

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**ECUADOR**

**INCLUSION OF THE MIGRANT AND HOST POPULATIONS IN SOCIAL SERVICES  
IN ECUADOR**

**(EC-L1258)**

**LOAN AND GRANT PROPOSAL**

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Proposed resolution

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Annex II	Results Matrix
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REQUIRED LINKS	
Required link 1	<a href="#">Multiyear execution plan</a>
Required link 2	<a href="#">Monitoring and evaluation plan</a>
Required link 3	<a href="#">Procurement plan</a>

OPTIONAL LINKS	
Optional link 1	<a href="#">Economic analysis</a>
Optional link 2	<a href="#">Annex on migration eligibility criteria</a>
Optional link 3	<a href="#">Geographic targeting methodology</a> *
Optional link 4	<a href="#">Bibliography on migrant women's vulnerability (maternal health)</a>
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Optional link 6	<a href="#">Health sector analysis</a>
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Optional link 11	<a href="#">Safeguard Policy Filter (SPF) and Safeguard Screening Form (SSF)</a>

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## **ABBREVIATIONS**

CUT	Single Treasury account
GDP	Gross domestic product
GRF	IDB Grant Facility
IMF	International Monetary Fund
IOM	International Organization for Migration
IRR	Internal rate of return
MEF	Ministry of Economy and Finance
MIES	Ministry of Economic and Social Inclusion
MINEDUC	Ministry of Education
MSP	Ministry of Public Health
PISA	Program for International Student Assessment
UNESCO	United Nations Educational, Scientific, and Cultural Organization
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund

**PROJECT SUMMARY**  
**ECUADOR**  
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Financial Terms and Conditions				
Borrower:			Flexible Financing Facility <sup>(c)</sup>	Grant financing (GRF)
Republic of Ecuador		Amortization period:	25 years	n/a
Executing agencies:		Disbursement period:	5 years	5 years
Ministry of Economic and Social Inclusion (MIES); Ministry of Education (MINEDUC); and Ministry of Public Health (MSP)		Grace period:	6 years <sup>(d)</sup>	n/a
Source	Amount (US\$)	Interest rate:	LIBOR-based	n/a
IDB (Ordinary Capital):	50,000,000	Credit fee:	(e)	n/a
IDB Grant Facility (GRF): <sup>(a)</sup>	12,500,000	Inspection and supervision fee:	(e)	n/a
Local: <sup>(b)</sup>	2,756,188	Weighted average life:	14.97 years	n/a
Total:	65,256,188	Currency of approval:	United States dollar	
Program at a Glance				
<b>Objective:</b> The general objective of the program is to contribute to the inclusion of the migrant and local populations in social services by boosting the capacity of these services to meet the rise in demand in Ecuador due to migration. Specifically, the program aims to boost the capacity to provide social protection, health, and education services in the country's main migrant host cities.				
<b>Special contractual conditions precedent to the first disbursement of the financing:</b> (i) the <a href="#">program Operating Regulations</a> will have been approved by the executing agencies and have entered into effect on terms previously agreed upon with the Bank (see paragraph 3.3). See other special contractual condition precedent in Annex III, paragraph 5.1.				
<b>Special contractual condition for execution:</b> (i) Each of the executing agencies will have contracted and/or appointed the members of its execution team prior to the first disbursement of the proceeds intended for investment activities under the component for which it is responsible. See paragraph 3.4.				
<b>Exceptions to Bank policies:</b> None.				
Strategic Alignment				
Challenges: <sup>(f)</sup>	SI	X	PI	EI
Crosscutting themes: <sup>(g)</sup>	GD	X	CC	IC

<sup>(a)</sup> Grant financing. In accordance with document GN-2947-6, the Bank's financing structure for this operation combines a maximum of 20% in grant (GRF) resources and 80% in reimbursable (Ordinary Capital) resources. The GRF resources will be disbursed simultaneously and proportionally with the Ordinary Capital loan proceeds.

<sup>(b)</sup> The local counterpart contribution is the value-added tax (VAT) on the applicable activities.

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

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

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

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

<sup>(g)</sup> GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

## I. PROJECT DESCRIPTION AND RESULTS MONITORING

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

- 1.1 **Ecuador has made great strides in poverty reduction and social development in the past 15 years, bolstered by a period of growth and macroeconomic stability that fostered investments in the provision of social services.** Between 2006 and 2014, the country doubled its social investment, from 4.2% to 9% of gross domestic product (GDP) ([IDB, 2018](#)). Consequently, per capita public expenditure in health increased by a factor of 4.5 between 2006 and 2014 and by 2015 accounted for 5% of GDP ([Jane et al., 2018](#) and references cited therein). Similarly, between 2006 and 2014, the government raised its expenditure in education from 2.3% to 4.7% of GDP, which is equivalent to a per capita expenditure increase from US\$78 to US\$299 over the period ([SiCES](#)).
- 1.2 **As a result of the investments to expand the provision of social services, the coverage of these services increased.** For example, in terms of maternal health, prenatal care coverage<sup>1</sup> of pregnant women was 76.4% in 2014, with an average of 3.6 prenatal checkups<sup>2</sup> (compared to complete care, which envisages at least five checkups according to the [clinical practice guidelines for prenatal care](#)). In education, the gross preschool (ages three to four) enrollment rate grew from 18% in 2009/2010 to 52% in 2014/2015, and the primary school enrollment rate grew from 90% in 2007 to 95% in 2014 (MINEDUC administrative data). In terms of social protection of minors,<sup>3</sup> child labor between the ages of 5 and 14 declined from 8% in 2007 to 2.7% in 2011 (see [optional link 8](#)).
- 1.3 **In late 2014, the country faced the effects of a macroeconomic shock triggered by the decline in international oil prices,<sup>4</sup> and the government made particular efforts to limit budget cuts and their impact on the social sector.** In health, the number of facilities remained largely unchanged between 2014 (4,139) and 2017 (4,168), and the number of physicians and nurses per 10,000 inhabitants grew more slowly than it previously had ([INEC, 2017](#)). In education, the government kept public expenditure at 4.7% of GDP between 2014 and 2017, and reduced it to 4.5% of GDP in 2018. The per capita expenditure on education went from US\$299 in 2014 to US\$289 in 2018 ([SiCES](#)).

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<sup>1</sup> The coverage indicator refers to the total number of women who had at least one prenatal checkup over the total number of pregnant women.

<sup>2</sup> The relevant MSP indicator of “concentration” of care measures the total instances of prenatal care for pregnant women over the total instances of initial care for pregnant women.

<sup>3</sup> In the Spanish original, the use of the plural is understood to be gender inclusive.

<sup>4</sup> The average price of Ecuadorian crude fell from US\$96 per barrel (BBL) in 2013 to US\$85/BBL in 2014, US\$42/BBL in 2015, and US\$35/BBL in 2016. As a result, the oil revenues of the nonfinancial public sector contracted during that period, from an amount equivalent to 12% of GDP in 2013 to the equivalent of 5.5% of GDP in 2016. At the same time, the value of crude oil exports declined by close to 8.8% of GDP. Since then, the Ecuadorian government’s efforts to restrict public expenditure and consolidate the fiscal situation have led to approval of [Decree 135 on public expenditure optimization and austerity of 2017](#) and the [US\\$4.2 billion loan program with the International Monetary Fund \(IMF\) of 2019](#). The abrupt slowdown in growth and the fiscal restrictions limited investment in the provision of services in general.

- 1.4 **However, the process of closing preexisting gaps in social services coverage observed until that time was affected.** In maternal health, the coverage of pregnant women with prenatal care was 74.8% in 2016, with an average of 3.7 prenatal checkups. In education, the growth trend of the gross preschool enrollment rate was reversed between 2016 and 2017, when enrollment decreased from 54% to 51.9%. In social protection, child labor between the ages of 5 and 14 increased once again in 2016, to 4.9% ([optional link 8](#)).
- 1.5 **In 2016, the Ecuadorian economy began to show signs of improvement;<sup>5</sup> however, since 2018, Ecuador and several neighboring countries have faced sudden, large-scale migrant flows accentuated by the political, economic, and social situation in Venezuela.** Official data from the Ministry of Interior's Sistema de Migración Ecuatoriano [Ecuadorian Migration System] (SIMIEC) indicate that in 2018 (as of 31 December) there were 2,041,600 arrivals and 1,864,189 departures of Latin American and Caribbean citizens, yielding a migration balance of 177,411 Latin American and Caribbean citizens into Ecuador for the year. The cumulative net balance (arrivals minus departures) between 2016 and 2018 (last three years with complete information available) is 305,643, which is equivalent to 1.79% of Ecuador's population. Thus, this percentage corresponds to the population that decided to remain in the country. The United Nations High Commissioner for Refugees (UNHCR) and the International Organization for Migration (IOM) raise this figure by approximately 50,000 to account for additional net arrivals through informal border crossings. IOM estimates that up to 1,000 net (1,500 gross) arrivals take place on a daily basis. Thus, Ecuador has gone from a transit country to essentially a destination country.
- 1.6 **Gender considerations in the migration context.** The most recent round of surveys conducted by [IOM](#) indicates that at least 40.2% of migrants are women. Gender plays an important role in all aspects of the migrant experience ([optional link 5](#)) because women and girls face different challenges from men, given their greater vulnerability to human trafficking for sexual exploitation and their exposure to physical violence. For example, the survey shows that 27% of the interviewed women, compared to 10.3% of the interviewed men, identify health problems as one of the main difficulties in their social integration process. A total of 6.4% of those surveyed are pregnant women, roughly half of whom report having had difficulty in receiving prenatal care. These descriptions of vulnerability within the migrant population are coupled with the prevailing circumstances within the local population. Despite the progress achieved in the last decade in addressing gender inequality, violence against women continues to be a significant concern in Ecuador and is an issue that the Bank is helping to confront through financial support and technical assistance in the health, education, and social protection sectors (including operations 4614/OC-EC and ATN/MG-16956-EC).

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<sup>5</sup> The GDP has grown since the last quarter of 2016. In 2017, the economy grew by 2.4% due to various factors, including a partial recovery in Ecuadorian crude prices, an impetus in aggregate demand as a result of relaxation of the fiscal consolidation effort, and the growth of exports assisted by the entry into effect of a trade agreement with the European Union and by the United States dollar's recent weakness. The Central Bank has indicated that the economy grew at a rate of 1.4% (preliminary figure). For 2019, the GDP is forecast to fall by 0.5% due to the government's fiscal consolidation with the support of the IMF program.

