



 Fundación
Esquel

2003

Yearbook

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Esquel, what is it?



Fundación Esquel is a private, non-profit organization, that in 14 years of action has mobilized over 25 million dollars, through 400 projects, to provide direct assistance to nearly 700 thousand beneficiaries in Ecuador.

Esquel is the reference standard for local civil society organizations. Its management capacity, transparency, leadership and in-depth knowledge of the domestic realities have earned it the trust and confidence of nearly a hundred international donor organizations and Governments from Europe and the Americas. It has also mobilized local resources, particularly through an alliance with business sectors that seek to promote the country's socially fair and equitable development.

Under present circumstances, Esquel understands its mission as the fight against poverty and for a democratic model based on principles that promote equality, all-inclusiveness and the progressive exercise and development of public freedoms.

Fundación Esquel is an active member of continental networks and has direct links with at least 400 civil society organizations in Ecuador. It is an independent institution with no vested interest from political parties or business groups. It is the only Ecuadorian NGO that publicly discloses its financial statements and economic transactions in the main local newspapers and through its web page.

management capacity ■

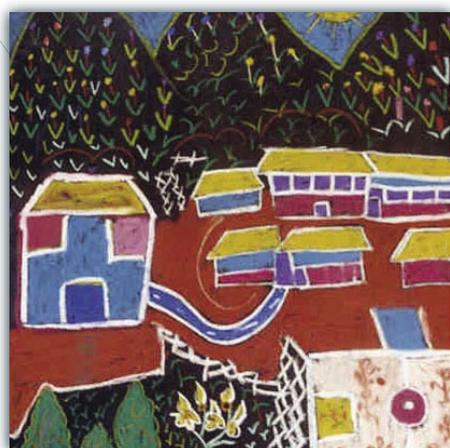
transparency ■

*In-depth knowledge
of the local realities* ■

leadership ■



The backdrop ■■■



■ The political context

more of the same and a frail democracy

The lack of a clear and concise government plan that could be conducive to the emergence of short, medium and long term development strategies and guidelines in the political, social and economic spheres was one of the key premises in the political scene in 2003. The Government's permanent confrontations with an array of social actors and the national press opened endless and needless opposition fronts: i.a. corruption, nepotism, improvisation and opportunistic intervention by the ruling political party.

The Government's actions confirmed that both the country and democracy are virtual hostages of corporate groups that impose their clout over public administration bodies and democratic institutions. In flagrant contradiction with the will expressed by voters in the Presidential election of Lucio Gutiérrez and the rejection of traditional political actors, the actual exercise of government remained in the hands of the latter.

■ The economic backdrop

In the absence of an economic plan, the IMF agreement became the Government's nautical chart that set the country's economic course. The readjustments and measures it included contributed to strengthen the dollarisation process, generated relative economic stability and further increased confidence in the country abroad. Nevertheless, such measures also caused the final rupture between the Government and its former allies from the social sectors and were an important source of political instability.

Specific economic achievements in 2003 can be summarized as follows: an inflation rate of 6.07%, a 2.8% economic development rate, a GDP increase to 26.8 billion dollars, this is 10.4% higher than in the previous year, and a 2,120 dollars GDP per capita with a 0.9% increase in real terms. The interest rates reduction to 10.6% and 5.3% should also be noted as a significant development compared to the respective 14% and 5% levels of 2002. Internationally, the country risk rating dropped to 718 points.

■ The social environment

always the same godforsaken groups

As in previous years, 2003 was no exception regarding the deep lack of interest in any type of social investment shown by the political circles and the economic groups behind them. An endless procrastination in assuming the repayment of the social debt has ratified a standing process in recent years through which the lack of social policies has become a State policy. The most optimistic data estimates that 69% of the total Ecuadorian population was affected by poverty in 2003. The profound contradictions between economic development and wealth distribution become thus apparent.

Health and education were underserved sectors in the Government's agenda in 2003. Statistical data indicates that 83% of children in rural areas and 82% of children living in the Amazon Region suffer from poverty. This is compounded by the fact that different circumstances force 12.6% of Ecuadorian children to work. An even gloomier picture emerges from additional information found in the preliminary Report of the Social Contract for Education Committee which estimates that 30% of the overall student population, i.e. nearly 2.2 million children and adolescents, deserted schools driven away by poverty.

Increased migration only adds to the problem. Official data indicates that more than 140,000 Ecuadorians left the country in 2003. The more dire aspect of migration, though, is its criminalization: the victim becomes the culprit and serious excesses are allowed under the banner of preserving the security of the world leading powers. New and diverse migration routes have appeared to avoid increased border controls imposed by the European Union and the United States turning illegal trafficking with human beings into a flourishing market. Once again migrants are penalized and the large "coyoteros" mafias remain unscathed.

■ What can be done?

Fundación Esquel has reasons to believe that the country's situation in general, and regarding human development, in particular, continued to deteriorate in 2003. Big businesses benefit from the so-called macroeconomic stability while improvements are apparent in the quality of life of the overall population. These snapshots, that seem to be part of a stationary image, lead Fundación Esquel to the conclusion that a strategic change of direction must be adopted in social action in order to defeat poverty, reduce inequalities, create a social State under the rule of law, and consolidate a process that brings about nation-wide and durable changes. To this end, we firmly believe in networking, by pooling together the expertise and consolidating the common goals of different stakeholders. As far as impacts are concerned, the main social problems of the country remain unchanged. The time has come for a joint effort to solve them.



Assets

Esquel's management capacity - translated in high levels of efficiency and effectiveness – is its main asset. In spite of a modest equity base, the institutional wealth resides in other resources such as its experience and methodologies to develop effective programs, its transparency and its convening capacity. Such assets are described in further detail in the following pages.



■ Transparency:

Esquel operations are subject to regular yearly assessments by its partners and international auditors and free access to the results of such audits is granted to all working partners. Similar transparency principles are promoted amongst all operational partners. Every year, Esquel publishes its audited financial accounts in a nation-wide newspaper to account for the management of its resources to its partner organizations and the public.

■ Solid Credentials:

Throughout the years, Esquel has efficiently managed its resources. It has also implemented programs and projects with large coverage and significant impact based on constant planning, monitoring and assessment that have positively influenced the quality of life of beneficiaries.

■ Local context savvy :

Esquel maintains solid links with grass-roots organizations and is well aware of the social, economic, political and cultural reality of the country. Esquel's actions stem from direct work with the communities.

■ Strong partnerships:

Esquel works with a large network of local and international partners. The Synergos Institute, the Kellogg Foundation, the Rockefeller Foundation, the Inter-American Foundation, the International Youth Foundation, and the United States Agency for International Development (USAID), in the USA; Fundeso and the Spanish Agency for International Cooperation, in Spain; the European Union and certain European countries, particularly the United Kingdom, Sweden and Norway; the United Nations Population Fund (UNFPA) and other UN agencies; the Inter-American Development Bank are some of our partners. In 2003, Esquel hosted the Secretariat of the Inter-American Network for Democracy, where more than 230 civil society organizations of the continent are represented.



Strategies

1 Networking

Fundación Esquel fosters the empowerment of NGOs and grass-roots organizations by promoting freedom of action and respect for institutional priorities in the implementation of their initiatives. In this sense, networking support has been essential as an effective means to strengthen their social capital, consolidate solidarity exchanges to enhance efficiency, trust, cooperation, information exchange on their respective experiences, positive civic attitudes and joint action in order to increase coverage and impact.



2 Capacity Building

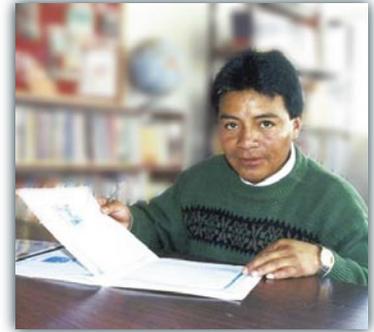
Esquel's capacity building endeavor encompasses civil society (communities, individuals, NGOs), the central Government (public and representative institutions) and the market (business sector). Its goal is to increase the management and service potential of non-governmental, governmental and grass-roots organizations to carry forward their development work in a sustainable and efficient manner. Likewise, the aim is to provide the business sector with new tools to maintain a sustainable contribution to development. In-keeping with its capacity building task, Esquel transfers technical, methodological and financial tools; provides training and technical assistance; grants scholarships to low-income children and young people, promotes individual and institutional leadership, strengthens the social foundations by consolidating community organization and citizens participation at different levels and strengthens non governmental organizations in order to promote civil society's participation in the solution of the country's problems. Furthermore, it acts as a clearing house facilitating contacts between grass-roots organizations and with local and international public and private institutions.



3

Furthering social responsibility and civic values

Fundacion Esquel furthers a two-pronged approach to citizenship based on the effective exercise of rights and due compliance with obligations. Through its actions, it seeks to promote the idea that collective interests should prevail over individual drives, to advance a leading role for citizens in structural changes and to enhance socially responsible business behavior. In this sense, social responsibility should be understood as a new moral attitude in citizens actions to overcome collective problems, as a cooperative effort that goes beyond mere charity, assistance or paternalism and as an attitude geared towards the education and training of citizens with solidly engrained democratic values and principles.



4

Sponsorship of dialogues and fora for concerted action

Esquel promotes initiatives that build bridges between different actors in Ecuadorian society –some of them with traditionally antagonistic positions, and bring them together to face the challenges posed by development. It also sponsors dialogues to reach agreements to solve the country's problems. Esquel believes in democracy, trusts in reason and argument-based discussions, and bets on intelligent reflection to find the path for common action.



5

Joint implementation and financing of projects and programs

Esquel participates in the joint implementation and financing of programs it initiates together with national counterparts, as well as of projects developed to satisfy community needs, promote community participation and achieve self-sustainability with due regard for cultural diversity and environmental protection. Different mechanisms are used to implement this strategy, i.a., donations, micro credit, technical assistance, venture capital investments, revolving funds. Both joint financing and joint implementation imply securing local resources under a leverage system in which local communities and organizations make their contributions in cash or kind through work, land, equipment or infrastructure.



