Report Number: ICRR0024164

1. Project Data

Project ID	Project Name	
P157425	Transformation of Tertiary Institutes	
Country	**Practice Area(Lead)**	
Ecuador	Education	

L/C/TF Number(s)	**Closing Date (Original)**	**Total Project Cost (USD)**
IBRD-86670	31-Dec-2021	48,397,045.14
Bank Approval Date	**Closing Date (Actual)**	
23-Nov-2016	30-Nov-2023	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	90,500,000.00	0.00
Revised Commitment	52,100,000.00	0.00
Actual	48,397,045.14	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Project Objectives and Components

a. Objectives

The project development objective (PDO), as stated in the Loan Agreement and Project Appraisal Document (PAD), was “to increase enrollment and persistence in public technical and technological programs designed and implemented in collaboration with Employers and to strengthen the institutional management of Tertiary Technical and Technological Education” (Loan Agreement, December 22, 2016, p. 5).

During implementation, a total of US$38.4 million was canceled in view of the country’s macroeconomic stabilization efforts and Ecuador’s compliance with fiscal measures under the International Monetary Fund’s

(IMF's) Extended Fund Facility (ICR, p. 15). The PDO remained the same, as did the outcome indicators, but outcome targets were revised to allow for greater realism given the country context. Only a small percentage of project funds had been disbursed at the time of the first to fourth restructurings at which targets were revised. The ICR considered an assessment of project outcomes using a split evaluation under various alternatives of split rating scenarios but ultimately did not apply a split rating to efficacy and outcome. Since the efficacy and outcome ratings would not be affected by a split rating, this Review concurs with the ICR in not using the split rating methodology. Achievement is assessed according to the final set of revised outcome targets.

b. Were the project objectives/key associated outcome targets revised during implementation?
Yes

Did the Board approve the revised objectives/key associated outcome targets?
Yes

Date of Board Approval
29-Apr-2019

c. Will a split evaluation be undertaken?
No

d. Components
The project design included three components as stated in the PAD.

Component 1: Optimizing and Upgrading the Supply in Targeted Provinces (Appraisal: US$86.3 million; Actual: US$41.4 million). This component was designed to improve actual and perceived quality of education services to increase enrollment and graduation. It aimed to finance activities in targeted provinces including construction of new Technical and Technological Training Institutes (ISTs), rehabilitation of existing ISTs, and equipping ISTs with laboratories and equipment.

Component 2: Improving Program Relevance, Quality of Teaching and IST Management Capacity (Appraisal: US$5.6 million; Actual: US$6.1 million). The three subcomponents under this component were:

- Subcomponent 2.1. *Development of Relevant Programs* would finance technical assistance (TA) for the design of new Tertiary Technical and Technological Education (TTTE) programs relevant to labor market demand in collaboration with employers.
- Subcomponent 2.2. *Training of Teachers and Management Staff of ISTs* would finance TA for the design and carrying out of training programs for teachers and management staff.
- Subcomponent 2.3. *Administrative and Academic Management System* would finance TA for the development of an integrated information technology system that would facilitate and optimize the administrative and academic management system of ISTs. At the national level the main users would be the Secretariat of Higher Education, Science and Technology (SENESCYT), and at the IST level users would be management, staff, teachers, students, graduates, and tutors.

Component 3: Strengthening Mechanisms for Institutional Coordination, Boosting Demand, and Management, Monitoring and Evaluation of the Project (Appraisal: US$10.5 million; Actual: US$4.6 million). The four subcomponents under this component were:

