

SUPPORT FOR THE POPULATION AND HOUSING CENSUS AND STRENGTHENING OF THE NATIONAL STATISTICS SYSTEM

(EC-0197)

EXECUTIVE SUMMARY

Borrower and guarantor:	Republic of Ecuador	
Executing agency:	National Statistics and Censuses Institute	
Amount and source:	IDB: (OC)	US\$12,500,000
	Local:	US\$6,500,000
	Total:	US\$19,000,000
Financial terms and conditions:	Amortization period:	20 years
	Disbursement period:	4 years
	Grace period:	42 years
	Interest rate:	variable
	Inspection and supervision:	1.00%
	Credit fee:	0.75%
	Currency:	U.S. dollar from the Single Currency Facility
Objectives:	<p>The general objective is to support the Government of Ecuador in conducting the Sixth Population Census and the Fifth Housing Census, through INEC, and in developing the National Statistics System to improve the quality and reliability of its products.</p> <p>The specific objectives are to: (i) provide INEC with the human, material, and financial resources needed to ensure that the census cycle is conducted efficiently, in the time scheduled and with the required level of quality; (ii) ensure that Ecuador's Census 2001 provides highly-reliable data and significant content for national and international users in the public and private sectors; (iii) ensure that census activities use modern census technology, particularly for map updating, data processing, and disseminating results; (iv) develop an Integrated Household Survey System (IHSS) to produce timely, reliable data on the living conditions and income and expenditures of households in the country and promote use of the system by users in the public and private sectors in a context of institutional</p>	

strengthening that guarantees its continuity; (v) strengthen the system of short-term indicators, by updating the baskets, weighting, and directories that serve as the basis for calculating the main price indices (consumer, producer, construction, and wage) to reflect their true patterns; and (vi) institutional strengthening of INEC to conduct activities related to national censuses, household surveys, and short-term indicators and prepare a diagnosis of the National Statistics System to lay the groundwork for its development.

Description: The program has three components: (i) **population and housing census**; (ii) **integrated household survey system and short-term indicators**; and (iii) **foundation for the institutional strengthening of the NSS**.

The Bank's country and sector strategy: The objective of the proposed Bank strategy for the country is to: (i) stabilize the economy and revive growth capacity; (ii) alleviate poverty and train human capital; (iii) manage infrastructure with private sector participation; and (iv) modernize and decentralize the State and promote regional development.

Environmental and social review: The Committee on Environmental and Social Impact (CESI) reviewed and approved Profile I of this operation on August 25, 2000. It determined that the census questionnaire should include questions to obtain substantive information on gender, the ethnicity of the population, and environmental conditions. Those questions were included and are being tested in the experimental census; some are also being tested through subsampling. Project execution is not expected to have a negative environmental or social impact. On the contrary, the census information collected and processed will make it possible to better identify pockets of poverty and areas with the greatest demand for or shortfalls in public services of all kinds.

Benefits: Population censuses were originally geared towards counting a country's inhabitants. Today they are an important source of information and guidance on economic and social development, employment, migration, housing, education, public health, social welfare, and many other areas that decision makers in the public and private sectors touch upon. The data generated will provide elements, *inter alia*, for social and demographic analysis, such as information on gaps between geographic areas and social groups, and for studying issues related to poverty and inequality, gender, and the development of indigenous peoples, such as their organization, territory, culture, production, etc.

The main benefits of improving household surveys in Ecuador will be: (i) the development and implementation of a sustainable integrated household survey system; (ii) installation of national capacity to manage, implement, and analyze household surveys; (iii) improved

communication between the entities that produce data on living conditions and the users; (iv) easy access to the databases and broad dissemination of household survey results; and (v) improved standardization of the basic concepts and methodologies.

The short-term indicators will give the country current, reliable data on the evolution of different prices, which are crucial for setting public policy and analyzing economic conditions.

Risks:

The greatest problem with the 1990 population and housing census was the lack of collaboration with some campesino sectors, which resulted in census omissions of roughly 7%. The situation for the 2001 census is different, since four campesino/indigenous organizations were involved in preparing the census and will even work as census takers. Campesino communities are also interested in participating, since they will benefit from the new geo-political definition of the country stemming from the decentralization process.

The main challenge regarding the Integrated Household Survey System is to make it sustainable. To that end, the program will look for co-financing from public agencies that use the data, and selected products may be sold to private institutions. The improved interaction between producers and users (government, bilateral agencies, NGOs, the academic community, civil society, etc.) resulting from this project will foster ongoing, permanent demand for high-quality household survey data that have broad geographic coverage on a wide range of topics.

Special contractual clauses:

Prior to the first program disbursement, the executing agency will present evidence to the Bank's satisfaction that: (i) the Project Coordination and Support Unit (CSU) and the four regional support units (RSUs) have been set up; (ii) contracts have been signed with the consultants who will form the unit; and (iii) separate bank accounts have been opened for the Bank's financing and the local contribution, and the expenses and amounts that the RSUs can execute directly, with CSU authorization, have been set.

Poverty-targeting and social sector classification:

This operation does not qualify as a social equity-enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704).

Exceptions to Bank policy:

None.

Procurement:

Procurements will be made in accordance with Bank procedures. Only one bid call for over US\$250,000 is planned, to procure information systems. Since the country has a broad range of computer

manufacturers that also offer support and basic training services for these goods, the international bidding amount was set at US\$320,000.

I. FRAME OF REFERENCE

A. Background

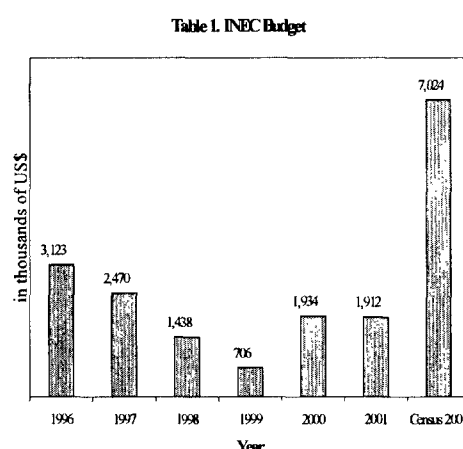
1. The National Statistics System (NSS)

- 1.1 The National Statistics System (NSS) is made up of the statistics bureaus of the public agencies that produce primary data, user institutions, and central organs responsible for data collection and processing. The main entities in the system are: the National Statistics and Censuses Institute (INEC), the steering agency responsible for executing censuses, surveys, and sector and demographic statistics, among others; the Central Bank of Ecuador, which is responsible for national accounts and macroeconomic forecasting; the Technical Secretariat of the Ministry of Economy and Finance, which generates data to support economic policy; the Integrated System of Social Indicators of Ecuador (SIISE); and the statistics departments or offices in other public agencies that are responsible for recording the System's primary data.
- 1.2 INEC is a legally-established public company, attached to the Ministry of Economy and Finance (MEF). Its Quito headquarters has a staff of 209; it also has four regional offices as follows: Coastal with 82 persons, Northern with 60, Central with 34, and Southern with 35. Of INEC's 420 staff members, 130 execute administrative tasks. According to its own estimates this number is excessive, however the rolls cannot be cut, because there are no resources available for severance pay. In addition, there is not sufficient high-level technical personnel, particularly in demography, statistics, and mapping.
- 1.3 The national population and housing census, together with the economic and agricultural censuses, the sampling surveys, including household surveys, and administrative registries are the foundation of national statistical data. Censuses primarily collect basic data on the population, households, and dwellings and serve as a sampling framework for conducting periodic surveys to gather information between censuses; because they are universal, they are the main source of data on small geographic or local areas, where surveys are not representative.
- 1.4 Although there is significant production of statistics, there is a widening gap in the NSS between the information produced and that demanded, as well as in the credibility of some of its most important products. Some reasons for this are that no institutional arrangements are in place to guarantee its autonomy and there is no coordination in the system because of the absence of formal, effective coordination mechanisms. The Statistics Act, which created the NSS, did not define the system; it only assigned its functions, which created an institutional vacuum that was filled

by different government units in the country, as the need arose, until there was a juxtaposition of entities with similar tasks.¹

1.5 The state supply of statistical series is very concentrated in the country's capital. For example, Guayaquil, which is the most populated city in the country and has the most productive infrastructure, generates less than one tenth of official statistical series. Furthermore, only one fourth of the units that produce sectoral statistical series publish their findings, and only one third of public and private institutions are listed as permanent users of official data.

1.6 The economic difficulties and fiscal constraints that the government has faced in the last decade translated into considerable cuts in the human and financial resources of institutions that provide data, in particular INEC, as seen in Table 1.² Furthermore, the perception of statistics as an exclusively public good has blocked the development of other ways to finance the production of data. Resource shortages make existing shortfalls more acute in official institutions for generating reliable administrative registries; in fact this responsibility has been transferred to INEC³. The economic factor also contributed to the gradual deterioration of human resource development systems both in INEC and in primary data providers and to the obsolescence of the main agencies' computer systems.



1.7 Paradoxically, at the same time there has been greater demand for data because of: (i) the decentralization in the use of resources, stemming from the Special Act to distribute 15% of the budget and redefine the legal and administrative structure of the territory; (ii) the incorporation of targeting strategies in social programs, which require up-to-date knowledge of the population's living conditions at the provincial and local levels; and (iii) the side effects of the recent official adoption of the new dollarization model on the system of national accounts.

¹ This situation could worsen if the Central Bank's new roles remain undefined, given that institution's responsibility for the national accounts system.

