

COMPREHENSIVE SERVICES FOR CHILDREN UNDER SIX

(EC-0157)

EXECUTIVE SUMMARY

**BORROWER AND
GUARANTOR:** Republic of Ecuador

EXECUTING AGENCY: The Ministry of Social Welfare (MBS)

AMOUNT AND SOURCE: IDB: US\$37.2 million (OC/IFF)
US\$ 7.8 million (FSO)
Local counterpart funding: US\$ 5.0 million
Total: US\$50.0 million

FINANCIAL TERMS AND CONDITIONS:	<u>OC</u>	<u>FSO</u>
Amortization period:	25 years	40 years
Grace period:	5½ years	10 years
Commitment period:	4 years	4 years
Disbursement period:	5 years	5 years
Interest rate:	variable	1% first 10 years and 2% thereafter
Inspection and supervision:	1%	1%
Credit fee:	0.75%	-
Currency:	US\$, Single Currency Facility	local currency

OBJECTIVES: The program's three main objectives are: (i) upgrade the quality of existing services; (ii) expand coverage using a variety of service modalities and support families to improve child care and (iii) implement institution-strengthening for better policy-making, establish a new mechanism to finance child-related programs, and increase civil-society involvement.

Current status of services for children. Services for children are provided through two institutions that receive funds from the national budget. Of the approximately 1.6 million children under six in 1995, 657,000 (42%) lived in poverty: 207,000 in urban areas and 451,000 in rural areas. The current system's units that create and monitor policies have operational problems; coverage is poor; standards of quality and trained personnel are lacking, the service model is inflexible and it does not encourage the involvement of society and the community. The

budget system to finance the sector is not properly organized and no resources are provided by civil society.

The program's responses to the sector's problems. To cope with the problems and heighten the impact of the actions undertaken, the program includes a set of innovative strategies. Private institutions will become involved at the highest level of policy design, this being the first step toward involving civil society. At the same time, a national monitoring and evaluation system will be devised for intelligent orchestration of child-services-related policy. Competitive resource-allocation mechanisms will be introduced, open to civil society organizations and government agencies. All these elements will gradually reduce the State's direct role as a service provider and source of funding. The new child-care services will be demand driven, which will help introduce alternative arrangements. Accordingly, families and grassroots organizations will be encouraged to participate in shaping and/or testing different services, with the emphasis on rural areas. The program will also undertake public-awareness measures that target society and families. This combination will create the environment that enables the community to take over the provision of services for children and play a larger role in maintaining those services.

DESCRIPTION:

The objectives will be achieved through the following components:

Improvement of existing services (US\$12.1 million)
through the following measures:

- a. **National quality standards** will be established to upgrade existing day-care services and to use as a guideline when expanding coverage. Resources from the financing will be used to produce 6,000 manuals for some 2,000 centers; 40,000 brochures and 15,000 posters will be distributed to encourage parents and the community to become involved in improving the quality of the service.
- b. **Training** will be provided to: (i) 90,000 parents of children attending the centers; (ii) 12,000 community mothers, in nutrition, health, early stimulation and school readiness; (iii) 280 facilitators, in instructional methods; (iv) 90 operations technical staff, in monitoring and management techniques; (v) 35 executive and

technical staff from the central level, in management tools and a monitoring and evaluation system, and (vi) 400 preschool teachers, in teaching techniques.

- c. **Training, teaching and recreational materials.**
(i) **training materials:** 6,000 educational posters will be distributed during the courses, and (ii) **teaching and recreational materials** will be prepared: 2,400 child-care centers will receive a basic package for every eight to ten children, divided into age groups.
- d. **Physical infrastructure** rehabilitation: 1,100 centers in the Operación Rescate Infantil [operation child rescue] (ORI) and Instituto Nacional del Niño y la Familia [National Child and Family Welfare Agency] (INNFA) networks and 680 centers in the Programa Nacional de Educación Preescolar Alternativa [national alternative preschool education program] (PRONEPE) network will be rehabilitated and outfitted with new equipment.

Expanded coverage (US\$25.7 million).

- a. **Special fund.** To expand the services into new areas, a special fund will be set up using an approach that is demand driven and promotes the use of alternative formats. Civil society organizations and government agencies interested in providing services of this type will have direct access to this fund, which will allocate resources by soliciting either conventional or alternative proposals to provide services for children. To ensure that the program reaches the rural population, it will offer special incentives in the proposal-selection process. The fund will advise NGOs and community and municipal associations on how to prepare proposals and better organize and manage the services they offer.
- b. **Public awareness and dissemination.** In addition, public awareness campaigns will be conducted on the importance of services for children. Families will be helped using the mass media and through direct educational measures targeted primarily at the lowest-income sectors.

Institution-strengthening (US\$4.7 million). The Consejo Nacional del Menor [National Children's

Council] (CONAME) will be strengthened and a system established for monitoring and evaluating programs financed in the sector. The program will also finance activities to build up the MBS in areas directly related to the sector. The technical staff in charge of the organization and finances will receive training; consulting services will be contracted to improve the data and statistical systems and to assist with the review of child protection laws. Information technology will be provided. In addition, preinvestment studies will be financed to prepare a new program to address the problems of children ages 6 to 18.

Program execution will be the responsibility of the MBS, which will be assisted by a programming committee consisting of representatives from public and private agencies. A coordination unit (CU), which will be attached to the MBS, will be set up to manage the program and two outside consulting firms will be hired to assist the CU with administration and accounting and to supervise infrastructure rehabilitation and procurement of equipment, respectively. Given the program's complexity, specialized consulting services will be contracted for specific aspects.

**THE BANK'S
COUNTRY AND
SECTOR STRATEGY:**

The Bank's strategy for Ecuador prioritizes programs that: (i) improve social conditions to benefit low-income groups; (ii) further State reform and decentralization; (iii) promote structural reforms and stimulate investment and productivity, and (iv) preserve and restore the environment. The proposed program fits into this strategy.

This government has drafted a social charter. One of the linchpins is the establishment of an integrated network of social services by the MBS that provides comprehensive protection for the most vulnerable and highest-risk sectors in the country, children in particular. Also, the social agenda being mapped out will contain medium-term activities.

DATE OF THE CESI:

The ESIB on the operation was submitted and approved by the CESI at its meeting of May 16, 1997. No additional analysis has been required.

BENEFITS:

The living conditions of the participating poor children will improve thanks to a better diet, more health care, greater early stimulation at a critical stage in their development and school readiness activities that will increase their chances of

success in school. The improvements that the program will make in the children's quality of life will pay society future health dividends by reducing morbidity and thus easing the pressure on the health system, and educational dividends in the form of fewer years in the school system.

RISKS:

Three risks were identified as the project was being prepared:

The MBS's institutional weaknesses. A CU will be set up and assisted by two outside consulting firms to offset the MBS's weaknesses and guarantee the program's execution. In addition, specific consulting services will be available for specialized technical tasks. The institution-strengthening component will build up the MBS units that are directly associated with the sector's activities.

Involvement of civil society and local governments. Some 72 NGOs currently working on projects that involve services for children would qualify as service providers, as would a considerable number of the NGOs operating locally in the parishes, cantons and provinces. Some of the larger municipalities expressed an interest in participating.

Transparent resource allocation. A programming committee will be created for efficient and transparent resource allocation. Its members will be representatives of public and private agencies and will oversee the contracting procedures. A public information system will also be available to disseminate the results of the calls for proposals.

**SPECIAL
CONTRACTUAL
CONDITIONS:**

Conditions precedent to the first disbursement:

- a. Evidence of the creation of: (i) the coordination unit, with appointment of its executive director and the coordinators of the program components (see paragraph 3.4), and (ii) the programming committee (see paragraph 3.4).
- b. Evidence that the program's operating regulations are in effect (see paragraph 3.4).

Contractual conditions while the program is under way:

- a. Within six months of the date that the contract is signed, the executing agency is to submit to the Bank evidence of having selected consulting

services for: (i) administration and accounting (see paragraph 3.3), and (ii) guidance and supervision of program-related construction work and procurement (see paragraph 3.3).

- b. Within three months of the date of the first disbursement, the consultants that will assist CONAME will be hired (see paragraph 3.31).
- c. Before the first call for proposals, the executing agency is to submit to the Bank the tender procedures, conditions and documents suggested for the first call for proposals (see paragraph 3.11).
- d. Before the infrastructure works get under way, the executing agency is to submit to the Bank the inter-agency coordination agreements concluded with the INNFA and the Ministry of Education (PRONEPE) (see paragraph 2.16).
- e. At least ninety (90) days prior to the first annual program monitoring meeting, the borrower, through the executing agency, will submit to the Bank the final reports and recommendations filed by the consulting firms in connection with CONAME's expansion and operation. In addition, the borrower and the Bank will agree on the changes needed to expand public and private sector representation in CONAME. (see paragraph 3.31).
- f. Annual program monitoring meetings will be held for the duration of the program (see paragraph 3.32).

POVERTY-TARGETING: The proposed program is a social-sector program because of the nature of the investments that will be made in education, health, nutrition and child growth and development, and because it is targeted at low-income groups (paragraph 4.13). Geographical- and user-targeting guidelines will be applied to reach the most disadvantaged sectors (see paragraph 4.14). The program will assist the growth and development of approximately 230,000 poor children under age six. Services to some 140,000 children currently covered will be improved; conventional methods will be used to extend service to another 50,000, while alternative methods will extend services to another 40,000.

The program will have gender-related impact because women are heavily involved and because a participatory method will be used in the centers'

developmental activities and in the preparation of new child services proposals. However, special care will be taken to ensure equal participation by men and women alike, by getting men more involved in the care of the children.

With the expanded coverage component, the program will reach indigenous groups scattered in rural areas and in forest areas, with activities specifically adapted to their cultural patterns.

