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ECUADOR

WITHOUT BORDERS: INNOVATIONS FOR THE INCLUSION OF MIGRANTS

(EC-T1432)

DONORS MEMORANDUM

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PROJECT SUMMARY

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Human mobility is a process in which an individual, family, or human group crosses the boundaries of a geographic or political division, within a country or to another country, in order to transit or settle temporarily or permanently. It is also one of the new challenges facing the region of Latin America and the Caribbean. Currently, Venezuelans are one of the largest population groups being displaced. In June 2019, the International Organization for Migration (IOM) stated that there are more than four million Venezuelan migrants, and an estimated 80% of them are being hosted in Latin American and Caribbean countries. The net balance (incoming minus outgoing) of Venezuelan immigrants in Ecuador was 23,611 in 2016, 61,143 in 2017, and 159,729 in 2018.

This migrant population encounters difficulties when seeking to gain a social and productive foothold within the country. These difficulties include limited access to the public education system, low educational quality for the most vulnerable, limited opportunities for entrepreneurship, lack of access to finance, barriers to workforce inclusion, complications when seeking to regularize their migratory status, discrimination, and gender gaps. The greatest challenges are integrating economically and regularizing their migratory status as a first step toward economic and social stability.

The project's objective is to help lay the foundation for a social and economic integration system for the population experiencing human mobility and the host communities, to facilitate their livelihoods and ability to generate income. Although the project focuses on those in a situation of mobility, it is also expected to benefit Ecuadorians experiencing increased vulnerability. The direct beneficiaries are: 2,400 people in a situation of human mobility given training in entrepreneurship skills, 400 people in a situation of human mobility provided support in job placement processes, 1,500 entrepreneurs incubated, and 400 migrant students incorporated into the public education system.

The project highlights educational innovations that aim to identify solutions for improving access to and the quality of education in order to address human mobility issues such as including migrant students and teachers in the educational system and thus promoting cultural integration and harmony between the migrant and host populations. Another distinguishing aspect is that the process of integrating migrants economically seeks to maximize the positive effects of human mobility on economic growth. At the same time, promoting workforce inclusion and the entrepreneurial spirit among migrants may enable their knowledge and skills to have a positive impact on the entrepreneurial ecosystem, with benefits for both nationals and foreigners.

This is the first IDB Lab project that addresses the educational inclusion and economic integration of the Venezuelan population in the host countries. It also adds to the joint efforts with USAID to implement the [Better Together](#) challenge, to which this project will contribute by identifying specific problems and possible challenges in Ecuador. Moreover, it will be a partner for expanding the networks of organizations and promoting collaboration for the development of innovative solutions.

The project is also aligned with the IDB Migration Initiative with a comprehensive agenda covering the aspects of migration and seeking solutions to the multisectoral challenges of migration. It also coordinates purposefully to develop programs linking the local and migrant populations as a fundamental component in social and economic integration.

The project falls within the Inclusive Cities area, by promoting social inclusion through innovative, scalable solutions that improve quality of life in cities. The executing agency is the CRISFE Foundation, a private nonprofit organization with more than 20 years of experience managing and financing social projects in Ecuador.

ANNEXES

Annex I	Results Matrix
Annex II	Summary Budget
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APPENDICES

Proposed resolution

**INFORMATION AVAILABLE IN THE TECHNICAL DOCUMENTS SECTION OF THE IDB LAB
PROJECT INFORMATION SYSTEM**

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Annex VII	Procurement plan

ACRONYMS AND ABBREVIATIONS

AEI	Alianza para el Emprendimiento y la Innovación [Alliance for Entrepreneurship and Innovation]
CONQUITO	Agencia de Promoción Económica del Distrito Metropolitano de Quito [Economic Promotion Agency of the Metropolitan District of Quito]
CRISFE	CRISFE Foundation
DTM	Displacement Tracking Matrix
IDB Lab	Multilateral Investment Fund
IOM	International Organization for Migration
MINEDUC	Ministry of Education of Ecuador
SDGs	Sustainable Development Goals
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development

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EXECUTIVE SUMMARY

Country and geographic location:	Ecuador		
Executing agency:	CRISFE Foundation		
Focus area:	Inclusive cities		
Coordination with other donors/Bank operations:	The project will work with partners such as UNHCR, UNDP, CONQUITO, and the Alianza para el Emprendimiento y la Innovación [Alliance for Entrepreneurship and Innovation] (AEI). It will be executed in coordination with the Bank's Education Division (EDU) and its operations EC-T1433 "Inclusion of Migrants in the Ecuadorian School System" and RG-T3443 "Artificial Intelligence and Behavioral Economics in Education." The project will also coordinate during execution with the Social Sector (SCL) and the loan now being prepared, EC-L1258, on "Inclusion of the Migrant and Host Population in Social Services in Ecuador."		
Project beneficiaries:	The project's direct beneficiaries are: 2,400 people in a human mobility situation trained in entrepreneurial skills, 400 people in a human mobility situation given job placement support, 1,500 entrepreneurs incubated, 20% of incubated enterprises gain access to finance, 10% of incubated enterprises generate sales for more than six months, and 400 migrant students are incorporated into the public education system.		
Financing:	Technical cooperation:	US\$1,000,000	50%
	Total IDB Lab contribution:	US\$1,000,000	
	Counterpart:	US\$1,000,000	50%
	Total project budget:	US\$2,000,000	100%
Execution and disbursement period:	36 months of execution and 42 months of disbursement.		
Special contractual conditions:	Conditions precedent to the first disbursement will be, to the Bank's satisfaction: (i) appointment of the project coordinator; and (ii) submission of letters committing to a local contribution of at least US\$600,000.		
Environmental and social impact review:	This operation has been screened and classified according to the requirements of the IDB Environment and Safeguards Compliance Policy (Operational Policy OP-703) on 19 September 2019. Given the limited impacts and risks, it is classified as a category "C" operation.		
Unit with disbursement responsibility:	Bank's Country Office in Ecuador (COF/CEC).		

