

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**ECUADOR**

**SUPPORT FOR THE PROTECTION OF SOCIAL SPENDING  
AND JOB RECOVERY II**

**(EC-L1277)**

**LOAN PROPOSAL**

This document was prepared by the project team consisting of: Cristina San Román (SCL/SPH), Project Team Leader; Dulce Baptista (SCL/LMK), Alternate Project Team Leader; Marta Rubio Codina, Leonardo Pinzón, Martha Guerra, and Cinthia Rosero (SCL/SPH); Diana Bocarejo and Andrea Saldarriaga (SCL/GDI); María Laura Oliveri (SCL/LMK); Mariana Alfonso (CSD/CSS); Wladimir Zanoni and Juan Carlos Brito (CAN/CEC); Javier Jiménez Mosquera (LEG/SGO); Carolina Escudero and Vinicio Rodriguez (FMP/CEC).

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## ABBREVIATIONS

AFD	Agence Française de Développement [French Development Agency]
BAN	Bono de Apoyo Nutricional [Nutritional Support Voucher]
BDH	Bono de Desarrollo Humano [Human Development Voucher]
BM	Banco Mundial
BPFE	Bono de Protección Familiar de Emergencia [Emergency Family Protection Voucher]
BPFE	Bono de Protección Familiar de Emergencia [Emergency Family Protection Voucher]
CDI	Centros de Desarrollo Infantil [Early Childhood Development Centers]
CNH	Creciendo con Nuestros Hijos [Growing with Our Children]
DNI	Dirección Nacional de Inmunizaciones [National Immunization Office]
EE	Encuentra Empleo
ENEMDU	Encuesta Nacional de Empleo, Desempleo y Subempleo [National Survey on Employment, Unemployment, and Underemployment]
ENI	Estrategia Nacional de Inmunización [National Immunization Strategy]
GDP	Gross domestic product
GPI	Gender Parity Initiative
IDB	Inter-American Development Bank
IMF	International Monetary Fund
INEC	Instituto Nacional de Estadísticas y Censos [National Statistics and Census Institute]
JICA	Japan International Cooperation Agency
MEF	Ministry of Economy and Finance
MIES	Ministry of Economic and Social Inclusion
MSP	Ministry of Public Health
MT	Ministry of Labor
NCCT	Noncontributory cash transfers
PAHO	Pan American Health Organization
PAVS	Protocol for Virtual and Blended Care
PBL	Policy-based loan
RRF	Regional Revolving Fund
RS	Social Assistance Registry
RSE	Red Socio Empleo [Partner Employment Network]
SPE	Servicio Público de Empleo [Public Employment Service]
URS	Unidad del Registro Social [Office of the Social Assistance Registry]

## PROJECT SUMMARY

### ECUADOR

### SUPPORT FOR THE PROTECTION OF SOCIAL SPENDING AND JOB RECOVERY II (EC-L1277)

Financial Terms and Conditions				
Borrower			Flexible Financing Facility <sup>(a)</sup>	
			Amortization period:	18 years
Republic of Ecuador			Disbursement period:	1 year
Executing agency			Grace period :	7.5 years <sup>(b)</sup>
			Interest rate:	SOFR-based
Ministry of Economy and Finance			Credit fee:	(c)
Source	Amount (US\$)	%	Inspection and supervision fee:	(c)
IDB (Ordinary Capital):	250.000.000	100	Weighted average life:	12.75 years
Total <sup>1</sup> :	250.000.000	100	Approval currency:	U.S. dollar
Project at a Glance				
<p><b>Project objective/description:</b> The objective of the programmatic series is to improve the population's quality of life by improving the coverage, targeting, and/or quality of priority social programs and the implementation of measures to support job recovery. In the framework of the general program, the specific development objectives of this second operation in the programmatic policy-based series are: (i) to protect vulnerable populations from the adverse economic effects associated with the pandemic by supporting the income of populations living in poverty or extreme poverty, expanding the coverage of quality early childhood development services of the Ministry of Economic and Social Inclusion (MIES), and implementing the National Immunization Strategy (ENI); and (ii) to promote job recovery through strategic actions to close gender-based economic gaps and promote formal employment linked to environmental objectives.</p> <p>This policy-based loan is the second in a series of programmatic loans of this type, consisting of two loans that are contractually independent but technically related, in accordance with Policy-based Loans: Guidelines for Preparation and Implementation (document CS-3633-2).</p>				
<p><b>Special contractual conditions precedent to the first disbursement of the loan proceeds:</b> The sole disbursement of the loan proceeds will be contingent upon fulfillment of the policy reform conditions described in the program components, as established in the Policy Matrix (Annex II) and the <a href="#">Policy Letter</a>, as well as the contractual conditions established in the loan contract (see paragraph 3.3).</p>				
<p><b>Exceptions to Bank policies:</b> None.</p>				
Strategic Alignment				
<b>Challenges:</b> <sup>(d)</sup>	SI <input checked="" type="checkbox"/>		PI <input checked="" type="checkbox"/>	EI <input type="checkbox"/>
<b>Crosscutting themes:</b> <sup>(e)</sup>	GE <input checked="" type="checkbox"/>	and DI <input type="checkbox"/>	CC <input checked="" type="checkbox"/>	and ES <input checked="" type="checkbox"/>
				IC <input type="checkbox"/>

<sup>(a)</sup> Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency, interest rate, commodity, and catastrophe protection conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

<sup>(b)</sup> Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date, as documented in the loan contract.

<sup>(c)</sup> The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable policies.

<sup>(d)</sup> SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

<sup>(e)</sup> GE (Gender Equality) and DI (Diversity); CC (Climate Change) and ES (Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

<sup>1</sup> Parallel cofinancing is expected to come from highly concessional loans from the Japan International Cooperation Agency (JICA) and the French Development Agency (AFD). See paragraph 1.33.

## I. PROJECT DESCRIPTION AND RESULTS MONITORING

### A. Background, problem addressed, and rationale

- 1.1 **Programmatic series.** On 10 March 2021, the Board of Executive Directors of the Inter-American Development Bank (IDB) approved the first operation in the programmatic policy-based series, “Support for the Protection of Social Spending and Job Recovery” (5230/OC-EC), for US\$200 million. This proposal is for the second operation in the series. The first operation focused on the approval, development, and/or start-up of implementation of policy measures that are critical for an inclusive and sustainable recovery, that support the short-term response to the pandemic (extraordinary cash transfers, virtual and blended early childhood development services, and the implementation of the ENI), and that lay the groundwork for a medium-term recovery based on policies that are more inclusive (such as expanding coverage of the regular NCCTs and early childhood development services) and transformational (such as the GPI to promote job recovery with gender equity and green jobs). The second operation will focus on the implementation and consolidation of measures to strengthen the protection of vulnerable populations and support job creation with gender equity, consistent with the country’s environmental objectives.
- 1.2 **Macroeconomic context.** The most recent estimates from the Central Bank of Ecuador and the World Bank put the rate of growth in 2021 at 4% and 3.9%, respectively. Economic conditions in the country have benefited from exogenous factors such as the increase in the price of oil and the recovery in demand among Ecuador’s main trading partners. These two factors have driven growth of 77.5% in oil exports and 15.6% in non-oil exports since November 2020, beyond even pre-pandemic levels. Meanwhile, public policies and reforms that include balancing the public debt, gradually phasing out gasoline and diesel subsidies, and arranging an efficient rollout and coverage of COVID-19 vaccines (86%, 80% and 10% of the population over 5 had received their first, second, and third doses, respectively, as of January 2022) have buoyed the economic recovery in the wake of the pandemic. Public debt as a percentage of gross domestic product (GDP) fell from 61.2% in November 2020 to 58.3% in November 2021.
- 1.3 **Targets met and the medium-term outlook.** On 30 September 2020, the Executive Board of the International Monetary Fund (IMF) approved a 27-month Extended Fund Facility (EFF) for US\$6.5 billion. In the framework of this program, the country’s fiscal rules were eased with the reform to the Basic Law on Public Finances, legislation was enacted to protect dollarization, the Criminal Code (anti-corruption) was amended, an asset forfeiture law was enacted, and tax reform was passed (December 2021). Nevertheless, despite this progress, structural challenges to growth persist. Ecuador’s vulnerability to external shocks makes the country especially sensitive to fluctuations forecast in global price inflation, oil prices, and changes in interest rates. Among the main challenges, the Ecuadorian government needs to achieve long-term sustainability in the fiscal accounts, boost the economy’s productivity and competitiveness to attract foreign investment, invest more in reactivating the economy and in essential services such as health and education, enhance transparency in public procurement, and promote debt

transparency (activities that it has been pursuing in coordination with the support of multilateral organizations). The approval of reforms in labor and investment are goals to achieve in the near term. In September 2021, the IMF validated the fulfillment of all targets set for August 2021 (in the framework of the EFF agreement signed in September 2020), and the approval of the fiscal reform in December 2021 presupposes that the IMF will ratify, in a new review of the agreement (January 2022), the positive sustainability outlook for the public debt and balance of payments. According to IMF estimates, starting in 2022, the country's financing needs as a percentage of GDP will decline, from 4.3% in 2022 to 3.6% in 2024.

- 1.4 **Social indicators.** The economic repercussions of the pandemic had a major impact on poverty and inequality rates, which slid back to levels similar to those observed in 2010, reversing the significant progress that had been achieved over the past 10 years. According to the National Statistics and Census Institute (INEC) [1], the poverty rate stood at 33% in December 2020, eight percentage points higher than in December 2019. In June 2021, the poverty rate had fallen slightly to 32.2%, in line with the country's economic recovery following the first year of the pandemic. Extreme poverty also rose sharply, from 8.9% in 2019 to 15.4% in 2020 and 14.7% in June 2021. The increase in extreme poverty in urban areas, while not as steep as in rural areas (from 4.3% in 2019 to 8.4% in June 2021), marked a return to pre-2007 poverty levels. There were also setbacks in terms of inequality. The Gini coefficient climbed from 0.473 in 2019 to 0.498 in 2020 and 0.493 in June 2021.
- 1.5 **Start of the post-pandemic jobs recovery.** The pandemic imposed major economic effects due to a decline in available household income on the order of 27% [2]. At the start of the pandemic, Ecuador was expected to lose between 4.3% and 14.4% of its formal jobs [3]. Unlike with previous economic shocks, the IMF indicated that job losses were greater than GDP losses, with especially pronounced effects in the informal sector [4] and on women. Nevertheless, a slight recovery in the indicators was observed in 2021. Unemployment rose sharply at first but by November 2021 had dropped to levels that were even lower than the pre-pandemic rate (4.4%), especially among men. However, adequate employment<sup>2</sup>—a reflection of quality employment—was found to be even lower than before the pandemic (33.7%).<sup>3</sup> The gender gap in the jobs market, already sizeable before the pandemic, appears to have grown wider during it. The gender gap in unemployment widened by 0.5 percentage points (between June 2019 and September 2020). By November 2021, male unemployment dipped below the pre-pandemic level (3.8% in March 2019 versus 3.4% in November 2021), while female unemployment was slightly higher than the March 2019 level (5.7% versus 5.8% in November 2021) [5].