EXCEPTIONS TO BANK POLICY: None.

PROCUREMENT OF GOODS AND SERVICES:

Goods and services will be procured according to Bank procedures. International competitive bidding will be required for goods and related services valued in excess of US\$250,000 and for construction work valued in excess of US\$3 million. Bidding for goods and services or works involving lesser amounts will be done in accordance with the procedures in effect between Ecuador and the Bank since September 15, 1992.

It is proposed that adherence to Bank selection and contracting procedures be checked ex post facto in the case of contracts of US\$50,000 equivalent or less for individual consultants, and US\$100,000 equivalent or less for consulting firms, on the understanding that Bank financing may be used only if those consulting services meet the Bank's requirements and procedures. This is being suggested in view of the considerable number of consulting contracts to be awarded, to expedite their execution and facilitate Bank supervision.

I. FRAME OF REFERENCE

A. Macroeconomic situation

- 1.1 Since January 1995, the Ecuadorian economy has been experiencing a series of shocks and political feuding that have combined to create uncertainty, economic stagnation, fiscal deficits and higher inflation. Economic growth scarcely keeps up with demographic growth and the population's living conditions are deteriorating. The agricultural export sector and the informal sector are the only ones growing and serve as buffers for the stagnation in the economy. At the present time, 48% of the economically active population works in the informal sector.
- 1.2 The government that took office in February 1997 has tackled the difficult economic and fiscal situation it inherited (annual inflation of 32% and a fiscal deficit of around 6% of GDP) by partially eliminating the subsidies on energy consumption, making tax collection more efficient, and cutting spending. As a result, the 1997 fiscal deficit is expected to be anywhere from 2 to 2.5% of GDP; in 1998 the annual inflation rate is expected to drop to 25%. The authorities are now holding talks with the IMF to negotiate an agreement to help strengthen the economy and earn the confidence of local and foreign investors.
- 1.3 The fiscal problems have cut into social spending, particularly investment spending. Social spending overall dropped from nearly 8% of GDP in 1992 to close to 5% at the present time. The government is making efforts to increase investments in the social sectors.

B. Situation of children under age six

- 1.4 Of the estimated 1.6 million children under the age of six in mid-1995, 657,000 (42%) were poor. Of these, 207,000 lived in urban areas and 451,000 in rural areas. Around 39,000 lived in the eastern sector, 292,000 in the highlands, and 326,000 on the coast. Of the six geographic areas considered, the rural highlands contained over one third of all poor children nationwide. 1/ These figures will change rapidly in the years ahead with the heavy exodus from rural to urban areas.
- 1.5 Although there are no statistics, with all the economic problems the country has had (see paragraph 1.1) the number of children living in poverty very likely increased between 1995 and mid-1997.

1/ Source: INEC/World Bank. Survey on living conditions, 1995. Special tabulations done by José A. Mejía, SDS, IDB. September 31, 1997. Rural areas are communities of over 5,000.

- 1.6 Infant mortality is high, the national average being approximately 49 per thousand live births, which is high by comparison with other countries like Colombia (21), Costa Rica (14) or Panama (21). The principal sicknesses are diarrhetic illnesses and chronic respiratory infections, all of which, although easily to control, still account for 47% of the deaths among children under the age of five.
- 1.7 The infant malnutrition figures are also quite high. Around 80% of the malnutrition occurs before age two. Problems that affect children are the result of an iron deficiency in the expectant mother's diet, which causes anemia, creating an alarming situation that takes its heaviest toll among six- to twelve-month old babies, where the incidence of anemia is 69%. In 1994, only 5.5% of the children of poor households had the benefit of some nutritional program.
- 1.8 The percentage of at-risk children is higher if the parents have to leave home to work and lack the means to secure the needed child-care services. Frequently, children have to stay at home alone, exposed to the threat of accidents and without the care and affection they need for normal psychological development.
- 1.9 Early stimulation, psychomotor development and constant attention are important in the first years of life, especially to form the basic mental and psychological structures and develop social and intellectual behaviors and skills. There is no established culture of parenting or even sufficient knowledge of these matters to provide simple solutions that significantly reduce the negative effect on a child's growth. Also, the figures on child abuse (mental, physical, and sexual) in the school, the family and the community are disturbing.
- 1.10 Many families see day care not as something for the child's growth and development, but as a means to supplement their immediate subsistence, given their very dire living conditions. They view day-care services basically as a means to improve the children's diet and care when mothers work outside the home. The community regards the centers as a place where children can be safe and well fed.
- 1.11 While preschool is mandatory for five-year olds, only 47% of that age group attend. Families are unaware of the importance of preschool activities, which are poorly handled at the day-care centers. The lack of early education can result in poor academic performance, particularly in the first grade where the repeater rate is 28.5%. The figures are considerably higher among poor children. The lack of early education can also lead to any number of problems in adult life and raises the cost of education.
- 1.12 Because of the lack of proper care during early childhood, the socioeconomic problems of poverty, and poor school performance,

youth between the ages of six and 18 from low-income families are are vulnerable. Around 800,000 children and adolescents work, which is 37.5% of the population between 10 and 17 years of age. The increase in complaints of mistreatment, abuse, teen pregnancy, drug abuse and in the number of child offenders, is still another side of the problem that is often inextricably linked to the breakdown of the family.

1. Characteristics of programs for children under six

- 1.13 Created in 1994 on the basis of an already existing program called Red Comunitaria [community network], the **Programa Operación Rescate Infantil** [operation child rescue] (ORI) functions as an autonomous entity within the Ministry of Social Welfare (MBS) and provides basic nutrition, health and education services to poor children under the age of six. The ORI provides assistance for the establishment and operation of community child development centers (CCDCs), the vast majority of which are run by mothers called community mothers.
- 1.14 The central executive offices handle the program's planning, manage its administrative, financial and technical affairs and monitor it. Each province has a technical-administrative team headed by a coordinator and consisting of professionals and outreach workers who manage and support the centers' operations.
- 1.15 For each center, the ORI concludes agreements with the community organizations concerning the transfer of funds and program management. The community organizations set up parents committees that must have legal status; but the procedures for gaining such status tend to be slow and often delay the opening of the centers, thus putting a damper on family involvement. Legal status is a requirement for entering into agreements that will enable community representatives to manage public funds and render accounts. The agreements are renewed annually provided the previous year's accounts have been rendered and settled. Renewal of the agreements is also contingent upon the availability of funds for the next year. The many problems this has caused have delayed the start of activities each year, causing centers to either close down or open late, which in turn creates child-care problems for community mothers and families.
- 1.16 In 1996 the program served approximately 93,000 children through a network of 2,090 CCDCs. This figure includes some 6,500 children cared for by NGOs and other private agencies in the country's 21 provinces, with the participation of some 12,500 community mothers. The number of children covered is the total of those who attended the centers in 1996, although the length of stay varied anywhere from one to 10 months. The ORI's budget in 1996 was US\$15.7 million equivalent and the monthly cost per child, an estimated US\$26. In February 1997, political, administrative and

legal problems cut down the program's coverage, as many of the centers closed. The centers have been gradually reopening and, as of this writing, most have resumed normal operations.

- 1.17 **The Programa de Desarrollo Infantil** [child development program] (PDI) created in 1989 is attached to the Instituto Nacional del Niño y la Familia [National Child and Family Welfare Agency] (INNFA) and is almost entirely funded under the public budget, from its share of a special tax. The INNFA focuses the bulk of its activities on children under the age of six, through a network of some 980 child development centers (CDCs) around the country. The system used at the CDCs is similar to the one used at the ORI centers. In 1996, approximately 35,000 children attended the CDCs. The PDI's budget was the equivalent of US\$11.7 million and the estimated monthly cost per child, approximately US\$31. 2/
- 1.18 **The Programa Nacional de Educación Preescolar Alternativa** [national alternative preschool education program] (PRONEPE) is under the Ministry of Education and offers various kinds of nonformal preschool education for children ages four and five. This program has 835 teachers of preschool education, who instruct and assist the community mothers. The latter care for some 33,000 children in that age bracket. Of these, approximately 12,000 children are in 625 PRONEPE centers. Under technical-pedagogical agreements with the ORI and the INNFA, PRONEPE serves some 12,000 children attending 1,026 ORI centers and 7,500 children attending 486 INNFA centers. This program is quite important because it provides a large number of children with some form of early education before they enter first grade. PRONEPE's 1996 budget was US\$3.4 million.
- 1.19 **Weaknesses in the existing programs.** The programs carried out thus far for children under the age of six show the high priority that successive administrations have attached to this area. However, they are still limited in terms of quality, coverage and civil society's involvement, especially when it comes to financing.
- 1.20 Since 1989, the Ministry of Social Welfare has made efforts to articulate child-development activities. In the 1990s it developed the national action plan for children's survival, protection and development as part of the agreement reached at the World Conference for Childhood. In 1992, a number of public and private institutions active in this area concluded an agreement creating the Sistema Único de Atención a la Infancia [standard children's services system] (SUAI), which is an attempt to establish a uniform model of comprehensive services for children under age six, one

2/ The monthly cost per child at the INNFA centers is higher than the cost at the ORI centers because the allowance paid to the community mothers, the monthly food stipend and average number of days of care per child each month are all higher at the INNFA centers.

that links the various services that State and private institutions offer.

