colombia to assess the situation and identify possible areas of intervention. The mission prepared a report proposing the following lines of action: preparation of a Special Plan for the Northern Border; poverty reduction and food security initiatives for the local population; provision of basic social services; environmental protection; human rights and the administration of justice; humanitarian assistance and assistance to refugees; and control of illegal activities. The report was accompanied by the creation of an Inter-Agency Thematic Group to coordinate planning and implementation of activities under the leadership of UNDP. The Inter-Agency Thematic Group included FAO, UNHCR, PAHO/WHO, WFP, UNFPA, UNICEF, UNIFEM and UNESCO.<sup>43</sup> These coordination efforts resulted in the approval of the Peace and Development Programme for the Northern Border of Ecuador in 2005.

The Peace and Development Programme for the Northern Border of Ecuador breaks away from a pattern of fragmented specialized interventions that has characterized the UN system in the past. Rather, it constitutes an effort towards coordination and joint planning and represents an important step in strengthening system-wide coherence of the United Nations.

The implementation strategy of the Peace and Development Programme for the Northern Border of Ecuador is based on three phases:

1. Development of an effective framework for inter-institutional coordination (2005-2006).

2. Support for the building of a political vision (2006-2007) through Plan Ecuador and a proposal for a bi-national plan, two documents that have recently been adopted by SENPLADES and the Ministry of Foreign Affairs.
3. Implementation of policies on the ground to generate outcomes at the local level, which is currently in the activation phase.

The programme started its activities in 2005 with a medium and long-term strategy focusing on three levels of policies: bi-national, national and local governance.

The choice of UNDP to keep a low profile on the ground—supporting other agencies that were already working at the local level—shows the ability to seek shared outcomes and avoid individual visibility. At the same time, UNDP connection to the highest levels of government is recognized within the UN system as being instrumental in opening doors to decision-making spheres. By the same token, for some bilateral donor countries, keeping a low profile under the UNDP/United Nations umbrella is a precondition for supporting programmes such as the Peace and Development Programme for the Northern Border of Ecuador, which address sensitive issues for international relations.

As of this evaluation, the programme had achieved public policy results, supporting the government in the development of a strategic vision and a programming framework for the northern border. Plan Ecuador has turned into a reference for the national foreign policy, responding to the impact of the Plan Colombia with “peaceful and sovereign alternatives to the attempts to involve the country in such an internal conflict.”<sup>44</sup> To this end, Plan Ecuador is focusing on improving human rights and governance in the Northern Border and reducing development asymmetries through poverty reduction and access to basic services. The Bi-National Agreement establishes a framework for planning development priorities and mechanisms of bilateral coordination. Four projects designed by the Peace

43. FAO indicates Food and Agriculture Organization; UNHCR, UN High Commissioner for Refugees; PAHO/WHO, Pan American Health Organization and World Health Organization; WFP, World Food Programme; UNFPA, UN Population Fund; UNICEF, UN Children's Fund; UNIFEM, UN Development Fund for Women; and UNESCO, UN Educational, Scientific and Cultural Organization.

44. 'National Development Plan 2007-2010', p 171.

and Development Programme for the Northern Border of Ecuador and agreed upon by local counterparts have already been financed by the Andean Community of Nations.

The joint mobilization and administration of resources for the implementation of activities in the northern border is still a challenging part of this system-wide approach. The preparation of a plan that transcends short-term activities became a key instrument in fostering a shared strategic vision and coordinated action. A monitoring and evaluation system has been designed and is about to be implemented to follow up on activities. Some positive outcomes can already be seen, including the incorporation of a local development perspective in the activities of the Office of the UN High Commissioner for Refugees (UNHCR), which now goes beyond pure humanitarian assistance to refugees to include activities of social protection and community integration between the Ecuadorian population and displaced Colombians.

The intention of the current government to develop a territorial planning system to align the international cooperation to national policies and programmes confirms the relevance of the UN territorial approach to the northern border and, at the same time, calls for an increasingly coordinated response from the UN system beyond the specific case of the Peace and Development Programme for the Northern Border of Ecuador.