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<sup>2</sup> Adequate employment is an employment category in which individuals meet certain minimum conditions, from a regulatory point of view. This category comprises employed individuals who, during a given week, work 40 hours or more, and earn monthly income equal to or greater than the minimum wage, regardless of their desire or availability to work additional hours. It also includes employed individuals who, during a given week, earn income equal to or greater than the minimum wage, work less than 40 hours, and are not available to work additional hours.

<sup>3</sup> For more detailed information, see paragraph 1.14.

## 1. Protection of the most vulnerable population

- 1.6 **Noncontributory cash transfers (NCCTs) in response to the pandemic.** Since 2020, in response to the pandemic, the government has implemented various NCCT mechanisms for the poor and vulnerable segments of the population that target different vulnerable population groups and are mutually complementary. These include changes to regular cash transfers to protect the eligible population for longer periods of time and new temporary mechanisms for extraordinary transfers created in the context of the pandemic.
- 1.7 **Regular transfer mechanisms for the vulnerable population.** The main economic protection mechanisms for vulnerable populations in Ecuador are the NCCTs from the Ministry of Economic and Social Inclusion (MIES), due to the high levels of labor informality and the absence of contributory mechanisms to protect against the loss of income. The MIES has a portfolio of diverse vouchers targeting different populations, based on type of vulnerability. In all cases, beneficiaries must find themselves in a situation of vulnerability and be in the three poorest deciles, based on the score assigned on the Social Assistance Registry (RS). The main NCCT program is the Human Development Voucher (BDH), created in 2003, which provides a monthly transfer to nuclear families. In response to the pandemic, the total number of beneficiary nuclear families receiving the BDH grew by 376,130 (70.8%), from 531,032 families in December 2019 to 907,162 families in December 2021. In terms of coverage, the percentage of nuclear families in the three lowest income deciles that receive the BDH or the BDH with a variable component rose from 36% in December 2019 to 62% in December 2021.
- 1.8 **Extraordinary transfers to vulnerable populations.** In response to the economic effects of the pandemic on vulnerable populations, Ecuador was one of the first countries to implement extraordinary cash transfers [\[6\]](#). The first measures sought to protect families that did not have any income protection system. In this context, the Emergency Family Protection Voucher (BPFE) was created in response to the detection of COVID-19<sup>4</sup> in March 2020, for the purpose of providing temporary economic support to nuclear families living in situations of extreme poverty, poverty, and vulnerability who were not receiving other NCCTs. This extraordinary voucher consisted in single cash transfers of US\$120 that were meant to temporarily alleviate the reduction in earned income experienced by households affected by the pandemic. To date, there have been four phases of the BPFE, with different vulnerable groups targeted in each phase. Counting all phases, the BPFE has reached 1,427,031 beneficiary households with an investment of US\$141.9 million financed with resources from the World Bank (53%), the IDB (45%<sup>5</sup>), and fiscal funds (2%). As a second complementary measure, the government created a specific version of the BPFE targeting a population living in the province of Galápagos that was particularly vulnerable due to the standstill in tourism and the lack of alternatives for generating income.

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<sup>4</sup> Created by Executive Decree No. 1022 on 27 March 2020.

<sup>5</sup> Loan 5031/OC-EC.



- 1.9 **Identification and selection of users of the social safety net and expansion of the regular NCCTs.** The beneficiaries of the NCCT programs of the MIES are determined based on the indexing methodology of the Social Assistance Registry (RS), which is the mechanism used to identify the socioeconomic characteristics of the population and record them in the RS database. The first RS survey was conducted in 2013-2014 and updated in 2018. Inasmuch as the information is gathered at discreet moments in time, as opposed to being updated continuously, the available data do not reflect changes in the situation of vulnerability experienced by the families (inclusions and exclusions), which leads to weak targeting of services.<sup>6</sup> In 2019, a methodology was approved for prioritizing census sectors for collecting information in order to prioritize those sectors with a greater preponderance of poverty and extreme poverty that are not properly reflected in the database. With the prioritization of 20,940 sectors, the country set a target of incorporating at least 2.4 million households, including over 700,000 households in the first three income deciles. Updating the RS and the mechanism for sharing information is essential inasmuch as the plan is for other MIES social programs (such as the early childhood development programs) to target their beneficiaries using this consolidated system. The pending challenge in serving the most vulnerable population economically impacted during the pandemic consists in retaining, in the regular transfer programs, the population groups that have been beneficiaries since before the pandemic, as well as incorporating into these programs the new population groups who have fallen into situations of poverty, extreme poverty, and/or vulnerability but have never before been beneficiaries of any program and require income support for a longer period of time owing to the magnitude and persistence of the adverse economic impacts associated with the pandemic.
- 1.10 **Maintaining social inclusion through remote early childhood development services.** In March 2020, in accordance with the public health measures decreed in response to the pandemic, the MIES suspended in-person services provided under the Creciendo con Nuestros Hijos (CNH) program and at the Early Childhood Development Centers (CDI).<sup>7</sup> In order to provide continuity of service, albeit improvised, to over 280,000 beneficiary families through the end of the year, educators and caregivers adapted service delivery to virtual modalities. Against this backdrop and considering the importance of having specific guidelines in place to help ensure the quality of services, especially under very complex conditions, the MIES faced the challenge of developing a structured care protocol and deploying it throughout the country as quickly and evenly as possible given the high degree of variability and limited impact of the various channels available for remote services (telephone calls, shipments of audiovisual materials, multimedia messaging, etc.). This protocol, developed with technical support from the Bank, gave educators and caregivers a detailed work methodology based on service channel and modality, as well as a solid proposal for play activities that would make up for, to the extent possible, the frequency and contact of in-person interactions. The methodology focused on using play to encourage early childhood

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<sup>6</sup> Updating the RS database to better target programs to the most vulnerable is especially important in the wake of natural disasters, such as the 2016 earthquake that shook the country, and more important still considering the adverse economic and social impacts associated with the pandemic.

<sup>7</sup> The CNH program works with families to improve their childrearing practices, through home visits and group sessions, while the CDIs provide childcare in daycare facilities during the workday.

development and on strengthening childrearing practices and supporting the relationship between caregiver and child, in line with the work that the Bank and the MIES have been advancing since 2018 to improve the quality of the latter's comprehensive early childhood development services. Coverage was sustained during the pandemic, with 286,063 registered users nationwide in November 2021, compared with 287,142 registered users in January 2020. The pending challenge in terms of early childhood development is to effectively implement (with the desired level of quality) the protocol and its operational manual in order to maintain service coverage, with quality, in virtual and blended formats.

- 1.11 **Advances in the vaccination model.** The objective of the National Immunization Strategy (ENI) is to reduce early childhood morbidity and mortality from vaccine-preventable diseases. The ENI guarantees comprehensive care for vulnerable populations throughout the entire life cycle. The regular vaccination schedule includes 10 vaccines administered in 21 doses for children up to 5. Of these, 14 correspond to doses of tracer vaccines that are used to measure vaccination coverage.<sup>8</sup> Since 2017, an agreement between the Ministry of Public Health (MSP) and the Pan American Health Organization (PAHO) has been in place to enable the government's participation in the Regional Revolving Fund (RRF), giving it access to a credit line with payment in up to 60 days for vaccines and supplies purchased through the RRF mechanism.
- 1.12 The pandemic presented many challenges in terms of maintaining the vaccination levels provided in the ENI, which were less than ideal even before the pandemic. For example, 3.2 million doses of tracer vaccines were administered to children under 5 in 2019 (does not include COVID-19 vaccines), a level that fell to 2.9 million in 2020. As was the case around the world and throughout the region, there were interruptions to the major services provided in primary care settings (immunizations, prenatal care, reproductive health, management of chronic conditions) in 2020 and the beginning of 2021 [7]. Furthermore, the risk of contracting COVID-19 made people afraid to seek health care, a dissuasive factor that reduced demand for services such as regular vaccinations. This situation was exacerbated by the difficulties involved in financing and replenishing the RRF, which was intended to provide access to the necessary vaccines and others that were in short supply in certain months.<sup>9</sup> Lastly, the priority that was placed on COVID-19 vaccines, the most important tool for protecting the health of the population and reactivating the economy, necessitated extraordinary resources that were consequently less available for other services such as immunizations.
- 1.13 In the second half of February 2021, COVID-19 vaccinations began to be administered, by age group, starting with older adults. A total of 14.2 million Ecuadorians received at least their first dose of the vaccine in 2021. This means that 27.6 million doses were administered (compared with 5.7 million doses of vaccines administered to children under 5 in 2019, for example), with single-day highs approaching 430,000 shots. This successful vaccination campaign, in which Ecuador achieved the third highest level of vaccination on a per capita basis in the

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<sup>8</sup> Tracer vaccines are single-dose vaccines or the final dose in multi-dose vaccines.

<sup>9</sup> There were supply shortages of the oral polio, DTaP, and pentavalent vaccines in the first quarter of 2021 (several months); of the pneumonia, rotavirus, and pentavalent vaccines in the second quarter (several months); and of the polio and MMR vaccines in the third quarter.

region,<sup>10</sup> had the effect of drawing resources (human, material, and financial) away from other activities. The Management Office for the National Vaccination Plan led the COVID-19 vaccination campaign based on its previous experience with vaccination campaigns and the fact that it had well-established procedures in place. As a result, management, supervisory, and support staff throughout the country took on the task of conducting the largest vaccination campaign in the history of the country, in addition to performing their regular duties. The experience gained and lessons learned during the process will help strengthen the regular vaccination programs.

