

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**ECUADOR**

**SUPPORT PROGRAM FOR THE SOCIAL INCLUSION OF PEOPLE WITH  
DISABILITIES IN ECUADOR**

**(EC-L1236)**

**LOAN PROPOSAL**

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## **ABBREVIATIONS**

BJGL	Joaquín Gallegos Lara Bond
CONADIS	Consejo Nacional para la Igualdad de Discapacidades [National Disability Equality Council]
IRR	Internal rate of return
LIBOR	London Interbank Offered Rate
MEF	Ministry of Economy and Finance
MIDUVI	Ministry of Urban Development and Housing
MIES	Ministry of Economic and Social Inclusion
MINEDUC	Ministry of Education
MSP	Ministry of Public Health
NPV	Net present value
WHO	World Health Organization

## PROJECT SUMMARY

### ECUADOR SUPPORT PROGRAM FOR THE SOCIAL INCLUSION OF PEOPLE WITH DISABILITIES IN ECUADOR (EC-L1236)

Financial Terms and Conditions				
<b>Borrower:</b> Republic of Ecuador		<b>Flexible Financing Facility<sup>(a)</sup></b>		
		<b>Amortization period:</b>	25 years	
<b>Executing agencies:</b> Ministry of Public Health (MSP), Ministry of Education (MINEDUC), Ministry of Economic and Social Inclusion (MIES), and Ministry of Urban Development and Housing (MIDUVI)		<b>Disbursement period:</b>	5 years	
		<b>Grace period:</b>	6.5 years <sup>(b)</sup>	
<b>Source</b>	<b>Amount (US\$)</b>	<b>%</b>	<b>Interest rate:</b>	LIBOR-based
<b>IDB (Ordinary Capital):</b>	40,081,242	89	<b>Credit fee:</b>	(c)
			<b>Inspection and supervision fee:</b>	(c)
<b>Local:</b>	5,089,749	11	<b>Weighted average life:</b>	15.07 years
<b>Total:</b>	45,170,991	100	<b>Approval currency:</b>	U.S. dollars from the Ordinary Capital
Project at a Glance				
<b>Project objective/description:</b> The objective is to promote the social inclusion of persons with disabilities over the course of their lives, through improvements in timely health care, quality education, daily care, and recreation.				
<b>Special contractual conditions precedent to the first disbursement of the financing:</b> The borrower, on its own or through the coexecuting agencies, must have furnished evidence that the program's Operating Regulations have been approved and entered into force under the terms previously agreed upon with the Bank (paragraph 3.4). See also the special contractual condition precedent to the first disbursement in paragraph 5.1 of Annex III.				
<b>Special contractual conditions for execution:</b> Prior to bidding for the equipment that will be incorporated into the parks under Component 2, the borrower, on its own or through MIDUVI, must have submitted evidence to the Bank showing that MIDUVI has legal ownership of all the properties where that equipment will be added (paragraph 3.5).				
<b>Exceptions to Bank policies:</b> None.				
Strategic Alignment				
<b>Challenges:<sup>(d)</sup></b>	SI	<input checked="" type="checkbox"/>	PI	<input type="checkbox"/>
			EI	<input type="checkbox"/>
<b>Crosscutting issues:<sup>(e)</sup></b>	GD	<input checked="" type="checkbox"/>	CC	<input 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 and interest rate 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> GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

## I. DESCRIPTION AND RESULTS MONITORING

### A. Background, problem, and rationale

- 1.1 **Evolution of the concept of disability.** Disability is a complex, multidimensional social condition involving individual limitations as well as social and environmental barriers.<sup>1</sup> According to the World Health Organization (WHO), approximately 15% of the world's population lives with some form of disability.<sup>2</sup> Most countries have been evolving from a biomedical, individual view of disability towards a social and inclusive one. The former view conceived of disability as a personal problem resulting from an illness or health condition that was to be addressed exclusively by healthcare services through treatments, assistive technology, prostheses, and rehabilitation. In contrast, the social model<sup>3</sup> places substantial weight on how environmental and cultural factors affect the person with the impairment's potential for exercising his or her rights.<sup>4</sup> The United Nations definition incorporates this perspective, stating that "[p]ersons with disabilities include those who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others."<sup>5</sup>
- 1.2 The impact of disability varies and is specific to the disabled person's life span and gender;<sup>6</sup> accordingly, policies and services must be set up to address these specific characteristics. Although only a certain heterogeneous group of individuals suffers permanent, functional disabilities, almost everyone will most likely face some type of temporary disability in their lifetime or will have a family member with some kind of limitation.<sup>7</sup> The instruments used to calculate the prevalence of disabilities today take a multiplicity of factors into account, including age, environment, aging and dependency, and difficulties functioning and fully participating in society.
- 1. The situation of persons with disabilities**
- 1.3 Like other countries, Ecuador does not have one single methodology for classifying disabilities and determining access to benefits. Although the 2010 population census identified 816,000 persons with disabilities, the National Disability Registry

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<sup>1</sup> The conceptual framework for this definition is the WHO's International Classification of Functioning, Disability, and Health.

<sup>2</sup> Approximately one billion people.

<sup>3</sup> Oliver, Mike. *¿Una sociología de la discapacidad o una sociología discapacitada?* in L. BARTON (Comp.). *Discapacidad y sociedad*, Madrid.

<sup>4</sup> According to the WHO, impairment is any temporary or permanent loss or abnormality of psychological, physiological, or anatomical structure or function. Disability, in turn, is a functional limitation, resulting from an impairment, that is manifested in daily life.

<sup>5</sup> Convention on the Rights of Persons with Disabilities. United Nations General Assembly. 13 December 2006.

<sup>6</sup> Plummer, Sara Beth and Patricia Findley. *Women with Disabilities' Experience with Physical and Sexual Abuse: Review of the Literature and Implications for the Field*. Trauma Violence Abuse 2012 13: 15, 2011.

<sup>7</sup> World Report on Disability. WHO and World Bank, 2011. In the United States, the disability rate is 5.4% for the population ages 5 to 17, but it increases to 35.4% for individuals 65 and older. Disability Statistics Annual Report. University of New Hampshire, 2016.

lists 433,000.<sup>8</sup> This official registry is based on the health sector's disability type and degree classification methodology, which is also used to determine eligibility for government programs. More than two-thirds of the individuals listed in the registry have a degree of limitation greater than 50%,<sup>9</sup> considered serious or very serious. The National Disability Equality Council (CONADIS) defines five types of disabilities: physical, visual, hearing, speech, and intellectual. Physical disabilities are the most prevalent, accounting for 46.6% of cases and followed by intellectual disabilities, at 22.5%, and then hearing and visual, which account for 14%<sup>10</sup> and 12%, respectively.

- 1.4 There are higher rates of poverty and exclusion among persons with disabilities than among their nondisabled peers.<sup>11</sup> Studies show that there is a positive, bidirectional relationship<sup>12</sup> between the two,<sup>13</sup> which creates a vicious cycle that is hard to break. The idea of poverty as a consequence of disability, used in this program, stems from the fact that disabilities lead to lower income and additional costs in healthcare, assistive technology, and personal assistance.<sup>14</sup> According to an analysis by the Organization for Economic Cooperation and Development in 21 developed countries, the employment rate for persons with disabilities is 40%, almost half the rate for the rest of the population,<sup>15</sup> and the poverty rate is 24%, well above the 13% rate in the general population. In Ecuador, approximately 6 of every 10 persons with disabilities live below the poverty line.<sup>16</sup>
- 1.5 Furthermore, persons with disabilities have more precarious health than the rest of the population, and they need to use quality, timely healthcare services more often.<sup>17</sup> In Ecuador, almost 40% of individuals with critical and very critical disabilities have trouble accessing healthcare services.<sup>18</sup> With regard to education, around the world children with disabilities are disproportionately represented among out-of-school children.<sup>19</sup> This is especially serious in low- and

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<sup>8</sup> The 2015 Living Conditions Survey identified 558,000 Ecuadorians with disabilities. The Census and Survey may overreport these figures as they are self-declared, while the National Registry may underreport them, since it only counts persons who have used Ministry of Public Health (MSP) services. In 2017, the government consolidated these databases and estimated the number of persons with disabilities to be 600,000, which yields a prevalence of 3.7%. According to the Census, approximately 46% are women.

<sup>9</sup> CONADIS, 2017.

<sup>10</sup> According to the National Disability Registry, this represents 61,815 persons.

<sup>11</sup> Grech, Shaun. *Living with disability in rural Guatemala: exploring connections and impacts on poverty*. International Journal of Disability, Community and Rehabilitation, 2008.

<sup>12</sup> Sen, Amartya. *The Idea of Justice*. The Belknap Press, 2009.

<sup>13</sup> *The Economic Costs of Exclusions and Gains of Inclusion of People with Disabilities*. International Centre for Evidence in Disability, London School of Hygiene & Tropical Medicine, 2014.

<sup>14</sup> World Report on Disability. WHO and World Bank, 2011. A study found that the onset of a disability has a profound impact on participation in the workforce and family income. *Disability and disadvantage: Selection, onset, and duration effects*. London School of Economics, 2003.

<sup>15</sup> *Sickness, Disability and Work: Keeping on Track in the Economic Downturn*. OECD, 2009.

<sup>16</sup> Social Registry composite index, CONADIS.

<sup>17</sup> World Health Survey 2002-2004.

<sup>18</sup> *Estudio Biopsicosocial Clínico y Genético de las Personas con Discapacidad en el Ecuador*. Manuela Espejo Mission, 2010.