Cohesiveness and coordination of the UN system on the ground still needs to be strengthened. The evaluation site visits revealed that local actors might not be aware of the different areas of specialization of UN agencies, funds and programmes. A single *UN window* at the local level, providing information to the public and channeling demands is perceived as a necessity by local actors. In the case of Guayaquil, for instance, the same unit within the municipality might relate to different UN organizations bilaterally, while such organizations do not necessarily plan and act in coordination. UNICEF and UNDP support to the Division of Social Development and Education is an example where synergies have been created thanks to the management capacity of the local counterpart more than to coordination

efforts on the UN side. Differences in the approach followed by UNDP and UNICEF in supporting fiscal transparency also suggest that coordination and synergy between these two agencies could be enhanced. National and local government and civil society perceive a competition between UNDP and UNICEF to gain space in thematic areas, government institutions and territories. Despite several formal requests, UNICEF was the only UN resident agency with which the evaluation team was not able to meet during the field mission.

### 3.2.6 MONITORING AND EVALUATION

The evaluation team did not find evidence of an effective monitoring and evaluation system in place. Evaluations are not conducted as expected in the UNDP evaluation policy. Project evaluations are regularly conducted for GEF projects. The environment area also commissioned one outcome evaluation. Evaluations in the other practice areas are seldom conducted: only six project evaluations and one outcome evaluation were conducted during the last six years.

Monitoring does not extend beyond the administrative control over project expenditure. Aggregated data on expenditure by practice area are available in the country office, but not regularly tracked. More than one bilateral donor has expressed concern for delays in financial reporting.

In the absence of quantitative and qualitative follow up on emerging outcomes, informed decision making for strategic management becomes a challenge. Project implementation is uneven and dependent on the parameters of the executing agency or the personal capability of the project coordinator, with no relation to UNDP project management quality standards.

This evaluation includes periods when core resources allocated to the CO were under delivered, due to the surplus generated by the development support services provided to the government. Under these circumstances, it is striking that the CO management did not take the opportunity to invest in setting up an effective monitoring and evaluation unit.

### 3.3 STRATEGIC POSITIONING

#### 3.3.1 STRATEGIC OPTIONS AND RELEVANCE OF UNDP INTERVENTIONS OVER THE LAST PROGRAMMING CYCLES

UNDP CO in Ecuador demonstrated strategic vision when it recognized the opportunities offered by the new cycle of economic growth and the importance of associating this with the strengthening of public institutions to pursue sustainable human development.

Ecuador's political instability during the last decade resulted in the absence of a national development plan and government priorities that were consistent over time. In this context, the MDG agenda was the underlying political rationale in UNDP relations with the government and interventions in the country. As one of the interviewees notes, the MDG were used as "a compass allowing the organization to navigate in turbulent waters," in that the MDG agenda is assumed not to be impacted by government changes. As part of this strategic option, the National MDG Reports substituted for the National Human Development Report in articulating UNDP advocacy work.

In line with the UNDAF, UNDP programme activities concentrated on four key areas:<sup>45</sup>

- Incorporating the MDGs in public policies and increasing the effectiveness of social programmes addressing the MDGs
- Strengthening local government to promote decentralization
- Promoting national dialogues to create an enabling environment for citizens' participation and strengthening democratic institutions
- Definition of a new model for sustainable development of the Galapagos Islands

Interagency support to national efforts in counteracting the effects of the internal Colombian conflict emerged as an important area of focus during the last four years. Responding to an explicit government request, efforts were focused on upstream support to policy development and downstream initiatives in the provinces along the border. UNDP

has increasingly engaged in these areas with a UN system-wide approach, under the leadership of the UN Resident Coordinator Office and in partnership with the Government of Ecuador and the international community.

Local governments tended to assume a more decisive role in development planning and implementation during the period evaluated. This resulted in gravitation of development cooperation towards sub-regional and municipal niches where the comparative stability offered enhanced conditions for project and programme implementation. However, the option to concentrate mainly in the three major municipalities—Quito, Guayaquil and Cuenca—was criticized by several interviewees. They perceived this as a strategy that focuses on "more fertile grounds" to achieve visible results in the short run. The report published by INECI in 2006 highlighted the gap between the poverty map and the international cooperation map, reflecting problems in distribution and coordination of aid.

