

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

ECUADOR

SUPPORT FOR THE PROTECTION OF SOCIAL SPENDING AND JOB RECOVERY

(EC-L1273)

LOAN PROPOSAL

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ABBREVIATIONS

BAN	Nutritional Support Voucher
BPFE	Bono de Protección Familiar de Emergencia [Emergency family protection voucher]
CDI	Early childhood development centers
CIRS	Interagency Committee on the Social Registration Form
CNH	Creciendo con Nuestros Hijos [Growing with our children]
ECG	Evaluation Cooperation Group
EFF	Extended Fund Facility (IMF)
ENEMDU	National Survey on Employment, Unemployment, and Underemployment
ENI	National Immunization Strategy
GDP	Gross domestic product
GPI	Gender Parity Initiative
HDB	Human Development Bond
ILO	International Labour Organization
IMF	International Monetary Fund
INEC	National Statistics and Census Institute
IRS	Social Registration Form Index
MEF	Ministry of Economy and Finance
MIES	Ministry of Economic and Social Inclusion
MSP	Ministry of Public Health
NCCT	Noncontributory cash transfers
PAHO	Pan American Health Organization
PAVS	Protocol for Virtual and Blended Care
PBL	Policy-based Loan
RRF	Regional Revolving Fund
RSE	Partner Employment Network
UNICEF	United Nations Children's Fund
URS	Social Registration Form Unit

PROJECT SUMMARY
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Financial Terms and Conditions				
Borrower			Flexible Financing Facility ^(a)	
Republic of Ecuador			Amortization period:	18 years
Executing agency			Disbursement period:	12 months
Ministry of Economy and Finance			Grace period:	7.5 years ^(b)
Source	Amount (US\$)	%	Interest rate:	LIBOR-based
IDB (Ordinary Capital):	200,000,000	100	Credit fee:	^(c)
Total:	200,000,000	100	Inspection and supervision fee:	^(c)
			Weighted average life:	12.75 years
			Approval currency:	U.S. dollar
Project at a Glance				
Project objective/description: The objective of the programmatic series is to improve the population's quality of life by improving the coverage, targeting, and/or quality of priority social programs and the implementation of measures to support job recovery. The specific objectives are to: (i) protect vulnerable populations from the adverse economic effects associated with the pandemic by supporting the income of populations living in poverty or extreme poverty, expanding the coverage of quality early childhood development services of the Ministry of Economic and Social Inclusion (MIES), and implementing the National Immunization Strategy (ENI); and (ii) promote job recovery through strategic actions to close gender-based economic gaps and promote formal employment linked to environmental objectives.				
Special contractual conditions precedent to the first disbursement of the loan proceeds: The sole disbursement of the loan proceeds will be contingent upon fulfillment of the policy reform conditions described in the program components, as established in the Policy Matrix (Annex II) and the Policy Letter , as well as the contractual conditions established in the loan contract (see paragraph 3.3).				
Exceptions to Bank policies: None.				
Strategic Alignment				
Challenges: ^(d)	SI	<input checked="" type="checkbox"/>	PI	<input checked="" type="checkbox"/>
			EI	<input type="checkbox"/>
Crosscutting themes: ^(e)	GD	<input checked="" type="checkbox"/>	CC	<input checked="" type="checkbox"/>
			IC	<input type="checkbox"/>

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

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

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

^(d) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

^(e) GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. PROJECT DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and rationale

- 1.1 **Macroeconomic context.** The economic contraction caused by the pandemic, projected at 9.5% of gross domestic product (GDP) in 2020 according to the International Monetary Fund (IMF),¹ has created additional challenges for the government's efforts to balance public debt and promote sustainable economic growth. In late 2014, the country faced the effects of a macroeconomic shock caused by the decline in international oil prices,² and the government undertook efforts to limit budget cuts and the impact thereof on the social sector. In subsequent years, the Ecuadorian economy showed stability in key macroeconomic indicators such as inflation and unemployment, which averaged 2.8% and 3.8% between 2015 and 2019, respectively.³ However, largely due to the decline in international prices and exports of oil and other commodities, the Ecuadorian economy, on average, grew just 0.5% per year during this period. At the same time, public debt increased from 16.3% of GDP in 2009 to 53.4% of GDP in 2019. By November 2020, the Ministry of Economy and Finance (MEF) reported that external debt represented 62.1% of GDP.⁴
- 1.2 **Recent economic reforms.** As part of the government's efforts to reduce the fiscal deficit and public debt, in 2019 the IMF's support was requested to achieve sustainability of public finances with a fiscal consolidation of 5% of GDP in three years and a reduction of public debt to below 40% of GDP by 2023. While the improvement of public finances was achieved through the consolidation of the primary balance, including subsidies, at 1.3% of GDP, these policies were interrupted with the start of the pandemic, which had unforeseen impacts on government spending and revenues. For example, tax revenues fell 14.5% year-on-year as of November 2020. In this context, the government had to abandon the fiscal consolidation exercise agreed upon with the IMF; nonetheless, it took measures aimed at reestablishing fiscal balance,⁵ and on 30 September 2020, the Executive Board of the IMF approved a 27-month Extended Fund Facility (EFF) for US\$6.5 billion. The immediate objectives of the EFF are to stabilize the economy, protect lives and means of subsistence, and expand social protection programs. The broader objectives include the strengthening of governance and transparency in fiscal revenues and expenditures. To achieve this, the government plans to increase the number of low-income families who receive financial support,

¹ This 21 December 2020 forecast represents an improvement over the October 2020 projection, which was -11.0%.
<https://www.imf.org/~media/Files/Publications/REO/WHI/2020/Oct/Spanish/texts.ashx?la=es>.

² The average price of Ecuadorian crude fell from US\$96 per barrel in 2013 to US\$85/barrel in 2014, US\$42/barrel in 2015, and US\$35/barrel in 2016, leading nonfinancial public sector oil revenues to contract from 12% of GDP in 2013 to 5.5% of GDP in 2016, while the value of crude oil exports fell 8.8% of GDP.

³ The data on inflation and unemployment in Ecuador come from the World Bank development indicators.

⁴ MEF November 2020 Public Debt Bulletin (<https://www.finanzas.gob.ec/wp-content/uploads/downloads/2020/12/Presentacio%CC%81n-Boleti%CC%81n-de-Deuda-Pu%CC%81blica-Noviembre-2020.pdf>). In 2019 the MEF introduced a new methodology for calculating debt: by December 2019, the value with the previous methodology (comparable to 2009) was 50.13% of GDP.

⁵ For example, to reduce payroll, the government reduced the number of hours public employees worked, from 8 to 6 hours, except for police, doctors, and the military.

invest more in reactivating the economy and in essential services such as health and education, improve transparency in public procurement, and promote debt transparency. As the economy recovers, the program will seek to ensure the sustainability of public finances and lay the groundwork for a more dynamic and competitive economy that creates more jobs with sustainable growth. On 21 December 2020 the IMF's Executive Board concluded the first review of the EFF, authorizing a second disbursement of US\$2.0 billion, after fulfillment of all the quantitative execution criteria and indicative targets.⁶

- 1.3 **Trends in social indicators.** As in other countries in the region, the progress made in the last two decades in reducing poverty and inequality is being compromised by the economic consequences of the pandemic. Between 2001 and 2019, the poverty rate fell from 55.2% to 25%, extreme poverty went from 30.9% to 8.9%, and inequality, measured by the Gini coefficient, went from 0.59 to 0.47. However, as a result of the economic contraction caused by the pandemic, the United Nations Children's Fund (UNICEF) projects that in Ecuador, extreme poverty will increase by 80%, and poverty by 38%,⁷ practically eliminating the progress made over the last 10 years. Significant effects on the incidence of poverty and extreme poverty have also been documented in households with children and teens compared to other households (for example, in the former, extreme poverty went from 12.8% to 23.4%, and in the latter, from 3.6% to 7.5%).
- 1.4 **Impacts of the pandemic on employment.** The economic effects of the pandemic are associated with a decline in households' disposable income of around 27%.⁸ At the start of the pandemic, a decline was projected of between 4.3% and 14.4% in formal employment,⁹ and the IMF indicated that, unlike previous economic shocks, the decline in employment has been higher than the decline in GDP, and the impacts have been especially pronounced in the informal sector¹⁰ and among women. For example, between June 2019 and June 2020, the gross employment rate fell from 63.9% to 52.8%, recovering partially to 58.7% in September 2020;¹¹ for its part, suitable employment¹² went from 37.9% to 16.7%, between June 2019 and June 2020, recovering to 32.1% in September 2020. An example of the differential impact by sex of the economic impacts caused by the

⁶ See <https://www.imf.org/es/News/Articles/2020/12/22/pr20387-imf-executive-board-completes-first-review-for-ecuador>.

⁷ Extreme poverty will go from 10.7% to 19.2%, and poverty from 27.2% to 38.4%, representing increases of 80% and 38%, respectively, UNICEF (October 2020), https://www.unicef.org/ecuador/media/5661/file/Ecuador_impacto_covid.pdf.pdf. For methodological reasons, UNICEF's estimates of extreme poverty and poverty are slightly higher than those of the National Statistics and Census Institute (INEC); however, the impact of COVID-19 will be qualitatively similar in both measurements.

⁸ See Acevedo et al. (2020), <https://publications.iadb.org/es/implicaciones-sociales-del-covid-19-estimaciones-y-alternativas-para-america-latina-y-el-caribe>.

⁹ Azuara et al. (2020). <https://publications.iadb.org/es/como-impactara-la-covid-19-al-empleo-posibles-escenarios-para-america-latina-y-el-caribe>.

¹⁰ IMF (October 2020), op. cit.

¹¹ The months of June 2019 and June 2020 are cited here for their seasonal comparability. For further details, see: https://www.ecuadrencifras.gob.ec/documentos/web-inec/EMPLEO/2020/Septiembre-2020/202009_Mercado_Laboral.pdf.