## **2. Recovery of formal employment oriented to gender equity and environmental sustainability**

**1.14 Impact of the pandemic on employment.** As described previously (paragraph 1.5), the pandemic has had a significant impact on employment. In terms of job numbers, between September 2019 and September 2020, the number of people employed fell from 7.98 million to 7.5 million (a decrease of 6%). Although this indicator rebounded to 8.1 million people employed in November 2021, the quality of employment remains lower than before the pandemic, with a shorter supply of adequate employment and greater impacts on people in ethnic minority groups and with low levels of education. Between March 2019 and November 2020, adequate employment fell by 767,000 contracts (25% reduction). Subsequently, there was a period of recovery, but by November 2021 the number of contracts still fell short of the pre-pandemic level (the increase in adequate employment totaled 310,000 people). Furthermore, significant gender inequity has persisted since before the pandemic. For example, female unemployment continues to be 2.5 percentage points above male unemployment (as of November 2021), and the rate of unremunerated employment is 16.6% for women compared with 5.5% for men [8]. In this context, understanding that jobs recovery is a complex process, the Bank and the government have identified two areas, discussed below, that have the potential to contribute to gender equity in the labor market and the creation of formal jobs linked to environmental objectives.

**1.15 Challenges and opportunities for female labor participation with equity.** Even before the pandemic, there were large gender gaps in labor participation, income, and representation in leadership positions for women in Ecuador. By 2021, women participated in gross national employment at a rate of 51.9% while men participated at a rate of 75.9%, revealing a 24% gap in overall employment.<sup>11</sup> In addition, there is a 17.9% wage gap in favor of men.<sup>12</sup> These wage gaps are related to other inequities in labor participation, such as vertical and horizontal segregation. This is the case in the industrial sector, where there is a participation

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<sup>10</sup> As of 22 January 2022, Ecuador had administered at least one dose of the vaccine to 84% of the population, behind only Argentina (87.7%) and Chile (92.6%).

<sup>11</sup> In November 2021, the gross national employment rate was 51.9% for women and 75.9% for men. See [ENEMDU 2021 Results](#).

<sup>12</sup> The wage differential exists from the start of an individual's working life. With 0 to 5 years of experience, the gap is 11%; with more years of experience, the gap grows to 18% (between 6 and 12 years of experience). The wage gap declines at 13 or more years of experience but remains above the initial gap (13%) (ENEMDU, 2019 and 2021).

rate of 74% for women but significant underrepresentation at management levels, with women filling just 24% of senior management positions [9]. In the health sector, which is highly feminized, there is a 20.2% wage gap in favor of men, in a setting in which 70.4% of sector jobs are filled by women [10]. In general, the measures that were taken in response to the pandemic, such as closing schools and other care centers, disproportionately affected women, forcing them to spend more hours on unremunerated work, particularly caretaking in the home. Thus, the effects of the pandemic consolidated and exacerbated these inequalities. Moreover, the sectors that were hardest hit were those that attract a large female workforce [11]. For example, in the services sector, between 2019 and 2020, 139,838 jobs held by women were lost compared with 33,536 jobs held by men. The industrial sector shed 54,376 jobs held by women but 34,952 jobs held by men during the same period.<sup>13</sup>

- 1.16 **Ecuador is committed to advancing on gender equality.** At the regulatory level, gender equality is defined as a right and a public policy objective in the Constitution (Articles 11 and 66), and the country has ratified international accords along these lines, which have been embodied in national legislation. The “Creating Opportunities” National Development Plan 2021-2025 [12] prioritizes gender equality under Objective 1 in its economic pillar: to increase and promote, in an inclusive manner, job opportunities and working conditions. In order to mitigate the inequities in women’s participation in the economy, the Ministry of Labor Relations (MRL) prepared draft legislation for the violet economy, which is under review in the National Assembly for debate in the plenary session of this legislative body [13], as well as a violet economy policy to promote economic activation and empowerment in women’s rights in Ecuador, with an emphasis on those who have lost income due to the pandemic [14]. Through Executive Decree No. 268 [15], the promotion and defense of gender equality was declared a national priority, as was the empowerment of women in social, economic, and political spheres. The Gender Parity Initiative (GPI) has also been created for the purpose of identifying and reducing barriers that prevent women from gaining access to job opportunities on a level playing field [16]. In accordance with this requirement, the Ministry of Economy and Finance (MEF) signed Resolution GSEP-2021-002 of the Economic and Productive Sector Cabinet to create the permanent technical council for the GPI Violet Economy [17]. The main pending challenges for closing gaps in participation, income, and leadership are related to implementation of the specific policies and actions, which require the active participation and commitment of public and private sector actors.
- 1.17 **Opportunities for promoting employment linked to environmental objectives.** During the pandemic, measures to support the jobs recovery were launched. The Public Employment Service (SPE) has been an important instrument for reassigning unemployed workers to higher-growth sectors. The SPE, Encuentra Empleo (EE), has a presence in 24 provinces, utilizes a technology platform that connects job seekers with a range of services using digital media, facilitates agreements for linking labor with large private companies, and is increasing its level of integration with other government agencies [18]. The SPE has played a key role in identifying job openings, monitoring offers, and searching

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<sup>13</sup> SIMS, IDB (2022).

for candidates in occupations that are in high demand. Measures have also been taken to ease laws and regulations. The Humanitarian Law has authorized employers and employees to make mutually agreed changes to existing employment contracts, shorter work weeks, and more flexible work shift arrangements. Meanwhile, the Ministry of Labor (MT) approved additional measures such as the creation of special contractual modalities for the productive sector, the tourism and/or cultural and creative sectors, entrepreneurship and innovation, and access for young people to the labor market and incentives for their training.

- 1.18 **Green employment potential.** It is estimated that the region will be able to create 15 million net jobs by 2030 through transformations in sectors such as agriculture, forestry, energy, transportation, tourism, construction, and waste management, which will make decarbonization possible during the transition to a zero-emissions economy [19]. Ecuador has an opportunity to realize the potential of creating formal jobs in sectors linked to environmental services (green jobs). Based on international experience, the main challenge involved in this will be to build an effective institutional framework, in addition to generating quantitative estimates on the opportunities that these sectors can generate and developing a supply of training aligned with these opportunities [20].

### 3. Advances and challenges in reform processes

- 1.19 **Strategy for the operation.** The operation includes measures to improve the quality of life for the population in terms of both improved coverage, targeting, and quality of social programs and the implementation of measures to support jobs recovery. The policy matrix includes measures to support the protection of lives, livelihoods, and expansion of the social safety net, and measures to support job creation and the recovery of the economy, framed within the lines of actions set out in the 2021-2025 government plan and the targets established in the government's program with the IMF and having a direct impact on achieving its targets. The first operation focused on creating enabling conditions for the implementation of transformative policy measures for an ongoing inclusive and sustainable recovery. The second operation will complement the progress achieved in the first operation. Actions will be taken to support vulnerable populations directly impacted by the pandemic through extraordinary cash transfers and to strengthen the social safety net by updating the RS and expanding coverage of the regular NCCTs among the most vulnerable households. It will also support the continuity of early childhood development services offered virtually and vaccination services. Lastly, it will continue to contribute to a sustainable economic recovery with specific actions to encourage women's participation in the labor market under equitable conditions and the implementation of a strategy to promote formal employment linked to environmental objectives. In addition, this operation represents an important intervention for the Bank inasmuch as it is aligned with the promotion of social progress, one of the strategic objectives of the Vision 2025, as well as advancing the employment agenda with gender equity and supporting the decarbonization process.
- 1.20 **Care for vulnerable populations in response to the pandemic.** The first operation supported additional measures to protect vulnerable populations with extraordinary cash transfers to cover additional populations: the Nutritional

Support Voucher (BAN), the BPFE for households in the province of Galápagos, and the contingency coverage. As a result, these cash transfers were approved and execution was initiated. This second operation will support implementation of the BAN and the BPFE with effective coverage of at least 80% of eligible households and implementation of contingency transfers for at least 90% of eligible households. In addition, support will be provided to incorporate the BAN beneficiaries that are eligible for the regular NCCT programs of the MIES.

- 1.21 **Strengthening the social protection system.** As part of the first operation, the process to expand RS coverage was initiated and the regular NCCT programs of the MIES were optimized by increasing the number of beneficiaries. As a result, efforts were initiated to update coverage of the Social Assistance Registry and the number of beneficiaries of regular transfers was increased. As part of the second operation, the RS will be updated and improved by reviewing 2.4 million records, validating the information, and sending the data to service provider institutions. In addition, a sustainability plan will be developed that indicates the mechanisms needed for continuous updating of the RS. Ongoing efforts will be made to optimize the regular NCCT program in order to increase the number of beneficiaries with respect to December 2020.
- 1.22 **Quality access to early childhood development services.** In order to guarantee a minimum level of quality and standardization in the delivery of early childhood development services throughout the country, support was provided to the MIES under the first operation for the development and approval of the Protocol for Virtual and Blended Care (PAVS) and development of the corresponding operational manual (Instructions for Application, as officially titled by the MIES). These instruments are intended to be implemented in cantons where the traffic light is red for virtual care and where the traffic lights is yellow or green for blended care, as an alternative to the in-person services offered by the CNH and CDIs.<sup>14</sup> The PAVS and its operational manual include guidelines for implementing care that are specific for each modality and channel of care, as well as guidance for identifying and referring families with physical or socioemotional problems. Under the second operation, the plan is to provide support for approval of the PAVS operational manual and its implementation in all cantons, providing coverage of at least 50% of the services that should be received in person.
- 1.23 **Protecting the ENI.** Under the first operation, steps were taken to guarantee the availability of vaccines by replenishing the RRF to ensure the financing needed for implementation of the ENI between March 2020 and March 2021. The second operation will seek to ensure financing for the ENI from March 2021 and March 2022. It supports resumption of the ENI in 2021 and the incorporation of the vaccine for COVID-19, a highly transmissible disease that can be prevented with a vaccine. These measures were taken considering that in 2020 human, financial, and material resources were allocated on a priority basis to care for COVID-19

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<sup>14</sup> Initially, the plan was to implement the Protocol in cantons where the traffic light was yellow or red, inasmuch as the severity of the pandemic precluded in-person care. In cantons where the traffic light was green, in-person care was expected to resume. However, the uncertainty around the pandemic has prevented a return to in-person care and the resumption of in-person services as of yet. As a result, since its approval, the Protocol is being implemented in all cantons in the country, which makes the planned target in the results matrix more ambitious.

patients and in 2021 the bulk of the vaccination effort was geared towards controlling the pandemic.