- 1.21 The main institutions offering these services envisioned and designed these programs as a combination of services. However, there is no set of basic standards that defines what constitutes minimum acceptable quality for a child-care center. The early stimulation and school readiness activities conducted at the centers also have shortcomings, partly because the community mothers themselves have limited educations, a high turnover rate and inadequate training; teaching materials are scarce; PRONEPE's activities cover a limited area; and the equipment and infrastructure are in poor condition because of lack of maintenance and problems with the sanitary and electrical installations. The health care offered to the children is inadequate, especially the vaccination program. Efforts to strengthen family ties and promote community involvement in these activities are inadequate.
- 1.22 A study of 51 centers, most of them belonging to the ORI and the INNFA, found that only 47% had sufficient recreational and teaching materials in good condition. The lack of such materials makes it that much more difficult to develop a child's skills and talents. In 55% of the centers, hygienic conditions are inferior and pose a health threat. Some 16% of the centers get their water from hazardous sources, although most purify the water by either boiling or chemically treating it.
- 1.23 At the 51 centers studied, community mothers stay an average of 22 months. The staff of the centers have, on average, completed elementary school and have had more than one training course. The ratio of enrolled children to community mother is 10.7 and most children are between four and six years old.
- 1.24 Health check-ups are few. Of all the centers surveyed, 33% received no health care services at all in the previous year; 59% received fewer than two check-ups, which shows how deficient this service is.
- 1.25 To evaluate the early education received by children who attend the ORI and INNFA centers, measured against a control group who received no preprimary education, a study was done of 120 children in Quito and 188 in Guayaquil in the first and second grades. The Quito survey found that the repeater rate was 10 times higher among children who received no form of early education.
- 1.26 The programs described here have narrow coverage and difficulties expanding. The constraints are typical of situations in which there is just one model of full-time care in a context of increasing institutionalization and centralism. With the exception of the parents' committees, communities and parents are not very involved in the centers. Also, the supply is not adequate to solve problems like quality services for children under the age of two

and services for sparsely-populated rural areas. The model used has not been a good one for covering rural areas, where it is more costly to introduce and where the cultural patterns of child care and services are different. Therefore, new models more responsive to the specific needs of the population living in these areas need to be introduced.

- 1.27 There are no mechanisms to further the model's diversification or to increase the availability of alternative models, such as indirect services to children via the family, use of radio programs and/or local activities (workshops with mothers, home visits with groups of parents), handled by educators or community outreach workers using printed materials.
- 1.28 **Institutional problems with managing programs.** The MBS does not yet have the technical capacity to handle policies that target children and adolescents. The policy unit - Consejo Nacional del Menor [National Children's Council] (CONAME) - and the unit that coordinates regulation of child-related activities - Dirección de Protección al Menor [Child Protection Office] - do not actually do this work. The statistics and evaluation systems are very weak and studies on specifics of the programs are virtually nonexistent. The administrative control systems are also in need of immediate modernization.
- 1.29 The ORI and INNFA have worked on designing services for children, especially methodology; however, for the sake of economy other matters need to be coordinated, such as the geographic location of the centers and articulation of support and monitoring. Other entities, primarily the grassroots community associations, have to become more involved in controlling the programs to make them more sustainable and consistent with local characteristics and, with the stakeholders involved, improve their performance.
- 1.30 The SUAI has not been able to implement effective inter-agency coordination, nor is there any operating mechanism where public and private entities active in children's issues participate. There is no monitoring and evaluation system to check on the progress of projects and better allocate resources and the MBS has no central information system. The information systems developed at the institutional level (the ORI, the INNFA) also have serious shortcomings. Most information is geared toward the hands-on users and does not get to the management levels where decisions are made.
- 1.31 The institutional weaknesses are compounded by problems in the budgetary organization in the sector's financing accounts. A significant portion of the resources allocated in the programs' budget is channeled through expense accounts for "contingent services", including outlays for personnel services (community mothers, technical staff, etc.), which does not make for order and transparency in the allocations received at the end of each

budgetary period. The MBS and the entities providing the services also lack organized systems for tracking and monitoring expenditures.

C. The program's responses to the sector's problems

- 1.32 To address the problems observed in the sector and heighten the impact of the activities, the program's innovative strategies will gradually change the current rules of financing in the sector.
- 1.33 First, the program will reorganize the sector, building up the policy-making areas. As a first step toward involving civil society, the program will enlist private institutions at the highest level of sectoral policy-making to make the policies more representative. CONAME will take over the SUAI's coordination functions and create a national monitoring and evaluation system for intelligent management of child-development policies.
- 1.34 New vehicles to get civil society and public agencies to compete for resources will be introduced, encouraging more efficient service implementation and management. The use of alternative service modalities will also be stimulated, as will expanded service coverage, adapted to suit a community's distinctive features, especially in rural areas. These vehicles will gradually reduce the State's direct involvement in services and funding, leaving more responsibilities in the hands of civil society and local governments.
- 1.35 The program will help make child-care services demand driven and will encourage the use of more flexible, less costly alternative services such as those provided by outreach workers to parents and children by means of periodic meetings. Accordingly, incentives will be created to get families and grassroots associations involved in designing and/or testing various services. This, in turn, will create the environment for the community to take over child-care activities and will increase its involvement in operating and maintaining the services.
- 1.36 The program will introduce incentives to induce community mothers to stay on longer at the centers and will encourage civil society, grassroots organizations and municipalities to become involved.
- 1.37 As for the sector's financial management, the program will put order in the sector's budgetary financing and increase civil society's financial contributions toward investment, operation and maintenance of activities of this type.
- 1.38 These strategies will be coupled with other measures to make families aware of the importance of internalizing behaviors that create a culture of parenting that aids a child's growth and development, and to introduce fresh ideas and encourage best practices.

D. The country's social strategy

- 1.39 The government has prepared a social charter containing the strategies and measures that will be carried out for the duration of its term in office. One goal of the MBS's work is to establish an integrated network of social services for comprehensive protection of the most vulnerable and highest-risk sectors in the country, children in particular. The same document maps out other specific child-related programs such as the one to be developed by the MBS and the child development centers that the INNFA will establish. Ecuador's social agenda is also being devised, and involves medium-term measures. In addition to the social charter's activities, the social agenda includes the country's policies and the actions planned in education, health, housing and poverty reduction, primarily.

E. The Bank's strategy in the country

- 1.40 The Bank's strategy in Ecuador accents programs that will: (i) improve social conditions through permanent support for the human resources investment strategy and reforms in education, health and housing, specifically at the basic levels, thereby benefitting the lowest-income groups; (ii) further State reform and decentralization; (iii) promote development of structural reforms, stimulate investment and increase productivity; and (iv) preserve and restore the environment. The proposed program is consistent with this strategy, supports the primary care being targeted at the top-priority group in the social area, strengthens decentralization and furthers civil society's involvement.

II. PROGRAM OBJECTIVES AND DESCRIPTION

- 2.1 The purpose of the program is to improve the growth and development of poor children under six years of age. The new mechanisms and incentives introduced will support the State's new strategies in the area of services for children, to get civil society more involved in financing, carrying out and supervising activities.

A. Objectives

- 2.2 The program has three main objectives: (i) improve the quality of existing services; (ii) expand coverage by using various service modalities and help families improve their parenting skills; and (iii) build up the institutional capacity for the sake of better policies, new ways of financing programs for children, and greater involvement on the part of civil society (Annex II-1).
- 2.3 Indicators have been identified to help monitor and evaluate the program's impact, some of which are listed below, which will be applied only to the children covered by the program.

INDICATOR	BASELINE	GOAL AS OF YEAR 3	GOAL AS OF YEAR 5
Improvement of health services			
% centers that receive health check-ups at least 4 times a year	0	55	95
Psychosocial development			
% children with normal fine motor development who have been at center 11 months or more	43	64	85
% children with normal personal and social development (emotional development) who have been at center 11 months or more	78	86	95
Physical condition of the centers			
% centers with acceptable infrastructure and equipment	25	62	98
Coverage			
Thousands of children enrolled in:			
a. Conventional programs	140	170	200
b. Alternative arrangements	0	25	40

B. Description

- 2.4 To accomplish its objectives, the program has three components: (i) improving the quality of existing services; (ii) expanded coverage, and (iii) institution-strengthening. In turn, two basic actions that reinforce each other and the three components have been included: (i) a monitoring and evaluation system, and (ii) an incentives mechanism.

1. Improving the quality of existing services (US\$12.1 million)

- 2.5 The quality of services for children under the age of six will be improved by establishing national quality standards, training, distribution of training, teaching and recreational materials, rehabilitation of the physical infrastructure and equipment.

a. Quality standards (US\$500,000)

- 2.6 One strategy to improve the quality of services has been to develop a benchmark for basic quality standards that will be used to improve services at the day-care centers, as a guide in the process of expanding coverage, and as a basis for developing the indicators that will be built into the monitoring and evaluation system used to measure impact. The program will finance preparation and distribution of 6,000 handbooks on nutrition, health, and psychosocial and psychological development for caretaker mothers to use at 2,000 day-care centers.
- 2.7 For the other local stakeholders (families, municipalities, NGOs, community associations), 40,000 introductory brochures and 15,000 posters will be prepared and distributed. The aim of these publications will be to encourage stakeholders to become involved in improving the quality of the services and to describe, in simple terms, what the centers and parents can do to further their children's growth and development.
- 2.8 To determine the impact of school readiness activities, standardized evaluation tools will be devised, tested and used in a longitudinal impact study of 4,000 children conducted while the program is in progress. A standardized developmental test will be applied using a qualitative battery that evaluates the child's overall development in language, fine and gross motor skills, and personality. This test will be adapted to national circumstances, taking the various ethnic groups into account.

b. Training (US\$1.6 million)

- 2.9 The training activities will reach 90,000 fathers and mothers, 12,000 community mothers, 3,000 members of the centers' management committees, 280 facilitators, 90 operations technical staff, 35 executive staff and 400 preschool teachers. The program will finance training of various stakeholders, at various levels and using different methods.
- 2.10 For the: (i) **parents of the children who attend the centers**, basic materials on comprehensive child growth and development (nutrition, health, stimulation and early education) and on managing child-care centers will be supplied; (ii) **community mothers and members of the parents' committee**, 500 workshops will be held to put together the centers' development plans, as will 1,500 evaluation and training

activities on specific topics. On-the-job training for community mothers will be conducted bimonthly; (iii) **facilitators**, nine workshops will be held on improving teaching methods and quality; (iv) **technical operations teams**, training will be provided in monitoring and quality-control techniques; (v) **executives and central-level technical staff**, a workshop will be held focusing on management, incentives and a monitoring and evaluation system, and (vi) **preschool teachers**, 10 course-workshops will be conducted to instruct them in teaching techniques and the use of teaching materials and evaluation tools.