¹² According to the INEC, a person has suitable or full employment when they receive an income from work greater than or equal to the minimum wage and they work 40 or more hours per week.

pandemic is that between December 2019 and September 2020, unemployment increased by 58% for men and 89% for women.¹³

1. Challenges and advances in protecting the most vulnerable population

- 1.5 **Regular transfer mechanisms for the vulnerable population.** The pandemic brought to light the limitations of Ecuador's social safety net. Given the high levels of employment informality and the absence of contributory mechanisms to protect against the loss of income, the main economic protection mechanisms are noncontributory cash transfers (NCCT) from the Ministry of Economic and Social Inclusion (MIES).¹⁴ These programs include the Human Development Bond (HDB), created in 2003,¹⁵ which provides a monthly transfer of US\$50 to each beneficiary household and that in 2019 covered around 12% of all households. Originally, the program's target population was the poorest 40% of households. In 2014, the program was redirected to the poorest 20% of households, which entailed the departure from the program of nearly half of its beneficiaries.¹⁶ Moreover, for households living in extreme poverty with children, in 2017 a variable component of the HDB was created, which depends on the composition of the household and can reach up to US\$150 per month.
- 1.6 **Extraordinary transfers to vulnerable populations affected by the pandemic.** Ecuador was among the first countries in the region to implement extraordinary cash transfers as a response to the adverse economic impacts caused by the pandemic.¹⁷ The initial measures included transfers for the population that was not receiving support through the regular NCCT programs operated by the MIES. So the government issued Executive Decree 1022 of 27 March 2020 creating the Emergency Family Protection Voucher (BPFE) in order to economically support households living in extreme poverty, poverty, and vulnerability registered in the Social Registration Form database who do not receive other NCCTs. To help cover the basic needs of these households and to alleviate the reduction in income from work caused by the economic impacts associated with the pandemic, this extraordinary voucher consisted of two payments of US\$60 each during 2020. Likewise, on 24 April 2020, Phase II of the BPFE was established to expand coverage to other households, family groups, or individuals living in extreme poverty, poverty, and vulnerability, in addition to the initial beneficiaries. Phase II of the BPFE, established by Executive Decree 1026 of 24 April 2020, consisted in a single cash transfer of US\$120. In its phases I and II, the BPFE reached 950,002 beneficiaries with an investment of US\$89.5 million with sources of funding from

¹³ Data from the IDB Information System on Labor Markets and Social Security (SIMS). They correspond to the percentage of the population unemployed between ages 16 and 65 in the months of December 2019 and September 2020: 7.73% and 3.65% for women and 5.26% and 2.97% for men, respectively.

¹⁴ See [optional link 2](#) on the challenges of social protection.

¹⁵ The HDB replaced the Bono Solidario, which had been in operation since 2001.

¹⁶ See Schady (2017).

¹⁷ The IDB and ECLAC have documented the use of transfers in response to the pandemic (see <https://publications.iadb.org/en/social-protection-and-informality-latin-america-during-covid-19-pandemic> and https://repositorio.cepal.org/bitstream/handle/11362/45527/5/S2000325_es.pdf).

the World Bank (51%), the Inter-American Development Bank (IDB) (45%¹⁸), and fiscal funds (4%).

- 1.7 The pending challenge in serving the most vulnerable population economically impacted during the pandemic consists in incorporating into the extraordinary transfer mechanisms population groups impacted by the pandemic who were not served in phases I and II of the BPFE and who are living in poverty, extreme poverty, and/or are particularly vulnerable. These groups include households with children vulnerable to child malnutrition and inhabitants of the Galapagos Islands whose source of income was particularly impacted by the shutdown of tourism activities on the islands and the lack of alternatives for income generation in a very ecologically vulnerable environment.¹⁹ Moreover, additional support should be considered for households, which, although they receive a regular cash transfer from the government, are in a vulnerable situation due to the magnitude and persistence of the adverse economic impacts associated with the pandemic.
- 1.8 **The methods and institutional framework for the selection of users of the social safety net and expansion of the regular NCCTs.** The eligibility of households for the HDB and other programs run by the MIES is determined by the information recorded in the Social Registration Form (RS) database and the Social Registration Form Index (IRS) methodology, which is the mechanism used for estimating the socioeconomic conditions of the population to determine possible beneficiaries of state social programs or subsidies. In 2018 criteria were defined to update the information and methodology of the Social Registration Form, which had last been updated in 2013-2014. Lacking mechanisms for continuously updating the Social Registration Form,²⁰ available data did not reflect the changes in the socioeconomic and sociodemographic status of households, resulting in the poor targeting of social programs.²¹ The strategy for updating the Social Registration Form included considerations such as the installation of new governance and interagency coordination mechanisms, a strategy for mapping data on prioritized sectors of the country, and a new methodology for calculating the IRS.²² To strengthen the governance of the Social Registration Form, in 2019 the Interagency Committee on the Social Registration Form (CIRS) was created as the entity responsible for determining the guidelines for the administration of the Social Registration Form, and the Social Registration Form Unit (URS) was created as an autonomous entity responsible for the administration, maintenance, updating, and dissemination of the information in the Social Registration Form database. That same year, a methodology was approved for prioritizing census sectors for the RS survey in order to target surveys on the sectors with the highest

¹⁸ Through loan 5031/OC-EC.

¹⁹ Pursuant to regulations, a household may not receive more than one benefit associated with the BPFE.

²⁰ The database was supposed to be updated every five years, with mechanisms for continuous updates by the entities that use the Social Registration Form.

²¹ The updating of the Social Registration Form to improve the targeting of programs is particularly necessary after natural disasters impact the country, such as the 2016 earthquake, and in health crises like the pandemic.

²² The strategy adopted provides for mechanisms to safeguard the protection of information and the creation of mechanisms for information exchange with other government entities. It also defines mechanisms for collecting the information from the Social Registration Form by means of home visits, controlled demand, or at service windows.

rates of poverty and extreme poverty. Using innovative automatic learning techniques, 20,904 sectors were prioritized. Based on this exercise, the country established the target of including at least 2.4 million households in a validated database, including 720,000 households belonging to the three lowest deciles in terms of per capita consumption. Lastly, that same year, a new methodology was approved for calculating the IRS,²³ and the mechanism for transferring the information to the entities executing the state services, programs, and/or subsidies was defined. It is also noteworthy that the URS works with information on areas subject to floods and mass movements, provided by the Office of the Secretary for Risk Management. This information identified households located in areas highly vulnerable to events associated with climate change. In addition, maps have been created of new census sectors to be prioritized that are located in areas with high and medium vulnerability to floods and mass movements.

- 1.9 The process of updating the Social Registration Form faces challenges associated with the collection and updating of data due to the limitations on mobility in the context of the pandemic. In addition, since late 2019, as a result of the economic contraction, progress on the update has been delayed. As of December 2019, there were a total of 522,322 validated records. After a complete interruption during the first half of the year, in July 2020, the survey process resumed to include households living in poverty or extreme poverty that were never registered and to update existing records. The challenges of the Social Registration Form also constitute challenges for expanding the coverage of the HDB among the lower-income population, since to be able to become a beneficiary of that program, households have to be registered with the RS and have an updated IRS score to determine their eligibility.
- 1.10 **Social inclusion through early childhood development services.** In the framework of the inclusion and social protection policies, with the support of the IDB and the World Bank, the MIES has promoted improvements in the quality, coverage, and targeting of its main early childhood development services: (i) the Early Childhood Development Centers (CDIs), where children are cared for during the full workday; and (ii) the services of the Creciendo con Nuestros Hijos [Growing with our children] (CNH) program, which works with the family to improve their child-rearing and stimulation practices through home visits and group sessions. In this context, the MIES has moved forward with the redesign of the content (development of a curriculum/records of structured activities, procurement and printing of recreational and pedagogical material) and the implementation strategy (technical standards and methodological guides that orient implementation) for both services by means of models that center the promotion of early childhood development around the strengthening of child-rearing practices and caregiver-child interactions through play and are based on a solid strategy of continuous training and support for educators and caregivers, with trainers/mentors for quality assurance. As a result of this effort, both services have new technical standards approved in 2019; the CNH program service also has new content and a new

²³ The IRS allows the calculation of households' levels of poverty using RS data. The IRS-2014 used the statistical method of nonlinear principal component analysis. The IRS-2018 uses automatic learning techniques and aims to predict the consumption variable by minimizing inclusion and exclusion error. The use of the IRS-2018 has reduced exclusion errors by 12.7 percentage points (from 34.3% to 21.6%) and inclusion errors by 15.6 percentage points (from 30.9% to 15%).

methodological guide approved in 2020. For the CDI service, implementation of the methodological guide and content is expected to start in 2021.

- 1.11 In March 2020, in response to the pandemic, the MIES suspended in-person care for the CNH and CDI services. The services' educators and caregivers spontaneously adapted service delivery to a virtual modality in response to the restrictions imposed by the pandemic, maintaining, in an improvised manner, remote care for more than 200,000 families who use these services. In this context, and given the importance of having guidelines to promote quality in the content and processes of the services in a remote context, the main challenge is to provide continuity to the quality early childhood development services. Having a structured protocol for this care that provides a detailed work methodology based on the channel of care and a solid proposal for play activities will help homogenize the quality of the care received by the families. Moreover, there is an opportunity to expand coverage of the services to populations that were not served before the pandemic through the new care modalities.
- 1.12 **Challenges to maintaining coverage of the National Immunization Strategy (ENI).** The objective of the ENI is to help reduce early childhood morbidity and mortality for vaccine-preventable diseases. To do so, the National Vaccination System guarantees comprehensive care during the entire life cycle for vulnerable populations. It includes 13 vaccines and 27 doses for children and teens from newborns to 15-year-olds. It also includes four vaccines for the vulnerable adult populations, including pregnant women, older adults, disabled persons, and those with chronic illnesses.²⁴ The ENI is financed with nonrecurring expenditures through the "Immunization and Vaccine-preventable Disease Project." In 2017, the Ministry of Public Health (MSP) signed an agreement with the Pan American Health Organization (PAHO) for the government's participation in the Regional Revolving Fund (RRF). Under this agreement, the country can access a credit line with payment in up to 60 days for vaccines and supplies purchased through the Fund's mechanism.
- 1.13 The declaration of the state of emergency caused by the pandemic limited the population's access to outpatient and vaccination services. Thus, as of October 2020, healthy child check-ups for children under 5 and one-year-olds represented 61% and 68% of the check-ups done in the same month in 2019, respectively. And prenatal check-ups will reach 81% with respect to 2019. This reduction in outpatient care is reflected in a reduction in vaccination coverage. In the case of children, comparing coverage of the third dose of the five-in-one vaccine in 2020 compared to ideal coverage (according to clinical protocols), it was observed that through August, coverage reached 46.8% compared to the expected 66.7% in a scenario of ideal progress and the 58% achieved in the same month in 2019. The levels of progress in coverage in all months of 2020 are lower than those reported in 2019, which were already at suboptimal levels. In addition to the decline in healthy child care, the challenges facing the country in terms of vaccination are due to problems in the availability of vaccines. Thus, in November 2020, the country did not have five-in-one, polio, or rotavirus vaccines. The pandemic and its impact on the change in priorities for health care reduced the budget for the ENI, which could affect the availability of vaccines in 2021. As of late December

²⁴ For further details on the ENI, see [optional link 1](#).