- Subcomponent 3.1. *Institutional Partnerships with Employers and Private ISTs* would finance TA, training, and workshops to strengthen institutional arrangements between SENESCYT and employers' associations, and between public and private ISTs.
- Subcomponent 3.2. *Estimation of Labor Market Demand* would finance TA, training, and surveys for the design of a methodology to estimate labor market demand using surveys conducted in partnership with employers. Also, existing administrative data would be used to estimate employers' demand.
- Subcomponent 3.3. *Boosting the Demand for ISTs* would finance a communications strategy and training to increase demand for TTTE among students, and to carry out an awareness-raising campaign among students from the most vulnerable part of the population about scholarships to finance TTTE studies.
- Subcomponent 3.4. *Management, Monitoring and Specific Impact Evaluations* would finance the technical and administrative management of the project, external audits, and research studies on the state of TTTE and the impact of institutional improvement on education outcomes.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Cost and financing: The total project cost at appraisal was US$102.4 million, consisting of an International Bank for Reconstruction and Development loan of US$90.5 million and counterpart funding of US$11.9 million. At appraisal, signs of significant fiscal constraints were evident due to a drop in oil prices, which impacted the project very early in project implementation. During the first restructuring, US$18 million was cancelled from the loan amount, and an additional US$20.4 million was cancelled in the third restructuring. Actual counterpart funding was US$295,948. The actual final credit amount was US$52.1 million. Actual disbursements were US$48.4 million.

Dates: The project was approved on November 23, 2016, and became effective on March 22, 2017. A Mid-Term Review was planned but not conducted due to the COVID-19 pandemic. The original project closing date was December 31, 2021. The closing date was extended twice. The fifth project restructuring extended the closing date to December 31, 2022. The sixth project restructuring extended the closing date to November 30, 2023.

Restructuring: The project was restructured six times.

<u>Restructuring 1: April 29, 2019</u>

The government requested a cancellation of US$18 million because of implementation delays for all project components, including planned civil works that could not be completed within the project timeline. Implementation delays resulted in a low disbursement rate of 1.67 percent as of March 2019. The project components were adjusted as follows:

- Component 1: The number of ISTs to be constructed and renovated was reduced from 11 to 6. Funding was reduced for this component from US$76.4 million to US$58.4 million.

- Component 2: Additional investments would be made to support teacher training at the national level and the development of information systems. The new budget allocation for this component was increased from US$5 million to US$8.61 million.
- Component 3: The component would focus on strengthening coordination with employers. The new budget allocation for this component was reduced from US$9.10 million to US$5.49 million.

Results framework: The first outcome indicator, the number of students enrolled in the public technical programs, was reduced from 32,242 students to 25,376 students.

Restructuring 2: March 18, 2020

The government was facing a difficult economic situation due largely to the significant fall in oil prices. To avoid further implementation delays owing to lack of liquidity and fiscal resources to finance value-added tax (VAT) fees, the government requested amendments to its full portfolio of Loan Agreements to allow for the financing of VATs with loan proceeds.

Restructuring 3: June 1, 2020

The project continued to experience implementation delays. The disbursement rate was 5.4 percent as of April 2020, and the project had been in problem status since May 2018. On March 10, 2020, the Bank received a request from the government to process a partial loan cancellation in the amount of US$20.4 million. Infrastructure investments in Component 1 were most affected by the downsizing. Fiscal constraints and the need to reduce debt levels within the context of the IMF's Article IV program precipitated the request. The outbreak of the COVID-19 pandemic also shifted the government's financing priorities. Changes were made in budget allocations across eligible expenditure categories and in the results framework.

- Component 1: The number of civil works supported by the project was reduced from 6 to 4.
- Component 2: The total number of teachers receiving in-service training interventions would decrease as a cost-cutting measure. The training program for 80 IST principals and vice-principals was cancelled.
- Component 3: Project funds were allocated to finance rapid-response activities to curtail increases in dropout rates that would likely result from the pandemic and fiscal crisis. Approximately US$1.5 million was redirected to implement computer-assisted student remediation programs, equip institutes with better internet connectivity, and develop more virtual content for students.

Results Framework: PDO indicator targets were revised to reflect the partial cancellation of the loan and impact of the COVID-19 pandemic. For PDO indicator 1, the target number of students enrolled was reduced from 25,376 to 14,613 students. For PDO indicator 2, the persistence rate target of 74 percent was reduced to 68 percent.

Restructuring 4: March 25, 2021

The target for PDO Indicator 2, persistence rate, was reduced from 68 percent to 40 percent for the years 2020 and 2021. This was in response to increases in student dropout rates largely because of the pandemic, with projected enrollment reductions of 10 and 15 percentage points in 2020 and 2021, respectively.

