



PILAR MAISTERRA  
Acting Director  
Bolivia, Chile, Ecuador and Peru

08-Jun-2022

His Excellency  
Mr. Simón Cueva  
Minister Ministry of Economy and Finance  
Av. Amazonas entre Pereira y  
Unión Nacional de Periodistas  
Plataforma Gubernamental de Gestión Financiera  
Pisos 10 y 11, Quito 170507  
Ecuador

*Subject:*           **Republic of Ecuador: Loan No. 8946-EC  
Social Safety Net Project  
Fourth Amendment to the Loan Agreement**

Excellency:

We refer to the Loan Agreement between the Republic of Ecuador (“Borrower”) and the International Bank for Reconstruction and Development (“Bank”) for the Social Safety Net Project (“Project”) dated July 22, 2019, as amended (“Loan Agreement”). The capitalized terms used in this letter (“Amendment Letter”) and not defined herein have the meaning ascribed to them in the Loan Agreement.

We also refer to (a) a letter from the Ministry of Economy and Finance, Oficio Nro. MEF-MINFIN-2021-0694-O, dated December 30, 2021, requesting a restructuring of, and additional financing for the Project, (b) the Aide Memoire dated February 18, 2022 relating to the Bank’s supervision from December 6-20, 2021, providing further details of those requests, including certain modifications to the Project scope of activities and results indicators, a reallocation of resources between Project subcomponents, an extension of the Closing Date from December 30, 2022 to November 29, 2024, and a modification of the institutional and implementation arrangements to include the Ministry of Public Health as a new implementing agency, and (c) the Aide Memoire of the closing meeting of the evaluation mission which the Bank team provided by email on April 1, 2022 and contains further agreed modifications to the terms of the requested restructuring and additional financing. We are pleased to inform you that after careful consideration of the modifications requested by the Borrower, the Bank has acceded to the said request and proposes to amend the Loan Agreement as follows:

1. Section 3.01 of the Loan Agreement is hereby amended to read as follows:
 

“3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out Parts 1.2 partially, 2.2, 2.3, 2.4 partially, and 3 of the Project through MIES; and Parts 1.1, 2.1, and 2.4 partially of the Project through SRU, all in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.”
  
2. Schedule 1 (*Project Description*) to the Loan Agreement is hereby modified to read as set forth in Attachment 1 to this Amendment Letter.
  
3. Sections I.A(a)-(c) (*Institutional Arrangements*) of Schedule 2 to the Loan Agreement are hereby amended to read as follows:
 

“(a) maintain, throughout Project implementation, a unit within MIES (MIES PIU) with functions and responsibilities acceptable to the Bank, and staffed with adequate fiduciary, administrative and technical personnel as set forth in the Operational Manual, with the responsibility to implement, monitor and supervise Parts 1.2 partially, 2.2, 2.3, 2.4 partially, and 3 of the Project (including its financial, procurement, impact evaluation, and environmental and social aspects);

(b) not later than ninety (90) days after the effective date of the fourth amendment to this Agreement, ensure that an impact evaluation specialist is hired to work full time within MIES PIU, all under terms of reference acceptable to the Bank;

(c) maintain, throughout Project implementation, a unit within SRU (SRU PIU) with functions and responsibilities acceptable to the Bank, and staffed with adequate fiduciary, administrative and technical personnel as set forth in the Operational Manual, with the responsibility to implement, monitor and supervise Parts 1.1, 2.1, and 2.4 partially of the Project (including its financial, procurement and environmental and social aspects); and”
  
4. The table set forth under Section III.A. of Schedule 2 to the Loan Agreement is hereby amended to read as follows:

<b>“Category</b>	<b>Amount of the Loan Allocated</b> (expressed in USD)	<b>Percentage of Expenditures to be financed</b> (exclusive of Taxes, except for Value Added Tax (VAT), which is included)
(1) Eligible Expenditure Programs under Part 1.1. of the Project under SRU	68,659,000.00	100% of the amount of the Loan allocated to each DLI, subject to the provisions of Part B of this Section
(2) Eligible Expenditure Programs under Part 1.2. of the Project under MIES	80,838,625.24	100% of the amount of the Loan allocated to each DLI, subject to the provisions of Part B of this Section