I. THE PROBLEM

A. Description of the problem

- 1.1 Human mobility is a process in which an individual, family, or human group crosses the boundaries of a geographic or political division, within a country or to another country, in order to transit through or settle temporarily or permanently. It is one of the new challenges facing the region of Latin America and the Caribbean. Currently, Venezuelans are one of the largest population groups being displaced. In June 2019, the International Organization for Migration (IOM) stated that there were more than four million Venezuelan refugees and migrants, and an estimated 80% of them are being hosted in Latin American and Caribbean countries.¹ Every day, 2,700 Venezuelan citizens on average cross the border from Colombia into Ecuador. However, there are days when this figure exceeds 5,000.² The net migration balance (incoming minus outgoing) of Venezuelan immigrants was 23,611 in 2016, 61,143 in 2017, and 159,729 in 2018;³ as of 31 August 2019, an estimated 385,042 Venezuelans were living in Ecuador, which is equivalent to 2.26% of the population.⁴ An estimated 26% of the migrants who enter Ecuador decide to settle in the country.⁵
- 1.2 The main reasons for emigrating are the lack of food (74%), insecurity (55%), inflation (55%), lack of medicine (42%), and violence (20%), among other reasons. According to the June 2019 survey of the IOM's [Displacement Tracking Matrix](#) (DTM), the population of Venezuelan migrants in Ecuador consists of 59.8% men and 40.2% women. In terms of educational level, 50.9% completed secondary school, and 22.8% completed some form of higher education (all those surveyed were over age 18). On average, 61.3% work independently or are self-employed, 17.2% works as employees, and 20.4% reported being unemployed. In addition, 88.1% of those who work earn a monthly income below the unified basic salary (US\$394).⁶ Another salient figure is that among those living with minor children, 36.3% indicated that the minor in their charge does not attend school. This absenteeism is primarily (85.3%) due to the lack of economic resources.⁷

¹ UNHCR: https://www.unhcr.org/news/press/2019/6/5cfa2a4a4/refugees-migrants-venezuela-top-4-million-unhcr-iom.html#_ga=2.45350060.907978601.1573592935-1242265320.1573592935 and <https://data2.unhcr.org/en/situations/platform>.

² R4V Operational Report – June 2019 available at: <https://r4v.info/es/documents/download/71151>.

³ Source: National Statistics and Census Institute (INEC) with data from the Ministry of the Interior, Migration Section.

⁴ Ecuador's population in 2018 was 17,084,000 according to the United Nations (<https://population.un.org>).

⁵ Coordination Platform for Refugees and Migrants from Venezuela (2019). Available at: <https://r4v.info/es/situations/platform/location/7512>.

⁶ According to data from the June 2019 Survey on Employment, Unemployment, and Under-Employment (ENEMDU) of the National Statistics and Census Institute, 21% of Venezuelan migrants are classified as poor and 75% represent a combination of poor people with low incomes (income below Ecuador's average income) or vulnerable people (daily incomes between US\$4 and US\$10 per capita at purchasing power parity).

⁷ Source: *DTM Monitoreo de Flujo de Población Venezolana en Ecuador* (IOM, June 2019) http://www.oim.org.ec/2016/iomtemplate2/sites/default/files/publicaciones/REPORTE%20DTM%20R5_cleared.pdf.

- 1.3 **Limited access to the public education system.** On average, refugee children⁸ are five times less likely to attend school than other children. Currently, 37,000 Venezuelan children and adolescents are living in Ecuador. This influx of people needing access to quality education is putting pressure on Ecuador's already saturated school system. Enrollment of Venezuelan migrants has increased rapidly in the national education system, from 10,794 students in 2018 to 16,851 in 2019. Nonetheless, many migrant children have not yet been assigned a slot in an Ecuadorian school. According to UNICEF, there are 13,149 unschooled migrant children: 59% of children of preschool age, 52% of those of primary school age, and 81% of those of secondary school age are not in school (UNICEF, 2019).
- 1.4 There are various reasons why vulnerable and migrant boys, girls, and adolescents have no access to the education system. One is related to a shortage of 4,000 certified teachers who would make it possible to include all children (Ecuadorians and foreigners) in the educational system. UNICEF data show that 25% of the localities with the greatest scarcity of teachers also have a higher proportion of foreigners in the education system. Another is directly related to how the current Ecuadorian system assigns students to schools. Students are assigned to a school nearby based on a residence test defined by the electricity bill⁹ and the system assigns them the closest school that has slots available. However, the current system has limitations such as considering distance in a straight line rather than based on actual accessibility and not allowing the selection of other schools that are close to another location such as the workplace of the students' parents or other relatives. Currently, families are not able to choose, the assignment system is not transparent, and distribution is inefficient. It is also inequitable because families with better connections and more resources can better leverage the current system while migrant and more vulnerable families are at a disadvantage because they are less likely to be well-informed and well-connected. In addition, migrants who reach Ecuador during the school year cannot register under Ecuador's current system for assigning schools because the system is closed and they have to appeal to the educational district to seek the principal's approval.
- 1.5 **Low educational quality for the most vulnerable.** Inequity in the distribution of teachers is a problem facing Ecuador and various countries in Latin America. When displaced and migrant children and youth have access to education, the quality is usually deficient, which jeopardizes their learning and well-being (UNICEF, 2019). The most vulnerable students, who generally show lower academic outcomes, are the ones who would benefit the most from having more effective teachers. However, the most effective teachers are concentrated in the schools attended by students from the higher socioeconomic segments.¹⁰

⁸ Refugees are persons outside their countries of origin who need international protection due to a serious threat to their life, physical safety, or freedom in their country of origin as a result of persecution, armed conflict, or serious public disorder. Source: Refworld, <https://www.refworld.org/docid/3f0a935f2.html>.

⁹ However, some data indicate that some parents circumvent the system by obtaining electricity bills from acquaintances living in neighborhoods with more attractive schools. This is more likely to be done by parents with better objective knowledge of the schools and denser social networks (Schneider et al., 1998; Bell, 2009; Bosetti, 2004).

¹⁰ According to national teacher tests in Ecuador, teachers in schools with students in the lowest quintile show lower levels of performance on that test.

Numerous studies have shown that an effective teacher improves students' performance in the short term. This contrasts with other more structural measures that have not shown significant associations with learning.¹¹

- 1.6 **The challenges of migration and economic integration.** Another major challenge for migrants and refugees is the process of integration and assimilation in the labor market. Historically, migration has lifted millions of people out of poverty while promoting economic growth in the host countries. According to data from the World Bank,¹² migrants are able to more than triple their salaries after moving to another country, which helps to lift their families out of poverty. However, upon their arrival, migrants are at a great economic disadvantage compared to natives: they have lower rates of employment, lower salaries, and lower quality jobs. The World Bank report (2018) urges countries to implement policies that take into account labor market pressures and to manage short-term economic tensions so as not to end up losing the competition for talent. The recommendation is to promote tools and initiatives for social and economic integration, which entails measures related to registration, as well as access to basic services, encouraging migrants to become fully integrated, contributing economically and socially in the destination country. In its report, the World Bank mentions various empirical studies where the increase in labor mobility generates gains for immigrants and positive overall gains for the destination country. However, this evidence runs counter to public opinion, which is opposed to immigration, and the concerns this generates, falsely justifying cultural and social factors, and even xenophobia. Geographic and labor market concentrations of immigrants do in fact provoke increased anxiety and friction among workers. Public policies need to understand these concerns and seek to reduce the costs of this friction in the short term so as to more broadly distribute the economic benefits generated by labor mobility.
- 1.7 **Regularization of migratory status.** Most migrants are unable to easily access processes to regularize permanent residence due to the high cost of visas and other requirements. This makes their situation even more vulnerable. On average, only 41.6% of people have legal status.¹³
- 1.8 **Limited opportunities for entrepreneurship.** Although migrants' first impulse for generating income is to develop a small entrepreneurial initiative, they encounter limitations because they do not have the minimum income needed to meet their basic needs (food, housing, health, education of minor children), much less the resources to acquire raw materials, inputs, and tools for their business. Another limitation is ignorance of the local market, which is exacerbated by not having networks of contacts and social support that would allow them to be more rapidly