The UNDP poverty reduction strategy focused on advocacy and supporting national institutions' capacity for poverty monitoring and development planning. The need for income generation initiatives at the local level was not equally addressed, though one of the expected outcomes of the country programme was the expansion of a competitive and market-oriented private sector based on principles of equitable growth. A more downstream approach to local economic development has emerged only recently as an area of programmatic focus. This is a highly relevant area of intervention and one that should be pursued by UNDP with a medium to long-term perspective in supporting the country in diversifying the economy and better connecting to regional and global markets.

With relation to sustainable development, UNDP focused mainly on the Galapagos Islands. While commendable, UNDP involvement in Galapagos reflects an international commitment to conserving a global biodiversity site rather than its commitment to a national policy priority, when mainland issues are considered. The challenge for UNDP is to expand its vision and activities to focusing on

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45. Strategic Outlook of the Results Oriented Annual Reports (ROAR) 2004, 2005 and 2006.

Ecuador as a whole. At the end of 2007, a UN joint programme for the conservation and sustainable management of the Yasuni Biosphere Reserve had obtained USD 4 million from the MDG Fund. This shows attention to important subjects of national relevance, such as deforestation and biodiversity in the Amazon area, and provides an opportunity for greater articulation of environmental conservation issues with human development and economic growth, especially in the area of oil exploration.

The evaluation confirmed the relevance of UNDP work in Ecuador and UNDP capacity to adapt to emerging demands in a highly dynamic context, but did not find evidence of a rational strategy that defines implementation priorities over the programme cycle. Implementation priorities have been determined by the capacity of national and local actors to formulate and channel their demands and by the availability of financial resources from third parties (either the government or bilateral donors). This may in part explain the perception within civil society that UNDP has sometimes ambivalent positions. Likewise, some interviewees from civil society have criticized UNDP for being too focused on government issues.

### **3.3.2 GOVERNMENT PRIORITIES AND UNDP POSITIONING IN THE NEW SCENARIO**

The new government, elected in 2007, initiated a process of consolidating the national planning system. This led to the National Development Plan, titled *Planning for the Citizens' Revolution*. The plan is based on the principles of sustainable human development, national sovereignty and citizen participation in the public sphere.

The renewed emphasis on human development is reflected in social investments that grew by 15 percent in absolute terms during 2007, increasing at 6.1 percent of the GDP, as compared to 5.3 percent in 2006.<sup>46</sup> Social policies have been geared towards increasing the value and coverage of the conditional cash transfer programmes, linking economic and social policies in areas such as housing (housing bonus) and micro-credit for economically disadvantaged people.

The new government incorporated the MDG methodology into the national planning system, but the National Development Plan extends beyond the MDG agenda. It includes objectives related to social equality, political participation, respect for ethnic diversity and collective rights. In the General Assembly of the United Nations in September 2007, President Correa clearly expressed the Government of Ecuador's critique of the MDG agenda: its 'basic-needs' approach constitutes a conceptual regression in the international development discourse, as compared to a focus on universal social rights and the aspiration for social change that are inherent in the human development paradigm. The National Development Plan includes the preparation of a National Plan for International Cooperation, in conjunction with UNDP and the MDGs,<sup>47</sup> but these are considered minimum standards and not national development goals.

Another feature of the transition has been the change in government attitudes towards international financial institutions.<sup>48</sup> While conserving good relations with institutions such as the Andean Community, the International Fund for Agricultural Development or the Inter-American Development Bank, the new government has strongly reaffirmed the principle of national sovereignty and self determination, and the right to reject any external pressure to influence national development policies and objectives.

So far, UNDP has strategically positioned itself in the transition toward the new political scenario in Ecuador, using its political neutrality and its capacity to convene actors and mobilize resources. It continues to be considered a trustworthy development partner by the government, as evidenced by the USD 1.8 million cooperation agreement signed between UNDP and SENPLADES in 2007. The agreement aims at establishing a National Planning System articulating national and local objectives in the economic and social sectors, with the participation of local government in forging sustainable human development in Ecuador that is fair and democratic. The agreement with SENPLADES is an important opportunity for UNDP to play a more decisive role in supporting

46. Integrated System of Social Indicators of Ecuador (SIISE).

47. 'National Plan for Development 2007-2010', p 275.