² The pro forma budget submitted to Congress, requesting over US\$7 million, shows the high priority the government has placed on conducting the census.

³ Also, for basic statistics on migration and health, INEC diverts a large amount of resources to collecting and consolidating data, since the civil registry, international police, and health offices do not execute that task.

2. The population and housing census

- 1.8 The April 27, 1976 Statistics Act of Ecuador stipulates that INEC is responsible for conducting population, housing, and economic censuses. A July 1999 Executive Decree approved the execution of the Sixth Population Census and the Fifth Housing Census for 2001, stating that it was a priority task for the government.
- 1.9 Population and housing censuses are the largest statistical operation in any country. The census is the primary source for basic statistics on the population, which are used to prepare a country's social and economic plans. It involves collecting, compiling, verifying, organizing, and publishing demographic, economic, and social data for each of the country's inhabitants at a given point in time.⁴
- 1.10 Awareness raising among the population, institutions, and authorities is needed at all stages of the census. After the census, there must be a major effort to make the data accessible to all public and private users. There must also be adequate use of the results at the national, provincial, and local levels, particularly given the trend towards decentralization of the government and government actions.
- 1.11 Census data is even timelier when decentralization policy is being devised, which requires redefining the legal and administrative structure of the territory. In particular, the results of Census 2001 will have a decisive impact on the enforcement of the Special Act to distribute 15%⁵ of the central government's budget to the provincial governments.
- 1.12 The topics to be researched in a census must be suited to the proven needs of users, bearing in mind cost-efficiency considerations. The research units and some of the topics to be investigated in the 2001 census will be: (i) housing: type of dwelling, construction materials, number of households in the dwelling; (ii) household: services in place, number of rooms, kitchen, fuel for cooking, amenities, language spoken in childhood, number of members in the household, infant and child mortality; and (iii) population: gender, age, make-up of household, literacy, level of education, school attendance, languages spoken, ethnic origin, health insurance coverage, occupation, economic activity, employment category and group of employed persons, civil status, and fertility.
- 1.13 INEC has experience conducting censuses, since it executed the last one in November 1990. On that occasion the surveying, processing, analysis, and publication goals were met satisfactorily, and the national and provincial results were published at the end of 1991 and 1992, respectively. Even though INEC has technical and operating experience, it has certain shortfalls in qualified human

⁴ The basic characteristics of population and housing censuses are universality, individual responses, simultaneity, and set periodicity, while maintaining statistical secrecy.

⁵ The Special Act to distribute 15% of the budget creates a decentralization fund; its distribution rates are based on population and basic unmet needs criteria, provided by INEC.

resources in specific areas, physical infrastructure, computer equipment, and resources to be mobilized during the census operations, as well as in modern methods of data capture, codification, storage, and distribution.

- 1.14 Even with these limitations, INEC has done much of the pre-census work; there are already detailed timetables of all activities required through the end of 2003 (see Annex II), the census methodology has been defined, and the form and budget prepared. Also, the Experimental Census has been designed, which will involve 20,000 dwellings throughout the country and will be held on November 26, 2000. Progress has also been made in inter-institutional consensus building, by consulting international organizations and grassroots organizations. The latter are directly involved in defining the questions on the form and logistical support plans, and some of their members are participating as census takers.

3. Household surveys and short-term indicators

- 1.15 Household surveys are the most important source of population and housing data between censuses, insofar as they reveal demographic, economic, and social changes. In particular, they help to determine the country's employment and unemployment patterns; measure and identify the factors that determine the population's living conditions; and understand the income and consumption structure of households. The population and housing census provides the sampling framework needed to conduct household surveys. Together with the sample surveys, censuses can be used to determine social indicators in small geographic areas – this data is in growing demand from local and regional governments.
- 1.16 INEC has experience conducting household surveys. It has conducted the Urban Employment and Unemployment Survey regularly since 1993; the National Survey of Household Income and Expenditures in 1994-95, and the Living Conditions Survey in 1995, 1998, and 1998-99. Since 1998, the periodicity of the Urban Employment and Unemployment Survey has gone from semiannually to annually, due to a lack of financial resources. Likewise, even though INEC has conducted several household surveys, it has not been able to institutionalize methodological procedures for these.
- 1.17 Capacity must be strengthened in Ecuador to improve the production, organization, dissemination, and use of data from household surveys. The main factors that impinge on the quality, availability, and accessibility of this data are: (i) limited training of human resources in the methodological process for producing household surveys and in techniques for processing data and analyzing the information generated; (ii) the lack of an adequate information technology infrastructure; (iii) the absence of systematic methodological plans and operating procedures; (iv) the lack of standardized concepts; (v) the absence of mechanisms to broadly channel the flow of information in a timely manner to the different user organizations; and (vi) scarce interaction with users to determine the country's real information needs.

- 1.18 The sweeping changes in relative prices, the economic downturn resulting from the crisis in recent years, and dollarization have affected household income and expenditure structure; therefore the different baskets of typical products used for statistics have to be revised. Furthermore, the basis of the consumer price index in place since 1996 was calculated using the 1994-95 Survey of Income and Expenditures and needs to be updated. The construction price index is out of date, since the basket was weighted in 1988. Furthermore, much of the producer price index corresponds to the agriculture and fishing sector, the directories for which are not representative and need to be reformulated. The employment and wage index has the same problem since the directories of the economic surveys on which it is based are also out of date.
- 1.19 Therefore, the household survey system that covers immediate and mediate information needs for the design and formulation of economic and social policies must be updated and strengthened. There is also a need for short-term indicators that accurately reflect the evolution of prices that affect consumers and economic activities, in addition to systematic, up-to-date information on changes in the labor market.
- 1.20 The country has developed an Integrated System of Social Indicators (SIISE) that continuously generates key data to support public policy. For system continuity, the basic information fed into the system for estimating socio-economic indicators must be constantly updated. The SIISE also established a cooperation agreement with INEC to establish a library of social databases, inventory the statistical series and databases produced in agencies of the central government, and conduct a survey of users (demand), which will be incorporated into and continued in this program. This responds to the interest expressed by the main civil society users (NGOs, universities, etc.) in having quality, timely data on households.

4. Stock of computer equipment

- 1.21 Regarding information technology, INEC has a stable, capable group of technical personnel, although their numbers are not sufficient to adequately support the institution's need to process large amounts of data. The main hurdles in this area are an insufficient infrastructure of computers, most of which are obsolete; the absence of a data network, and the lack of a telecommunications infrastructure with the four regional offices. In practice these factors hinder the coordinated, timely capture, analysis, and dissemination of information.

B. Country strategy in the sector

- 1.22 The integral modernization of the NSS would involve a series of inter-institutional agreements between INEC and the other agencies in the system; great coordinating capacity to modernize the steering body and the agencies, while the population census scheduled for 2001 is being conducted; and setting the future policy of the Central Bank. Furthermore, the cost of a program of this magnitude is more than the country's current budget can support.

- 1.23 The government has therefore decided to adopt a strategy for improving the NSS that, given current budgetary and institutional conditions, will focus on: (i) improving selected products that have an exponential impact on the entire system; (ii) strengthening INEC and preparing it for the demands of the new NSS; and (iii) promoting discussion of the profile the system should have, based on the diagnosis of the current system.

C. Bank strategy in the country

- 1.24 The objective of the proposed Bank strategy for the country is to: (i) stabilize the economy and revive growth capacity; (ii) alleviate poverty and train human capital; (iii) manage infrastructure with private sector participation; and (iv) modernize and decentralize the State and promote regional development.⁶
- 1.25 The Bank began its support of the census with US\$1.6 million for the Preinvestment Program (919/SF-EC), which is an important source of financing for the preparatory activities being conducted. The operation here would sustain those activities and would cover all activities related to the census cycle, among others.

D. Program strategy

- 1.26 The program being proposed here falls under the Bank country strategy, since it would support the generation of key data for the modernization and decentralization of the State; private-sector decision making; the design and monitoring of poverty-targeted programs; and human capital training, helping to improve the quality of government decisions on the use of public resources.

E. Bank experience

- 1.27 The Bank has experience in institutional reform programs, as well as in supporting census preparation. Technical cooperation for the latter includes operations for Argentina (AR-0261), Bolivia (BO-0189), Nicaragua (ATN/TF-4736), Paraguay (PR-0130), and Suriname (SU-0025). The operation gathers the Bank's experience on both fronts to support INEC's steering role, lay the groundwork for a modern National Statistics System, and conduct a high-quality, reliable census.
- 1.28 The Bank has also been lending technical support for the creation of micro-databases, the development of digital mapping, and a geographic information system, through the IDB/CELADE regional technical cooperation program (ATN/TF-4098-RG and ATN/TF-5827-RG).
- 1.29 To take advantage of the experience of other entities, the developments and methodological proposals from the Program for the Improvement of Surveys and the Measurement of Living Conditions in Latin America and the Caribbean (MECOVI), supported by the World Bank, ECLAC, and the IDB, were

⁶ Programming memorandum, RE3, October 2000.

incorporated into the operation. This operation has been coordinated with the operation for the Integrated System of Social Indicators of Ecuador, which is also being financed by the IDB.

- 1.30 The Bank has approved an operation for US\$4.5 million aimed at supporting the country in implementing a beneficiary identification mechanism for social programs (EC-0195) that includes the formation of a database of family profiles; inputs from the census and household survey system are needed for that operation.
- 1.31 Efforts have also been coordinated with the Agricultural Census, which is being executed with World Bank support, and a collaboration plan is being established with the US Census Bureau.
- 1.32 Finally, the Belgian Fund approved a US\$135,000 grant in the framework of the technical cooperation program/funds that will be used to support the institutional strengthening of the NSS provided for in this operation.