- 1.7 **The challenges associated with the capacity to provide social services in Ecuador are more evident and more pronounced in the migrant host cities.** After receiving humanitarian aid or temporary care services at the border or in the transit corridors, migrants deciding to stay in the country require essential social services, such as health or education, wherever they settle. This triggers a rise in demand and creates additional pressure on social services that were already subject to gaps in provision prior to the migrant phenomenon (paragraph 1.4). A big data analysis ([optional link 3](#)) based on cellular telephone records from 2018 and 2019 identifies the following cities, in order of decreasing magnitude, as the main hosts of migrant populations in the country: Guayaquil and Quito, followed by Manta, Santo Domingo, Cuenca, Machala, Portoviejo, Esmeraldas, Ibarra, and Salinas.
- 1.8 **The migrant situation has posed a renewed challenge to the recovery process and the closing of preexisting social gaps.** In the health sector, MSP has recorded an increase in public health care for the migrant population over the last two years. For example, as of 2017, 52,059 Venezuelan nationals had received health care; as of 2018, the figure had risen to 194,543. As a result, the coverage of prenatal checkups at the national level declined to 63.7%. The average number of prenatal checkups has remained unchanged at 3.7 since 2016. The additional demand pressure stemming from migration is particularly significant in this sector because the 2008 Constitution not only poses the challenge of achieving free and universal coverage of public health services at all levels of care (Article 362), but also indicates that these services should be sustainably financeable for a growing population. To ensure that this is the case, Articles 286 and 366 protect public health expenditure and the Twenty-second Transitional Provision establishes that the General State Budget aimed at funding the national health system should be equivalent to at least 4% of GDP.
- 1.9 In the education sector, the presence of a migrant population has quickly raised the demand for services. For example, in 2018 Venezuelan student enrollment totaled 10,794, while in 2019 the figure rose to 16,851, with more than half enrolled in basic general education. By the end of 2020, the number of enrolled Venezuelan students is estimated to total approximately 22,820. However, a large part of the Venezuelan migrant children and adolescents (13,149, according to United Nations Children's Fund (UNICEF) estimates) have yet to be assigned a slot in an Ecuadorian school: thus, 59% of preschool age children, 52% of primary school-age children, and 81% secondary school-age adolescents are not in school. This influx of populations in need of access to quality education is putting pressure on an already saturated school system. Before the advent of the migrant situation, Ecuador already had approximately 50,000 young people who were not attending school due to limited supply and demand in preschool and secondary school. As a result, the preschool coverage gap expanded, leading to a 4.04% drop in the gross preschool enrollment rate between 2016/2017 and 2018/2019. More than half of three- to four-year-old migrant children are out of school in Ecuador ([UNICEF, 2018](#)). In terms of social protection, the continuous increase in child labor for 5- to 14-year-olds, which reached 5.4% in 2018 ([optional link 8](#)), reflects high levels of vulnerability in a significant portion of the child and adolescent population.



- 1.10 **The migrant situation also poses new challenges in terms of the offering of specialized services.** In the area of social protection, there is the new challenge of caring for an unaccompanied<sup>6</sup> child and adolescent population that is particularly vulnerable to risks of human trafficking, kidnapping, forced labor, work and sexual exploitation, abuse, mistreatment, or violence ([optional link 8](#)). At present, the State's special protection services do not provide a response to these extremely vulnerable groups, or at least not to the extent and specificity required in the current context.<sup>7</sup>
- 1.11 **The coverage of social services for the migrant and host population (paragraphs 1.8, 1.9) is the result of a series of supply<sup>8</sup> factors and demand incentives or barriers (see Figure 1).** The social ministries lack robust data or studies to identify and quantify demand barriers in Ecuador. However, the international literature points to potential barriers to the demand for social services by vulnerable population groups. In health, determining factors affecting the demand for prenatal services, for example, include lack of awareness, cultural norms, past experience with treatment, job-related or personal constraints on the ability to keep appointments during service hours, access to transportation, ability to cover accessibility costs, and transparency and content of the communication and information received ([optional link 6](#)). In addition, evidence from Canada ([Sword et al., 2006](#)) and Europe ([Balaam et al., 2013](#)) indicates that migrant women face specific barriers related to lack of information and awareness, mental health (trauma or depression related to human mobility), lack of family ties and support, and/or ability to cover costs.
- 1.12 Similarly, in education, the international evidence suggests that demand barriers for the migrant and host populations include regulatory or administrative, financial, and discrimination barriers. Parents in vulnerable environments may have a less objective knowledge of the schools (Schneider et al., 1998; Bell, 2009; Bosetti, 2004) and/or enroll their children in a low-performing school (Elacqua et al., 2012). Financial barriers include registration costs, uniforms, transportation, and school materials (J-PAL, 2017; UNICEF, 2019). The migrant population faces additional barriers, as evidenced by UNHCR (2016), such as regarding their ability to fulfill the administrative requirements of documents for registration. In some countries, a birth certificate is required for registration, and it can only be obtained in the respective country of origin. In addition, at times of economic instability, the financial barriers become higher and jeopardize access to education ([Sobane, 2018](#)). Studies on young migrants show that discrimination and negative attitudes at school discourage them from studying (McBrien, 2005). The data for Ecuador are in line with the international evidence. According to [UNICEF Ecuador](#) (2018), focus groups with migrants have shown that there are four key issues limiting demand: (i) migrant families prioritizing the search for work over other needs; (ii) the administrative requirements for school registration; (iii) the costs associated

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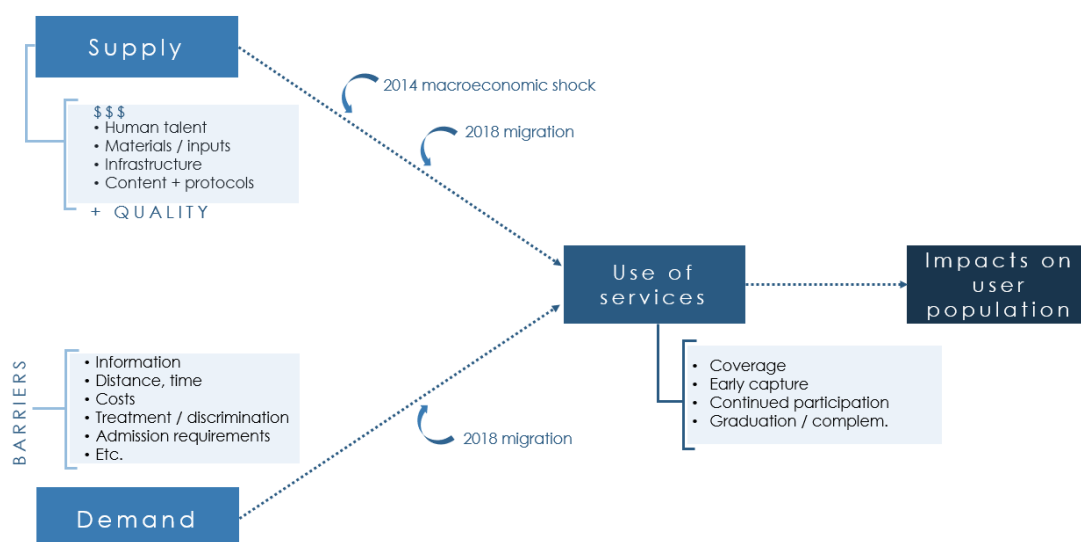
<sup>6</sup> The term "unaccompanied" refers to minors who enter the country without any adult family member responsible for their care and protection (according to the MIES Special Protection provision). In the first six months of 2019, 3,698 such suspected cases were reported at the northern border.

<sup>7</sup> In July 2019, MIES initiated a pilot intervention involving teams tasked with the search, support, and referral of extremely vulnerable individuals on the streets of seven of the country's cities.

<sup>8</sup> Including factors such as availability, hours of operation and quality of human talent, infrastructure, equipment, materials, and inputs, as well as compliance with the protocols of care or curriculum content.

with school transportation or uniforms; and (iv) discrimination. In both sectors, unaccompanied children and adolescents face specific, high barriers to access to health and education because there are no specific mechanisms and information to proactively include them in the provision of services.

**Figure 1: Conceptual framework for the use and coverage of services**



**1.13 The governmental responses include general provisions to guarantee the rights and social inclusion of the vulnerable and migrant population (optional link 9), as well as sector-specific responses to the old and new challenges of social services coverage.** Despite a lack of specific information on demand barriers in the Ecuadorian context in the health sector (paragraph 1.11), MSP has implemented initiatives to encourage the use and effectiveness of the services, ensuring that vulnerable groups (in both the local and migrant populations) become and remain linked to preventive services. These initiatives focus on the primary level of care and on priority<sup>9</sup> and/or vulnerable<sup>10</sup> populations. An example are the efforts to improve the quality of services for persons with diabetes, financed with support from operation ATN/OC-16373-EC, including the active search and monitoring of patients to increase their attendance at checkup appointments. Another example is the 2018 “Médico de Barrio” [Neighborhood Doctor] strategy, implemented under one of the community health interventions mentioned among the identified effective policies (paragraph 1.20) and consisting of active search, diagnostic assessment of risks, and home visits

<sup>9</sup> For purposes of the strategy, priority groups include: pregnant women, older adults, children under two, children under five with malnutrition, children with incomplete vaccination, persons with disabilities, persons with mental health problems, inmates, persons with noncommunicable chronic diseases, and victims of violence.

<sup>10</sup> Vulnerable groups belong to priority groups but are at additional risk. They include: women with high-risk pregnancy, children under two with acute malnutrition, persons suffering from highly complex diseases or diseases over which they do not have adequate control, or persons requiring palliative care.

by teams of health professionals. In its first stage of implementation, this strategy seeks to reorganize the primary care services to ensure the identification (registration and location) and capture (initial care) of vulnerable patients, including women with high-risk pregnancies ([optional link 6](#)).