48. One of the first public initiatives taken by President Correa after his election was to declare the Resident Representative of the World Bank in Ecuador persona non grata.

the government in aligning international development cooperation.

Most bilateral donors acknowledge UNDP as a legitimate broker in the development arena. Working under the UNDP ‘umbrella’ has been mentioned by some bilateral donors as instrumental in gaining legitimacy and avoiding political risks potentially associated with sensitive issues. UNDP leadership in gathering support of the international community for Plan Ecuador is one case in point. While UNDP proximity to the government is generally appreciated, one bilateral partner criticized its attempts to mobilize resources for government projects, perceiving these efforts as negatively affecting national ownership of development programmes.

Local government recognizes knowledge brokering as an important UNDP role. Facilitating access to international expertise, funding sources and markets is valued as one of the comparative advantages of partnering with UNDP in local development initiatives.

As previously discussed in this evaluation, development support services have constituted the largest share of UNDP programme delivery. Government officials have expressed the intention of the new administration to stop this type of cooperation. Should this be the case, UNDP will face new challenges not only to reposition itself in partnering with the government, but also in securing its financial sustainability.

# Conclusions and recommendations

### 4.1 CONCLUSIONS

1. During the period evaluated, UNDP in Ecuador contributed to national capacity development and to the continuity of institutional activities while the country was emerging from a deep economic crisis but still experiencing high levels of political instability and institutional fragility. The image of UNDP as a reliable development partner, capable of acting in a decisive manner during times of political tension, is the result of a strategic vision appropriate to the situation and continuous responsiveness to drastic changes. The ability to move strategically in different situations, and in light of different demands, is evidenced through the plurality of roles played by UNDP in the promotion of sustainable human development: acting as advisor to decision makers and planners, mediating in conflicts that threatened democratic governance, facilitating institutional processes through technical assistance and administrative services, and mobilizing resources for national projects.
2. UNDP was more effective when it was able to create synergies between different actors, even when this did not result in a large budget. Examples include the rehabilitation of the Supreme Court of Justice, the production and validation of the national and local MDG reports, and support to the city of Guayaquil.
3. When the administration of government resources responded to government priorities but was not in line with UNDP comparative advantage and not framed in clear cooperation and exit strategies, it created dependant relations where UNDP substituted the role of national institutions with little or no effect on national capacity development. The tunnel project in Quito and the relation with the Ecuadorian Institute of Social Security are cases in point. On the other hand, when UNDP provided administrative services in the framework of a clear cooperation and exit strategy, it prevented the creation of dependent relationships and contributed to the development of national capacities. UNDP work with the Ministry of Education is an example.
4. A flexible approach that responds to national and local demands is desirable and consistent with the principle of national ownership. However many social groups and some local governments may need support to transform their needs into formal demands and to channel them appropriately. A systematic effort to reach these more vulnerable actors is necessary to contribute to reducing socio-economic disparities across the country.
5. Unpredictability of programme funds constrains the possibility of defining strategic priorities with a medium to long-term vision and implementing the programme accordingly. This may result in a lack of continuity across thematic areas and territories over time, which negatively influences effectiveness and sustainability of development initiatives.
6. The lack of an effective monitoring and evaluation system limits informed strategic management, institutional learning and accountability. It affects institutional memory and knowledge sharing, constraining the possibility to inform public debate on the basis of UNDP experiences on the ground, which is meant to be a key feature of the corporate strategy as an international knowledge network and knowledge broker.