c. Training, teaching and recreational materials
(US\$4.4 million)

- 2.11 The materials that will reinforce the training will be more practical than theoretical, foster self-help, be short and simple, and steer and support the day-to-day work. Some 6,000 educational posters will be prepared and distributed to help tailor teaching objectives to the characteristics, needs and interests of children under the age of six, divided by age group, in the areas of nutrition, health and psychological development.
- 2.12 The program will finance teaching and recreational materials for approximately 2,400 ORI, INNFA and PRONEPE centers. Each center will have one basic package for every eight to 10 children, divided by age group. Materials written in Quichua and Shuar will be provided to 10% of the centers.
- 2.13 The teaching materials will be designed to emphasize practice over theory, graphics and visuals over the written word, color and other devices to stimulate conversation and socialization from the learning process. With this, those caretaker mothers, parents and members of the community who have limited schooling will be able to use the materials more effectively.
- 2.14 Also, the material will be semi-structured and multi-purpose to enhance more than one skill, help children work independently and emphasize the development of the intellectual process and language skills.
- 2.15 Some 50,000 brochures and 10,000 posters will be produced and distributed and 50 presentations made at events held for teachers, to inform first- and second-grade teachers in the program's service areas of the school readiness programs that the child development centers offer.

d. Rehabilitation of physical infrastructure (US\$5.6 million)

- 2.16 Approximately 1,100 ORI and INNFA centers will be rehabilitated; 50 will be replaced altogether. Some 680 PRONEPE centers will also be rehabilitated. The program will finance any new equipment that the

rehabilitated centers require. Inter-agency agreements will be concluded with the INNFA and the Ministry of Education (PRONEPE) for coordination and financing of these activities.

- 2.17 While each center will undergo a general overhaul, particular care will be taken to outfit them with sanitary facilities, proper waste treatment and perimeter fences when the safety of children and staff so dictates.
- 2.18 Whenever infrastructure is to be rehabilitated, incentives will be offered to encourage the community to contribute labor, money and/or materials toward the infrastructure's general administration and upkeep.

2. Expanded coverage (US\$25.7 million)

- 2.19 The service-expansion measures will be coupled with campaigns to make the public more conscious of the importance of child care and to help families care for their children properly.

a. Special fund (US\$24.6 million)

- 2.20 The criteria for allocating program funds for expanded coverage will differ from those used in the past to assign resources to public entities operating in the sector. A special fund will be set up to finance expanded service proposals submitted by civil society organizations and public agencies interested in providing services for children. Competitive bids will be submitted and resources granted on the basis of the quality of the proposals and the proposing institution's capacity to provide the services. The conditions that the entities must meet to qualify to compete will be established. The financing and eligibility criteria appear in chapter III, sections C and D.
- 2.21 The fund's resources would go toward meals, allowances for caretaker mothers, teaching materials and games, training, operating and technical assistance expenses included in the cost of the services offered by the entities interested in applying to the fund for resources. The Bank loan will contribute US\$23 million, while the remaining contributions (US\$1.6 million) will come from the public and private entities that tender proposals. The view is that with this new mechanism, in five years' time conventional arrangements will be covering another 50,000 children and nonconventional alternatives another 40,000. The latter will basically target the rural population.
- 2.22 Various measures have been planned to encourage institutions to submit proposals to the fund to expand coverage. A nationwide competition will be held, called "DIME: cual es tu modelo" [tell me: what's your model] to coax forth new and more economical children's services models that involve the community and/or are

geared to groups with special characteristics. Some 40 meetings will be organized with NGOs, municipalities, grassroots organizations and other civil society institutions to publicize the fund's mechanisms. Ten informative events will be held about the targeting method that institutions providing services should follow. In this way, those most in need will be reached through both conventional and nonconventional methods (Annex II-2). 3/

- 2.23 To serve the rural population more efficiently, the operating regulations and the method for evaluating and selecting proposals tendered for fund resources will give more weight to projects that expand coverage in rural areas. The technical assistance and training program will prioritize organizations that work in rural areas.
- 2.24 The fund's resources will also be used to help civil society institutions and local governments present proposals and build up their organization and management systems once they have been awarded financing. The sum assigned for technical assistance before a proposal is tendered will be the equivalent of 1% of the fund, while the sum for advisory assistance subsequent to the award will be 1.5% of each award.

b. Public awareness and dissemination (US\$1.1 million)

- 2.25 The program will finance the design of a communications policy for the program, an MBS-spearheaded effort to raise public awareness by means of a nationwide promotional campaign, direct educational measures targeted at families of children under the age of six in poor areas, and an evaluation of the impact those measures have had.
- 2.26 The activity will include production of media formats (radio: 1,460 broadcasts per year; television: 104 broadcasts; newspapers: two notices each year in two newspapers; posters: 70,000; flyers: 200,000; public announcements, 1,000 broadcasts per year. Vernacular languages will be used in 20% of the promotional materials used at the community level.
- 2.27 The objectives are: to give society in general a comprehensive idea of child development; to make parents conscious of the kind of care, attention, stimulation and early education that is best for their children, and to foster community involvement.

3/ The conventional method involves child care centers, while nonconventional methods may be such things as periodic meetings among outreach workers, parents and children.

3. Institutional strengthening (US\$4.7 million)

a. Public institutions (US\$3.9 million)

- 2.28 As the agency in charge of making policies for the population group between zero and 18 years of age, CONAME will be restructured and its membership expanded to include the Ministries of Health and Education, the INNFA, representatives of the Asociación de Municipalidades [municipalities' association], NGOs and grassroots community associations. The program will provide financing to introduce a monitoring and evaluation system and to improve the statistical and information technology systems. With the monitoring system, the children's growth and development and the progress made with the program's objectives and activities can be periodically evaluated.
- 2.29 The following are among the innovative measures that the program will finance in the area of sectoral financial management: (i) reorganize the chart of accounts of the national budget and make the appropriations to the sector and government-funded entities transparent; (ii) establish new financial management and expenditure control systems; (iii) train personnel working in these areas and contract external auditors; (iv) encourage contributions from NGOs and municipal governments toward the funding of new projects; and (v) set up administration and maintenance funds in the day-care centers and offer incentives to induce communities and parents to contribute to those funds, thus ensuring that the rehabilitated infrastructure will be maintained.
- 2.30 The MBS units directly related to the program will be strengthened: the Dirección Nacional de Protección al Menor [National Child Protection Office] and the administrative, accounting, financial and internal auditing units. The financing would go toward: (i) improving the information and statistical systems; (ii) preparing suitable methods for determining costs; (iii) training 50 technical and executive staff in specific areas; (iv) supporting a review of the laws for the protection of minors; and (v) supplying approximately 300 pieces of computer equipment.
- 2.31 The ORI, INNFA and PRONEPE will also be strengthened: 80 technical staff will be trained in statistics and information-technology support, and 20 in financial management, accounting and expenditure control.

b. Incentives (US\$100,000)

- 2.32 Consulting services will be financed to develop an incentives mechanism that will reinforce the evaluation system as another way to motivate the principal stakeholders to perform better. The incentives will apply to a wide range of objectives, persons and functions, and their implementation is vital to the program. For example, prizes will be created for the centers with the best

performance and the best parent/community involvement. The prizes could be collective, such as a ceremony for the center and everyone associated with it, or for the parents' committee or NGO managing the center, the community mothers, parents of the children, facilitators, and members of the technical operations team. Economic incentives will also be established for the NGOs and municipalities that achieve outstanding performance with the group of centers or services for which they are responsible.

c. Studies and preinvestment (US\$700,000)

- 2.33 To address the problem of at-risk minors between the ages of six and 18, studies will be done to: (i) determine nationwide, the areas of origin of displaced children and adolescents; (ii) based on that information, select three urban communities that are the places of origin of displaced children, where a participatory diagnostic study will be conducted with the families and other institutions (schools, churches, municipality, etc.) that provides more accurate information about this phenomenon and possible solutions that the interested parties themselves suggest; (iii) identify the programs that are currently working on these problems; (iv) evaluate the method used and the impact; and (v) finance technical assistance so that, with the compiled information, a specific program can be put together for minors between the ages of six and 18. The findings of the study will be examined at the first annual monitoring meeting.
- 2.34 The program for minors between the ages of six and 18 would emphasize preventive measures targeted at poor, at-risk and highly disadvantaged children in this age bracket who are forced to work prematurely; often these children have problems with drug addiction, teenage pregnancy, and poor physical and mental health, and are having problems with the law, have dropped out of school and run away from home. Improvements in the judicial services concerned with the under-18 population would be incorporated into the new project in coordination with the pro-justice program that would have Bank support.

C. Scale

- 2.35 The need for services for children far exceed the country's financial and institutional means and cannot be fully addressed by this program. The program has been scaled to fit: (i) the government-established limit on external borrowing; (ii) the operating capacity of the institutional structure set up to carry out the program; (iii) the actual and potential demand of the population living in poverty; and (iv) the local counterpart funding available.
- 2.36 The program is scaled to accommodate the enhancement of the quality of existing services and the expansion of coverage. For the latter, tentative goals were established for conventional services

(50,000) and nonconventional services (40,000). To arrive at these figures, the following factors were considered: (i) the resources available in the fund to expand coverage; (ii) the unit reference costs for conventional methods and nonconventional methods; (iii) the capacity of the entities currently offering conventional services; and (iv) the findings of the studies done to determine what the service-provision capacity of other civil society institutions and local governments identified during preparation of the operation would be once they were strengthened under the program. The expanded coverage goals will be reviewed after the first call for proposals and at each of the annual evaluation meetings.