Restructuring 5: November 30, 2021

The closing date was extended for one year from December 31, 2021, to December 31, 2022, to complete civil works and procurement of laboratory equipment, and to provide TA.

Restructuring 6: December 21, 2022

The closing date was extended by an additional 11 months to November 30, 2023, to complete one civil work, set up laboratories, conduct teacher training, and ensure that data produced were used by policy makers. The targeted number of ISTs that would be provided with equipment was increased from 4 to 13.

3. Relevance of Objectives

Rationale

Project objectives were well aligned with the priorities expressed in the government's National Development Plan (NDP) 2013–2017. The NDP aimed to address key constraints to development by focusing on two strategies, the reduction of extreme poverty and the transformation of the Ecuador Productive Matrix. To further these strategies, the government developed an ambitious training program emphasizing science and technology areas, which included the transformation of ISTs with the goal of providing employers with a skilled workforce. Only 27 percent of IST students were enrolled in science, technology, engineering and mathematics programs. The graduation rate in ISTs continued to be low. Although 71 percent of students completed their classes, only half of them graduated; the remaining students did not complete a final internship or project that was a condition of graduation. The NDP established goals and initiatives to address these challenges, including increasing the graduation rate in ISTs to 80 percent. Project objectives remained responsive to priorities as expressed in the government's current development plan, *Plan de Creación de Oportunidades* 2021-2025.

At entry, the objectives were relevant to the World Bank's Country Engagement Note (CEN) for the period FY2016-FY 2017 (Report No. 100012). The CEN recognized the importance of labor income for poverty reduction and reducing inequality. It highlighted the need to improve the quality of labor supply among the poorest quintiles and to strengthen the relevance of the school curriculum for the labor market.

Notwithstanding macroeconomic challenges, project restructurings, and adverse impact of the COVID-19 pandemic, the project was responsive to changing needs. Adjustments were made while keeping focus on achieving the objectives. To support the government's response to the COVID-19 emergency, rapid-response activities were financed to help mitigate the pandemic's effect on enrollment in technical institutes and dropout rates.

At closing, the objectives continued to be aligned with the World Bank Group's Country Partnership Framework (CPF) for Ecuador for FY2019-FY2023 (Report No. 135374-EC). Following a mid-term review of the CPF, the strategy was extended until 2025. The objectives respond directly to the CPF's Results Area II (Boosting Human Capital and Protecting the Vulnerable). This area includes Objective 4, "Improve access to demand-driven technical education." It aims "to build upon reforms to technical and technological education that have been implemented by the government and to ensure adequate programs that will result in an increased stock of skills and knowledge." Additionally, the CPF "will support investments that aim to increase enrollment rates in institutes offering relevant and quality programs" (CPF, p. 29).

Rating
High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective
Increase enrollment in public technical and technological programs designed and implemented in collaboration with employers

Rationale
A theory of change (TOC) and results chain were not explicitly included in the PAD. The ICR prepared a retrofitted TOC. By upgrading IST (Technical and Technological Training Institute) facilities and providing equipment and supplies to equip the institutes, enrollment in public technical and technological programs would increase.

Outputs and intermediate results

The project financed the building of a new IST in Machala, now the most modern institute in the country, and rehabilitated three institutes in Quito, Lago Agrio, and Manta (IRI 2), exceeding the revised target of 3 ISTs built or rehabilitated. The original target of 9 ISTs was not met. More than 10 technical degree programs were established. Enrollment capacity was 2,880 students. Facilities included 18 laboratories, 2 workshops, 32 classrooms, and a library.

Thirteen ISTs were fully equipped (IRI 3), achieving the formally revised target of 13 and exceeding the original target of 11. The installation of the equipment provided access to industrial and automotive machinery, science, electronics, electricity, gastronomy, computer and didactic equipment, and supplies.

The project team later stressed that the project also implemented "soft" activities, including updated curricula, encouragement to students to reach out to employers, the creation of employer advisory councils, teacher training, and on-line student remediation.