Programs and Projects

■ Democracy and Citizens Training Program

- *Justice and Society Fund*
- *Promoting consensus*
- *I have the Power*
- *Otavaló's Information Center*
- *Bridging Leadership Program*
- *Institutionalization of Democratic Processes in Indigenous Municipalities*
- *NGOs Training Program*
- *Social Responsibility*

■ Sustainable Human Development

- *Micro-business undertakings by indigenous women in San Roque*
- *Training and new income-generating opportunities for indigenous quichua communities in Zula*
- *Improving production systems in the highlands of Simiatug*
- *Community tourism information and production center*

■ Children and Youth

- *Promoting Youth Talent*
- *Adolescent Sexual and Reproductive Health in the Southern Border*
- *Youth initiatives in Southern Ecuador*
- *Internet at School*
- *Improving the quality of education for children in San Roque Street*
- *ICTs to promote youth employment*

■ Business Development

- *In the path of microfinances*



Democracy and Citizens Training

1 Justice and Society Fund

2 Promoting consensus

3 I have the Power

4 Otavalo's
Information Center

5 Bridging Leadership Program

6 Institutionalization of Democratic
Processes in Indigenous Municipalities

7 NGOs Training Program

8 Social Responsibility



1 Legal reform sets a path towards Democracy



E The University of Guayaquil and the Esquel-USAID Justice and Society Fund signed a cooperation agreement on October 22nd, 2003. A landmark was thus set in the relationship between the Fund and the UG Law School which had previously submitted a project to create a Criminal Legal Service to provide free legal assistance and counsel to low-income citizens detained at the Temporary Detention Center and the Social Rehabilitation Center for Men, in Guayaquil. The service would be open to alleged offenders who were unable to afford a lawyer. Justice administration in Ecuador is, undoubtedly, one of the main detrimental elements to the full exercise of democratic rights. Overcrowded jails and detention centers stand as sad reminders of a phenomenon that affects Ecuadorian society as a whole. One of the Fund's projects intends to strengthen criminal legal assistance by supporting the creation, or strengthening, of legal assistance services that stem from civil society, universities or local governments, with emphasis in criminal areas, provided that such services demonstrate a proven capacity for long-term sustainability.



Such was the case of the University of Guayaquil project which is currently being implemented, together with other 11 open and directed projects that seek to consolidate due process practices in legal affairs. In Guayaquil, Law School students and professors make headway towards the light at the end of the tunnel of legal reform. Besides taking up cases submitted by family members of those detained, training on criminal procedure has been given to lawyers, legal assistants, trainees and students. Visits to detainees at the Social Rehabilitation Center for Men and the Rehabilitation Center for Women are part of the training.

For Ramón Intriago, a trainee at the Legal Service, this insight into the reality of jails and detention centers was a unique experience. Besides this new vision, visits were useful for students to inform inmates about the Service. Step by step, this work should contribute to transform justice administration in Ecuador.

The Justice and Society Fund supports the creation and strengthening of Justice Networks in Quito, Guayaquil and Cuenca. Since June 11th 2003, three workshops on project development were organized in those three cities with participants from different provinces around the country. Furthermore, in March and April, 2003, two workshops were organized, in Portoviejo and Azogues, to disseminate information about the Application Manual of the New Criminal Procedure Code; an oral litigation workshop (March 17th-21st, 2003) was facilitated by Justice Carlos Rivera, from Puerto Rico, with excellent assessment; an international workshop on advanced oral litigation was also organized. The Fund is a member of the Coalition on Access to Public Information, where a large spectrum of civil society groups and organizations, particularly members of Congress, were convened to disseminate information and open up discussion on the draft proposal of the Law on Access to Public Information which was afterwards passed by Congress.

The following training projects were approved this year:

- Design and implementation of a training system for justice operators
- Training seminars on the Prosecutor's Functions Handbook
- Training of 40 indigenous defense lawyers of indigenous organizations and nationalities
- Training and dissemination of the New Criminal Procedure Code for communities in the Province of Cañar
- Education on citizens values
- Research on compliance with due process rules in law enforcement in domestic violence cases

The fight against corruption is one of the action areas of the Justice and Society Fund. Three main activities were implemented this year:

- Cooperation Agreement signed with Quito's Town Hall to strengthen the Metropolitan Commission on the Fight Against Corruption
- Support the implementation of the Education on Values Project
- Support in the implementation of a judges performance assessment system

Ten out of thirty-three projects submitted to the Projects Support Fund that operates under the Justice and Society Fund were approved:

1. Observatory on the right of women and children to a violence-free existence
2. Discussion and dissemination of laws
3. Free legal assistance to detainees at the Social Rehabilitation Center for Men in Guayaquil
4. Training on Environmental Law and the new Criminal Procedure Code for Public Prosecutors
5. Postgraduate Diploma in Studies on Corruption and the Fight Against Corruption
6. Legal Assistance Service of the Apostolic Vicar of Esmeraldas
7. Defense and Legal Aid for destitute detainees in Loja
8. Criminal Legal Defense Service in Cuenca
9. Legal Assistance Service for the Social Rehabilitation Center for Women No 2 and the Women's Prison in El Inca.
10. Criminal Legal Service of the University of Guayaquil



2 Building consensus

What would it be like to achieve general agreement of all social stakeholders in Ecuador over all matters? An impossible utopia maybe, because human beings are made of differences. Nevertheless, it is possible to reach consensus on specific matters; agreements build on convergence rather than dissent. This program has thus been conceived as a long term endeavor where young people play a paramount role: they learn to respect one another, as well as each other's reasons; they learn that intelligence and dialogue are to be trusted in order to obtain results.

Twenty-nine young leaders, 17 men and 12 women, were chosen this year after a selection process. Five from political parties, 13 from civil society organizations, 5 from the business sector, 2 from universities, 4 from social movements and 1 from the public sector. In spite of a few desertions – mainly from the corporate sector, after two years the Program has a consolidated group of 35 young leaders. This year's work placed significant emphasis on their potential to make the difference both at personal level and around them, whether in local contexts or in their organizations.

What are the tools to be used by this young leaders? They were taught to identify social actors and make assessments of a local situation. They learned to provide inputs to build consensus, to discuss matters of interest, to participate in working groups on environmental issues, education, democracy, participation, work and employment. Each group made field trips to places where initiatives related to those issues were being implemented, in order to base their approach to problems on concrete experiences.

The Program inherently promotes values and social responsibility. All workshops are aimed at achieving greater commitment from these actors to democracy and dialogue as a means to solve controversies and to identify common objectives.

"Intelligent interventions" by participants regarding issues of interest to them were encouraged during the visits, so that, on the basis of their experience, they could contribute to ongoing processes in different areas of the country.



■ *data*

Given its profile, dialogue enhancement is an essential component of this process. To fulfill this goal, five workshops and three field trips were organized. As a result, four working groups of diverse composition have emerged and will promote initiatives to further support processes under way in the visited areas.

At the coordination stage it was decided that participants should have a hands on experience as a vital input that would enable them to root their proposals on concrete processes and realities. The Environment Group visited Bella Rica, a mining area where a child labor eradication initiative is underway; the Democracy and Participation Group, together with the Group on Economics and Employment traveled to Daule, a town included in the working area of the Coastal Zone Project, to exchange information with local young people and get to know their organizational experience; the Education Group took advantage of the fact that one of their members worked with Redes Amigas, and were able to visit rural schools of quichua communities settled on the borders of the Napo River.

After these visits, the participants have restructured their intervention proposals and are quite optimistic regarding the possibility of supporting the existing processes.



3 Young people have the floor

“I mprove communication between parents and children, monitor TV programs, rationalize internet use, promote school lectures on sexuality, replace the ‘false sense of ethics’ by the practice of an authentic moral behavior interiorized from childhood and adolescence. From a young age, human beings must preserve their integrity and conscience. Sex must be regarded by human society for what it is: something natural and normal”.

These were some of the recommendations made by scores of young men and women from nine high schools gathered in Quito during the “Youth for Youth” meeting, organized in June this year, in Quito.

Two themes were chosen to generate reflection and discussion: “How to prevent and reduce alcohol consumption” and “Values and sexuality among adolescents faced with the governmental proposal regarding the use of condoms”. The idea was to work on values based on personal experiences and to restore young people’s ownership over dialogue as a valid mechanism.

The event was an initiative of the I have the POWER Project, implemented in several high schools in Quito and Guayaquil, with the aim of creating youth networks to build bridges and disseminate different expressions and ideas. Efforts were fruitful since alliances were forged with another high school network which was promoting the “Let’s enjoy festivities in peace” Campaign.

These activities played a key role in consolidating closer ties among students and opening up dialogue on apparently taboo subjects. Young people have a lot to say. This explains why 40 girls and boys from high schools in Machala, El Oro, attended a symposium on sexual and reproductive health sponsored by Esquel’s project with the support of the UNFPA. All of them act as multiplying agents and are responsible for increasing awareness among their peers regarding sexually responsible behavior, particularly birth control and STDs. It was an important experience where dialogue flowed openly among young participants. They were able to freely express their views and appreciated the opportunity to reflect upon these issues.

Several attending teachers were also satisfied with the event and stressed the quality of the young participants from Machala, as well as the instructive theater play used as a motivating activity.



The event took place on May 3rd, 2003 and congregated 40 students from 12 high schools. All participants were members of press clubs or student councils. The underlying idea was to address these and other issues during the school year with the values vision proposed by the Project, but from within students' organizations. The meeting provided organizers with an opportunity to "sell" the values-based work to students who could see for themselves that it could be fun and personal.



4 Transparency in indigenous attire

The main outcome of the Citizens Participation in Local Development Project in Otavalo was the creation of a Citizens Information Center: a transparency showcase of municipal management designed to encourage informed citizens participation in local affairs. Amongst other communication tools, a web page was set up with relevant public information: municipal taxes, contracts, bids, information on the different Otavalo parishes (notified by them), municipal services and formalities (e.g. tax payments requirements, building permits base lines).



■ data

In Quito, the training process began in November last year. In many high schools, workshops were organized for eight-level teachers as well as for the rest of the school and other beneficiaries. Other workshops on related issues (cross-cutting themes and values, parents schools) were organized for other teachers of the participating schools.

Some institutions requested shorter workshop sessions at their convenience. Additional workshops were needed to accommodate teachers who were absent the first time around.

Training activities have had to overcome typical school inconveniences, almost always related to teachers availability for such training processes. It should also be noted that the National Teachers Union strike further complicated matters.

In order to gather this information and give momentum to the proposals, working coordination was established with two other projects: "Institutionalization of democratic processes in indigenous and participatory governments" and "Clear Rules and Timely and Transparent Public Information as a Mechanism to Fight Corruption" (implemented by Fundación Eugenio Espejo and the Otavalo Municipal Government with the support of the Esquel-USAID Justice and Society Fund). The information generated by the neighbors workshops and the citizens interest fora was published in the www.otavaloinforma.gov.ec webpage.

A draft ordinance proposal on information access emerged from the citizens incidence process. It places under the ex officio category (i.e. the information the municipality must disseminate with no prior request) most of the information included in the Information Center's webpage.

The second project was instrumental in the systematic organization of available data on municipal services and formalities that were included in an addendum.

Two projects implemented by Esquel and one project financed by the Justice and Society Fund coordinated their activities in Otavalo and were able to take advantage of mutual benefits to improve their action.

Six out of the Canton's 10 parishes were included in the Project: Selva Alegre, San José de Quichinche, San Juan de Illumán, Peguche, San Pablo del Lago and Gonzales Suarez. All their representatives responded to the Project's call and provide regular information on their activities and basic data through the webpage.

Extremely intense work was carried out at the local Town Hall and with the public officials of the Participation and Inter-Cultural Dialogue Bureau, a dependency established by the municipal Administration to further citizens participation. Awareness was raised on the importance of the use of new technologies and a transparent information policy, as a mechanism to improve participation.

Otavalo now has a new Citizens Information Center which is proudly publicized by the municipal authorities.