## 4.2 RECOMMENDATIONS

1. UNDP should be responsive to the government understanding of development challenges, putting greater emphasis on human development as a process of social change that extends beyond the MDG agenda.
2. UNDP should adopt objective criteria for selecting territorial areas of intervention while responding to the need for enhanced efficiency of implementation and coordination on the ground with local, national and international actors.
3. UNDP should clearly align its projects and programmes to medium and long-term national development objectives and policies, and should avoid abrupt interruption of support initiatives, particularly in the areas of human rights, fiscal transparency and local democratic governance.
4. While continuing to act as a development broker, UNDP should diversify its interlocutors in order to choose the best partners for interventions. Work on the MDGs, and poverty reduction in general, should be done in closer partnership with the Ministry of Welfare and other relevant actors of the state and civil society, including the private sector, at the national and local level.
5. UNDP needs to strengthen its capacity to manage for development results, including an effective monitoring and evaluation system. The search for greater focus, better internal communication and synergy, optimization of resources, and effective partnerships must be rationally planned. There is need for a set of indicators that enable quantitative and qualitative monitoring of UNDP work and progress towards expected outcomes.
6. Whenever development support services are provided, they should be framed in a clear cooperation and exit strategy to avoid substituting the role of national institutions and creating dependent relationships that do not contribute to national capacity development. Along this line of thinking, new types of services might have to be envisioned and negotiated in close consultation with the Government of Ecuador.

## Annex 1

# Persons Consulted

### UNDP

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**Enriqueta Baquero**, Strategic Planning Advisor, UNDP Ecuador  
**Maria Elena Enriquez**, Governance Area, UNDP Ecuador  
**Cecilia Falconi**, Programme Officer, Sustainable Development Area  
**Natalia Garcia**, Poverty Reduction Area, UNDP Ecuador  
**Rebecca Grynspan**, Regional Director for Latin America and the Caribbean  
**Michel Guinod**, Officer, Governance Programme Area  
**Raul Nieto**, UNDP Consultant, MRE  
**Fernando Pachano**, Adviser to the Resident Coordinator  
**Veronica Quintero**, Manager, Poverty Reduction Area, UNDP Country Office, Quito  
**Mauricio Ramirez**, UNDP RBLAC  
**Luca Renda**, Deputy Resident Representative, UNDP  
**Carlos Sandoval**, Officer in Charge of UNDP/GEF Projects, Galapagos  
**Jose Vicente Troya**, Manager, Sustainable Development Area  
**Rene Mauricio Valdes**, UNDP Resident Representative and Resident Coordinator of the United Nations System  
**David Wong**, Project Coordinator, Guayaquil Municipality, UNDP

### GOVERNMENTAL

**Pablo Abad**, Director, Planning Secretariat, Cuenca Municipality  
**Gustavo Abdo**, Executive Director, Consortium of Provincial Councils of Ecuador  
**Ruben Acero**, Management Committee, Cayambe Town Hall  
**Pamela Aguirre**, Ministry of Labour, Gender and Youth Unit  
**Ana Alban**, Minister of the Environment  
**Gustavo Andara**, Second Secretary, Permanent Mission of Ecuador to the United Nations  
**Virgilio Andrago**, Mayor, Pedro Moncayo  
**Guillermo Arguello**, Director of Physical Planning and Infrastructure, Guayaquil Municipality  
**Cesar Arias**, Consultant, Transport Sector  
**Diego Astudillo**, Project Coordinator, Cuenca Municipality  
**Alfonso Avilez**, Ministry of the Environment

**Franklin Bonilla**, Ombudsman  
**Gina Buitron**, Official, Pedro Moncayo Town Hall  
**Marcelo Cabrera**, Mayor, Cuenca Municipality  
**Claudio Cordero**, Former Minister of Education  
**Rodrigo Cisnero**, Official, Pedro Moncayo Town Hall  
**Jaime Velasco Davila**, President, Supreme Court of Justice  
**Catalina Gonzalez**, Official, Pedro Moncayo Town Hall  
**Leonidas Iza**, Director General Hurist II, Protection of Indigenous Peoples  
**Marivi Latorre**, Director of Human Development, Pedro Moncayo Town Hall  
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## Annex 2

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# Terms of Reference

## ASSESSMENT OF DEVELOPMENT RESULTS IN THE REPUBLIC OF ECUADOR

### TERMS OF REFERENCE

#### 1. INTRODUCTION

The Evaluation Office (EO) of the United Nations Development Programme (UNDP) conducts country evaluations called Assessments of Development Results (ADRs) to capture and demonstrate evaluative evidence of UNDP's contributions to development results at the country level. ADRs are carried out within the overall provisions contained in the UNDP Evaluation Policy.<sup>49</sup> The overall goals of an ADR are to:

- Provide substantive support to the Administrator's accountability function in reporting to the Executive Board
- Support greater UNDP accountability to national stakeholders and partners in the programme country
- Serve as a means of quality assurance for UNDP interventions at the country level
- Contribute to learning at corporate, regional and country levels

In particular, EO plans to conduct an ADR in the Republic of Ecuador during 2007. The ADR will contribute to a new country programme, which will be prepared by the concerned country office (CO) and national stakeholders.