Outcomes

Enrollment in public technical and technological programs designed and implemented in collaboration with employers (PDO 1) was 19,965 beneficiaries, exceeding the formally revised target of 14,613 beneficiaries. The original target was 32,242 beneficiaries.

An examination of project Implementation Status and Results Reports calls into question attribution of observed outcomes to the project's interventions. Two years prior to project closing, at the end of 2021, the enrollment target had already been reached at 19,965 (ISR No 12, December 20, 2022). At that time, the construction of the new IST in Machala and the provision of laboratory equipment for all supported ISTs were still in progress. The reason for the final extension of the closing date to November 30, 2023, was to complete these activities.

Additionally, an earlier ISR had noted that enrollment had reached 18,860 in December 2019, increasing by more than 3,600 students from May 14, 2019. (ISR No 6, December 31, 2019). At this point in the project, the supply of ISTs had not increased and were still in the design phase (ISR No 7, June 26, 2020. With the outcome target having been achieved before the main outputs were implemented, these points suggest that progress toward achieving the enrollment target was not attributable to project activities.

However, the project team later provided information that, from project onset through closure, the percentage of enrollment in employer-designed programs accounted for by the nine ISTs that benefited from both hard and soft interventions supported by the project increased from 17 percent to 50 percent. This outcome indicates that the project's interventions substantially impacted enrollment.

Rating
Substantial

OBJECTIVE 2
Objective
Increase persistence in public technical and technological programs designed and implemented in collaboration with Employers.

Rationale
By conducting training programs for teachers and IST managers and engaging with employers to increase the relevance of curricula to meet labor market demand, persistence in public technical and technological programs would increase.

Outputs and intermediate results

The total number of teachers and management staff trained (IRI 4) was 462 at project closing, falling far short of the revised target of 750. The original target was 3,400. The aim of teacher training was to strengthen student's retention in technical and technological studies. While the project aimed to finance 80-hour training programs for teachers and management staff, the scope was significantly downsized as the GoE shifted focus to other activities in light of the pandemic including computer-assisted student remediation programs and strengthening institutes' connectivity. The evaluations that had been planned to assess the quality of training were dropped.

Consultations with the productive sector resulted in 37 percent of programs designed in collaboration with employers (IRI 5), almost reaching the formally revised target of 40 percent. The original target was 100 percent. To strengthen the relevance of academic programs to meet labor market demand, Consultative Councils were established in all 22 national provinces to form partnerships with the private sector. The aim was to design technical programs in collaboration with local employers using a defined methodology and macro and micro labor market studies. An evaluation that had been initially planned to assess the quality of the programs was not conducted.

Outcomes

The persistence rate in technical and technological programs designed and implemented in collaboration with employers (PDO 2) at completion was 49 percent, exceeding the formally revised target of 40 percent.

An Implementation Status Report (ISR No 9, June 14, 2021) noted that almost three years before project closing, the actual (current) persistence rate was 49 percent at the end of 2020, the same figure reported at project closing. As noted earlier under Objective 1 for enrollment, the IST civil works were not completed. ISR No 6, December 31, 2019 reported that teacher training had not started. Teacher training scope had been reduced and the Consultative Collaboratives had not been activated and were to be active in July 2020. (ISR No 7, June 26, 2020, p. 3). With the outcome target having been achieved before the main outputs were implemented, these points suggests that progress toward meeting the persistence target is not attributable to project activities.

Rating
Modest

OBJECTIVE 3
Objective
Strengthen the institutional management of Tertiary Technical and Technological Education

Rationale
By developing and implementing an academic and administrative information system to provide access to standardized information from all institutes in the country, tracking graduates' employment, implementing a gender plan, and surveying the satisfaction of project beneficiaries, institutional management of tertiary technical and technological educations would be strengthened.

Outputs and intermediate results

To improve management capacity, the project financed the development and implementation of an administrative and academic management system (SIGA 1.0) of ISTs (IRI 6), and the target was met. SIGA was the first system to enable ISTs to manage student academic enrollment, progression, and graduation in real time. It is functioning in all 52 public ISTs in the country. Prior to SIGA's implementation, institutes collected minimal data and some used manual data collection. The new system reportedly provided timely data for management decision making.

