

LOAN NUMBER 9388-EC

Loan Agreement

(Additional Financing for the Social Safety Net Project)

between

REPUBLIC OF ECUADOR

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between the REPUBLIC OF ECUADOR (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of two hundred million Dollars (\$200,000,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread¹ or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Borrower elects to apply the Automatic Rate Fixing Conversion to the Loan. Accordingly, without limitation upon the provisions of Article IV of the General Conditions and unless otherwise notified by the Borrower to the Bank in accordance with the provisions of the Conversion Guidelines, the interest rate basis applicable to the aggregate principal amount of the Loan withdrawn during two consecutive Interest Periods shall be converted from the initial Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread for the full maturity of such amount in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

¹ Only Variable Spread is available due to FSL suspension effective April 1, 2021.

- 2.07. The Payment Dates are May 1 and November 1 in each year.
- 2.08. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROJECT

- 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, Parts 1.1, 2.1, and 2.4 partially of the Project through SRU, and Parts 1.2 partially and 2.5 of the Project through MoH, all in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consist of the following:
- (a) the Operational Manual has been updated and adopted by the Borrower, through MoH, MIES, and SRU, in a manner and with contents acceptable to the Bank;
 - (b) the Indigenous Peoples Planning Framework has been updated, consulted upon, disclosed and adopted by the Borrower, through MIES in coordination with MoH and SRU, all in form and substance satisfactory to the Bank;
 - (c) the Stakeholder Engagement Plan has been updated, consulted upon, disclosed and adopted by the Borrower, through MIES in coordination with MoH and SRU, all in form and substance satisfactory to the Bank;
 - (d) the Project's grievance mechanism referenced in Section I.D.5 of Schedule 2 to this Agreement and in the ESCP has been strengthened and publicized by the Borrower, through MIES in coordination with MoH and SRU, all in a manner acceptable to the Bank.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower's Representative is the Borrower's Minister of Economy and Finance.
- 5.02. For purposes of Section 10.01 of the General Conditions:
- (a) the Borrower's address is:
Ministry of Economy and Finance
Av. Amazonas y Pereira, Plataforma Financiera
Quito, Ecuador
 - (b) the Borrower's Electronic Address is:
E-mail: documentosmef@finanzas.gob.ec

5.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank's Electronic Address is:

Facsimile: 1-202-477-6391

AGREED as of the Signature Date.

REPUBLIC OF ECUADOR

By

Authorized Representative

Name: _____

Title: _____

Date: _____

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By

Authorized Representative

Name: _____

Title: _____

Date: _____

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; (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 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

The Borrower shall:

- (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) 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);
- (c) maintain, throughout Project implementation, a unit within MoH (MoH 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 and 2.5 of the Project (including its financial, procurement and environmental and social aspects); and
- (d) not later than ninety (90) days after the Effective Date, ensure that (i) an additional financial management specialist is hired to work full time within MoH PIU, (ii) an impact evaluation specialist is hired to work full time within MIES PIU, in each case under terms of reference acceptable to the Bank.

B. Inter-institutional Agreements.

1. To facilitate the carrying out of Part 1.1 of the Project, the Borrower, through SRU, shall enter into an agreement with INEC (“Inter-Institutional Agreement”), under terms and conditions acceptable to the Bank, which shall include, *inter alia*, the Borrower’s and INEC’s responsibilities under Part 1.1 of the Project.
2. To facilitate the carrying out of Part 2.4 of the Project, the Borrower, through MIES, shall enter into an agreement with INEC (“Inter-Institutional Agreement”), under terms and conditions acceptable to the Bank, which shall include, *inter alia*, the Borrower’s and INEC’s responsibilities under Part 2.4 of the Project.

3. The Borrower, through MIES and SRU, shall exercise its rights under the Inter-Institutional Agreements in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the Inter-institutional Agreements or any of its provisions.

C. Operational Manual.

1. The Borrower shall, through MIES, MoH, and SRU, carry out the Project in accordance with the provisions of a manual (the Operational Manual), satisfactory to the Bank, which shall include, *inter alia*: (a) the organizational structure of the Project, including the structure and terms of reference of personnel in charge of the implementation of the Project; (b) the procedures for the carrying out, monitoring and evaluation of the Project; (c) the indicators for Project monitoring and evaluation; (d) the description of DLIs and the criteria, detailed rules and procedures for DLIs implementation and monitoring; (e) the DLI Verification Protocols; (f) the Project procurement and financial management requirements and procedures; (g) the Project's chart of accounts and internal controls; (h) the amounts, procedures, and requirements for Cash Transfers; and (i) the criteria for Eligible Beneficiaries for each Selected Social Safety Net Program.
2. In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

D. Environmental and Social Standards.

1. The Borrower shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Borrower shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Borrower shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

4. The Borrower shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Borrower shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.