<sup>19</sup> Saebones, A. et al. *Towards a disability inclusive education: Background paper for the Oslo Summit on Education for Development*. 2015.

middle-income countries, where more than half of the 65 million children with disabilities do not go to school.<sup>20</sup> Children with disabilities have lower rates of enrollment, achievement, retention, and literacy.<sup>21</sup> Even those who are enrolled have worse attendance and learn less than their peers.<sup>22</sup> In Ecuador, around 20% of persons with disabilities do not receive any kind of formal education over the course of their lives.<sup>23</sup>

- 1.6 As regards the crosscutting aspect of accessibility, in the European Union more than 50% of persons with disabilities report problems with mobility and 37% cite difficulty accessing buildings.<sup>24</sup> Likewise, a study in the United States found that 48% of persons with disabilities find the public transportation system to be inadequate for their daily travel needs.<sup>25</sup> A recent study of three provinces in Ecuador that evaluated access to public buildings, parks, sidewalks, signage, and ramps revealed the accessibility level to be 47%, which is considered low.<sup>26</sup>
- 1.7 Compounding the aforementioned difficulties, many persons with disabilities need continuous or frequent care in their daily lives, as well as support for participating in the social and economic spheres.<sup>27</sup> An individual's need for care and support depends on his/her age, the degree of his/her disability, environmental factors, and the availability of appropriate devices. Although information on care and support is limited, some studies<sup>28</sup> show that in most countries, they are provided informally by family members, typically women. In Ecuador, of the 23,688 registered caregivers, 90% are women and 47% are living in poverty.<sup>29</sup> The continuous care may represent an enormous burden for the caregivers, restricting their job opportunities

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<sup>20</sup> The Education Commission (2017). *The Learning Generation. Investing in Education for a Changing World*.

<sup>21</sup> *Students with disabilities, learning difficulties and disadvantages: policies, statistics and indicators*. Organization for Economic Cooperation and Development, 2005.

<sup>22</sup> World Report on Disability. WHO and World Bank, 2011.

<sup>23</sup> Population and Housing Census (National Statistics and Census Institute, 2010).

<sup>24</sup> Eurostat, December 2015. In the 27 countries of the European Union, there are 70 million persons with disabilities over age 15, which is equivalent to 17.6% of the population of that age group.

<sup>25</sup> *Public Transportation: An Investigation of Barriers for People with Disabilities*. Journal of Disability Policy Studies 2017, Vol. 28. See also: *Transportation Update: Where We've Gone and What We've Learned*. National Council on Disability, 2015.

<sup>26</sup> *Accesibilidad Universal en el Ecuador: diagnóstico en las provincias de Imbabura, Pastaza y Santa Elena 2014-2015*. Technical Secretariat for Inclusive Disability Management, Office of the Vice President of Ecuador.

<sup>27</sup> Among the most common caretaking tasks are providing support for the activities of daily living, administering medication, instrumental activities (medical appointments, money management, etc.), transportation, communication, and satisfying emotional needs.

<sup>28</sup> In a study performed in the U.S., 70% of persons with disabilities received support for their daily activities from family members and friends. *Understanding the health-care needs and experiences of people with disabilities*. Kaiser Family Foundation, 2003; *The Future of Disability in America*. Institute of Medicine, 2007. *SHUT OUT: The Experience of People with Disabilities and their Families in Australia*. Department of Social Services, Australia, 2009. *Key policy issues in long-term care*. A study in Ireland revealed that the necessary care for persons with intellectual disabilities is mainly provided by the mother. *Fair shares? Supporting families caring for adult persons with intellectual disabilities*. Journal of Intellectual Disability Research, 2005.

<sup>29</sup> Ministry of Economic and Social Inclusion (MIES), 2018.

and leading to isolation, depression, and high levels of chronic stress. This toll, known as caregiver burnout syndrome (or burden), has been widely documented.<sup>30</sup>

## **2. Determinants of vulnerability for persons with disabilities**

- 1.8 In the health sphere, persons with disabilities face barriers in terms of costs and unequipped healthcare services.<sup>31</sup> Early detection of conditions and access to outreach, prevention, and rehabilitation play essential roles in preventing impairments and dependency from worsening. Primary health conditions that are not appropriately treated in a timely manner may lead to secondary conditions, speed up the onset of chronic diseases, and even exacerbate risky behaviors. Although there are no comparative databases on needs, existing rehabilitation services, and assistive technology,<sup>32</sup> studies do reveal significant gaps in care. A 2005 United Nations survey noted that 48 countries, Ecuador among them,<sup>33</sup> did not have rehabilitation policies for persons with disabilities.<sup>34</sup>
- 1.9 In education, children and adolescents with disabilities face various forms of discrimination that hamper their economic and social integration. Many countries have “special education” or “inclusive education” systems based on the principles that all children have the right to be educated and that systems should be adapted as needed to guarantee their inclusion.<sup>35</sup> However, insufficient resources are allocated to these adaptations, few pedagogical models exist for specialized education, and training for teachers and school administrators on facilitating the inclusion of children with disabilities is limited.
- 1.10 Across the board, the accessibility of public spaces determines individuals’ functional limitations to a significant degree. Physical and cultural barriers strongly condition the extent to which persons with disabilities can be autonomous and included. Therefore, accessible information and public spaces, especially for health and education services, as well as for recreation (like inclusive

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<sup>30</sup> *Cuidar a la cuidadora familiar: análisis de una intervención centrada en la familia*. Rev Esc Enferm USP, 2014. *Effectiveness of educational programs on reducing the burden of caregivers of elderly individuals with dementia: a systematic review*. Rev. Latino-Am. Enfermagem, Jan. 2013. A study in the U.S. found that the risk of mortality for older adult caregivers (66 to 96 years) was 63% higher than for the control group. See *Caregiving as a risk factor for mortality: Caregiver Health Effects Study*. Journal of the American Medical Association.

<sup>31</sup> *Access to Health Care Services among People with Chronic or Disabling Conditions: Patterns and Predictors*. American Congress of Rehabilitation Medicine and the American Academy of Physical Medicine and Rehabilitation, 2003. Sakellariou, D. and Elena Rotaru. *Access to healthcare for men and women with disabilities in the UK: secondary analysis of cross-sectional data*. BMJ Open 2017;7. *Access to health care for disabled people: a systematic review*. Social Care and Neurodisability, October 2010.

<sup>32</sup> Any item, piece of equipment, or product system used “to increase, maintain, or improve functional capabilities of individuals with disabilities.” *Assistive Technology Act*. United States Congress, October 2004.

<sup>33</sup> In 2005, only 23 healthcare centers (of a total of 1,743) offered some type of rehabilitation services. In 13 provinces, there were no services whatsoever. *Políticas de Discapacidad en Ecuador*. World Bank, 2013.

<sup>34</sup> *Global survey on Government Action on the Implementation of the Standard Rules on the Equalization of Opportunities for Persons with Disabilities*. Office of the UN Special Rapporteur on Disabilities, 2006.

<sup>35</sup> *Education for All 2000-2015: Achievements and Challenges*. United Nations Educational, Scientific, and Cultural Organization, 2015.

- parks),<sup>36</sup> are fundamental to guaranteeing the full participation of persons with disabilities in society. The principal regulatory framework on accessibility is the Convention on the Rights of Persons with Disabilities, to which Ecuador acceded in 2007. Under this Convention, the signatory countries undertake to promote the design and development of universal goods, services, equipment, and facilities, to facilitate the full participation of persons with disabilities. However, although in the past few decades progress has been made towards reducing barriers to mobility,<sup>37</sup> most urban areas around the world are still not adapted to allow the mobility of persons with disabilities.
- 1.11 Another significant determinant is the care situation of persons with disabilities. In some countries,<sup>38</sup> social services have responded to caregiver burnout syndrome by providing formal support to caregiving families. However, in most low- and middle-income countries, including Ecuador, it is most typical for persons with disabilities to receive informal care at home (or in daycare centers). The regulation and certification of services, financial and nonfinancial support for caregivers, substitute caregiver services (or “breaks”) and/or psychosocial support services, which today are scarce in Ecuador, can play an important role in alleviating caregiver burden.
- 1.12 Other factors that exacerbate the situation of persons with disabilities in Ecuador are: (i) the problematic conceptualization and classification of disability, which are mainly based on clinical aspects without consideration for functionality or the environment; and (ii) the limited coverage and poor quality of social services.
- 1.13 **Strategies to foster equality of opportunity for persons with disabilities.** The expansion of the social model has given rise to diverse indications of effective strategies for the social and economic inclusion of persons with disabilities. These strategies are all geared towards guaranteeing access for persons with disabilities to more services, policies, and systems on equal terms,<sup>39</sup> by eliminating physical and attitudinal barriers. The following measures stand out: (i) promoting changes in disability-related social and professional patterns,<sup>40</sup> from the measurement and classification of disabilities to social stigmas, emphasizing the person’s potential and the functional and contextual dimensions of disability; (ii) expanding access to high-quality healthcare services, with a focus on prevention and the early identification of factors that increase incidence,<sup>41</sup> timely diagnosis, and access to services to reduce the impacts on day-to-day functioning.<sup>42</sup> Among other measures, the WHO recommends training healthcare providers to improve their

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<sup>36</sup> Atmakur, Sruthi. *Playgrounds of Inclusion. The State of the World’s Children*. United Nations Educational, Scientific, and Cultural Organization, 2013.

<sup>37</sup> *Transport Strategy to Improve Accessibility in Developing Countries*. World Bank, 2004.

<sup>38</sup> Notably Australia, Germany, United Kingdom, and United States. WHO, 2003.

<sup>39</sup> *Inclusion Counts: The Economic Case for Disability-Inclusive Development*. CBM, 2016.

<sup>40</sup> *Common barriers to participation experienced by people with disabilities*. Centers for Disease Control and Prevention.