II. THE PROGRAM

A. Objectives and description

- 2.1 The general objective is to support the Government of Ecuador in conducting the Sixth Population Census and the Fifth Housing Census, through INEC, and in developing the National Statistics System to improve the quality and reliability of its products.
- 2.2 The program's specific objectives are to:
 - a. Provide INEC with the human, material, and financial resources needed to ensure that the census cycle is conducted efficiently, in the time scheduled, with the required level of quality;
 - b. Ensure that Ecuador's Census 2001 provides highly-reliable data and significant content for national and international users in the public and private sectors;
 - c. Ensure that census activities use modern census technology, particularly for map updating, data processing, and disseminating results;
 - d. Develop an Integrated Household Survey System (IHSS) to produce timely, reliable data on the living conditions and income and expenditures of households in the country and promote use of the system by users in the public and private sectors in a context of institutional strengthening that guarantees its continuity;
 - e. Strengthen the system of short-term indicators, by updating the baskets, weighting, and directories that serve as the basis for calculating the main price indices (consumer, producer, construction, and wage) to reflect their true patterns; and
 - f. Institutional strengthening for INEC to conduct activities related to national censuses, household surveys, and short-term indicators and prepare a diagnosis of the National Statistics System to lay the groundwork for its development.

B. Program structure

- 2.3 The program has three components: (i) **population and housing census**; (ii) **integrated household survey system and short-term indicators**; and (iii) **foundation for the institutional strengthening of the NSS**.

1. Component: population and housing census (US\$13,753,000⁷)

- 2.4 The census will be taken on November 25, 2001 in block areas (urban dwellings grouped together in blocks) through December 3 in areas with scattered populations. The complete census cycle will be executed in three phases: pre-census, census, and post-census.

a. Pre-census phase (US\$5,507,000⁸)

- 2.5 The pre-census phase, begun in November 1999, involves everything from the decision to conduct the census through census time or the date selected to conduct it. Using resources from INEC (US\$800,000) and the Bank Preinvestment Program (US\$1.6 million) a series of pre-census activities is being financed that would continue through this project. To date, US\$1 million has been executed, and the balance will be used by March 2001.
- 2.6 The main **preparatory activities already conducted** are: (i) formulation of the census plan; (ii) creation of a series of support agencies for the census, such as technical groups, field units, and promotional boards, and appointment of the responsible officials; (iii) approval of the legal framework; (iv) progress in map updating (35%); and (v) preparation of the Experimental Census⁹ that will cover 20,000 dwellings and involves selecting jurisdictional areas, recruiting and training personnel, and preparing the forms and manuals, among other activities.
- 2.7 **Census administration.** Given the nature of this activity, it spans all phases of the census cycle. It guarantees coordination and overall supervision and ensures that the mechanisms for administrative and financial programming are designed.
- 2.8 **Promoting civic participation.** INEC is holding consensus-building meetings with national and local government authorities, NGOs, grassroots organizations, and community leaders to prepare and support the census activities. Based on these meetings, national, provincial, cantonal, and parochial boards will be set up that have already, *inter alia*, made proposals to change questions on the census form, collaborated on selecting the participating citizens and local observers, and offered logistical support.
- 2.9 **Personnel recruitment and training.** This involves training nearly 172,000 persons, including 154,000 census takers; the others will act as sector, area, provincial, cantonal, and parish chiefs. Furthermore, 10% more workers than the

⁷ In addition to this budget, another US\$2.4 million is being executed (US\$1.6 million from the IDB Preinvestment Program and US\$800,000 from the 1999 and 2000 budgets of INEC), for a total of US\$16,153,000, i.e. a per capita cost of roughly US\$1.30 (estimated population between 12 and 13 million).

⁸ This does not include the US\$2.4 million being executed.

⁹ This is a "miniature" census; the objective is to test all facets of the census, from the form and personnel training to the evaluation of the results. It will start on November 26, 2000.

number required will be trained, in order to prevent absenteeism problems on census day. The Ministries of Interior and Education will supply area and sector chiefs, as well as many of the volunteer enumerators (5th and 6th grade students).

- 2.10 Other institutions that have been involved in the process are the municipalities, universities, ministries, Social Security Institute, armed forces, and police. It is important to note that the participation of campesino and indigenous organizations will be crucial to the success of the census; therefore cooperation agreements have been signed with them.
- 2.11 **Definition and testing of census instruments.** This ranges from the design and definition of concepts for the experimental census and the design of tabulations to the development of control, critique, and codification manuals and forms and data processing procedures and programs. The main testing activities planned are: the experimental census (surveying, data processing, post-census survey, and review of procedures) and, based on that, the design of the final census form and the production and printing of manuals and instructions for census takers and other personnel involved in census-taking.
- 2.12 **Statistical map updating and pre-census.** This aims to make the graphic representations in maps and plans equivalent to the actual sites. During the pre-census phase, the names of all heads of household in the dwellings are registered. This allows for the operating statistical areas to be analyzed and redesigned to achieve proper census organization and supervision.
- 2.13 **Advertising.** An advertising strategy has been set that takes into account the differences between urban and rural populations and regional, cultural, and ethnic diversity. Advertising materials will also be produced, such as stickers and various media spots, and advertising campaigns will be conducted for the Experimental Census and for Census 2001.

b. Census phase (US\$5.94 million)

- 2.14 The census phase is the central activity in the census process and must be carried out simultaneously throughout the country. Properly-trained, equipped, and organized human resources are needed for this. This is when the quality of the planning in the previous phase is put to the test.¹⁰
- 2.15 To ensure successful census-taking or data collection, the following components will be financed: (i) **preparation of a census-taking plan** that distinguishes between urban and rural areas, in order to make special arrangements for areas with

¹⁰ Conducting a census is a complex operation involving numerous preparatory activities, the purpose of which are to ensure that on census day, all census personnel and documents are exactly where they are supposed to be, to carry out the activities in the scheduled amount of time. The actual census is a massive operation that requires the mobilization of a host of people and materials and much logistical support. Therefore, accurate planning of all preparatory activities for the census is a must.

scattered populations and for the different ethnic groups in the country; (ii) **organization of the synchronized mobilization** of the human resources participating in the operation, to and in the defined census units, and of the corresponding resources and materials; (iii) **census-taking** in a single day in block areas (provincial, cantonal, and parochial centers and localities in blocks) and in up to eight days in scattered areas; and (iv) **returning the census forms** to the distribution points.

c. Post-census phase (US\$2,206,000)

- 2.16 This phase involves activities related to data processing, the post-census survey, publication of the census data and documents, and digitalizing mapping.
- 2.17 **Data processing.** This involves the following tasks: setting up the census file, which includes checking the identification registries and managing census documents; electronic data processing, which involves mass input of the data and its codification, validation, and correction; and updating the information in the databases with different levels of aggregation.
- 2.18 **Post-census survey.** This survey will be conducted in nearly 30,000 households. Its main purpose is to provide, through an independent method, an objective assessment of the quality of the census, in terms of errors in coverage¹¹ and content. It also makes it possible to examine the quality of the data collected.
- 2.19 **Dissemination of census data.** The following activities will be conducted: (i) preparation and execution of the publications plan, which will include producing documents, CDs, triptychs, etc.; (ii) dissemination of the information through the Internet, a web page, CD-ROMs, and printed materials; and (iii) magnetically transferring the data to the municipal and departmental governments and the central government.
- 2.20 **Census documents.** The main purpose here is to familiarize the public with the documentation on field procedures and the general methodology used for the census. This includes: (i) data processing documents; (ii) compilation and summary of census reports; (iii) drafting a record of census procedures; and (iv) administrative and financial reports for the census.
- 2.21 **Geographic information system (GIS).** The census operation requires a very accurate geographic division of the territory -- census-taking zones, sectors, and areas—in order to assign the data collected to that division and achieve different levels of data desaggregation. To this end, the national territory has been divided

¹¹ This operation makes it possible to measure the census omission rate through the independent dual estimation method. For persons for whom there is potential parity between the survey and the census, the consistency of the data collected through both instruments will be analyzed, which gives a measurement of content errors. At present, no census will be recognized internationally without this accounting measurement instrument.

into special, mutually exclusive units, so that each unit is covered only once. This organization takes into account the following distribution levels: provinces, cantons, parishes, cantonal and parish centers, and outskirts or the remaining area. Based on this framework all statistical maps produced will be digital; georeferenced points with community organizations, population centers, and other references will be incorporated that make it possible to relate those geographic entities to the census data.