<b>“Category</b>	<b>Amount of the Loan Allocated</b> (expressed in USD)	<b>Percentage of Expenditures to be financed</b> (exclusive of Taxes, except for Value Added Tax (VAT), which is included)
(3) [ <i>Intentionally omitted</i> ]	0	N/A
(4) Goods, non-consulting services, consulting services and operating costs under Part 2 for MIES	15,788,807.53	100%
(5) Goods, non-consulting services, consulting services and operating costs under Part 2 for SRU	3,200,000.00	100%
(6) Cash Transfers under Part 3 of the Project	171,113,567.23	100%
(7) Goods, non-consulting services, consulting services, and operating costs under Part 2 for INEC	10,400,000.00	100%
<b>TOTAL AMOUNT</b>	350,000,000”	

5. Section III.B.3. of Schedule 2 to the Loan Agreement is hereby amended to read as follows:

“3. The Closing Date is November 29, 2024.”

6. The table of Disbursement-Linked Indicators in Schedule 4 to the Loan Agreement is hereby deleted and replaced in its entirety as set forth in Attachment 2 to this Amendment Letter.

7. The following definitions in Section I of the Appendix to the Loan Agreement are hereby amended to read as follows:

“4. “Approved Budget Lines” means the following budget lines reflected in the Borrower’s *Clasificador Presupuestario de Ingresos y Gastos del Sector Público* as approved by the Ministry of Economy and Finance, and the equivalent budget lines and groups approved for the following years of Project implementation:

(a) Part 1.1. of the Project: budget groups: 71 (*Gastos en Personal para Inversión*), 73 (*Bienes y Servicios para Inversión*), 77 (*Otros Egresos de Inversión*), 78 (*Transferencias y Donaciones para Inversión*), and 84 (*Bienes de Larga Duración*); and

- (b) Part 1.2. of the Project: budget groups: 78 (*Transferencias y Donaciones para Inversión*), 78 (*Transferencias y Donaciones para Inversión*); 71 (*Gastos en Personal para Inversión*), and 73 (*Bienes y Servicios para Inversión*).”
- “5. “Cash Transfers” means an amount paid out of the proceeds of the Loan through a *Concentrador* to an Eligible Beneficiary under Part 3 of the Project in accordance with the amounts, procedures, and requirements set forth in the Operational Manual.”
- “12. “Eligible Expenditure Programs” or “EEPs” means a set of defined expenditures, acceptable to the Bank, within the Approved Budget Lines, which are related to: (i) staff that works for the Social Registry, consulting services, non-consulting services, operating costs, insurance, transfers to service providers (universities or others) and equipment and software licenses, implemented by SRU in coordination with MIES and INEC under Part 1.1 of the Project; and (ii) staff that works for *Mis Mejores Años* and *Misión Ternura* programs, consulting services, non-consulting services and operating costs and transfers to GADs and NGOs for the provision of services under Part 1.2 of the Project, as further described in the Disbursement and Financial Information Letter and in the Operational Manual (and these expenditures constitute a subset of the Eligible Expenditures defined in the General Conditions).”
- “13. “Environmental and Social Commitment Plan” or the acronym “ESCP” means the environmental and social commitment plan for the Project, dated April 12, 2022, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.”
- “24. “Scalable DLIs” means DLIs 2, 4, 8, 9, 10, 12, 13, 16, and 20, which, in case of non-achievement, or partial achievement thereof, may be disbursed proportionally to its degree of achievement and carried forward to a subsequent withdrawal period as set forth in Section B.2. of Schedule 2 to this Agreement.”
- “25. “Selected Social Safety Net Programs” means the following Borrower’s social programs and modalities and as further defined in the Operations Manual: (i) under Part 1.2. of the Project: (a) *Bono de Desarrollo Humano Variable* (BDH-V); (b) *Pensión para Adultos Mayores en Extrema Pobreza - Mis Mejores Años* (PMMA); (c) Early childhood services, including *Centros de Desarrollo Infantil* (CDI), *Creciendo con Nuestros Hijos* (CNH) and *Círculos de Cuidado, Recreación y Aprendizaje* (CCRA); (d) Care services for the elderly, including: *Atención Domiciliaria*, *Centros Gerontológicos de Atención Diurna*, *Centros Gerontológicos Residenciales* and *Espacios Activos de Revitalización, Recreación, Socialización y Encuentro*; and (ii) under Part 3 of the Project, *Bono*