2020, there was a projected deficit of US\$36.9 million in the RRF for the March 2020-March 2021 period.²⁵ To normalize Ecuador's participation in the fund and to be able to resume pre-pandemic levels of coverage in 2021, it is necessary to ensure budgetary availability in order to eliminate the deficit in the current cycle, and during implementation of the next cycle, replenish the balance of the RRF according to its regulations, that is by settling its debts within a term of 60 days.

2. Challenges and progress for the recovery of formal employment leading to gender equity and environmental sustainability.

- 1.14 As described above (paragraph 1.4), the pandemic's impact on employment has been significant. Between December 2019 and June 2020, the number of people employed fell from 7.8 million to 6.6 million (15.3%). Although this indicator recovered to reach 7.3 million in September 2020, the quality of employment has declined, with a lower prevalence of suitable employment and with higher impacts among people with low educational levels and ethnic minorities. Since before the pandemic, the formal sector has been impacted by the slowing growth in recent years, and in December 2019 its represented 44.7%.²⁶ Between January and December 2020, formal employment posted a net decline of 141,000 current contracts (6%). Moreover, significant gender inequities have been documented. For example, while informality in 2019 was similar to the level for men (65% versus 62%), only 30.6% of women had suitable or full employment, compared to 44.8% for men, and 22% of employed women received no compensation (compared to 8% of men). In this context, recognizing that job recovery is a complex process, two areas are reviewed here that the Bank and the government have identified as having potential for contributing to gender equity in the labor market and to the creation of formal jobs.
- 1.15 **Challenges and opportunities for women's equitable participation in the workforce.** Before the pandemic, there were significant gender gaps in terms of workforce participation, income, and representation in leadership positions for women. For example, the gap in the workforce participation rate was almost 26 percentage points (54.8% for women and 80.6% for men).²⁷ There is also a gender-based wage gap favoring men of 15.2%.²⁸ These income differentials are associated with other dimensions of workforce participation: 80.9% of women are employed in low-productivity sectors compared to 60.3% of men, and women hold just 10% of the positions of president of a company, 8% for vice president, and 24% for general managers.²⁹ In the public sector, under 25% of ministries and

²⁵ The projected deficit is based on projections and updates of the balance with the PAHO Revolving Fund.

²⁶ National Survey on Employment, Unemployment, and Underemployment (ENEMDU), December 2019.

²⁷ The women's workforce participation rate (older than age 15) has shown an upward trend over the last decade, rising from 43.3% to 52% between 2009 and 2019. (ENEMDU, 2019).

²⁸ The wage differential exists from the start of one's working life. With 0 to 5 years of experience, the gap is 11%; as one's years of experience increase, the gap grows to 18% (between 6 and 12 years of experience). The wage gap declines at 13 or more years of experience, but remains at a level above the initial gap (13%) (ENEMDU, 2019).

²⁹ Source: Estudio de mujeres ejecutivas 2020. Deloitte.
<https://www2.deloitte.com/content/dam/Deloitte/ec/Documents/about-deloitte/Estudio%20Mujeres%202020%20VF.pdf>.

government secretariats are led by women³⁰ and, in elected offices, women hold just 7.2% of municipal mayoral positions and represent 38% of assembly members.³¹ The effects of the pandemic reinforced and aggravated these inequities, since the closure of schools and other care centers impacted women in particular due to the increase in hours devoted to unpaid work, and the sectors hardest hit were those with a high workforce participation among women.³² In addition, women posted a higher rate of unemployment (see paragraph 1.4).

- 1.16 Ecuador has made progress in defining gender equality as a right and as a public policy objective (Articles 11 and 66 of the Constitution) and has ratified international accords along these lines;³³ these commitments have been embodied in national legislation.³⁴ In addition, the “Toda una Vida” National Development Plan 2017-2021 includes gender equality as one of its priority objectives. Moreover, to mitigate the inequities of women’s participation in the economy, the government announced the “Economía Violeta” (violet economy), a public policy that seeks to promote economic activation and empowerment in women’s rights in Ecuador, with an emphasis on those who have lost income due to the pandemic.³⁵ The government has also requested support from the Bank to implement the Gender Parity Initiative (GPI), which seeks to identify and reduce barriers that prevent women from accessing work opportunities on a level playing field.³⁶ In this context, the main challenges facing the country for moving toward equitable women’s workforce participation, that is closing the economic gaps in participation, income, and leadership, are related to the implementation of specific policies and actions, with the participation and commitment of public and private sector stakeholders.
- 1.17 **Opportunities for the promotion of employment linked to environmental objectives.** Ecuador has adopted various measures to promote job recovery as part of its response to the pandemic. Under the Humanitarian Law, employers and employees have been allowed to make mutually agreed changes to existing employment agreements, the introduction of shorter work weeks, and more flexible

³⁰ Basabe-Serrano, Santiago. 2020. “La Sub Representación de Mujeres en Gabinetes Ministeriales: el Caso Ecuatoriano en Perspectiva Comparada, 1979-2015.” *Latin American Research Review* 55(1): 31–48.

³¹ National Election Board (2018) *Participación Política de la Mujer*.

http://cne.gob.ec/documents/Estadisticas/Investigaciones/participacion_politicas_mujer.pdf.

³² Busso, Matías; Messina, Julián (2020) [La crisis de la desigualdad: América Latina y el Caribe en la encrucijada](#).

³³ Ecuador is a signatory of the United Nations Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) of 1979, and as ratified agreements including Convention 100 of the International Labour Organization (ILO) on Equal Remuneration, Convention 111 on Discrimination (Employment and Occupation), and Convention 189 on Domestic Workers.

³⁴ The Labor Code (2005) establishes the right to maternity and paternity leave and sets forth the prohibition on unilateral dismissal for maternity, as well as the requirement to secure insurance for medical and social services. In addition, other legislation such as the Law on Elections and Political Organizations (2009), the Law on Cooperative Associations and Low-income Groups (2011), the Law on National Equality Councils (2014), and the Law on Labor Justice and Recognition of Domestic Work (2015) integrate a legal umbrella that promotes fulfillment of women’s rights in their respective areas throughout their lives.

³⁵ See the official notice. <https://www.comunicacion.gob.ec/el-presidente-moreno-apuesta-por-un-desarrollo-inclusivo-con-equidad-de-genero-a-traves-de-la-economia-violeta/>.

³⁶ See <https://www.iadb.org/es/gender-and-diversity/iniciativa-de-paridad-de-genero>.

work shift arrangements. The Ministry of Labor (MT) published Ministerial Resolutions with additional flexibility measures such as the creation of special contractual modalities for the productive sector, the tourism and/or cultural and creative sectors, entrepreneurship and innovation, and access for young people to the labor market and incentives for their training. The MT has also used the Partner Employment Network (RSE), the public employment service, to support the reallocation of workers to more dynamic sectors. The RSE has a presence in 24 provinces, a technology platform for connecting employers and job seekers that boosts the supply of services using digital media, agreements for linking labor with large private companies, and increasing integration with other government agencies.³⁷ In this context, the RSE has played a key role in identifying job openings, monitoring offers, and searching for candidates in occupations that are subject to strong mobilization during the pandemic. For example, in response to the high demand for health professionals, the RSE has used social media, as well as its platform, to streamline the contracting of doctors, nurses, and technicians.

- 1.18 It is estimated that transformations in sectors such as agriculture, forestry, energy, transportation, tourism, construction, and waste management—which make decarbonization possible during the transition toward a zero-emissions economy—can create 15 million net jobs in the region by 2030.³⁸ The challenge facing Ecuador to be able to realize the potential of creating formal jobs in sectors linked to environmental services (green jobs) is, according to international experience, developing an adequate institutional framework, in addition to having quantitative estimates on the opportunities that these sectors can generate and the development of a supply of training aligned with these opportunities.³⁹

3. Project strategy

- 1.19 **Strategy for the operation.** The policy matrix includes measures to support the protection of lives, means of subsistence, and expansion of the social safety net, as well as measures to support job creation and the recovery of the economy, framed within the lines of actions established by the government's program with the IMF and having a direct impact on achieving its targets. The operation will support the increase in service to vulnerable populations directly impacted by the pandemic through extraordinary cash transfers, as well as strengthening the social safety net by updating the Social Registration Form and expanding coverage of the regular NCCTs among the most vulnerable households, in particular the HDB. It will also support continuity of social and health services in the areas of early childhood development and vaccination. A sustainable economic recovery will also be promoted by encouraging women's participation in the labor market under equitable conditions and promoting formal employment linked to environmental

³⁷ Arboleda, O., Baptista, D. Nunn, A. (2019) Factores de Éxito para la Provisión de Servicios Públicos de Empleo en Ecuador. IDB (Mimeo).