All their representatives responded to the Project's call and provide regular information on their activities and basic data through the webpage.

■ *data*

The Center and the webpage have been operational since May 7th, 2003. The Municipality has organized guided tours for educational and other relevant cantonal institutions to present the Center and its advantages, as well as the activities that will be developed as from September 2003.

The Citizens Information Center has the political support of the Mayor and the Parish Councils. They know the project quite well and disseminate information on their activities through the webpage.

In June, July and August 2003, a hundred visitors came to the Center and consulted the webpage at the municipal facilities. The Municipality planned to organize visits for educational centers as from November.



5 The seed for the woods



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Training leaders in Ecuador is not an easy task; particularly the type of leaders committed to a process in which men and women have to act with social responsibility, finding converging interest and sometimes even joining seemingly antagonistic forces to overcome the challenges faced by communities, society as a whole, and poor countries, in general. It is a process similar to the act of planting seeds for a new forest, a lifetime process that transcends the realm of concepts.

In 2003, within the Leadership Program, small networks were established through bridging leadership courses. Besides granting a training opportunity for social leaders. These courses became a meeting point for agencies that implement similar processes, offering them both the possibility of strengthening their work and a forum to know each other and build alliances leading to common activities.

The Iván Hurtado Foundation and the Women's Standing Forum in Esmeraldas are a case in point. In cooperation with the former, Fundación Esquel developed an abridged version of the bridging leadership course to which local institutions working with children, adolescents and family care were invited. Several initiatives in these areas existed in the Province but were implemented independently. The course enabled the integration of some of those agencies that have already undertaken joint initiatives.

Likewise, a virtual network has been established with the participants in the first Bridging Leadership course who have used it to share personal and professional experiences, request technical advice and exchange social information.

A leadership workshop was also organized in Cuenca. Crafts, community and neighborhood leaders were able to meet and discuss about their experiences. Emphasis was made on successful processes that used leadership principles to achieve their goals and objectives, i.e. that based their initiatives on communication, respect, cooperation, networking and bridge-building.

In Machala, together with the ILDIS Patas & Parnas Bi-national Project, a workshop was organized for young people living in towns at both

sides of the Ecuadorian-Peruvian border. They have been carrying out cultural exchange activities since the Peace Agreement was signed by the two countries.

The Bridging Leadership Program decided to work with agencies linked to the agricultural sector in some rural communities of the Coastal Region (Provinces of Manabí, Los Ríos and Guayas) in order to train community leaders. Trained participants are now working in a proposal that replicates the work carried out during the Bridging Leadership course with the aim of involving smaller producers in the joint assessment of common problems and the search for solutions. At first, discussions will take place among producers before they are enlarged to the Church, local governments and representative agencies in the area in order to shape a shared vision and pool efforts to work for the communities development.

In its capacity building work with civil society, the BLP has developed courses and workshops lead by and jointly organized with several agencies, i.a. FUNDESO (Guayaquil), CEMADEC (Manabí), TERRANUEVA (Los Ríos), Ivan Hurtado Foundation (Esmeraldas), Canadian Studies Center (Quito), Latin American Institute for Social Studies (Quito).

Training has been mainly provided in the following areas: self-knowledge, citizens values and morals, socioeconomic reality assessment, leadership, communication, incidence or lobbying, building alliances, mediation, conflict resolution through negotiation and strategic planning.

The attitude of participants as individuals, citizens and human beings has changed under the profound influence of the courses content, methods and facilitators. This is reflected in the respect shown towards other participants views (tolerance, acceptance); the willingness to resort to dialogue as a means to achieve consensus (openness and communication); their mutual support in order to share knowledge and experiences (cooperation); the demand for participants punctuality and attendance, as a sign of respect for the group's work (search for rights and duties).

Objetivo: The main purpose of the BLP is to change citizens behavior and institutional structures in order to consolidate democracy, foster tolerance and enable community human development based on their potential.

No assessment has been made so far to quantify or qualify the BLP contribution in promoting social responsibility and civic values. The development of a system to monitor, provide follow-up to and assess participants remains a pending challenge for Esquel in order to determine the BLP input in achieving these objectives.

The BLP goal is to promote the incorporation of stakeholders dialogue for concerted action as a regular component of any method applied in all development initiatives. Under BLP, concerted action is made up of four steps:

- *Convening*
- *Facilitating*
- *Building consensus*
- *Taking action*





6 Fora travel to indigenous municipalities

The “Institutionalization of democratic processes in indigenous and participatory governments” is one of the 23 projects implemented under the Democracy and Participation Program of the Inter-American Democracy Network (IADN). The IADN is an association of Latin American civil society organizations –Esquel, amongst others, that promote citizens participation and participatory and transparent democracies. The IADN Secretariat was established in 2001 and its management was entrusted to Fundación Esquel until 2003.

Within the framework of the planned network activities, Esquel worked with Poder Ciudadano – an important Argentine organization, in the development of a handbook to promote citizens incidence on public policies in the Otavalo and Guamote Cantons. With the Otavalo Municipality's support, 38 facilitators were trained to organize and conduct citizens interests fora in the Canton using deliberative methods to strengthen the fora.

Likewise, in alliance with the Indigenous Peoples Parliament of Guamote, 76 community members were trained in the parishes of Cebadas, Palmira and Guamote. They subsequently addressed specific issues and set up schedules for the citizens interest fora in Guamote.

From these trainers training courses were to emerge the resource persons of the future citizens interest fora with adequate tools in deliberative methods. The workshops were divided in two sessions: the tools were presented in the first session and the public interest issues to be addressed in the Otavalo fora were identified in the second session.

For the citizens interests fora of Guamote, the following themes were identified: “Due knowledge of the laws to defend our rights”, “Weak organizations scantily related to the grass-roots” and “Low produce prices”. The discussion of these matters enriched the general dialogue among different stakeholders and contributed to the general effort in finding solutions for the Canton.



■ *data*

Citizens Interests Fora are dialogue exercises opened to members of a community, i.e. individuals who share political, cultural and other type of affinities, who address matters of common interest in that community.

The “Institutionalization of democratic processes in indigenous and participatory governments” Project has a USD 65,000.30 allocation to finance activities in the cantons of Guamote and Otavalo. A USD 2,400 counterpart contribution from the Guamote Municipality to cover wages of the municipal staff working in the project has to be added to this sum, together with USD 1,730 (per Municipality) to support workshops, training, travel expenses, transport and lodging.



7 Strengthening the **Third Sector**

The Civil Society Organizations Training Project laid its foundations over networks already created by Fundación Esquel in different fields of action, i.e. the Legal Justice networks set up in Quito, Cuenca and Guayaquil, the Social Responsibility Consortium (CERES) – composed by several Ecuadorian companies, and other less formal (but not the least effective) networks such as the group of international organizations that support the country's development.

The courses provided a time and place for members of the participating organizations to meet and exchange ideas, experiences and projects. An unexpected and positive outcome of the process has been the emergence of potential cooperation between participants. The Project, as such, is basically geared towards institutional capacity building through courses given to different civil society organizations. The courses have been designed to build up these organizations and equip them with effective tools to promote their institutional development.

In 2003, 358 members of networks, civil society organizations or individual consultants received training: 146 from Quito, 74 from Guayaquil, 70 from Cuenca and 68 from Loja. Specialized material on management, communication, administration and sustainability, duly revised by trainers, was used in the courses.

When the Project was initiated, the creation of a Permanent Training Center within Fundación Esquel was set as a priority. However, after the difficulties faced during the first phase and the technical work carried out in the second phase, it was recommended to seriously reassess the convenience of such Center.

A positive development that undoubtedly strengthened the process was the strategic alliances reached with a nation-wide partner and two local partners. In the first case, under the agreement with the Technical Private University of Loja, the Program was able to use comfortable facilities and adequate equipment. In the second case, through the agreements with AROG (Guayaquil) and OFIS (Cuenca) the Program gained access to their contacts and was able to incorporate them to the process. It must be acknowledged that the alliance with OFIS proved more fruitful as it demonstrated better managerial and convening capacities.

The Project is basically geared towards institutional capacity building





8 Educational hope flourishes in Villa Alegre

A hundred and six chirpy voices of the children attending the Villa Alegre School brighten up the life of Colorado, a small community located between Manta and Montecristi. This educational oasis -that stands amidst overall poverty, has been built, brick by brick, by the children's parents, most of whom are employed by Manexpo, the leading tagua buttons exporter of Ecuador. Buadillo Delgado, 37, has been working for 17 years in the company. His youngest son attends the Villa Alegre School and, under a differentiated tuition schedule based on the workers income, he pays 15 dollars a month. "My son is in first grade of elementary school; he is amazingly alert and knows a lot of things; everyday he gets a light snack, a proper meal and school material", says Delgado, who used to sharpen knives when he started working for the company and is now a shop foreman. Indeed, the school provides for all the material needs of children. Now, as far as their intellectual and emotional needs are concerned, it does even more: experts in education consider it a leading institution in its kind in Latin America. The school's quality of education is constantly monitored by Alessandra Dirani, director of the Villa Alegre Foundation, who is married to Francisco Luna, one of the two Manexpo partners. Teachers training and capacity building is the leitmotiv of this Quito-born woman now living in Manta, whose thoughts seem to revolve constantly around education. The most serious problem in education, she acknowledges, is teachers training since they act as mediators in the teaching-learning process.

A hundred and six children attend up to fourth grade at the Villa Alegre School. Half of them are sons and daughters of Manexpo workers, who can also use the exclusive facilities of a day care center. The School plans to add a grade per year up to the 10 grades of basic education.

In November 2002, Esquel signed a new agreement for the joint implementation of the third phase of the "Educational Community Villa Alegre". It included the design and construction of two new wards that were to host classrooms for the fourth, fifth and seventh grades

■ *data*

In 2003, the following activities were carried out under the Social Responsibility Program:

A private sector outreach strategy was developed to promote the principle of social responsibility and secure private funds for public goals. Contacts have been established with 23 members of the business community and 35 companies interested in supporting the process and contributing to the I bet on you Trust Fund to increase the endowment for scholarships. Business people of Quito, Guayaquil and Cuenca were invited to three meetings to hold open discussions on Social Responsibility. Another specific goal of the Program was to develop an strategy to secure funds from the private sector by promoting the concept of social responsibility and encouraging companies to embrace it. To materialize this idea, a social investment mechanisms portfolio was created with: United Way, Avina, Social Marketing and the I bet on you Scholarships Trust Fund.

United Way channels donations from international philanthropist in the countries where it is represented. Esquel is UW representative in Ecuador.

In 2003, the only initiative that materialized was the Citibank's donation of USD 25,000 to organize the Micro Entrepreneurs Women and Youth Contest.

This year also marked the end

and a rear outside wall to close the school yard. Each one of the 500 sqm wards has 6 complete sanitary batteries. The facilities were built in 2003.

Social Marketing

The canning industry Conservas Isabel donated USD 25,000 to the Scholarship Program to create a Fund in the port of Manta. The program currently has 87 beneficiaries.