<sup>41</sup> Maulik, P and Gary Darmstadt. *Childhood Disability in Low- and Middle-Income Countries: Overview of Screening, Prevention, Services, Legislation, and Epidemiology*. Pediatrics, Vol. 120, supplement 1, July 2007.

<sup>42</sup> Convention on the Rights of Persons with Disabilities. United Nations General Assembly, 13 December 2006.

response to and comprehensive care for persons with disabilities, and providing assistive technology, such as crutches, wheelchairs, hearing aids, etc.;<sup>43</sup> (iii) offering high-quality educational services for persons with disabilities from primary to higher education,<sup>44</sup> to increase their human capital and improve their access to the job market; (iv) improving the communicational and physical accessibility of public and recreational spaces<sup>45</sup> and of transportation;<sup>46</sup> and (v) supporting the caregivers of persons with disabilities and especially of persons with severe disabilities, to decrease their burden of care and thereby improve the wellbeing of both parties.

### 3. Progress and pending challenges in Ecuador

- 1.14 **A sophisticated regulatory framework.** Ecuador has incorporated the biopsychosocial model, most notably with the adoption of the Constitution of the Republic of 2008,<sup>47</sup> which includes persons with disabilities among the groups to receive priority attention from the State. The Organic Law on Disabilities<sup>48</sup> of 2012 specified the definition of disability<sup>49</sup> and the scope of rights for persons with disabilities, instituting eligibility criteria and creating a national registry and classification mechanism. The new legal framework establishes the rights to specialized prevention and health promotion services, the promotion of inclusive education, employment,<sup>50</sup> and recreation. The National Agenda for Disability Equality 2017-2021 was added to these regulatory advancements. It recommends preventive actions like improving screening tests for the early detection of impairments, enhancing education quality, and expanding social protection coverage. For the most part, all of these advancements were spearheaded by civil disability associations, through CONADIS.
- 1.15 **The need to step up inclusion.** Since 2008, Ecuador has been fostering the expansion of benefits and the implementation of new programs for persons with disabilities. Based on a life-cycle approach, for the early childhood stage the Ministry of Public Health (MSP) has been executing the National Metabolic and

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<sup>43</sup> See also Shore, Susan, and Stephanie Juillerat. *The impact of a low-cost wheelchair on the quality of life of the disabled in the developing world*. Medicine Science Monitor, 2012.

<sup>44</sup> *Education for All. Salamanca framework for action*. Washington, United Nations Educational, Scientific, and Cultural Organization, 1994. *Education for children with disabilities - improving access and quality*. Department for International Development, 2010. *Disabled children's right to education*. Auckland, New Zealand Human Rights Commission, 2009.

<sup>45</sup> Section 240 of the Americans with Disabilities Act establishes parameters for the construction of inclusive parks, as well as for the access routes.

<sup>46</sup> Munster, Harold. Consultancy in support of the preparation of EC-L1236. June 2018.

<sup>47</sup> Articles 35, 47, and 48.

<sup>48</sup> Law 796/2012, which entered into force on 25 September 2012 and was regulated by Decree 171 in December 2013.

<sup>49</sup> The law "considers persons with disabilities to be all individuals whose biological, psychological, and associative capacities for performing one or more essential activities of daily living are permanently limited, as a consequence of one or more physical, mental, intellectual, or sensory impairments, regardless of the cause thereof."

<sup>50</sup> A minimum quota of 4% of job positions must go to persons with disabilities in public and private companies that have at least 25 employees. There are tax benefits associated with this obligation. There are an estimated 58,000 persons with disabilities in the job market.

Neuronal Neonatal Screening Program,<sup>51</sup> to improve early detection in newborns. From 2011 to 2017, this program covered 1.1 million children.<sup>52</sup> Ecuador has expanded neonatal hearing screenings for hypoacusia,<sup>53</sup> which has a high prevalence of 5 in every 1,000 live births worldwide.<sup>54</sup> Furthermore, a disability classification instrument that aligns with Ecuador's specific situation is being developed; it will be used to determine the degree of disability, the type of services and supports required, and access to programs and benefits. To promote social and economic inclusion, in recent years the MSP has also provided more assistive technology (wheelchairs, canes, walkers, etc.) free of charge (545,000 pieces between 2013 and 2017).

- 1.16 Continuing with the life-cycle approach, for school-age children with disabilities, the special education system<sup>55</sup> is being strengthened and the "Management and Care Model for Students with Disability-related Special Educational Needs in Specialized Schools" was approved, to ensure that children and adolescents with special disability-related educational needs have access to schooling, participate, learn, stay in school, and complete their studies. The aforementioned Law on Disabilities specifies the scope of the rights of persons with disabilities in the education sphere and provides for their inclusion in regular schools ("inclusive education"), and, for cases of severe disabilities, referring them to the country's 151 existing special education institutions ("special education").
- 1.17 Lastly, for the social protection of adults and older adults with disabilities, Ecuador provides a monthly pension to around 121,000 persons with non-severe disabilities living in poverty.<sup>56</sup> Since 2007 the country has had a cash-transfer program in place for caregivers of persons with severe disabilities, called the Joaquín Gallegos Lara Bond (BJGL), which benefits 23,200 persons.<sup>57</sup> Internal and external support services are also offered at daycare centers, shelters, and in the home. These services aim to foster the development of cognitive abilities, communication, and motor skills, and they benefited 32,000 people in 2017.
- 1.18 Despite these gains, there are still significant coverage and quality gaps in Ecuador that limit the social and economic inclusion of persons with disabilities. In the health sphere, hearing screening tests are only selectively performed in the first year of life,<sup>58</sup> meaning that more than 64% of cases go undiagnosed.<sup>59</sup> The

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<sup>51</sup> The *Con Pie Derecho* [With the Right Foot] program promotes the use of screening tests for four diseases: congenital adrenal hyperplasia, hypothyroidism, galactosemia, and phenylketonuria, using the DENVER II, Denver Developmental Screening Test methodology.

<sup>52</sup> MSP estimate.

<sup>53</sup> Functional impairment that leads to partial or total hearing loss.

<sup>54</sup> In Ecuador, this is equivalent to 1,500 children with some degree of hearing loss every year.

<sup>55</sup> The 2016 Educational Census and the 2014 Social Registry report a total of 62,271 school-age children and adolescents with disabilities, of which 27,689 (44%) are not in school. Ecuador has 151 special education institutions (106 public and 45 private), which serve 12,213 persons with disabilities (20%). The remaining 36% in the education system attend regular schools.

<sup>56</sup> This is the Human Development Bond, which consists of a monthly payment of US\$50. MIES, 2018.

<sup>57</sup> The BJGL provides persons with severe disabilities and their families a monthly payment of US\$240. MIES Information System-Social Registry-Vital Records Office, MIES, 2018.

<sup>58</sup> According to the MSP, between 2015 and 2016, 252,044 children ages 0 to 4 years received hearing screening tests, while in the same period there were 549,777 live births in Ecuador.

<sup>59</sup> Report of the National Disability Department of the MSP, 2017.

failure to detect hearing loss at an early age harms children's linguistic, social, and cognitive development, affecting their school performance and future workforce participation.<sup>60</sup> At present, the public health sector cannot perform molecular genetic diagnostic tests for genetic disabilities.<sup>61</sup> Possible genetic conditions include: prenatal intellectual disabilities, prelingual hearing loss, neuromuscular diseases, myopathies, and nonspecific short or tall stature related to genetic conditions. The first Manuela Espejo Mission genetic, clinical, and biopsychosocial study, conducted between 2009 and 2010, showed that 28.45% of intellectual disabilities in Ecuador were genetic and prenatal. In terms of assistive technology, approximately 35,000 pieces of equipment that were provided between 2009 and 2012, especially wheelchairs, have not been replaced despite having exceeded their five years of useful life.

- 1.19 In education, 56% of school-age children with disabilities do not attend school,<sup>62</sup> and some regions with high disability prevalences do not have special education services.<sup>63</sup> Likewise, barely 12% of students with disabilities have completed their secondary school educations (*bachillerato*) and can begin higher education, compared to 24% of the nondisabled population.<sup>64</sup> The special education institutions operate without specific regulations on management and care, including with regard to the curriculum; nor do they have standards for infrastructure and equipment that take different needs into account. As a result, the quality of the special education system is poor, and it lacks the data<sup>65</sup> and oversight and improvement mechanisms that are in place for the regular school system.
- 1.20 **Value added of the program.** The proposed program has strategic value given that it will support the expansion and improved quality of cutting-edge programs and services for persons with disabilities validated by the existing evidence, thereby accelerating the social and economic inclusion of this vulnerable group. The operational actions proposed in this program complement and reinforce the regulatory reforms of program EC-L1238 (loan 4614/OC-EC), "Social Services Reforms to Promote Gender and Disability Equality in Ecuador," and consequently, the proposed program is fundamental in order to fully achieve the policy targets set forth in EC-L1238 (loan 4614/OC-EC). The activities to be financed address key points and needs in the life cycle that can determine a person's degree of future disability and full participation in society. The program will focus on building the capacities of the health, social protection, and education sectors, to improve timely care of persons with disabilities through, for example, the operational

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<sup>60</sup> Nelson HD, Bougatsos C, Nygren P. (2008) *Universal newborn hearing screening: Systematic review to update the 2001 US Preventive Services Task Force Recommendation*. Pediatrics 122:e266-76. Also Davis JM, Effenbein J, Schum R, Bentler RA. (1986) *Effects of mild and moderate hearing impairments on language, educational, and psychosocial behavior of children*. J Speech Hearing Disorder; 51:53-62.

<sup>61</sup> Molecular genetics combines genetics with molecular biology through the amplification, separation, and detection of nucleic acid sequences, making it possible to perform molecular analyses of various syndromic and nonsyndromic genetic conditions.

<sup>62</sup> Ministry of Education (MINEDUC), 2017.