³⁸ Saget, C. et al., 2020. <https://publications.iadb.org/es/el-empleo-en-un-futuro-de-cero-emisiones-netas-en-america-latina-y-el-caribe>.

³⁹ See ECLAC/ILO, "Environmental sustainability and employment in Latin American and the Caribbean," Employment Situation in Latin America and the Caribbean, 19 (LC/TS.2018/85), Santiago, 2018 <https://www.cepal.org/en/publications/44186-employment-situation-latin-america-and-caribbean-environmental-sustainability-and>. Also, PAGHC (Platform for Advancing Green Human Capital) 2017 Advancing Green Human Capital, A Framework for Policy Analysis and Guidance. http://www.unevoc.unesco.org/up/PAGHC_full.pdf.

objectives. Thus, the first operation is focused on the approval, development, and/or start-up of implementation of policy measures that are critical for an inclusive and sustainable recovery, that support the short-term response (extraordinary cash transfers, virtual and blended early childhood development services, and the implementation of the ENI) and that lay the groundwork for a medium-term recovery based on policies that are more inclusive (such as expanding coverage of the regular NCCTs and early childhood development services) and transformational (such as the GPI to promote job recovery with gender equity and green jobs). The second operation is focused on the implementation and consolidation of measures to strengthen the protection of vulnerable populations and support job creation with gender equity, consistent with the country's environmental objectives.

- 1.20 **Summary of the reforms.** With the support of the IDB and the World Bank on the design and strategic approach and in line with the program agreed upon with the IMF, the government is taking additional measures to protect vulnerable populations with extraordinary cash transfers to cover additional populations: the Nutritional Support Voucher (BAN) for vulnerable families with children under age 5 and phase III of the BPFE to cover specific vulnerable populations, such as residents of the Galapagos Islands whose source of income was impacted by the shutdown of tourism activities in the area.⁴⁰ Moreover, for the populations that benefit from the regular NCCT programs of the MIES that constitute the comprehensive social protection system, contingency coverage was activated. This transfer corresponds to a structure defined in 2019 to provide support to families experiencing a state of disaster, including those associated with natural disasters (e.g., earthquakes and events associated with climate change). In the context of the pandemic, the economic contraction and the health emergency will be recognized as situations warranting such coverage.
- 1.21 This operation will support policies to address the challenges identified to strengthen the social safety net. These include measures to implement the strategy for updating the Social Registration Form to increase its coverage and have updated IRSs to determine eligibility for regular or specific social programs in order to respond to specific contingencies. Coverage of the regular NCCTs will also be increased among lower-income households. To this end, the MIES will receive support for regulating the payment of NCCTs using the IRS-2018 data and methodology and expanding the coverage of these programs, particularly among the three lowest-income deciles, in line with the objectives agreed upon with the IMF.
- 1.22 To ensure minimum levels of quality and homogeneity in the delivery of early childhood development services throughout the country, through this operation, the Bank will support the MIES in the development and approval of the Protocol for Virtual and Blended Care (PAVS) to be implemented in cantons under the red (virtual care) and yellow (blended care) epidemiological traffic light, as an alternative to the in-person services of the CNH or CDI. Moreover, PAVS will serve as a strategy for the expansion of coverage to care for previously unserved families. The plan is therefore to maintain virtual care, even after the health

⁴⁰ Households that have received phase I or II of the BPFE are not eligible for the BAN or phase III of the BPFE.

- emergency, for at least 9,000 new users living in poverty, extreme poverty, and/or vulnerability, targeted through the Social Registration Form. Virtual care provides weekly contact via video call or telephone and/or via text messaging or multimedia; the blended protocol combines virtual care three times per month with one monthly visit to the home. PAVS includes guidelines for the implementation of the care, specific for each modality, content (activities and materials), and guidance for the identification and referral of families with physical or socioemotional health problems.
- 1.23 This operation also includes measures to address the challenges related to the availability of vaccines, in particular to ensure adequate budgeting and timely payment of the RRF contributions to ensure the financing necessary for implementation of the ENI. This will enable the country to get the vaccines and the supplies it needs to administer them and thus be able to implement the ENI and avoid a resurgence of vaccine-preventable infectious diseases.
- 1.24 To move forward with the implementation of policies to close the gaps in women's workforce participation, the Bank will support the government in the creation of the Gender Parity Initiative (GPI), which will operate as a permanent technical council of the Economic and Productive Sector Cabinet. The GPI is a public-private partnership for the diagnostic assessment of gender-based economic gaps (primarily in workforce participation, wages, and participation in executive positions) and the determination and implementation of strategic efforts to close those gaps. Thus, the GPI will focus on generating and implementing actions aimed at promoting the economic empowerment of women as it is framed in the public policy on the violet economy at the national level.
- 1.25 In order to have an adequate institutional framework to leverage the potential to create formal jobs linked to environmental objectives, the development of a strategy for the RSE is proposed, including the generation of labor market data through the analysis of the potential to create green jobs and the training needs in the skills required by the private sector for these jobs. A body will also be developed to coordinate the economic, environmental, and employment objectives in order to define targets and supplementary support measures for a fair transition to zero emissions, as well as coordination mechanisms between the productive sector and the training system to promote the development of relevant skills. There are also plans to leverage the RSE to develop a specialized service supply for green sectors to facilitate the reallocation of labor to emerging sectors and occupations, while promoting participation by vulnerable groups.
- 1.26 **Progress and policy gaps.** The proposed measures will complete the strategy to support the most vulnerable populations impacted by the pandemic and will strengthen the coverage of the regular NCCTs from the MIES, as well as the Social Registration Form, but work must continue to consolidate a social safety net that responds to populations impacted by transitory shocks. In the case of early childhood development, instruments will be developed to provide quality blended and virtual services, and work will continue on consolidating the expansion of coverage and quality of the in-person services. For the ENI, the coverage and regular financing structure will be restored, and moving forward, the financial and operational mechanisms will be consolidated. Moreover, the creation of the GPI will be completed along with the preparation and start-up of implementation of its

action plan, laying the groundwork for concluding its work and reducing gender-based economic gaps. Lastly, a strategy will be developed to promote formal employment linked to environmental objectives from the RSE, which will be expanded using the bodies developed under the measures supported by this operation.

- 1.27 **Relationship with other Bank operations.** This operation is related to the investment program “Support for Health Service Delivery and the Social Safety Net in the Context of the Coronavirus/COVID-19 Pandemic” (loan 5031/OC-EC), approved in May 2020 for a total of US\$250 million and currently in execution, particularly with Component 3 for US\$70 million, which supports the protection of vulnerable populations with cash transfers provided by the MIES (phase I of the BFPE, paragraph 1.6). This operation consolidates those protection mechanisms and moves forward with measures to incorporate beneficiaries into the regular social protection system, as well as to strengthen coverage and targeting of the NCCTs. It also complements the public health actions associated with the COVID-19 response and supported by the Bank, particularly in the area of protecting essential health services during the pandemic. The continuity of these services is being supported by component 2 of aforementioned loan 5031-OC/EC, through the financing of dialysis services for patients with chronic kidney disease. This operation complements this effort to protect essential services as it protects the regular vaccination mechanisms under the ENI. Moreover, this operation builds on loan 4607/OC-EC, approved in 2019 and in execution: “Investment in Quality of Childhood Development Services.” Its amount totals US\$42 million, and it has focused efforts on the development of guides and guidelines for the delivery of early childhood development services for the most vulnerable population (paragraph 1.10). This operation supports measures to strengthen elements of quality in services, specifically using the virtual and blended modalities. In terms of formal job creation linked to environmental objectives, the regional technical cooperation operation “Strengthening Technical Skills and Knowledge for Workers in LAC for a Transition toward a Low-emissions, Resilient Economy” (ATN/OC-18108-RG) identified the green sectors’ potential to create formal jobs and the adjustments needed for the development of a supply of training in green sectors. This operation moves forward on measures identified for developing an institutional framework that supports maximizing the positive impacts on employment brought about by the transition toward a low-emissions, resilient economy.
- 1.28 **Lessons learned and value added by the Bank.** For the measures related to the cash transfers (components 2 and 3), this operation was based on the following findings, using the Bank’s work on the design, implementation, and evaluation of cash transfer programs in 18 countries in the region over the last 20 years:⁴¹ (i) cash transfers are the most effective instrument for redistributing resources and supporting the consumption of the most vulnerable families; (ii) to be effective, the transfers should be supported by nimble, reliable systems for the evaluation of the

⁴¹ See, for example, the Social Protection and Poverty Sector Framework Document (document GN-2784-7) and the publication *How Conditional Cash Transfers Work* <https://publications.iadb.org/es/asi-funcionan-las-transferencias-condicionadas>. The Bank has also approved operations to support vulnerable populations in the context of the pandemic in The Bahamas, Belize, Bolivia, Brazil, Guatemala, Guyana, Panama, Suriname, and Uruguay.

vulnerability status of households and the records in information systems; and (iii) in a context of social distancing and a rapid response to temporary shocks, it is strategic to base actions on existing social protection systems (beneficiary registries and systems) and prioritize payment systems that prevent people from coming together in large groups. Through dialogue and technical support, the Bank has supported the MIES in the design of transfer programs associated with the pandemic and the strategy for consolidating the social protection system by strengthening the Social Registration Form and the NCCTs.