#### 2. BACKGROUND

Ecuador is a middle income country facing the challenge to consolidate democratic institutions and reduce inequality after a decade of economic crisis and recovery and high political instability. The Country Programme Document 2004-2008 summarizes UNDP focus in Ecuador as follows:

*"The programme supports the new government's efforts to reinforce citizen participation and democratic dialogue, combat corruption, reduce poverty and exclusion, and reactivate the economy to create jobs and wealth, as well as improve the environmental security. It is articulated around the three UNDAF intended outcomes: (i) poverty reduction through improved access to basic social services and employment; (ii) democratic governance and transparency through strengthening of government institutions and decentralization process; and (iii) sustainable environment through equitable access to natural resources."*

The completion of the programming cycle presents an opportunity to evaluate the UNDP contributions and short comings over the last programme cycle and before. The findings will be used as inputs to the 2009-2011 Country Programme Document within the context of the United Nations Development Assistance Framework (UNDAF).

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49. Available online at [www.undp.org/eo/documents/Evaluation-Policy.pdf](http://www.undp.org/eo/documents/Evaluation-Policy.pdf).

### 3. OBJECTIVES, SCOPE AND METHODOLOGY

The objectives of the Ecuador ADR include:

- To provide an independent assessment of the progress, or lack of, towards the expected outcomes envisaged in the UNDP programming documents. Where appropriate, the ADR will also highlight unexpected outcomes (positive or negative) and missed opportunities.
- To provide an analysis of how UNDP has positioned itself to add value in response to national needs and changes in the national development context.
- To present key findings, draw key lessons, and provide a set of clear and forward looking options for the management to make adjustments in the current strategy and next Country Programme.

The ADR will review the UNDP experience in Ecuador and its contribution to the solution of national development challenges. The evaluation will cover the last programming cycle, with a view to the previous one to analyze trends and adaptation to change over time. The identification of existing evaluative evidence and potential constraints (lack of records, institutional memory, etc.) will occur during the initial Scoping Mission (see Section 4 for more details on the process). The overall methodology will be consistent with the ADR Guidelines prepared by the EO (dated January 2007).

While assessing UNDP contribution to national development results, the evaluation will focus on two key dimensions: analyses of UNDP contributions to development outcomes in each of the programmatic areas of focus; and the strategic positioning of UNDP. The analysis will also try to identify unexpected outcomes related to UNDP interventions, positive or negative, as well as missed opportunities.

The evaluation will also consider the influence of administrative constraints affecting the programme. If during initial analysis these are considered important, they will be included in the scope of the evaluation. Issues related to the existence of an effective Monitoring and Evaluation system will be systematically addressed.

#### Development results

The assessment of the development outcomes will entail a comprehensive review of the UNDP programme portfolio of the previous and ongoing programme cycles. This includes an assessment of development results achieved and the contribution of UNDP in terms of key interventions; progress in achieving outcomes for the ongoing country programme; factors influencing results (UNDP positioning and capacities, partnerships, policy support); achievements/progress and contribution of UNDP in practice areas (both in policy and advocacy); and analyzing the crosscutting linkages and their relationship to Millennium Development Goals (MDGs) and UNDAF. The analysis of development results will identify challenges and strategies for future interventions.

Besides using the available information, the evaluation will document and analyze achievements against intended outcomes and linkages between activities, outputs and outcomes. The evaluation will qualify UNDP contributions to outcomes with a reasonable degree of plausibility. A core set of criteria related to the design, management and implementation of its interventions in the country will be used:

- **Effectiveness:** Did the UNDP programme accomplish its intended outcomes? What are the unexpected outcomes it yielded?
- **Efficiency:** How optimally did UNDP use its resources (human and financial) in implementing the programme? What could be done to ensure a more efficient use of resources in the specific country context?

