

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

ECUADOR

**MODERNIZATION OF THE NATIONAL CIVIL REGISTRATION,
IDENTIFICATION, AND DOCUMENTATION SYSTEM**

(EC-L1083)

LOAN PROPOSAL

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ELECTRONIC LINKS	
REQUIRED	
1.	Annual work plan http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35365717
2.	Monitoring and evaluation arrangements http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35342975
3.	Procurement plan http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35342834
4.	Environmental and social management report http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35342966
5.	Safeguard Policy Filter and Safeguard Screening Form
OPTIONAL	
1.	Program execution plan (PEP) http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35342845
2.	Fiduciary agreements and requirements http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35342983
3.	Itemized budget http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35342987
4.	Disbursement plan http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35344182
5.	Risk matrix, risk assessment, and mitigation plan http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35342991
6.	Operating Manual http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35344807
7.	Logical framework http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35342997
8.	Terms of reference for consulting services http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35342999
9.	A. Economic appraisal http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35344216 B. Tables relating to the appraisal http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35344234
10.	Analysis to determine environmental impacts during the remodeling or construction of civil registry offices http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35353509

ABBREVIATIONS

ARCES	Agencias de Registro Civil en Establecimientos de Salud [civil registry branches at health establishments]
CGP	Coordinación General de Planificación [Planning Coordination Office]
DIGERCIC	Dirección General de Registro Civil, Identificación y Cedulación [Civil Registration, Identification, and Documentation Directorate]
ICT	information and communication technology
LIBOR	London Interbank Offered Rate
OEL	optional electronic link
PEP	program execution plan
REL	required electronic link
SBD	Standard Bidding Document
SRFP	Standard Request for Proposal
UNDB	United Nations Development Business

PROJECT SUMMARY

ECUADOR

MODERNIZATION OF THE NATIONAL CIVIL REGISTRATION, IDENTIFICATION, AND DOCUMENTATION SYSTEM (EC-L1083)

Financial Terms and Conditions				
Borrower: Republic of Ecuador Executing agency: Dirección General de Registro Civil, Identificación y Cedulación [Civil Registration, Identification, and Documentation Directorate] (DIGERCIC)			Amortization period:	25 years
			Grace period:	3 years
			Disbursement period:	3 years
Source	Amount (US\$ million)	%	Interest rate:	LIBOR-based
IDB (Ordinary Capital)	78.0		Inspection and supervision fee:	*
Local	15.5		Credit fee:	*
Total	93.5	100	Currency:	U.S. dollars from the Single Currency Facility of the Bank's Ordinary Capital
Project at a Glance				
<p>Project objective/description: The general objective of the proposed operation is to support the Ecuadorian government in implementing the expansion phase of its civil registration, identification, and documentation modernization plan, with a view to reducing underregistration and late registration of births, increasing the civil identification rate, and improving the quality and reliability of vital records and civil identification documents.</p> <p>Components: Component 1: Expanding coverage of DIGERCIC services; and Component 2: Improving the quality of DIGERCIC services.</p> <p>Special contractual clauses: As conditions precedent to the first disbursement, (i) the Program Operating Manual must be approved by the executing agency with the Bank's no objection; (ii) the project's operations coordinator must be hired; (iii) the management team, consisting of the general administrative/financial coordinator, planning coordinator, head of infrastructure, technology management director, organizational development director, and financial management director of DIGERCIC, must be appointed; and (iv) the bidding documents for the procurement processes in the first four months of the project must be prepared (paragraph 3.1).</p> <p>Exceptions to Bank policies: None.</p> <p>Procurement: Project procurement will be carried out in accordance with Bank policies (documents GN-2349-7 and GN-2350-7)</p> <p>Project consistent with country strategy: Yes [X] No []</p> <p>Project qualifies as: SEQ [] PTI [X] Sector [] Geographic [X] Headcount []</p>				

* The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable provisions of the Bank's policy on lending rate methodology for Ordinary Capital loans. In no case will the credit fee exceed 0.75% or the inspection and supervision fee exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problems to be addressed, and rationale