The mobile phone company BellSouth decided to entrust Fundación Esquel with the overall management of its yearly Pro-Niño Program, formerly directed by INNFA, as an investment in social marketing.

FIDEVAL, the management firm of the I bet on you Scholarships Trust Fund, helped set up the Fund and decided to invest in it part of its monthly professional fees.

The TACTICALIA image and design company cooperated with Esquel by charging very low prices compared to its competitors at similar level, not only as a means to position their image but also moved by its firm commitment to social investment.

Aseguradora del Sur is Esquel's most recent partner in joint social marketing. The Scholarship Program established by the insurance company's Foundation granted free accident coverage to the 87 girls and boys included in the educational project sponsored by Conservas Isabel in Manta.

I bet on you Scholarships Trust Fund

The I bet on you Scholarships Trust Fund was constituted by Fundación Esquel in 2003 with seed capital made up of a USD 29,000 social investment contribution of Fundación Esquel del Ecuador and a USD 25,000 donation of Confianza Cía de Seguros y Reaseguros.

The main objective of this initiative was to promote sustainable education through a Trust Fund that would ensure the availability of financial resources for scholarships throughout the 12 year education cycle of beneficiaries.

The Fund has an expected operational cycle of at least 12 years and would be capitalized with private sector donations that the two original partners will help to secure. The capital fund is preserved and will increase in those 12 years while the interests will be used to finance the scholarships.



and the financial closure of the Esquel-AVINA agreement. The final reports were submitted in August 2003. Projects implemented under the agreement met all the requirements regarding beneficiaries selection criteria, planned activities and social responsibility promotion goals. Each project was approved on the basis of a feasibility study by a Technical Committee set up by Esquel.

Private sector enterprises shared with the Fund the investment required to achieve sustainable benefits for the communities where they operate. Depending on their economic situation, beneficiaries contributed either with resources for educational services, training, or social work.

The projects implemented were:

- AES-KIWANIS Health & Dental Care Center
- Educational Project "Dejemos Huellas"
- Educational Community Villa Alegre
- Sinchi-Sacha House - Volunteer Service Center



Sustainable Human Development

Under the Sustainable Human Development Program, four large projects were implemented in 2003:

- 1 *Micro-business undertakings by indigenous women in San Roque*
- 2 *Training and new income-generating opportunities for indigenous quichua communities in Zula*
- 3 *Improving production systems in the highlands of Simiatug*
- 4 *Community tourism information and production center*



1 The San Roque Women

Overcoming shyness is far from easy when you are an indigenous peasant woman, who has migrated to the capital city to be constantly haunted by uncertainty and the municipal police as an informal street trader. María Lucachi vanquished this and other odds, as she evokes in Spanish the origins of the small clothing and apparel industry she created in the heart of the San Roque Market, located in the west central district of Quito. Together with other indigenous women from a small community in Chimborazo, she also succeeded in overcoming the feeling that her life was an endless tunnel with no room for self-improvement.

María and her colleagues arrived from Pusetus Grande, a rural community of the Flores Parish in the Canton of Riobamba. "We came looking for a means of survival", says Rosa Guamán, one of the project's leaders and sister of the late Dolores Guamán who promoted the original idea of the small business. Dolores died but her idea remained and bore fruits three decades later. The new generation forged a proactive will to move forward from resigned complaints. They had already created the Bilingual Experimental Education Center



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Women's Association (CEIBE). They longed to constitute their business on the basis of those principles. "It might work", were Dolores words. Four years of struggle later, the six professional weaving machines that they now operate in their downtown facilities finally arrived. They also obtained funds for dressmaking courses while they organized monthly meetings that served to motivate members and assess their level of participation and commitment. Additional events, such as raffles and spaces for institutional introspection, were incorporated, together with a monthly savings contribution for emergency reserve funds.

An agreement was also signed with the Tres Manueles Center to receive free training on personal development issues, such as human rights, gender and leadership, sexual and preventive education and self-esteem, amongst others. This brought about an originally un-conceivable achievement: women stopped street trading on certain days exclusively to receive training. Gradually, this led to their husbands involvement: they would come and help the association members in solidarity work or would attend meetings.

In June, the association members received training at Cecafem on machine expertise, measures and drawings, blouse, skirts and sports clothing manufacture. Under an agreement signed with the Quito Municipality, the 23 members of the association attended business management training workshops. Unfortunately their level of formal education made it difficult for them to assimilate the workshops content in spite of the rather simple methods used. Nonetheless they have been able to apply to a large extent the new concepts in their own sales business.

Rosa Guamán now hopes the Project will move on to a second phase since market conditions have made it difficult for them to capitalize the business. They have had to refuse requests because the association lacked money to buy raw material. They continue, however, to manufacture other textile products that they sell at fairs and commercial stores. Though still a rough struggle ahead, the effort is worthwhile since they remain together, "they survive" amongst friends and they preserve their identity.

The clothing workshop is equipped with six machines: an industrial machine for flat seams, a zigzag machine with 20 needlepoint types, two overlock machines, an industrial lap seams machine, a cutter; two cutting tables, six lightweight working chairs, 2 clerical-type chairs, a filing cabinet, a metal window case and a wooden showcase.

■ *data*



Donor:

Solidarios para el Desarrollo, Spain

Goal:

Promote the development of indigenous women living in San Roque by strengthening their organizational structure, promoting their rights and implementing their own income-generating production unit.

Beneficiaries:

21 direct beneficiaries and 33 indirect beneficiaries, including 20 men and 13 women who are related to the direct beneficiaries.



2 Hope flies on birds wings in Zula



The network enabled the coordination of activities in cooperation with the member communities of the Corporation.

The Zula project can be summarized in one word: training. Training is one of the cornerstones of capacity building. The Zula community stands next to the beautiful surroundings of the Ozogoché lakes. These water mirrors are located in the midst of the Andean Highlands and on September each year are the silent stage of a strange self-sacrifice ritual where thousands of migratory birds sky dive into its ice-cold waters. Both tourists and the media have been intrigued by this so far unexplained phenomenon. Besides the potential benefits of such an interest, the area is ideally suited for a community tourism project. The natural beauty and exotic environment of the area inspired this project.

A working network, composed of Esquel, the Peasant and Indigenous Communities Corporation of Zula and CEDIS, was established. Weekly meetings were organized to plan and implement all project activities, to provide follow-up and to monitor progress made.

The network enabled the coordination of activities in cooperation with the member communities of the Corporation. Arts and crafts workshops were organized in the communities throughout the 2001-2002 period. Approximately 140 young people attended the workshops to receive training in commercial handicrafts manufacture and a 150 were trained in bakery and pastry for self-supply and sales.

The training exceeded the expectations due to the extraordinary interest shown by the communities, to such extent that the number of hours scheduled for the workshops had to be increased.

An additional training course on food catering for private homes and restaurants was organized with 120 young participants.

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Thirty young community members attended workshops on tourism management (inventories and warehouses) with the intention of applying this knowledge in the community tourism operations. The training took place in 2002-2003.

Other 30 participants received training in tourist and guide services to improve the quality of guides working for tourist groups and thus increase the number of visitors to the area.

A hundred and fifty women received training in locally demanded productive activities such as dressmaking and handicrafts production.

The most important activity was the construction of the 80 sqm hostel built by the community. This fully equipped facility has five 10 sqm rooms designed to host four guests each and a social area of 30 sqm. Operations were planned to start on the third quarter of 2004.



Counterparts:

CEDIS
Zula Corporation

Donor:

International Cooperation,
Madrid's City Hall

Goal:

Improve rural an urban job opportunities for young people in Zula through a training program on rural tourism, crafts and trades and the construction of infrastructure for the development of community tourism.

Beneficiaries:

470 indigenous young adults are now trained to get employment in crafts and trades and tourism operations in the area. Fully equipped facilities for rural and ecological tourism were built in the Ozogoché lakes area and started operations providing employment for 30 young men and women. The participation of 894 young kichwa men and women has to be noted, together with organizations such as: CEDIS, the Zula Corporation, the Alausí Mayor's Office, the Sangay National Park, the Ministry of Tourism, the Ministry of Environment, the Provincial Council of Chimborazo, and the Chimborazo Polytechnic School.



3 Simiatug has ceased to be unable to keep the wolf from the door

An all-encompassing management model has transformed Simiatug, an impoverished parish in the Province of Bolivar, that a few years back was synonym of destitution and abandonment. It lived in such a dire situation that the village was featured in a documentary, aired under the title "Keeping the wolf from the door". The precarious situation of its inhabitants and the strenuous racism in the relationship between the indigenous and the mestizo populations were publicly exposed.

Esquel, Fepp, and 23 parish communities worked hard throughout 2003 to improve first and foremost families nutrition. The process was based on the improvement of field work productivity, complemented with the creation of six savings and deposits offices where 700 families were able to gain access to credit, for the first time in their lives, without going through the humiliating paperwork experience imposed the illiteracy of most of them. Capacity building through workshops on grazing land and herd management, seeds silos, irrigation and drinking water systems, has contributed to a self-imposed consciousness of the need for improvement.

Thus, in 125 hectares, the production of potatoes, lima beans, peas, quinoa and barley increased between 50% and 70% with the cooperation of 1,616 families. They now have three collection, transformation and distribution centers of organic produce operating in the El Tingo, Santo Domingo and Lai-gua communities, with a yearly production capacity of 16,200 Kilograms. Seventy-five cows now produce 8 liters of milk a day and 75 bovines show race improvements in at least 75 family herds.

Deforestation and the lack of drinking water were two compounding problems in Simiatug. "Water runs through pipes from January to May", explain the peasants. The rest of the year they had to fare for themselves. Now forestry plantations extend over 180 hectares in at least 15 communities; exotic species have been planted in 90 hectares and native



■ *datos*

Donante: ENG-BRECK MAT LATAI-NAMERIKA, Luxemburgo

Objetivo: Contribuir al mejoramiento de la calidad de vida de las comunidades de las zonas altas de Simiátug mediante el incremento de la producción y la productividad.

Main achievements: Increase in production, agricultural productivity, and cattle performance. A seed production system is operational. Agro-forestry systems are in full development. Potable water and small irrigation systems were implemented. Savings and credit systems provide services to participating organizations.

Beneficiaries: 2,078 families in 4 communities of the Runa Cunapac Yachana Foundation. Some of the indirect beneficiaries are 30,000 inhabitants of the Project's intervention area.

Participants: Populorum Progressio Ecuadorian Fund, Guaranda and Runa Cunapac Yachana Foundation.

species in the remaining extension. Besides, two all year round potable water supply systems are operational in two communities. This amounts to little less than a miracle. A miracle that the communities intend to replicate in a second phase of the project.

Families of 20 organizations received loans for productive activities. Delinquency is low, as often is the case amongst poor sectors, with a maximum level of 6%, and a USD 50,000 portfolio.



4 Community Tourism Reference and Promotion Center

Esquel has taken up the strengthening and promotion of community tourism. The Project's objective is to build-up the development of sustainable community tourism activities while preserving the cultural identity of the communities and protecting the environment. The idea is to achieve this through the creation of a self-sustained Community Tourism National Center that will offer information, education, communication, promotion and marketing services related to community tourism products. The Ministry of Tourism and the Ecuadorian Federation of Community Tourism (FETCE) participate in the process.