D. Total cost and financing

- 2.37 The program's total cost will be US\$50 million. The following table is a breakdown by component and source of financing:

COSTS OF THE PROGRAM
(in US\$ thousands)

CATEGORIES	IDB			LOCAL	TOTAL	%
	FSO	OC	TOTAL			
Administration		2,888	2,888		2,888	5.8
Improvement of quality		12,095	12,095		12,095	24.2
Quality benchmarks		500	500		500	
Training		1,611	1,611		1,611	
Teaching materials		4,428	4,428		4,428	
Expanded coverage	7,722	16,375	24,097	1,654	25,751	51.5
Special fund	7,722	15,244	22,966	1,654	24,620	
Public awareness		1,131	1,131		1,131	
Institution-strengthening		4,720	4,720		4,720	9.4
Public institutions		3,888	3,888		3,888	
Incentives		100	100		100	
Preinvestment studies		732	732		732	
PPF *		750	750		750	1.5
Financial costs	78	372	450	3,346	3,796	7.6
Interest				2,430	2,430	
Credit fee				916	916	
Inspection and supervision	78	372	450		450	
Total	7,800	37,200	45,000	5,000	50,000	100.0
Percentage	16%	74%	90%	10%	100%	

* Includes US\$300,000 processed under contract 1008/OC-EC and US\$450,000 of pending extension at the request of the Government of Ecuador.

- 2.38 The Bank loan will be in the amount of US\$45 million: 37.2 in U.S. dollars from the ordinary capital's Single Currency Facility, with a subsidy from the intermediate financing facility, and US\$7.8 million in local currency from the FSO. The appropriations for each component may be reviewed every year and adjusted to

reflect needs and the program's progress in its various stages. The local counterpart funding will mainly go toward the payment of interest, the credit fee and cofinancing of the expanded coverage, the resources for which will come from nongovernmental and governmental agencies that will supply services under the program.

- 2.39 The terms and conditions of the Bank's financing will be as follows:

	OC/IFF	FSO
Amortization period	25 years	40 years
Grace period	5½ years	10 years
Disbursement period:	5 years	5 years
Commitment period:	4 years	4 years
Interest rate:	Variable	1% first 10 years, and 2% thereafter
Inspection and supervision:	1%	1%
Credit fee:	0.75%	-
Currency:	United States dollars	Sucre

III. PROGRAM EXECUTION

A. Borrower and executing agency

- 3.1 The borrower will be the Republic of Ecuador. As the government agency that steers and carries out policies for the protection and care of minors, the Ministry of Social Welfare (MBS) will be legally responsible for program execution.
- 3.2 The MBS will have a programming committee to: (i) advise the Minister of Social Welfare on the program's general policies; (ii) approve and control the allocation of resources; and (iii) promote coordination of the actions of the various agencies that have some association with the program. The committee will be chaired by the Minister of Social Welfare and will be made up of representatives from the Ministries of Education and Health, and the public and private agencies that provide child-care services.
- 3.3 A coordination unit (CU) in the Ministry of Social Welfare will manage and coordinate all program activities. Two outside consulting firms will be contracted within six months after signature of the contract to assist the CU by: (i) providing support for administrative and accounting matters for a five-year period, and (ii) steering and overseeing the rehabilitation of infrastructure and procurement of goods and materials for the child development centers.
- 3.4 The program will operate according to the operational, technical and financial standards and procedures stipulated in the loan contract and in the operating regulations. Prior to the first disbursement, evidence is to be submitted to the Bank showing that: (i) the CU has been created, the executive director and component coordinators appointed and the programming committee set up; and (ii) the program's operating regulations have entered into force. The CU will begin to function and organize the preparatory activities, including the first call for proposals, with financing from the extension of PPF 1008/OC-EC.

B. Program strategy

- 3.5 The strategy adopted for program execution will gradually introduce changes in the way the sector operates and resources are allocated. The program will gradually redefine the State's role in designing, implementing and controlling policies related to the care of and services for children and encourage nongovernmental organizations and entities to become service providers. To increase civil society's involvement, the measures undertaken to expand coverage will be funded on the basis of public tendering in which public and private entities may participate (see section D). With this strategy, many institutional problems in the sector will be

corrected, civil society's involvement will increase and public and private service providers within this sector will be coordinated.

- 3.6 The program's strategy vis-à-vis the ORI and the INNFA will be to finance efforts to improve the quality of the services they provide. To expand coverage, the same procedures will be followed that apply to other service providers (NGOs, municipalities, community associations, grassroots organizations, etc.). Ceilings will be set on the amount of the awards; the total that the ORI and the INNFA may receive is not to exceed 50% of the fund's resources. One operating regulation will stipulate that the Bank's written advance authorization will be required to finance ORI and INNFA activities whose global cost is equivalent to over 50% of the fund's resources.
- 3.7 On the other hand, civil society organizations may request financing under any program component, the only condition being their own capacity to carry out the project and fulfill the criteria stipulated in the operating regulations. The program will encourage these organizations' involvement by funding advisory assistance on how to submit proposals to expand coverage through conventional and nonconventional methods, and technical assistance to upgrade their operational management and organization.
- 3.8 NGOs and community organizations will also be eligible to receive financing for those components of their proposals that involve training of outreach workers, facilitators, community mothers and families, equipment for the centers and design and production of teaching materials. The infrastructure-rehabilitation expenditures can be recognized in the cost of the proposals but must be financed with the tendering institutions' own resources.
- 3.9 A public awareness and promotional campaign will encourage local-government involvement. Municipalities may request technical assistance and financing for projects for children under age six, provided the projects use any of the various modalities the program advocates. Cofinancing is an essential requirement to consider at the time proposals are tendered.

C. Contracting of services to expand coverage

- 3.10 Program resources earmarked to expand coverage of conventional and nonconventional child care will be allocated from the special fund by means of competitive calls for proposals in which agencies of the central government, municipal governments and nongovernmental organizations devoted to caring for children under the age of six may participate. The fund's operating regulations will be reviewed every year for the duration of the program. Six rounds of bidding are planned between the first and third years of the program. A representative sample of the program's alternative modalities will be ready by the first call for proposals.

- 3.11 The invitations to tender will indicatively but not exclusively describe the various services, and reference costs will be established so that the participants may propose any arrangements they choose, either the conventional ones or alternatives. The reference costs will be reviewed and adjusted before each call for proposals, taking into consideration the results obtained in preceding calls for proposals. The Bank will review and approve these cost tables each time a change is made. The Bank financing will decrease with each call for proposals, so as to ensure that the bidders play an ever greater role. Accordingly, the operating regulations will include incentives that reward entities offering to finance a larger share of a proposal's cost. **The terms and bidding conditions for the first call for proposals will be presented to the Bank prior thereto.** The operating regulations will describe the characteristics of these calls for proposals and the reference costs that will be used to do the figures for successive calls for proposals.
- 3.12 The proposals will be selected by the CU and approved by the programming committee. Funds for each round of bids organized will be awarded and may cover a period of up to three years. It will be the responsibility of the service providers to select the beneficiaries, following the targeting criteria established in each of the invitations to tender and in the program's operating regulations. The selection criteria will have to be explained in each proposal and taken into account in each evaluation.
- 3.13 The CU will hire a group of specialists who will advise during the evaluations of the proposals submitted with each call for proposals and will submit reports for the precommitment. This group of specialists can negotiate and agree on adjustments to the proposals presented before making the award recommendation. Contracts concluded with the winning applicant entities will stipulate the obligations, deadlines, methods for figuring the final price of the services and payment, advances, penalties, deductions, etc. Contracts with the NGOs and local governments, direct executors of the program, will include a commitment to meet standards of quality for the services being provided. The CU will directly supervise the contracted services and the targeting.
- 3.14 The price of the contract will be reviewed every six months, and the percentage corresponding to the children who, within the previous six months, have either dropped out altogether or ceased to attend more than 50% of the time originally planned will be deducted from the offered price. A situation in which less than 30% of the original number of registered candidates are attending 70% of the agreed upon number of hours at a given center or centers will be regarded as a 100% dropout rate and that portion of the contract that pertains to the center or centers where this has occurred may be rescinded.

- 3.15 The nongovernmental organizations that are awarded contracts may request advances on the size of the amount awarded. While those advances will vary according to the arrangements proposed, they are not to exceed 10% of the contract and must be guaranteed by banks and repaid before 50% of the value of the contract has been paid out.

D. Selection criteria

- 3.16 The following are among the general guidelines for selecting proposals to finance child care services: (i) targeting areas of poverty and extreme poverty, in accordance with program-developed criteria; (ii) scale tailored to the population to be served; (iii) legal evidence of ownership of the land and buildings in the case of infrastructure rehabilitation; (iv) availability of a community center or municipal property where the project can be carried out, if the method selected so requires; (v) evidence of the technical viability measured by established standards of quality; (vi) active involvement of community organizations in the proposal's preparation, and (vii) technical assistance and training activities needed to ensure the proposal's success included. The service providers must meet specific eligibility criteria having to do with their capacity to carry out and sustain the proposals over the long run. The selection criteria will give greater weight to proposals that service providers offer to cofinance.

E. Infrastructure and equipment

- 3.17 The CU will rehabilitate approximately 1,700 centers and replace 50 centers. The consultants will do a technical and economic evaluation of the files presented by the applicant institutions and will recommend that financing be awarded. The consultants themselves will recommend which local and regional contractors should be given contracts and then supervise the work and authorize payments until delivery is taken. Because these are small works, most contracting will be done directly with small, local contractors.