The project aimed to develop and implement a module in the administrative and academic management system to track graduates (IRI 7), which was not met. The project financed the analysis, use, and transfer of administrative data for the module to track graduates, but the module was not launched by project closing. It aims to provide information on employment rates, industry sector, and salaries. It is expected that SENESCYT would use the data to make informed decisions to improve programs and allocate resources.

Ten percent of graduates were tracked out of total graduates in the administrative and academic management system (IRI 9), falling far short of the revised target of 70 percent. The original target was 80 percent. A survey was distributed to 57,685 IST graduates to obtain sociodemographic information, academic achievements, pre-professional activities, and employment data. The response rate was limited and implementation of the tracking system was not completed by project closing.

The project implemented a Gender Plan (IRI 10), and the target was met. SENESCYT implemented the plan with the establishment of gender-disaggregated monitoring in SIGA for enrollment, persistence, graduation rates, and to estimate scholarship allocations for female students in male-dominated fields.

The project published one report on beneficiary satisfaction surveys of students, teachers, and management staff, falling short of the target of four reports (IRI 11). The surveys asked questions about satisfaction with the process of social management and consultation, and the quality of the education in the new or rehabilitated ISTs. The remaining 3 planned reports could not be completed due to the civil works' schedule which did not allow for enough time to conduct the surveys within the project timeframe.

Outcomes

Reliable data produced by the new integrated administrative and academic management system is used for decision making by main stakeholders (PDO 3), and the target was met. SIGA included functionalities that were used to strengthen institutional management. A nationwide grading system was developed that allowed decision makers to apply uniform procedures and regulations to all institutes around the country. SIGA enabled estimation of teaching loads in institutes across the country and enabled the launch of new projects including the establishment of a pilot project for a language center. Six thousand students had benefitted and 234 teachers were identified using SIGA.

Rating
Substantial

OVERALL EFFICACY

Rationale
For Objective 1, additional evidence (beyond that in the ICR) provided by the project team demonstrates that the project contributed substantially to increased enrollment in public technical and technological programs designed and implemented in collaboration with employers. For Objective 2, to increase persistence, there is insufficient evidence that project activities contributed to reported achievement. For Objective 3, to strengthen the institutional management of Tertiary Technical and Technological Education, project activities contributed to improvements in strengthening institutional management and decision making. The aggregate achievement is indicative of a Substantial rating for overall Efficacy.

Overall Efficacy Rating

Substantial

5. Efficiency

At appraisal, a cost-benefit analysis was carried out for the project. The analysis estimated the benefits of enrollment in technical and technological education on the future incomes of student beneficiaries. The analysis estimated the number of students who would benefit and who are expected to complete technical and technological education, and would not have achieved this level of education without the project. It assumed that investments in education increase an individual's productivity and future earnings. The economic costs were the investment costs to implement the project, and recurrent costs incurred at project completion.

The estimates were based on the difference between: (a) an intervention scenario where the number of graduates is based on a projected demand for technical and technological education and (b) a counterfactual scenario where the number of graduates follows its trajectory as if the project did not exist. The net present value (NPV) was estimated at approximately US$220 million with an internal rate of return (IRR) of 10 percent. The analysis assumed a discount rate of 5 percent.

The ICR also included a cost-benefit analysis, updating the analysis conducted at appraisal. Based on the effectiveness hypothesis and the project's expected impact, the NPV was calculated at approximately US$80 million with an IRR of 10 percent, assuming a discount rate of 5 percent.

With regard to implementation efficiency, the ICR noted shortcomings that reduced overall project efficiency and concluded that the project's implementation was overall not efficient. There were three changes in government administration that led to frequent ministerial and staff changes and the need to reconfirm priorities. This led to significant institutional instability and implementation delays. Also, the process used by the Ministry of Economy and Finance for allocating the project's annual budgets was complex. Macroeconomic stabilization triggered two partial loan cancellations totaling US$38.4 million. Six restructurings required multiple revisions to project scope and activities. The loan closing date was extended twice, for a total of 23 months, to allow for the completion of activities. Implementation efficiency is therefore rated Modest.