In 2003, some 10 community tourism operators were identified. A paper on selection criteria to identify sustainable community tourism operations was drafted and then reviewed and approved by the Coordination Committee of the "Community Tourism Reference and Promotion Center" Project. A questionnaire was also developed as a self-assessment tool to help interested community tourism operations in appraising their performance regarding different aspects of tourism sustainability. In 2003, the Project secured financing from the Andean Development Corporation and the OAS to develop this tool that covers more than 160 assessment items and will enable the assessment of the problems and needs of 17 community tourism projects.

■ *data*

Goal:

In alliance with public and private local stakeholders, set up and implement the Community Tourism Reference and Promotion Center as a decentralized space, that will operate as a clearing house between community tourism operations and domestic and international demand for such services.

Beneficiaries:

The Ecuadorian Plurinational Federation of Community Tourism, together with the individual community tourism operations and initiatives.

Achievements:

A Coordination Committee has been set up and its operational regulations have been established. Several management tools have been developed, such as the work plan, the operational time schedule, and the budget for the first year. Selection criteria have been established to identify sustainable community tourism operations. A credit line for Community Tourism has been established with counterpart resources received from Fundación Esquel. The II Ecuadorian Community Tourism Encounter took place in Tena, Napo, on November 11-13, 2003, with more than 120 representatives of community tourism initiatives from the Coastal, Andean and Amazon Regions.



Children and Youth

- 1 *Fostering Youth Talent*
- 2 *Adolescent Sexual and Reproductive Health in the Southern Border*
- 3 *Youth initiatives in Southern Ecuador*
- 4 *Internet at School*
- 5 *Improving the quality of education for children in San Roque*
- 6 *ICTs to promote youth employment*



1 Educational efforts goes on



Until 2002 Esquel had two scholarships programs: the Fund for Peace, Education and Development (1995), that to this date provides support for children of soldiers either dead or affected by the armed conflict with Peru, and the "Fostering Youth Talent Program" (1996) which helps poor children, adolescents and young adults of exceptional talent to enjoy complete educational training up to college or university levels.

Several activities were undertaken to strengthen the Youth Talent Program, three of them materialized. Though they emerged as independent projects, the YTP was the fundraising stepping stone for these new social initiatives. The Program has been ultimately strengthened with the support of several enterprises that have seen in it an opportunity to contribute to education and to further entrepreneurial social responsibility.



Eighty seven children and adolescents attend schools in Manta under the Manta Scholarships Program which secured a USD 15,004 contribution from Conservas Isabel. The Proniño Bellsouth – Esquel Scholarships Program grants 162 scholarships to as many beneficiaries that attend elementary and high schools in 9 Ecuadorian cities. It raised USD 36,033 from OTECEL S.A. BellSouth. The “I bet on you” Program, a fundraising initiative to obtain resources from the private sector, has created a trust fund with a USD 25,000 contribution from the Insurance Company Confianza and will use the return on investment to finance scholarships. OTECEL S.A. BellSouth has re-confirmed its support to the 2004 Program with an estimated contribution of USD 55,000.

A hundred and forty nine students from 13 provinces around the country received scholarships during the year: 83 men and 66 women; 20 attended universities, 44 high schools and 85 elementary schools.

It was not possible to increase the amount of individual scholarships since the Fund did not enlarge its endowment. However, on an ad hoc basis and depending on the financial requirements of the educational centers (high schools and universities) tuitions were increased beyond the original limits to support 18 students.

Permanent and strict follow up was provided regarding family situation, performance, community work, among other aspects related to individual fellows. The Program had updated technical information at the end of the year. Information processed throughout the year enabled adequate controls and timely disbursements of due amounts.

Forty-eight fellows of 15 years of age and above (22 men and 26 women) act as volunteers, social facilitators or youth leaders in different contexts, either agreed with Esquel, suggested by social organizations or selected by them. Financial constraints imposed limited coverage beneath the initial expectations. This made it impossible to reach the 75 volunteers goal, established for the year. Volunteers offered and performed more than 180 hours of community work during which their awareness community problems was raised and their social commitment increased.

■ *data*

Donor:

ESQUEL

■ **Goal:**

Strengthen the Scholarship Fund in order to enlarge the Program's coverage and extend its life cycle.

■ **Beneficiaries:**

149 fellows from 24 towns in 13 provinces around the country.

■ **Participants:**

Different reference centers and educational institutions in the country.

The Program laid the groundwork and acted as a reference model for two additional programs that provide support to 249 children in nine towns. There is general recognition among institutions that have recently undertaken work in the educational and fellowships sector that the Fostering Youth Talent Program should be singled out for its comprehensive approach. Scholarships are thus not an end but rather a means to improve the potential of children and young people that benefit from them.



2 And the veil dropped from **adult eyes** ...

“OK, just go on making the puppets while pictures are taken”. Carlos, sitting next to his classmates in the schoolyard tells them: “Say ‘breasts’ and smile”. The joke might seem a bit saucy but everyone in the group enjoys it. Sex is a permanent feature in any adolescent mind not only because there is a physical yearn but also because there is peer pressure. It is almost unthinkable no to feel young and happy at fifteen when you are with a group of friends learning what you long to learn about first and foremost: sex and life.

“I feel very much at ease here, because we learn about human relations. About the essence of peace, family, friendship, love”. Lucio Daniel Jordan is fourteen and truly appreciates the sexual and reproductive health workshops he attends. He learns about all these issues through painting. Some fifteen adolescents from different high schools in Machala meet for the workshop classes at a school located in one of the town’s poor neighborhoods. Thirteen-year old Manuel Larrea believes that painting is the best way to express your feelings through art. His paintings talk about peace –he doesn’t believe in war- and prostitution – selling your body in exchange for money.

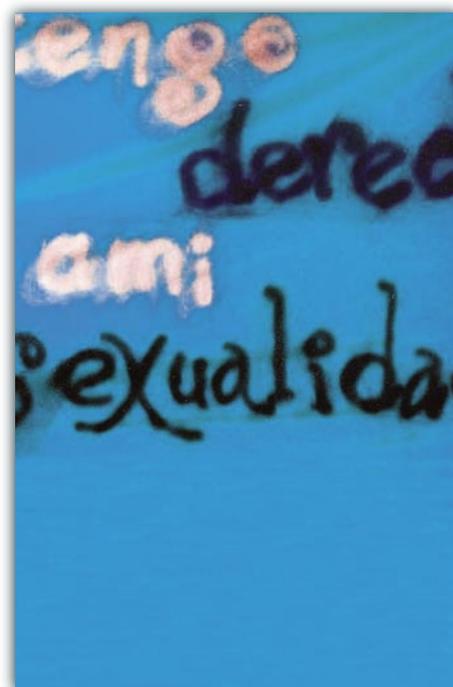
Tania Ruiz, 40, the Machala-born facilitator, is delighted to have been invited to teach painting. Almost as tall as her students, she is nothing but a giant in the way she motivates and talks to them about their problems. They talk candidly and share their concerns about puberty, falling in love or social problems, while paint and brushes flow over the canvasses. “They are responsible, nice kids; they talk about their problems at home, about the respect and understanding they would like to have from their parents”. They might not experience at home what they learn here. Even domestic violence offers a good opportunity to learn right from wrong. At times, when you are surrounded by poverty, being an adolescent is an act of heroism and solitude. You do not necessarily learn about life from the best teachers, this is particularly true regarding sexuality. They say so in few words. Art helps a lot: watercolors, collage, acrylic, etc. Twenty paintings reflect a journey’s work; a journey of five hours every Saturday, for five weeks, that will be included in an exhibition at the Mahala Central Park.



Graciela Carvajal, 17, is a brunette tornado adamant in making her voice heard. With her big eyes and a smile that condemns her to unavoidable happiness, she asserts her identity in a single phrase: "I'm a member of the Press Club". She shows the magazine they are preparing as an open space for young people. We build here our own little corner; we take refuge in this magazine. The first edition of this publication, created by and for young people, was soon to be published in Machala. The one Gabriela holds in her hand is the monthly magazine "Párame Zona" (slang for "Pay attention to me") edited in Loja and Zamora, under the theme: my youth space. And what a space! The pages are open to any girl or boy of the Sexual and Reproductive Health Program who wants to express his or her inner and outer feelings, emotions or talk about their senses. "I'm a girl that needs advice on how to approach love relations. I've been often disappointed; one of my boyfriends got me pregnant and then left. Boys think that just because I have a little girl I'm easy and I find it very difficult to overcome this situation. I've been involved with three boys and have had sex with them. The last one left me completely hooked and I am unable to overcome this abandon. I know I am the one who should change but I don't know how or where to start". This e-mail, signed by a desperate girl, reaches the press room of the magazine and, whoever she is, will get a reply from other young boys and girls in the next number. Byron, 17, received such a reply. He asked advice from other readers because he liked to cook, paint and do other things that his friends considered "weird". The question was whether he had to change for their sake or just be himself. "My advice is that you should not lead your life depending on other people's views but rather follow your own interests. Its your life", wrote Vick, 16. "Hi. I think that if you like to cook and paint, it's quite normal. If that's what you like, you should keep on doing it", was Ketty's, 14, advice. The section is called "acolite" (support) and is one of the Project's services.

Thus, information on issues that interest young people at that age and time in life is disseminated. Furthermore, each page includes brief legal notes that talk about young people's rights, as well as educational sections on birth control and safe sex methods, i.a. proper use of condoms, IUDs, what they are and which ones are available. All these surrounded by lyrics of the pop group Enanitos Verdes, interviews and articles dealing with politics.

The ten members of the Machala Press Club have a model on which to base their own project. "I feel honored", stresses Gabriela, already sensing the impact of the media. Under the rhythm of a press room they learn this and other ropes of the trade from Gonzalo Gonzales, an easy going journalist who acts as facilitator. Gabriela talks about "wonderful things" to create "our own little corner". Besides learning about sexuality, which goes beyond sex and is present in all human relations, as a convinced Gabriela says, vocations are born from this initiative: such is the case of Jessica Fernández, 13, who at her early age has decided to be a journalist.



Me siento muy bien, porque aquí aprendemos el trato entre las personas. Lo que debe ser la paz, la familia, la amistad, el amor.





Gonzalo, 52, laughs wholeheartedly when he is told “he is a wonderful teacher”. It’s the girls who are great, they have an enormous capacity for learning, self-effacingly he adds. “The important thing is to discover what they have inside, what they want to express” and they learn to do so through special techniques that give them greater confidence to face the world.

Adolescence is the time in life when personalities are shaped. Through the workshops, the Project grants young people a freedom of expression they might not enjoy at home, where they feel too much pressure. “They are fully committed and eager to learn. They only need to acquire the skills”, says Gonzalo with delight drawn over his short-sighted eyes.