F. Implementation of the training plan

- 3.18 Training at ORI- and INNFA-sponsored centers will be by accredited trainers from those same institutions and, if necessary, other institutions. In the latter event, specific agreements will be concluded with the institutions to ensure that the facilitators participate in the program's training activities.
- 3.19 Local NGOs experienced in the topics required for the program's training activities will be contracted to: (i) accredit facilitators; (ii) enhance the quality of the services at centers belonging to or sponsored by NGOs and local governments; and (iii) train the community mothers and families from the centers

comprising the various community networks and for promotion and creation of management committees.

- 3.20 The CU will keep a list of institutions having the capacity to conduct training activities. The corresponding eligibility and selection criteria will be stipulated in the program's operating regulations. The following will be among the factors considered when evaluating these institutions or firms: (i) their background; (ii) specialization in the topic of child development and actual experience in that area; (iii) general qualifications for and experience in training and availability of program-accredited facilitators; (iv) experience in conducting training activities with community mothers and/or families; (v) the geographical coverage of the applicants; (vi) their legal authority to accredit facilitators; and (vii) the characteristics of the training plan they propose.
- 3.21 Institutions that submit proposals and whose facilitators receive training and in turn train the community mothers and families, are to submit plans, prepare budgets, conduct the activities and evaluate each center's performance. The CU's responsibilities will basically be to design and plan activities, evaluate the applicants' training capacity and their proposals, certify and accredit, determine costs according to the nature of the services offered and the entities doing the accrediting, approve budgets and accounts, evaluate individual institutions' performance and the goals achieved.
- 3.22 The management and technical training activities carried out under the institution-strengthening and reform component will be contracted directly with public and private academic institutions and will be financed by means of vouchers, once the respective training program or plan has been presented by the interested institutions and cleared.

G. Teaching materials

- 3.23 The institutions that will run the program (the ORI, the INNFA, the NGOs, churches and municipal governments) will submit their publications plan and/or plan for purchasing teaching materials to the CU for financing. These materials will be for the activities they plan to conduct both with the children and with the community mothers, families and/or entire community, etc. The proposals may include a request to have materials designed. The CU will receive the various proposals and group them according to their characteristics in order to produce the needed materials on a scale large enough to guarantee low cost and good quality. Accordingly, it will contract specialists or specialized institutions to design and prepare manuals, pamphlets, posters and/or texts. Later, following procurement procedures acceptable to the Bank, it will contract to have the materials printed and distributed.

H. Consulting services

- 3.24 Contracts will be let for 76 man/months of local consulting services and 66 man/months of international consulting services for activities to improve the quality of the services, school readiness, promotional campaigns, financial assistance, auditing of institutions and monitoring and evaluation. Consulting firms will be contracted to assist with the information technology activities, legal studies and infrastructure rehabilitation. The documents, general conditions and terms of reference for all these contracts will be prepared with the extension of PPF 1008/OC-EC.

I. Promotion and dissemination

- 3.25 Specialized firms or agencies and the media will be hired for the promotional and dissemination campaigns, which will involve a total of US\$850,000.

J. Ceilings for contracted works, goods, and training and consulting services

- 3.26 All goods, services and construction work will be contracted according to Bank procedures. International competitive bidding will be required when the amount involved exceeds the equivalent of US\$250,000 for goods and the equivalent of US\$3 million for construction works. Bidding on contracts involving lesser amounts will be done according to the procedures in effect between Ecuador and the Bank since September 15, 1992 (Annex III-1).
- 3.27 The ceilings and criteria for contracting training services and promotional and advertising services will be the same as those for consulting services. To facilitate Bank supervision and the operation overall, it is recommended that, in the case of training and consulting services, prior consultation be required for contracts with individuals involving over US\$50,000 and contracts with firms over US\$100,000.

K. Advance of funds

- 3.28 Given the program's characteristics, it is recommended that up to 5% of the amount of the loan be advanced so that the funds the program requires may be available when needed.

L. Commitment and disbursement periods

- 3.29 The commitment and disbursement periods will be four and five years, respectively, from the date of entry into force of the loan contract. Program resources will be understood to have been committed as of the date on which agreements are concluded with the executors.

- 3.30 Contracts with suppliers of goods and services will stipulate that the executing agency and the Bank have the right to examine the premises, the activities in progress and the goods purchased with program-financed resources. Those contracts will further stipulate that monitoring reports using indicators previously provided by the CU are to be submitted, as are the financial data and any other information that may be reasonably requested concerning the use of the program's resources. Following instructions received from the CU, the entities are to keep records of the expenditures made and the resources received with financing from the program.

M. Monitoring and oversight

- 3.31 As the organ that makes and oversees child-related policies, CONAME will monitor the program's goals and impact. CONAME's composition and *modus operandi* are stipulated in the Minor's Code. The current membership will be increased to give public and private organizations closely involved in child-related issues a greater presence. Within three months of the first disbursement, consulting services whose terms of reference will already have been cleared by the Bank, will be contracted to assist CONAME with: (i) the analysis of its composition and *modus operandi*, including recommendations on how to expand it and possible amendments to the respective rules and regulations, and (ii) establishment of the monitoring and evaluation system. The borrower, through the executing agency, will send to the Bank, at least 90 days prior to the first annual monitoring meeting, the consulting services' final reports and recommendations. Furthermore, it will decide with the Bank on any changes needed to expand public- and private-sector presence in CONAME.

N. Evaluations

1. Annual evaluations

- 3.32 The Bank will hold annual monitoring meetings with the borrower and the executing agency as of the program's first year, within the first quarter of each calendar year and using the six-month progress reports as the working documents. The project team will help the Bank's Country Office evaluate the program's technical quality and progress. Those meetings will devote particular attention to the information obtained from the monitoring and tracking system, especially: (i) observance of the schedule for commitments and investments; (ii) institutional reforms within the sector and institutional strengthening of CONAME and the MBS; (iii) the sector's budgetary allocations and the government's outlay per child served; (iv) the dynamics of the tender procedures; (v) the procedures for service contracting; (vi) the use of the criteria for analyzing proposals; (vii) the percentage of the resources that goes to civil society organizations and how they use them; (viii) the ceilings on financing awarded to

government and government-controlled agencies; (ix) the progress made in the NGO technical assistance plan and training programs; (x) the consultants' work, with particular emphasis on those contracted to assist the CU; (xi) the program's administrative procedures and accounting controls; (xii) the progress made in the organization of the budget and accounts of the entities within the sector; (xiii) the quality of and procedures used to supervise operators, and (xiv) the auditor's reports.

2. Ex post evaluation

- 3.33 Information will be compiled during program implementation to facilitate not only the monitoring, annual evaluations and the project's final report, but also the ex post evaluation. Given the innovative features of the program, the Bank will conduct an ex post evaluation three years after the final disbursement. The data compiled with the indicators prepared using the monitoring and evaluation system to be financed by the project, coupled with the program's periodic and final reports, can be used to measure the performance of the participating institutions and the quality, volume and impact of the components.

0. Auditing

- 3.34 Starting the first year and for the duration of the program, the MBS is to submit the program's financial statements to the Bank, audited by a firm of independent public accountants in accordance with Bank-established procedures.

IV. FEASIBILITY, BENEFITS AND RISKS

A. Feasibility

1. Lessons learned in preparing the operation

- 4.1 The centers providing services for children have learned some important lessons, which were taken into account when preparing the program. Part of the component to improve these services is to reinforce the mechanisms for applying the quality standards guide. A diagnostic study has been done of 51 centers to determine, firsthand, what the existing needs are and how the centers operate. A recent study done by the INNFA was also reviewed and provided specific information on another 160 centers. This information was used to determine more precisely which activities would be carried out under the program and to get a better idea of the investment those activities would entail.
- 4.2 A study on school readiness activities was done using a sample of 308 children in Quito and Guayaquil, to get a preliminary idea of the effect these activities have on the students' performance in the first grade and to get additional information for the program's activities in this area.
- 4.3 Working meetings were held with technical teams from the INNFA, the ORI and PRONEPE to prepare the training activities, and a survey was done of 51 community mothers. Four focal-group meetings were held, consisting of around 10 community mothers from various urban and rural centers run by the ORI and the INNFA in Quito and Guayaquil. These exercises supplied immediate, spontaneous feedback on the training received and the usefulness of the educational and recreational materials, and helped to ascertain what future expectations were on these issues.
- 4.4 The technical files of the ORI and the INNFA were consulted to get an idea of the kind of infrastructure rehabilitation needed. From the sample of 51 centers used for the diagnostic study, 29 ORI and INNFA centers were selected, all of which are located in the peri-urban areas of Quito, Guayaquil and Riobamba, and in rural areas of the provinces of Pichincha and Chimborazo.
- 4.5 When preparing the activities for the various program components, a participatory process was used involving technical staff from the various agencies that conduct these programs and focal groups, the goal being to facilitate effective community involvement. This exercise not only helped tailor the design to fit the needs, but also verified, on a small scale, the feasibility of involving the community and helped to establish the willingness to collaborate in these activities.

- 4.6 The cost studies done during project preparation found that the marginal cost of the services can be lowered with more cost-efficient methods and more efficient spending brought about by improvements made in the financial management and control systems. The unit-cost savings in relation to current costs will be approximately 10% in the case of the conventional methods, depending on the types of services and the place where the services are provided. The savings will be even greater in the case of nontraditional modalities and will be ascertained once the first call for proposals is held. The program's unit costs compare favorably with similar programs in Bolivia and Peru.
- 4.7 The analysis of the program finds that its structure and size are compatible with the country's capacity to improve quality and increase coverage of services for children under age six. The program's three components are mutually reinforcing, both for strengthening the institutions that make and apply policy and operate the services and for generating the financial and technical support actions. There is also evidence that civil society and local governments are interested in participating.