- 1.29 In the case of early childhood development, the design of the PAVS (Component 4) incorporates lessons learned from loan and technical cooperation operations on how to scale quality services promoting early childhood development, including:⁴² (i) the expansion of coverage of early childhood development services lacking in quality can have damaging effects on child development and well-being; (ii) the continuous improvement of quality requires management tools and capacities that need to be developed on the technical teams; (iii) the need for structured curricula and activity guides that provide technical guidelines to orient the work, such as the PAVS; (iv) the convenience of using existing targeting systems to ensure priority care for families living in extreme poverty; and (v) the quality of implementation may be heterogeneous among educators, and the importance of giving them a toolkit to support them in the performance of their role, including both content and the work methodology.⁴³ The Bank has shared these lessons learned with the MIES through the joint work to develop the PAVS and its operational manual, in the context of the strategic collaboration with the government in this area (RG-E1657, in addition to the operational agenda).
- 1.30 The IDB's operational experience in gender equity has generated findings that have been incorporated into Component 6, including: (i) the incorporation of the development and monitoring of a gender action plan has proven to be an effective management tool for moving forward with the equity agenda;⁴⁴ (ii) the importance of building partnerships between the public and private sectors to promote access to formal employment and employability;⁴⁵ and (iii) the importance of the role of the finance ministries in leading a women's economic empowerment agenda and coordinating different public and private portfolios to move forward on this crosscutting effort, as well as the importance of identifying lines of action and/or commitments on gender in the medium to long term in the country's agenda.⁴⁶ In this regard, the Bank has financed a diagnostic assessment of the gender-based economic gaps and mapped the private sector programs and policy actions required to close those gaps (operation ATN/OC-1789-EC); it has also provided technical support to the MEF to launch the GPI.
- 1.31 In the area of creating green formal employment (Component 7), based on operational experience in the promotion of formal employment, the following

⁴² See the Early Childhood Development Sector Framework Document (document GN-2966-2).

⁴³ This most recent lesson learned comes from the evaluation of the Family Support Service of the National Cuna Más Program in Peru (operations 2693/OC-PE, 3449/OC-PE, ATN/OC-14451-PE, RG-K1423).

⁴⁴ Evaluation of the Bank's Support for Gender and Diversity (document RE-518-2).

⁴⁵ Labor Sector Framework Document (document GN-2741-7).

⁴⁶ Based on the Bank's experience in the implementation of the Programs to Support Gender Equality Policies (loans 4622/OC-AR and 4777/OC-PN).

lessons were incorporated: (i) define multisector coordination bodies with clearly identified leadership in order to align the environmental, employment, and social objectives and set targets; and (ii) strengthen strategic coordination with the private sector in order to facilitate the identification of training needs and boost the placement of workers in emerging green sectors.⁴⁷ On the basis of analytical work by the Bank, lessons were also incorporated on the importance of: (i) generating data on the dynamics of the green economy at the sector and occupational levels, including demand for skills in emerging or existing occupations; (ii) developing relevant quality skills to ensure the availability of a workforce for the green sectors; and (iii) using the public employment service with special mechanisms to reallocate the workforce, particularly vulnerable groups, toward emerging or growing green sectors.⁴⁸ In its ongoing work with the Ministry of Labor and the RSE, the Bank provided support in identifying the inputs needed to promote the creation of formal jobs linked to environmental objectives (operations ATN/OC-15746-RG and ATN/OC-18108-RG).

- 1.32 **Coordination with other multilaterals and/or donor agencies.** This operation has been designed in close coordination with the IMF, whose EFF program structures the government's efforts to reestablish macroeconomic balance and lay the groundwork for an economic recovery. Work has also been done with World Bank teams on the issues of cash transfers and early childhood development, where the MIES has maintained complementary agendas with both banks. Coordination has also been undertaken with PAHO for the replenishment of the Revolving Fund and implementation of ENI. With respect to the promotion of formal employment linked to environmental objectives, the Bank and Agence Française de Développement have provided joint technical support to the government.
- 1.33 **Strategic alignment.** The project is consistent with the second Update to the Institutional Strategy (document AB-3190-2) and aligned with the development challenges of: (i) Social inclusion and equality, by supporting measures to help maintain minimum levels of income and well-being in the most vulnerable populations and to promote access to better job opportunities in a resilient, low-carbon economy; and (ii) Productivity and innovation, by supporting policy measures to improve the link between the skills of the work force and the productive sector's demand. The project is also aligned with the crosscutting areas of: (i) Gender equality and diversity, by promoting the equity, empowerment, and workforce participation of women; and (ii) Climate change and environmental sustainability, by promoting employment in green sectors and the development of skills in clean technologies and sustainable productive processes. The program is aligned with the Strategy on Social Policy for Equity and Productivity (document GN-2588-4) in the areas of enhancing equity and supporting vulnerable populations. It will also contribute to the Corporate Results Framework (CRF) 2020-2023 (document GN-2727-12) by including measures to expand the number of beneficiaries of projects aimed at fighting poverty (Components 2 and 3). In all, 9.09% of the operation's resources are invested in climate change mitigation

⁴⁷ The first point was identified as key in loans 3593/OC-CH and 2590/OC-UR, while the second is documented in loan 3547/OC-PE.

⁴⁸ These pillars are developed in Saget, C. et al., 2020. <https://publications.iadb.org/es/el-empleo-en-un-futuro-de-cero-emisiones-netas-en-america-latina-y-el-caribe>.

activities, according to the [joint methodology of the multilateral development banks](#). These resources contribute to the IDB Group target of increasing lending for climate change-related projects to 30% of approvals in 2021. It is also consistent with the Social Protection and Poverty Sector Framework Document (document GN-2784-7), which underscores the importance of supporting vulnerable populations in particular against external shocks; with the Early Childhood Development Sector Framework Document (document GN-2966-2), which stresses the importance of ensuring the quality of early childhood care services at scale with a gender perspective; with the Health and Nutrition Sector Framework Document (document GN-2735-7), by supporting the strengthening of essential service delivery for the most vulnerable populations; with the Labor Sector Framework Document (document GN-2741-7), in access to work and improved labor productivity for women and the importance of multisector work to develop interventions that have impacts on the employability of vulnerable groups and their job placement; and with the Climate Change Sector Framework Document (document GN-2835-8), by promoting enhanced skills to support the countries in their transition toward resilient, low-carbon economies. It is also aligned with the Gender and Diversity Sector Framework Document (document GN-2800-8), by promoting social inclusion, gender equality, and the empowerment of women and girls, and with the strategic line of action of the Update to the Gender Action Plan for Operations 2020-2021 (document GN-2531-19), which promotes access by women to opportunities in the labor market through the creation of the Gender Parity Initiative, a public-private partnership aimed at closing gender-based economic gaps (described in paragraphs 1.24, 1.45, and 1.46). The operation contributes to the objective of improving the management and quality of social services under the IDB Group Country Strategy with Ecuador 2018-2021 (document GN-2924).

- 1.34 This operation responds to the priorities of both the Government of Ecuador and the Bank. It is aligned with the “Toda una Vida” National Development Plan 2017-2021 in its priority to ensure a decent life with equal opportunities for all citizens, as well as the pillar of “Equal Opportunities and Social Protection” of the government’s strategy for economic recovery, known as the “Prosperity Plan,” updated in the EFF with the IMF. The policy measures will support the country in fulfilling the targets agreed upon in the program with the IMF, both quantitatively, as related to the coverage of the NCCTs and in the objective of protecting spending on social protection for the most vulnerable populations and promoting their access to social services. The policy measures also contribute to the medium-term objective of the program with the IMF in terms of job creation.

B. Objectives and components

- 1.35 **Objective and expected outcomes.** The objective of the programmatic series is to improve the population’s quality of life by improving the coverage, targeting, and/or quality of priority social programs and the implementation of measures to support job recovery. The specific objectives are to: (i) protect vulnerable populations from the adverse economic effects associated with the pandemic by supporting the income of populations living in poverty or extreme poverty, expanding the coverage of quality early childhood development services of the MIES, and implementing the ENI; and (ii) promote job recovery through strategic

actions to close gender-based economic gaps and promote formal employment linked to environmental objectives.

- 1.36 **Component 1. Macroeconomic framework.** This component's objective is to maintain an economic framework consistent with the program's objectives and the guidelines established in the Sector [Policy Letter](#).
- 1.37 **Component 2. Support for vulnerable populations in response to the pandemic and their incorporation into the social protection system.** The objective of the component is to consolidate the policies in response to the decline in sources of income associated with the pandemic, through the expansion of extraordinary cash transfer mechanisms that will help support vulnerable families whose sources of income have been impacted.
- 1.38 In the first operation, for populations that did not receive regular NCCTs from the MIES, support will be provided for: (i) the approval and start of implementation of a Nutritional Support Voucher in response to the economic contraction caused by the pandemic, for households living in poverty, extreme poverty, and vulnerability, who are users of the services of the MIES's CDI, CNH, or Care, Recreation, and Learning Circles (CCRA), located in the cantons with the highest levels of COVID-19 infections (2.1.1); (ii) the approval and start of implementation of expanded coverage of the BPFE in response to the economic contraction caused by the pandemic for family units in Galapagos province whose economic activities have been impacted (2.1.2); and (iii) the approval and start of implementation of a contingent extraordinary cash transfer mechanism in response to the economic contraction caused by the pandemic, for persons who are eligible beneficiaries of MIES vouchers and pensions (2.1.3). The second operation in the programmatic series will support: (i) implementation of the Nutritional Support Voucher (BAN) with effective coverage of at least 80% of eligible beneficiaries (2.2.1a) and the incorporation of BAN beneficiaries who are eligible for the regular MIES NCCTs (2.1.1b); (ii) implementation of the BPFE in Galapagos province with effective coverage of at least 80% of eligible beneficiaries (2.2.2); and (iii) implementation of contingent extraordinary cash transfers in response to the economic contraction caused by the pandemic, for persons who are eligible beneficiaries of MIES vouchers and pensions with effective coverage of at least 90% of eligible beneficiaries (2.2.3).
- 1.39 **Component 3. Strengthening of the social protection system.** The objective of this component is to consolidate the regular structure of economic benefits in the social protection system to improve coverage of the NCCTs among the most vulnerable populations, primarily among the 30% of the population with the lowest incomes. Support will be provided for the development and implementation of measures to strengthen the Social Registration Form, both in terms of coverage and the temporal relevance of its data and in the application of the IRS-2018, which will improve targeting by reducing errors of inclusion and exclusion.
- 1.40 The first operation of the programmatic series will support: (i) the expansion of the coverage of the Social Registration Form by updating data in accordance with the guidelines and the URS implementation plan (3.1.1); and (ii) the optimization of the regular NCCT programs run by the MIES by increasing the number of beneficiaries by at least 225,000 with respect to June 2020, with a focus on those in the three lowest income deciles (3.1.2). The second operation will support: (i) the

implementation of the process to update and improve the Social Registration Form, including the review of 2.4 million records, the validation of the data, and its transmission to service provider institutions that require it (3.2.1a); and the development of a sustainability plan indicating the mechanisms for the continuous updating of the Social Registration Form (3.2.1b); and (ii) the optimization of the regular NCCTs run by the MIES by increasing the number of beneficiaries by at least 225,000 with respect to December 2020, with a focus on those in the three lowest income deciles (3.2.2).