- 1.24 **Closing gender-based economic gaps.** The first operation made progress with the creation of the Gender Parity Initiative (GPI), a high-level public-private partnership to increase the participation of women in the workforce, reduce the wage gap, and promote female leadership in the public and private sectors. Obtaining regulatory approval of the GPI was an important milestone that will support its implementation. The second operation will build on those efforts by generating and approving an action plan with strategic guidelines to be implemented over a three-year period. This action plan will identify public policies and business practices that generate more and better economic opportunities for women along the three pillars of the GPI: (i) increase in the workforce participation of women; (ii) reduction in the gender-base wage gap; and (iii) removal of barriers to women's advancement.
- 1.25 **Promotion of employment linked to environmental objectives.** Under the first operation, progress was made with the approval and development of inputs for a strategy at the SPE, Encuentra Empleo,<sup>15</sup> formerly the Partner Employment Network (RSE), to promote formal employment in sectors. This approval will support continuity in implementation of the strategy. Based on these inputs, under the second operation, the Encuentra Empleo strategy will be developed and implemented, through: (i) the definition of objectives, the target population, and the establishment of a governance model for the Encuentra Empleo offices; and (ii) the design of a pilot model for the delivery of employment services in green sectors that promotes the workforce participation of priority groups. In addition, the second operation will support: (i) the establishment of a mechanism for coordinating the economic, environmental, and labor objectives to help map and prioritize areas of intervention; and (ii) the definition of guidelines for the incorporation of a supply of hybrid training to promote the development of relevant skills for decarbonizing the country.
- 1.26 **Pending challenges.** This programmatic series supports progress on a number of important reforms. However, there are some issues that will require the government's continued attention in the medium term. The first and second operations supported the creation and implementation of extraordinary cash transfers to provide support to populations affected by transitory shocks. In the area of early childhood development, action should be taken to strengthen the beneficiary targeting mechanism (for which expansion of the RS is key) and improve the quality and management of services. Another important challenge is to coordinate across sectors on the design of comprehensive care pathways for the entire lifecycle (from early childhood to adolescence) and interoperable mechanisms for pathway monitoring, as well as to institutionalize the practice of taking periodic measurements of early childhood development indicators. A vaccination-related challenge is to consolidate the financial and operational mechanisms that will ensure a regular program. Meanwhile, implementation of the GPI is one of the main strategies for reducing gender-based gaps in employment.

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<sup>15</sup> The strategy for the promotion of green jobs establishes a framework of job policy initiatives to make a successful and fair transition to a green economy, helping to create new job opportunities linked to the achievement of equal opportunity and environmental commitments.



Lastly, the Ministry of Labor's strategy for promoting green jobs should be strengthened by incorporating mechanisms to support the changes to laws and regulations that are needed for a fair transition, and by designing and implementing compensatory measures and policies to incentivize the development of skills in demand in the green sectors.

- 1.27 **Relationship with other Bank operations.** In a crosscutting manner, this operation is related to the technical cooperation operation "Support for the Response by the Government of Ecuador for the Protection of Social Spending and Job Recovery" (ATN/OC-18698-EC, US\$200,000), which was approved to support the policy measures proposed for the second operation in this programmatic series. The operation is also related to the operation "Support for Vulnerable Populations Affected by Coronavirus" (5312/OC-EC, US\$300 million, 100% disbursed), the objective of which was to contribute to ensuring minimum levels of quality of life for vulnerable persons amid the economic crisis caused by COVID-19 and measures to mitigate the health crisis through support for minimum income levels by expanding coverage of the human development voucher (BDH) during the recovery. It is also related to the operation "Support for Health Service Delivery and the Social Safety Net in the Context of the Coronavirus/COVID-19 Pandemic" (5031/OC-EC, US\$250 million, 79.2% disbursed), in the area of social protection, with Component 3, which supports the protection of vulnerable populations with cash transfers provided by the MIES. In the area of vaccinations, this operation complements the public health actions associated with the COVID-19 response by protecting essential healthcare services such as the ENI and procurement of COVID-19 vaccines allocated via the COVAX mechanism. Complementarily, the guarantee operation "Support for Financing the Purchase of COVID-19 Vaccines" (5235/OC-EC, US\$33.7 million) allowed the country to participate in the advance purchase of COVID-19 vaccines through the COVAX financing mechanism. In addition, this operation complements the work done with the MIES on the operation "Investment in Quality of Childhood Development Services" (4607/OC-EC, US\$39.2 million, 22.6% disbursed), which has focused efforts on the development of guides, guidelines, and materials to enhance quality in the delivery of early childhood development services for the most vulnerable population. In terms of formal job creation linked to environmental objectives, this operation is related to the technical cooperation operation "Support for Strengthening the Ministry of Labor for the Promotion of Green Jobs" (ATN/SX-18974-EC, US\$750,000), the objective of which is to improve capacity at the Ministry of Labor to promote green jobs by strengthening the program. It is also related to the regional technical cooperation operation "Strengthening Technical Skills and Knowledge for Workers in LAC for a Transition toward a Low-emissions, Resilient Economy" (ATN/OC-18108-RG, ATN/OC-18109-RG; US\$250,014), which helped identify the green sectors' potential to create formal jobs and the adjustments needed for the development of a supply of training in green sectors. In addition, special financing for the development of the Emergency Program for Macroeconomic Sustainability and Social Protection" (EC-L1274, US\$500 million, 100% disbursed) has the objective of stimulating economic recovery while preserving macroeconomic stability to: (i) ensure fiscal sustainability and social protection; and (ii) maintain financial and monetary stability. For more information on these operations, see [optional link 3](#).



- 1.28 **Lessons learned.** Lessons learned from regional operations and specific operations in the country were taken into account in the design of the operation. For the measures related to cash transfers (Components 2 and 3), this operation took into consideration the Bank's work on the design, implementation, and evaluation of cash transfer programs in 18 countries in the region over the last 20 years,<sup>16</sup> including the experience during the pandemic.<sup>17</sup> The main findings of this work are as follows: (i) cash transfers are the most effective instrument for redistributing resources and supporting consumption for the most vulnerable families; (ii) reliable systems should be in place to readily assess the vulnerability status of households and record the information; and (iii) the best way of responding to temporary shocks is through existing social protection systems (both in terms of systems and beneficiary registries), prioritizing payment methods that preclude the need for people to gather in large groups. These lessons learned have been incorporated in Component 2.
- 1.29 In the case of early childhood development, the design of the PAVS (Component 4) incorporates lessons learned from loan and technical cooperation operations on how to scale, with quality, early childhood development services, notably the following:<sup>18</sup> (i) the expansion of coverage of early childhood development services lacking in quality can have damaging effects on child development and well-being; (ii) management tools are needed and managerial capacities need to be developed on the technical teams for the continuous improvement of quality; (iii) technical guidelines are needed to orient the work (such as the PAVS), including structured curricula, activity manuals, and guidelines for their effective implementation; (iv) existing targeting systems should be used to ensure priority care for vulnerable families; and (v) to standardize the quality of implementation, which can vary considerably among educators, it is important to give them a toolkit that supports them in the performance of their role, including both content (curriculum and activities) and the work methodology (guidelines and instructions).<sup>19</sup> The activity sheets included in the PAVS are based on the Parents' Manual developed by the team at Reach Up<sup>20</sup> with support from the Bank;<sup>21</sup> and the guidelines and instructions incorporate the lessons learned from migrating early childhood development services to remote modalities, an effort that the Bank has supported in various countries in the region since the start of the pandemic (RG-E1721, US\$145,000). All these lessons learned are reflected in the work

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<sup>16</sup> See, for example, the Social Protection and Poverty Sector Framework Document (document GN-2784-7) and the publication *How Conditional Cash Transfers Work*, based on operations like 3290/OC-GU, 3291/BL-GU, 3485/OC-PN, 3724/OC-PN, 4594/OC-PN, 4613/BL-HO, and 4877/BL-HO. The Bank has also approved operations to support vulnerable populations in the context of the pandemic in The Bahamas, Belize, Bolivia, Brazil, Guatemala, Guyana, Panama, Suriname, and Uruguay.

<sup>17</sup> <https://publications.iadb.org/en/adaptive-not-design-cash-transfers-latin-america-and-caribbean-during-and-after-covid-19-pandemic>.

<sup>18</sup> See the Early Childhood Development Sector Framework Document (document GN-2966-2).

<sup>19</sup> This most recent lesson learned comes from the evaluation of the Family Support Service of the National Cuna Más Program in Peru (operations 2693/OC-PE, 3449/OC-PE, ATN/OC-14451-PE, RG-K1423).

<sup>20</sup> International group based out of the University of the West Indies Jamaica, with an evidence-based program working with families. For more information, see <https://reachupandlearn.com/>.

<sup>21</sup> <https://publications.iadb.org/es/manual-para-padres-actividades-de-estimulacion-temparana-para-ninos-de-hasta-3-anos-de-edad>.

pursued jointly by the Bank and MIES to develop the PAVS and its operational manual, under Component 4.

- 1.30 The IDB's experience with vaccinations in Ecuador yields two important lessons. First, mechanisms should be in place to ensure vaccine financing and availability. Second, and perhaps critically, the right conditions, human resources, inputs, and properly designed processes are needed to ensure that the vaccines actually get to where they are meant to go.<sup>22</sup> The COVID-19 vaccination efforts in Ecuador demonstrated that having a public and private sector that are aligned, an effective implementation plan, ease of access to the service, and a real-time, digitized tracking system are essential to the success of mass vaccination campaigns. These lessons have been incorporated in Component 5.
- 1.31 Based on the IDB's operational experience in gender equity, important findings have been incorporated into Component 6, including: (i) the incorporation of the development and monitoring of a gender action plan has proven to be an effective management tool for moving forward with the equity agenda;<sup>23</sup> (ii) the importance of building partnerships between the public and private sectors to promote access to formal employment and employability; and (iii) the importance of the role of the finance ministries in leading a women's economic empowerment agenda and coordinating different public and private portfolios to move forward on this crosscutting effort, as well as the importance of identifying lines of action and/or commitments on gender in the medium to long term in the country's agenda.<sup>24</sup>
- 1.32 In the area of creating green formal employment (Component 7) and based on operational experience in the promotion of formal employment, the following lessons stand out: (i) the importance of having multisector coordination bodies with clearly identified leadership to help align environmental, labor, and social objectives; and (ii) the need to strengthen strategic coordination with the private sector to help identify training needs and boost the placement of workers in emerging green sectors.<sup>25</sup> The analytical work done by the Bank helped point up the importance of: (i) generating data on the dynamics of the green economy and the demand for skills at the sector and occupational levels; (ii) developing relevant quality skills in green sectors to ensure the availability of a workforce; and (iii) using the SPE to reallocate the workforce, particularly vulnerable groups, toward emerging or growing green sectors.<sup>26</sup>
- 1.33 **Coordination with other multilaterals and/or donor agencies.** The programmatic series was designed in close coordination with the IMF, whose EFF program structures the government's efforts to reestablish macroeconomic balance and lay the groundwork for an economic recovery. Work was also done

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<sup>22</sup> Operations 5031/OC-EC and 5235/OC-EC incorporated these lessons and included a COVID-19 vaccination plan.