2. Component: integrated household survey system and short-term indicators (US\$2,691,000)

- 2.22 The Integrated Household Survey System (IHSS) is composed of the surveys on household income and expenditures, living conditions, and urban employment and unemployment. It also considers the surveys of prices and specifications and housing rental that are needed for the short-term construction indicators. This component will seek to improve the IHSS, the technical capacity of the producers and users of data, and the interaction between the two, and will increase the accessibility of the data produced.
- 2.23 The system of short-term indicators includes the consumer price index for all urban areas (CPI-U), the producer price index (PPI), the construction materials, equipment, and machinery index (CMEMI), and the employment and wage index (EWI); the methodologies, foundation, and instruments for these will be amended and updated.

a. Integrated household survey system (US\$2,255,000)

- 2.24 The objective of this activity is to help generate databases for monitoring employment policies, the structure of family budgets, and the living conditions of the population, and to provide basic data for formulating short-term indicators.
- 2.25 The objective of the employment and unemployment survey is to provide timely information on changes in employment and unemployment in urban areas of the country. The objective of the household income and expenditures survey is to obtain data from the structure of family budgets, in order to update the basis of the consumer price index (CPI); the surveys on prices and rentals will also be needed for this. The survey on living conditions aims to capture data on the social and economic characteristics of persons and households, to measure the levels and determinants of well being.
- 2.26 Based on the results of the pre-census, a Master Sampling Framework¹² for Dwellings will be prepared, and the results of the population and housing census

¹² The Master Sampling Framework consists in recording the number of dwellings and persons nationwide and at the different political and administrative levels of the country.

will be used to prepare a Master Household Sample¹³; they will serve as the basis for designing and implementing the IHSS. A permanent system for updating the sampling framework will also be established.

- 2.27 Support will also be given to INEC to develop new methodologies for the employment and unemployment survey and design specific sampling frameworks, as well as for the field operations. The project will also support the definition, design, and execution of the surveys on household income and expenditures and living conditions that will be conducted between 2002 and 2003.
- 2.28 Updating the short-term indicators requires, in addition to information from the IHSS, data on prices of specific products, distribution channels, and housing rental. Therefore additional surveys will be taken on prices and rentals.
- 2.29 The foregoing means that the following will be done for the IHSS surveys: (i) identification of subject matter, periodicity, and best uses of the data produced; (ii) preparation of a typology and stratification of the geographic and socio-economic levels of the population, based on the census results; (iii) development of applications for the georeferencing information system; (iv) revision and/or redesign of the survey questionnaires and manuals based on the analysis of previous surveys, taking into account national data priorities; (v) standardization of basic IHSS concepts and definitions with international standards and procedures and with the most important national sources – such as the administrative registries – to improve comparability at the regional level and promote the exchange of methodological experience with other countries and horizontal cooperation; (vi) development of methods, processes, and systems for quality control and data consistency; (vii) development of administrative, management, and control systems for the household survey operating processes to gauge progress and fulfillment of activities; (viii) training survey takers and supervisors; (ix) documentation and standardization of the household survey databases and manuals; (x) installation of a system for validating and purging the databases; and (xi) documentation and standardization of all household survey procedures and creation of a databank.
- 2.30 **Improving interaction between and training of producers and users and access to the data.** Three main types of activities will be conducted to: improve the communication of needs between the producers and users; help facilitate the use of the data by training producers and users; and make the information available to society by improving dissemination mechanisms.
- 2.31 **Communication of user/producer needs.** Improve interaction between the survey producers and users as a key to determining the real demand for information and enhance its quality. One of the first steps for this is to understand the needs and restore user confidence in INEC products. To this end, “quality certification” for its

¹³ Data on demographic, social, and economic characteristics and household infrastructure and services make it possible to set a typology and the appropriate stratification of the different geographic and socio-economic levels of households, which is the basis for the preparation of the Master Household Sample.

products and procedures by national and international institutions of recognized stature will be promoted.

- 2.32 INEC will promote the establishment of bodies to improve interaction with household survey users and analysts. For this INEC, as Executive Secretary of the National Statistics and Census Council, will call on NSS member institutions and public and private agencies committed to statistical tasks to participate as advisers on the strategy for implementing the IHSS, in keeping with the real demand for data in the country.
- 2.33 **Training producers and users.** One of the project's basic objectives is to strengthen the technical level of INEC professionals and raise the competence of the users of the household surveys in the country. This will improve the technical procedures for generating and using the surveys.
- 2.34 Training will be given through courses, workshops, and traineeships abroad (see Annex I) on topics such as: (i) planning, design, implementation, and analysis of household surveys; (ii) analysis of statistical data -- for example from INEGI in Mexico, INE in Spain, and the MECOVI program; (iii) specific methodological aspects; and (iv) presentation of results and exchange of experiences and best practices. The training will be directed at users and the operational experts from the areas and personnel from INEC regional offices who conduct the IHSS surveys.
- 2.35 **Improving the publication and dissemination of survey results.** The objective is to disseminate the information produced by the IHSS to ensure the population broad, transparent, and efficient access to the statistical data and strengthen INEC's position as the steering agency for the National Statistics System. To this end, the format and content of the publications will be improved, as will the strategy for access to and dissemination of the products.
- a. *Format and content of the publications:* (i) documented databases will be developed for dissemination and consultation electronically and over the Internet; and (ii) at least two types of publications will be prepared for each survey conducted -- **main results**, for the general public who are not statisticians, such as students and teachers, in a graphic format that is easy to understand; and descriptive, methodological **specialized publications** that consider cross-data on variables related to the research objectives, aimed at policy makers, researchers, NGOs, and universities, among others.
- b. *Access and dissemination strategy:* (i) a policy for broad access to IHSS dictionaries, primary databases, and methodological documentation will be formulated and implemented to facilitate their management, preserving the confidentiality of the respondents, pursuant to the current Statistics Act; (ii) regulations and a protocol for access to the data will be prepared; (iii) a strategy for disseminating the main products and services will be set, to establish cost-recovery systems in INEC; (iv) dissemination methods and instruments will be designed and produced, such as a web site on the Internet, production of

CD-ROMs and diskettes, printed publications, and organization of informational events (seminars, workshops, press conferences, etc.).

b. Short-term indicators (US\$436,000)

- 2.36 The objective of this activity is to strengthen the system of short-term indicators. For this, the technical personnel responsible for producing these indices at both the central and regional levels will receive training on price-capture procedures and generating indices. Furthermore, computer stocks will be adequately outfitted and updated in the responsible areas, with emphasis on the regional offices. In addition to the foregoing, the following has been planned:
- 2.37 **Consumer price index for all urban areas:** changing the basis of the index, which requires: (i) organizing a new market basket of goods and services; (ii) setting a new weighting structure; and (iii) conducting a survey on prices and one on housing rental, to obtain an updated sample that remains representative over time.
- 2.38 **Construction materials, equipment, and machinery index:** updating the weighting of this index, which involves revising its methodology and procedures.
- 2.39 **Producer price index:** updating the index, which requires (i) structuring the index's market basket, through the weighting system; (ii) expanding the number of exporting establishments that report, to set up a new directory; and (iii) set up an annually calendarized directory of jurisdictional areas, to continuously capture prices from the agricultural sector.
- 2.40 **Employment and wage index:** improving its quality and periodicity by: (i) reviewing the methodology used; (ii) introducing new procedures for data capture and processing, to increase the periodicity of the calculation and enhance the timeliness of the information; and (iii) based on this, go from quarterly to bimonthly in 2002 and monthly in 2003, to guarantee the timeliness of the publication.
- 2.41 **Training:** operating personnel in the responsible areas of the institution will receive: (i) international training courses on generating short-term indicators and setting prices; (ii) national workshops on indicators of economic trends; (iii) traineeships in international institutions to specialize in techniques and procedures for generating short-term indicators; and (iv) specialized technical assistance in formulating indicators and standardizing indices and classifications at the regional level.

3. Component: foundation for the institutional strengthening of the NSS (US\$720,000)

- 2.42 This component has two types of activities. First, there are preparatory activities for the institutional strengthening of INEC, which will complement the progress that earlier components will make in training and outfitting for the census, surveys, and

indicators. Second, there are activities aimed at identifying the needs of the National Statistics System with regard to inter-institutional relations, producers not having primary data, product quality, etc.

a. Strengthening INEC

- 2.43 Conducting the census and developing the IHSS and the short-term indicators will translate into a major enhancement of INEC's technical capacity. Furthermore, to lay the groundwork for its institutional development, with a supply-and-demand approach to products and services, there are plans to:
- a. Design and launch preparatory activities for the institutional change process aimed at redefining INEC products and services, organizing productive processes, setting a structure consistent with the changes, setting a registry system for relevant costs, and revising the compensation and incentives system. This institutional change must allow INEC to fully assume its role as the steering and regulatory agency for the NSS and execute all activities for which it is responsible;
 - b. Explore the possibilities of extending and strengthening INEC's financial sustainability, by developing a strategy that distinguishes between public and private statistical goods, so that co-financing mechanisms are developed for the former and policies are set on the sale of services demanded by specific sectors of society for the latter. However, since the development of a modern national business sector is relatively recent and public and social institutions do not have many resources, it is hoped that the sale of information, at least at the outset, would be a marginal source of financing for the institution; and
 - c. Strengthen the regional offices for producing local statistics, through human resources training and improving computer stocks.

b. Preparatory activities for the development of the NSS

- 2.44 In order to design a program to develop a new National Statistics System that is able to generate a sufficient level of confidence, allowing its products to be validated and recognized by users, studies will be conducted involving the following:
- a. Revision of the institutional regulatory framework and design of the changes needed to increase the autonomy of the NSS and to allow for the implementation of policies on selling private statistical goods;
 - b. Systems for attracting, selecting, promoting, and keeping personnel;
 - c. Potential public/private consensus-building mechanisms;

- d. Based on the results of the Statistical Inventory being conducted in the three main cities in the country (Quito, Guayaquil, and Cuenca), in coordination with the SIISE, the technical areas of the NSS that need to be strengthened will be identified, as well as the way to achieve this (human and material resources, training, methodologies, etc.);
 - e. Evaluation of the chain of primary data production, processing, and dissemination and the availability of infrastructure and equipment for this;
 - f. The design of a system to continuously update the Master Sampling Framework for dwellings;
 - g. A strategy for strengthening the electronic dissemination of statistics; and
 - h. An evaluation and a proposed change to the registry statistics and the implementation of consensus-building seminars, aimed at setting in motion options to strengthen the system.
- 2.45 Since a variety of public agencies produce administrative registry statistics and do not consolidate them, shifting that responsibility to INEC, thus overburdening it with work, an inter-institutional cooperation experiment between INEC and the Ministry of Tourism. This will serve as a pilot experiment for redefining the responsibilities of other entities that collect information and for devising a proposal on streamlining their procedures, reforming the regulatory framework, and training and technical support requirements, in order to relocate international migration statistics kept by INEC as well as to assist the Ministry in calculating the Ecuador Tourism Satellite Account.