- 1.41 **Component 4. Strengthening effective access to quality early childhood development services.** This component's objective is to implement measures to strengthen the quality and expand the coverage of early childhood development services and guarantee that care for children from newborns to 36 months and pregnant women reaches families to ensure a good start to life and the full exercise of their rights under two implementation scenarios: (i) COVID-19 health emergency with guidelines to be fulfilled by the early childhood development service care units in accordance with the canton-based traffic light system (virtual care will be applied in cantons where the traffic light is red); and (ii) expansion of coverage, where the virtual modality protocol will be maintained as an alternative for expanding the coverage of care for families living in poverty, extreme poverty, and/or vulnerability and ensuring care in a post-COVID context.
- 1.42 The first operation in the programmatic series will support: (i) the development and approval of the Protocol for Virtual and Blended Care for users of the early childhood development services (CNH and CDI), that includes curricular and pedagogical elements that enable the delivery of quality remote services (4.1.1); and (ii) the development of an operational manual for implementation of the PAVS (4.1.2). The second operation will support: (i) the approval of the PAVS operational manual, which will guide its implementation and operational evaluation (4.2.1); and (ii) implementation of the protocol based on the operational manual in cantons with a yellow or red traffic light, which consists of coverage of at least 50% of the children who should be receiving in-person care; and at least 50% of households that do not receive in-person services identified in the protocol coverage expansion scenario (4.2.2).
- 1.43 **Component 5. Protection of the ENI.** The objective of this component is to protect an essential line item of public health spending: vaccination. Ecuador, like other countries, participates in PAHO's Revolving Fund for vaccination and will move forward with the implementation of the ENI with supplies procured through this facility.
- 1.44 The first operation will support the replenishment of the Regional Revolving Fund of the Pan American Health Organization to finance the annual implementation of the National Immunization Strategy (ENI) during the March 2020-March 2021 period (5.1.1). The second operation will support: (i) the replenishment of the RRF with PAHO to finance the annual implementation of the ENI during the March 2021-March 2022 period (5.2.1a); and (ii) the implementation of the ENI for calendar year 2021 (with a coverage of 95% of that of 2019) (5.2.1b).
- 1.45 **Component 6. Effort to close gender-based economic gaps.** This component's objective is to support multilateral agreements and measures with the participation of public and private stakeholders in Ecuador to accelerate the equal integration

of women into the economic environment in line with the public policy on the violet economy.

- 1.46 The first operation in the series will support the creation of the GPI, a high-level public-private partnership that seeks to identify and close gaps that prevent equal access to economic opportunities in the country, focusing on three main objectives: (i) increasing women's participation in the workforce; (ii) reducing the wage gap; and (iii) promoting women's leadership (6.1.1). The second operation will support the creation and approval of an action plan with strategic lines to close gender-based economic gaps in the country, including specific responsibilities for public and private entities to increase women's participation in the workforce, reduce the wage gap, and promote women's leadership, to be implemented over a three-year period (6.2.1).
- 1.47 **Component 7. Promotion of the recovery of formal employment linked to environmental objectives.** The objective of this component is to support policy measures by the Ministry of Labor to promote the recovery of formal employment from the RSE, in particular in the economic sectors linked to the country's environmental objectives, thus contributing to a sustainable and resilient economic recovery.
- 1.48 The first operation in the series will support the approval and development of inputs for an RSE strategy to promote formal employment in green sectors, including quantitative analyses on a national scale on the potential to create jobs within the framework of the country's routes to decarbonization and the identification of guidelines to incorporate a new supply of training in the skills needed for the occupations (existing or new) contributing to the country's decarbonization process (7.1.1). The second operation will support the approval and implementation of an RSE strategy to promote formal employment in green sectors by: (i) defining the objectives of the strategy and their relationship with the objectives of the country's decarbonization; the target population; and the governance model of the offices of the RSE; (ii) the establishment and operation of the Steering Committee on Green Employment by the Ministry of Labor, to support the coordination between the Ministries of Labor, Economy and Finance, and the Environment to map and prioritize areas of intervention; (iii) publishing guidelines for the incorporation of a hybrid supply of training for the development of the skills necessary for the occupations that contribute to the country's decarbonization; and (iv) designing a pilot under the responsibility of the RSE for an employment service delivery model in green sectors to promote the public-private linkage, identify the gap between the demand for skills and the local population's profiles, and include service models for the integration of women, young people, indigenous peoples, and disabled persons into the workforce. The pilot will include an evaluation of the results to encourage the development of skills and the creation of formal jobs in the green sector (7.2.1).

C. Key results indicators

- 1.49 In the Results Matrix, for the first operation, the outputs include measures to protect the vulnerable population against the loss of income associated with the impacts of the pandemic, consolidate economic benefits and early childhood development services within the social protection system, as well as the availability of inputs to implement the ENI. The expected outcomes include an increase in the

coverage of NCCTs among the most vulnerable groups (30% of the population with the lowest incomes), increased coverage in the provision of quality early childhood development services, and the implementation of the ENI. With respect to women's employment and the promotion of formal jobs linked to environmental objectives, the number of public policies and programs or business practices furthering gender-based economic equality promoted through the GPI's action plan will be monitored, along with RSE placements in formal jobs linked to environmental sectors.

- 1.50 **Economic analysis.** Based on recommendations of the Office of Evaluation and Oversight (OVE) in its 2011 Evaluability Review of Bank Projects,⁴⁹ and the results of the Review of Good Practice Standards for the Evaluation of Policy-based Lending, prepared by the Evaluation Cooperation Group (ECG) comprised of the independent evaluation offices of multilateral development banks,⁵⁰ as described in paragraph 1.3 of the Review of the Development Effectiveness Matrix for Sovereign Guaranteed and Non-Sovereign Guaranteed Operations (document GN-2489-5), indicating, inter alia, that there is no need to include an analysis of efficiency in the use of financial resources,⁵¹ it was decided not to perform an economic analysis for loans of this type, as reported to the Bank's Board of Executive Directors. Thus, this operation does not include an economic analysis and, consequently, the economic analysis is not considered for purposes of measuring the evaluability score in this program's Development Effectiveness Matrix (DEM).
- 1.51 **Beneficiaries.** The direct beneficiaries of this operation are the citizens of Ecuador, particularly those in the most vulnerable groups who will benefit from the special spending protection measures (vouchers associated with the pandemic, regular NCCTs for the 30% of the population with the lowest incomes, the early childhood development services, and the ENI). Moreover, women will benefit from the measures to close the gaps in labor market participation. The creation of green formal jobs will also benefit job seekers directly, as well as the population in general, who will live in a more sustainable environment. The evidence on the impacts and incidence of the transfer, early childhood development, and basic vaccination programs, as well as the policies to promote formal employment with gender equity supports the fact that the supported policy measures will have a direct impact on the reduction of poverty and will promote social equity.⁵²

⁴⁹ Document RE-397-1 "Currently, the economic analysis section is calculated as the maximum between the CBA [cost-benefit analysis] and the CEA [cost-effectiveness analysis]. Yet neither a CBA nor a CEA is applicable to PBLs (policy-based loans) and PBP (programmatic policy-based loans)."

⁵⁰ Good Practice Standards for the Evaluation of Public Sector Operations. "Evaluation Cooperation Group, Working Group on Public Sector Evaluation, 2012 Revised Edition. February 2012.

⁵¹ According to the ECG, policy-based loans should be evaluated for relevance, effectiveness, and sustainability. Efficiency was not included as a criterion because policy-based loans are sized according to the country's financing gap, independent of project benefits.

⁵² This evidence is summarized in the [Monitoring and Evaluation Plan](#).

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

2.1 This operation is the first in a series of programmatic policy-based loans (PBP), made up of two individual but technically related operations in accordance with the document Policy-based Loans: Guidelines for Preparation and Implementation (document CS-3633-2). The use of this instrument enables support and monitoring for the policy measures that will contribute to an inclusive, sustainable recovery, the sequence and complementarity of which require ongoing dialogue; the instrument will also help, as applicable and within the program's objectives, incorporate adjustments in response to environmental changes.⁵³ This enables support for the strategy to protect the most vulnerable population in the context of the economic plan to address the consequences of the pandemic and the commitment to support the most vulnerable populations. The amount of financing for this first operation in the programmatic series is US\$200 million from Ordinary Capital resources. The second operation is expected to take place in 2022, but its timing and scale will be determined at that time based on the country's financial needs and the programming exercise with the Bank.

2.2 **Scale of the operation.** According to the provisions of paragraph 3.27 (b) of the document "Policy-based Loans: Guidelines for Preparation and Implementation (new version, document CS-3633-2), the scale of the operation was determined based on the country's needs for fiscal resources. The nonfinancial public sector's financing needs are equivalent to 8.1% of GDP, and the amount of the operation is used to cover part of this financing, representing 2.5% of the total financing needs and 6.2% of financing from multilateral sources. According to analyses by the Bank and the IMF, the macroeconomic forecast for Ecuador shows a stable outlook and favorable trends, and the debt sustainability analyses show that total public debt as a percentage of GDP will decline in the medium term and will remain manageable.

B. Environmental and social risks

2.3 Pursuant to Directive B.13 of the Environment and Safeguards Compliance Policy (Operational Policy OP-703), this operation does not require ex ante impact classification. The operation supports the definition of policies, regulations, management instruments, and other institutional strengthening actions, so no significant direct impacts on the environment or natural resources are foreseen.