2. Relationship to education and health programs

- 4.8 Thus far, institutional coordination among the Ministries of Social Welfare, Education and Health has ranged from weak to virtually nonexistent in many parts of the country. The program will create synergism among those ministries through a variety of measures, including the following: (i) the Ministries of Health and Education will be added to CONAME's membership; (ii) these ministries will be represented on the programming committee that will advise the Minister of Social Welfare in steering the program and in monitoring its financial allocations; (iii) rehabilitation of some 680 PRONEPE centers will be financed; (iv) preschool teachers will be trained; and (v) studies will be done to monitor the school performance of children who have received early-education services under the program.

3. Financial sustainability

- 4.9 The following will ensure financial sustainability: (i) the improvements introduced in the expenditure control systems; (ii) lower unit costs of service delivery; (iii) the reduction in the amount the State spends per child served under the system; and (iv) the contributions that local governments and community organizations make. The impact of incremental costs on sector spending, as a result of expanded coverage, will be about US\$10 million per year by the end of the program. The funding would come from: (i) an increase in the contributions received from civil society institutions and parents' organizations: US\$1.6 million; (ii) savings created from increased efficiency and expenditure control: US\$2.5 million; and (iii) larger annual allocations in the national budget: US\$5.9 million. This last

figure represents an increase of some 20% over the allocations in the 1997 budget. The amount the government spends per child served will drop as more economical modalities are introduced and as a result of the project's strategy to reduce financing of the fixed costs of the services to the absolute minimum needed to keep those services running.

- 4.10 Ecuador has not wavered in its budgetary commitment to the child services sector and there are no signs that the allocations will decrease in future years. Quite the opposite, while the project was being prepared, economic authorities indicated that they will continue to increase the contributions in an ordered system of budgetary management. For the first time, the accounts of the national budget will be systematized for the sake of maintaining a system of orderly allocations and making the information transparent. This activity is expected to be completed during the first year of execution. Budget management indicators will be introduced in the sector to closely monitor the efficiency and efficacy of spending within the sector. Expenditure control systems will also be introduced in those public institutions that receive resources from the government to finance child services activities.
- 4.11 Strengthening the institutional framework and civil society's participation in the decisions on resource allocation will be important factors in sustaining the efforts and in keeping the financial allocations to the sector stable. It is hoped that with the new mechanisms that the project will introduce to allocate resources among civil society institutions, community participation in the program will be strong, which will help exercise social pressure to keep up the investments.
- 4.12 No less important is the fact that with the program, local governments and civil society organizations will begin to contribute to the upkeep of operations in this sector. During the operation's preparation, municipal governments seemed quite interested in providing or rehabilitating infrastructure to accommodate centers that provide services for children and, in some cases, even to take full or partial responsibility for the centers' operating and maintenance expenses. Under the program, contributions will come from the local governments, NGOs and communities, since the fund set up to finance the expanded coverage will require that the interested institutions make contributions that will gradually increase to represent 15% of the costs of their proposals. These contributions, moreover, will gradually increase with each call for proposals.

4. Analysis of the beneficiaries

- 4.13 The proposed operation is a social-sector program, given the nature of the investments that will be made in education, health, nutrition and child growth and development, in keeping with the

terms of the Eighth Replenishment Report (document AB-1704, paragraph 2.13). The program is also targeted at low-income groups, given the country's level of poverty.

- 4.14 The program's goal is to support the growth and development of children under the age of six in poor communities. There are 657,000 poor children under six years of age (42% of the total in that age bracket). Geographical- and user-targeting criteria will be used. The following indicators will be the criteria for the geographical targeting: prevalence of poverty; population concentration-dispersion; prevalence of malnutrition; availability of basic services; and community organization. The user targeting will be applied once the geographical targeting has been decided and will be done by using a brief to be validated in each region separately. The program will benefit some 230,000 children who are either already in the system or will be added as coverage is expanded via conventional methods and alternatives. The current coverage figures in rural areas will be significantly higher, as that is where the highest percentages of poor children are found.
- 4.15 The activities to expand coverage using innovative methods will be of particular benefit to the indigenous populations now living in remote rural areas and those who live in the forests, because some activities will be especially designed to suit their cultural patterns. The program will foster expanded coverage in rural areas as a first step toward correcting the heavy bias now favoring child services in peri-urban areas. The priority given to rural areas is evidenced by the introduction of alternative child care modalities, in which rural communities may propose and/or test methods and forms of child care better suited to their sociocultural characteristics and specific needs.
- 4.16 The program will have gender-related impact related to the participatory method that will be used to plan the centers' child-development activities and to prepare new proposals. Because of the nature of the program, its chief beneficiaries will be women, although special care will be taken to keep men and women equally involved and to incorporate other civil-society stakeholders, thereby improving the activities' sustainability. The day-care system enables mothers who use it to join the work force, thereby increasing household income and creating a source of income for community mothers. The public awareness and training activities related to child care and development, targeted at mothers and fathers, will strengthen the family and get men more involved in the care of their children.

5. Environmental analysis

- 4.17 The program will not have significant environmental effects. The physical rehabilitation works will be minimal and all will have everything they need to avert any type of environmental damage. The experience of the Fondo de Inversión Social de Emergencia

[Emergency Social Investment Fund] (FISE) will be taken into account and the environmental methodology prepared for that project will be used.

B. Benefits and risks

1. Benefits

- 4.18 The prospects of poor children who participate in the program will improve thanks to a better diet, more health care, greater early stimulation during the critical stage in their development and early education that will improve their chances for success in school. In adult life, they will be more employable, less likely to have problems with the law, and be more involved citizens.
- 4.19 The improved quality of life that the program will bring about will ultimately be beneficial to society as a whole, since the drain on the health care system will be that much less with the decrease in morbidity, as will the drain on the educational system with the lower repeater rate. The program thus makes a twofold contribution toward social goals, with better growth and development, and toward economic goals, with higher returns for society as a whole.
- 4.20 The program's other benefits accrued during the preparatory phase: (i) support was provided to rethink the way policy is developed at the national level; (ii) the preparation of the quality standards was a collaborative effort; (iii) the involvement of the program's various beneficiary groups in its design was encouraged; and (iv) technical designs and cost ranges have been established to make it easier to present sustainable projects.

2. Risks

- 4.21 Three risks were identified as the project was being prepared: the executing agency's institutional weakness, civil society's response in terms of providing services, in view of the innovative mechanisms that the program is proposing, and transparency in allocating resources.
- 4.22 To compensate for the MBS's institutional weaknesses, a coordination unit will be set up to see to it that the program actions are carried out. It will have the services of two outside consulting firms. The plan adopted also calls for support from specific consulting services for specialized technical tasks, which will provide a better foundation and guarantee of program activities.
- 4.23 As for civil society's participation, 72 NGOs currently working on child services projects were identified, 15 of which provide services in rural areas. All are eligible to participate in the program as service providers. There are also a significant number of NGOs working in the parishes, cantons and provinces, which the

program will assist with a view to encouraging and facilitating their involvement. The governments of a number of large municipalities have expressed an interest in expanding the coverage of their current activities and have started to plan for their eventual participation in the program.

- 4.24 For efficient and transparent allocation of funds, a programming committee will be created, made up of representatives of various public and private agencies that will participate in the program. This will add rigor to the process whereby consultants and contractors are hired, coupled with a system of public information to disseminate the results of the calls for proposals.

LOGICAL FRAMEWORK

PRIMARY DESCRIPTION	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	SIGNIFICANT ASSUMPTIONS
ve growth and development n under the age of six in peri- l areas	<p>1.1 The number of children with chronic diarrhetic illnesses at the centers drops by 12% over five years</p> <p>1.2 Percentage of children with normal fine motor skills development who have been at a center 11 months or more increases to 85%</p> <p>1.3 Percentage of children with normal personal and social development who have been at a center 11 months or more increases to 95%</p> <p>1.4 The number of centers with health checks every four months is at 95% in five years' time</p> <p>1.5 The average repeater rate among children under age six who receive some type of early education will be lower than the national average</p>	<p>1.1 Monitoring and evaluation system reports</p> <p>1.2 Idem</p> <p>1.3 Idem</p> <p>1.4 Idem</p> <p>1.5 Idem</p>	<p>* Effective implementation of the standards for services for children under age six</p> <p>* Uninterrupted participation of the Ministry of Health</p> <p>* Caretaker mothers with more schooling, better trained, and using teaching materials</p>
services available for children and expanded coverage with and nonconventional methods	<p>1.1 95% of the children with more than 9 months at the center, have a complete battery of vaccinations</p> <p>1.2 The early stimulation and early education activities have been improved</p> <p>1.3 Within five years, caretaker mothers at the centers have nine years' schooling</p> <p>1.4 98% of the centers have acceptable infrastructure and equipment at the end of five years</p> <p>1.5 Approximately 200,000 children registered in traditional programs at the end of five years</p> <p>1.6 40,000 more children under the age of six are beneficiaries of alternative programs</p>	<p>1.1 Monitoring and evaluation system reports</p> <p>1.2 Idem</p> <p>1.3 Idem</p> <p>1.4 Idem</p> <p>1.5 Idem</p> <p>1.6 Idem</p>	<p>* Enforce ment of quality standards for services for children under age six</p> <p>* The Ministry of Health collaborates with the centers</p> <p>* Greater incentives for hiring caretaker mothers</p> <p>* Greater efficiency in managing care centers and more active community involvement</p> <p>* Public and private institutions submit proposals involving nonconventional programs</p>