C. Cost and financing

- 2.46 The cost of the proposed program is US\$19 million; US\$12.5 million will be from the Bank's contribution from its ordinary capital. The counterpart resources will be used primarily to fund the census; in other words, roughly 80% will be disbursed in the first year.
- 2.47 To this end, the program of activities to be developed considers the time and resources needed for the census and for the other components. The 2001 activities are expected to be concentrated almost exclusively on the census cycle, while implementation of activities related to the IHSS, the short-term indicators, and the foundation for the institutional strengthening of the NSS will begin in 2002.

**Table 2: Budget by component
(US\$ thousands)**

Component	IDB	Counterpart	Total
Coordination and Support Unit	303		303
Census	8,756	4,997	13,753
IHSS and short-term indicators	1,747	945	2,691
Foundation for strengthening the NSS	1,047	1	1,048
Auditing	125		125
Contingencies	397		397
Financial costs			
- Inspection and supervision	125		125
- Commitment fee		557	
Total*	12,500	6,500	19,000

* Approximately US\$7.7 million will be used for consulting services and US\$7.1 million for procurement.

III. PROGRAM EXECUTION

A. Borrower, guarantor, and executing agency

- 3.1 The program borrower and guarantor will be the Republic of Ecuador, which will also be responsible for the timely allocation of the local counterpart contributions. The Republic will be represented by the MEF. The National Statistics and Censuses Institute will be the executing agency and, as such, will be responsible for ongoing coordination with the Bank and for accounting and financial administration.
- 3.2 For the execution of the census and IHSS components, detailed calendars of activities will be laid out with the corresponding goals and a breakdown of the resources committed for consulting services, procurements, contracting, and other expenses from the component. They will be the basic documents for monitoring the fulfillment of the objectives and planned activities. The information for the second and third years will be adjusted, based on the progress made in implementing these calendars.

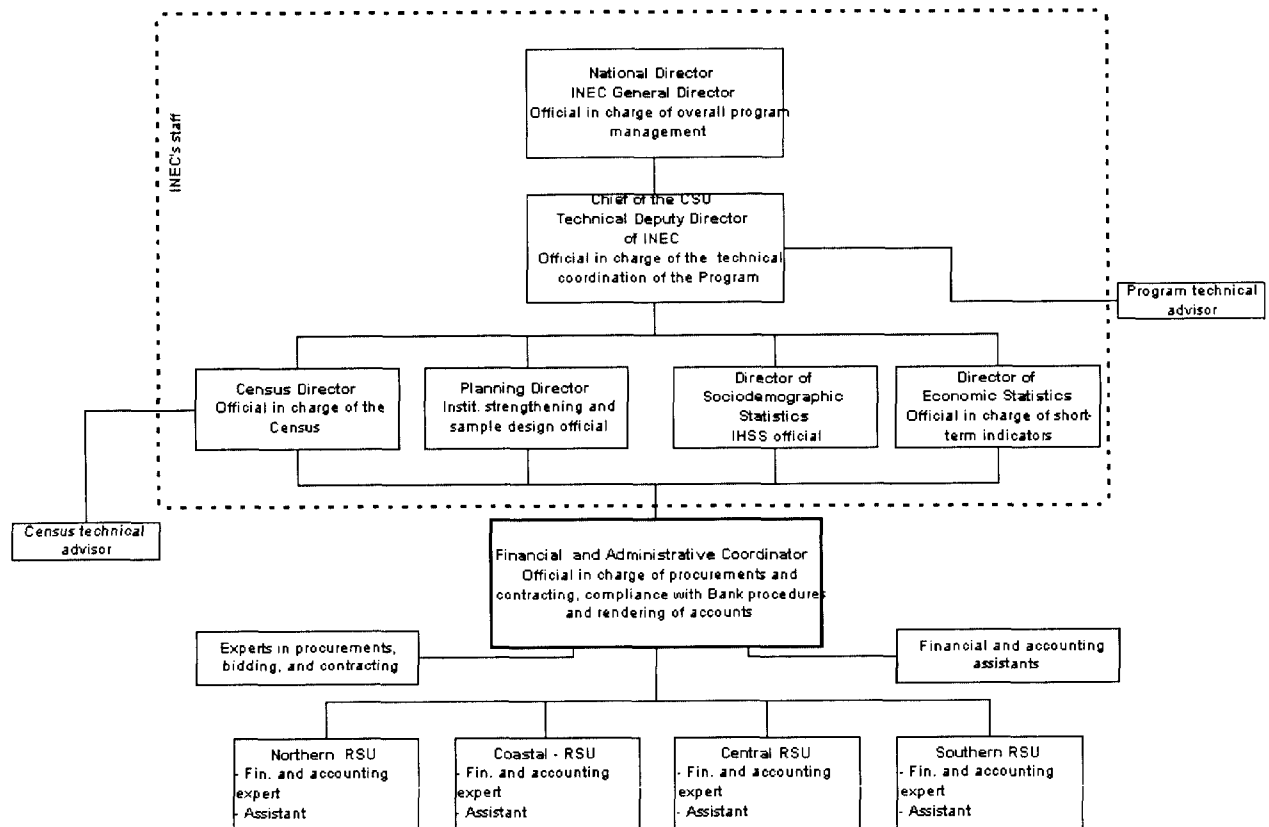
B. Project execution and administration

1. Administrative organization for program execution

- 3.3 The Director General of INEC is responsible for the National Program Office and the Technical Subdirector of that institution acting as head of the Project Coordination and Support Unit (CSU), will be responsible for its overall coordination. The CSU will be set up in keeping with the organizational structure of INEC, strengthening with technical assistance three of its technical operating areas, one at the advisory level, and creating an administrative area devoted to supporting program execution. Therefore, the CSU is not a parallel entity, but rather a unit that uses and strengthens INEC's existing structure and human and logistical resources.
- 3.4 Each technical area will be responsible for fulfilling the activities in each component and will have the capacity to execute the budget for its tasks, through the administrative unit. The Census Office is responsible for this component; the Statistical Development and Planning Office for the institutional strengthening component and sample design activities; the Sociodemographic Statistics Office for the IHSS; and finally the Economic Statistics Office for the short-term indicators. They will all have technical support with ongoing supervision and technical guidance from the CSU management and the leadership of the program management.
- 3.5 The administrative area will be composed of at least one official responsible for the financial accounting, an assistant, and an expert on procurements, bidding, and contracting. Furthermore, since census execution will be decentralized among INEC's four regional offices, a Regional Support Unit (RSU) will be established in






















each office, to deal exclusively with census administrative and financial matters. These offices will have a financial expert/accountant and an assistant and will be under the CSU administrative area, as shown in the following organizational chart:

Table 3. CSU Organizational Chart



- 3.6 During the first year this basic team will primarily help the Census Office with all administrative and accounting tasks required for the execution and physical monitoring of the program. The members of the CSU will be experts on issues related to the preparation of reports, accounting and financial statements, competitive bidding, purchasing, and contracting. As agreed on with the government, at least the financial administrative coordinator must have past experience in Bank procedures. The following table shows the expected length of contracts for the experts hired.

Table 4. Distribution of CSU personnel over time

Position	Year 1												Year 2												Year 3												Total months
	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	
Financial admin. coordinator																																					36
Procurements experts																																					36
Financial accounting asst.																																					36
Census technical advisor																																					18
Program technical advisor																																					36
Accounting assistant																																					36
4 RSU fin. admin. experts																																					18
4 RSU assistants																																					18

3.7 As part of the Preinvestment Program that has been financing the pre-census activities, an administrative unit was established to support the census; it will be the foundation on which the CSU administrative area will be built, as a condition precedent to the first disbursement.

3.8 The CSU administrative area will have the following specific functions: (i) meeting the administrative needs of the technical operating areas of INEC related to project execution; (ii) preparing budgetary documents and performance indicators for the activities set forth herein, to fulfill the management objectives; (iii) providing financial information as required by the Bank; (iv) presenting audited financial statements annually, in keeping with Bank procedures; (iv) monitoring budget and physical execution; (v) executing and supervising the provision, use, maintenance, and conservation of the goods, equipment, and materials; (vi) presenting budget amendments to the National Program Office for approval; (vii) processing requests for disbursement of the financing, pursuant to Bank procedures; (viii) authorizing RSU expenditures; and (ix) other technical and operating functions assigned in accordance with the terms of reference of each consultant in the administrative area.

2. Financial execution

3.9 In addition, the CSU must maintain an adequate accounting and administrative control system for program resources. The accounting system must be organized so as to provide the necessary documentation to verify financial transactions and facilitate the timely preparation of the financial statements and reports. Program record-keeping must: (i) make it possible to identify the amounts received from the different sources; (ii) allocate, in keeping with the chart of accounts approved by the Bank, the program expenses both with the financing resources and with the other funds that have to be contributed for its full execution; (iii) include the necessary details to identify the goods procured and the services contracted, as well as the use of those goods and services; and (iv) show the cost of the activities for each type of expense.