<sup>23</sup> Evaluation of the Bank's Support for Gender and Diversity (document [RE-518-2](#)).

<sup>24</sup> Based on the Bank's experience in the implementation of the Programs to Support Gender Equality Policies (4622/OC-AR and 4777/OC-PN).

<sup>25</sup> The first point was identified as key in loans 3593/OC-CH and 2590/OC-UR, while the second is documented in loan 3547/OC-PE.

<sup>26</sup> These pillars are developed in Saget, C. et al., 2020. <https://publications.iadb.org/es/el-empleo-en-un-futuro-de-cero-emisiones-netas-en-america-latina-y-el-caribe>.

with World Bank teams on the issues of cash transfers and early childhood development. Efforts were coordinated with PAHO for the replenishment of the Revolving Fund and implementation of the ENI. With respect to the promotion of formal employment with a gender perspective and linked to environmental objectives, the Bank and the French Development Agency (AFD) have provided joint technical and financial support to the government. In addition, the Japan International Cooperation Agency (JICA) and the AFD expressed interest in providing parallel financing to the Government of Ecuador, leveraging Policy Matrix from this operation. In the case of the former, the cofinancing falls under the cooperation agreement between the IDB and JICA through the Cooperation for Economic Recovery and Social Inclusion (CORE) initiative. The Bank will thus help to catalyze the coordination of donor efforts and facilitate the mobilization of additional financing in support of a robust, inclusive, and sustainable economic recovery for the country.<sup>27</sup> For more information, see [optional link 3](#).

- 1.34 **Strategic alignment.** The project is consistent with the second Update to the Institutional Strategy (document AB-3190-2) and aligned with the development challenges of: (i) social inclusion, by supporting measures to help maintain minimum levels of income and well-being in the most vulnerable populations and to promote access to better job opportunities in a resilient, low-carbon economy; and (ii) productivity and innovation, by supporting policy measures to improve the link between the skills of the work force and the productive sector's demand. The project is also aligned with the crosscutting areas of: (i) gender equality and diversity, by promoting the equity, empowerment, and workforce participation of women<sup>28</sup> (paragraphs 1.50, 1.51, and 1.56); and (ii) climate change and environmental sustainability, by promoting employment in green sectors and the development of skills in clean technologies and sustainable productive processes<sup>29</sup> (paragraphs 1.52, 1.53, and 1.56). In addition, it will contribute to the Corporate Results Framework 2020-2023 (document GN-2727-12) by including measures to expand the number of beneficiaries of projects aimed at fighting poverty (Components 2 and 3). In all, 17.65% of the operation's resources are invested in climate change mitigation and adaptation activities, according to the joint methodology of the multilateral development banks.<sup>30</sup> These resources contribute to the IDB Group target of increasing lending for climate change-related projects.
- 1.35 The program is aligned with the Strategy on Social Policy for Equity and Productivity (document GN-2588-4) in the areas of enhancing equity and supporting vulnerable populations. It is also consistent with the Social Protection and Poverty Sector Framework Document (document GN-2784-12), which points up the importance of supporting vulnerable populations in particular against external shocks; with the Early Childhood Development Sector Framework

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<sup>27</sup> In the case of JICA, the parallel cofinancing, for up to US\$200 million, is being processed, with approval expected in the second quarter of 2022. In the case of the AFD, it will be for up to US\$50 million and is in preparation, with approval expected in the third quarter of 2022.

<sup>28</sup> Component 6: This alignment is supported by the indicator "Public policies and business programs or practices furthering gender-based economic equality promoted through the GPI action plan" in the Results Matrix.

<sup>29</sup> Component 7: This alignment is supported by the indicator "Placement in formal jobs in sectors linked to environmental objectives in the Partner Employment Network (RSE)."

<sup>30</sup> See <https://idbinvest.org/en/publications/2020-joint-mdb-report-climate-finance>.

Document (document GN-2966-2), which emphasizes ensuring the quality of early childhood care services at scale with a gender perspective; with the Health Sector Framework Document (document GN-2735-12), by supporting the strengthening of essential service delivery for the most vulnerable populations; with the Labor Sector Framework Document (document GN-2741-12), in access to work and improved labor productivity for women and the importance of multisector work to develop interventions that have impacts on the employability of vulnerable groups and their job placement; with the Employment Action Framework with Gender Perspective (document GN-3057), by promoting equality of conditions in access to job opportunities for men and women; and with the Climate Change Sector Framework Document (document GN-2835-8), by promoting enhanced skills to support the countries in their transition toward resilient, low-carbon economies. It is also aligned with the Update to the Gender Action Plan for Operations 2020-2021 (document GN-2531-19) and with the Gender and Diversity Sector Framework Document (document GN-2800-8), by promoting social inclusion, gender equality, and the empowerment of women and girls. The operation contributes to the objective of improving the management and quality of social services and generating efficiencies and improving the quality of public spending under the IDB Group Country Strategy with Ecuador 2018-2021 (document GN-2924). In addition, the operation is aligned with the opportunities of climate change and environmental sustainability and gender equality identified by Vision 2025, as well as with the three strategic goals that it sets out, to reactivate the productive sector, promote social progress, and strengthen good governance.

- 1.36 In addition, the operation is aligned with the priorities of both the Government of Ecuador and the Bank. It is aligned with the “Creating Opportunities” National Development Plan 2021-2025 in its programmatic pillars addressing economic, social, and ecological transition issues. The policy measures will support the country in fulfilling the targets agreed upon in the program with the IMF. The policy measures also contribute to the medium-term objective of the program with the IMF in terms of job creation.

## **B. Objectives, components, and cost**

- 1.37 **Objective.** The objective of the programmatic series is to improve the population’s quality of life by improving the coverage, targeting, and/or quality of priority social programs and the implementation of measures to support job recovery. In the framework of the general program, the specific development objectives of this second operation in the programmatic policy-based series are: (i) to protect vulnerable populations from the adverse economic effects associated with the pandemic by supporting the income of populations living in poverty or extreme poverty, expanding the coverage of quality early childhood development services of the Ministry of Economic and Social Inclusion (MIES), and implementing the National Immunization Strategy (ENI); and (ii) to promote job recovery through strategic actions to close gender-based economic gaps and promote formal employment linked to environmental objectives.
- 1.38 **Component 1. Macroeconomic framework.** This objective of the component is to maintain an economic framework consistent with the program’s objectives and the guidelines established in the sector [Policy Letter](#).

- 1.39 **Component 2. Support for vulnerable populations in response to the pandemic and their incorporation into the social protection system.** The objective of the component is to consolidate the policies in response to the decline in sources of income associated with the pandemic, through the expansion of extraordinary cash transfer mechanisms that will help support vulnerable families whose sources of income have been impacted.
- 1.40 The second operation in the programmatic series will support: (i) implementation of the Nutritional Support Voucher (BAN) with effective coverage of at least 80% of eligible beneficiaries (2.2.1a) and the incorporation of BAN beneficiaries who are eligible for the regular MIES NCCTs (2.1.1b); (ii) implementation of the BPFE in Galapagos province with effective coverage of at least 80% of eligible beneficiaries (2.2.2); and (iii) implementation of contingency extraordinary cash transfers in response to the economic contraction caused by the pandemic, for persons who are eligible beneficiaries of MIES vouchers and pensions with effective coverage of at least 90% of eligible beneficiaries (2.2.3).
- 1.41 **Component 3. Strengthening of the social protection system.** The objective of this component is to consolidate the regular structure of economic benefits in the social protection system to improve coverage of the NCCTs among the most vulnerable populations, primarily among the 30% of the population with the lowest incomes. Support will be provided for the development and implementation of measures to strengthen the RS, both in terms of coverage and updated information and in the application of the IRS-2018, which will improve targeting by reducing errors of inclusion and exclusion.
- 1.42 This second operation in the programmatic series will support: (i) the implementation of the process to update and improve the RS, including the review of 2.4 million records, the validation of the data, and its transmission to service provider institutions that require it (3.2.1a), and the development of a sustainability plan indicating the mechanisms for the continuous updating of the RS (3.2.1b); and (ii) the optimization of the regular NCCTs run by the MIES by increasing the number of beneficiaries by at least 215,000 with respect to December 2020, with a focus on those in the three lowest income deciles (3.2.2).
- 1.43 Measure 3.2.2 was adjusted from an increase of 225,000 new beneficiaries to 215,000. Given that this measure was aligned with the IMF's program with the country, this adjustment incorporates the change made in that program, which updated the target from December 2021 to April 2022. This adjustment does not affect the targets indicated in the Results Matrix, but it does postpone their fulfillment until April 2022.
- 1.44 **Component 4. Strengthening effective access to quality early childhood development services.** The objective of this component is to implement measures to strengthen the quality of early childhood development services and guarantee that care, for children from newborns to 36 months and pregnant women, reaches families to ensure a good start to life and the full exercise of their rights under the COVID-19 health emergency with guidelines to be fulfilled by the early childhood development service care units in accordance with the epidemiological evolution of the pandemic by cantons.