¹¹ A study conducted by the IDB in Ecuador "**Cerrando Brechas**" found that the quality of the classroom interactions between teachers and students is an important predictor of school-based learning. In one year, an above-average teacher in terms of quality can increase a child's learning by 0.12 standard deviations, compared with a child who had a below-average teacher. Consecutively having an effective teacher generates a greater impact on students who have low academic outcomes (0.82 standard deviations for four consecutive years). Identifying these good practices in the classroom provides important inputs for the design of educational policies.

¹² Moving for Prosperity: Global Migration and Labor Markets (World Bank, 2018).

¹³ Source: *DTM Monitoreo de Flujo de Población Venezolana en Ecuador* (IOM, June 2019) http://www.oim.org.ec/2016/iomtemplate2/sites/default/files/publicaciones/REPORTE%20DTM%20R5_cleared.pdf.

integrated. Migrants generally have difficulty finding space to test their business ideas because they lack the networks, financing, and infrastructure to do so.¹⁴

- 1.9 **Lack of access to finance.** The requirement to have a current passport from the country of origin or an Ecuadorian identity card as a foreign resident restricts access to formal financial services. Ecuadorian regulations do not have a human mobility focus that considers refugee status and thus most people experiencing human mobility cannot borrow. In addition, migrants allocate a large part of their incomes to sending remittances to relatives or for their families' very subsistence, making it difficult to generate their own working capital.
- 1.10 **Barriers to job placement.** The first barrier that migrants must face to gain access to the formal labor market with quality jobs is the high cost to obtain a resident visa ([US\\$300 per person](#)). Recently, a new humanitarian visa for Venezuelan citizens has been promoted with a cost of US\$50 that is valid for two years.¹⁵ Migrants then have to go through the process of obtaining the Ecuadorian identity card and only after that may they formally apply for job vacancies. Many people experiencing human mobility do not have certificates attesting to their professional degrees or academic training, and this limits their access to higher-wage jobs. Some professions, such as physicians, attorneys, nurses, and dentists, require validation of the degree, which is a costly and time-consuming process. Another barrier is the limited access to procedures for meeting the basic requirements for formalizing the delivery of professional services such as the single taxpayer registry (RUC), issuance of invoice vouchers, etc. This is due in part to service providers' lack of knowledge regarding the documentation that enables people experiencing human mobility to engage in economic activities in Ecuador. Migrants also lack information on employers and do not have networks of local contacts to recommend them for new positions.
- 1.11 **Gender gaps.** Women and girls in a human mobility situation face greater risks (discrimination and sexual violence) and are less likely to be able to exercise their rights than men, due to their gender roles and their position in society. Women's empowerment is key to promoting gender equality with a focus on rights. This requires working to change attitudes and actively promote equality between women and men and between girls and boys. In addition to strengthening their protection and dignity, it is essential to empower women and help them find ways to make a living, improve their skills, and be self-sufficient in order to achieve a long-term solution (UNHCR, 2016).¹⁶
- 1.12 Some organizations supporting refugees such as [Refugees International](#)¹⁷ propose that the government integrate displaced Venezuelans into the economy by creating opportunities to earn a living and access the labor market. For this purpose, they suggest making work visas more accessible and facilitating mechanisms to

¹⁴ Lessons learned from the Programa de Medios de Vida para Población en Movilidad Humana y Local pilot, financed by UNDP and executed by CONQUITO.

¹⁵ <https://www.cancilleria.gob.ec/ecuador-inicia-proceso-de-emision-de-visa-humanitaria-para-ciudadanos-venezolanos/>.

¹⁶ *El asilo es de todos: movimientos forzosos de población y solidaridad internacional*, UNHCR, 2016.

¹⁷ www.refugeesinternational.org.

transfer the professional certificates of displaced Venezuelans. Another recommendation is to conduct campaigns against xenophobia to combat discrimination and anti-migrant rhetoric. A notable priority is to increase programs and resources to expand livelihood opportunities for an increasing number of Venezuelans who decide to remain in Ecuador.

II. THE INNOVATION PROPOSAL

A. Description of the project

- 2.1 **Project objective.** To help lay the foundation for a social and economic integration system for the population living in human mobility conditions and host communities, facilitating their livelihoods and income generation. The aim is to generate a model that promotes the integration of migrants and host communities through innovations for educational inclusion and economic integration. Although this project focuses on persons experiencing human mobility, the benefits are expected to have a positive impact on the entire population, particularly those Ecuadorians who are more vulnerable and could also be direct beneficiaries of the project. This is called the **“Without Borders”** project.
- 2.2 The educational innovations seek to: (i) identify innovative solutions to improve access to and quality of education to address the problems of human mobility; (ii) integrate more vulnerable children (Ecuadorian and Venezuelan) in the educational system; (iii) reduce the teacher shortage in vulnerable schools by incorporating better quality teachers whose example will motivate the other teachers and provide a demonstration effect that produces a greater impact; and (iv) promote cultural integration between Ecuadorians and Venezuelans. Another innovative element will be the incorporation of Venezuelan teachers into the educational system and in the example this would provide for the communities. This is one of the actions that would make a concrete contribution to reducing xenophobia.
- 2.3 To facilitate job placement and effective entrepreneurship, a mapping process will be done using a screening tool that has already been piloted by UNDP, UNHCR, and CONQUITO. This tool will be enhanced by improving the screening process and incorporating a follow-up and monitoring module to generate efficiencies in the use of time and resources. The screening process will direct applicants according to their skills and conditions to three areas: employability, entrepreneurship, and social assistance.¹⁸ It will also allow for testing different methodologies for handling the multiple profiles of participating migrants and thus generate an innovative entrepreneurship scoring model for the region's entrepreneurial ecosystem. This project will serve applicants with skills and conditions for employability and entrepreneurship; those who require social assistance will be referred to other organizations.