3.10 Agreements will be reached between the CSU and RSUs to set mechanisms for use of the funds, the personnel authorized to distribute them, and the specific categories to which they can be allocated, ensuring compliance with Bank procedures in all instances. Under no circumstances will the transfer of resources to the RSUs be

considered evidence of expenditures. Each RSU will be responsible for maintaining files of original support documents for eligible expenses chargeable to program resources.

- 3.11 The CSU must open separate bank accounts for the Bank's financing and for the local contribution. Both accounts must have a subaccount for each RSU. The RSUs must regularly submit¹⁴ to the CSU a rendering of accounts and financial information on the expenditures the CSU has authorized them to make. The RSUs may, with CSU authorization, execute the expenses corresponding to contracting and procurements during census execution, provided they are under the levels set for competitive bidding.
- 3.12 Since a high percentage of the financing is concentrated on the census, the disbursement profile for this operation does not follow the same pattern as most projects. Financial execution of the program will involve quick, large disbursements at the outset, because of the census execution calendar. Therefore, bearing in mind the interdependence among the census activities, which peak in year one—when the census is actually being taken—, the Government of Ecuador has requested that the program have a revolving fund of 10%, which will be set up in a special bank account in the program's name. To ensure compliance with Bank procedures, the executing agency will present semiannual reports on the status of the fund within 60 days of the end of each six-month period, which close in June and December of each year.

3. Execution by component

a. Special organization for census execution

(i) Organizational charts

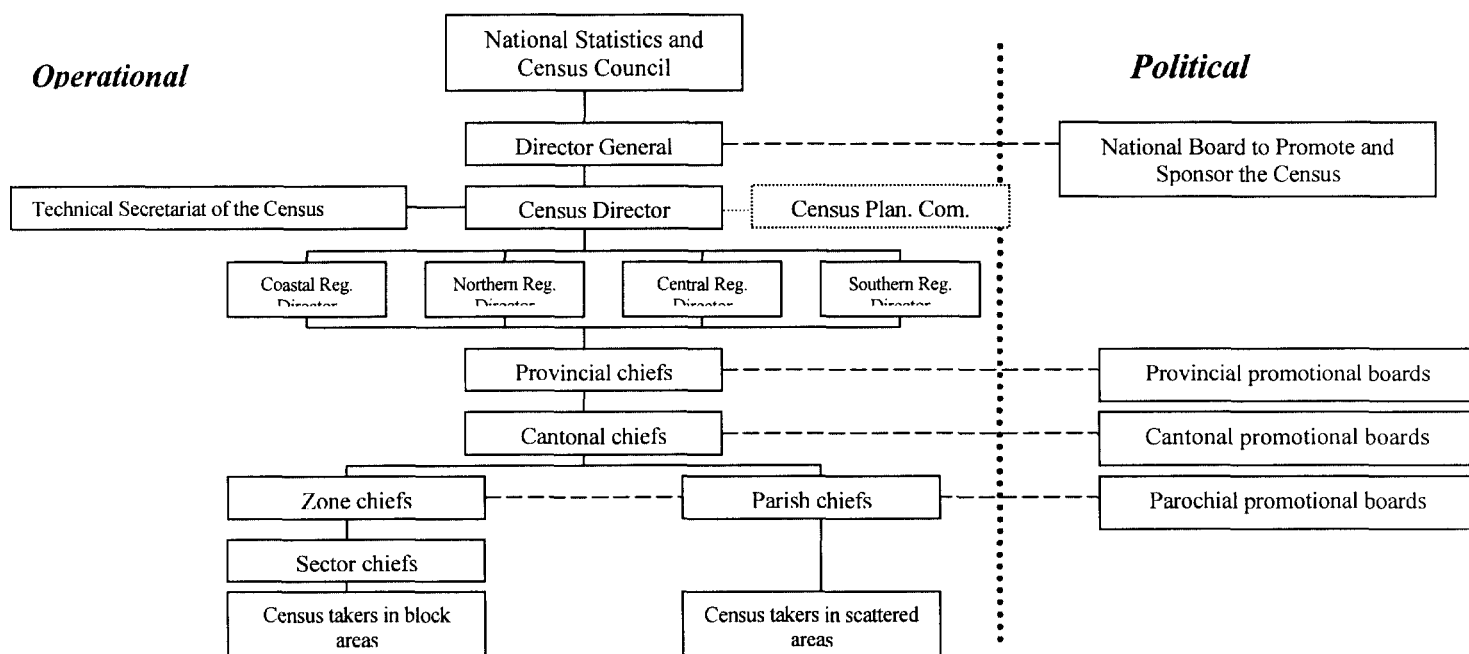
- 3.13 For the census activities, INEC has devised one ad hoc organizational chart for operating purposes and another for building consensus and civic participation (political).
- 3.14 The **operating organizational chart** involves technical and administrative areas, with five different hierarchical levels: managerial, executive, advisory, assistant, and operational. The operating agencies are as follows:
 - a. **Managerial level:** National Statistics and Census Council and INEC General Directorate
 - b. **Executive level:** Census Planning Committee and Census Director
 - c. **Advisory level:** Legal Office, Internal Auditing and Dissemination of Statistics

¹⁴ The subaccounts will operate as a type of revolving fund; proof of expenditures will be required for reimbursement.

- d. **Assistant level:** Human Resources and Administrative Services Office, Financial Office, and Procurements Committee
- e. **Operational level:** Project and Mapping Technical Secretariat, Regional Offices, and Information Technology Office

- 3.15 The **political structure** involves the Census 2001 promotional boards at the national, provincial, cantonal, and parochial levels. Each level is made up of political authorities and citizens who, in addition to providing specific logistical support in their districts, work to promote civic participation in the census. Participating on the boards, for example, are the governors, prefects, mayors, representatives of indigenous communities, and important figures from each zone (doctors, priests, etc.). This organizational structure makes it possible to reach a consensus in the pre-census phase on the information to be collected, especially in the case of the indigenous communities involved in deciding on some questions on the census form.
- 3.16 Within INEC, functions are broken down into two levels: (i) the **central level**, which is responsible for designing the census form, setting the standards and procedures governing census activities, planning and programming, including budgetary allocations, supervision and overall coordination, as well as organizing the recruitment and training of personnel; and (ii) the INEC **regional organs**, which will coordinate execution of the census for the 22 provinces and distribute and collect all census materials. INEC will be responsible for consolidating, validating, tabulating, and analyzing the data sent by the regional offices.

Table 5: Organizational chart for the census



(ii) Map updating

- 3.17 Before the census is taken, map updating will be completed; this will help to determine the operating units to be used in the enumeration phase of the census – census zones and sectors. For this, INEC has established an Inter-institutional Mapping Committee, with the participation of the Instituto Geográfico Militar (IGM), the ministries, and local authorities. The IGM has been updating existing basic maps, and the remainder will be updated based on satellite images.

(iii) Census-taking personnel

- 3.18 The main census operation or census-taking will be executed through an operating structure that has to recruit and train roughly 172,000 persons who will be distributed according to the territorial organization adopted for the census, as described in Table 6.

Table 6: Distribution of census personnel by function

Enumerators	153,961
Sector chiefs	14,135
Zone chiefs	2,080
Provincial chiefs	23
Provincial assistants	24
Cantonal chiefs	220
Cantonal assistants	222
Parochial chiefs	805
Parochial assistants	678
TOTAL	172,148

- 3.19 Many of the enumerators will be teachers and students from public and private schools selected by the Ministry of Education. Recruitment of personnel began in September 2000, and the training is being conducted using a trickle-down approach, in which the experts at the central level train a group of instructors. That group in turn trains a larger group that it supervises and so on until there are 172,000 census takers. It is important to note that the sector chiefs will be teachers, for the most part, who will also provide instruction to the student census takers.

b. Household survey system and short-term indicators

- 3.20 Execution of this component involves close coordination among the Planning (Department of Sampling Design), Socio-demographic Statistics, and Economic Statistics Offices, since the activities they will execute are inter-related (sample design, survey execution, use of the results to formulate indicators). Therefore, there will be support staff for this.
- 3.21 Furthermore, the IDB Sustainable Development Department, Poverty and Inequality Advisory Unit (SDS-POV), through the MECOVI program, will support

the Country Office in the technical monitoring of activities. The executing agency will make all data and information needed to evaluate this component available to the Bank. Likewise, every six months, INEC will submit a progress report on the implementation of the survey and short-term indicators system in the country.

c. Institutional strengthening of the NSS

- 3.22 The Planning Office will be responsible for the technical execution of this component. For this, it will be supported by a specialist on institutional change, who has the following functions: (i) supporting the overall coordination and supervision of technical and administrative decisions in the component; (ii) preparing the terms of reference of the studies and consulting services; (iii) preparing documentation and taking the necessary steps to manage disbursement of the resources for this component; (iv) preparing reports on the progress and execution of the activities; and (v) providing technical assistance to and coordinating the activities of the organizational units involved in its execution.

C. Execution period and disbursement calendar

- 3.23 The program execution period is three years. The disbursement period for loan resources is estimated at three and a half years, starting from the date on which the loan contract enters into force. This period is thought to be sufficient to execute the activities planned in the program, procure the equipment, hire consultants, and execute consulting services.