*de Desarrollo Humano (BDH) and Bono de Desarrollo Humano Variable (BDH-V)."*

8. The following new definitions are added to Section I of the Appendix to the Loan Agreement in alphabetical order and the respective subsequent existing definitions are renumbered accordingly:

- "6. "CCM" means chronic child malnutrition (*desnutrición crónica infantil*)."
- "7. "CCM Strategy means the National Strategy Ecuador Grows without Malnutrition (*Estrategía Nacional Ecuador Crece sin Desnutrición*), which aims at reducing malnutrition among pregnant women and children under twenty-four months of age with the provision of packages of integrated services, as approved pursuant to Executive Decree No. 1211 issued on December 15, 2020 and published in the Official Register (*Suplemento*) No. 356 on December 23, 2020."
- "12. "ECD means early childhood development."
- "19. "Gender Assessment" means an assessment developed by the Borrower to evaluate the gender aspects of the Project, and inform the elaboration of a gender action plan, in a manner acceptable to the Bank."
- "26. "MoH" means *Ministerio de Salud Pública*, the Borrower's Ministry of Public Health, or any successor thereto satisfactory to the Bank."
- "29. "SANCCO" means *Subsecretaría de Aseguramiento No Contributivo, Contingencias y Operaciones*, a subsecretariat of MIES responsible for planning, articulating and evaluating policies, plans, programs, strategies, and projects through non-contributory insurance services and cash transfer operations and related complementary services, for priority groups in situations of poverty, extreme poverty and vulnerability, which was created pursuant to ministerial agreement No. 030, dated June 16, 2020, or any successor thereto acceptable to the Bank."
- "33. "Single Registry of Victims" means the *Registro Único de Damnificados*, the Borrower's single registry of victims."

In light of the above changes to the Loan Agreement, the Borrower and the Bank have also mutually agreed that relevant adjustments to the Project monitoring indicators, disbursement and cost estimates and implementation schedule will be reflected accordingly in the Operational Manual, pursuant to Section I.C. of Schedule 2 to the Loan Agreement.

Please confirm your agreement with the foregoing, on behalf of the Borrower, by signing and dating this Amendment Letter in the spaces provided below and returning it to the Bank. Upon receipt by the Bank of the countersigned copy, this Amendment Letter shall become effective on the date upon which the Bank dispatches to the Borrower a notice that the following condition of

effectiveness has been fulfilled, namely, that the updated Operational Manual has been adopted by the Borrower, through MIES and SRU, in form and substance satisfactory to the Bank.

Please also note that the Project Paper dated May 2, 2022, that reflects the above changes will be disclosed on the Bank's external website.

Sincerely,

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**



Pilar Maisterra  
Acting Director  
Bolivia, Chile, Ecuador and Peru

CONFIRMED AND AGREED:

**REPUBLIC OF ECUADOR**



By: Carlos Carrera

Title: Subsecretary of Public Financing

Date: 28-Jun-2022

cc: Mr. Carlos Iván Carrera, Subsecretary of Public Financing, Republic of Ecuador  
Ms. Marianne Fay, Director, Bolivia, Chile, Ecuador and Peru, World Bank  
Mr. Juan Carlos Alvarez, Resident Representative of the World Bank for Ecuador

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to improve the equity, integration and sustainability of selected social safety net programs.

The Project consists of the following parts:

#### **Part 1. Improving equity, integration and sustainability of the Selected Social Safety Net Programs**

##### **1.1: Improvements in the Social Registry**

Provision of financing to the EEPs to strengthen the Social Registry through, *inter alia*:

- (a) Updating and improving Social Registry data: (i) revising the data-collection strategy, including protocols, calendar and data-quality monitoring processes; (ii) developing a communication strategy for the roll-out of the Social Registry; (iii) enhancing existing information and technology tools; and (iv) finalizing the data-collection process, including hiring universities or other third parties to undertake surveys.
- (b) Improving accuracy of the Social Registry's beneficiary selection mechanism: transition the Selected Social Safety Net Programs to use the new Social Registry Index (SOCIAL REGISTRY 2018).
- (c) Strengthening the Social Registry regulatory framework.
- (d) Implementation of a new institutional model (*Modelo de Actualización Permanente*) to make the Social Registry more dynamic and integrated with other large national administrative databases to improve targeting of social benefits and services (including child nutrition services and extreme weather events).