<sup>63</sup> Nearly 37 districts do not have special education centers, for example, Santa Elena, Santo Domingo, Guayas, and Azuay.

<sup>64</sup> MINEDUC, 2017.

<sup>65</sup> Robson C, Evans P. *Educating children with disabilities in developing countries: the role of data sets*. Huddersfield, University of Huddersfield, 2005.

implementation of the new methodology for classifying disabilities and the certification of healthcare professionals, to better target services and benefits. With regard to care for persons with disabilities, the program will support the expansion of the “Model of Nearby Support Networks for the Care of Persons with Disabilities,” which seeks to formalize the role of existing informal substitute caregivers, caregiver and substitute caregiver certification, and the creation of a national registry, to improve the quality of informal care in Ecuador.<sup>66</sup> The model design will include incentives for the participation of men as substitute caregivers for persons with disabilities. In the education sector, the expansion of the special education institutions model, with pedagogical/curricular specifications for each particular level, will enable students with major intellectual disabilities to access the *bachillerato* exam and receive their degrees in order to apply for higher studies. These activities are provided for in EC-L1238 (loan 4614/OC-EC).

- 1.21 **Lessons learned.** The design of this program takes into account several technical lessons listed in paragraph 1.13, mainly concerning the improved access of persons with disabilities and their caregivers to opportunities and social services. The program’s design incorporates lessons from operations EC-T1194 (ATN/IP-11953-EC) and EC-T1307 (ATN/JO-15122-EC), which helped reduce barriers to education for children with disabilities and reinforced the importance of moving beyond the clinical approach towards one that emphasizes the functionalities and rights of persons with disabilities. Activities under Component 1 to expand auditory screenings benefit from the MSP’s experience in methods for the continuous improvement of service quality, supported by EC-T1369 (ATN/OC-16373-EC) in 2018. With regard to execution, the Bank’s experience with EC-L1107 (loan 2787/OC-EC) was taken into account; this program’s subexecution arrangement hampered the responsible ministries’ independence and ownership, which led to a significant part of the loan being canceled. This case served as a reference for the coexecution arrangement proposed herein, which grants administrative and financial autonomy to each of the ministries and entails more decentralized decision-making. Lessons were also taken from operation EC-L1076 (loan 2431/OC-EC), which was delayed due to the reclassification of facilities and the medical plan during execution. The proposed operation will therefore only finance the operational implementation of reforms that have already been approved and supported by EC-L1238 (loan 4614/OC-EC), Components 1, 3, and 4.
- 1.22 **Strategic alignment.** This program is consistent with the Update to the Institutional Strategy 2010-2020 (document AB-3008) and is strategically aligned with the development challenge of social inclusion and equality, through the improved quality of health and education services, which will be verified with the indicators on the increased number of persons with disabilities reclassified and the degrees awarded by specialized schools. The program is also aligned with the crosscutting area of gender equity and diversity through the structuring of the “Model of Nearby Support Networks for the Care of Persons with Disabilities,” which will especially benefit caregivers and will be verified by the “break time” they

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<sup>66</sup> The identification, registration, and training of informal substitute caregivers at the community level should make it possible to regulate and improve services, meaning that caregivers will have the support of a substitute, will have more down time, and will suffer less burnout.

are given. It is consistent with the Gender and Diversity Sector Framework Document (document GN-2800-8), and it will contribute to the Corporate Results Framework 2016-2019 (document GN-2727-6) through the increase in students benefiting from education projects, verified by the indicator of a decreased percentage of students with disabilities who have fallen behind, and the increased number of beneficiaries receiving health services, verified by the indicator of live births with auditory screening tests before age 1. The program is also consistent with the IDB Group Country Strategy with Ecuador 2018-2021 (document GN-2924), which identifies improving the management and quality of social services as a strategic objective, and it is included in the Update of Annex III of the 2018 Operational Program Report (document GN-2915-2). It is consistent with the Education and Early Childhood Development Sector Framework Document (document GN-2708-5), with the dimension on students having access to effective teachers, and with the Social Protection and Poverty Sector Framework Document (document GN-2784-7). Lastly, the program is aligned with the first and second strategic areas of the Strategy on Social Policy for Equity and Productivity (document GN-2588-4), namely, investing in early childhood and improving school quality.

- 1.23 With regard to the aforementioned gender policy, the program seeks to contribute to gender equality through the strategy of supporting caregivers under Component 3, which is almost completely targeted at women, who are the principal caregivers for persons with disabilities. The training and certification of informal substitute caregivers, as well as their coordination in nearby networks to support the families of persons with disabilities, should benefit female caregivers by increasing the time they have available for other tasks.

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

- 1.24 The general objective of the program is to promote the social inclusion of persons with disabilities over the course of their lives, through improvements in timely health care, quality education, daily care, and recreation. The principal beneficiaries of Component 1 will be the approximately 35,400 individuals who will receive new assistive technology as well as the children born at the 233 healthcare facilities that will receive equipment for neonatal hearing screenings. Component 2 will benefit 62 low-income or highly vulnerable communities<sup>67</sup> with the installment of inclusive parks. The main beneficiaries of Component 3 will be the approximately 22,500 caregivers and substitute caregivers who will receive training and, in many cases, become certified. Lastly, Component 4 is expected to benefit children, teachers, and administrators at 106 special education institutions.<sup>68</sup>
- 1.25 **Component 1: Timely diagnosis and healthcare (IDB US\$13.6 million; local US\$1.9 million).** The objectives of this component are to strengthen early diagnosis and the classification of disabilities from early childhood on, increase the availability of assistive technology, and improve the support provided by health

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<sup>67</sup> The eligibility and prioritization criteria for the areas where the inclusive parks will be installed are outlined in the program Operating Regulations.

<sup>68</sup> The beneficiaries of Component 1 will primarily be persons with disabilities who received pieces of assistive technology between 2009 and 2012 from the Manuela Espejo Mission. In Component 3, the principal beneficiaries will be the caregivers in the BJGL program.

services. The component will finance, *inter alia*: (i) the purchase of 35,400 pieces of assistive technology, mainly wheelchairs and postural support chairs for persons with disabilities or with a disabling condition or impairment, and the purchase of otoacoustic emissions equipment and supplies for 233 healthcare facilities and hospitals that perform deliveries; (ii) equipping the Molecular Genetics Laboratory of the Specialized Center for Genetic Medicine; (iii) the development of an IT solution for disability classification; (iv) training for healthcare professionals on applying the “Ecuadorian Disability Classification Manual,” on the use of the otoacoustic emissions equipment, and on continuously improving hearing screenings; and (v) technical and administrative support.

- 1.26 **Component 2: Accessibility of public recreational spaces (IDB US\$10.1 million; local US\$1.2 million).** The objective of this component is to facilitate the inclusion of children and adults with and without disabilities in public recreational spaces. The component would finance: (i) the adaptation and installation of 62 inclusive parks;<sup>69</sup> (ii) the preparation of a manual on the proper use, maintenance, and management of parks, in accessible formats; (iii) the hiring of a technical support team in the Ministry of Urban Development and Housing (MIDUVI), responsible for implementing the parks; and (iv) administration.
- 1.27 **Component 3: Management and innovation in the care of persons with severe disabilities (IDB US\$8.7 million; local US\$1 million).** The objective of this component is to implement a comprehensive support model for caregivers of persons with disabilities and their substitutes. The program will finance the: (i) design of the incentive plan for the “Model of Nearby Support Networks for the Care of Persons with Disabilities,” which will incorporate the use of behavioral-economics-based strategies for the participation of potential substitute caregivers, including incentives for the participation of men in caregiving; (ii) design and implementation of a training strategy in an accessible format; (iii) training of 22,500 caregivers and substitute caregivers, with content on diversity and the gender perspective; (iv) design and implementation of the caregiver certification program; and (v) impact assessment, technical support, and administration, among other things.
- 1.28 **Component 4: Strengthening of special and inclusive education (IDB US\$7.6 million; local US\$0.9 million).** The objective of this component is to ensure persons with disabilities have access to high-quality, inclusive special education in decent conditions. The following activities will be financed: (i) pedagogical support for 106 special education institutions in implementing the new inclusive special education model; (ii) the training and continuing education plan for teachers and administrators, to improve education quality; (iii) teaching and technological materials to improve classrooms in special education institutions; (iv) diagnosis and situational analysis of inclusive education in Ecuador, in order to build an inclusive education model; and (v) technical support and administration.

### C. Key results indicators

- 1.29 **Expected impacts.** The program’s overall impact involves the increased social inclusion of persons with disabilities (especially in terms of the use of public

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<sup>69</sup> The eligibility and prioritization criteria for the areas where the inclusive parks will be installed are outlined in the program Operating Regulations.

services and benefits) and of their caregivers. The selected impact indicators measure the program's education dimension, particularly the increase in persons with disabilities who have graduated from secondary school and who enter higher education. They also address the social protection dimension, through the reduced burden on caregivers of persons with disabilities.