- 1.45 The second operation in the programmatic series will support: (i) the approval of the operational manual for the Protocol for Virtual and Blended Care (PAVS), which will guide its implementation and operational evaluation (4.2.1); and (ii) implementation of the protocol based on the operational manual in all the cantons, which consists of coverage of at least 50% of the services that children should receive in the form of in-person care (4.2.2).
- 1.46 Condition 4.2.2 was adjusted to define it more precisely and better measure coverage of services in terms of care delivered (instead of children receiving care, who may or may not receive all required care) and to reflect implementation of the Protocol in all cantons. The reference to the expected expansion of coverage of in-person services was removed inasmuch as the conditions needed for a return to in-person services have failed to materialize as a result of the pandemic. This change does not affect the targets indicated in the Results Matrix, but it does postpone their fulfillment until 2024.
- 1.47 **Component 5. Protection of the ENI.** The objective of this component is to protect an essential line item of public health spending: vaccination. Ecuador, like other countries, participates in PAHO's Revolving Fund for vaccination and will move forward with the implementation of the ENI with supplies procured through this facility. This component will also support COVID-19 vaccination efforts, which are essential to locking in the recovery.
- 1.48 The second operation in the programmatic series will support: (i) the replenishment of the RRF with PAHO to finance the annual implementation of the ENI during the March 2021-March 2022 period (5.2.1a); and (ii) the implementation of the ENI for calendar year 2021 (with a total number of doses of tracer vaccines delivered to children under 5 equal to at least 70% of the number recorded in 2019) (5.2.1b); and (iii) coverage of at least 95% of the population over 80, 85% of the population between 50 and 79, 85% of the population between 25 and 49, 80% of the population between 18 and 24, 70% of the population between 12 and 17, and 55% of the population between 5 and 11, fully vaccinated (two doses) against COVID-19 as of January 2022 (5.2.1c).
- 1.49 Measure 5.2.1b was adjusted from 95% to 70%, with the clarification that the total number of doses of tracer vaccines administered was a better way to measure ENI coverage inasmuch as it represented an aggregate of the various vaccines and different age groups. The adjustment in the percentage would better reflect the restrictions in place in 2021 and take into account the effect of the COVID-19 vaccine. This change does not affect the results, but it does delay fulfillment until 2024. In addition, measures 5.2.1c was added to measure the progress of the COVID-19 vaccination campaign. Successfully vaccinating the population was a priority in terms of economic recovery and the health emergency and reflects the capacity of the healthcare system to carry out a consequential vaccination campaign.
- 1.50 **Component 6. Effort to close gender-based economic gaps.** The objective of this component is to support multilateral agreements and measures with the participation of public and private stakeholders in Ecuador to accelerate the equal integration of women into the economic environment in line with the public policy on the violet economy.

- 1.51 This second operation in the programmatic series will support the creation and approval of an action plan with strategic lines to close gender-based economic gaps in the country, including specific responsibilities for public and private entities to increase women's participation in the workforce, reduce the wage gap, and promote women's leadership, to be implemented over a three-year period (6.2.1).
- 1.52 **Component 7. Promotion of the recovery of formal employment linked to environmental objectives.** The objective of this component is to support policy measures by the Ministry of Labor to promote the recovery of formal employment from Encuentra Empleo (EE), in particular in the economic sectors linked to the country's environmental objectives, thus contributing to a sustainable and resilient economic recovery.
- 1.53 The second operation in the programmatic series will support the approval and implementation of Encuentra Empleo strategy to promote formal employment in green sectors by: (i) defining the objectives of the strategy and their relationship with the objectives of the country's decarbonization; the target population; and the governance model of the offices of Encuentra Empleo; (ii) designing a pilot under the responsibility of Encuentra Empleo for an employment services delivery model in green sectors that promotes the public-private linkage, identifies the gap between the demand for skills and the profiles of the local population, and includes service mechanisms for placing women, young people, indigenous peoples, and persons with disabilities in jobs (7.2.1); (iii) publishing guidelines for the incorporation of a hybrid supply of training for the development of the skills necessary for the occupations that contribute to the country's decarbonization (7.2.2); and (iv) establishing and operating the Steering Committee on Green Employment by the Ministry of Labor, to support the coordination between the Ministries of Labor, Economy and Finance, and the Environment to map and prioritize areas of intervention for promoting green jobs (7.2.3). The order in which the measures appeared in the Policy Matrix was adjusted to better reflect the various units within the Ministry of Labor responsible for fulfillment and implementation.

### C. Key results indicators

- 1.54 Results are measured by two types of indicators: those related to issues of social services and protection and those related to the job creation with gender equity and environmental objectives. The first group of indicators will measure the protection provided to vulnerable populations through income support for vulnerable populations, quality in the delivery of early childhood development services, and implementation of the regular immunization mechanism. The main indicators include coverage of extraordinary cash transfers, coverage of regular cash transfers, coverage of early childhood development services, and coverage of implementation of the ENI. The second group of indicators will measure job recovery. The main indicators include the promotion of public policies or business practices furthering gender-based economic equality and placement in formal jobs in sectors linked to environmental objectives.



- 1.55 **Economic analysis.** Based on recommendations of the Office of Evaluation and Oversight (OVE) in its 2011 Evaluability Review of Bank Projects,<sup>31</sup> and the results of the Review of Good Practice Standards for the Evaluation of Policy-based Lending, prepared by the Evaluation Cooperation Group (ECG) comprised of the independent evaluation offices of multilateral development banks,<sup>32</sup> as described in paragraph 1.3 of the Review of the Development Effectiveness Matrix for Sovereign Guaranteed and Non-Sovereign Guaranteed Operations (document GN-2489-5), indicating, inter alia, that there is no need to include an analysis of efficiency in the use of financial resources,<sup>33</sup> it was decided not to perform an economic analysis for loans of this type, as reported to the Bank's Board of Executive Directors. Thus, this operation does not include an economic analysis and, consequently, the economic analysis is not considered for purposes of measuring the evaluability score in this program's Development Effectiveness Matrix (DEM).
- 1.56 **Beneficiaries.** The direct beneficiaries of this operation are the citizens of Ecuador, particularly the most vulnerable groups who will benefit from the special spending protection measures. Moreover, women will benefit from the measures to close the gaps in labor market participation. The creation of green formal jobs will also benefit job seekers directly, as well as the population in general, who will live in a more sustainable environment. The evidence on the impacts and incidence of the transfer programs (paragraphs 1.7 and 1.8), early childhood development programs (paragraph 1.10), and basic vaccination programs (paragraph 1.12), as well as the policies to promote formal employment with gender equity (paragraph 1.15), supports the fact that the supported policy measures will have a direct impact on the reduction of poverty and will promote social equity.<sup>34</sup>

## II. FINANCING STRUCTURE AND MAIN RISKS

### A. Financing instruments

- 2.1 This operation has been structured as a programmatic policy-based loan and is the second operation in a programmatic series of two contractually independent but technically related loans, in accordance with the document "Policy-based Loans: Guidelines for Preparation and Implementation" (document CS-3633-2). The use of this instrument enables support and monitoring for the policy measures that will contribute to an inclusive, sustainable recovery, the sequence and complementarity of which require ongoing dialogue. The instrument will also help, as applicable and within the program's objectives, incorporate adjustments in response to changes in the environment. The amount of financing for this second operation in the programmatic series will be US\$250 million, from Ordinary Capital resources.

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<sup>31</sup> Document RE-397-1 "Currently, the economic analysis section is calculated as the maximum between the CBA [cost-benefit analysis] and the CEA [cost-effectiveness analysis]. Yet neither a CBA nor a CEA is applicable to PBLs (policy-based loans) and PBP (programmatic policy-based loans)."

<sup>32</sup> Good Practice Standards for the Evaluation of Public Sector Operations. "Evaluation Cooperation Group, Working Group on Public Sector Evaluation, 2012 Revised Edition. February 2012.

<sup>33</sup> According to the ECG, policy-based loans should be evaluated for relevance, effectiveness, and sustainability. Efficiency was not included as a criterion because policy-based loans are sized according to the country's financing gap, independent of project benefits.

<sup>34</sup> This evidence is summarized in the [monitoring and evaluation plan](#).



- 2.2 **Scale of the operation.** As provided in paragraph 3.27 (b) of the document “Policy-based Loans: Guidelines for Preparation and Implementation” (document CS-3633-2), the scale of the operation was determined based on the country’s needs for fiscal resources. As of December 2021, the IMF estimated (Article IV Report, October 2021) that Ecuador’s gross financing needs for 2022 would total approximately US\$4.721 billion, equivalent to 4.3% of GDP. Around 8% of this financing is expected to come from domestic sources. The amount corresponding to this operation would contribute to the external official financing that is needed, representing 5.2% of the total financing needs and 7.5% of financing from multilateral sources. According to analyses by the Bank and the IMF, the macroeconomic forecast for Ecuador shows a stable outlook and favorable trends, and the debt sustainability analyses show that total public debt as a percentage of GDP will decline in the medium term and will remain manageable.

**B. Environmental and social risks**

- 2.3 As established in paragraph 4.7 of the Environmental and Social Policy Framework (ESPF) concerning policy-based loans (PBLs), this does not apply in the present case inasmuch as the proposed operation will not have significant and direct negative effects on the country’s environment and natural resources.

**C. Other key issues and risks**

- 2.4 **Execution environment: economic-financial environment.** This medium-high risk has been identified inasmuch as greater complications could arise in the external context (a decrease in the price of oil, an economic slowdown due to complications caused by the pandemic) that would compromise the capacity to implement the policy measures. To mitigate this risk, the plan is to accelerate implementation of the social protection measures and guarantee the necessary budget with the Ministry of Economy and Finance (MEF). Moreover, the program agreed upon with the IMF, to which this operation contributes, is robust to various macroeconomic scenarios.
- 2.5 **Executing agencies: organizational structure.** This medium-high risk has been identified because the Gender Parity Initiative (GPI) was created in the framework of the first operation and its management and coordination capacity could be compromised, causing delays in the creation of its action plan. To avoid this risk, the Bank team that worked on the development of the GPI in other countries will continue to provide technical support to the Economic and Productive Sector Cabinet in order to fulfill the measure, and subsequently technical cooperation funds.
- 2.6 **Sustainability.** Since the first operation in the series, the Government of Ecuador has been supporting the measures promoted by this programmatic series, both in the context of the IMF’s EFF and in its priorities for its economic recovery strategy. In the area of NCCTs, an approach has been identified for protecting the most vulnerable populations that is consistent with the fiscal consolidation, so medium-term financing has already been taken into account. Moreover, the measures promoted for job creation represent the established agendas for gender equity and employment linked to environmental objectives. This, along with the fact that it does not require considerable fiscal resources, contribute to its sustainability.