¹⁸ In cases identifying a need for social assistance, the beneficiaries will be directed to other partner institutions that provide such services and are not included in the components of the project.

- 2.4 This project seeks to demonstrate the validity of a model promoted by the private sector that fosters the economic, social, and cultural integration of migrants and refugees in a new host country and at the same time generates local economic development. The project will promote improved living conditions by generating sources of income (employment or entrepreneurship) for migrants and refugees. For this purpose, the project will bring together the members of the Alianza para el Emprendimiento y la Innovación [Alliance for Entrepreneurship and Innovation] (AEI) that make up the network of “Empresas Amigas de Venezuela” [Friends of Venezuela Companies] that will provide economic resources and act as anchor companies to promote entrepreneurship and/or sources of employment.
- 2.5 **Innovation.** A distinguishing aspect of this proposal is that the economic integration of migrants seeks to maximize the positive effects of human mobility on economic growth. At the same time, promoting job placement and the entrepreneurial spirit among migrants and refugees may allow their knowledge and skills to have a positive impact on the entrepreneurial ecosystem, with benefits for both nationals and foreigners.¹⁹ This is the first IDB Lab project that addresses the educational inclusion and economic integration of the Venezuelan population in the host countries and supplements the joint efforts on the [Better Together](#) program with USAID.
- 2.6 **Beneficiaries.** The project’s direct beneficiaries will be: 2,400 people experiencing human mobility and given training in entrepreneurship skills (50% will be women), 400 people in a human mobility situation provided job placement support; 80% of those experiencing human mobility and benefiting from the project report being economically active, 1,500 entrepreneurs incubated, 20% incubated enterprises have access to finance, 10% of incubated enterprises generate sales for more than six months, and 400 migrant students are incorporated into the educational system. In addition, residents of the cities where the project is implemented will benefit indirectly through the socioeconomic integration of the population experiencing human mobility, promoting well-being and harmony in the community.
- 2.7 Described below are the components of the project for which disruptive solutions will be explored that have the greatest potential for being implemented in education, job training, entrepreneurship, and data analysis for project monitoring.
- 2.8 **Component I: Improvements to promote inclusion in the public education system (IDB Lab: US\$300,000; Counterpart: US\$100,000).** The objective of the component is to support the Ecuadorian government in improving the inclusion of migrants and vulnerable populations in the public school system. It specifically seeks to: (i) increase efficiency in the assignment of students and teachers, including migrants and vulnerable populations in particular; and (ii) increase access to education in geographically vulnerable areas with a significant concentration of migrants.

¹⁹ The evidence generated by Syrian migration in Turkey shows that, in that case, the flow of refugees had positive impacts on the production of companies, particularly small businesses (Altindag, Bakis, and Roza. Blessing or Burden? The Impact of Refugees on Businesses and the Informal Economy, May 2019. <http://dx.doi.org/10.2139/ssrn.3188406>).

- 2.9 In 2020, the Ministry of Education (MINEDUC), with support from the IDB, will implement a pilot of an alternative centralized assignment system for public schools, in one or more regions of Ecuador. In this alternative system, parents will be able to express through an online application platform their order of preference for their children's school assignment. This platform will operate by means of artificial intelligence and machine learning algorithms and will provide relevant information to the families regarding their school options. The new system would guarantee that all students have the same access; if there are more applicants than slots in a school, a random number will be assigned to all applicants and the slots will then be assigned equitably and transparently according to the number assigned. Artificial intelligence and machine learning can be combined with ideas from behavioral science (behavioral insights) to improve the assignment results. The introduction of relevant information is expected to be beneficial primarily for vulnerable families and migrants who are currently at a greater disadvantage because they have less access to information and to social networks. The pilot will include different ways to show the information in order to assess which yields the best results.
- 2.10 The component includes the following activities: (i) a consulting assignment will be contracted with [ConsiliumBots](#) to develop new algorithms to improve the assignment of students and teachers that include school selection (back-end); (ii) this new assignment process will be pilot tested in an educational district using an online platform that provides relevant information for parents and students using artificial intelligence, machine learning, and behavioral insights²⁰ (front-end); (iii) a methodology will be designed for evaluating the pilot test in order to identify possible improvements; (iv) eight individuals with talent for working as teachers will be incorporated (eventually it is expected that at least four will be foreigners) in the Ecuadorian educational system in vulnerable areas with a higher proportion of migrants; and (v) specific community action plans will be developed led by teachers themselves, benefitting the inclusion of migrants.
- 2.11 The following outcomes are expected as a result of this component: (i) development of a new auditable student assignment algorithm, including school selection (back-end); (ii) implementation of the pilot using the results from testing the implementation of the online platform (front-end) and its evaluation, analyzing as well its inclusion capacity with gender equity and diversity; (iii) supervision reports on the selection process, the training provided, and monitoring of the activities of new teachers hired in public schools in vulnerable areas; (iv) reports describing implementation of the community action plans and their impact on the community; and (v) at least 400 foreign students incorporated into the public education system for more than one school year thanks to the direct hiring of teachers. To a great extent, this component will benefit vulnerable and migrant populations by leveling the playing field in terms of access to information and opportunities for obtaining an assigned slot in an Ecuadorian public school.

²⁰ The new system will use a virtual chatbot with recommendations for the parents, informing them of the probability of admission to the schools selected given demand and the slots available, recommending other similar schools for them with greater availability, and other interactions allowing them to expand their selection and increase the likelihood of obtaining a slot according to their preferences. Parents can be encouraged to look at other schools they might not have considered.