Efficiency Rating

Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	10.00	0 ☑ Not Applicable

ICR Estimate	✓	10.00	0 ☑ Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

Relevance of Objectives is rated High. Efficacy is rated Substantial, as evidence was sufficient to demonstrate that project-financed activities contributed to the achievement of Objectives 1 and 3, though that was not the case for Objective 2. For efficiency, the project had economic benefits, but implementation challenges reduced overall efficiency, leading to a Modest rating. These ratings are consistent with an overall Outcome rating of Moderately Satisfactory, indicating that there were moderate shortcomings in the project's preparation, implementation, and attributable results.

a. Outcome Rating

Moderately Satisfactory

7. Risk to Development Outcome

The government continues to prioritize technical and technological education to address a key constraint to economic growth, the availability of trained workers with skills that match the needs of employers. Sustainability of development outcomes depends on building and institutionalizing mutually beneficial partnerships between employers and the technical institutes, where employers have the incentive to contribute time and expertise for program design, monitoring, and analyzing trends in supply and demand in the labor market. The main risk to development outcome is the severe fiscal constraints that necessitated a temporary halt on additional public debt across all sectors. Discussion of a government request for a follow-up operation has been postponed and may resume in the next fiscal year. An increase in insecurity may impact the sustainability of project investments and the potential expansion of the model to other provinces.

8. Assessment of Bank Performance

a. Quality-at-Entry

The project was relevant and aligned with the government's strategy to improve access to technological education. It incorporated partnerships with employers for the design of curricula so that graduates would have skills that are aligned with their business requirements. This element of project design was informed by earlier non-lending technical assistance in the Skills Development Strategy for Effective Social Inclusion in Ecuador (P152751), which identified the economic subsectors with the highest employment and income-generation potential. Based on this study, training in sectors with the highest potential was prioritized. It was a shortcoming, however, that incentives for employers to participate were not built into the project. The focus on strengthening institutional management was an important component, as was developing and implementing an information management system to provide reliable data for improved decision making by stakeholders.

The project incorporated counterpart financing of US$11.9 million at a time when the country was facing severe fiscal challenges associated with the fall in oil prices. Beginning in 2015, the government made fiscal adjustments, including the postponement of non-priority public investments and a temporary freeze on public sector wages. These challenges suggest that it was overly optimistic to assume that the government could provide counterpart financing. Further, the risk rating for institutional capacity for implementation was Substantial, and this rating optimistic. At project preparation, the World Bank was restarting dialogue in the education sector following a six-year hiatus of overall Bank engagement in the country.

Design could have incorporated greater adaptation to the country context and adopted a more simplified approach given the limited experience of the government in implementing a large and complex project where more than 80 percent of the financing was for civil works.

Quality-at-Entry Rating
Moderately Satisfactory

b. Quality of supervision

The World Bank team conducted in-person missions as well as virtual workshops during the pandemic to support project implementation. The team carried out six restructurings due to macroeconomic conditions, implementation challenges, and the COVID-19 pandemic. The project team sought to maintain focus on the project's relevance during the pandemic and responded well to the government's prioritizing of actions to improve connectivity and provide better digital learning opportunities for students.

Fourteen ISRs documented progress on a project that had many changes owing to a substantial reduction in scope. A few years before the project closed, the end-targets for the indicators on enrollment and persistence rate were reported as met in the ISRs when activities were in design/early stage of implementation. The documentation of these indicators in the ISRs should have triggered recognition of the disconnect on achievement of results attributed to project activities.