- 1.14 In education, the Government of Ecuador signed [Ministerial Resolution 0042](#) of 2017, titled “Protocol for the educational inclusion of children and adolescents in human mobility conditions,” to facilitate access to the education system (MINEDUC, 2017). The objective of this protocol is to regularize and guarantee entry into, continued participation in, and completion of the educational process in the national school system for vulnerable and migrant populations, as, for example, when they lack school certificates or lag behind in education. In view of the limited availability of institutionalized early childhood education in Ecuador, MINEDUC envisages expanding the existing supply through more cost-effective modalities of out-of-school education (in the form of home care) for three- to four-year-old children, while also offering access to enrollment in basic general education. Regarding the effectiveness of this initiative, introduction of the early childhood family care service<sup>11</sup> in 2018/2019 led to a renewed, 2.51% increase in coverage for a total gross enrollment rate of 52.8% (MINEDUC, 2019). In addition, with a view to the inclusion and leveling up of the vulnerable and migrant child and adolescent population lagging behind in primary education, MINEDUC started to expand the offering of remedial and accelerated learning in 2018.
- 1.15 In the area of social protection, worth noting is the initial implementation of a new service consisting of multidisciplinary teams tasked with actively searching for vulnerable populations living and/or begging on the streets, supporting these populations through information and counseling services, and referring them to regular health, education, and other MIES social services, including individualized support and assistance based on the situation of each person and family. This initiative is consistent with the international evidence on the effectiveness of these services (paragraph 1.22). With regard to special protection for adolescents who are unaccompanied by an adult family member (in the case of migrant populations) or are separated from their parents (in the case of local populations), MIES envisages the implementation of special protection services and temporary placement for a period of a few days until the status and the support, guardianship, or foster care of the adolescent are established. Both initiatives are covered by a framework agreement signed in 2018 by the Interior, Foreign Affairs, and Human Mobility Ministries, followed by MIES’ “procedures for the care of children and adolescents in human mobility contexts in Ecuador” (2019), under the principles of best interests of the minor, absolute priority, no separation of families, right to family reunification, and no institutionalization,<sup>12</sup> among others. In addition, a new [technical standard for special protection](#) approved in 2019 introduces and

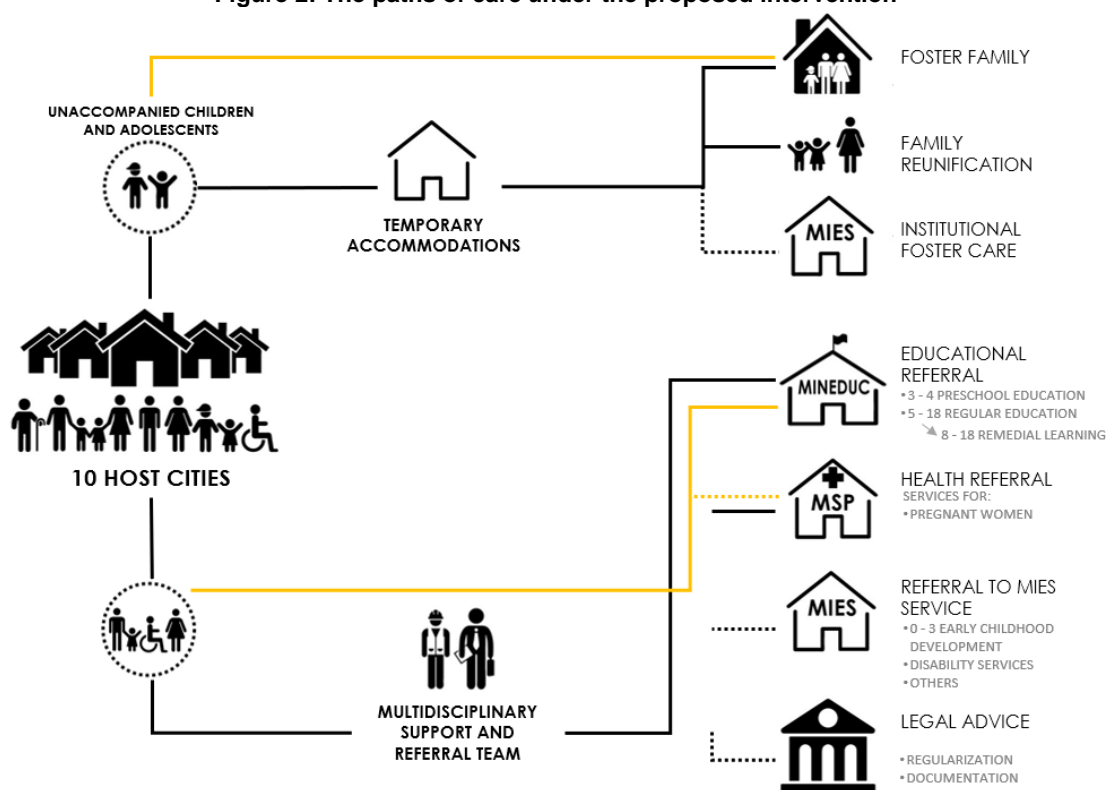
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<sup>11</sup> These are preschool services provided in the home, with an emphasis on guiding parents or caregivers toward improving their parental and educational capacity at home.

<sup>12</sup> Institutionalization means that the child lives in institutions under the care of specialized staff. This action is avoided, since it is preferable for the child to develop within a family (whether direct, indirect, or otherwise), in accordance with the International Convention on the Rights of the Child (United Nations, 1989).

- regulates various support, guardianship, and foster care modalities as alternatives to placement in an institution.
- 1.16 **Government request to the Bank to support a comprehensive operation.** The design of this program is in response to the government's request to design and finance an operation that addresses the challenge of developing a comprehensive strategy for inclusion of the migrant population into the social protection, health, and education services without compromising access to these services for the Ecuadorian population in the country's main host cities.
- 1.17 **Following this logic, the proposed interventions will target the cities identified as the main migrant host cities (paragraph 1.7).** This conceptualization also considers that the geographic scope of the program complements the humanitarian aid and emergency care interventions in the border areas and transit corridors. The activities in this regard and the related activities of international organizations and civil society are described in paragraph 1.24.
- 1.18 **The direct beneficiaries of the program are the vulnerable children, adolescents, and women (in the migrant and host populations) in the prioritized cities.** Following the logic of the life cycle, the vulnerable child population consists of unborn infants and their pregnant mothers cared for in MSP's free public health system (and who therefore are not affiliated with any social security institution), children (aged 0 to 12) and adolescents (homeless unaccompanied migrants or locals) living in vulnerable conditions or begging on the streets, their mothers and families, preschool-age children (aged 3 to 4) excluded from the educational system and their mothers (or other main caregivers), and children and adolescents (aged 8 to 17) lagging behind in basic education.
- 1.19 **The logic of the proposed intervention.** The logic of the operation's design, in addition to following the criteria described in paragraphs 1.17 and 1.18 and aiming to intervene on the supply side and at the same time reduce demand barriers (paragraphs 1.11 and 1.12), considers the two main paths of care illustrated in [Figure 2](#). The lower portion of the figure shows the inclusion of vulnerable pregnant women, children, and adolescents in the health and/or preschool and basic education services, whether directly or through street search and service referral teams. The upper portion shows the inclusion of extremely vulnerable (due to abandonment, negligence, or other rights violations) minors in temporary or permanent support, guardianship, or foster care services, either directly or through short-term placement and referral (by means of temporary accommodations) to special protection services.

Figure 2: The paths of care under the proposed intervention



- 1.20 **International evidence on effective policies to expand the coverage and use of social services, with an emphasis on the most vulnerable.** [Optional link 6](#) includes a summary and examples of existing evidence on the relevance and benefits of maternal health services, effective policies to increase the coverage of prenatal care (including investments in infrastructure, equipment, and human talent, and the operational implementation to scale of the services, together with quality assurance and improvement initiatives), barriers to the demand for prenatal services in general and for migrant women, and recommendations on effective policies to reduce these barriers. These recommendations include initiatives in health facilities (such as awareness-raising videos in waiting rooms and distribution of instructional materials) and, especially, interventions in and with the community (such as home visits by nurses, physicians, or community workers, with or without telephone reinforcement, and group counseling, care, and self-care sessions).
- 1.21 [Optional link 7](#) shows evidence describing the importance of children's development in the early years of life as an essential basis for their subsequent educational path and even for their outcomes in adulthood, such as physical and mental health, employment, and criminality (Berlinski and Schady, 2015; Shonkoff and Phillips, 2000). PISA data from 2012 suggest the importance of early childhood education for the migrant population. The study shows that 15-year-old migrant students who had access to early childhood education achieved a higher score in reading than those who did not have such access. The difference is approximately equivalent to one more year of school. Moreover, the evidence

shows that migrants who have access to early childhood education tend to have lower school dropout rates and greater access to higher education (UNESCO, 2018). Another important factor in addressing the educational needs of the migrant population is combating the phenomenon of students falling behind in school. According to 2012 PISA data, the likelihood that migrant students will repeat a year in either primary or secondary school is 3.4 times higher than for nonmigrant students ([OECD, 2015](#)). To address this problem, this program considers expanding the educational offering of remedial and accelerated learning to assist vulnerable and migrant children who lag behind in school.

- 1.22 [Optional link 8](#) describes the international evidence on support and referral teams for the context of the shortfall in coverage of social services for vulnerable population groups and their effectiveness in lowering demand barriers. In addition, this link presents evidence that justifies the introduction of temporary care interventions for children and adolescents who are unaccompanied or have been separated from their parents until their status and destination have been established, and effective strategies for temporary or permanent special protection for children and adolescents who require support, guardianship, or placement (institutional or otherwise).
- 1.23 **Innovative aspects.** The proposed interventions recognize the importance of supporting quickly implementable activities that can help to expand the provision of social services in the short term and in flexible fashion. For example, the proposed execution system of temporary accommodation facilities and support and referral teams under an outsourced and flexible supply model boosts the presence and responsiveness of MIES and provides referrals to other relevant services in migrant-hosting territories without entailing the construction of works or the procurement of equipment or materials.<sup>13</sup> In education, the home schooling model makes it possible not only to integrate those most vulnerable but also to offer an inclusive solution for the local and migrant population. In addition, it is worth noting the use of nonconventional tools for the geographic targeting of interventions in the main host areas for migrant populations ([optional link 3](#)).
- 1.24 **Complementarity with the humanitarian aid interventions by other actors in the country.** The proposed intervention complements the actions led by the international agencies that are part of the Regional Inter-Agency Coordination Platform for Refugees and Migrants, whose resources have been primarily allocated to addressing food security, temporary housing, and access to drinking water, as well as to providing assistance in terms of protection (asylum requests and guidance on access to migratory mechanisms). The emergency actions have benefited migrants in transit to other countries, those who arrive in Ecuador as a temporary destination, and their host communities. There is a large presence of rapid response agencies in the border areas and host cities, ensuring that the care provided is better coordinated and more consistent with the path of the migrant populations and their progressive integration process. MSP received support from UNHCR and the World Health Organization (WHO) in terms of humanitarian health

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<sup>13</sup> Considering that the outsourcing of services also entails challenges with regard to governmental supervision and the providers' rendering of accounts to the ministry, the Bank is providing technical assistance to MIES in designing a uniform protocol for monitoring and recording the contributions of teams, temporary accommodation facilities, and support, custody, and family foster services.



care at the northern border and the transit areas within the country considered a “humanitarian corridor” for migrants heading to Peru and Chile. The support focused mainly on initial health care and information for persons in transit, as well as temporary shelters during wait times at the border. UNHCR, IOM, and UNICEF collaborated with MIES through technical assistance, such as in identifying, registering, and referring cases of unaccompanied minors and other cases of rights violations of child and adolescent populations. In addition, as part of the Education Working Group and together with IOM and UNHCR, UNICEF is carrying out a project through July 2020 supporting MINEDUC by providing information and training for MINEDUC officials and distributing educational materials to migrant students.