- 1.30 **Expected outcomes.** The outcomes of Component 1, in terms of the increased use of healthcare services, will be measured through, for example, the indicators "registered persons with disabilities who were reclassified" and "live births with hearing screening tests before age 1." For Component 2, a study will be performed with CONADIS support to determine the "usage rate of inclusive parks." For Component 3, results are to be measured through the indicator of "break time given to caregivers of persons with severe disabilities". Lastly, notable indicators for Component 4 are "degrees awarded by special schools" and the "percentage of regular schools that include persons with disabilities."
- 1.31 **Economic analysis.** For Component 1, an ex ante analysis was performed of the provision of assistive technologies, mainly wheelchairs and other mobility aids ([optional link 1](#)). The expected benefits from this intervention include an increase in paid work done by family members, due to the reduced care needs of persons with disabilities, health savings due to fewer days of hospitalization, and more hours worked by persons with disabilities. Based on these assumptions, the following were calculated: a net present value (NPV) of US\$43.3 million, an internal rate of return (IRR) of 145% and a cost-benefit ratio of 3.73. For Component 2, the expansion of public recreational spaces, the benefit of increased hedonic prices for the properties near the parks was taken into account. The following were calculated: an NPV of US\$31 million, an IRR of 323%, and a cost-benefit ratio of 4.1. For the Component 3 caregiver social inclusion policy, the expected benefit is an increase in the hours worked by caregivers because they spend less time caring for persons with disabilities. For Component 3, the following were calculated: an NPV of US\$3 million, an IRR of 49%, and a cost-benefit ratio of 1.45. Lastly, for Component 4, the benefit was calculated in terms of future monetary gains for students with disabilities as a result of completing their secondary school educations. The NPV was calculated to be US\$2 million, the IRR 8%, and the cost-benefit ratio 1.22. For all four components, the net discount rate used was 3% and sensitivity analyses were performed that made it possible to identify certain scenarios under which the NPV would be negative. For Components 1, 3, and 4,<sup>70</sup> the consolidated NPV is US\$49.8 million, the cost-benefit ratio is 2.6, and the IRR is 59%.

## II. FINANCING STRUCTURE AND MAIN RISKS

### A. Financing instruments

- 2.1 The program is structured as a specific investment loan, for a total of US\$45,170,991, of which US\$40,081,242 will be financed from the Bank's Ordinary Capital and US\$5,089,749 will be from the local counterpart, as shown in Table II.1. The disbursement period will be five years.

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<sup>70</sup> Component 2 was not included due to the high variability of the results in the sensitivity analysis.

**Table II.1. Summary of Program Costs**

Components	IDB	Local	Total	%
Component 1: Timely diagnosis and healthcare	13,604,440	1,912,533	15,516,973	34
Component 2: Accessibility of public recreational spaces	10,090,000	1,210,800	11,300,800	25
Component 3: Management and innovation in the care of persons with severe disabilities	8,770,830	1,052,500	9,823,330	21
Component 4: Strengthening of special and inclusive education	7,615,972	913,916	8,529,888	20
<b>Total</b>	<b>40,081,242</b>	<b>5,089,749</b>	<b>45,170,991</b>	<b>100</b>

**Table II.2 Planned Disbursements (US\$)**

Financing	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
<b>IDB</b>	750,000	15,230,000	10,720,000	10,060,000	3,321,242	<b>40,081,242</b>
<b>Local</b>	90,000	1,900,000	1,360,000	1,280,000	459,749	<b>5,089,749</b>
<b>Total</b>	<b>840,000</b>	<b>17,130,000</b>	<b>12,080,000</b>	<b>11,340,000</b>	<b>3,780,991</b>	<b>45,170,991</b>

## **B. Environmental and social risks**

- 2.2 This has been classified as a category “C” operation pursuant to the Environment and Safeguards Compliance Policy (document OP-703), since no negative socioenvironmental impacts are foreseen. The program will not finance infrastructure works, meaning that there will not be any negative effects on natural resources. Adaptations will only be made in existing parks for the installation of inclusive play areas. There are expected to be positive social impacts as a result of the improved quality and expansion of social services for persons with disabilities, their caregivers, and the general population. The improved screening services, replacement of obsolete pieces of assistive technology, certification of caregivers and their substitutes, and training of teachers on the new special education model, etc. are expected to translate into greater social and economic inclusion for the beneficiary public.

## **C. Fiduciary risks**

- 2.3 The following medium risks were identified: (i) it may not be possible to identify the funds received and paid by each coexecuting agency, which will complicate disbursements; and (ii) program procurements may not comply with the minimum quality requirements and the coexecuting agencies may not appropriately apply IDB procurement policies. To mitigate the first risk, a contractual clause for the first disbursement was established under which four exclusive individual accounts are to be opened at the Central Bank of Ecuador, one for each coexecuting agency.<sup>71</sup> To mitigate the second risk, the Bank will finance consulting assistance for the procurement processes and for defining the technical aspects, and the government will ensure that the coexecuting agencies have procurement specialists with appropriate profiles.

<sup>71</sup> As set forth in paragraph 4.4.4.1. of Agreement 447, which lays down the technical regulations for the Treasury System.

#### **D. Other program risks and key issues**

- 2.4 **Development risks.** The possibility that program launch and execution could be delayed was identified as a medium development risk. This risk reflects the technical challenges and the ministries' institutional capacities for developing the care models and managing the program investment areas, such as inclusive education and the caregiver support network. To mitigate this risk, the Bank is arranging for nonreimbursable technical-cooperation resources (project EC-T1405), to provide technical assistance on these policies and models. It was also agreed that the program's Operating Regulations would clearly define each institution's role, the process and communication flows, and the follow-up and results monitoring plan.<sup>72</sup>
- 2.5 **Fiscal sustainability risks.** A medium macroeconomic and fiscal sustainability risk was recorded, due to the possibilities that the loan contract would not be signed and/or that the disbursements would not be delivered as a result of the borrowing limit established in the Ecuadorian regulatory framework having been exceeded. The proposed mitigation measure is for the Bank to closely monitor the country's macroeconomic situation.
- 2.6 **Sustainability.** The future operation of most of the program-financed activities, which seek to strengthen existing healthcare, education, and social services, will be financed by current tax revenue. The public policies supported by this program and by EC-L1238 (loan 4614/OC-EC) are focused on quality improvement, meaning they are more likely to be sustainable in the face of fiscal constraints. The training, capacity-building, technical support, and other activities, are expected to increase the capacity and efficiency of services for persons with disabilities and their caregivers. Where the program finances equipment, services will be maintained with fiscal revenue after the program has ended.

### **III. IMPLEMENTATION AND MANAGEMENT PLAN**

#### **A. Summary of implementation arrangements**

- 3.1 **Borrower and executing agency.** The borrower will be the Republic of Ecuador and the program's coexecuting agencies will be the MSP, MIDUVI, MIES, and MINEDUC, which are responsible for executing Components 1, 2, 3, and 4, respectively. In addition, the Ministry of Economy and Finance (MEF) will be in charge of strategic coordination, through its Coordinating Office for IDB Projects, which will monitor overall program execution. This may entail coordinating institutions and resolving such matters as deviations from the planned investment dates, amounts, or quality. In turn, the coexecuting agencies will all strategically coordinate with the Technical Secretariat for the "Toda Una Vida" Plan, which will help guarantee the continuity of disability-related public policies and the strategic relevance of this operation's activities throughout the execution period.
- 3.2 **Mechanisms for program execution, administration, and coordination.** Under the coexecution arrangement, each coexecuting agency independently receives and administers the Bank funds, which will involve, for example, handling the

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<sup>72</sup> This document is being prepared and will be available before the project is sent to the Bank's Board of Executive Directors.

no objection request and delivering semiannual progress reports for each component. The MEF will be copied on correspondence, will perform its financial management role for the Bank in connection with the justification of expenses and disbursement requests, and will coordinate comprehensive monitoring of the program through portfolio-review or other types of meetings, as necessary. Based on the institutional analysis (Institutional Capacity Assessment Platform), it was decided that each coexecuting agency will administer the program through its own execution team, whether in the form of an existing decentralized operating entity or similar body or one devoted full-time to the program, provided that it performs the autonomous execution functions specified in the Operating Regulations. Each execution team will be established through a ministerial agreement outlining its fiduciary and administrative functions, in line with MEF provisions and rules and internal regulations. The technical management of each component will be coordinated by the execution team with the appropriate areas within each ministry. Each execution team should include a Program Manager/Coordinator responsible for authorizing expenses and executing and signing all the acts and contracts derived from program administration; program-financed consultants with experience in executing projects for the areas of financial management, procurement, legal issues, monitoring and evaluation, and the technical expertise required for the program; and an operational staff financed with local counterpart resources.

- 3.3 The program Operating Regulations will explain the execution plan for each component in detail, clearly defining responsibilities and process flows. It will also specify that the borrower, on its own or through the coexecuting agency, must furnish evidence that it has identified the minimum teams that will work under the direction of each coexecuting agency to execute the program. The Bank must provide its no objection for any changes to the program Operating Regulations during execution.
- 3.4 **The following will be a special contractual condition precedent to the first disbursement of the financing: the borrower, on its own or through the coexecuting agencies, must have furnished evidence that the Operating Regulations have been approved and entered into force under the terms previously agreed upon with the Bank.** This condition is critical because the Operating Regulations will contain the key technical and operational guidelines for the efficient execution of each component.
- 3.5 **Special contractual conditions for execution.** The following will be a special contractual condition for execution: (i) Before the bidding process for the equipment that will be incorporated into the parks under Component 2, the borrower, on its own or through MIDUVI, must have submitted evidence to the Bank showing that MIDUVI has legal ownership of all of the properties where such equipment will be installed. This condition is critical to ensure that the properties are owned by MIDUVI.
- 3.6 **Procurement.** Procurements financed with loan proceeds will be made pursuant to the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-9) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-9). Procurement processes may also be

carried out under the Country System for Public Procurement (see paragraph 6.1 of Annex III). Component 3 of the program includes the single-source selection of a specialized consulting firm to provide support for designing the model for nearby support networks, for US\$120,000, and another firm for the design of the behavioral-economics-based incentives system for an estimated US\$100,000. This single-source selection is justified by the sector's technical characteristics, in accordance with the Policies for the Selection and Contracting of Consultants paragraphs 3.10(d) when only one firm is qualified or has experience of exceptional worth for the assignment and 3.10(c) taking into account the nature and complexity of the assignment, for an amount that shall not exceed US\$100,000.