C. Other key issues and risks

2.4 **Execution environment: political environment.** A medium-low level execution risk has been identified: political environment, since the country will have presidential elections in the first four months of 2021, which may pose a risk for the continuity of the public policies. To mitigate this risk, measures have been identified aimed at protecting the most vulnerable populations in the context of the decline in income associated with the economic effects caused by the pandemic, which promote the economic autonomy and workforce participation of women under equitable conditions. These measures enjoy great legitimacy and broad

⁵³ As indicated in paragraph 3.31 of document CS-3633-2.

consensus, and are being shared with the main political stakeholders to enlist their support. To favor the continuity of the reforms, the Bank's team is supporting progress on the trigger mechanisms for the second operation, so these processes are established and can be used by the new administration to achieve their objectives, since the measures are aligned with the platforms of the main political stakeholders. In fact, the agreement with the IMF for recovery and growth has managed to fulfill the indicative targets as of December 2020, which included the approval of legislative measures that were fulfilled in due time and form by representatives of the main political stakeholders.

- 2.5 **Execution environment: economic-financial environment.** This medium-high risk has been identified, since the risk of greater complications in the external context (decline in the price of oil and/or a global economic slowdown due to complications caused by the pandemic) could compromise the capacity to implement the policy measures. To mitigate this risk, the aim is to accelerate the implementation of the social protection measures and determine the budget necessary to cover them. Moreover, the program agreed upon with the IMF, to which this operation contributes, is robust in response to various macroeconomic shocks and, according to the IMF report of 21 December 2020, the outlooks with the most recent projections are encouraging.
- 2.6 **Executing agencies: organizational structure. Executing agencies.** This medium-low risk has been identified because the Gender Parity Initiative (GPI) will be recently created and its management and coordination capacity may be compromised, causing delays in the creation of its action plan. To avoid this risk, it is expected that the Bank team that worked on the development of the GPI in other countries will provide technical support to the Economic and Productive Sector Cabinet.
- 2.7 **Sustainability.** The Government of Ecuador has given firm support to the measures promoted by this programmatic series, both in the context of the IMF's EFF and in its priorities for its economic recovery strategy. In the area of NCCTs, an approach has been identified aimed at protecting the most vulnerable populations, which is consistent with the fiscal consolidation, so its medium-term financing has already been taken into account. Moreover, the measures promoted for job creation represent the established agendas for gender equity and employment linked to environmental objectives; This and the fact this it does not require considerable fiscal resources contribute to its sustainability.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 The borrower is the Republic of Ecuador, which will execute the operation through the MEF, which will be responsible for coordinating with other agencies involved in the program and reporting on the fulfillment of the policy commitments.
- 3.2 **Coordination mechanisms.** The MEF will ensure coordination with periodic meetings with each entity involved in the implementation of the measures, as well as their fulfillment through the means of verification agreed upon with the Bank. Responsibilities for each commitment are distributed as follows: the MIES is responsible for the policy measures under components 2 (transfers associated

with the response to the pandemic) and 4 (quality and effective access to early childhood development services), and jointly responsible for the measures under component 3 (strengthening the social protection system) together with the URS. The MSP and the MEF will coordinate the policy measure under component 5, and the MEF, as the leader of the Economic and Productive Sector Cabinet, under component 6 (related to the Gender Parity Initiative), while the Ministry of Labor will be responsible for the measures agreed upon in component 7. The Bank's team has provided close support for the development of the measures during the operation's preparation and as part of the ongoing strategic collaboration in these sectors with the government.

- 3.3 **Special contractual conditions precedent to the sole disbursement of the loan proceeds. The sole disbursement of the loan proceeds will be contingent upon fulfillment of the policy reform conditions, as described in the program's components (paragraphs 1.36 to 1.47), in accordance with the Policy Matrix (Annex II) and the [Policy Letter](#), as well as the contractual conditions established in the loan contract.**

B. Summary of arrangements for monitoring results

- 3.4 The program's monitoring is defined by the verification of the policy measures agreed upon as disbursement conditions and described in the Policy Matrix and the Means of Verification Matrix. The outcomes of the reforms will also be monitored using the indicators set forth in the Results Matrix.
- 3.5 In terms of evaluation, the outcome indicators of the Results Matrix will be subject to longitudinal monitoring. As indicated in the [Monitoring and Evaluation Plan](#), the Bank's team will provide technical support to the MIES and the URS for the implementation of the measures and the evaluation of fulfillment of the coverage and quality targets for service delivery, to the MEF for progress on the Gender Parity Initiative, and to the Ministry of Labor for the development of the RSE strategy to promote formal employment associated with environmental objectives.

IV. POLICY LETTER

- 4.1 The Bank agreed with the Government of Ecuador that the [Policy Letter](#), to be submitted by the MEF, will describe the policy actions in the macro and sector areas that the country is implementing and plans to complete. These actions are consistent with the program objectives.

Development Effectiveness Matrix		
Summary		EC-L1273
I. Corporate and Country Priorities		
Section 1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Issues	-Social Inclusion and Equality -Productivity and Innovation -Gender Equality and Diversity -Climate Change	
CRF Level 2 Indicators: IDB Group Contributions to Development Results		
2. Country Development Objectives		
Country Strategy Results Matrix	GN-2924	Improve the quality and management of social services
Country Program Results Matrix	GN-3034	The intervention is included in the 2021 Country Program Document
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution	8.5	
3.1 Program Diagnosis	2.5	
3.2 Proposed Interventions or Solutions	3.2	
3.3 Results Matrix Quality	2.8	
4. Ex ante Economic Analysis	N/A	
5. Monitoring and Evaluation	7.2	
5.1 Monitoring Mechanisms	1.7	
5.2 Evaluation Plan	5.5	
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood	Medium Low	
Environmental & social risk classification	B.13	
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, Accounting and Reporting, External Control, Internal Audit. Procurement: Information System, Price Comparison, Contracting Individual Consultant, National Public Bidding.
Non-Fiduciary	Yes	Strategic Planning National System, Monitoring and Evaluation National System, Statistics National System.
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	It has worked extensively with MIES on child development issues to strengthen the quality of services, as well as in the field of health associated with the response to COVID-19 and the continuity of essential services.

Evaluability Assessment Note:

This Project is a programmatic series based in two stages, with the general objective of enhancing the quality of life in Ecuador. The project proposes to amplify to coverage and quality of priority social programs and implement policies to recover employment levels in the country.

Consistently, the project's first specific objective is to protect the disadvantaged population in the wake of the pandemic, amplify the coverage of early childhood services and implement a Nacional Immunization Strategy. The second objective is dedicated to employment, with a specific focus on gender and environmental jobs.

The project's diagnosis consists in a detailed explanation of the challenges faced by the country, risk factors and policies being implemented to address these issues. The vertical logic of the program is consistent with the general and specific objectives, and the DEM has indicators and corresponding measurements that are both adequate and conservative regarding outcomes and impacts.

The proposed evaluation plan is based in a simple before and after difference, with no attribution, but based on evidence and similar experiences implemented in other countries. This programmatic series is important because it is dedicated to ameliorating the negative consequences of the pandemic, and addresses multiple relevant dimensions, e.g., supporting household income via cash transfers; access to early childhood development centers; national immunization, and gender/environmental jobs creation.

POLICY MATRIX

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

Components / Policy objectives	Policy conditions Programmatic loan I (2021)	Fulfillment status of Programmatic loan I conditions	Policy conditions Programmatic loan II
Component 1. Macroeconomic framework.			
Maintain an economic framework consistent with the program's objectives and the guidelines established in the sector policy letter.	(1.1.1) Economic framework consistent with the program's objectives and the guidelines established in the sector policy letter.	Fulfilled	(1.2.1) Economic framework consistent with the program's objectives and the guidelines established in the sector policy letter.
Component 2. Support for vulnerable populations in response to the pandemic and their incorporation into the social protection system.			
Consolidate the policies in response to the decline in sources of income associated with the pandemic, through the expansion of extraordinary cash transfer mechanisms that will help support vulnerable families whose sources of income have been impacted.	(2.1.1) Approval and start of implementation of a Nutritional Support Voucher (BAN) in response to the economic contraction caused by the pandemic, for households living in poverty, extreme poverty, and vulnerability, who are users of the services of the Ministry of Economic and Social Inclusion's (MIES) early childhood development centers (CDI), Creciendo con nuestros hijos [Growing with our children] (GNH), or Care, Recreation, and Learning Circles (CCRA), located in the cantons with the highest levels of COVID-19 infections.	Fulfilled Q3 2020.	(2.2.1a) Implementation of the BAN with effective coverage for at least 80% of eligible beneficiaries. (2.2.1b) Incorporation of BAN beneficiaries who are eligible for regular NCCTs of the MIES.
	(2.1.2) Approval and start of implementation of expanded coverage of the Bono de Protección Familiar de Emergencia [Emergency family protection voucher] BPFE in response to	Fulfilled Q4 2020.	(2.2.2) implementation of the BPFE in Galapagos province with effective coverage of at least 80% of eligible beneficiaries.