Quality of Supervision Rating
Moderately Satisfactory

Overall Bank Performance Rating
Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

At project design, it was recognized that more reliable data than were currently available were needed to measure the achievement of project objectives. For example, baseline data on persistence rate were not included in the PAD's results framework due to the lack of information. A key project component included developing and implementing the administrative and academic management system for ISTs to provide IST managers and government officials with timely, high-quality data. The project planned to conduct an evaluation of the impact of improvements in infrastructure on enrollment and persistence rates in ISTs. Also, evaluations of teacher training and the Consultative Councils were incorporated in project design.

b. M&E Implementation

At the project level, monitoring and evaluation was the responsibility of the Project Management Unit (PMU), which collected and compiled data on all indicators as planned. The PMU worked closely with the National Information System in Higher Education (*Sistema Nacional de Información de Educación Superior del Ecuador*), which was the main source of administrative data.

During restructurings, revisions were made to end targets to reflect changes arising from partial cancellations of the loan, unforeseen adverse enrollment shocks, and the mobility constraints imposed by the COVID-19 pandemic. As noted earlier, some of the evaluations were not carried out, including the teacher training evaluation.

c. M&E Utilization

A significant shortcoming was that reported enrollment and persistence rates showed that end-targets were met when project activities were in the early stage of implementation. No plausible causal link could exist between the relevant project activities and achievement of Objectives 1 and 2. This break in the results chain should have been detected through analysis of project M&E data. Additional evidence (beyond that presented in the ICR) was required for IEG to validate attributable achievement of outcomes.

M&E Quality Rating

Modest

10. Other Issues

a. Safeguards

The project was classified as Environmental Category B, as it triggered the Environmental Safeguard Policy OP/BP 4.01 because it would directly finance construction and upgrading of ISTs that could generate potential adverse environmental impacts. The government prepared an Environmental and Social Management Framework, as locations for some ISTs were not known during project preparation. Also, an Environmental Form and corresponding Environmental Management Plan (EMP) were prepared at entry for those ISTs where the location was known. The remaining EMPs were to be developed during implementation when final sites were decided.

The Natural Habitats (OP/BP 4.04) policy was triggered because some ISTs were to be located in rural areas with the presence of natural habitats including natural water streams and forests. The Physical Cultural Resources (OP/BP 4.11) policy was triggered because Ecuador has pre-Columbian sites, and construction could have involved excavation in areas where unexpected findings could occur. The Forests (OP/BP 4.36) policy was triggered because some IST locations had not been finalized, although most ISTs were to be built in urban areas.

A Social Assessment was conducted during project design, reporting that the geographical scope of the project included areas with the presence of indigenous people and Afro-descendants, among the poorest and most vulnerable populations. The Indigenous Peoples safeguard policy (OP/BP 4.10) was triggered due to the presence of indigenous peoples who would be project beneficiaries and who had raised concerns about sending children to schools outside of their communities, and about the availability of safe and reliable transportation. The Borrower prepared an Indigenous Peoples Planning Framework and Indigenous and Afro-descendant Peoples Plans to identify activities, procedures, and arrangements to be applied to indigenous peoples and Afro-descendants in the provinces with high presence of these populations.

The Involuntary Resettlement (OP/BP 4.12) policy was triggered because planned civil works could have involved potential temporary and permanent impacts on land, assets, and livelihoods. A Resettlement Policy Framework was prepared for the interventions that had not been identified during appraisal to guide the preparation of Resettlement Plans for investments involving land acquisition. Grievances and Redress Mechanisms were defined.

The ICR reported that the overall safeguards rating was consistently Moderately Satisfactory during project implementation (ICR, p. 28), except in one ISR when it was rated Moderately Unsatisfactory. Shortcomings in compliance occurred for a brief period. Communication plans were not prepared to inform people about ISTs that would no longer be built, which created reputation risks. No significant advances on the Indigenous Peoples' Plans had been registered, and performance reports for the grievance mechanism had not been received. As a result, the rating was downgraded to Moderately Unsatisfactory. A new environmental specialist was appointed, and progress was made on the Indigenous Peoples' Plan, which led to performance improving quickly. The rating was upgraded to Moderately Satisfactory and later to Satisfactory until project closing. The safeguards risk at appraisal was Moderate and at closing, Low.