- 2.12 This component will include direct contracting of the ConsiliumBots firm for up to US\$150,000, given that it was already selected by the Bank's Education Division (SCL/EDU) as the only organization that currently offers packaged solutions that include back- and front-end components based on new technologies for improving admission systems in public schools in Latin America and the Caribbean. This organization is unique in its field of specialization, which is the development of technological innovations for implementing informative interventions that support decision-making in education. ConsiliumBots is a strategic partner given the first-rate training of its team members at the best universities in the United States, its regional knowledge of school systems in Latin America, and its experience in implementing technological innovations in school correspondence mechanisms.
- 2.13 There will also be direct contracting with the non-profit organization [Enseña Ecuador](#)²¹ for up to US\$150,000, given its experience recruiting, vetting, and training people of different origins to become effective teachers in disadvantaged communities. Enseña Ecuador is the only entity that has an agreement with MINEDUC that authorizes it to select and contract teachers to work in public schools. In addition, the Education Division has already contracted consulting services with Enseña Ecuador in this line of work. The inclusion of people with talent for working as teachers would allow the inclusion of at least 400 vulnerable children in the educational system. In addition, by utilizing the many talented professionals among the Venezuelan migrants themselves, this component will focus on recruitment efforts among the migrant population. This will encourage migrants' economic integration and will also facilitate their assimilation in the host country by becoming part of the educational system, given its crucial role in society.
- 2.14 All the activities in this component will be executed with the approval of the Education Specialist in Ecuador (SCL/EDU) and will be coordinated with two operations headed by the Education Division: EC-T1433 "Inclusion of Migrants in the Ecuadorian School System," and RG-T3443 "Artificial Intelligence and Behavioral Economics in Education."
- 2.15 In addition, operation EC-T1433 will finance an evaluation of the effectiveness of the algorithm to be financed by this component, its matching process, the use of artificial intelligence,²² and the effectiveness of the nudges for improving equity and efficiency in assigning students in the educational system, with a gender and diversity approach and particular emphasis on the outcomes of the assignments for vulnerable and migrant populations. It will also conduct a workshop in Ecuador to share the results and a regional seminar to disseminate the results and demonstrate the use of artificial intelligence and behavioral science techniques to improve transparency, efficiency, and equity in systems for assigning students. Moreover, using funds from operation RG-T3443, the initial screening will be done to analyze current practices for assigning students and teachers and to better

²¹ [Enseña Ecuador](#) is part of the [Teach for All](#) global network made up of 48 countries that share the same educational transformation model.

²² Financing will be provided for an audit of the algorithm to verify the ethical use of data and data transparency.

- understand the choices that families and teachers make under the current system in order to identify areas for improvement. Technical support will also be financed for the design and implementation of nudges through a virtual assistant (ChatBots/API) integrated in the online platform, seeking efficiencies in the assignment process. Possible nudges and informational discussions to incentivize teachers to choose schools in more vulnerable areas will also be analyzed.
- 2.16 This component will be executed under the leadership of the IDB Education team (SCL/EDU) who will work in close collaboration with MINEDUC and the consulting firm to ensure direct dialogue among all the parties involved. The project will work with the Government of Ecuador to address any implementation challenges that may arise, and dissemination activities will be planned to present the new system for assigning students and teachers. The platform, including the algorithm, may be shared with the Ministries of Education of other countries in the region and an agreement will be formalized with MINEDUC reflecting commitments to ensure ethical use of the data collected and to replicate/adopt this methodology at the national level, once the anticipated results are achieved.
- 2.17 **Component II: Promotion and incubation of enterprises (IDB Lab: US\$322,500; Counterpart: US\$514,000).** The objective of this component is to promote the economic integration of persons experiencing human mobility through the entrepreneurial ecosystem. Enterprises with greater potential to create jobs will be promoted, incorporating the population experiencing human mobility and the vulnerable population in the host communities through training, incubation, and access to finance.
- 2.18 **Selection process.** The first phase in this component will focus on the process of selecting the beneficiaries. Through the various partners, applications will be received from candidates for participating in the project's activities; the project will work with persons experiencing human mobility, including economically vulnerable Ecuadorians, promoting networks and connections between foreigners and locals.²³ CRISFE will work in coordination with the project partners (UNDP, ANCUR, CONQUITO, AEI) to refine the screening tool and incorporate algorithms that make recommendations for better assignment of the beneficiary population in the various programs. Those who require help from the intake system on humanitarian issues will be referred to entities that do that work, redirecting cases that will not be served by the components of this project. The improvements to be made in the screening process will include a psychometric assessment to measure the person's aptitudes for entrepreneurship. This will be used to generate an entrepreneurship scoring model that will later allow for assessing which profiles are best suited for the various training and support methodologies. In this area, lessons learned will be taken from the project [PE-M1097](#) "Training and Support for Young Entrepreneurs in Peru" that found, through a rigorous assessment, that completing the business plan was the variable that most increased the likelihood of having an active formal business.²⁴

²³ There is a pilot experience and lessons learned from a training program "Programa de Empresas Solidarias Innovadoras" (PESI) with 80 beneficiaries (36 Venezuelans and 44 Ecuadorians) executed by CONQUITO and financed by UNDP and UNHCR.

²⁴ Perspectiva: Programa de Escalamiento Regional (Arraiz, Sanchez; 2018).

- 2.19 **Training and incubation.** Cofinancing agreements will be reached with entities that have training programs aligned with the objectives of this project. A menu of options will be developed to address the income generation and economic integration needs of the vulnerable population experiencing human mobility. Some examples of the type of training to be provided will include business plan methodologies, innovation in products and services, and specific training and incubation programs for entrepreneurs like the Programa de Empresas Solidarias Innovadoras [Innovative Solidarity-based Companies Program] (PESI), UNCTAD's Empretec, both in partnership with CONQUITO, the Impaqto and AEI acceleration programs, and CRISFE's Emrendefe. Partnerships will be promoted with programming bootcamps (such as Laboratoria and similar programs) to implement pilot programs with specific populations. Gender considerations that are important to ensure equal opportunities for women and their effective participation in the various training activities will be taken into account (with different alternative schedules to ensure more women attend the trainings, providing space where children can play and be taken care of while their mothers participate in training sessions, strengthening soft skills such as negotiation, leadership, self-esteem, etc.). The participation of disabled persons will be promoted in the various project components. In addition, in order to provide migrant entrepreneurs with local contact networks, Ecuadorian citizens will be included in the entrepreneurship training process.
- 2.20 **Promotion and financing.** Support and financing will be provided to enterprises with the greatest potential, following CRISFE's seed capital methodology. The enterprises may be partnerships or individual ventures. Alliances will be sought to provide entrepreneurs access to space for testing and promoting products/services (as relevant) in public spaces, fairs, events, etc. Out of necessity, to finance the enterprises, provision is made for unsecured amounts between US\$150 and US\$300 (a revolving fund) to acquire tools and raw materials; while for enterprises with greater potential for growth and employment, financing amounting to as much as US\$1,500 could be provided. In a graduation stage, successful enterprises will be encouraged to access additional financing through Banco Pichincha, which has already assigned a team to design specific products that take into account the needs of migrants.
- 2.21 Participants in this component will have to meet the following eligibility criteria: (i) have current valid identification (identity card or passport); (ii) be experiencing human mobility (internal and external); (iii) have been in the country for a minimum of six months; and (iv) have their most urgent basic needs covered (measured through the screening that includes socioeconomic questions). These requirements will be monitored during project implementation to evaluate their validity and effectiveness, or to make the adjustments that may be considered most appropriate.
- 2.22 The following outcomes are expected to be obtained as a result of this component: (i) a screening tool implemented and a baseline developed; (ii) 6,000 people evaluated by the screening process; (iii) 2,400 people receiving training (broken down by gender and nationality); (iv) training participants include at least 50% women; (v) 1,500 enterprises incubated; (vi) 20% of the incubated enterprises gain access to finance; and (vii) 10% of incubated enterprises report sales for more than six months. All the variables will be monitored quarterly and broken down by

type of enterprise, gender, and nationality. The resources for seed capital financing and entrepreneurship financing will be counterpart funds.