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

Components / Policy objectives	Policy conditions Programmatic loan I (2021)	Fulfillment status of Programmatic loan I conditions	Policy conditions Programmatic loan II
to ensure a good start to life and the full exercise of their rights.			
	(4.1.2) Development of the operational manual for the implementation of the PAVS.	In the process of fulfillment, Q1 2021.	(4.2.2) Implementation of the Protocol based on the operational manual in cantons with a yellow or red traffic light, which consists of coverage of at least 50% of the children who should be receiving in-person care; and at least 50% of households that did not receive in-person services identified in the protocol coverage expansion scenario.
Component 5. Protection of the ENI.			
Protect an essential line item for public health spending: Ecuador, like other countries, participates in PAHO's Revolving Fund for vaccination and will move forward with the implementation of the ENI with supplies procured through this facility.	(5.1.1) Replenishment of the Regional Revolving Fund (RRF) of the Pan American Health Organization (PAHO) to finance the annual implementation of the National Immunization Strategy (ENI) during the March 2020-March 2021 period.	In the process of fulfillment, Q1 2021.	(5.2.1a) Replenishment of the RRF with PAHO to finance the implementation of the annual implementation of the ENI during the March 2021-March 2022 period. (5.2.1b) Implementation of the ENI for calendar year 2021 (with coverage of 95% of that of 2019).
Component 6. Effort to close gender-based economic gaps.			
Support multilateral agreements and measures with the participation of public and private stakeholders in Ecuador to accelerate the equal integration of women into the economic environment in line with the public policy on the violet economy.	(6.1.1) Creation of the GPI, a high-level public-private partnership that seeks to identify and close gaps that prevent equal access to economic opportunities in the country, focusing on three main objectives: (i) increasing women's participation in the workforce; (ii) reducing the wage gap; and (iii) promoting women's leadership.	In the process of fulfillment, Q1 2021.	(6.2.1) Creation and approval of an action plan with strategic lines to close gender-based economic gaps in the country, including specific responsibilities for public and private entities to increase women's participation in the workforce, reduce the wage gap, and promote women's leadership, to be implemented in a three-year period.
Component 7. Promotion of the recovery of the recovery of formal employment linked to environmental objectives.			
Support policy measures by the Ministry of Labor to promote the recovery of formal employment from the Partner Employment Network (RSE), in particular in the economic sectors linked to the country's environmental objectives,	(7.1.1) Approval and development of inputs for an RSE strategy to promote formal employment in green sectors, including quantitative analyses on a national scale on the potential to create jobs within the framework of the country's routes to decarbonization and	Fulfilled Q1 2021.	(7.2.1) Approval and implementation of an RSE strategy to promote formal employment in green sectors through: (i) defining the objectives of the strategy and their relationship with the objectives of the country's decarbonization; the target

Components / Policy objectives	Policy conditions Programmatic loan I (2021)	Fulfillment status of Programmatic loan I conditions	Policy conditions Programmatic loan II
thus contributing to an economic recovery.	the identification of guidelines to incorporate a new supply of training in the skills needed for the occupations (existing or new) contributing to the country's decarbonization process.		<p>population; and the governance model of the offices of the RSE;</p> <p>(ii) the establishment and operation of the Steering Committee on Green Employment by the Ministry of Labor, to support the coordination between the Ministries of Labor, Economy and Finance, and the Environment to map and prioritize areas of intervention;</p> <p>(iii) publishing guidelines for the incorporation of a hybrid supply of training for the development of the skills necessary for the occupations that contribute to the country's decarbonization; and</p> <p>(iv) designing a pilot under the responsibility of the RSE for an employment services delivery model in green sectors that promotes the public-private linkage, identifies the gap between the demand for skills and the profiles of the local population, and includes service mechanisms for placing women, young people, indigenous peoples, and persons with disabilities in jobs. The pilot will include an evaluation of the outcomes to encourage the development of skills and the creation of formal jobs in the green sector.</p>

RESULTS MATRIX

Project objective:	The objective of the programmatic series is to improve the population's quality of life by improving the coverage, targeting, and/or quality of priority social programs and the implementation of measures to support job recovery.					
General Development Objective						
Indicator	Unit of measure	Baseline	Baseline year	Expected year achieved	Target	Means of verification
General development objective: Improve the population's quality of life by improving the coverage, targeting, and/or quality of priority social programs and the implementation of measures to support job recovery.						
Poverty rate (cumulative change with respect to December 2019)	%	+8%	2020	2023	+4%	National Survey on Employment, Unemployment, and Underemployment (ENEMDU)
Adequate employment rate	%	32.1%	2020	2023	36%	ENEMDU
						Using the national monetary poverty line defined by the National Statistics and Census Institute (INEC), with measurements based on the ENEMDU of December 2019 (25%), 2020 (baseline according to projections), and 2023 (final target).
						Baseline is September 2020, final target December 2023, according to the ENEMDU

Specific Development Objectives

Indicator	Unit of measure	Baseline	Baseline year	Project end	Means of verification	Comments
Specific development objective 1: Protect vulnerable populations from the adverse economic effects associated with the pandemic by supporting the income of populations living in poverty or extreme poverty, expanding the coverage of quality early childhood development services of the Ministry of Economic and Social Inclusion (MIES), and implementing the National Immunization Strategy (ENI).						
Coverage of extraordinary cash transfers to protect the population living in poverty or extreme poverty in response to the economic crisis caused by COVID-19.	%	0	2020	90	MIES reports	Baseline is February 2020. Target is the end of 2021. Refers to effective coverage (payments made to the eligible target population) from the cash transfer programs implemented by the MIES (Nutritional Support Voucher, contingency coverage, and Emergency Family Protection Voucher III).
Coverage of regular cash transfers from the comprehensive social protection system among the three deciles of the population with the lowest incomes.	%	37	2020	80	MIES reports	This target is aligned with the program with the IMF to be fulfilled in December 2021.
Coverage of the early childhood development services of the MIES using the virtual or blended modalities among the population living in poverty or extreme poverty that did not have these services in February 2020 and was identified in the Protocol for Virtual and Blended Care (PAVS).	%	0	2020	50	MIES reports	Baseline: February 2020. Target: end of 2022.
Coverage of the early childhood development services of the MIES using the virtual or blended modalities among the population that received these services in person in February 2020 in the municipalities with a red or yellow epidemiological traffic light.	%	0	2020	50	MIES reports	The target for municipalities to receive these services will depend on the development of the pandemic. Baseline: February 2020. Target: end of 2022.

Indicator	Unit of measure	Baseline	Baseline year	Project end	Means of verification	Comments
Coverage for the implementation of the National Immunization Strategy mechanism.	%	80	2020	95	Epidemiological coverage and surveillance reports of the Ministry of Public Health (MSP)	The percentage refers to that achieved in 2019, the last vaccination cycle before COVID-19. Baseline: 2020, target: end of 2022.
Specific development objective 2: Promote job recovery through strategic actions to close gender-based economic gaps and promote formal employment linked to environmental objectives.						
Public policies and business programs or practices furthering gender-based economic equality promoted through the GPI action plan	#	0	2020	3	GPI council report	Monitoring will be provided in the GPI council under the Economic and Productive Sector Cabinet chaired by the MEF. Target for 2023.
Placement in formal jobs in sectors linked to environmental objectives in the Partner Employment Network (RSE)	%	0	2020	5	RSE report	Defined as the percentage of placements in formal jobs made by the RSE that are linked to environmental objectives. Target 2023.
Outputs						
Indicator	Unit of measure	Baseline	Baseline year	Final target (2021)	Means of verification	Comments
Component 1. Macroeconomic framework						
Economic framework consistent with the program's objectives and the guidelines established in the sector policy letter.	Document	1	2020	1	See means of verification matrix	Baseline corresponds to February 2020 and the target to December 2021.
Component 2. Support for vulnerable populations in response to the pandemic and their incorporation into the social protection system						
Executive Decree creating the Nutritional Support Voucher (BAN)	Executive Decree	0	2020	1	See means of verification matrix	Baseline corresponds to February 2020 and the target to December 2021.
Executive Decree authorizing expansion of the Family Protection Voucher on an exceptional basis for Galapagos province	Executive Decree	0	2020	1		

Indicator	Unit of measure	Baseline	Baseline year	Project end	Means of verification	Comments
Executive Decree amending the contingency coverage so that it takes into account conditions of economic contraction and health emergencies among its eligibility criteria	Executive Decree	0	2020	1	See means of verification matrix	Baseline corresponds to February 2020 and the target to December 2021.
Component 3. Strengthening of the social protection system						
Minutes of the Interagency Committee on the Social Registration Form (CIRS) indicating fulfillment of the target of 1.2 million additional households in the Social Registration Form	Minutes	0	2020	1	See means of verification matrix	Baseline corresponds to February 2020 and the target to December 2021.
Reports from the CIRS and the MIES indicating the coverage of the NCCTs as of January 2020, showing the increase in beneficiaries with respect to August 2020, particularly from the three lowest income deciles.	Report	0	2020	1		
Component 4. Strengthening effective access to quality early childhood development services.						
Ministerial decree issued by the Minister of the MIES approving the PAVS.	Ministerial decree	0	0	1	See means of verification matrix	Baseline corresponds to February 2020 and the target to December 2021.
Official letter from the Deputy Minister for Social Inclusion of the MIES with an advanced drafts of the operational manual for implementation of the PAVS.	Official letter	0	0	1		
Component 5. Protection of the National Immunization Strategy						
Confirmation by the MEF-MSP of the replenishment of the PAHO Revolving Fund.	Document	0	0	1	See means of verification matrix	Baseline corresponds to February 2020 and the target to December 2021.

Indicator	Unit of measure	Baseline	Baseline year	Project end	Means of verification	Comments
Component 6. Effort to close gender-based economic gaps						
Resolution approved by the Economic and Productive Sector Cabinet, chaired by the MEF, including the creation of the Gender Parity Initiative.	Resolution	0	0	1	See means of verification matrix	Baseline corresponds to February 2020 and the target to December 2021.
Component 7. Promotion of the recovery of formal employment linked to environmental objectives.						
Official letter signed by the Minister of Labor approving, as part of the development of the RSE strategy to promote green jobs, the work plan for a study of quantitative analyses on a national scale on the potential for creating jobs in the framework of the routes to decarbonization and building resilience to climate change, as well as the work plan for a study to identify the guidelines for the incorporation of a supply of training for new emerging occupations and new skills for existing occupations that contribute to the country's decarbonization process.	Official letter	0	0	1	See means of verification matrix	Baseline corresponds to February 2020 and the target to December 2021.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/21

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

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Ecuador, as borrower, for the purpose of granting it a financing to cooperate in the execution of the program "Support for the Protection of Social Spending and Job Recovery". Such financing will be for the amount of up to US\$200,000,000 from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on ____ 2021)