E. Anti-Corruption Guidelines.

1. The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

Section II. Project Monitoring Reporting and Evaluation

1. The Borrower, through MIES, shall furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.
2. The Borrower, through MIES, shall select and contract an entity independent from the Borrower (Independent Technical Review Entity) with experience and qualifications acceptable to the Bank, and in accordance with terms of reference satisfactory to the Bank. The Independent Technical Review Entity shall be responsible for the carrying out of technical audits of the Project at the end of each semester, particularly focused on the achievement of the DLIs.
3. The Borrower, through SRU, shall, select and contract an entity independent from the Borrower (Independent Technical Review Entity) with experience and qualifications acceptable to the Bank, and in accordance with terms of reference satisfactory to the Bank. The Independent Technical Review Entity shall be responsible for the carrying out of technical audits of the Project at the end of each semester, particularly focused on the achievement of the DLIs.
4. The Borrower, through MoH, shall not later than one hundred twenty (120) days after the Effective Date, select and contract an entity independent from the Borrower (Independent Technical Review Entity) with experience and qualifications acceptable to the Bank, and

in accordance with terms of reference satisfactory to the Bank. The Independent Technical Review Entity shall be responsible for the carrying out of technical audits of the Project at the end of each semester, particularly focused on the achievement of the DLIs.

Section III. Withdrawal of Loan Proceeds

A. General.

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of value added tax-VAT)
(1) Eligible Expenditure Programs under Part 1.1. of the Project under SRU	13,440,000	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	18,000,000	100% of the amount of the Loan allocated to each DLI, subject to the provisions of Part B of this Section
(3) <i>[Intentionally omitted]</i>	0	N/A
(4) Goods, non-consulting services, consulting services and operating costs under Part 2 for MIES	0	N/A
(5) Goods, non-consulting services, consulting services and Operating Costs under Part 2 for SRU	1,560,000	100%
(6) Cash Transfers under Part 3 of the Project	0	N/A
(7) Goods, non-consulting services, consulting services, and operating costs under Part 2 for INEC	0	N/A
(8) Eligible Expenditure Programs under Part 1.2 of the Project under MoH (DLIs 17 and 18)	120,000,000	100% of the amount of the Loan allocated to DLIs 17 and 18, subject to the provisions of Part B of this Section
(9) Eligible Expenditure Programs under Part 1.2 of the Project under MoH (DLI 21)	46,700,000	100% of the amount of the Loan allocated to DLI 21, subject to the provisions of Part B of this Section

(10) Goods, non-consulting services, consulting services, and operating costs under Part 2 of the Project for MoH	300,000	100% of the amount of the Loan allocated to each DLI, subject to the provisions of Part B of this Section
TOTAL AMOUNT	200,000,000	

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed \$80,000,000 may be made for payments made prior to this date but on or after January 1, 2022, for Eligible Expenditures under Categories (2), (8), and (9), provided that: (i) the Borrower has furnished evidence, in form and substance satisfactory to the Bank, of EEPs incurred, as presented in the corresponding EEPs Spending Report; and (ii) the Bank has determined, on the basis of the evidence furnished by the Borrower, as set forth in the Verification Protocols, that the DLIs have been satisfactorily achieved, as further elaborated in the Operational Manual and in the Disbursement and Financial Information Letter;
 - (b) for payments made under Categories (1), (2), (8), and (9) unless: (i) the Borrower has furnished evidence, in form and substance satisfactory to the Bank, of EEPs incurred, as presented in the corresponding EEPs Spending Report; and (ii) the Bank has determined, on the basis of the evidence furnished by the Borrower, as set forth in the Verification Protocols, that the DLIs have been satisfactorily achieved, as further elaborated in the Operational Manual and in the Disbursement and Financial Information Letter.

2. Notwithstanding the provisions of paragraphs B.1(b) of this Section, if the Bank is not satisfied that a DLI under Categories (1), (2), (8), and (9) has been achieved, or partially achieved, the Bank may at any time, and by notice to the Borrower decide, in its sole discretion, to:
 - (a) In respect of Scalable DLIs:
 - (i) authorize the withdrawal of a reduced amount of the unwithdrawn proceeds of the Loan allocated to the Scalable DLI which, in the opinion of the Bank, corresponds to the degree of achievement of said Scalable DLI calculated as set forth in the Verification Protocols;
 - (ii) authorize that the unwithdrawn amount corresponding to the portion of the allocated amount not disbursed due to partial achievement of any Scalable DLI be carried forward to the immediately subsequent withdrawal, pending further achievement of the respective Scalable DLI; or
 - (iii) cancel all or a portion of the proceeds of the Loan then allocated to said Scalable DLI.