- 2.23 **Component III: Promotion of job placement (IDB Lab: US\$199,900; Counterpart: US\$137,100).** The objective of the component is to promote formal employment of people experiencing human mobility. To do this, the screening tool will be utilized to evaluate their capacities, skills, and work experience.
- 2.24 The following activities will be carried out: (i) CRISFE will create a virtual platform integrating various job banks to combine job opportunities in a single database, with a system for monitoring the jobs created; (ii) 400 people experiencing human mobility receive training in occupations and service provision with industry certificates like the IT Support Professional Certificate created by Google²⁵ and available on the Coursera online learning platform, and other certificates in tools from companies like Microsoft and Cisco; (iii) 400 people experiencing human mobility receive job placement support where, in partnership with CONQUITO, guidance and training will be provided to applicants (résumé preparation, presentation in interviews, registration in virtual platform); (iv) the “Empresas Amigas de Venezuela” network will be promoted with at least 30 companies posting their vacancies on the platform or contracting suppliers benefitting from the project; (v) discussions will be held to spread the program among companies and promote the identification of vacancies; (vi) reverse job fairs are held;²⁶ and (vii) 200 people experiencing human mobility receive legal advisory services on current labor regulations and workers’ rights.
- 2.25 This component will also promote the participation of companies with Venezuelan capital that are interested in hiring applicants who meet their needs. Given the current macroeconomic context, a reduction in job opportunities is anticipated in the national market and thus the hiring of companies linked to export services that require skilled labor will be promoted, and specific training sessions to cover these needs will be coordinated.
- 2.26 **Component IV. Awareness campaigns and project dissemination (IDB Lab: US\$32,000; Counterpart: US\$80,500).** The objective is to position the project among the business community and the population experiencing human mobility or vulnerable situations. Media allies, such as the Cisneros Group and other local and international media, will be sought to publicize the project.
- 2.27 The component includes the following activities: (i) design and implement a strategic communication campaign (logo design, radio spots, social media management, advertising at strategic points, etc.) including campaigns to raise awareness among the local population so they better understand the context of people experiencing human mobility as a way to prevent bullying at school and xenophobia; (ii) at least two videos with testimonials to promote the project; (iii) development of a project website and crowdfunding platform; and (iv) at least

²⁵ IDB Lab is supporting the introduction of IT Certification in Panama (PN-T1236) and Brazil (BR-T1424) for vulnerable populations such as young people who are neither studying or working, Afro-descendants, and women.

²⁶ At “reverse fairs” the job seekers present their needs instead of the companies, which is what happens at most fairs, where it is the companies that present their job vacancies.

four dissemination events such as business forums and working breakfasts in the search for new contributors.

B. Results, measurement, and monitoring

- 2.28 **Results matrix indicators.** The general objective of the project is to help lay the foundation for a social and economic integration system for the population experiencing human mobility and host communities, to facilitate their livelihoods and income generation. The project seeks to generate a model that promotes the integration of migrants through innovations for educational inclusion and economic integration. The project's principal indicators are divided into outcome indicators and indicators for each component; as detailed in the Results Matrix—Annex I of this document. The principal results will be 2,400 people who receive entrepreneurial skills training after having been selected through the initial screening process; at least 50% women participate in the training process, 80% of persons experiencing human mobility and benefitting from the project report being actively employed, 1,500 entrepreneurs incubated, 20% of incubated enterprises receive financing, at least 10% of the incubated enterprises report sales for more than six months. All the indicators will be broken down by gender and nationality of the beneficiary. In addition, the number of people who receive legal advice to regularize their stay in the country and on current labor regulations will be reported; and the number of cases referred to social assistance processes not financed by this project will be reported.
- 2.29 **Sustainable development goals (SDGs).** Migration and human mobility is a crosscutting theme within the SDGs; 10 of the 17 SDGs contain targets and indicators related to this theme. In particular, SDG 10, Reduced Inequalities, and target 10.7 seek to “facilitate orderly, safe, regular, and responsible migration and mobility of people through the implementation of planned and well-managed migration policies.” The basic principle of the 2030 Agenda to leave “no one behind,” including migrants, requires breaking down the data by migration status, which opens up significant needs for data improvement.
- 2.30 **Monitoring and evaluation.** The initial screening tool with its monitoring and follow-up module will make it possible to conduct follow-up surveys using WhatsApp, Facebook, or similar groups to ascertain the status of project beneficiaries. In addition, an external evaluation financed with funds from operation EC-T1433 will be performed to measure the effectiveness of the algorithm and the nudges for improving equity and efficiency in the assignment of students in the educational system, with a gender and diversity approach and particular emphasis on the results of assignments for vulnerable and migrant populations. To complement this, a follow-up system will be implemented with the CRISFE Foundation model that will include: (i) the CRISFE technological project management platform; (ii) monthly financial control; (iii) midterm evaluation of management and progress in each component of the project and its beneficiaries; and (iv) final evaluation of the experience, results achieved, lessons learned, and best practices derived from this project, and quantification of the real scale achieved and its potential growth in the three years following finalization of the project.