- 1.25 **Complementarity with other initiatives supported by the Bank in Ecuador in the context of migration.** Ecuador, together with Colombia, Costa Rica, and Peru, will be part of the regional public goods (RPG) project “Strengthening of the regional capacity for social integration and inclusion of migrant populations,” currently in preparation. The proposal calls for creating coordinated service models to facilitate access to basic social services for vulnerable population groups and provide protocols for specialized care for migrants. It will be designed to complement and be consistent with the focus on support and referral teams under this operation. IDB Lab, in collaboration with the Bank, is developing a technical cooperation operation on innovations for the educational inclusion of migrants. In addition, the nature and dynamics of the recent migratory flows require a legal and technical analysis that determines the viability and feasibility of implementing a national migratory management and registration system. Both analyses will be supported by resources from a technical cooperation operation now in preparation. MINEDUC and MIES will have resources available from technical cooperation operation ATN/FG-17260-RG, financed by the Spanish General Cooperation Fund, for the development of protocols and paths of care for migrants and local vulnerable populations.<sup>14</sup> The planned evaluations and studies to be financed will also provide evidence on the specific gaps in demand for social services by Ecuadorian and foreign users ([required link 2](#)).
- 1.26 **Relevant lessons learned from health, education, social protection, and early childhood development projects supported by the Bank.** In addition to the abovementioned international experience (paragraphs 1.20-1.22), the design of this operation incorporates lessons learned by the Bank discussed in: (i) the Social Protection and Poverty Sector Framework Document (document GN-2784-7), highlighting the life cycle focus as the linchpin of the social protection systems; (ii) the Gender and Diversity Sector Framework Document (document GN-2800-8), underscoring the importance of improving the quality of services that promote gender equality, such as through the processes of user referral and counter-referral across services, which was considered in Component 1; (iii) the Health and Nutrition Sector Framework Document (document GN-2735-7), which whenever possible recommends prioritizing the use of administrative data to perform robust evaluations and the use of health metrics,

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<sup>14</sup> This technical cooperation operation was approved in March 2019 for an amount of US\$5 million and is part of Spain’s support for the Bank’s Migration Initiative to facilitate the preparation and execution of operations.

such as disability adjusted life years (DALYs), in economic analyses to establish, for example, the importance of supporting preventive health strategies, which was respectively considered in the evaluation arrangements and the economic analysis of this operation; and (iv) the Education and Early Childhood Development Sector Framework Document (document GN-2708-5), which suggests the need to facilitate transitions between educational levels and expand opportunities for students to further pursue and complete their studies, which was incorporated in Component 3, and also highlights the value added by involving different actors from the public, private, and civil society spheres to coordinate action and create synergies, which was considered in the intersectoral design of the operation in general. In operational terms, the design of this program incorporates the lessons learned from loan 2787/OC-EC regarding a coexecution arrangement providing for independence and ownership for each executing agency and for more streamlined administrative-financial execution processes within each ministry.

- 1.27 **Strategic alignment.** The program is consistent with the Update to the Institutional Strategy (UIS) 2010-2020 (document AB-3008), which is strategically aligned with the development challenge of social inclusion and equality, particularly the provision of inclusive health, education, and social protection services, by means of all service coverage indicators of Components 1, 2, and 3. The program is also aligned with the crosscutting area of gender equality and diversity, since the public services to be strengthened consider and incorporate the particularities of migrant populations, girls, and women. Specifically, this operation incorporates the gender perspective from the conceptualization of the specific barriers to access to social services (paragraph 1.11) to the identification of the beneficiary groups (paragraph 1.18) and the content of the activities to be financed. As part of the monitoring, the outcome indicators will be disaggregated along gender and diversity categories. In addition, the program is aligned with the Corporate Results Framework (CRF) 2016-2019 (document GN-2727-6) through the following country development outcome indicators: “beneficiaries receiving health services,” “students benefited by education projects,” and the auxiliary indicator “children receiving early childhood development services targeted to the poor,” in accordance with the indicators associated with each of the components of the program. In addition, the program is aligned with the IDB Group Country Strategy with Ecuador 2018-2021 (document GN-2924), which identifies improving the management and quality of social services as a strategic objective, and it is included in the Update of Annex III of the 2019 Operational Program Report (document GN-2948-2).
- 1.28 This operation is also consistent with the Social Protection and Poverty Sector Framework Document (document GN-2784-7), which among its lines of action emphasizes the importance of expanding access to care services for poor or vulnerable people in a state of dependency and expanding access to programs that can help prevent or mitigate the risks associated with youth vulnerability. This operation is similarly consistent with the Education and Early Childhood Development Sector Framework Document (document GN-2708-5) in the first four of the five dimensions of success for educational programs: (i) high student learning goals guide the rendering and monitoring of educational services at every level; (ii) the new students enter the system ready to learn; (iii) all the students have access to effective teachers; and (iv) all the schools have the adequate



resources and can use them for learning and developing skills. This operation is also consistent with the Gender and Diversity Sector Framework Document (document GN-2800-8) regarding the gender dimensions and aspects related to violence against children, adolescents, and women; the Health and Nutrition Sector Framework Document (document GN-2735-7) regarding the importance of coverage and quality of maternal health services; and the Early Childhood Development Sector Framework Document (document GN-2966-2) regarding the lifelong benefits of preschool age interventions that improve the child-rearing practices of parents by means of home visits and child protection services for abused or abandoned children. In addition, given its focus on vulnerable segments of the population (including migrants, unaccompanied minors, public health system users who lack social security, etc.), the operation is aligned with the Strategy on Social Policy for Equity and Productivity (document GN-2588-4).

- 1.29 Furthermore, the investment in social protection, health, and education services for migrant and host populations is supported by the country's strategic priorities: The goals of the [National Development Plan \(PND\) 2017-2021 "Toda una Vida"](#) [An Entire Lifetime] for 2021 include increasing the coverage and quality of, and access to, health services and raising the percentage of children under five who participate in early childhood programs. Above all, this plan prioritizes the principle of guaranteeing universal access to social services for both Ecuadorian and foreign citizens in accordance with the 2008 Constitution.

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

- 1.30 **Objective.** The general objective of the program is to contribute to the inclusion of the migrant and local populations in social services by boosting the capacity of these services to meet the rise in demand in Ecuador due to migration. Specifically, the program aims to boost the capacity to provide social protection, health, and education services in the country's main migrant host cities.

- 1.31 **Component 1 Social protection of vulnerable migrant and host populations (MIES).** The total amount of the component is US\$19.28 million, comprised of: US\$13.58 million from the IDB's Ordinary Capital, US\$3.39 million IDB Grant Facility, and a local counterpart contribution of US\$2.30 million. The objective is to contribute to the social protection of the vulnerable migrant and local populations through the MIES special protection services. The component will finance expenditures related to the following activities:

- (i) multidisciplinary team services providing information, counseling, support, and referral to MINEDUC, MSP, and MIES social services based on the age and needs of each individual; the per capita cost includes the costs of initial psychological support, legal advice for formalizing migratory status or other legal issues, and counseling and assistance in learning about and obtaining access to other relevant social services, with a view to lowering various barriers to demand for services; aimed at vulnerable families and individuals that the teams locate on the streets, with an emphasis on children, adolescents, and women;

- (ii) temporary special protection services provided at temporary accommodation facilities, aimed at children and adolescents who are unaccompanied or have been neglected, abandoned, or subject to other rights violations; the costs include temporary care services (including bed, board, clothing, and support) and the procedures to establish the child's or adolescent's status and achieve family reunification or referral to long-term or permanent special protection services (whether family-based or institutional);
- (iii) long-term or permanent special protection services in modalities other than institutional placement, including support, guardianship, and family foster care;<sup>15</sup> the costs include identification, assessment, and registration of, and assistance to, the foster or guardianship families, or support to the biological family, prior to and during the designation of the child or adolescent; and
- (iv) specialized technical assistance services required for execution of the component.

1.32 Nonconsulting services (i) to (iii) will be provided by, among others, domestic and international nongovernmental organizations (NGOs) contracted by MIES under competitive and streamlined procedures that ensure efficiency and transparency, and will be financed based on the costs per instance of care (i) or per capita (ii) and (iii). The outputs of the component include number of multidisciplinary support, information, and referral teams, number of temporary accommodation facilities, and number of multidisciplinary support and family guardianship teams in operation.

1.33 **Component 2 Inclusion of migrant and host populations in health services (MSP).** The total amount of the component is US\$25.33 million, comprised of: US\$20.16 million from the IDB's Ordinary Capital, US\$5.04 million from the IDB Grant Facility, and a local counterpart contribution of US\$140,000. The objective is to bolster the inclusion of vulnerable migrant and Ecuadorian population groups in MSP's health services by boosting its capacity to meet the growing demand for maternal health services at the primary care level. The component will finance:

- (i) the cost of prenatal care<sup>16</sup> for pregnant women according to the respective care protocols, which recommend a minimum of five prenatal checkups. The cost per checkup includes the respective partial costs of counseling by professional staff, transvaginal/pelvic ultrasound, basic fetal evaluation, complete hemogram, urinalysis and

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<sup>15</sup> Alternative modalities such as family foster care are intended to prevent parents, children, and siblings from being separated. To this end, children and adolescents who by virtue of circumstances are separated from their families are placed with a foster family that may be their extended family (family guardianship), or an Ecuadorian family other than their own (family foster care), or their biological family under a family support service to avoid removing them from their original nuclear family. All these modalities are aimed at restoring family ties or creating new ties, guaranteeing the right to live in a family setting and avoiding institutionalization.