Table 7: Budget by source of financing

Source	2001		2002		2003		Total	
	US\$	%	US\$	%	US\$	%	US\$	%
IDB	7,833	41	2,629	14	2,038	11	12,500	66
Local	4,976	26	878	5	645	3	6,500	34
Total	12,810	67	3,507	18	2,683	14	19,000	100

D. Monitoring and evaluation

1. Reports and evaluation

- 3.24 The program will be monitored and executed according to detailed calendars of activities for each component that must be approved by the Bank. The census execution schedule in Annex II contains the main activities and specific goals, consistent with the program logical framework (Annex I), on the basis of which monitoring in year one will be performed.
- 3.25 *Reports.* The CSU must present to the Bank semiannual reports on program implementation, within 60 days of the end of each six-month period. Each report

will take into account the indicators drawn up in the logical framework and the goals set. The Bank, through the administrative missions that will be made by the project team, will evaluate proper implementation of the schedules set in the operating plans and fulfillment of the goals.

- 3.26 Starting in the second year of execution, the monitoring will be based on the operating plans that the CSU will transmit to the Bank, for its approval, in the third quarter of the previous year. That document will present the activities, schedule, and indicative targets expected to be achieved in the following 12 months. The documents with the annual breakdown for all years, except the first, must also present an evaluation of the previous period and the rationale for changes to the originally planned targets.
- 3.27 *Evaluations.* The proposed operation will have financial resources to conduct an ex post evaluation to gauge the impact of the interventions on the National Statistics System and fulfillment of the objectives set in the program.¹⁵ This evaluation will be conducted independently, by hiring consulting services acceptable to the Bank. INEC and the Bank will approve the terms of reference for this exercise.
- 3.28 *Monitoring.* The project team will conduct at least one monitoring mission in each year of program execution. Those missions will stress, *inter alia*: (i) the degree of compliance with the actions set forth in the detailed calendar for the first year and in the operating plans for subsequent years; (ii) the institutional capacity of the organizational units responsible for executing the planned actions; and (iii) the effectiveness of the inter-institutional coordination actions and actions with the users of the INEC products promoted by the program. This monitoring will enable the project team to issue criteria on compliance with the program's indicative targets.
- 3.29 *Special technical evaluation.* In addition to the aforementioned evaluations, in March 2001 the Bank will evaluate the results of the experimental census, in order to immediately introduce at the start of the execution of the census component, any corrective measures needed to ensure the quality of the census results.

2. Inspection and supervision

- 3.30 The Bank Country Office in Ecuador will supervise the program. To that end, the joint reviews mentioned earlier will be conducted.

3. Auditing and control

- 3.31 During program execution and until the final report has been approved, the borrower will present the program's audited financial statements within 120 days of the end of the accounting period. Independent public accounting firms acceptable

¹⁵ The post-census phase replaces an ex post evaluation of the census.

to the Bank will audit the financial statements. Auditing costs will be funded using resources from the Bank's financing.

E. Procurement of goods and services

- 3.32 Procurements will be made in accordance with Bank procedures. Only one bid call for over US\$250,000 is planned, to procure information systems. Since the country has a broad range of computer manufacturers that also offer support and basic training services for these goods, the international bidding amount was set at US\$320,000.
- 3.33 The project team evaluated the institutional capacity for procurements gained from executing the Preinvestment Program (919/SF-EC) and found it to be satisfactory. It recommends maintaining the requirement to first consult the Bank only for procurement of goods valued at over US\$50,000. In the event that the procurements verified through an ex post evaluation were not made in a manner acceptable to the Bank, the IDB reserves the right not to finance them with loan resources. The program calls for financing some rehabilitation works for facilities for census activities, in the amount of US\$150,000, but not for the construction of new works.
- 3.34 Quotes and a comparative table for at least three proposals will be required for all procurements under US\$10,000. It is also recommended that the presentation of receipts be sufficient for justifying expenses for the procurement of goods under US\$1,000.
- 3.35 Procurements for amounts equal to or over US\$10,000 will be as follows:
- a. US\$10,000 and over to US\$50,000, through private bidding (or private bid calls), inviting at least three bidders to present bids;
 - b. US\$50,000 and over to US\$100,000, through public bid calls, publishing in the press the goods to be procured, the evaluation, and the awarding;
 - c. US\$100,000 and over to US\$320,000, through national public bidding, inviting, through the press, national and foreign firms to submit bids and publishing the public opening of bids, the evaluation, and the awarding.
- 3.36 For consulting services, regular Bank procedures will be followed.

IV. FEASIBILITY AND RISKS

A. Institutional and financial feasibility

- 4.1 The Sixth Population Census and Fifth Housing Census are of the highest priority for the government; it therefore laid the legal and organizational groundwork and allocated resources for its execution. INEC has the technical capacity to successfully run it and, with the support of the program, will have the necessary operating capacity. INEC's technical capacity is confirmed by the experience it has gained in continuously implementing statistical activities, including the organization and execution of the last national population and housing census. INEC has ensured that responsibility for census management will rest with persons who participated in the last census.
- 4.2 From a financial standpoint, the census has had adequate resources to date to move forward seamlessly with the planned activities. It is expected that with the resources from the Bank and those committed by the government, the program will have the funds needed to comply with the execution schedule, both in terms of amount and timing.

B. Environmental impact

- 4.3 The Committee on Environmental and Social Impact (CESI) reviewed and approved Profile I of this operation on August 25, 2000. It determined that the census questionnaire should include questions to obtain substantive information on gender, the ethnicity of the population, and environmental conditions. Those questions were included and are being tested in the experimental census; some are also being tested through subsampling. Project execution is not expected to have a negative environmental or social impact. On the contrary, the census information collected and processed will make it possible to better identify pockets of poverty and areas with the greatest demand for or shortfalls in public services of all kinds.

C. Benefits

1. Census

- 4.4 Population censuses were originally geared towards counting a country's inhabitants. Today they are an important source of information and guidance on economic and social development, employment, migration, housing, education, public health, social welfare, and many other areas that decision makers in the public and private sectors deal with. The data generated will provide elements, *inter alia*, for social and demographic analysis, such as information on gaps between geographic areas and social groups, and to study issues related to poverty and inequality, gender, and the development of indigenous peoples, such as their organization, territory, culture, production, etc.

- 4.5 The systematic, sustainable generation of statistics on living conditions will have considerable indirect benefits for the low-income population. Knowledge of their location and profile will make it possible to improve policy-making to serve them and to measure the public funds needed.¹⁶
- 4.6 The 2001 Population and Housing Census coordinates and supports the System of Ongoing Household Surveys and provides key elements for determining the number of congressional representatives from the provinces. Furthermore, on this occasion, it will provide strategic data to enforce the Special Act to Distribute 15% of the Central Government's Budget to the Provincial Governments. This legal environment, which will have administrative, financial, and political implications, will require higher quality and more accurate statistical findings on the population and its basic needs, since the budgetary allocations set forth in the Act will depend on those findings.

2. Integrated system of household surveys and short-term indicators

- 4.7 The main benefits of improving household surveys in Ecuador will be: (i) the development and implementation of a sustainable integrated household survey system; (ii) installation of national capacity to manage, implement, and analyze household surveys; (iii) improved communication between the entities that produce data on living conditions and the users; (iv) easy access to the databases and broad dissemination of household survey results; and (v) improved standardization of the basic concepts and methodologies.
- 4.8 The short-term indicators will give the country current, reliable data on the evolution of different prices. These data are crucial for setting public policy and analyzing economic conditions.

3. Foundation for the institutional strengthening of the NSS

- 4.9 Finally, by supporting the strengthening of the NSS, the public's confidence in official statistics will be enhanced, which will have a positive impact on the quality of public policy design and evaluation, as well as on reducing the level of uncertainty in political and social dialogue.

¹⁶ The data from the 2001 Sixth Population Census and Fifth Housing Census will become vital demographic and socio-economic input for the projects and studies that the user institutions must conduct. It will be feasible, for example, to update the System of Social Indicators of Ecuador (SIISE); extend coverage of the System of Local Indicators from 28 to all 215 cantons in the country; update the weighting for basic unmet needs at the cantonal level, for adequate distribution of the funds allocated by the central government to the provincial governments; put together the Human Development Index with a higher level of disaggregation; and prepare Poverty Maps of the population by ethnicity and for each province and canton in the country by urban or rural area, among other characteristics.

D. Risks

1. Census

- 4.10 The greatest problem with the 1990 population and housing census was the lack of collaboration with some campesino sectors, which resulted in census omissions of roughly 7%. The situation for the 2001 census is different, since four campesino/indigenous organizations were involved in preparing the census and will even work as census takers. Campesino communities are also interested in participating, since they will benefit from the new geo-political definition of the country stemming from the decentralization process.
- 4.11 To this end, the changes in the country's political organization and regulations governing the allocation of resources to the local governments based on population criteria (Special Act to distribute 15% of the budget) encourage both participation in the census and potential changes to it. Therefore, the necessary measures were taken to achieve very controlled organization of the census, to prevent census forms from being altered or added to increase the population recorded in a given geographic area.
- 4.12 Since the bulk of the human resources who will conduct the census (census takers and sector chiefs) are volunteers who work only in exchange for nonmonetary rewards, it will be necessary to minimize the risk of shortfalls or absenteeism among census takers by recruiting and training 10% more than the number thought to be needed. Furthermore, the nearly 2,000 teachers, who will serve as trainers and supervisors, will receive US\$200, which is roughly doubly their salary.