PRIMARY DESCRIPTION	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	SIGNIFICANT ASSUMPTIONS
Programs launched and	1.1 90,000 parents, 12,000 community mothers, 3,000 management committee members, 280 facilitators, 90 technicians, 35 directors and 400 preschool teachers trained	1.1 Annual reports on the number of persons attending the courses and/or evaluated	* Participation is encouraged by incentives
teaching and recreational delivered	2.1 6,000 educational posters and teaching and recreational materials for 2,400 centers, 50,000 brochures and 10,000 posters for first- and second-grade elementary school teachers	2.1 Samples of educational material. Receipts of delivery at centers	* Educational materials properly
centers rehabilitated	3.1 1,780 child care centers rehabilitated	3.1 Certification of works completion	* The community actively supports infrastructure's maintenance
expanded	4.1 3 public tenderings completed to assign resources to the proposals presented	4.1 Reports and certification of allocation	* Enough institutions are interested participating in the calls for proposals
awareness, advertising and national campaigns conducted	5.1 1,460 radio broadcasts per year, 104 television broadcasts, 2 annual notices in two newspapers, 70,000 posters, 200,000 flyers, 1,000 public announcements	5.1 Samples of materials produced and payment receipts	* The content of the campaigns reaches the various population groups and the campaigns themselves are continuous
strengthening plan carried out	6.1 CONAME is restructured and opened up according to the recommended guidelines	6.1 Project's annual reports and minutes of the MBS/Bank meetings	* The various agencies are interested participating
	6.2 Monitoring and evaluation system operating	6.2 Idem	* The primary data are compiled and community mothers properly analyzed
	6.3 Child protection, administrative, accounting, financial and auditing offices strengthened (better statistics systems, 50 technical and executive staff trained, amended laws and standards, 300 pieces of computer equipment delivered and operating)	6.3 Idem	* The procedures recommended by the studies are promptly put into practice
	6.4 Budget accounts put in order	6.4 Consultant's report and national budget	* Measures are taken on the basis of findings and recommendations
studies and papers	7.1 Consultants contracted	7.1 Reports produced	

PRIMARY DESCRIPTION	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	SIGNIFICANT ASSUMPTIONS
on of the training plan	1.1 Project budget and training plan	1.1 Financial statements and progress reports	* There are sufficient training ins
ng of training institutions	1.2 Project budget and signed contracts	1.2 Financial statements and progress reports	* No challenges arise that delay tendering
ntation	1.3 Project budget and timetable	1.3 Progress reports	* Contractors meet their deadlines within the preset costs
ng of consulting services to the design	2.1 Project budget and signed contracts	2.1 Consulting report	* Counterpart resources are available on schedule
on of contracts and bidding s	2.2 Conditions and contracts cleared by the Bank	2.2 Financial statements	
on	2.3 Project budget and award reports	2.3 Progress report	
ng of consulting services	2.4 Distribution timetable	2.4 Certifications of delivery	
habilitation plan	3.1 Project budget and contracts signed	3.1 Consultant's report	
on of bidding conditions	3.2 Timetable of execution	3.2 Financial statements and progress report	
n	3.3 Bidding documents and calls for proposals	3.3 Financial statements	
ng of consulting services	3.4 Records of award	3.4 Financial statements and progress report	
on of bidding conditions	3.5 Inspection plan	3.5 Inspection reports	
g and evaluation	4.1 Project budget and consultant contracts signed	4.1 Consultant's reports	
	4.2 Bidding documents and invitations to tender	4.2 Financial statements	
	4.3 Records of award	4.3 Progress report	
	4.4 Service goals fulfilled	4.4 Progress report	

PRIMARY DESCRIPTION	VERIFIABLE INDICATORS	MEANS OF VERIFICATION	SIGNIFICANT ASSUMPTIONS
ing of consulting services	5.1 Contracts with consultants signed	5.1 Consultants' reports	
on of bidding conditions	5.2 Conditions cleared by the Bank and tendering reports	5.2 Financial statements and progress reports	
	5.3 Records of award	5.3 Progress report	
ing of consultants	6.1 Consultants' contracts	6.1 Consultants' reports	
	6.2 Project budget	6.2 Financial statements	
ing of consulting services	6.3 Project budget	6.3 Consultants' reports	
ing of consulting services	6.4 Signet contracts	6.4 Consultants' reports	

ALTERNATIVE MODALITIES FOR SERVICES FOR CHILDREN UNDER AGE SIX	
MODEL	DESCRIPTION
Action with families in sparsely populated rural areas of the highlands and Amazon region.	This project began in the Macuma area, Amazon region, as a Shuirpip child-focused project to train Shuar indigenous families. It offers periodic, in-home training to groups of parents, using trained local outreach workers. To help with nutrition, small amounts were allocated to set up kitchen gardens monitored by the outreach worker. This project was financed by an NGO and had the guarantee of the independent federation of Shuar peoples. The model is useful for serving sparsely populated areas, encourages direct community involvement, uses their own patterns of child care and is able to reach remote areas.
Action with extended families in sparsely populated areas along the coast and in the Amazon region.	This is an adaptation of the previous model, geared to extended families (groups of related families living near each other) in sparsely populated areas. Costs can be optimized if one member of the same family participates. Because it is geared to families, with this approach farming activities for family consumption can be organized.
Action with health brigades in remote rural areas of the highlands and Amazon region.	Nongovernmental organizations are working with health brigades to carry out a plan of quarterly visits to the more remote indigenous communities, with the help of the provincial health offices. Local outreach workers are trained, most of whom are indigenous women who work with itinerant agents in the most far-flung communities. The proposal suggests involving these itinerant agents to introduce family training in child development into their programs.
Home-based care for areas with average or high population density.	This model is basically geared to mothers who need to leave their children somewhere in order to work. It is used in areas where there are not enough children to warrant establishing a center but where there is a demand for child care services. The costs of introducing this method are low, and only teaching materials and training support are needed.
Workshops in child growth and development for heavily populated peri-urban areas.	This model uses the institution's own facility or communal facilities (schools, churches, etc.). It is basically geared to providing children with early education through activities conducted in conjunction with parents, using a flexible timetable and schedule. Because this model is flexible, the community's own initiatives, creativity and knowledge can be used. A parents' committee and the institutions carrying out the program in the area (municipal governments, NGOs, churches, etc.) manage the activities jointly.
Growing with our children	The INNFA is using this model, whose purpose is to expand coverage using nonconventional methods, emphasizing at-risk children not being cared for in day-care centers. The services are basically provided periodically in family homes, each with around 10 mothers and their children. At each session, educational materials are handed out. A system of small incentives was also established for persons who attend these sessions. This activity encourages joint parent/child participation, passing along knowledge and giving practical demonstrations of how to raise children, while encouraging participants to continue to practice what they learn in these sessions at home.

PROCUREMENT PLAN						
COMPONENT	NATURE OF THE PROCUREMENT	QUANTITY	TOTAL COST US\$ MILLION	NUMBER OF CALLS FOR BIDS	SCOPE	APPROX D

	Construction work (rehabilitation)	1,700	2.8	20	local	09
	Construction work (new works)	50	1	5	local	10
	Complete outfitting/ CDCs	2,500	2.1	15	local	10

T OF QUALITY						
teaching materials	Complete packages	2,400	4.4	1	international	11
events	Logistical support	685	0.4	3	local	09
ials for caretaker	Complete packages	6,000	0.4	1	local	10

DINESS						
Posters and pamphlets	60,000	0.12	1	local	02	
TECHNOLOGY						
Computers and printers	315	0.5	1	local	03	
Technology equipment	Programs	N/A	0.12	1	local	03
Computers and printers	Modems, Internet service, etc.	N/A	0.1	1	local	03
Computers and printers	Computer furniture	155	0.08	1	local	03
Computers and printers	Computer materials	N/A	0.08	1	local	03

AND DISSEMINATION						
Advertising services	N/A	0.05	1	local	02	
Advertising services	N/A	0.9	2	local	04	
Advertising services	Logistical support	N/A	0.1	1	local	09

OVERAGE						
Calls for proposals	6	24.3	6	international*	04	

cover approximately 85%; the remaining 15% will come from the local counterpart funding. In all other items the Bank will finance 100% of the procurement.

PROPOSED RESOLUTION

ECUADOR. PARTIAL PAYMENT OF INTEREST ON LOAN No. ____/OC-EC TO
THE REPUBLICA DEL ECUADOR
(Comprehensive Care Program for Children Under Six)

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank as administrator of the Intermediate Financing Facility Account, hereinafter referred to as the "Account", to enter into such contract or contracts as may be necessary with the República del Ecuador, as Borrower, and to adopt other pertinent measures to use the resources of the Account to pay a portion of the interest due by the Borrower on outstanding balances of the loan authorized by Resolution DE- /97, in accordance with the provision set forth in Document FN-263-2, as amended, approved by the Board of Executive Directors on December 21, 1983 and its modifications.

PROPOSED RESOLUTION

ECUADOR. LOAN /OC-EC TO THE REPUBLIC OF ECUADOR
(Comprehensive Care Program for Children Under Six)

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 a financing to cooperate in the execution of the Comprehensive Care Program for Children Under Six. Such financing will be for the amount of up to thirty-seven million two hundred thousand dollars of the United States of America (US\$37,200,000) from the Single Currency Facility of the Ordinary Capital Resources of the Bank, and will be subject to the "Special Contractual Conditions" and the "Terms and Financial Conditions" of the Executive Summary of the Loan Proposal.

PROPOSED RESOLUTION

ECUADOR. LOAN /SF-EC TO THE REPUBLIC OF ECUADOR
(Comprehensive Care Program for Children Under Six)

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 a financing to cooperate in the execution of the Comprehensive Care Program for Children Under Six. Such financing will be for the amount of up the equivalent of seven million eight hundred thousand dollars of the United States of America (US\$7,800,000) in sucres from the resources of the Fund for Special Operations of the Bank, and will be subject to the "Special Contractual Conditions" and the "Terms and Financial Conditions" of the Executive Summary of the Loan Proposal.