##### **1.2: Improving integration within Selected Social Safety Net Programs**

Provision of financing to the EEPs to increase the access of Eligible Beneficiaries to an integrated package of Cash Transfers and complementary social services and health services, including *inter alia*:

- (a) (i) Updating the operational rules and manuals for each Selected Social Safety Net Program, and the preparation of joint operational rules and manuals to ensure integration among programs; and (ii) developing and updating of service provision maps aligned with the targeted population of poor households with children under 3 years of age and adults over 65 years of age, and the provision of support to increase MIES operational capacity in delivering complementary services, directly or through performance-based agreements with GADs and NGOs.
- (b) Carrying out of activities aimed to enhance the Accompaniment Mechanisms provided to beneficiaries of the BDH-V and the PMMA.

- (c) supporting the provision of conditional cash transfers (BDH/BDH-V) and expanding the coverage and improving the delivery of ECD services and health services.

## **Part 2: Technical Assistance for Capacity Building & Monitoring and Evaluation**

Provision of support to improve the effectiveness of the Selected Social Safety Net Programs and to support institutional capacity building.

### **2.1: Technical Assistance to support equity improvements**

Provision of support for Part 1.1 of the Project, including, *inter alia*: (a) the verification of collected data from massive processes; (b) regular updating of some variables of the Social Registry and the update of the family composition; (c) standardizing the information transfer process between the Social Registry and the programs that use the social registry data, as well as to guide entities in the use of the Social Registry to design strategies and public policies; and (d) strengthening of the technological capacity for data exchange between the Social Registry and administrative government sources; (e) cross-referencing the Social Registry and the data from the National Risk Management and Emergencies Service to generate the Single Registry of Victims, for preemptive identification of risk and proper social protection response to shocks, including those generated by climate change; and (f) technical assistance to propose a design of the regulatory framework to harmonize the norms and process of the non-contributory social protection system.

### **2.2: Technical Assistance to support integration improvements**

Provision of support for Part 1.2 of the Project, including, *inter alia*: (a) optimize services provided by MIES; (b) strengthen family accompaniment mechanisms; (c) expand coverage and benefits of BDH-V; (d) capacity building of the SANCCO at MIES for the verification of health conditionalities of cash transfers (BDH, BDH-V); (e) the design and implementation of a communication strategy on health conditionalities of cash transfers as reflected in the SEP; (f) the provision of equipment and connectivity services for providers of ECD services; (g) technical support to design and implement climate change adaptation measures in prioritized territories (313 parishes that are covered by the CCM Strategy and identified as with high vulnerability to extreme climate); (h) activities to reach indigenous people based on the guidelines reflected in the IPPF and women, as reflected in the Gender Assessment, SEP and IPPF); (i) activities to achieve full coverage of text messages promoting good nutritional practices; and (j) activities for the evaluation of ECD programs and adjustments to improve existing care practices and protocols.

### **2.3: Technical Assistance to support sustainability**

Provision of support for Part 1.3 of the Project, including, *inter alia*: (a) design and development of instruments for the reformulation of the CDH; (b) development of an IT platform for the registration of economic inclusion services; (c) design and implementation of a pilot for strengthening micro-networks and provision of training to improve capacities of micro-entrepreneurs under the CDH; (d) the assessment of current modalities of CDH and exploration of potential improvements in its design and delivery (assessment of impacts on welfare, employability, human capital formation); and (e) design, implementation and evaluation of pilots of integrated economic inclusion strategies to connect low-income and vulnerable households with labor and productive activities that promote their long-term income stability.



#### **2.4: Technical Assistance to support coordination, monitoring and evaluation activities**

Provision of support to strengthen the capacity of MIES, SRU and INEC for institutional coordination, strengthening the verification processes, and carrying out impact evaluations for the Selected Social Safety Net Programs.

#### **2.5: Technical Assistance to support coordination, monitoring and evaluation activities of MoH**

Provision of support to MoH for the monitoring and evaluation of activities implemented to fight CCM.

