

COMPREHENSIVE SERVICES FOR CHILDREN UNDER SIX

(EC-0157)

EXECUTIVE SUMMARY

**BORROWER AND  
GUARANTOR:** Republic of Ecuador

**EXECUTING AGENCY:** The Ministry of Social Welfare (MBS)

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

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

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

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

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

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

This combination will create the environment that enables the community to take over the provision of services for children and play a larger role in maintaining those services.

**DESCRIPTION:**

The objectives will be achieved through the following components:

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

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

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

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

**Expanded coverage (US\$25.7 million).**

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

**Institution-strengthening (US\$4.7 million).** The Consejo Nacional del Menor [National Children's Council] (CONAME) will be strengthened and a system

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

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

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

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

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

**DATE OF THE CESI:**

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

**BENEFITS:**

The living conditions of the participating poor children will improve thanks to a better diet, more health care, greater early stimulation at a critical stage in their development and school readiness activities that will increase their chances of success in school. The improvements that the program will make in the children's quality of life will pay

society future health dividends by reducing morbidity and thus easing the pressure on the health system, and educational dividends in the form of fewer years in the school system.

**RISKS:**

Three risks were identified as the project was being prepared:

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

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

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

**SPECIAL  
CONTRACTUAL  
CONDITIONS:**

Conditions precedent to the first disbursement:

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

Contractual conditions while the program is under way:

- a. Within six months of the date that the contract is signed, the executing agency is to submit to the Bank evidence of having selected consulting services for: (i) administration and accounting (see paragraph 3.3), and (ii) guidance and supervision of program-related construction work

and procurement (see paragraph 3.3).

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

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

The program will have gender-related impact because women are heavily involved and because a participatory method will be used in the centers' developmental activities and in the preparation of new child services proposals. However, special care

will be taken to ensure equal participation by men and women alike, by getting men more involved in the care of the children.

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

**EXCEPTIONS TO BANK POLICY:** None.

**PROCUREMENT OF GOODS AND SERVICES:**

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

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