### III. IMPLEMENTATION AND MANAGEMENT PLAN

#### A. Summary of implementation arrangements

- 3.1 The borrower is the Republic of Ecuador, which will execute the operation through the Ministry of Economy and Finance (MEF), which will be responsible for coordinating with other agencies involved in the program and reporting on fulfillment of the policy commitments.
- 3.2 **Coordination mechanisms.** As the entity responsible for cross-sector coordination, the MEF will convene periodic meetings with each entity involved in the implementation of the measures, as well as their fulfillment through the means of verification agreed upon with the Bank. Responsibilities for each commitment are distributed as follows: the MIES is responsible for the policy measures under Components 2 and 4 and jointly responsible for the measures under Component 3 together with the URS. The MSP and the MEF will work together to coordinate the policy measures under Component 5, while the MEF, as head of the Economic and Productive Sector Cabinet, will be responsible for the policy measure under Component 6, and the Ministry of Labor will be responsible for the measures agreed upon for Component 7. The Bank team has provided close support for development of the measures during preparation of the operation and as part of the ongoing strategic collaboration in these sectors with the government. The Bank team will also carry out coordination activities with JICA for monitoring of the conditions in the Policy Matrix and with the AFD for implementation, primarily, of Components 6 and 7.
- 3.3 **Special contractual conditions precedent to the sole disbursement of the loan proceeds.** The sole disbursement of the loan proceeds will be contingent upon fulfillment of the policy reform conditions, as described in the program components (paragraphs 1.40, 1.42, 1.45, 1.48, 1.51, and 1.53), in accordance with the Policy Matrix (Annex II) and the [Policy Letter](#), as well as the contractual conditions established in the loan contract.

#### B. Summary of arrangements for monitoring results

- 3.4 Program monitoring consists in verifying fulfillment of the policy conditions agreed upon as conditions precedent to disbursement, as described in the Policy Matrix and [Means of Verification Matrix](#). The matrix stipulates all the measures to be taken as part of the program, the entities responsible for each activity, and the information that will enable the Bank to verify fulfillment. The results of implementation of the policies will be monitored using the indicators in the Results Matrix. For results monitoring activities, the Bank will coordinate with the MEF, which is the executing agency, as well as with the MIES, the URS, the MSP, and the MT.
- 3.5 The evaluation will include longitudinal monitoring of the results indicators in the Results Matrix. As indicated in the monitoring and evaluation plan, the Bank's team will provide technical support for implementation of the measures and evaluation of the fulfillment of the planned targets.

#### **IV. POLICY LETTER**

- 4.1 The Bank and the Government of Ecuador have agreed on the sector and macroeconomic policies set out in the [Policy Letter](#), which stipulates the strategy that is supported by the programmatic areas of action described in this document.

Development Effectiveness Matrix		
Summary		EC-L1277
I. Corporate and Country Priorities		
Section 1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Issues	-Social Inclusion and Equality -Productivity and Innovation -Gender Equality and Diversity -Climate Change	
CRF Level 2 Indicators: IDB Group Contributions to Development Results		
2. Country Development Objectives		
Country Strategy Results Matrix	GN-2924	Improve quality and management of social services
Country Program Results Matrix	GN-3087	The intervention is included in the 2022 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		8.5
3.1 Program Diagnosis		2.5
3.2 Proposed Interventions or Solutions		3.2
3.3 Results Matrix Quality		2.8
4. Ex ante Economic Analysis		N/A
5. Monitoring and Evaluation		7.2
5.1 Monitoring Mechanisms		1.7
5.2 Evaluation Plan		5.5
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood	Medium Low	
Environmental & social risk classification	FI	
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, Accounting and Reporting, External Control, Internal Audit.  Procurement: Information System, Price Comparison, Contracting Individual Consultant, National Public Bidding.
Non-Fiduciary	Yes	Strategic Planning National System, Monitoring and Evaluation National System, Statistics National System.
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	We have worked extensively with MIES in early childhood issues to strengthen the quality of services, as well as in health in COVID response issues and the continuity of esencial services.

This project corresponds to the second of two loans in a programmatic series aimed at improving the quality of life of the population of Ecuador, by improving the coverage, targeting and/or quality of priority social programs and the implementation of measures to support job recovery. The project involves financing of US\$250 million of ordinary capital from the IDB. The diagnosis is adequate and well documented by international evidence, highlighting the specific problems of the country. The main problem is the effect that the COVID 19 pandemic had on deepening problems of poverty, extreme poverty, quality employment, and the gender gap in the labor market. In addition, the pandemic made it difficult to access child development services and delayed the national immunization strategy. Finally, it is observed that Ecuador has a high potential for generating formal jobs in sectors linked to environmental services. This second operation supports the aforementioned areas, pursuing the following specific objectives: (i) protect vulnerable populations from the adverse economic effects associated with the pandemic, by supporting the income of populations living in poverty or extreme poverty, expanding quality coverage of child development services of the Ministry of Economic and Social Inclusion and the implementation of the National Immunization Strategy; and (ii) promote the recovery of employment through strategic actions to close economic gender gaps and promote formal employment linked to environmental objectives. The results matrix is consistent with the vertical logic of the operation and presents impact and result indicators that are reasonable, well specified, and adequate to measure the achievement of the specific objectives. The evaluation plan includes a before and after analysis of the performance of result and impact indicators, a review of the theory of change of the intervention, a review of the evidence in the literature on the effectiveness of similar interventions in comparable contexts, and a qualitative evaluation. Although the proposed evaluations will hardly deliver the optimal level of attribution – something difficult to achieve in programmatic series – they will allow an approximation of the relative contribution of the program as a whole. The project has received a medium-low global risk rating, with the main risks detected being economic and financial (related to possible drops in oil prices or a global slowdown associated with the pandemic) and the risk associated with the recently created Gender Parity Initiative. In both cases, appropriate mitigation or scaling measures are proposed and can be monitored throughout the project.

## POLICY MATRIX

**Objective:** The objective of the programmatic series is to improve the population's quality of life by improving the coverage, targeting, and/or quality of priority social programs and the implementation of measures to support job recovery. The specific objectives are: (i) to protect vulnerable populations from the adverse economic effects associated with the pandemic by supporting the income of populations living in poverty or extreme poverty, expanding the coverage of quality early childhood development services of the Ministry of Economic and Social Inclusion (MIES), and implementing the National Immunization Strategy (ENI); and (ii) to promote job recovery through strategic actions to close gender-based economic gaps and promote formal employment linked to environmental objectives.

Components / Policy objectives	Policy conditions Programmatic loan I (2021)	Policy conditions Programmatic loan II (2022)	Fulfillment status of programmatic loan II
<b>Component 1. Macroeconomic framework.</b>			
To maintain an economic framework consistent with the program objectives and the guidelines established in the sector policy letter.	(1.1.1) Economic framework consistent with the program objectives and the guidelines established in the sector policy letter.	(1.2.1) Economic framework consistent with the program objectives and the guidelines established in the sector policy letter.	Fulfilled.
<b>Component 2. Support for vulnerable populations in response to the pandemic and their incorporation into the social protection system.</b>			
To consolidate the policies in response to the decline in sources of income associated with the pandemic, through the expansion of extraordinary cash transfer mechanisms that will help support vulnerable families whose sources of income have been impacted.	(2.1.1) Approval and start of implementation of a Nutritional Support Voucher (BAN) in response to the economic contraction caused by the pandemic, for households living in poverty, extreme poverty, and vulnerability, who are users of the services of the Ministry of Economic and Social Inclusion's (MIES) early childhood development centers (CDI), Creciendo con Nuestros Hijos [Growing with Our Children] (CNH), or Care, Recreation, and Learning Circles (CCRA), located in the cantons with the highest levels of COVID-19 infections.	(2.2.1a) Implementation of the BAN with effective coverage for at least 80% of eligible beneficiaries.  (2.2.1b) Incorporation of BAN beneficiaries who are eligible for regular NCCTs of the MIES.	Fulfilled (Q4 2021)  Fulfilled (Q4 2021)
	(2.1.2) Approval and start of implementation of expanded coverage of the Emergency Family Protection Voucher (BPFE) in response to the economic contraction caused by the pandemic for family units in Galapagos province whose economic activities have been impacted.	(2.2.2) Implementation of the BPFE in Galapagos province with effective coverage of at least 80% of eligible beneficiaries.	Fulfilled (Q4 2021)

Components / Policy objectives	Policy conditions Programmatic loan I (2021)	Policy conditions Programmatic loan II (2022)	Fulfillment status of programmatic loan II
	(2.1.3) Approval and start of implementation of a contingent extraordinary cash transfer mechanism in response to the economic contraction caused by the pandemic, for persons who are eligible beneficiaries of MIES vouchers and pensions.	(2.2.3) Implementation of contingent extraordinary cash transfers in response to the economic contraction caused by the pandemic, for persons who are eligible beneficiaries of MIES vouchers and pensions with effective coverage of at least 90% of eligible beneficiaries.	Fulfilled (Q4 2021)
<b>Component 3. Strengthening of the social protection system.</b>			
The objective of this component is to consolidate the regular structure of economic benefits in the social protection system to improve coverage of the noncontributory cash transfers (NCCTs) among the most vulnerable populations, primarily among the 30% of the population with the lowest incomes.	(3.1.1) Expansion of the coverage of the Social Assistance Registry (RS) by updating data in accordance with the guidelines and the URS implementation plan.	(3.2.1a) Implementation of the process to update and improve the Social Assistance Registry (RS), including the review of 2.4 million records, the validation of the data, and its transmission to service provider institutions that require it.	Fulfilled (Q4 2021)
		(3.2.1b) Development of a sustainability plan indicating the mechanisms for the continuous updating of the Social Assistance Registry (RS).	Fulfilled (Q1 2022)
	(3.1.2) Optimization of the regular NCCTs run by the MIES by increasing the number of beneficiaries by at least 225,000 with respect to June 2020, with a focus on those in the three lowest income deciles.	(3.2.2) Optimization of the regular NCCTs run by the MIES by increasing the number of beneficiaries by at least 215,000 with respect to December 2020, with a focus on those in the three lowest income deciles.	Fulfilled (Q4 2021)
<b>Component 4. Strengthening effective access to quality early childhood development services.</b>			
To implement measures to strengthen the quality and expand the coverage of early childhood development services and guarantee that care for children from newborns to 36 months and pregnant women reaches families to ensure a good start to life and the full exercise of their rights.	(4.1.1) Development and approval of the Protocol for Virtual and Blended Care for users of the early childhood development services (CNH and CDI), including curricular and pedagogical elements that enable the delivery of quality remote services.	(4.2.1) Approval of the operational manual for the Protocol for Virtual and Blended Care (PAVS) that will guide the implementation and evaluation of its operations.	Fulfilled (Q4 2021)
	(4.1.2) Development of the operational manual for the implementation of the PAVS.	(4.2.2) Implementation of the Protocol based on the operational manual in all cantons, which consists of coverage of at least 50% of the services that children should be receiving in person.	Fulfilled (Q1 2022)