According to the ICR, the Grievance Redress Mechanism was established, operationalized, and disseminated. Two complaints were received and resolved concerning an alleged incidence of non-compliance with an environmental management plan, and a contractual issue raised by a former contractor regarding non-delivery of supervision reports.

b. Fiduciary Compliance

During project preparation, a financial management assessment was conducted to evaluate the adequacy of the proposed financial management arrangements with the implementing entities. The project's residual financial management risk was considered High following the adoption of mitigation measures, including:

(a) regular review of the procedures to ensure that the project was in full compliance to avoid implementation delays; (b) implementation arrangements that closely monitored the liquidity needs of the project; and (c) strengthening of institutional and human resource capacity of the implementing entities to manage a complex project (PAD, pp. 52-53).

Also, during project preparation, an assessment of the procurement capacity of the implementing agencies was carried out. Identified risks were related to capacity, knowledge of Bank procurement procedures or contracting, and staff turnover. Mitigation measures included: (a) frequent monitoring on quality assurance and physical progress; (b) verification of all justifications for any variation in price before executing the works; and (c) contract managers acquiring proper contract management skills (PAD, p. 61). The residual procurement risk was rated High. Recommended financial management and procurement actions were detailed in the Project Operations Manual (ICR, p. 28).

During implementation, moderate shortcomings in compliance with the World Bank's financial management requirements occurred, although the ICR notes that they did not impede timely and reliable provision of information for project monitoring and management. These included: (a) the need to document expenditures regularly; (b) timely availability of budget; and (c) on one occasion, timely contracting of the project's auditors and delivery of audit reports.

During implementation, financial management and procurement performance were mostly rated as Moderately Satisfactory (ICR, p. 28) For financial management, ratings were Satisfactory at the beginning of the project and Moderately Satisfactory for the duration of implementation. In the case of procurement, delays occurred in preparing the initial procurement plan and launching procurement processes. Coupled with multiple restructurings that required repeated revisions to budgetary allocations, the timeliness of civil works contracting was affected. Procurement was rated Satisfactory or Moderately Satisfactory during implementation and closed as Satisfactory.

c. Unintended impacts (Positive or Negative)

None reported.

d. Other

N/A

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	

Quality of M&E	Substantial	Modest	Lack of utilization of data for monitoring and implementation. No plausible causal link was demonstrated between the project activities and achievement of Objective 2.
Quality of ICR	---	Modest	Intermediate indicators and outputs were not discussed in assessing efficacy. Key targets for two PDO indicators were reportedly met before completion of project activities, raising questions about attribution of outcomes, which was not addressed in the ICR.

12. Lessons

The ICR (pp. 30-31) provided insightful lessons, including the following:

During preparation, recognition of macroeconomic conditions and political realities in project design and scope can mitigate known risks. While Bank teams have little control over a country's economic and political context, project design can be well-targeted and the loan amount more modestly scaled to increase the likelihood of achievement of objectives.

When reengaging with a country after a long hiatus, implementation arrangements that realistically account for institutional capacity can enable implementation readiness and implementation efficiency. Large-scale civil works can be a complex undertaking, especially in countries with limited experience and knowledge of Bank policies on procurement and safeguards. Project components can be successfully implemented when capacity is accurately assessed during preparation.

Monitoring of progress is important to verify achievement of project outcomes. A clear causal link between project-financed interventions and objectives enables attribution of results to the project rather than external factors. Accurate monitoring and reporting are essential to assure accurate attribution.

Implementation support can enable course corrections to right-size a project. When a project is substantially downsized and multiple restructurings occur, Bank teams can provide substantial implementation support while focusing on development outcomes and maintaining implementation efficiency.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provided a concise overview of the country and sector context as well as the Bank’s reengagement with the Government of Ecuador. It included clear descriptions of the six project restructurings and their impact on project components, as well as changes in indicator targets in the results framework. The ICR's lessons were well framed and insightful. However, as for quality of evidence and analysis, a significant shortcoming was attributing achievement of Objectives 1 and 2 to project-financed activities that were not yet implemented or completed. Additional data had to be acquired from the project team in order to complete this validation.

a. **Quality of ICR Rating**
Modest