- (b) In respect of any DLI which is not a Scalable DLI:
 - (i) withhold the unwithdrawn proceeds of the Loan then allocated to said DLI until the Bank is satisfied that said DLI has been fully achieved; or
 - (ii) (A) at the Borrower's request and providing there is a justification acceptable to the Bank, reallocate all or a portion of the proceeds of the Loan then allocated to said DLI to any other DLI; (B) adjust or replace said DLI for another DLI; or (C) cancel all or a portion of the proceeds of the Loan then allocated to said DLI.
3. The Closing Date is November 28, 2025.

SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”).

Level Principal Repayments

Principal Payment Date	Installment Share
On each May 1 and November 1 Beginning November 1, 2027 Through November 1, 2039	3.85%
On May 1, 2040	3.75%

SCHEDULE 4
Disbursement-Linked Indicators

Objectives	Entity	Baseline	Year 1 (2022)	Year 2 (2023)	Year 3 (2024)
<i>Improve the equity of safety net programs through improvements to the Social Registry</i>	SRU	NA		DLI 19 Approved interoperability protocol between the SRU and the Civil Registry for the extraction and merging of the REVIT database into the RS database for the inclusion of newborns up to 45 days of age (Value: US\$ 4 M)	
	SRU	3,023,273 Nuclear households (TBC)			DLI 22 A database with at least 3.85 million valid nuclear-household records, of which at least 1.13 million correspond to d1 to d3 according to the IRS2018, complying with minimum coverage by provinces. (Value: US\$ 9.4 M)
<i>Implement integration mechanisms between the services of the MIES and the MoH</i>	MIES	0 Pregnant women and children			DLI 23 100,000 poor pregnant women and children under two years 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\$ 18 M)
	MoH	NA	DLI 17 Dashboard operating, regulated and accessible to participants of the CCM Strategy and civil society with information on service delivery, and children and pregnant women checkups and vaccinations rates (Value: US\$ 66.7 M)		
	MoH	0 months	DLI 18 11 months with staff available in the 728 prioritized parishes to meet the minimum required number of total prenatal and child checkups according to the thresholds/targets stated in the Operational Manual (Value: US\$ 53.3 M)	DLI 21 12 months with staff available in the 728 prioritized parishes to meet the minimum required number of total prenatal and child checkups according to the thresholds/targets stated in the Operational Manual (Value: US\$ 46.7 M)	
<i>Disbursement estimated</i>			US\$ 120 M	US\$ 50.7 M	US\$ 27.4 M

APPENDIX

Definitions

1. “Accompaniment Mechanisms” means the program that seeks to strengthen the family nucleus, improve their relationship within and in the community, support access to services within the social protection floor (health, education, inclusion, housing) and develop capacities and opportunities for autonomy and sustainable exit from poverty.
2. “Anti-Corruption Guidelines” means, for purposes of paragraph 6 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
3. “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: (i) 78 (*Transferencias y Donaciones para Inversión*), 71 (*Gastos en Personal para Inversión*), 73 (*Bienes y Servicios para Inversión*), 84 (*Bienes de Larga Duración*); and (ii) only for expenses paid before June 2023 and only using the reimbursement method,² 51 (*Gastos de personal*) and 53 (*Bienes y Servicios*).
4. “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, respectively, in accordance with the amounts, procedures, and requirements set forth in the Operational Manual.
5. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
6. “CCM” means chronic child malnutrition (*desnutrición crónica infantil*).
7. “CCM Strategy” means the National Strategy Ecuador Grows without Malnutrition (*Estrategia Nacional Ecuador Crece sin Desnutrición*), which aims at reducing malnutrition among pregnant women and children under twenty-four months of age with

² The reimbursement method of Loan disbursement is defined in the *Disbursement Guidelines for Investment Project Financing*, dated February 2017, which is referenced in the Disbursement and Financial Information Letter.