<sup>16</sup> Considering that public health services are universally accessible and free of charge and their General State Budget funding is protected under the Constitution (paragraph 1.8), the rise in maternal-infant health services that are complementary to the activities of this component (including childbirth, post-partum, neonatal, and infant care) is financed by the State with fiscal resources or from other sources.

culture, creatinine and blood glucose, qualitative syphilis, HIV-1 and HIV-2 test, blood typing, cervical cytology, vaccination, folic acid, and ferrous sulfate; and

- (ii) specialized technical assistance services required for execution of the component, as well as evaluations of the component and audits and final evaluation of the entire program.

1.34 The services under (i) will be rendered directly by MSP and will be funded by the program in the form of payments per checkup. The cost per checkup is established through the health sector's rate-setting methodology, which will be described in the program Operating Regulations. The output of this component is number of prenatal checkups of pregnant women.

1.35 **Component 3 Educational inclusion of migrant and host populations (MINEDUC).** The total amount of the component is US\$20.65 million, comprised of: US\$16.26 million from the IDB's Ordinary Capital, US\$4.07 million from the IDB Grant Facility, and a local counterpart contribution of US\$320,000. The objective is to contribute to the inclusion and continued participation of migrant and Ecuadorian children and adolescents in the educational system by expanding the coverage of out-of-school and compensatory education. The component will finance expenditures related to the following activities:

- (i) Early childhood education services for three- to four-year-old children in the early childhood family care service (SAFPI) modality of care, which promotes comprehensive development by delivering comprehensive care tools to parents and caregivers and ensures the children's enrollment in basic general education;
- (ii) remedial and accelerated learning (NAP) services, aimed at easing the school lag of 8- to 18-year-old children and adolescents who are enrolled in basic general education and lag two or more years behind the official age for the applicable level, with an emphasis on elevating their reading, writing, and mathematics skills;<sup>17</sup> and
- (iii) specialized technical assistance services required for execution of the component.

1.36 All of the above-described services will be implemented by MINEDUC and financed by the program through the contracting of staff (as service contractors as defined in paragraph 6.1(e) of Annex III in accordance with the policy on consultants) and the procurement of the teaching materials, clothing, and backpacks used by this staff to provide the services. The outputs of this component include the number of teams providing early childhood family care services in the

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<sup>17</sup> In terms of coverage in education, the net attendance rate of basic general education (covering 5- to 14-year-olds) is 95.6%, covering nearly the entire demand in this stage. In comparison, the net attendance rate in early childhood education (for 3- to 4-year-olds) is just 52.8%, which is why the operation's support in closing this gap is focused on this stage, using cost-effective out-of-school and compensatory education modalities. At the same time, in the 8-18 age group, the existing gaps relate less to the regular coverage of ordinary services than to the challenge of offering remedial and accelerated education, aimed at reducing the rate of over-aged students, which impacts the timely completion of studies, especially in the vulnerable population (optional link 7).

form of out-of-school early childhood education and number of classes that offer remedial and accelerated learning.

### C. Key results indicators

- 1.37 **Expected outcomes.** The outcomes, which primarily consist of indicators of effective coverage achieved for the financed social protection, health, and education services, will be reported in disaggregated fashion for migrants and Ecuadorians as well as by gender, including percentage of the population under the age of three cared for by support and referral teams and enrolled in the MIES early childhood development services; percentage of the vulnerable population cared for by the teams through information and counseling services; percentage of unaccompanied adolescents cared for in temporary accommodation facilities; percentage of child and adolescent population referred to family foster care versus percentage referred to institutional foster care; coverage of pregnant women with prenatal checkups; average number of prenatal checkups per pregnant woman; percentage of 3- and 4-year-olds cared for under the out-of-school educational service; and 8- to 18-year-old population with school lag served through remedial and accelerated learning.
- 1.38 **Economic analysis.** The ex ante [economic analysis](#) of the program was conducted using the cost-benefit method and indicates an overall benefit-cost ratio of 6.6, which suggests that the proposed intervention is abundantly beneficial. In Component 1 (social protection), it was possible to collectively calculate the benefit-cost ratio of the envisaged interventions (street support teams, temporary accommodation facilities, and family foster care). This ratio is 2.8, indicating that the component's interventions are beneficial. The internal rate of return (IRR) of Component 1 is 133%. The analysis of Component 2 (health) yields a high benefit-cost ratio of 12, indicating that the envisaged prenatal health care interventions are abundantly beneficial. The component's IRR is 48%. The benefit-cost ratio of Component 3 (education) is 2.1, which suggests that the early childhood and remedial education interventions are beneficial. The component's IRR is 20%. The sensitivity analyses use discount rates of up to 12%,<sup>18</sup> as well as lower prenatal checkup coverage rates than the projected rate of 28% in Component 2 and effects of changes in the relevant parameters on the net benefits of Component 1 through variations in the Attanasio-Bernal coefficient. The program is robust to the various sensitivity exercises.

## II. FINANCING STRUCTURE AND MAIN RISKS

### A. Financing instruments

- 2.1 This operation is structured as a specific investment loan for a total amount of US\$65,256,188 and will be financed with a loan of US\$50,000,000 from the Bank's Ordinary Capital (OC), an investment grant of US\$12,500,000 from the IDB Grant Facility for support to countries dealing with unprecedented large and sudden intraregional migration flows, and a local counterpart contribution of

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<sup>18</sup> The main cost-benefit analysis applies a discount rate of 5%, which is based on the guidelines for cost-benefit analyses of health interventions (Baltussen et al., 2003) and is slightly higher than the recommended rate for early childhood development interventions ([Karoly, 2012](#)).

US\$2,756,188, as shown in Table 2.1. The disbursement period will be five years (Table 2.2), during which time the proceeds from the Grant Facility will be disbursed simultaneously and in proportion to the proceeds of the Ordinary Capital loan (paragraph 3.5).

**Table 2.1. Estimated program costs (US\$)**

<b>Components</b>	<b>IDB loan</b>	<b>IDB GRF</b>	<b>Local</b>	<b>Total</b>	<b>%</b>
1. Social protection for vulnerable migrant population (MIES)	13,578,446	3,394,611	2,304,305	19,277,362	30
2. Inclusion of migrant and host populations in health services (MSP)	20,156,714	5,039,179	135,871	25,331,764	39
3. Educational inclusion of migrant and host populations (MINEDUC)	16,264,840	4,066,210	316,012	20,647,062	31
<b>Total</b>	<b>50,000,000</b>	<b>12,500,000</b>	<b>2,756,188</b>	<b>65,256,188</b>	<b>100</b>

**Table 2.2. Disbursement flow (in US\$)**

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Total</b>
IDB (80/20 OC to GRF)	12,794,049	16,440,140	16,513,616	13,588,030	3,164,165	<b>62,500,000</b>
% per year	20	26	26	22	5	<b>100</b>

- 2.2 The unprecedented migration flows pose a new challenge for the countries of Latin America and the Caribbean, with potential detrimental effects on the host communities if they are not addressed adequately and urgently. To deal with these exceptional circumstances, the Board of Governors of the IDB approved the use of up to US\$100 million in Ordinary Capital resources available through the IDB Grant Facility to support countries with large and sudden intraregional migration inflows (document GN-2947-6 and AB-3199). This use of the Grant Facility is aimed at helping the countries design appropriate interventions so the migrants and their host communities can access basic services, social services, and provide them with economic opportunities, benefitting both the migrants and the local population, in order to favor inclusive development and promote a positive relationship between both communities.
- 2.3 The operation meets the five eligibility criteria for the use of resources from the IDB Grant Facility, as summarized below: (i) the cumulative net balance of migrants between 2016 and 2018 is 305,643,<sup>19</sup> equivalent to 1.79% of the total population,<sup>20</sup> thereby exceeding the eligibility threshold of 0.5% (paragraph 1.5); (ii) this is a rapid and massive flow that, despite the fact that the country has a policy guaranteeing universal access to social services (for both Ecuadorian and foreign nationals), puts additional pressure on social services in the geographic host areas and is subject to migratory phenomena that are hard to predict (paragraphs 1.7-1.10); (iii) the operation is consistent with one of the thematic areas of intervention prioritized by the GRF, focused on expanding access to social services; (iv) the results matrix of the operation sets out targets for care of migrants and the host populations and defines targeting criteria to ensure they are achieved

<sup>19</sup> Eighty percent of this cumulative balance corresponds to Venezuelan immigrants.

<sup>20</sup> According to the United Nations, the population of Ecuador as of 2018 is 17,084,000 (<https://population.un.org>).

(paragraphs 1.17 and 1.23); and (v) the operation is included in the country's programming (paragraph 1.27). [Optional link 2](#) provides further details.

**B. Environmental and social risks**

- 2.4 In accordance with the Bank's Environment and Safeguards Compliance Policy (Operational Policy OP-703), the operation is classified as a category "C" operation. The program will not finance any physical infrastructure component, and thus no associated environmental or social risks are expected. In all of its components, the program envisages including a diversity perspective with a view to contributing to the inclusion of the migrants in their host communities.

**C. Fiduciary risks**

- 2.5 The following medium-level risks were identified: (i) it may be difficult to determine the funds available for each executing agency, since the funds are credited to the Single Treasury Account (CUT) with only one control account per loan and without individual reports per executing agency, and this could delay or prevent disbursements under a coexecution arrangement; and (ii) one or more executing agencies may be unfamiliar with the Bank's procurement policies and procedures and their legal ranking, and/or be fearful of applying them, increasing the precontractual time frame of the procurement processes, which would create a delay of at least four months in the planned implementation of the respective processes. As a mitigation measure for the first risk, a contractual condition precedent to the first disbursement will require the MEF to guarantee to the Bank the existence of a procedure for determining the funds available for each executing agency (paragraph 5.1 of Annex III); and as a mitigation measure for the second risk, the program Operating Regulations will provide clear internal procedures and the members of the execution teams and evaluation committees will be trained.