III. ALIGNMENT WITH THE IDB GROUP, SCALABILITY, AND PROJECT RISKS

A. Alignment with the IDB Group

- 3.1 This project is aligned with the **Update to the Institutional Strategy** in the challenges of social inclusion and equality as well as productivity and innovation. The **IDB Group's Country Strategy with Ecuador 2018-2021** (document GN-2924) includes among its three priority areas "support for productivity and private sector development as drivers of growth." This project would contribute to this based on the socioeconomic inclusion of the population experiencing human mobility. It is also aligned with the priority of deepening social advances in the next decade.
- 3.2 The project is aligned with the **Labor Sector Framework Document** (document GN-2741-7) with respect to the priority of seeking more productive workers based, inter alia, on developing technical-professional training systems for higher-quality, more relevant, and more effective jobs.
- 3.3 The project is aligned with the **Education and Early Childhood Development Sector Framework Document** (document GN-2708-5) in Dimension of Success 4 relating to the availability of adequate resources. More specifically, it is aligned with the operational line of action for strengthening countries' ability to use data for evidence-based decision-making and generate knowledge on the impact of information on the behavior of teachers and families. This project is also aligned with the work of the **IDB's fAIr LAC** and the responsible use of data and the application of artificial intelligence.
- 3.4 This project's activities will complement the actions of **other IDB operations**. In particular, actions will be coordinated with the Education Division with respect to three operations: **EC-T1433** "Inclusion of Migrants in the Ecuadorian School System;" **RG-T3443** "Artificial Intelligence and Behavioral Economics in Education." In addition, during execution, there will be coordination with loan **EC-L1258** "Inclusion of the Migrant and Host Population in Social Services in Ecuador," which seeks to increase the ability to deliver social protection, health, and education services in the major cities hosting migrants in Ecuador. Some of the innovations proposed by this project could identify efficient mechanisms to reduce the deficit in the delivery of social services.
- 3.5 The project is included in the **IDB Lab's Inclusive Cities** thematic area in that it promotes social inclusion through innovation and scalable solutions that improve the quality of life in cities, utilizing new technologies to increase business productivity and identify business opportunities for enterprises. It is aligned with improving living conditions in the most vulnerable households. Note should be made of the focus on the migrant youth population that is vulnerable and does not have access to opportunities of this kind.
- 3.6 The Without Borders project will collaborate with the [Better Together](#) challenge to identify specific problems in Ecuador and define possible local challenges. It will also be a partner for expanding the networks of organizations and promote collaboration for the development of innovative solutions.

- 3.7 The project is also consistent with the **Bank's commitment and its Migration Initiative** to develop a comprehensive agenda on all aspects of migration, including origin, transit, destination, and return. It also purposefully relates to efforts to develop programs linking the local and migrant populations as a fundamental element of social and economic integration. By efficiently using its installed capacity and regional knowledge, the Bank finds itself in a favorable position to provide operational tools to accelerate the design, pilot testing, and implementation of solutions to the multisectoral challenges of intraregional migration.

B. Scalability

- 3.8 The project seeks to promote a model of inclusion for the population experiencing human mobility spearheaded by the private sector and coordinated with the public sector and multilateral donors. The intent is to generate lessons that can be scaled, from the private sector, the project's partner entities, and from the public sector. Both AEI and CONQUITO have ongoing activities that could include the inclusion models that the project promotes. Banco Pichincha is also interested in providing financial services and serving the population experiencing human mobility, with a positive impact on the beneficiary population.
- 3.9 The UNDP, through the program to strengthen livelihoods for the population in a vulnerable situation and/or experiencing human mobility, has facilitated the implementation of the screening tool and inclusive methodologies with a human mobility focus that promote access to employment or the development of enterprises. This screening tool will be used by the network of partners of the Without Borders project, unifying the beneficiaries' database and promoting harmonized follow-up and monitoring in order to report the results in a homogenous and verifiable way. This will make it possible to expand the scope of the project through a larger number of partners. In addition, in the employability component, it will be possible to open up the virtual platform to other job banks and strengthen other actors in smaller cities that apply the methodology and can thus incorporate vacancies, hold job fairs, and follow up on the contracts generated using the platform's tools.

C. Project and institutional risks

- 3.10 The primary external risk is an **unfavorable macroeconomic context**. Given the slowdown in Ecuador's economic growth, coupled with the current fiscal constraint that requires a reduction in public spending, a decline in GDP is expected in 2019 in addition to growth below 2% over the next three years. Although the unemployment rate has remained at relatively low levels, at about 4.5%, Ecuador's labor market will have to address the pressure of absorbing the positions that the public sector is eliminating. **Mitigation:** the project will work with a network of companies that partner with the Without Borders project to induce them to publish their vacancies in the platform that integrates job banks and to include project beneficiaries among their hires. This may mean that fewer people are hired, making Component II extremely important.

- 3.11 **Lack of interest** in participating in the project's training activities on the part of those experiencing human mobility. **Mitigation:** the training content as well as its duration, schedule, and hours of implementation will be designed so as to respond to the needs of the migrant population and be compatible with their availability. Based on the results obtained, these aspects will be refined during the project execution period.
- 3.12 **Xenophobic behavior in the host population.** A latent risk, already manifest in Ecuador and various countries of the region, is rejection and xenophobic reactions among the local population against foreign migrants. **Mitigation:** awareness campaigns will be designed for the local population so they better understand the context of people experiencing human mobility, emphasizing how we all gain with inclusion processes and the positive impact on the business ecosystem, with benefits for both nationals and foreigners, facilitating healthy coexistence.²⁷

IV. BUDGET INSTRUMENT AND PROPOSAL

- 4.1 The project will be a nonreimbursable technical cooperation operation with a total cost of US\$2 million, with US\$1 million (50%) contributed by IDB Lab and US\$1 million (50%) contributed by the counterpart.
- 4.2 **Retroactive recognition of counterpart funds.** Initial structuring expenses for the Without Borders project and for raising awareness among key actors, to be incurred starting 1 March 2019 and amounting to no more than US\$20,000, will be recognized for cofinancing using counterpart funds.

Component	IDB	Local contribution		Total
		Cash	In kind	
I: Improvements to promote inclusion in the public education system	300,000	-	100,000	400,000
II: Promotion and incubation of enterprises	322,500	281,500	232,500	836,500
III: Promotion of job placement	199,900	123,600	13,500	337,000
IV: Awareness campaigns and project dissemination	32,000	14,500	66,000	112,500
Executing unit administration	135,267	57,971	30,762	224,000
Audits and evaluation	-	65,000	-	65,000
Contingencies	10,334	14,666	-	25,000
Total	1,000,000	557,238	442,762	2,000,000
%	50%	28%	22%	100%

²⁷ UNCTAD, 2018.