- **Sustainability:** Are the benefits of UNDP interventions owned by national stakeholders? Are there conditions conducive to the consolidation/continuation of such benefits after the intervention is completed?

### Strategic positioning

The analysis of the strategic positioning of UNDP will include: a systematic analysis of UNDP niches and roles within the development and policy arena in Ecuador; the strategies used by UNDP to strengthen its position; and policy support and advocacy initiatives of UNDP programme vis-à-vis other stakeholders.

The evaluation will analyze a core set of criteria related to the strategic positioning of UNDP, such as:

- **Relevance of UNDP programmes:** How relevant are UNDP programmes to the priority needs of the country? Did UNDP apply the right strategy within the specific political, economic and social context of the region? To what extent are long-term development needs likely to be met across the practice areas? What were critical gaps in UNDP programming?
- **Responsiveness:** How did UNDP anticipate and respond to significant changes in the national development context? How did UNDP respond to national long-term development needs? What were the missed opportunities in UNDP programming?
- **Equity:** Did the programmes and interventions of UNDP lead to reduce vulnerabilities in the country? Did UNDP intervention in any way influence the existing inequities (exclusion/inclusion) in the society? Was the selection of geographical areas of intervention guided by need?

- **Partnerships:** How has UNDP leveraged partnerships within the UN system as well as with national civil society and private sector?

Within the context of partnerships with the UN system and overall UN coordination, the specific issue of the development of Joint Programmes will be highlighted.

## 4. EVALUATION METHODS AND APPROACHES

### DATA COLLECTION

In terms of data collection, the evaluation will use a multiple method approach that could include desk reviews, workshops, group and individual interviews (at both headquarters and the CO), project/field visits and surveys. The appropriate set of methods would vary depending on country context and the precise nature would be determined during the Scoping Mission and detailed in an Inception Report.<sup>50</sup>

### VALIDATION

The Evaluation Team will use a variety of methods to ensure that the data is valid, including triangulation. Precise methods of validation will be detailed in the Inception Report.

### STAKEHOLDER PARTICIPATION

A strong participatory approach is envisaged involving a broad range of stakeholders; this will include government representatives, civil society organizations, private sector representatives, UN organizations, multilateral organizations, bilateral donors, and direct beneficiaries of UNDP projects.

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50. The Scoping Mission and Inception Report are described in section 5 on the evaluation process.

## 5. EVALUATION PROCESS

The ADR process can be divided in three phases, each including several steps.

### Phase 1: Preparation

- **Desk review:** Initially carried out by the EO (identification, collection and mapping of relevant documentation and other data) and continued by the evaluation team. This will include general development-related documentation as well as a comprehensive overview of the UNDP programme over the period being examined.
- **Stakeholder mapping:** This will include both UNDP direct partners as well as stakeholders who do not work directly with UNDP but can offer interesting analytical perspectives. The mapping exercise will also indicate the relationships between different sets of stakeholders.
- **Inception meetings:** Interviews and discussions in UNDP headquarters with the EO (process and methodology), Regional Bureau for Latin America and the Caribbean (RBLAC) (context and county programme) as well as with other relevant bureaux as appropriate.
- **Scoping mission:** A mission to Ecuador in order to:
  - Identify and collect further documentation
  - Validate the mapping of the country programmes
  - Get key stakeholder perspectives on key issues that should be examined
  - Address logistical issues related to the main mission including timing
  - Identify the appropriate set of methods for data collection and analysis
  - Conduct an Entry Workshop where the ADR objectives, methods and process will be explained to stakeholders

The Task Manager will accompany the Team Leader on the mission.

- **Inception report:** The development of a short inception report including the final evaluation design and plan, background to the evaluation, key evaluation questions, detailed methodology, information sources and instruments and plan for data collection, design for data analysis, and format for reporting.