- 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.
8. “*Concentradores*” means an entity empowered to interconnect with the MIES transactional platform in order to make the payment of Cash Transfers to the Eligible Beneficiaries.
 9. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
 10. “Disbursement-Linked Indicators” or “DLIs” means the set of indicators set forth in Schedule 4 to this Agreement, and for which the operational definitions and respective verification mechanisms are included in the Verification Protocols and in the Operational Manual.
 11. “ECD” means early childhood development.
 12. “EEPs Spending Report” means the report prepared by the Borrower, through MIES, SRU, and MoH, in accordance with the Disbursement and Financial Information Letter and set forth in the Operational Manual, on the spending status of the EEPs in relation to the Approved Budget Lines.
 13. “Eligible Beneficiaries” means the households which are eligible for each of the Selected Social Safety Net Programs, according to the criteria defined in the Operational Manual.
 14. “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; (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; and (iii) short-term contracts of MoH and MIES personnel, consulting services, non-consulting services, goods and 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).
 15. “Environmental and Social Commitment Plan” or “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.
 16. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”;

- (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
17. “GAD” means the Borrower’s Decentralized Autonomous Governments which have political, administrative and financial autonomy at regional, provincial, country or parish levels, and are governed by the principles of solidarity, subsidiarity, equity, interterritorial, integration and citizen participation.
 18. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, December 21, 2020, April 1, 2021, and January 1, 2022).
 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.
 20. “Independent Technical Review Entity” means any of the entities referred to in Section II of Schedule 2 to this Agreement.
 21. “Indigenous Peoples Planning Framework” or “IPPF” means the framework to be prepared, disclosed, consulted upon, and adopted for the Project, as set out in the ESCP, in accordance with the Environmental and Social Standards, as such framework may be amended from time to time with the agreement of the Bank.
 22. “INEC” means *Instituto Nacional de Estadística y Censos*, the Borrower’s Institute of Statistics and Surveys, created by Decree No. 323 dated April 27, 1976.
 23. “Inter-Institutional Agreements” means collectively the agreements referred to in Section B of Schedule 2 to this Agreement.
 24. “MIES” means *Ministerio de Inclusión Económica y Social*, the Borrower’s Ministry of Economic and Social Inclusion, or any successor satisfactory to the Bank.
 25. “MoH” means *Ministerio de Salud Pública*, the Borrower’s Ministry of Public Health, or any successor thereto satisfactory to the Bank.
 26. “National Risk Management and Emergencies Service” means *Servicio Nacional de Gestión de Riesgos y Emergencias*, the Borrower’s agency responsible for disaster risk management referred to in Executive Decree No. 534 dated November 5, 2018, or any successor thereto acceptable to the Bank.

27. “NGO” means social organizations as defined in the Borrower’s Executive Decree No. 193 dated October 23, 2017.
28. “Operational Manual” means the manual prepared by the Borrower, referred to in Section I.C. of Schedule 2 to this Agreement, as said manual may be amended from time to time by the Borrower, with the agreement of the Bank.
29. “Procurement Regulations” means, for purposes of paragraph 84 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
30. “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.
31. “Scalable DLIs” means DLIs 18, 21, and 23, 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.
32. “Selected Social Safety Net Programs” means the following Borrower’s social programs and modalities and as further defined in the Operational 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 (e) *Programas preventivos de salud materno infantil*; and (ii) under Part 3 of the Project, *Bono de Desarrollo Humano (BDH)* and *Bono de Desarrollo Humano Variable (BDH-V)*.
33. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
34. “Single Registry of Victims” means the *Registro Único de Damnificados*, the Borrower’s single registry of victims.
35. “Social Registry” means the Borrower’s cadaster of social, economic and demographic information, registered individually and at family’s level, that allows institutions to identify their target populations, to better focus efforts towards groups in conditions of poverty, which is managed by SRU according to the Borrower’s Executive Decree No. 712, dated April 11, 2019.

36. “Social Registry Unit” or “SRU” means the unit in charge of managing the Social Registry, including managing, updating, and disseminating the data that can be obtained through the Social Registry, created pursuant to Borrower’s Decree No. 712 of April 11, 2019, or any successor thereto acceptable to the Bank.
37. “Stakeholder Engagement Plan” or “SEP” means the Borrower’s plan prepared for the Project, and to be updated, disclosed, consulted upon, and adopted for the Project, as set out in the ESCP, in accordance with the Environmental and Social Standards, as such plan may be amended from time to time with the agreement of the Bank.
38. “Verification Protocols” means the set of protocols setting forth the actions and mechanisms required for verification of DLIs, agreed with the Bank and included in the Operational Manual and in the Disbursement and Financial Information Letter, as the same may be amended from time to time with the agreement of the Bank.