**D. Other risks and key issues**

- 2.6 The following medium-level risks were identified in the areas of public management and governance: (i) delays in the annual budget appropriation for the program (IDB and fiscal source) due to the complexity of the resource allocation process; (ii) lack of coordination among the three executing agencies (MIES, MSP, MINEDUC) and with the MEF for fulfillment of the program's eligibility conditions; and (iii) delays in execution of the program due to lack of flexibility in the execution arrangements; a medium-level monitoring and accountability risk: (iv) delays in the submission of status reports and audited financial statements if external auditors for the three executing ministries have not been contracted in timely fashion; two medium-level development risks: (v) delay in, or poor quality of, MINEDUC interventions aimed at lowering the barriers to demand for access to out-of-school and compensatory education by the vulnerable migrant and local populations due to the absence of an approved technical standard; and (vi) delay in, or poor quality of, MIES interventions involving multidisciplinary support and referral teams and/or temporary accommodations due to the innovative nature of the intervention and the absence of an approved technical standard; and a medium-level macroeconomic and fiscal sustainability risk: (vii) reduction of the scope or interruption of the activities financed by the program due to failure to allocate sufficient fiscal resources following the completion of the program. To mitigate these risks, the following measures are considered: (i) involve the MEF in the

- design of the loan so as to agree on a mechanism for inclusion of the necessary resources for the program in the Annual Investment Plan (PAI); (ii) involve the MEF in the design of the loan so as to agree on a timetable and the inputs required for signing the loan contract and fulfilling the eligibility conditions; (iii) in the program Operating Regulations, define execution arrangements with execution department characteristics that provide the greatest possible extent of legal, administrative, and financial independence at each of the executing ministries; (iv) enter into a single external auditing contract for the entire life of the loan, with separate reports for each executing ministry; and (v) and (vi) provide nonreimbursable technical assistance to MINEDUC and MIES to support the design of the above-described interventions.
- 2.7 With regard to the fiscal sustainability risk (vii), this program finances the costs of the rise in demand for social services resulting from the migratory phenomenon, while at the same time showing the budgetary needs for providing care for the vulnerable migrant and host populations. In the event that the additional pressure on social services persists after the close of this operation, the country has a constitutional and legal framework in place that seeks to ensure universal access to health and education services (paragraphs 1.8 and 1.29), with an emphasis on priority vulnerable population groups. This requires the government to plan current and future actions to address the needs of the vulnerable population, which includes ensuring funding for the social services supported by this operation.

### III. IMPLEMENTATION AND MANAGEMENT PLAN

#### A. Summary of implementation arrangements

- 3.1 **Execution arrangements.** MIES, MSP, and MINEDUC will be the executing agencies of the program and will be respectively responsible for execution of Components 1, 2, and 3. For execution of the component under its responsibility, each of the executing agencies will carry out its own planning and fiduciary (procurement and financial management) and operational management. Accordingly, each agency will be able to request Bank disbursements and account for the use of advances of funds independently from the other agencies. In addition, the executing agencies will separately prepare and present to the Bank their respective multiyear execution plans (and/or annual work plans), procurement plans, semiannual status reports, financial plans, and other instruments required by the Bank to supervise the execution of the program. Under this independent coexecution arrangement, each executing agency will separately be required to fulfill the contractual clauses regarding the presentation of plans and reports. The program audits and final evaluation will be contracted and subsequently presented to the Bank by one of the executing agencies, namely MSP. The other executing agencies will in timely fashion provide any required inputs and collaboration to MSP, or to the consultants and/or auditors contracted by MSP, to ensure compliance with the time frames for presentation of audit and evaluation reports to the Bank.
- 3.2 **Program Operating Regulations.** The program Operating Regulations, which will be approved by all executing agencies, will include a detailed description of the execution arrangements in accordance with a draft previously agreed upon with the Bank. The program Operating Regulations will identify factors including: (i) the



location, members, roles, and responsibilities of the execution units at each sector institution; (ii) areas of responsibility; (iii) procedures for financial management, procurement, and contracting of consulting and nonconsulting services through competitive and streamlined processes; (iv) mechanisms for accountability and for supervision and monitoring of execution; (v) mechanisms for coordination among the executing agencies, including details regarding audits and evaluations, and among the executing agencies and other institutions; (vi) criteria for geographic targeting of the interventions based on the ranking of host cities, as updated (see [optional link 3](#)); and (vii) description of the rate schedule methodology for per capita prenatal care costs.

- 3.3 Special contractual conditions precedent to the first disbursement: (i) the [program Operating Regulations](#) will have been approved by the executing agencies and have entered into effect on terms previously agreed upon with the Bank;** this condition is considered essential in order to ensure that all executing agencies have adopted the program Operating Regulations that will guide the execution of the activities under their responsibility and the respective coordination; and **(ii) see Annex III, paragraph 5.1 for another special contractual condition precedent.**
- 3.4 Special contractual condition for execution. Each of the executing agencies will have contracted and/or appointed the members of its execution unit prior to the first disbursement of the proceeds intended for investment activities under the component for which it is responsible.** This condition is considered necessary in order to ensure that each executing agency has created an execution unit before it receives the resources to initiate investment activities under its component.
- 3.5 Disbursements.** The funds will be disbursed in a special bank account in United States dollars and will from there be transferred to the CUT. The MEF will ensure that all transactions, adjustments, and available balances can be identified separately for each executing agency in the CUT. The Bank will advance funds in United States dollars to each executing agency based on liquidity needs for a maximum period of six months, and each executing agency will prepare disbursement requests and render accounts in accordance with document OP-273-12, or any amendment thereof. The GRF resources will be disbursed *pari passu*, simultaneously in proportionally with the Ordinary Capital loan proceeds, as provided in documents AB-3199 and GN-2947-6.
- 3.6 Financial statements and external audit.** The financial statements will be audited by an independent audit firm acceptable to the Bank, which will be contracted by MSP for all executing agencies. Each executing agency will prepare its own reports and the audit firm will render an individual opinion for each executing agency and compile the aggregate information on the program. The audit services may be financed out of program resources. The program's audited financial statements will be presented to the Bank within 120 days following the closing date of each fiscal year or the date of the last disbursement in the case of the final financial statements, in accordance with procedures and terms of reference previously agreed upon with the Bank. Under the Bank's current access to information policy, the program's audited financial statements will be published in the Bank's systems.



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

- 3.7 **Monitoring.** The three sectoral executing agencies will present semiannual status reports to the Bank, indicating fulfillment of, and progress on, the indicators listed in the results matrix as well as the multiyear execution plan, including the annual work plans (AWPs) and the procurement plan, as described in [required link 2](#).
- 3.8 **Evaluation.** The program evaluation plan consists of: (i) a quasi-experimental evaluation to assess the effectiveness of the program, taking advantage of the fact that the program's implementation prioritizes 10 cities in Ecuador. Since this is a binding intervention with migrant host cities, a counterfactual model will be built using the difference-in-differences methodology to estimate effects on access to social services. This methodology is used when there are data with a high level of aggregation, there is a time series, and there is only one unit being dealt with; (ii) a longitudinal evaluation of the interventions conducted through the MIES support and referral teams; (iii) a qualitative evaluation of the barriers to access to prenatal checkup services faced by vulnerable pregnant women (migrants and nonmigrants); and (iv) an experimental evaluation to measure the impact of enrollment on vulnerable and migrant children and adolescents. Funding for the evaluations is included in the program budget, except for the evaluation (iv) with MINEDUC, which is financed out of proceeds from technical cooperation operation ATN/OC-17520-OC.

Development Effectiveness Matrix		
Summary		EC-L1258
I. Corporate and Country Priorities		
1. IDB Development Objectives		
Development Challenges & Cross-cutting Themes	-Social Inclusion and Equality -Gender Equality and Diversity	
Country Development Results Indicators	-Students benefited by education projects (#)* -Beneficiaries receiving health services (#)* -Children receiving early childhood development services targeted to the poor (#)*	
2. Country Development Objectives		
Country Strategy Results Matrix	GN-2924	Improve the management and quality of social services
Country Program Results Matrix	GN-2948-2	The intervention is included in the 2019 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		10.0
3.1 Program Diagnosis		3.0
3.2 Proposed Interventions or Solutions		4.0
3.3 Results Matrix Quality		3.0
4. Ex ante Economic Analysis		10.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		3.0
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		1.0
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		1.0
5. Monitoring and Evaluation		10.0
5.1 Monitoring Mechanisms		2.5
5.2 Evaluation Plan		7.5
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium
Identified risks have been rated for magnitude and likelihood		Yes
Mitigation measures have been identified for major risks		Yes
Mitigation measures have indicators for tracking their implementation		
Environmental & social risk classification		C
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, Accounting and Reporting.
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	MINEDUC and MIES count with resources from the TC RG-T3438, finance by the Fondo General de Cooperación de Espana for the development of technical content and reporting protocols in the care of vulnerable migrants and locals

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

*The Program for the Inclusion of the Migrant and Recipient Population in Social Services in Ecuador has the objective of contributing to the inclusion of migrant and local populations in social services by increasing the response capacity of social protection, health and education services in the main receiving and migrant cities of the country. In the context of social protection, the program focuses on the provision of special protection services through MIES. In the context of health, the program focuses on improving the responsiveness of maternal health services at the first level of care. Finally, in education the program seeks to improve inclusion and permanence by increasing the coverage of supplementary education.*

*The loan proposal presents a solid diagnosis in all three sectors, as well as a review of international evidence regarding the provision of services in migrant and recipient populations. The results matrix has a clear logic and includes SMART indicators at the level of impacts, outcomes and outputs. The economic analysis of the project is based on independent cost-benefit analysis for the three sectors and demonstrates the profitability of the project.*

*The monitoring and evaluation plan proposes to carry out: i) a quasi-experimental evaluation using differences-in-differences on the outcome indicators defined in the results matrix ii) a longitudinal evaluation that follows up on the results related to special protection services offered through MIES (iii) a qualitative evaluation of demand side barriers for access to prenatal services by vulnerable pregnant women, and (iv) a randomized experiment on measures to improve school enrollment of vulnerable and migrant children and adolescents.*

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

<b>Project objective:</b>	To contribute to the inclusion of the migrant and local populations in social services by boosting the capacity of these services to meet the rise in demand in Ecuador due to migration. Specifically, the program aims to boost the capacity to provide social protection, health, and education services in the country's main migrant host cities.
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## EXPECTED IMPACT<sup>2</sup>