### Phase 2: Conducting the ADR and drafting the evaluation report

- **Main ADR mission:** The mission of two (possibly three) weeks will be conducted by the independent Evaluation Team and will focus on data collection and validation. The team will visit significant project/field sites as identified in the scoping mission.
- **Analysis and reporting:** The information collected will be analyzed in the draft ADR report by the Evaluation Team within four weeks after the departure of the team from the country.
- **Review:** The draft will be subject to: factual corrections and views on interpretation by key stakeholders (including the UNDP CO, RBLAC and government); a technical review by the EO; and a review by external experts. The EO will prepare an audit trail to show how these comments were taken into account. The Team Leader in close consultation with the EO Task Manager shall finalize the ADR report based on these final reviews.
- **Stakeholder meeting:** A meeting with the key national stakeholders will be organized to present the results of the evaluation and examine ways forward in Ecuador. The main purpose of the meeting is to facilitate the accountability of UNDP interventions at country level and greater ownership of the evaluation process, its conclusions and recommendations. It may be necessary to incorporate some significant comments into the final evaluation report (by the Evaluation Team Leader.)

### Phase 3: Follow-up

- **Management response:** UNDP Associate Administrator will request the CO and regional bureau to jointly prepare a management response to the ADR. As a unit exercising oversight, the regional bureau will be responsible for monitoring and overseeing the implementation of follow-up actions in the Evaluation Resource Centre.
- **Communication:** The ADR report and brief will be widely distributed in both hard and electronic versions. The evaluation report will be made available to the UNDP Executive Board by the time of approving a new Country Programme Document. It will be distributed in Ecuador and at UNDP headquarters and copies will be sent to evaluation outfits of other international organizations as well as to evaluation societies and research institutions in the region. Furthermore, the evaluation report and the management response will be published on the UNDP website<sup>51</sup> and made available to the public. Its availability should be announced on UNDP and external networks.

## 6. MANAGEMENT ARRANGEMENTS

### UNDP EO

The UNDP EO Task Manager will manage the evaluation and ensure coordination and liaison with RBLAC, other concerned units at headquarters level, and the CO management. The EO will also contract a research assistant to facilitate the initial desk review and a Programme Assistant to support logistical and administrative matters. The EO will meet all costs directly related to the conduct of the ADR. These will include costs related to participation of the Team Leader, international and national consultants, as well as the preliminary research and the issuance of the final ADR report. The EO will also cover costs of any stakeholder workshops as part of the evaluation.

### THE EVALUATION TEAM

The team will be constituted of three core members plus the EO task manager and the research assistant:

- Consultant Team Leader, with overall responsibility for providing guidance and leadership, and in coordinating the draft and final report
- Consultant Team Specialist, who will provide the expertise in the core subject areas of the evaluation, and be responsible for drafting key parts of the report
- National Consultant, who will support the team in data collection and analyses at the country level, as well as support the work of the missions

The Team Leader will have a demonstrated capacity in strategic thinking and policy advice and in the evaluation of complex programmes in the field. All team members will have in-depth knowledge of development issues in Ecuador.

The evaluation team will be supported by a research assistant based in the Evaluation Office in New York. The Task Manager of the Evaluation Office will support the team in designing the evaluation, participate in the scoping mission and provide ongoing feedback for quality assurance during the preparation of the inception report and the final report. Depending on the needs, the EO Task Manager might participate in the main mission too.

The evaluation team will orient its work by United Nations Evaluation Group (UNEG) norms and standards for evaluation and will adhere to the ethical Code of Conduct.<sup>52</sup>

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51. Available online at [www.undp.org/eo](http://www.undp.org/eo).

52. The UN Evaluation Group Guidelines, 'Norms for Evaluation in the UN System' and 'Standards for Evaluation in the UN System', April 2005.

## **THE ECUADOR COUNTRY OFFICE**

The CO will take a lead role in organizing dialogue and stakeholder meetings on the findings and recommendations, support the evaluation team in liaison with the key partners, and make available to the team all necessary information regarding UNDP activities in the country. The office will also be requested to provide additional logistical support to the evaluation team as required. The CO will contribute support in kind (for example office space for the Evaluation Team) but the EO will cover local transportation costs.

## **7. EXPECTED OUTPUTS**

The expected outputs from the evaluation are:

- An inception report (maximum 20 pages)
- A comprehensive final report (maximum 50 pages plus annexes)
- A presentation for the final Stakeholder Workshop