In the serigraphy workshop, the boys are concentrated in handling paints, inks and stretchers. Alex Serrano, a rather short but extremely intelligent thirteen year old, cannot explain enough that he has already acquired the technique and just has to decide when to start his own T-shirt printing business. Is that all? Alex now knows he should respect his body “they have taught us to behave”. He likes the creative side of serigraphy and the fact that it keeps his mind alert and busy, out of trouble from drugs and crime. He is also able to express his feelings and his heart seems to acquire wings and fly through his serigraphy work. Six weeks were enough for him to understand this. For the first time in his life, he feels this world is opened to him. Therefore, every Saturday afternoon, he gets home in Vivien-das Populares, a populous neighborhood in Machala, and with a hug tells his mother about the workshop, what he has learned. For once, he has learned to talk to her.

The 18 future serigraphy artists understand this art and develop messages. Their trainer believes that even though these are not so clearly understood yet, the trade will come to them with further preparation, once the seed is planted. What they have is plenty of enthusiasm “because this is extremely valuable to them”.

Music, dance, theater, painting, journalism, puppets, photography. Dance students in Machala listen carefully to music while they rehearse their movements in front of a worn out mirror that covers one of the classroom walls. In Santa Rosa, a dozen boys doing their military service are attracted as bees to the dance music at the army compound that lends its facilities for the fulfillment of young people’s dreams in the Canton.

□ The wide rooms of the military compound are ideal facilities for these young girls and boys. The voices of the music workshop participants can be heard singing in tune. When someone is not, the teacher stops them and the group tries again. They are learning to interpret music from the Andes, a rather unusual sound among the vibrant tropical rhythms of the region. But, as their coach, Maria Eugenia Tomala, 23, explains, “the variety of Andean instruments is useful for them to learn music individually”. Monica Barreto, 10, is deeply concentrated in extracting notes from the difficult zampoña and learning songs in quichua. She is a happy learner of this art together with her other 15 friends of the group. At the beginning, Maria Eugenia could not think of a way to link the acquisition of musical skills with sexuality. Maybe the movements on the scene, maybe through instruments ..., she thought. And then, she solved the problem by teaching students

the importance of team work, where men and women should participate on equal footing, of mutual respect and fraternal relations.

These are just examples of some of the activities carried out in two days in the dozen workshops, training courses, meetings, discussions and other initiatives of the Project that ended this year. Its goal was to promote rights and their actual exercise as well as to provide comprehensive sexual and reproductive health services for adolescents in Loja, Zamora, Santa Rosa and El Oro.



■ *data*

Counterparts: Sendas, Faces, YMCA/YWCA-Machala, Apdh, Municipalities, social organizations, Cajé

Donors: UNFPA – Turner Foundation

Beneficiaries: 149 fellows from 24 cities in 13 provinces in Ecuador

In the current year, 196 teachers, 3,904 adolescents and 280 youth promoters received training in sexual and reproductive health. Over a 1,000 adolescents received care at sexual and reproductive health centers. The centers were located in towns where the Project was implemented, particularly in libraries. Audiovisual material and games were used to teach adolescents more about their own bodies and to acquire a sexually responsible attitude.

One of the Project's most significant assets was its comprehensive approach that encompassed all aspects in an adolescent's life. From an early stage it was understood that an attractive strategy for adolescents should entail a firm commitment on their part and respond to their daily needs and concerns, their tastes and individuality:

their life, in short. The Project succeeded in achieving multidisciplinary participation from all sectors linked to adolescents sexual and reproductive health, by bringing on board physicians, teachers, librarians, adolescents and civil society. It followed an approach based on the exercise of human rights and placed adolescents sexual and reproductive health as a public health concern.

Under this approach, the Project incorporated all public service sectors related to adolescents sexual and reproductive health such as health, education and municipal libraries. An additional challenge was to involve young people in the management of these services in such a way as to enable them to evolve from demanding the services to demanding respect for their rights and empowering them to have an impact on public policies from a local to a national level. Sixty five thousand adolescents were part of this three-year experience.

Teachers and public health workers were also trained with the participation of local authorities and public institutions. Hospitals and care centers were convinced to provide differentiated care to adolescents according to their age, and their physical and emotional conditions.



3 Youth initiatives in Southern Ecuador

In a first stage, reference centers were created and consolidated under the Project in order to further training, labor insertion and micro businesses development among young people.

The network was established in July 2002 by Esquel and three Reference Centers that acted as implementing partners in their respective provinces. The composition of the network was gradually enlarged as new members joined in, particularly secondary educational centers and universities. By the end of the Project it had 20 member organizations.

The network followed a two-pronged approach. On one hand it focused on the creation of a Credit Fund to finance youth initiatives and, on the other it supported local training processes for young participants. Both approaches were equally successful. More modest results were obtained in the information exchange endeavor regarding the Reference Centers experiences due to a lack of adequate coordination. This, in spite of the contribution made by the quarterly bulletin "El Emprendedor Juvenil" (the Young Entrepreneur), published by FACES.

Three projects emerged from the 2002 "Furthering Youth Productive Initiatives in the Southern Provinces" Program. They responded to the social realities of young people in the provinces where they were implemented; though faced with evolving circumstances, the projects were progressively readapted.

The overall investment in training amounted to USD 88,500 and other USD 61,171.92 were allocated to establish the Credit Fund. The References Centers contributed USD 32,935.70 for training purposes and USD 50,570.33 to finance projects, out of which USD 30,570.33 were provided by SENDAS from a contribution made by the Netherlands Embassy.

The training process of the Project ended at different dates during the last quarter of 2003. The Reference Centers organized 309 training workshops which represented 1,558 work hours. The training program was divided in two phases. Phase I began in August 2002 and ended after the first semester of the fol-



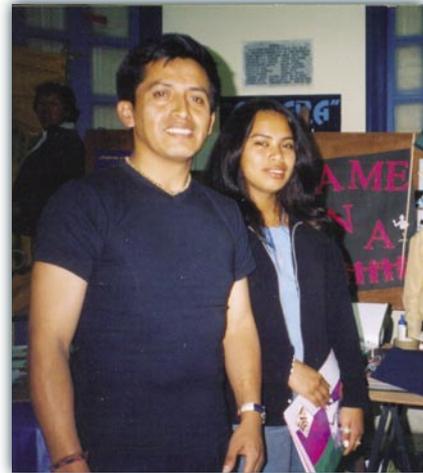
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- **Goal:** contribuir en la formación de líderes y empresarios sociales juveniles, capaces de implementar acciones de desarrollo comunitario, sus propias unidades productivas y de servicios y generar puestos de trabajo en el Austro.
- **Beneficiaries:** 50 instructores y 382 jóvenes en Azuay, Cañar y Loja
- **Donor:** Cooperación Internacional, Ayuntamiento de Madrid

lowing year. The training focused on ten groups of girls and boys from poor or critically poor families: 3 university level groups, 4 groups from populous districts and 3 from rural areas. Phase II started in May 2003 and concluded at different months of the last quarter of the year. This phase included 9 groups: 4 at university level, 3 from populous districts and 2 from rural areas.

By December 2003, 98 youth initiatives had been developed and 27 concrete proposals were financed by the Project (USD 30,850) under FACES supervision and a further USD 30,856 were invested in 21 projects to be monitored by the FNH. The Reference Centers financial demands exceeded the Fund's loan capacity. It was enlarged by using the return on the Project's capital resources that were invested in a financial institution. An additional group of 10 projects were being approved by SENDAS.



4 Training for the future



Together, the nine high school centers associated to this Project congregate the largest number of students in Ecuador's capital city (between 3,500 – 5,000 students). The most significant result is that information and communication technologies are currently used in 15% to 20% of classroom activities by trained teachers who can rely on equipment supplied by the Project.

In all participant high schools, trained teachers use information and communication technologies in their classes. This has increased the number of students that use the laboratories and computer rooms, to such extent that there is a pending IT equipment deficit to be reversed.

This greater demand for modern technologies at schools reflects an emerging culture regarding their use as a basic training tool for young people. In-keeping with this trend, increased efforts are deployed to improve computer rooms and laboratory equipment. During their training, teachers acquired different skills, from basic

computer notions to the ability to create web pages using examples already developed.

Additional support training was provided to teachers in the second implementation phase. A part from ICTs knowledge, they received pedagogical training to communicate such knowledge to both students and other colleagues in order to enlarge the coverage of trained professionals. The implementation of the ICTs Training Project provided Esquel with extremely useful information for the design and implementation of the "ICTs Use in the Promotion of Youth Employment" Project where some of the teachers formerly trained were invited to join the group as trainers and facilitators.



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Beneficiaries:

Six public and public/denominational schools in Quito participated in Phase II:
 Colegio e Instituto Experimental 24 de Mayo, Colegio Nacional Andrés Bello, Colegio Nacional Simón Bolívar, Instituto Nacional Mejía, Unidad Educativa Don Bosco, Unidad Educativa Santa María de Mazzarelo.

Participants:

Direct: 11 teachers and 2 trainers.
 Indirect: 536 persons, i.e. 36 teachers and 500 students attending the last three years of their formal education at the participant public high schools.

Goal:

To consolidate progress achieved in Phase I in order to further facilitate the generalized use of Internet as an useful educational tool at public high schools in Quito.



5 New Technologies arrive to San Roque

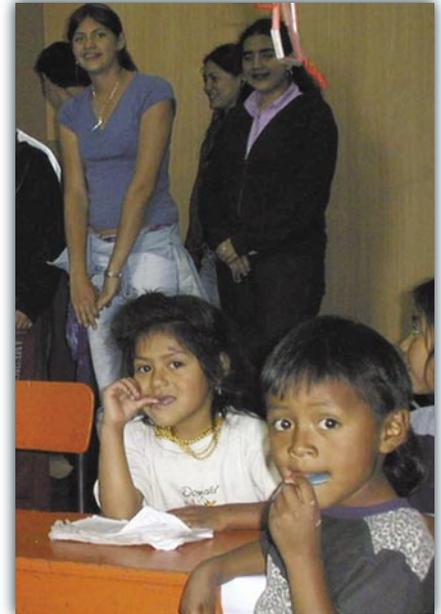
Maybe the most valuable lesson learned by the teachers of the San Roque School is that competitiveness is forged through solidarity. For five solid months in 2003, seven teachers and an equal number of community representatives were invited to participate in the Project and received training to help them grasp a better understanding of the modern world. Judging by the practical results obtained, the training – that included computer and Internet use – was a mere pretext to step into a world from which the participants felt excluded and with no probable access.

The working network composed of Esquel, Tierra de Hombres, the Parents Central Committee and the school's headmaster, as the teachers representative, set up schedules for both the internal training and the community courses. The network took action to obtain essential services for the computer center, such as telephone lines and internet connection. It played an instrumental catalytic role in the relations between the different stakeholders enabling the successful attainment of the goals and objectives initially set in the planning phase.