Indicators	Unit of measure	Baseline	Baseline year	Final target 2025	Means of verification
<b>Impact 1: Family reunification of child and adolescent population expanded (MIES)</b>					
Child and adolescent populations reunified with their families	%	6	2018/2019	10	<b>Denominator:</b> Unaccompanied population aged 13 to 17 cared for in MIES temporary accommodation facilities + population aged 0 to 17 under all modalities of institutional or family-based care. <b>Numerator:</b> (Population aged 13 to 17 cared for in MIES temporary accommodation facilities and reunited with their family) + population aged 0 to 17 under either one of the two biological family modalities (family support and extended family guardianship).
<b>Impact 2: Maternal health improved (MSP)</b>					
Maternal mortality due to complications during childbirth	Rate	0.0027	2018	0.0022	<b>Denominator:</b> Total number of women with direct obstetric complications cared for in secondary or tertiary health care facilities that provide maternal and neonatal care at the national level. <b>Numerator:</b> Number of deaths of women due to direct obstetric complications occurring in a secondary or tertiary health care facility at the national level that includes maternal and neonatal care in its portfolio of services. The quotient obtained is multiplied by 100.
<b>Impact 3: Exclusion of child and adolescent population from the school system reduced (MINEDUC)</b>					
School-age population attending school from the first year of basic general education	%	92.90	2019	95	<b>Numerator:</b> Five-year-old population enrolled in the first year of basic general education in the 10 cantons Source: MINEDUC's AMIE. <b>Denominator:</b> Projection of 5-year-old child population in the 10 cantons Source: INEC population projections.
School lag in the school population aged 8 to 18	%	3.91	2019	3.00	<b>Denominator:</b> Population aged 8 to 18 with school lag in the 10 cantons Source: MINEDUC's AMIE. <b>Numerator:</b> Population aged 8 to 18 enrolled in the basic general education cycle, disaggregated for the 10 cantons Source: MINEDUC's AMIE.

<sup>1</sup> [Complete Results Matrix](#).

<sup>2</sup> Annex B of required link 2 includes a detailed description of the methodology used for building the program impact and results indicators, their baseline and expected targets, and how they are expected to be updated during the execution stage. In view of the changing outlook in the regional migratory context, all indicators (baseline and targets) will be reviewed and updated at the launch workshop.

### EXPECTED MIES OUTCOMES

Indicators	Unit of measure	Baseline	Baseline year	2020	2021	2022	2023	2024	Final target <sup>1</sup>	Means of verification
<b>Outcome 1: Coverage of special protection services for vulnerable child and adolescent population expanded</b>										
Population under three cared for by support and referral teams and registered for MIES early childhood development services	%	1.2	2019	3.5	7	7	7	3.5	7	Semiannual MIES reports
Vulnerable population cared for by the teams through information and counseling services		0.9		2.5	5	5	5	2.5	5	
Unaccompanied adolescent population cared for at temporary accommodation facilities		0		25	68	50	22	11	68	
Ratio of child and adolescent population referred to family foster care to child and adolescent population referred to institutional care	Ratio	0.17	2018	0.21	0.27	0.29	0.29	0.23	0.29	

1 Final target corresponds to the maximum value attained during implementation.

### EXPECTED MSP OUTCOMES

Indicators	Unit of measure	Baseline	Baseline year	2020	2021	2022	2023	2024	Final target	Means of verification
<b>Outcome 1: Coverage of preventive health services for pregnant women maintained</b>										
Coverage of pregnant women with neonatal checkup expanded	%	23.32	2018	28.3	28.3	28.3	28.3		28.3	Semiannual MSP reports
Average number of neonatal checkups per pregnant woman	Ratio	3.4		3.65	3.65	3.65	3.65		3.65	

### EXPECTED MINEDUC OUTCOMES

Indicators	Unit of measure	Baseline	Baseline year	2020	2021	2022	2023	2024	Final target	Means of verification
<b>Outcome 1:</b> Coverage of early childhood care service expanded										
Children aged three and four cared for under out-of-school educational service	%	2.15	2019	2.68	2.68	2.69	2.70	2.70	2.70	Semiannual MINEDUC reports
<b>Outlook 2:</b> Coverage of remedial and accelerated learning service expanded										
Population aged 8 to 18 with school lag served through remedial and accelerated learning	%	1.27	2019	1.27	5.41	5.41	5.41	5.41	5.41	Semiannual MINEDUC reports

### MIES OUTPUTS

Output	Unit of measure	Baseline	Baseline year	2020	2021	2022	2023	2024	Final target <sup>2</sup>	Means of verification
<b>Component 1:</b> Social protection for the vulnerable migrant and host populations expanded										
P.1.1. Multidisciplinary support, information, and referral teams in operation	Teams	0	2019	18	18	18	18	18	18	Semiannual MIES reports
P.1.2. Temporary accommodation facilities in operation	Facilities			6	7	6	4	4	7	
P.1.3. Multidisciplinary support and family guardianship teams in operation	Teams			8	10	12	13	13	13	

<sup>2</sup> Final target corresponds to the maximum value attained during implementation.

### MSP OUTPUTS

Output	Unit of measure	Baseline	Baseline year	2020	2021	2022	2023	2024	Final target	Means of verification
<b>Component 2:</b> Inclusion of the migrant and host populations in health services										
P.2.1. Prenatal care and checkup services for pregnant women delivered	Instances of care	152,223	2018	76,112	152,223	152,223	76,112	0	456,669 cumulative	Semiannual MSP reports (based on the PRAS)

### MINEDUC OUTPUTS

Output	Unit of measure	Baseline	Baseline year	2020	2021	2022	2023	2024	Final target <sup>3</sup>	Means of verification
<b>Component 3:</b> Educational inclusion of the migrant and host populations										
P.3.1. Out-of-school early childhood family care services for children aged three to four in operation	Teams	242	2019	300	300	300	300	0	300	Semiannual MINEDUC reports
P.3.2. Remedial and accelerated learning classes for the 8- to 18-year-old population in operation	Classes	56		171	171	171	171	0	171	

3 Final target corresponds to the maximum value attained during implementation.

## FIDUCIARY AGREEMENTS AND REQUIREMENTS

<b>Country:</b>	Ecuador
<b>Project:</b>	EC-L1258
<b>Name:</b>	Inclusion of the Migrant and Host Populations in Social Services in Ecuador
<b>Executing agencies:</b>	Ministry of Public Health (MSP), Ministry of Economic and Social Inclusion (MIES), and Ministry of Education (MINEDUC).
<b>Prepared by:</b>	Carolina Escudero and Juan Carlos Dugand (FMP/CEC)

### I. SUMMARY

- 1.1 This document contains the fiduciary agreements for the program's procurement and financial management, based on: (i) the country's fiduciary context; (ii) an assessment of the fiduciary risks; (iii) supervision activities for the loans executed by the three ministries; (iv) an analysis of the ministries' institutional capacity; and (v) inputs from meetings held with teams and entities involved in program execution.

### II. THE COUNTRY'S FIDUCIARY CONTEXT

- 2.1 **Country procurement system.** On 13 May 2014, on the basis of document GN-2680-2, approved by the Bank's Board of Executive Directors, the Ministry of Economy and Finance (MEF), the National Public Procurement Service (SERCOP), and the Bank signed the First Agreement on the Use of the National Public Procurement System of the Republic of Ecuador (SNCP) in IDB-financed Projects. Section 3.2 of this agreement provides for the SNCP to be used in seven projects, and for its use to be gradually expanded. The agreement ended on 31 December 2018. Its performance is currently being evaluated, and a new agreement on the use of the SNCP will subsequently be prepared and signed.
- 2.2 **Financial management system.** Central government agencies use the online Integrated Financial Management System (e-SIGEF), which integrates budget, accounting, and cash management processes. Government entities are subject to control and supervision by the Office of the Comptroller General (CGE). In general, the national financial management systems display an adequate level of development, but they need to be supplemented with respect to financial reports with nonaccounting records and external auditing by audit firms acceptable to the Bank. The Single Treasury Account (CUT) has certain limitations in terms of keeping individual records when several executing agencies participate in a single project; thus, additional controls need to be adopted in this program (see paragraph 5.1). The government plans to replace e-SIGEF with a new system in 2020.

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

- 3.1 MSP, MIES, and MINEDUC are the program's executing agencies and each will execute the program independently.
- 3.2 The executing agencies have been executing Bank-financed operations applying Bank policies, using the country procurement systems in the case of MINEDUC, and recording this procurement (according to the procurement threshold) in the public procurement portal. For financial management, they use the national e-SIGEF system and have internal control units that report to CGE and are subject to CGE external oversight.

### IV. FIDUCIARY RISK EVALUATION AND MITIGATION ACTIONS

- 4.1 The following (medium-level) risks were identified: (i) it may be difficult to determine the funds available for each executing agency, since the funds are credited to the CUT with only one control account per loan and without individual reports per executing agency, and this could delay or prevent disbursements under a coexecution arrangement; and (ii) one or more executing agencies may be unfamiliar with the Bank's procurement policies and procedures and their legal ranking, and/or be fearful of applying them, increasing the precontractual time frame of the procurement processes, which would create a delay of at least four months in the planned implementation of the respective processes. As a mitigation action for the first risk, a contractual condition precedent to the first disbursement will require the MEF to guarantee to the Bank the existence of a procedure for determining the funds available for each executing agency; and as a mitigation action for the second risk, the program Operating Regulations will provide clear internal procedures and the members of the execution teams and evaluation committees will be trained.

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

- 5.1 **Special contractual condition precedent to the first disbursement:** The borrower, through the MEF, will show that it is capable of generating detailed records of the transactions and available cash balances corresponding to each of the executing agencies to enable them to present this information to the Bank as provided in the loan contract. This condition is critical, making it possible to obtain individual reports on inflows, outflows, adjustments, and other transactions performed by each of the program's executing agencies, currently not obtainable from the CUT, ensuring the traceability of the proceeds disbursed to each executing agency.