- 3.7 An impact assessment will be commissioned, in two separate contracts. The first contract will be for gathering the baseline data and the second, for the follow-up survey. The first contract will be awarded under a competitive quality- and cost-based selection (QCBS) procedure. The plan for the second contract is to continue the service with the same company that was awarded the first contract, pursuant to the Policies for the Selection and Contracting of Consultants, paragraphs 3.10(a) and 3.11. Continuity is essential for the impact assessment, and these services will be specified in the Request for Proposals (Terms of Reference) for the baseline study. Provided that the consultant's results and performance in the baseline work are satisfactory, the same consultant will be chosen under the single-source selection procedure for continuity of services, due to the need to maintain the same technical approach, experience acquired, and professional liability. It may be preferable to continue contracting the same consultant rather than carrying out a new competitive process.
- 3.8 **Financial management and audits.** Financial management will adhere to the Financial Management Guidelines for IDB-financed Projects (document OP-273-6) (see paragraphs 7.1 and 7.10 of Annex III). Advances will be made to cover financial needs for a period of up to 180 days, and annual audited financial statements will be requested within the 120 days following the close of each term or of the final disbursement period when execution is over.

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

- 3.9 The monitoring and evaluation plan describes the principal arrangements for supporting the program's targets. Each coexecuting agency will be responsible for periodically monitoring its component. The main objective of this is to ensure continuous analysis of program execution and achievement of output targets in the planned time periods and with the expected costs. Each coexecuting agency will submit the required monitoring information to the Bank every six months, within the 60 days after the end of each half-yearly period. The Bank will also conduct administration missions and inspection visits as established in the supervision plan. Likewise, it will use the Program Monitoring Report to monitor costs and achievement of physical targets, as a mechanism for evaluating program performance. At the outset of project execution, each coexecuting agency will prepare a monitoring plan detailing the information source, data, indicators, and methodology to be used for supervising each activity.
- 3.10 To measure impacts attributable to the program, a causal impact assessment will be performed of Component 3. The objective will be to measure the effect on

caregiver wellbeing of the activities performed to strengthen the care of persons with severe disabilities, by comparing BJGL beneficiary and nonbeneficiary households. A pre-post analysis of Components 1, 2, and 4 will be conducted, with theoretical results attribution based on the relevant vertical logic. The specific objectives of these assessments will be to: (i) evaluate the extent of improvement in early diagnosis, disability classification, and availability of assistive technology; (ii) analyze how much accessibility to public recreational spaces has improved in the zones benefiting from inclusive parks; and (iii) estimate the extent to which the proportion of persons with disabilities who complete their secondary school educations and can begin higher education has increased.

Development Effectiveness Matrix		
Summary		EC-L1236
I. Corporate and Country Priorities		
1. IDB Development Objectives	Yes	
Development Challenges & Cross-cutting Themes	-Social Inclusion and Equality -Gender Equality and Diversity	
Country Development Results Indicators	-Students benefited by education projects (#)* -Beneficiaries receiving health services (#)* -Teachers trained (#)*	
2. Country Development Objectives	Yes	
Country Strategy Results Matrix	GN 2924	Improving the management and quality of social services
Country Program Results Matrix	GN-2915-2	The intervention is included in the 2018 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	10.0	
3.1 Program Diagnosis	3.0	
3.2 Proposed Interventions or Solutions	4.0	
3.3 Results Matrix Quality	3.0	
4. Ex ante Economic Analysis	8.0	
4.1 Program has an ERR/NPV, or key outcomes identified for CEA	3.0	
4.2 Identified and Quantified Benefits and Costs	3.0	
4.3 Reasonable Assumptions	0.0	
4.4 Sensitivity Analysis	2.0	
4.5 Consistency with results matrix	0.0	
5. Monitoring and Evaluation	10.0	
5.1 Monitoring Mechanisms	2.5	
5.2 Evaluation Plan	7.5	
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood	Medium	
Identified risks have been rated for magnitude and likelihood	Yes	
Mitigation measures have been identified for major risks	Yes	
Mitigation measures have indicators for tracking their implementation	Yes	
Environmental & social risk classification	C	
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury. Procurement: Information System, Price Comparison, National Public Bidding.
Non-Fiduciary	Yes	Strategic Planning National System, Monitoring and Evaluation 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		

Note: (\*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

#### Evaluability Assessment Note:

The objective of the project is to contribute to the social inclusion of people with disabilities, through improvements in timely health care, quality education, daily care and recreation.

The diagnostic presents a clear description of the problem and its determinants. The beneficiaries are adequately specified and quantified. The overall vertical logic of the project is adequate, the proposed solutions are linked to the problems identified and their determinants. Although evidence of effectiveness with internal and external validity is not provided for some solutions (Component 3), the project proposes an impact evaluation to assess the effect of the support model for caregivers in the context of Ecuador.

The indicators proposed in the results matrix respond to the vertical logic of the project, showing a correspondence between products, results and impacts. The cost-benefit analysis presents a combined rate of return of 59%. However, it should be noted that the identification and quantification of economic benefits is not completely consistent with the outcome or impact indicators included in the RM.

The analysis of the effectiveness of the project will be supported by a quasi-experimental impact evaluation of Component 3, plus an analysis of attribution based on the vertical logic of the project for the rest of the components.

## RESULTS MATRIX<sup>1</sup>

<b>Program objective:</b>	The objective is to promote the social inclusion of persons with disabilities over the course of their lives, through improvements in timely health care, quality education, daily care, and recreation.
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### EXPECTED IMPACT

Indicator	Unit of measurement	Baseline	Baseline year	Final target 2023	Means of verification
<b>IMPACT #1</b>					
<b>Final impacts indicators</b>					
Burnout syndrome in caregivers of persons with disabilities <sup>2</sup>	Score	59.9 <sup>3</sup>	2018	58.7	Zarit scale caregiver burden measurement instrument <sup>4</sup> applied in the baseline survey and program impact assessment monitoring
% of persons with disabilities who attended school, have graduated from secondary school, and have access to higher education	%	12		15	MINEDUC report (consolidated data from the National Special and Inclusive Education Department and the National Education Assessment Institute)

### EXPECTED OUTCOMES

Indicators	Unit of measurement	Baseline	Baseline year	Final target	Means of verification
Registered persons with disabilities who were reclassified	%	0	2018	60	Report of the MSP National Disability Department (DND) based on the persons with disabilities database
Live births with a hearing screening before age 1		35.5	2017	70	Report of the MSP DND

<sup>1</sup> See detailed Results Matrix in [required link 2](#).

<sup>2</sup> Caregiver burnout syndrome is the standard way of measuring the physical and psychological toll on persons who live with and care for someone with a chronic illness or disability for extended periods of time.

<sup>3</sup> The baseline value is the average Zarit scale score in the study performed in Ecuador of a sample of 167 caregivers of persons with serious and very serious disabilities in district 17D05 ([Urbina Camacho, M. D. L. Á., and Zapata Freire, G. A. 2017](#)). The final target corresponds to an effect of -0.08 standard deviations based on the review of the effectiveness of similar interventions. The baseline and final target values will be updated with the information gathered in the impact assessment baseline survey.

<sup>4</sup> The Zarit scale is the most widely used instrument for assessing caregiver burden. It has been used to quantify the degree of burden in most studies. The original version of the instrument is in English and was copyrighted in 1983. The instrument has been translated into and validated in various languages.

Indicators	Unit of measurement	Baseline	Baseline year	Final target	Means of verification
Registered persons with disabilities who needed replacement assistive technology and were served	%	0	2018	100% <sup>5</sup>	Report of the MSP DND based on the database of assistive technology prescriptions
Registered persons with possible genetic disabilities, who have undergone molecular diagnosis procedures			2018	1.9	Report of the National Department of Specialized Centers of the MSP
Usage rate of inclusive parks in the areas of intervention			2019	1.38 <sup>6</sup>	Study in collaboration with CONADIS
Break time given to caregivers of persons with severe disabilities	SD		2018	0.56	Report of the Undersecretariat for Disabilities based on the MIES system for registering substitute caregivers that includes an application for tracking the activity of substitute caregivers in real time
Degrees awarded by special schools	Average	10.2	2018	11	AMIE [Master File of Education Institutions]
% of regular schools that include persons with disabilities	%	45.6	2018	50	
Students with disabilities with lagging achievement in special education units		43	2018	40	

#### OUTPUTS

Outputs	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification
<b>Component 1: Timely diagnosis and healthcare</b>										
Primary care professionals certified in the new disability classification	Persons	0	2018	0	400	200	200	0	800	Semiannual reports, based on a report of the MSP DND with the content of the virtual and on-site training and attendance list
Classification IT solution installed	IT solution	0	2018	0	0	1	0	0	1	Semiannual reports (based on the MSP DND report)

<sup>5</sup> To calculate the final target, the numerator was taken to be the total number of pieces of assistive technology provided by the program and the denominator to be the number of people at program end who would need the assistive technology without the program. To calculate the denominator, the total number of individuals who need their assistive technology to be replaced in 2018 was taken to be 9,300. Annual population growth was assumed to be 2% and annual growth in the number of pieces of assistive technology that needed to be replaced was assumed to be 25%.

<sup>6</sup> The target is computed as the product of the prevalence of physical disabilities in Ecuador and the expected inclusion rate:  $1.38\% = 3.7\% \times 46.6\% \times 80\%$ , where 3.7% is the percentage of persons in Ecuador with some degree of disability, 46.6% is the percentage of persons with disabilities who have a physical disability, and 80% is the expected inclusion rate.