Previously, in October 2002, the teachers and members of the Parents Central Committee of the Experimental Bilingual Educational Center Quito attended a two-day Planning Workshop to get acquainted with the Planning, Monitoring and Assessment System presented by Esquel. One of the conclusions that emerged from that meeting was that beyond the mere transfer of knowledge on the proposed methodology, participants had to feel empowered. Thus, specific individual responsibilities were attributed to participants who committed themselves to carry them out. Seven teachers were trained.

After the training workshop in new technologies, the inclusion of an ICTs program in the school's curriculum brought about a hundred additional registrations for the new academic year. This showed an obvious interest from parents to learn more about ICTs and give their children the opportunity of attending those courses. On the school side, knowledgeable ICT teachers contributed to increase professional standards and profiles increasing its competitiveness in the local market. This also reflected on an improvement in the participants' life quality since they can supplement their income by selling courses to the community.

The computer center has changed the attitude of community members towards ICTs since it provides them access to efficient and effective training at low costs.



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Goal:	Improve quality of education at the Experimental Bilingual Educational Center Quito.
Direct Beneficiaries	4 male and 3 female teachers and 175 students of the San Roque School in Quito.
Indirect Beneficiaries:	Students' parents, San Roque community members.



6 Information and Communication Technologies: Bridging the Technological Gap

The underlying philosophy of the Project is to contribute to reduce the technological gap that has significant impact on the poorest communities of the country whose members, particularly young people, are often unable to improve their income due to a lack of technological opportunities. Well aware that ICTs encompass much more than hardware and software applications, Esquel developed an overarching vision of these technologies.



The initial goal of the Project was to establish 28 strategic alliances in two years and to consolidate at least 20 of them. Relationships with different social stakeholders were built on the basis of the delegation of specific responsibilities, together with the acknowledgement of and identification with the Project and its objectives. Following this strategy, 8 alliances were reached during the first six months of implementation.

Esquel and its partners began work in four cities. Institutional cooperation agreements were signed with all eight partners: 3 civil society institutions, 4 academic centers and a business association, in order to promote the Project's implementation. All of them either offer directly, or facilitate, training for young participants; four became Reference Centers with monitoring responsibilities over local processes within the Project.

The training of ICT trainers started then, looking for participants who could avail previous experience and capacity to work with young people – not everybody's cup of tea. Relations with participating institutions were carefully managed. Three cross-cutting themes were selected to ensure transparent actions: young people's rights, social acting and citizens' responsibility; other workshops dealt separately with youth's social ethics. Specific clauses were included in the agreements with identical purpose and standards were set to govern different operations such as expenses management, control and accountability, amongst other conditions that are fully respected and observed by all parties.

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A hundred and one trainers/facilitators were trained between June and August 2003: 63 men and 38 women. This exceeded the goal of 80 trainees set for the Project. With 32 participants, Manta accounted for the single highest number of trained professionals.

The main objective of the Trainers/Facilitators Workshop was to ensure high training standards through-

out the "ICTs Use in the Promotion of Youth Employment" Project by improving the human resources who would be providing the training.

This was a successful strategy. As one student of the 16-22 age group mentioned: "One of the facilitators was my University teacher last year and still is this year. I can see he is more dynamic, more respectful and approachable than before; he respects our ideas and views. It's interesting to notice that he behaves likewise at University; I think he is improving".

Esquel organized a team of high level and experienced trainers/facilitators in order to ensure proper quality training. The aim of the trainers training was to lead them to embrace the content and scope of the project, to identify the common axis, to acknowledge a single alternative pedagogical method and specific methodologies to guide their work with young people, among other skills.

The Project gained interest from the sectors where it was to be implemented, particularly academic centers and populous communities. Trainers and facilitators alike recognized that workshops quality was ensured by applying the Project's pedagogical and technical methods. The Eloy Alfaro Lay University of Manabí (ULEAM) Economic Sciences School benefited by applying the same pedagogical methods in the university classrooms.

The inhabitants of the Prosperina district in Guayaquil, particularly young people, saw an important community development in the use of the CEFOCINE facilities to establish an Information Center where ICTs training is provided. This will contribute to reduce the learning gap and to improve job perspectives, opening the doors for other adolescents and young adults of the district to gain access to better training and learning opportunities.

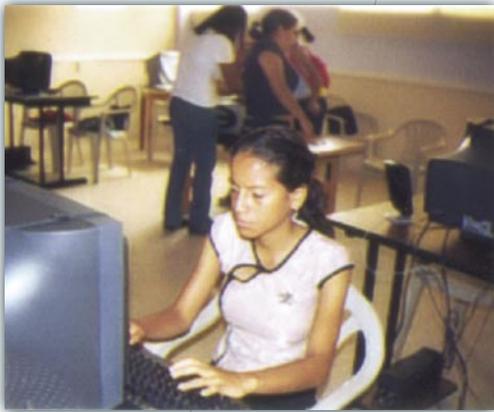
More motivated and prone to reflection, young people observed changes in their social attitudes, improved relations with their families and other social groups, and now have life projects that include social commitments, as a result of the "Human Development" workshops.

The "ICTs Use in the Promotion of Youth Employment" Project – included in the "21 Enter, Program" generated significant expectation from day one. The official launching ceremony took place at the Conference Hall of the Eloy Alfaro Lay University of Manabí (ULEAM), in Manta. Convened by Esquel, the ULEAM and the



Three cross-cutting themes were selected to ensure transparent actions: young people's rights, social acting and citizens' responsibility; other workshops dealt separately with youth's social ethics.

local Industries Chamber, the event congregated 250 members of the business community, university professors, high school teachers, facilitators, civil society representatives, parents and young people. Esquel's Executive Chairman met with the Industries Chamber Board of Directors on the morning of the launching to talk about the Project. A press conference followed and made the news of several local newspapers as well as of the nation-wide *El Comercio*, based in Quito. Due credit to the International Youth Foundation, FOMIN/IDB and USAID support was acknowledged at each one of these events.



Generating Participation

In Manta, Esquel officials visited 3 of the most important local high schools to present the Project. Meetings were convened at universities and visits to populous districts were organized as well as discussions with groups of young people. The Project's management disseminated information through radio spots and the local media. Facilitators promoted the Project within their areas of work and influence. With the groundwork laid through the radio, the written press and television, the official launching event attracted considerable attention.

In Guayaquil, young people were invited to participate in the Project through press bulletins and radio spots in popular media among young people and their mothers. Visits were organized to 8 public high schools, 12 groups of young people and 4 civil society organizations. Door-to-door campaigns, visits and bulletin distributions were organized in urban marginal areas (La Prosperina district, cooperatives such as La Alegría, Ficoa de Montalvo, Juan Montalvo y Luchadores del Norte). An invitation and motivating letter was sent to social institutions via e-mail. As a supplementary action, at CEFOCINE, ample information on the Project was provided to the staff members who were to act as disseminating agents; a large mural newspaper was set up and leaflets were prepared.

In Quito, the Project was promoted through youth organizations, associations and institutions that work with young people, such as: the Youth Political Coordination Unit, the Moseñor Leonidas Proaño Youth Association, the Youth Department of the Ecuadorian House of Culture, the National Youth Directorate, Comprehensive Development for the Future Foundation (FUDEN) and the San Fernando de Guamaní Organization; through academic centers such as the Israel Technological University and the Polytechnic

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Salesian University. Leaflets and brochures were also distributed at places where young people tend to gather.

In Cuenca, information about the Project was distributed to young students of education centers that maintain working relations with the initiators, i.e. the Gaspar de Sangurima Artisans Academy, the Santa Teresita de Jesús Artisans Academy, the Cuenca Polytechnic Salesian Academy, several youth organizations, the Youth Forum and civil society organizations that work with young people. Between July and December 2003, 211 workshops were organized in Manta and Guayaquil for 8 groups of young people who received 1,856 hours of training. Of these, four groups of 16 to 22 year olds attended 119 workshops and four groups of young people aged between 19 to 23 attended 92 workshops. Eighty nine workshops dealt with "Human Development" and 122 with "ICTs and Markets".

In Manta, the process started on July 8, 2003. A hundred and twenty nine workshops, totaling 1,344 training hours, were organized; 62 of them were attended by two groups of 16-22 year olds and 67 by three groups of young people aged between 19 and 22. The first groups have almost concluded the basic training phase and will have to gain hands-on experience in production and service units. These internship opportunities are being coordinated with the local Industries Chamber.

In Guayaquil, the process took off on September 13, 2003. Work has been carried out in 82 workshops that represent 512 training hours; 57 workshops were addressed to two groups of 16-22 year olds and 25 to one group of young participants aged between 19 and 26.

A two-week internship in production units and/or public or private service units is foreseen in the Project as a necessary complement to the theoretical practical and practical technical training provided to young people. With the support of Manta's Industries Chamber, several local companies have been approached to offer internships for the first two groups of participants aged between 16 and 22 that have concluded their basic training. Individual and group working plans are being developed for institutions that have accepted this proposal and training tutors are being identified among their staff.

Participants:

• **Manta**

Eloy Alfaro Lay University of Manabí (ULEAM); Manta Industries Chamber and the Economic Sciences School of the ULEAM

• **Guayaquil**
CEFOCINE

• **Cuenca**

Fundación Servicios para un Desarrollo Alternativo del Sur (SENDAS)

• **Quito**

Polytechnic Salesian University (UPS); Israel Tecnological University (UTI); Comprehensive Development for the Future Foundation (FUDEN).

Main Goal:

Contribute to improve the quality of family environments of the 16-29 age group members of poor families living in Cuenca, Guayaquil, Manta and Quito, by promoting labor insertion of 300 of them (750 trained) under dignified conditions, following a training process particularly focused on their personal development and the acquisition of ICTs skills and knowledge

Beneficiaries:

295 persons: 194 young men and women and 101 trainers/facilitators.



Business Development



1 In the path of **microfinances**

Codemic (Small Businesses Development Corporation) is Esquel's management credit fund specialized in micro businesses. Its main goal is to provide high quality and efficient financial and entrepreneurial development services to the micro business community. In-keeping with this institutional framework, Codemic has participated in the following programs in 2003:

Financial Services:

Fundación Esquel's Microfinances System

In 2003, Esquel consolidated the network of intermediate credit institutions operating within the Microfinances System. Through Codemic, attention to the microbusiness sector of the following organizations was strengthened: Faces Foundation, Popolorum Progressio Ecuadorian Fund – Cuenca and Lago Agrio Regional Branches, Young Men and Women Christian Association – CESOL, Jardín Azuayo Credit and Savings Cooperative, Peasants Studies and Development Center (CEDE) – CA, Nuevos Horizontes Foundation, Manexpo and Shalalá Macapungo Association.

All network members provide financial services to micro businesses in their respective areas, acting as intermediate credit institutions under a first level microfinances model. Funds placed have helped finance 4,758 micro businesses initiatives in the 2000-2003 period.



Microfinances System for Grass-Roots Organizations

Fundación Esquel and the Inter American Foundation have signed a three-year agreement to channel funds through Codemic in order to finance grass-roots organizations projects. In the second half of 2003, Codemic worked in the development of a profile of final beneficiaries, a credit manual and the tools to gather applicants information as well as in the design of the support material to be used in the implementation phase planned for 2004.