Components / Policy objectives	Policy conditions Programmatic loan I (2021)	Policy conditions Programmatic loan II (2022)	Fulfillment status of programmatic loan II
<b>Component 5. Protection of the ENI.</b>			
To protect an essential line item for public health spending: vaccination. Ecuador, like other countries, participates in PAHO's Revolving Fund for vaccination and will move forward with the implementation of the ENI with supplies procured through this facility.	(5.1.1) Replenishment of the Regional Revolving Fund (RRF) of the Pan American Health Organization (PAHO) to finance the annual implementation of the National Immunization Strategy (ENI) during the March 2020-March 2021 period.	<p>(5.2.1a) Replenishment of the RRF with PAHO to finance the implementation of the annual implementation of the ENI during the March 2021-March 2022 period.</p> <p>(5.2.1b) Implementation of the ENI for calendar year 2021 (with a total number of doses of tracer vaccines administered to children under 5 equal to at least 70% of the number recorded in 2019).</p> <p>(5.2.1c) Coverage of at least:</p> <ul style="list-style-type: none"> <li>• 95% of the population over 80.</li> <li>• 85% of the population between 50 and 79.</li> <li>• 85% of the population between 25 and 49.</li> <li>• 80% of the population between 18 and 24.</li> <li>• 70% of the population between 12 and 17.</li> <li>• 55% of the population between 5 and 11.</li> <li>• Fully vaccinated (two doses) against COVID-19 as of January 2022.</li> </ul>	<p>Fulfilled (Q1 2022)</p> <p>Fulfilled (Q4 2021)</p> <p>Fulfilled (Q4 2021)</p>
<b>Component 6. Effort to close gender-based economic gaps.</b>			
To support multilateral agreements and measures with the participation of public and private stakeholders in Ecuador to accelerate the equal integration of women into the economic environment in line with the public policy on the violet economy.	(6.1.1) Creation of the GPI, a high-level public-private partnership that seeks to identify and close gaps that prevent equal access to economic opportunities in the country, focusing on three main objectives: (i) increasing women's participation in the workforce; (ii) reducing the wage gap; and (iii) promoting women's leadership.	(6.2.1) Creation and approval of an action plan with strategic lines to close gender-based economic gaps in the country, including specific responsibilities for public and private entities to increase women's participation in the workforce, reduce the wage gap, and promote women's leadership, to be implemented in a three-year period.	Pending fulfillment (Q2 2022)

Components / Policy objectives	Policy conditions Programmatic loan I (2021)	Policy conditions Programmatic loan II (2022)	Fulfillment status of programmatic loan II
<b>Component 7. Promotion of the recovery of formal employment linked to environmental objectives.</b>			
To support policy measures by the Ministry of Labor to promote the recovery of formal employment from the Partner Employment Network (RSE), in particular in the economic sectors linked to the country's environmental objectives, thus contributing to an economic recovery.	(7.1.1) Approval and development of inputs for an RSE strategy to promote formal employment in green sectors, including quantitative analyses on a national scale on the potential to create jobs within the framework of the country's routes to decarbonization and the identification of guidelines to incorporate a new supply of training in the skills needed for the occupations (existing or new) contributing to the country's decarbonization process.	(7.2.1) Approval and implementation of an Encuentra Empleo (EE) strategy to promote formal employment in green sectors through:	
		(i) <b>Definition of the objectives</b> of an Encuentra Empleo (EE) strategy and their relationship with the objectives of the country's decarbonization; the target population; and the governance model of the offices of Encuentra Empleo (EE) to promote formal employment in green sectors;	Fulfilled (Q1 2022)
		(ii) <b>Design of a pilot under the responsibility of Encuentra Empleo (EE)</b> for an employment services delivery model in green sectors that promotes the public-private linkage, identifies the gap between the demand for skills and the profiles of the local population, and includes service mechanisms for placing women, young people, indigenous peoples, and persons with disabilities in jobs. The pilot will include an evaluation of the outcomes to encourage the development of skills and the promotion of formal jobs in the green sector;	Fulfilled (Q1 2022)
		<b>(7.2.2) Publication of guidelines for the incorporation of a hybrid supply of training</b> for the development of the skills necessary for the occupations that contribute to the country's decarbonization;	Fulfilled (Q1 2022)
		<b>(7.2.3) Establishment and operation of the Steering Committee on Green Employment by the Ministry of Labor</b> , to support the coordination between the Ministries of Labor, Economy and Finance, and the Environment to map and prioritize areas of intervention.	Pending fulfillment (Q2 2022)



## RESULTS MATRIX

<b>Project objective:</b>	The objective of the programmatic series is to improve the population's quality of life by improving the coverage, targeting, and/or quality of priority social programs and the implementation of measures to support job recovery. The specific development objectives are: (i) to protect vulnerable populations from the adverse economic effects associated with the pandemic by supporting the income of populations living in poverty or extreme poverty, expanding the coverage of quality early childhood development services of the Ministry of Economic and Social Inclusion (MIES), and implementing the National Immunization Strategy (ENI); and (ii) to promote job recovery through strategic actions to close gender-based economic gaps and promote formal employment linked to environmental objectives.
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### GENERAL DEVELOPMENT OBJECTIVE

Indicator	Unit of measure	Baseline value	Baseline year	Expected year achieved	Target	Means of verification	Comments <sup>1</sup>
General development objective: To improve the population's quality of life by improving the coverage, targeting, and/or quality of priority social programs and the implementation of measures to support job recovery.							
Poverty rate (cumulative change with respect to December 2019)	%	+8%	2020	2023	+4%	ENEMDU	
Adequate employment rate	%	32.1%	2020	2023	36%	ENEMDU	

<sup>1</sup> For more detailed information, see the monitoring and evaluation plan ([required link 3](#)).

### SPECIFIC DEVELOPMENT OBJECTIVES

Indicators	Unit of measure	Baseline value	Baseline year	Project completion	Means of verification	Comments
<b>Specific development objective 1:</b> To protect vulnerable populations from the adverse economic effects associated with the pandemic by supporting the income of populations living in poverty or extreme poverty, expanding the coverage of quality early childhood development services of the Ministry of Economic and Social Inclusion (MIES), and implementing the National Immunization Strategy (ENI).						
Coverage of extraordinary cash transfers to protect the population living in poverty or extreme poverty in response to the economic crisis caused by COVID-19.	%	0	2020	90	MIES reports	
Coverage of regular cash transfers from the comprehensive social protection system among the three deciles of the population with the lowest incomes.		37		80		The target date was updated from December 2021 to April 2022, in line with the change made by the IMF in October 2021.
Coverage of the early childhood development services of the MIES using the virtual or blended modalities among the population living in poverty or extreme poverty that did not have these services in February 2020 and was identified in the Protocol for Virtual and Blended Care (PAVS).		0		50		The target date was moved to 2024. Expanding coverage of MIES services was not possible in 2021 and presumably will not be possible in 2022 either, given the unfavorable course of the pandemic and the ongoing emergency mode that it entails. Any expansion of coverage of MIES early childhood development services would not be expected to occur until 2024 (based on the trajectory of the pandemic). See footnote 14 in the loan proposal.
Coverage of the early childhood development services of the MIES using the virtual or blended modalities among the population that received these services in person in February 2020 in all municipios.		0		50		Baseline: February 2020. Final target: 2024.
Coverage for the implementation of the National Immunization Strategy (ENI) mechanism.	%	80	2020	95	Epidemiological coverage and surveillance reports of the Ministry of Public Health (MSP)	

Indicators	Unit of measure	Baseline value	Baseline year	Project completion	Means of verification	Comments
<b>Specific development objective 2:</b> To promote job recovery through strategic actions to close gender-based economic gaps and promote formal employment linked to environmental objectives.						
Public policies and business programs or practices furthering gender-based economic equality promoted through the GPI action plan.	#	0	2020	3	GPI council report	
Placement in formal jobs in sectors linked to environmental objectives in the Partner Employment Network (RSE).	%	0	2020	5	RSE report	

## OUTPUTS

[illegible]

Indicators	Unit of measure	Baseline value	Baseline year	Project completion	Means of verification	Comments
Component 3. Strengthening of the social protection system						
Report from the Office of the Social Assistance Registry (URS) on implementation of the process to update and improve the Social Assistance Registry (RS).	Report	0	2018	1	See means of verification matrix	Target corresponds to December 2021.
Report from the URS on the development of a model for handling continuous updating of the RS.			2020			Baseline corresponds to February 2020 and the target to December 2021.
Component 4. Strengthening effective access to quality early childhood development services						
Manual for implementation of the PAVS approved.	Manual	0	2020	1	See means of verification matrix	Baseline corresponds to February 2020 and the target to December 2021.
Report from the Deputy Minister for Childhood Development indicating coverage of implementation of the PAVS.	Report	0				
Component 5. Protection of the National Immunization Strategy						
Confirmation by the MEF-MSP of the replenishment of the PAHO Revolving Fund.	Document	0	2021	1	See means of verification matrix	Baseline corresponds to February 2021 and the target to December 2022.
Report from the National Immunization Office (DNI) indicating the number of doses of tracer vaccines administered and showing an increase from 2019 to 2021.	Report		2020			Target corresponds to December 2021.
Report from the DNI indicating the rate of coverage of COVID-19 vaccination by age group in 2021.	Report		2020			Target corresponds to January 2022.
Component 6. Effort to close gender-based economic gaps						
Ministerial agreement on the action plan with strategic guidelines for closing gender-based economic gaps in the country.	Ministerial agreement	0	2020	1	See means of verification matrix	Baseline corresponds to February 2020 and the target to December 2022.

Indicators	Unit of measure	Baseline value	Baseline year	Project completion	Means of verification	Comments
<b>Component 7. Promotion of the recovery of formal employment linked to environmental objectives</b>						
Ministerial agreement on the Encuentra Empleo (EE) strategy.	Ministerial agreement	0	2020	1	See means of verification matrix	Baseline corresponds to February 2020 and the target to December 2022.
Minutes of the first meeting of the Steering Committee on Green Employment.	Minutes					
Ministerial agreement with the guidelines for the incorporation of a hybrid supply of training.	Ministerial agreement					
Ministerial agreement with the design of the pilot of new service delivery model.	Ministerial agreement					

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/22

Ecuador. Loan \_\_\_\_/OC-EC to the Republic of Ecuador  
Support for the Protection of Social Spending  
and Job Recovery II

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Ecuador, as borrower, for the purpose of granting it a financing to cooperate in the execution of the program "Support for the Protection of Social Spending and Job Recovery II". Such financing will be for the amount of up to US\$250,000,000 from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on \_\_\_\_ 2022)