2. Integrated system of household surveys and short-term indicators

- 4.13 The main challenge regarding the Integrated Household Survey System is to make it sustainable. To that end, the program will look for co-financing from public agencies that use the data, and selected products may be sold to private institutions. The improved interaction between producers and users (government, bilateral agencies, NGOs, the academic community, civil society, etc.) resulting from this project will foster ongoing, permanent demand for high-quality household survey data that have broad geographic coverage on a wide range of topics.
- 4.14 With regard to the short-term indicators and the time required to consolidate the dollarization model adopted by the country, it will be important to achieve stability in household consumption patterns, in order to change the basic basket of the consumer price index. Since household surveys will continue to be conducted in the next few years, the necessary adjustments can be made to the baskets.

3. Foundation for strengthening the NSS

- 4.15 The final risk is that the bureaucratic culture of the institutions may interpret the changes as a threat to the current stability and order. The activities for developing

managerial skills, as well as the participatory strategic planning processes, are geared towards mitigating this risk.

LOGICAL FRAMEWORK

Objectives	Indicators	Means of verification	Assumptions
Goal To help define, implement, and evaluate development policies and programs at the national, local, and sectoral levels.	Public policies designed based on the statistical data generated	Budget authorized and regulations published	The government is willing to strengthen the NSS.
Purpose To provide INEC with the human, material, and financial resources to ensure that census, household survey, and short-term indicator activities are conducted in the scheduled time, with the level of quality and reliability required.	Databases of census results at the national and local levels Database of household survey data and user access to the information Short-term indicators (prices) updated	Progress reports and analysis, evaluation, and dissemination of census results Publication of the main results and social and economic indicators. Registry of users with access to the data Publication of indices and new calculation methodologies (baskets)	The government and civil society are willing and interested in cooperating on census execution and census taking. The government and civil society are willing and interested in cooperating on conducting the surveys. Public and private institutions demand survey and price data.
Components 1. Population and housing census 2. Household survey and short-term indicators 3. Strengthening the NSS	100% of the population of Ecuador enumerated Database with data from the household surveys and user access to the information. Short-term indicators (prices) updated Institutional change of INEC, taking a supply-and-demand approach to products and services	Existence of databases of census results Progress reports and analysis, evaluation, and dissemination of census results Publication of the main results and social and economic indicators. Registry of users with access to the data. Publication of indices and new calculation methodologies (baskets) Production chains reviewed; consensus-building mechanisms operating; cost-system, co-financing policy, and sale of products and services implemented	The government and civil society are willing and interested in cooperating on census execution and census taking. The government and civil society are willing and interested in cooperating on conducting the surveys. Public and private institutions demand survey and price data. Commitment of officials in charge of INEC and the NSS to institutional modernization.

Objectives	Indicators	Means of verification	Assumptions
Activities			
A. Census			
1. Census planning and administration; promotion of civic participation	Legal, technical, organizational, and financial bases established.	Order to conduct the census issued; census plan; execution schedule; budget; terms of reference; and agreements with grassroots organizations	Compliance by authorities with the schedule and legal provisions related to the census.
2. Recruitment and training of personnel	17,000 supervisors and 154,000 census takers trained	List of personnel by responsibilities. List of training courses given	Adequate technical capacity, interest, integrity, and incentives for chiefs and census takers.
3. Definition and testing of census instruments	Experimental census executed	Evaluation reports on the Experimental Census; final census form printed; and instruction manuals and control forms completed, printed, and distributed	Technical capacity of the census team.
4. Statistical map updating	Map updating for block and scattered areas covering the entire country; sampling framework for the household surveys	Magnetic files, maps, and surveying plans.	Teams set up and operating; technical personnel with adequate capacity.
5. Advertising	Advertising campaign conducted for six months prior to census-taking	Monitoring and evaluation reports	Access to advertising media and receptiveness of society.
6. Census-taking	100% of the population enumerated	Roughly 3.5 million forms filled out; wages of operations consultants paid	Supervisory capacity of the sector, zone, and provincial chiefs; motivated census takers.
7. Data processing	Nearly 3.5 million census forms digitized in the system	Evaluation reports. Database updated with nearly 3.5 million records	Teams set up and operating; technical capacity of the personnel involved.
8. Post-census survey	30,000 households visited within 60 days after the census	Evaluation reports on the post-census survey, design of research methodology, calculation of coverage indicators, and calculation of quality indicators	Technical capacity of the personnel involved.

Objectives	Indicators	Means of verification	Assumptions
9. Dissemination of census data and documents	Production of documents, CDs, triptychs, etc. with the census results by the end of 2003.	Budget executed	Resources available and technical capacity of the team in charge.
10. Geographic information system	400 basic digital maps; 45 maps with satellite images; 215 digital cantonal maps; 50 digital maps of localities.	GIS installed and operating Experts trained to use the GIS. 2001 Census data georeferenced	Resources available and technical capacity of the team in charge.
11. New system of tourism statistics based on relocation of international migration statistics kept by INEC and the development of capacity within the Ministry of Tourism to prepare a Tourism Satellite Account for Ecuador	Quantify the overall impact on the economy and employment of consumption expenditure, capital investment, government revenue and spending foreign trade, and business expenses attributable to tourism	Production accounts; tables of supply - use; tourism consumption by manner and function encompassing transactions in Ecuador and those in other countries	Willingness and interest on the part of sectors responsible for tourist policy and of private operators. Signature of inter-agency agreements
B. Surveys and indicators			
1. Improving the IHSS	1 employment and unemployment survey in 2001, another in 2002, and 2 in 2003. 1 survey of living conditions in 2002. 1 survey of household income and expenditures in 2003. Survey on respondents and rentals conducted in 2002.	Surveys published and budget executed.	Population continues to support the taking of surveys; user institutions actively participate.
2. Interaction and training of producers and users	8 training courses and workshops given; 20 experts in international courses; 10 international traineeships conducted.	Reports of the experts and trainees; official documents from the international institutions.	Capacity of the team in charge and economic stability to define the basic baskets and their weighting.
3. Access to the data	IHSS database published.	Regulations on and protocol for access to the data are published.	

Objectives	Indicators	Means of verification	Assumptions
4. Short-term indicators	New price indicators updated on consumers, producers, construction and employment and wages, with new weighting, baskets, and directories.	New weighting and baskets published and in use. Project monitoring reports. Foundation changed; samples of dwellings updated, methodologies published.	Capacity to develop consensus-building mechanisms with users.
C. Strengthening the NSS			
1. Strengthening INEC	<p>INEC is undertaking institutional change, taking a supply-and-demand approach to products and services; increased self-financing.</p> <p>Institutional development proposals for the NSS agreed on by institutions and users.</p> <p>Survey of users conducted.</p> <p>Pilot test executed.</p> <p>INEC regional offices strengthened.</p>	<p>The sale of products and services is part of the institution's budget.</p> <p>Document with a program for developing the NSS completed and agreed on with the parties involved.</p>	Capacity to develop consensus-building mechanisms with other public agencies and users.

June 4, 1999

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PREPARED BY: OFFICE OF HEAD OF POPULATION STUDIES DEPARTMENT
OFFICE OF HEAD OF NATIONAL STATISTICS DEPARTMENT

TABLE OF MAIN PROGRAM PROCUREMENTS

Main program procurements	Financing		Method	Pre-qualification	Prior GPN YES/NO	Publications	
	IDB	Local				Quarter/Year	SPN
							Intl.
Campaign 1,000 Design, implementation, and control of the the census and contracting the media	100			No			
Equipment 615 Computer and office equipment	70	30	2 NPB	No		I/2001 and II/2001	
Equipment 47 Computer, office, and communications equipment	90	10	1 bid call	No		I/2002	
Vehicle for the census 1,205 Commissioning the vehicle, driver, and fuel for 30 days at US\$50 per day	100		300 direct rental contracts	No		IV/2001	
Acquisition of satellite images 295	100		3 private bid calls	Yes		I/2002	
Additional consulting services 92 Man-months of individual consulting	100		12 individual contracts	Yes		6 in II/2001 and 6 in IV/2001	
Additional consulting services 70 Man-months of individual consulting	100		9 individual contracts	Yes		6 in II/2002 and 3 in IV/2002	
Additional consulting services 95 Man-months of individual consulting	100		5 individual contracts	Yes		1 in I/2003, 2 in II/2003, and 2 in IV/2001	

PROPOSED RESOLUTION

ECUADOR. LOAN ____/OC-EC TO THE
REPUBLIC OF ECUADOR
(Support for the Population and Housing Census and
Strengthening of the National Statistics System)

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 a program for the Support for the Population and Housing Census and Strengthening of the National Statistics System. Such financing will be for an amount of up to twelve million five hundred thousand dollars of the United States of America (US\$12,500,000) from the Single Currency Facility of the Ordinary Capital resources of the Bank, and will be subject to the "Special Contractual Conditions" and the "Financial Terms and Conditions" of the Executive Summary of the Loan Proposal.

PROPOSED RESOLUTION

ECUADOR. PARTIAL PAYMENT OF INTEREST ON LOAN ____/OC-EC
TO THE REPUBLIC OF ECUADOR
(Support for the Population and Housing Census and
Strengthening of the National Statistics System)

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 as administrator of the Intermediate Financing Facility Account (the "Account"), to enter into such contract or contracts as may be necessary with the Republic of Ecuador, as Borrower, and to adopt other pertinent measures to use the resources of the Account to pay a portion of the interest due by the Borrower on outstanding balances of the loan authorized by Resolution DE-____/__, in accordance with the provisions set forth in Document FN-263-2, as amended, approved by the Board of Executive Directors on December 21, 1983.