Credit Fund for the Youth Initiatives in Southern Ecuador Program

Codemic manages the credit fund for the Youth Initiatives in Southern Ecuador Program. The Fund invests resources in micro business initiatives of young people who live in Southern Ecuador and who have previously received training provided by Faces and Nuevos Horizontes, two member organizations of the Esquel network. USD 73,399.46 were granted in 2003 to finance 56 such initiatives. The remaining sum of the total fund resources that amount to USD 85,087 will be allocated in 2004.

Non Financial Services:

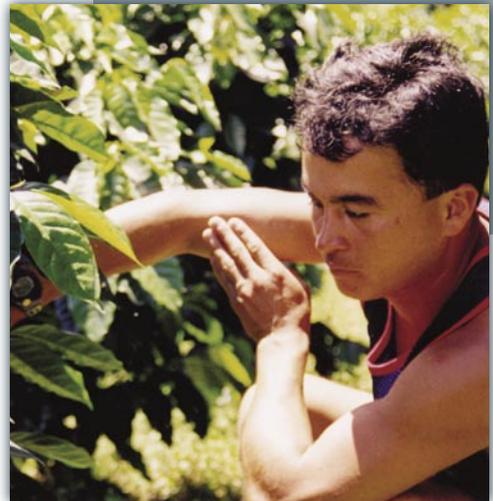
Codemic services are geared towards the strengthening of micro businesses. Its work is, therefore, not limited to loans and credits. It also encompasses management training.

"Power Stems From Belief" Contest

Through non financial services, Codemic has strengthened administrative management services and has consolidated capacities in administrative principles, finances, accounting, market research, marketing, sales, strategic planning, budgeting and production planning. Amongst some of the beneficiaries of these services are persons linked to business undertakings such as Juan's Salsa and More, Bella Rica Artisan Jewelers Workshop and Chocogifts, that participated in the "Power Stems From Belief" Contest.

Small and Medium Enterprises Electronic Commerce Conference

The single most important capacity building event organized by Codemic in 2003 was the Electronic Commerce International Conference for Small and Medium Enterprises. It took place in



*Funds placed
have helped
finance 4,758
micro businesses
initiatives in the
2000-2003 period.*



November 17 to 19, 2003 and featured three high level lectures on electronic commerce.

A report was presented on the results of a survey on the electronic commerce reality in Ecuador, carried out under Codemic's coordination. The consultancy research was based on questionnaires submitted to 97 enterprises, meetings with government officials, including representatives from the Telecommunications Regulating Agency and the Connectivity Agency Bureau, as well as with the Chambers of Quito, Guayaquil and Cuenca, alongside a vast documentary investigation.

More than 40 representatives from civil society organizations, universities, State agencies, enterprises and private banking institutions attended the Conference. Lectures were presented by five foreign and two Ecuadorian universities. The participants particularly appreciated the presentations made by 10 international experts, including officials from the WTO/UNCTAD International Trade Center, based in Geneva.

Reinvesting in Talent in Ecuador

Within a co-development framework, Esquel, Codeminc and the Un Sol Mon Foundation laid the groundwork for the RETALE initiative during the last quarter of 2003. The Program is designed for Ecuadorian men and women currently working in Spain who wish to return to the country to set up profitable businesses.

As a first step to support the Project, there was the need to assess the situation of micro businesses in Ecuador. Codemic will present a report to this end during the first quarter of 2004. The Program will then be able to set up a first group of filter criteria to select initiatives to guide migrants in their individual projects.

The Program offers advisory and follow-up services in a business plan design, training support, basic management training and permanent technical assistance throughout the implementation phase (provided by Codeminc), investment financing at competitive interest rates and up to an 80% subsidy of the airplane fare for the return of the promoter and his direct family. Applicants should fulfill the following requirements: entrepreneurial spirit, a concrete idea of a specific business, some resources such as money, physical



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facilities or movable property either in Spain or Ecuador, a few hours a month available to develop a business plan and the willingness to travel to Ecuador in the following six to twelve months.

The Caixa Catalunya Un Sol Mon Foundation coordinates the work of participant institutions in Spain and Ecuador. In Spain, the Program enjoys additional support from the Enter Foundation, Banco de la Mujer, the Catalunya Foundation for Self-Occupation Promotion and the Hispano Andean Foundation. Participant organizations in Ecuador are the Coodesarrollo Credit and Savings Cooperative and Fundación Esquel.

Venture Capital

With the consolidation of the companies created, Esquel has fulfilled the original objective of its role as the driving force partner in the joint ventures established under the Venture Capital Program. At the end of this initial phase and once the manager partners of the joint ventures have enlarged their markets and strengthened the management of their businesses, they expressed the desire to buy Esquel's shares in each one of the companies.

In 2003, fair conditions were negotiated for the sale of Esquel's participation to the manager partners of the joint ventures in each one of the remaining companies of the investment portfolio:

- *Proalme*
- *Nutrivital*
- *Ciaco*

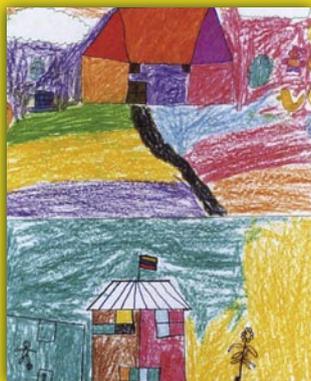
Network Participation

Through Codemic, Esquel has also been present in the Rural Financial Network. Esquel is one of the founding members of this civil corporation composed of more than 40 organizations that work in micro finances in Ecuador. The network organized several training seminars for member institutions in order to strengthen their operations by setting up self-regulatory and training commissions. Esquel has joined these commissions.



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Our Donors



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- W.K. Kellogg Foundation
- ITABSA
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- Microsoft - Ecuador
- World Bank
- BellSouth
- IYF - FOMIN
- Kettering Foundation
- Synergos Institute
- JP Morgan
- Avina Foundation
- Conservas Isabel

Fundación Esquel currently works in cooperation with 15 national networks on specific issues, 8 international networks, more than 400 local civil society organizations, 50 private enterprises and more than 50 State institutions and agencies.





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The Independent Auditors Report on the financial statements of Fundación Grupo Esquel – Ecuador that follows is a copy for publication of the original document as required by current legal provisions. The financial statements notes are not included in this publication, however, they are legally required as an integral part of them.

Independent Auditors Report

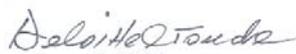
To the Board of Directors of
Fundación Grupo Esquel - Ecuador:

We have audited the general account statements (herewith annexed) of Fundación Grupo Esquel - Ecuador to December 31st 2003, as well as all relevant income, expenditure and accumulated surplus, and cashflow statements for the year ending on that date. The statements have been produced under the direct responsibility of Fundación Grupo Esquel - Ecuador management. Our responsibility is to issue an opinion on those financial statements based on our audit reviews. The financial statements of Fundación Grupo Esquel - Ecuador to December 31st 2002 were reviewed by other independent auditors that presented an unqualified opinion on January 20th, 2003.

Our audit reviews were carried out in accordance with standard audit rules commonly accepted in Ecuador. According to such rules an audit review has to be designed and carried out to reasonably ascertain that financial statements do not contain significant mistakes. An audit review includes the selective exam of evidence that corroborates the amounts and information displayed on the financial statements. It also includes the assessment of accounting principles applied and of significant management estimates, as well as an overall formal assessment of the financial statements presentation. We consider that our audit reviews provide us with reasonable elements on which to base our opinion.

In our view, the aforementioned financial statements reasonably reflect, in all relevant aspects, the financial situation of Fundación Grupo Esquel - Ecuador to December 31st 2003 as well as its income, expenditure and accumulated surplus, and cashflows for the year ending on that date, according to the accounting basis described in Note 2.

Fundación Esquel prepares its financial statements based on Ecuadorian accounting standards that might differ in certain aspects from international accounting standards. Therefore, the financial statements herewith do not intend to present the financial situation, operational results and cashflow of Fundación Grupo Esquel – Ecuador in accordance with accounting principles and practices generally accepted in countries and jurisdictions different from those applied in the Republic of Ecuador.


February 2nd, 2003

A member firm of
Deloitte Touche Tohmatsu

GENERAL STATEMENTS

TO DECEMBER 31st,
2003 AND 2002

(in USD '000s)

ASSETS	Notes	2003	2002
CURRENT ASSETS:			
Cash and cash equivalents		14	21
Accounts receivable		<u>8</u>	<u>38</u>
Total current assets		<u>22</u>	<u>59</u>
EARMARKED PROJECT FUNDS	4	<u>2,255</u>	<u>2,196</u>
ESTATE FUND INVESTMENTS	5	<u>1,545</u>	<u>1,520</u>
ADVANCED PAYMENTS (to programs and projects)	6	<u>527</u>	<u>561</u>
FIXED ASSETS		<u>125</u>	<u>73</u>
TOTAL		<u>4,474</u>	<u>4,409</u>
LIABILITIES AND CORPORATE ASSETS			
CURRENT LIABILITIES			
Accounts payable and total current liabilities		<u>13</u>	<u>15</u>
CORPORATE ASSETS:			
Restricted corporate assets	7	4,452	4,350
Accumulated surplus		<u>9</u>	<u>44</u>
Total Corporate Assets		<u>4,461</u>	<u>4,394</u>
TOTAL		<u>4,474</u>	<u>4,409</u>

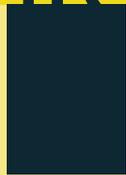
Expenditure and accumulated surplus statements

FOR THE YEARS ENDING
ON DECEMBER 31ST 2003 and 2002
(in USD '000s)

		2003		2002			
	Note	Operation	Programmes	Total	Operation	Programmes	Total
INCOME::							
Projects and Programs	8	552	2,906	3,458	576	1,902	2,478
Financial return		6	107	113	1	166	167
Other income		(1)	131	130	(1)	365	364
Total		<u>557</u>	<u>3,144</u>	<u>3,701</u>	<u>576</u>	<u>2,433</u>	<u>3,009</u>
EXPENDITURE:							
Investments in projects and technical assistance		304	3,042	3,346	341	1,953	2,294
General administrative expenses		288		288	246		246
Total		<u>592</u>	<u>3,042</u>	<u>3,634</u>	<u>587</u>	<u>1,953</u>	<u>2,540</u>
SURPLUS INCOME/EXPENDITURE		(35)	102	67	(11)	480	469
CARRYOVER ACCUMULATED SURPLUS		44	4,350	4,394	56	3,869	3,925
OTHERS					(1)	1	
END OF THE YEAR ACCUMULATED SURPLUS		<u>9</u>	<u>4,452</u>	<u>4,461</u>	<u>44</u>	<u>4,350</u>	<u>4,394</u>



mission



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Fundación Esquel is a private, non-profit organization geared towards the promotion of sustainable human development in Ecuador, the improvement of living conditions of poor populations and the construction of a democratic and mutually supportive society.



Concept, design and layout



Illustration



Photographs

Esquel Photo Archives

Printing

Impresores MYL



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