### **Part 3: Provision of Cash Transfers**

Provision of Cash Transfers to approximately 604,000 households with the poorest population among Eligible Beneficiaries of BDH and BDH-V, who were highly affected by the measures imposed by the economic and sanitary crisis due to COVID-19.

**SCHEDULE 4**  
Disbursement-Linked Indicators (DLIs)

<b>Objectives</b>	<b>Baseline</b>	<b>Year 1 (2019)</b>	<b>Year 2 (2020)</b>	<b>Year 3 (2021)</b>	<b>Year 4 (2022)</b>	<b>Year 5 (2023)</b>
<p><i>Supporting improved equity within Selected Social Safety Net Programs in the Social Registry</i></p> <p align="center"><b>SRU</b></p>		<p align="center">DLI 1</p> <p>Executive Decree creating the institutional framework to operate the <i>Social Registry</i>, approved. (Value: US\$ 10.86 M<sup>1</sup>)</p>				
	224,753 households	<p align="center">DLI 2</p> <p>At least 1.2 million households, of which 360,000 are classified d1 to d3 by the 2018 Social Registry Index, included in a validated database. (Value: US\$ 24.55 M)</p>	<p align="center">DLI 8</p> <p>At least 2.4 million households, of which 720,000 are classified d1 to d3 by the 2018 Social Registry Index, included in a validated database. (Value: US\$ 23.35 M)</p>		<p align="center">DLI 14</p> <p>Households classified d1 to d3 by 2018 Social Registration Index, updated in a validated database (Value: US\$ 9.9 M<sup>3</sup>)</p>	
<p><i>Supporting the Integration within Selected Social Safety Net Programs through increased access to Cash Transfers and care services for poorest children under three and seniors over 65</i></p> <p align="center"><b>MIES</b></p> <p align="center"><i>(continued)</i></p>		<p align="center">DLI 3</p> <p>Operational Manual of 'Misión Ternura' approved. (Value: US\$ 6.1 M)</p>				
	3,045 children	<p align="center">DLI 4</p> <p>4,589 children under 3 years old from poor households have access to BDH or BDH-V and early childhood services. (Value: US\$ 00 M)</p>	<p align="center">DLI 9</p> <p>36,806 children under 3 years old from poor households have access to BDH or BDH-V and early childhood services. (Value: US\$ 17.88 M<sup>2</sup>)</p>	<p align="center">DLI 12</p> <p>61,805 children under 3 years old from poor households have access to BDH or BDH-V and early childhood services. (Value: US\$ 15.2 M)</p>		
		<p align="center">DLI 5</p> <p>Operational Manual of "Mis Mejores Años" approved. (Value: US\$ 0.83 M)</p>				

Objectives	Baseline	Year 1 (2019)	Year 2 (2020)	Year 3 (2021)	Year 4 (2022)	Year 5 (2023)
	4,756 elderly		DLI 10 12,279 elderly persons from poor households receive PMMA and have access to care services. (Value: US\$ 3.81 M)	DLI 13 20,279 elderly persons from poor households receive PMMA and have access to care services. (Value: US\$ 6.43 M)		
<i>Supporting the Integration within Selected Social Safety Net Programs through increased access to Cash Transfers and care services for poorest children under three</i>  MIES	0 Health establishments				DLI 15 CNH services articulated/integrated with health establishments in the 728 prioritized parishes to facilitate early registration of poor pregnant women and children under one year of age. (Value: US\$ 4 M)	
	0 Pregnant women and children				DLI 16 2,890 poor pregnant women and children under 2 years of age in the 728 prioritized parishes receiving ECD services, and who received BDH/BDHV and ECD services before 90 and 45 days of age, respectively (Value: US\$ 11.3 M)	DLI 20 55,630 poor pregnant women and children under 2 years in the 728 prioritized parishes receiving ECD services, and who received BDH/BDH-V, and ECD services before 90 and 45 days of age, respectively. (Value: US\$ 15.3 M)
<i>Estimated disbursement</i>		US\$ 42.34 M	US\$ 45.04 M	US\$ 21.63 M	US\$ 25.2 M	US\$ 15.3 M

<sup>1</sup> DLI 1 amount US\$ 10,860,682.53

<sup>2</sup> DLI 9 amount US\$ 17,875,695.00

<sup>3</sup> DLI 14 amount US\$ 9,898,316.47