Outputs	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification
Healthcare facilities equipped for neonatal hearing screening	Facilities	60		60	60	60 <sup>7</sup>	116	117	233	Semiannual reports (based on the MSP DND report, based on certificates of delivery)
Replacement pieces of assistive technology provided	Pieces of assistive technology	0		0	6,800	9,000	9,800	9,800	35,400	Semiannual reports (based on the MSP DND report and certificates of delivery)
Laboratory equipped for molecular genetics analysis	Laboratory	0		0	0	0	1	0	1	Semiannual reports (based on the report of the MSP National Department of Specialized Centers)
Technical reports and studies submitted	Reports	0		1	1	1	1	1	5	Semiannual reports (based on the MSP DND report, based on certificates of delivery)
Component 2: Accessibility of public recreational spaces										
Inclusive parks set up	Parks	0	2018	14	30	18	0	0	62	Semiannual reports
Use, maintenance, and prevention manual prepared	Manual			1	0	0	0	0	1	Semiannual report
Technical reports and studies completed	Reports			1	0	0	0	0	1	Semiannual reports
Component 3: Management and innovation in the care of persons with severe disabilities										
Incentive plan implemented	Plan	0	2018	0	0	1	1	1	1	Semiannual reports (based on the MIES substitute caregiver registration system)
Substitute caregivers registered in the new registry	Persons			0	2,800	6,500	6,500	6,700	22,500	
Caregivers trained		0	2018	0	0	5,625	5,625	0	11,250	Semiannual reports (based on the MIES Undersecretariat for Disabilities attendance lists)
Substitute caregivers trained	0			0	5,625	5,625	0	11,250		
Care program certified	Certification	0	2018	0	0	0	0	1	1	Semiannual reports (based on the MIES Undersecretariat for Disabilities report)
Impact assessment performed	Assessment			0	0	0	0	1	1	Semiannual reports (based on the IDB-MIES assessment team evaluation report)
Technical reports and studies submitted	Report			1	1	1	1	1	5	

<sup>7</sup> The values for years 1 and 2 assume that the existing equipment in the baseline facilities continues to work and is within its useful life during the first few years of execution.

Outputs	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification
Component 4: Strengthening of special and inclusive education										
Territorial support teams contracted	Persons	0	2018	0	25	52	0	0	77	Semiannual reports (based on the list of contracts issued by the Undersecretariat for Inclusive Education)
Schools with trained teachers and administrators	Schools				53	0	53	0	106	Semiannual reports (based on attendance list, issued by the Undersecretariat for Professional Development)
Schools provided with teaching and technological materials and furniture					53	53	0	0	106	Semiannual reports (based on MINEDUC material delivery report)
Inclusivity campaign implemented					Campaign	0	1	0	0	1
Inclusive education diagnosis completed	Diagnosis				0	1	0	0	1	Semiannual reports (based on copy of the official letter issued by MINEDUC)

## FIDUCIARY AGREEMENTS AND REQUIREMENTS

<b>Country:</b>	Ecuador
<b>Project:</b>	EC-L1236
<b>Name:</b>	Support Program for the Social Inclusion of People with Disabilities in Ecuador
<b>Coexecuting agencies:</b>	Ministry of Public Health (MSP), Ministry of Urban Development and Housing (MIDUVI), Ministry of Economic and Social Inclusion (MIES), and Ministry of Education (MINEDUC).
<b>Prepared by:</b>	Juan Carlos Dugand and Gumersindo Velázquez (FMP/CEC)

### I. SUMMARY

- 1.1 This document contains the fiduciary agreements on procurement and financial management for program execution, prepared based on the: (i) fiduciary context of the country; (ii) evaluation of fiduciary risks; (iii) loan execution supervision activities performed by the four ministries; (iv) analysis of the ministries' institutional capacities; and (v) inputs from meetings with involved teams and entities.

### II. THE COUNTRY'S FIDUCIARY CONTEXT

- 2.1 **Country procurement system.** The respective agreement was signed on 13 May 2014; implementation of the use of the country system was launched on 24 September 2014, and Resolution RE-SERCOP-2014-0000014 was published on 4 November 2014. The country system will be used for the procurement of: (i) goods, nonconsulting services, and works whose estimated value is less than the threshold stipulated by the IDB for international competitive bidding (ICB); and (ii) consulting services provided by firms, with an estimated value of less than US\$200,000; for such contracts, the shortlist may comprise entirely national firms, in accordance with the Policies for the Selection and Contracting of Consultants.
- 2.2 **Financial management system.** The central government entities use the e-SIGEF financial management system, which integrates the budgeting, accounting, and treasury processes. Government bodies are subject to the control and oversight of the Comptroller General's Office (CGE). Overall, the country financial management systems are adequately developed, but their financial reports must be supplemented with nonaccounting records and an external audit by auditing firms acceptable to the IDB. Ecuador uses a Single Treasury Account (CUT) system. However, there are some restrictions on keeping separate registries when several coexecuting agencies participate in the same program, which means that additional controls must be adopted in this program (see paragraph 5.1). The government is implementing a new system to replace the e-SIGEF, expected to be launched in 2020.

### III. THE EXECUTING AGENCY'S FIDUCIARY CONTEXT

- 3.1 The MSP, MIDUVI, MIES, and MINEDUC are the coexecuting agencies for the program and will independently execute it. The Ministry of Economy and Finance (MEF) will participate in the program as the borrower's representative, have the strategic role of facilitator, and support the progress of the respective ministries.
- 3.2 The coexecuting agencies have been using the country procurement systems, under which purchases are recorded in the government procurement portal. For financial management, they use the national e-SIGEF system, have internal control units that report to the CGE, and are subject to external control by the CGE.

### IV. FIDUCIARY RISK ASSESSMENT AND MITIGATION MEASURES

- 4.1 The following medium risks were identified: (i) it may not be possible to identify the funds received and paid by each coexecuting agency, which will complicate disbursements; and (ii) program procurements may not comply with the minimum quality requirements and the coexecuting agencies may not appropriately apply IDB procurement policies. To mitigate the first risk, a contractual clause for the first disbursement was established under which four exclusive individual accounts are to be opened at the Central Bank of Ecuador,<sup>1</sup> one for each coexecuting agency. To mitigate the second risk, the Bank will finance consulting assistance for the procurement processes and for defining the technical aspects, and the government will ensure that the coexecuting agencies have procurement specialists with appropriate profiles.

### V. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF CONTRACTS

- 5.1 **Special contractual condition precedent to the first disbursement of the financing:** the borrower, on its own or through the coexecuting agencies, must submit evidence that it has four exclusive individual accounts open at the Central Bank of Ecuador, one for each of the four coexecuting agencies.<sup>2</sup> The disbursed program funds must remain in those accounts until it is time to make the necessary payments for program execution. This condition is critical since it will make it possible to obtain individual reports on the income, expenditures, adjustments, and other transactions made by each program coexecuting agency. At this time, such reports, which will ensure the traceability of the funds disbursed to each coexecuting agency, cannot be obtained from the CUT.

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<sup>1</sup> As set forth in paragraph 4.4.4.1. of Agreement 447, which lays down the technical regulations on the Treasury System.

<sup>2</sup> Each coexecuting agency will execute one component. The MSP will execute Component 1, MIDUVI Component 2, MIES Component 3, and MINEDUC Component 4.

## VI. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

- 6.1 **Procurement execution.** The initial procurement plan will be for the first 18 months and will be updated annually or as necessary. It will be managed through the Procurement Plan Execution System (SEPA).
- a. **Procurement of goods, works, and nonconsulting services** (Policies for the Procurement of Goods and Works financed by the Inter-American Development Bank, document GN-2349-9). The thresholds for the use of ICB are indicated in Table VI-1. Contracts for goods, works, and nonconsulting services generated under the program and subject to ICB will use the standard bidding documents issued by the Bank. Procurement processes subject to national competitive bidding and the shopping method will use documents agreed upon with the Bank.
  - b. **Selection and contracting of consultants** (Policies for the Selection and Contracting of Consultants financed by the Inter-American Development Bank, document GN-2350-9). For the selection and contracting of consulting services, any of the methods described in the Policies for the Selection and Contracting of Consultants may be used, provided that said method has been included in the Bank-approved procurement plan. The threshold for inclusion of international consultants on the shortlist is indicated in Table VI-1. Contracts established under the program for consulting firms will use the Bank-issued Standard Request for Proposals.
  - c. Component 3 will include the procurement of an impact assessment, for which two contracts are planned. The first contract will be for gathering the baseline data and the second, for the follow-up survey. The first contract will be awarded under a competitive quality- and cost-based selection (QCBS) procedure. The second contract is expected to be established with the same company through single-source selection for continuity of service, as indicated in the Policies for the Selection and Contracting of Consultants, paragraphs 3.10(a), and 3.11. Continuity is essential in order to maintain the technical approach, experience acquired, and professional liability of the same consultant.
  - d. Also in Component 3, the program provides for the single-source selection of a specialized consulting firm to provide support for designing the model of nearby support networks, for US\$120,000, and another firm for the design of the behavioral-economics-based incentives system for an estimated US\$100,000. This single-source selection is justified by the technical characteristics of the work, in accordance with the Policies for the Selection and Contracting of Consultants paragraphs 3.10(d) when only one firm is qualified or has experience of exceptional worth for the assignment and 3.10(c) taking into account the nature and complexity of the assignment, for an amount that shall not exceed US\$100,000.
  - e. **Selection of individual consultants.** For the cases indicated in the approved procurement plans, contracting of individual consultants will entail the preparation of a shortlist of qualified individuals, obtained through local or international calls, as the case may be, pursuant to document GN-2350-9, section V, paragraphs 5.1 to 5.4.