## VI. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

- 6.1 **Procurement execution.** Each executing agency will be responsible for updating the procurement plan for its component at least once a year through the Procurement Plan Execution System (SEPA). The main program procurement items are listed in Table 2.
- a. **Procurement of goods, works, and nonconsulting services:** These contracts will be executed using the Bank's Standard Bidding Documents, and any of the methods described in the Policies for the procurement of goods and works financed by the IDB (document GN-2349-9)<sup>1</sup> may be used. Table 1 indicates the procurement thresholds.
  - b. For the contracting of nonconsulting services for Component 1, the program Operating Regulations will describe the agreed-upon procedure, which will address the special protection needs of the vulnerable population while ensuring competition and transparency.
  - c. **Selection and contracting of consulting services (firms):** These will be executed using the Bank's Standard Request for Proposals, and any of the methods described in the Policies for the selection and contracting of consultants financed by the IDB (document GN-2350-9)<sup>2</sup> may be used. Table 1 indicates the threshold for including international consultants on the shortlist.<sup>3</sup>
  - d. **Selection of individual consultants:** These will abide by the provisions of document GN-2350-9, Section V.
  - e. **Selection of service providers:**<sup>4</sup> Execution of the program requires hiring professionals on a contract basis for teaching **staff** positions to provide preschool education services for children aged 3 to 4 under the early childhood family care (SAFPI) modality as well as remedial and accelerated learning services (NAP) aimed at easing the school lag in children and adolescents aged 8 to 18 enrolled in the basic general education cycle (Component 3). In view of the number of professionals needed and the characteristics and geographic dispersion of the services in question, the national "Service Delivery Contractors" method is applicable, pursuant to paragraph 3.21 of document GN-2350-9. The corresponding verification and control procedure and mechanisms will be included in the program Operating Regulations, accordingly ensuring that the financing source is included in the program investment budget for purposes of applying the exemptions provided in Presidential Decree 858/2019.

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<sup>1</sup> Document [GN-2349-9](#); nonconsulting services are treated as goods.

<sup>2</sup> Document [GN-2350-9](#).

<sup>3</sup> In the case of contracts for amounts of less than US\$200,000, the shortlist may consist entirely of national consulting firms.

<sup>4</sup> Document GN-2350-9, paragraph 3.21.

- f. **Use of country procurement system:** Application of the SNCP will be included in accordance with the new SNCP use agreement mentioned in paragraph 2.1.
- g. **National preference:** Bids for goods originating in the borrower's country will have a 15% price preference in contracts subject to international competitive bidding (ICB).

**Table 1. Thresholds (US\$)**

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

**Table 2. Main procurement items**

Activity	Selection method	Estimated date of invitation	Estimated amount (US\$ thousand)
<b>Nonconsulting services</b>			
Ten service delivery contracts for identification and registration of foster families, one for each city	S/ICB	Q2-2020	2,600
Five service delivery contracts for teams that will provide information on social services available for the vulnerable population, one for each city	ICB	Q2-2020	12,300
Five service delivery contracts to operate 32 temporary accommodation facilities in the 10 cities covered by the program	ICB	Q2-2020	3,400
<b>Goods and nonconsulting services</b>			
Six contracts for procurement of teaching materials, teacher protection items, educational-communication materials, and curriculum resources	S/ICB	Q2-2020	2,000
<b>Consulting services (firms)</b>			
Multiyear audit firm	QBS	Q2-2020	160
Three service delivery contracts for evaluation of difference-in-differences longitudinal analysis	QCBS	Q1-2024	509
<b>Individual consulting services/service delivery contractors</b>			
Teachers to provide SAFPI and NAP services to vulnerable population groups	TBD (document GN-2350-9 paragraph 3.21)	Q1-2020	17,300
Territorial technical experts for educational inclusion of migrant and host populations	TBD (document GN-2350-9 paragraph 3.21)	Q1-2020	415

- 6.2 **Procurement supervision.** The procurement plan will specify the supervision method to be used by the Bank. Ex post reviews will be performed annually as established in Appendix 1 of the Policies, and will include physical inspections if the Bank considers such action warranted.

**Table 3. Threshold for ex post review (US\$)**

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

Note: The thresholds for ex post review are determined on the basis of the executing agency's fiduciary execution capacity and may be modified by the Bank to the extent that this capacity changes.

- 6.3 **Records and files.** Each executing agency will maintain the integrity and order of all files, organized chronologically and independently by process and funding source.

## **VII. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS**

- 7.1 **Programming and budget.** The Organic Code of Planning and Public Finance (COPYFP) provides rules governing budgetary programming, formulation, approval, execution, control, evaluation, and reporting. These rules are applied to the execution of Bank-financed programs in Ecuador. The e-SIGEF system and the new one being developed by the government instrumentalize and standardize the application of these rules throughout the national public administration. Each executing agency will be responsible for obtaining and updating the determination of priority and inclusion of that agency's program component in the government's Annual Investment Plan (PAI)<sup>5</sup> so as to secure the respective budgetary appropriations, as well as for obtaining any required endorsements for the contractual processes and overseeing the corresponding budgetary execution through the respective systems.
- 7.2 **Accounting and information systems.** Program accounts will be kept in e-SIGEF, or its successor system, and all program commitments and payments will be recorded therein. However, nonaccounting records will be needed at each executing agency to create itemizations by component and generate the program's financial reports while the reliability of the new system and its reports is being verified.
- 7.3 **Disbursements and cash flows.** Since 2008, the Government of Ecuador has operated the CUT as a way of unifying cash management across all central government entities.
- 7.4 The implementation of this mechanism did not eliminate the system of special or specific-purpose accounts, which are managed by the Central Bank of Ecuador (BCE) to receive financing from multilateral loans. The program will maintain an exclusive account at the BCE, into which the loan proceeds will be disbursed.
- 7.5 The Bank will disburse the loan proceeds in the form of separate advances of funds to each executing agency based on the agency's actual liquidity needs, pursuant to the financial plan and detailed cash flow, for a period of up to six months. If so requested by the borrower, the Bank may also make direct payments to suppliers

<sup>5</sup> MIES and MSP will need to formulate new investment plans and obtain the determination. MINEDUC already has a plan, which needs to be updated.

- or reimburse expenses. In the Bank's systems, the components executed by each executing agency will be treated as a subloan to enable independent advances of funds. The GRF funds will be disbursed *pari passu* with the loan proceeds.
- 7.6 The advances are accounted for as provided in document OP-273-12. Once each executing agency justifies at least 80% of the balance of previous advances, a new disbursement may be made for the component executed by that executing agency.
- 7.7 Supporting documentation for payments will be reviewed on an *ex post* basis after the funds have been disbursed by the Bank and/or the external auditors.
- 7.8 For Component 2, executed by MSP, given the complexity and operational difficulty involved in financing, procuring, and verifying the inputs for the provision of health services, eligible expenses are the services provided to the population, monetized on the basis of MSP's rate schedule for the eligible services. Nonetheless, in the disbursements for this component, the cumulative amount recognized for services provided may not exceed the cumulative payments made by MSP under the investment plan presented to the national planning authority, and this will be verified for each payment justification or reimbursement. The program's external auditors will verify the services provided through previously agreed-upon procedures.
- 7.9 **Internal control and internal audit.** The Constitution of the Republic of Ecuador appoints the CGE as director of the public sector control system. As part of this sector, the executing agencies have their own internal audit area that reports directly to the CGE.
- 7.10 **Internal control and reporting.** Although the CGE has the authority to audit public sector entities, projects are not necessarily included in the annual audit plan. In this case, the program's external audit will be conducted by independent auditors acceptable to the Bank, pursuant to document OP-273-12. The firm will be contracted by MSP for the entire program, including the components executed by each executing agency, based on terms of reference previously agreed upon with the Bank, and it may be financed using the loan proceeds. The audit firm will be contracted at least 120 days prior to the close of each fiscal year. During execution, annual audited financial statements will be submitted annually within 120 days following the closing date of each fiscal year or the date of the last disbursement in the case of the final audit. Additional services will be included for verification of services provided that will be described in the terms of reference. Each executing agency will prepare its own financial statements and the audit firm will be asked to issue an individual opinion on each set of statements as well as to compile the statements to obtain aggregate information on the program.
- 7.11 There is no national policy mandating the publication of audit reports. Nonetheless, under the Bank's current access to information policy, audited project reports will be published in the Bank's systems.

**Table 4. Supervision plan**

Supervision activity	Supervision plan			
	Nature and scope	Frequency	Responsible entity	
			Bank	Third party
Operational	Review of status report	Semiannual	Project team	
	Review of portfolio with executing agencies and the MEF	According to MEF requirements	Project team	Executing agencies
Financial	Review of cash flow programming and disbursement execution	At the Bank's request, with each request for advance of funds, in portfolio reviews, or supervision visits	Project team	Executing agencies /Auditors
	Supervision visits	Annual	Fiduciary specialist	Executing agencies
	Review of audited and unaudited financial reports	Annual	Fiduciary specialist and Project Team Leader	Executing agencies
	Review of disbursement requests	Periodic	Fiduciary and sector team	Executing agencies /Auditors
Procurement	Ex post review of procurement	According to supervision plan	Project Team Leader and fiduciary specialist	Executing agencies
	Ex ante review of procurement	According to the procurement plan	Project Team Leader with support from procurement specialist	Executing agencies
	Update of procurement plan	Annual	Project Team Leader with support from procurement specialist	Executing agencies
Compliance	Fulfillment of conditions precedent	One-time	Project team	Executing agencies /MEF
	Budgetary appropriation review	Annual	Project team	Executing agencies
	Submission of audited financial reports	Annual	Project Team Leader and fiduciary specialist	Executing agencies /Auditors

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/19

Ecuador. Nonreimbursable Investment Financing \_\_\_\_/GR-EC to the Republic of Ecuador  
Inclusion of the Migrant and Host Populations in Social Services in Ecuador

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, as Administrator of the IDB Grant Facility (hereinafter referred to as the "Account"), to enter into such contract or contracts as may be necessary with the Republic of Ecuador, as beneficiary, for the purpose of granting it a nonreimbursable investment financing to cooperate in the execution of the project "Inclusion of the Migrant and Host Populations in Social Services in Ecuador". Such nonreimbursable investment financing will be for an amount of up to US\$12,500,000, which form part of the Account, and will be subject to the Terms and Financial Conditions and the Special Contractual Conditions in the Project Summary of the Nonreimbursable Financing Proposal.

(Adopted on \_\_\_\_ 2019)

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/19

Ecuador. Loan \_\_\_\_/OC-EC to the Republic of Ecuador  
Inclusion of the Migrant and Host Populations  
in Social Services in Ecuador

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Ecuador, as borrower, for the purpose of granting it a financing to cooperate in the execution of the project "Inclusion of the Migrant and Host Populations in Social Services in Ecuador". Such financing will be for the amount of up to US\$50,000,000 from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on \_\_\_\_ 2019)