V. EXECUTING AGENCY AND IMPLEMENTATION STRUCTURE

A. Description of the executing agency

- 5.1 The CRISFE Foundation will be the project executing agency and will sign the execution agreement with the IDB. The CRISFE Foundation is a private nonprofit organization with more than 20 years of experience in managing and financing social projects in Ecuador. The Foundation's work focuses on three pillars: education, entrepreneurship, and social management. In implementing a project management model, it develops methodologies, forges strategic partnerships, assists and technically strengthens nonprofit organizations, and supports projects financially.
- 5.2 CRISFE's mission is to positively impact people's lives in Ecuador by strengthening their capacities and skills, based on sustainable models, with emphasis on education, entrepreneurship, and territorial development, with a focus on serving priority groups in order to improve the quality of their lives over the long term. CRISFE operates at the national level and has its headquarters in Quito, an office in Guayaquil, and offices in Puerto López and Río Negro Parrish.
- 5.3 The CRISFE Foundation has its Development Cooperation Program that is responsible for the project management model and provides financing with nonreimbursable technical cooperation to nonprofit organizations. Since 2013, that program has financed 152 projects, channeling more than US\$12.5 million through nonprofit organizations for project execution and direct technical assistance.
- 5.4 This project will rely on the experience of the CRISFE Foundation's entrepreneurship program, which focuses on strengthening and developing entrepreneurial competencies, abilities, skills, and initiatives in Ecuador through education, entrepreneurship management, training, support, and monitoring. In this area, Emprendefe stands out as it seeks to promote enterprises through training, financing, and monitoring. It posts invitations through the website www.emprendefe.org.
- 5.5 The CRISFE Foundation has executed and coexecuted projects with funds from international organizations, both with the IDB and the European Union. It also has experience executing projects with organizations such as [CESAL](#), [AVSI Foundation Ecuador](#), and Corporación Universitaria de Estudio y Trabajo (CUET). One example is the Program for Extending a Comprehensive Microfinance System to Rural Areas, in conjunction with Banco Pichincha, where CRISFE administered IDB financing. CRISFE has an annual budget of US\$6,255,000 for operating all programs, with the support of a team of 28 individuals who have an average of 10 years of experience.

B. Implementation structure and mechanism

- 5.6 The CRISFE Foundation will establish an executing unit with the structure needed to execute project activities and manage resources effectively and efficiently. It will also take responsibility for submitting progress reports on project implementation. The executing unit will consist of: (i) a coordinator; (ii) an administrative-financial assistant who already supports the organization and will devote 25% of their time to the project; and (iii) two specialists: a specialist in entrepreneurship for

Component II and a communication specialist who will be in charge of social media management, dissemination, and communication for the project (Component IV).

- 5.7 The **project coordinator** will be responsible for the preparation of monitoring reports and for compliance with IDB Lab's administrative requirements. It will also be in charge of: (i) planning the execution of each phase of the project; (ii) supervising execution and coordinating activities; and (iii) directing and coordinating relations with local partners and companies associated with the project. The project coordinator will be responsible for preparing follow-up reports and compliance with the administrative requirements of IDB Lab. He or she will also be responsible for: (i) planning the execution of each phase of the project; (ii) supervising execution and coordinating activities; and (iii) directing and coordinating relations with local partners and companies associated with the project with the support of the Advisory Committee.
- 5.8 Overall, the project will be monitored by the Project Management Office, which will directly report results to the CRISFE Foundation's Executive Management. Once the information is approved, the reports will be forwarded to IDB Lab. The chief and an officer of CRISFE's Development Cooperation Program will devote at least 30% of their time to the monitoring and technical supervision of project execution. In addition, CRISFE's Project Management Office and Executive Management will devote an estimated 15% of their time to the project.
- 5.9 The project's **governance** structure will be as follows: (i) **Executive Committee of Contributors**: This will be the senior body for strategic decision-making and approving the annual (budgetary and administrative) planning; this committee will consist of the partners that have contributed US\$300,000 or more in cash to the Without Borders project. The project coordinator will serve as the committee secretary; (ii) **Advisory Committee**: This will consist of representatives from UNHCR, UNDP, CONQUITO, and AEI (other experts may be added during implementation) who will provide advice on promoting entrepreneurship for persons experiencing human mobility and vulnerable populations in the host communities; (iii) **Technical Support**: This will consist of the law firm and the auditing firm; and (iv) **Partners Committee**: This will consist of all partners and allies regardless of the amount contributed and the type of alliance established; it will perform the half-yearly rendering of accounts and will discuss the main guidelines of the Without Borders project.
- 5.10 CRISFE may sign agreements with entities that wish to work in conjunction with the Without Borders project by cofinancing activities aligned with the objective of this project for specific beneficiary groups. Possible partners include UNHCR, UNDP, IOM, UNICEF, AEI, the Foundation of the Americas (FUDELA), Aldeas SOS, Hebrew Immigrant Aid Society (HIAS), Universidad Técnica Particular de Loja (UTPL) Fundación Esperanza, Enseña Ecuador, Impaqto, and others. In addition, agreements will be signed with the contributors of counterpart funds, to include Corporación Favorita and other companies that are part of AEI.

VI. FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS

- 6.1 **Result-based disbursements and fiduciary arrangements.** The executing agency will agree to the standard arrangements of IDB Lab with regard to results-based disbursements, procurement policies, and financial management applicable to the private sector, consistent with the provisions set out in the “Financial Management Guidelines for IDB-financed Projects” (document OP-273-12) version of 12 June 2019 and as specified in the “Guide to Management by Milestones and Financial Supervision for Technical Cooperation of IDB Lab and the SEP.” This is consistent with the result of the Integrity and Institutional Capacity Diagnostic of the Executing Agency (DICI), which confirmed that the CRISFE Foundation has a financial management system acceptable to IDB Lab and a monitoring and accountability structure for the submission of its institutional financial statements to the Bank. For this project, it may apply its own procurement procedures in line with the principles of transparency, competitiveness, economy, and efficiency in accordance with market practices for the private sector acceptable to the Bank.
- 6.2 **Risk- and performance-based project management.** Under this modality, project disbursement amounts will be determined according to the project's estimated liquidity requirements for a maximum period of six months. These requirements will be agreed upon between IDB Lab and the executing agency and will reflect activities and costs programmed in the annual planning exercise.
- 6.3 **Disbursements.** Project disbursements will be contingent upon verification of compliance with the milestones, according to the means of verification agreed upon between the executing agency and IDB Lab. Fulfillment of the milestones does not relieve the executing agency of the responsibility to comply with the Results Matrix indicators and the project objectives. The first disbursement will be contingent upon compliance with the conditions precedent and successive disbursements will be made provided the following two conditions are met: (i) verification by IDB Lab that the milestones have been met as agreed in the annual planning; and (ii) the executing agency has justified at least 80% of the cumulative anticipated advances of funds. In the event that the milestones are not met, the executing agency will submit, for the Bank's no objection, an action plan for achieving the milestones.

VII. INTELLECTUAL PROPERTY

- 7.1 **Access to information.** The information in this document is classified as public upon approval in accordance with the Bank's Access to Information Policy.
- 7.2 **Intellectual property.** The Bank will own the project's intellectual property and will grant a free, irrevocable, noncommercial license for an indefinite period for use of copyrights, patents, and any other intellectual property rights to the CRISFE Foundation, which will be able to grant a similar license to governmental or other agencies that work with, apply, replicate, or generate knowledge using products developed under the project.