- f. **Training.** The procurement plan will specify the procurement processes that apply to the program components that include training elements to be contracted as consulting and nonconsulting services.
  - g. **Use of the country procurement system.** Use of the country system for public procurement<sup>3</sup> in IDB-financed programs will adhere to the agreement mentioned in paragraph 2.1.
  - h. **Domestic preference.** Offers of goods originating in the borrower's country will receive a price preference<sup>4</sup> equivalent to 15% in contracts subject to ICB.
  - i. **Retroactive financing and recognition of expenditures.** None.
  - j. **Other:** No other expenses foreseen.
- 6.2 Thresholds for ICB and international shortlist.

**Table VI-1. Table of Thresholds (US\$)**

Works			Goods			Consulting services	
ICB	National competitive bidding	Shopping	ICB	National competitive bidding	Shopping	International advertising	100% national shortlist
≥3,000,000	<3,000,000 ≥250,000	< 250,000	≥250,000	< 250,000 ≥50,000	< 50,000	≥200,000	<200,000

- 6.3 The coexecuting agencies are responsible for preparing and updating the procurement plan;<sup>5,6</sup> the following table lists the main procurement processes.

**Table VI-2. Main Procurement Processes**

Activity	Selection method	Estimated invitation date	Estimated amount (US\$ thousands)
Consulting services (firms)			
Preparation of diagnosis and situational analysis of inclusive education in Ecuador	QCBS	NOV/20	200
Design of behavioral-economy-based incentives system	SSS	MAY/19	100
Design of model for nearby support networks for caregivers	SSS	MAY/19	120
Component 3 impact assessment (Ministry of Economic and Social Inclusion)	SSS	JAN/23	500

<sup>3</sup> If another system or subsystem is approved by the Bank, it may be used in the program, pursuant to the loan contract.

<sup>4</sup> Policies for the Procurement of Goods and Works financed by the Inter-American Development Bank (document [GN-2349-9](#)) Appendix 2 and the loan contract.

<sup>5</sup> Policies for the Procurement of Goods and Works financed by the Inter-American Development Bank (document [GN-2349-9](#)) paragraph 1.16; Policies for the Selection and Contracting of Consultants (document [GN-2350-9](#)) paragraph 1.23. The borrower must prepare, and before loan negotiations, furnish to the Bank for its approval, a procurement plan acceptable to the Bank for the initial period of at least 18 months.

<sup>6</sup> See the [guidelines for preparing and implementing the 18-month procurement plan](#).

Activity	Selection method	Estimated invitation date	Estimated amount (US\$ thousands)
<b>Goods and nonconsulting services</b>			
Procurement of 35,400 pieces of assistive technology (wheelchairs and postural support chairs)	ICB	JUL/19	7,891
Procurement of 383 otoacoustic screening instruments and inputs for 233 healthcare facilities and hospitals where deliveries are performed	ICB	OCT/21	2,300
Procurement and adaptation of IT solution for classification registry	ICB	APR/19	1,000
Adaptations of inclusive parks with street furniture (play equipment, fitness machines, furniture, pathways, and signage)	ICB	MAR/19	9,052
Design, printing, and distribution of educational and training materials in an accessible format	ICB	AUG/21	3,050
On-site training for 11,250 caregivers and 8 trainers	ICB	JUL/22	1,142
Procurement of adapted furniture for special education institutions	ICB	NOV/19	3,000
Training services on using the inclusive education training methodology plus training for 1,000 special education teachers	ICB	FEB/21	1,794
<b>Individual consulting services</b>			
15 months of technical support for 34 professionals (psychologists, educational psychologists, education administrators, among others) on monitoring the MINEDUC component—3 consultants per zone and 7 at central headquarters	3CV	JUL/19	987

- 6.4 **Procurement supervision.** Contracts subject to ex post review by the IDB will be established pursuant to Appendix 1 of the Policies; contracts for amounts equal to or greater than those indicated in Table VI-3 will be reviewed ex ante. IDB ex post review visits will be made at least once every 12 months. Ex post review reports will include at least one physical inspection visit, where applicable.

**Table VI-3. Thresholds for Ex Post Review (US\$)**

Works	Goods	Consulting services	Individual consulting
<3,000,000	<250,000	<200,000	<50,000

Note: The ex post review thresholds are applied according to the executing agency's fiduciary capacity for execution and may be modified by the Bank to the extent that such capacity varies.

- 6.5 **Records and files.** Each coexecuting agency must keep the records up to date and the files duly organized, with procurement-related documentation in a single folder that is easily differentiated from processes financed by each of the sources that form part of the program.

## VII. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

- 7.1 **Programming and budget.** The Organic Code of Planning and Public Finance (COPYFP) establishes the regulations that govern the programming, formulation, approval, execution, control, evaluation, and settlement of the budgets. These regulations apply to the execution of the IDB-financed programs in the country. The integrated e-SIGEF system and the new system being developed by the government give effect to and standardize the application of these regulations throughout the country's public administration apparatus. Each coexecuting agency will, for its part of the program, obtain and update the certificate of priority and inclusion in the Annual Public Investment Plan, to ensure its budget includes the respective budgetary allocations. Each coexecuting agency will also obtain the guarantees necessary for the procurement processes, and will oversee budgetary execution through the respective systems.
- 7.2 **Accounting and information systems.** Program accounts will be kept in the e-SIGEF or in the new system being developed by the government, once it is launched. The system will keep track of all program liabilities and payments, but nonaccounting records will be required for itemizations of each component and for generating the program's financial reports while the reliability of the new system and its reports is being verified.
- 7.3 **Disbursements and cash flow.** In 2008 the Government of Ecuador introduced the CUT mechanism, which consolidated the treasury management of all central government entities.
- 7.4 The implementation of this mechanism did not eliminate the special account or specific purpose systems, which are managed at the Central Bank of Ecuador for receiving multilateral loans. The program will have four exclusive accounts at the Central Bank of Ecuador,<sup>7</sup> to which the loan proceeds will be disbursed. All program payments will be made through the e-SIGEF or the new system by debiting the exclusive accounts or the CUT. For the latter, the funds will only be transferred from the exclusive accounts to the CUT on the very same day on which the payments are to be made.
- 7.5 The IDB will make separate loan disbursements for each coexecuting agency as advances, according to their actual liquidity needs and pursuant to the financial plan and itemized cash flow statement, for a period of up to six months. At the borrower's request, the Bank may also make direct payments to suppliers or reimburse expenses. In the IDB systems, the components executed by each coexecuting agency will be managed like subloans, to make it possible to administer separate advance payments.
- 7.6 The advance funds will be accounted for as set forth in document OP-273-6, and once each coexecuting agency has justified at least 80% of the balance of prior advance payments, a new disbursement may be made for the component it is executing.

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<sup>7</sup> As set forth in paragraph 4.4.4.1 of Agreement 447, which establishes the technical regulations for the Treasury System.

- 7.7 Supporting documentation for the payments made will be reviewed by the IDB and/or the external auditors after disbursement of funds.
- 7.8 **Internal control and internal audit.** The CGE is responsible for the public sector oversight system. As part of this sector, the coexecuting agencies have their own internal auditing areas that report directly to the CGE. However, the IDB will not use their services since their auditing plans do not include a review of the program. The program Operating Regulations will include the principal internal control processes needed to ensure that the controls are functioning correctly.
- 7.9 **External control and reports.** Since the CGE does not currently have sufficient capacity to exercise the external control of programs financed with external debt resources, the external audit of the program will be performed by independent auditors acceptable to the Bank, pursuant to IDB requirements (document OP-273-6). The auditing firm will be contracted by the MSP for the entire program, including for the individual components executed by each coexecuting agency, on the basis of the terms of reference previously agreed upon with the Bank. This may be financed with loan proceeds. During execution, audited financial statements will be submitted annually within the 120 days following the date on which each financial period closes. The final audited financial statements will be submitted within 120 days after the date of the last disbursement.
- 7.10 There is no national policy on public disclosure of audit reports. However, according to the access to information policy in force, the program's audited statements must be published in IDB systems.

**Table VII-1. Supervision Plan**

Supervision activity	Supervision plan			
	Nature and scope	Frequency	Responsible party	
			Bank	Third party
Operational	Progress report review	Semiannual	Program team	
	Review of portfolio with coexecuting agency and MEF	According to MEF requirements	Program team	Coexecuting agencies
Financial	Review of cash flow programming and disbursement execution	At the request of the Bank, with each request for an advance, in portfolio reviews or supervision visits	Program team	Coexecuting agencies/ Auditors
	Supervision visits	Annual	Fiduciary specialist	Coexecuting agencies
	Review of audited and unaudited financial statements	Annual	Fiduciary specialist and Project Team Leader	Coexecuting agencies
	Review of disbursement requests	Periodic	Fiduciary and sector team	Coexecuting agencies/ Auditors

Supervision activity	Supervision plan			
	Nature and scope	Frequency	Responsible party	
			Bank	Third party
Procurement	Ex post review of procurements	Pursuant to supervision plan	Project Team Leader and fiduciary specialist	Coexecuting agencies
	Ex ante review of procurements	Pursuant to the procurement plan	Project Team Leader with support from the procurement specialist	Coexecuting agencies
	Updating of procurement plan	Annual	Project Team Leader with support from the procurement specialist	Coexecuting agencies
Compliance	Compliance with conditions precedent	Once	Program team	Coexecuting agencies/MEF
	Review of budgetary allocation	Annual	Program team	Coexecuting agencies
	Submission of audited financial statements	Annual	Project Team Leader and fiduciary specialist	Coexecuting agencies/ Auditors

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/18

Ecuador. Loan \_\_\_\_/OC-EC to the Republic of Ecuador  
Support Program for the Social Inclusion of People  
with Disabilities in Ecuador

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 Support Program for the Social Inclusion of People with Disabilities in Ecuador. Such financing will be for the amount of up to US\$40,081,242 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 \_\_\_\_ 2018)