- 1.1 The Government of Ecuador's National *Buen Vivir* Plan for 2009-2013 outlines the government's strategic vision for promoting full human development in the country, including universal exercise of civil, political, economic, social, cultural, and environmental rights, and assigns to the State the role of promoting the process and ensuring citizen access to public goods and services so that this goal can be attained.
- 1.2 Based on the priorities set out in the plan, the Ecuadorian government and the Bank have identified social development and economic inclusion as one of the main areas of joint work in the Bank's country strategy with Ecuador. To achieve economic and social inclusion, the country strategy emphasizes combining policies to: (i) achieve universal access to public services (housing, health, education, water, and sanitation); (ii) support capacities and potential, especially among disadvantaged groups (indigenous, Afro-Ecuadorian, and rural populations and women and the disabled); (iii) help the poorest groups gain access to the labor market or start microenterprises; and (iv) develop an effective social safety net that provides support in the event of natural and/or macroeconomic shocks, with special attention to disadvantaged groups.
- 1.3 Evidence suggests that the high levels of underregistration of births and lack of documentation are associated with poverty, inequity, and exclusion, and have an adverse impact on access to basic, civil, and economic rights.¹ Two recent Bank studies show how underregistration and lack of documentation in Ecuador hinder access, mainly by disadvantaged groups,² to education, health, and other social services, such as the *Bono de Desarrollo Humano* [Human Development Benefit] and the services offered by the National Institute for Children and Families (INNFA). According to these studies, the underregistration rate in Ecuador is approximately 15% among children and adolescents and 18% to 20% among adults. The most affected groups are indigenous, Afro-descendant, and rural communities, in which the situation of women is quite precarious.³

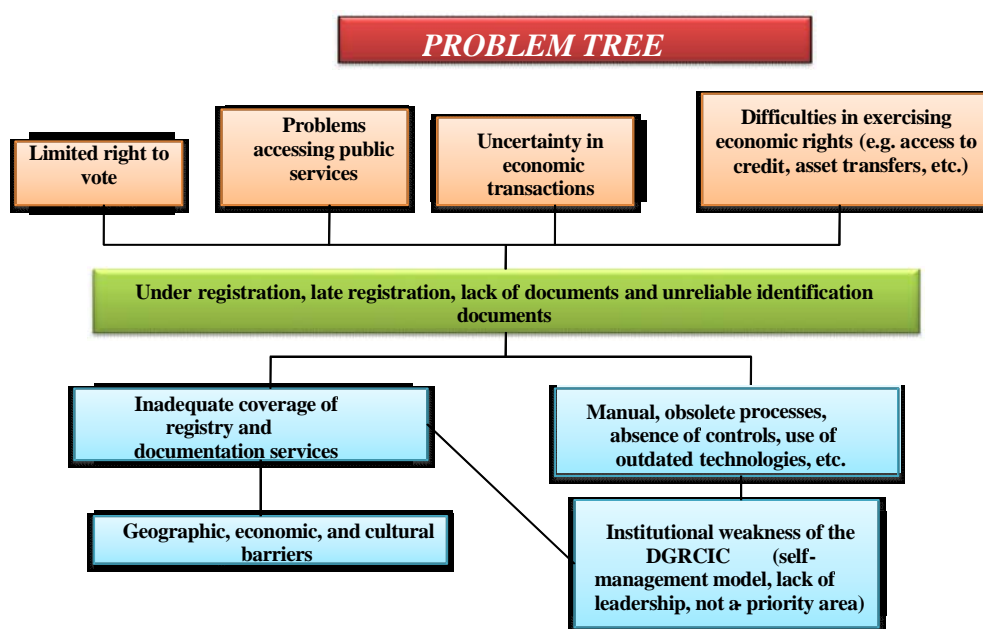
¹ The lack of identity documents precludes the exercise of such basic rights as: (i) the right to an identity; (ii) important civil acts such as marriage, inheritance, acquiring property, etc.; (iii) political rights; (iv) access to formal employment; and (v) economic rights, such as access to credit.

² Ordóñez, D., and Bracamonte, P. (2006), "*Registro de Nacimientos: Consecuencias en relación al acceso a derechos y servicios sociales y a la implementación de programas de reducción de pobreza en 6 países de América Latina* [Registration of Births: Consequences in terms of access to rights and social services and implementation of poverty reduction programs in six Latin American countries]." Consulting document prepared for the Inter-American Development Bank.

³ Tamargo, María del Carmen (2007), "*El Subregistro de Nacimientos: El análisis de las variables de género y etnias en Ecuador* [Underregistration of Births: Analysis of gender and ethnic variables in Ecuador]." Consulting document prepared for the Inter-American Development Bank.

- 1.4 High rates of late registration of births are an additional problem, given that this facilitates identity theft and raises the risk of illegal trafficking in minors.⁴ These rates⁵ have remained within comparable ranges over the last 10 years. The percentage of timely birth registrations varies from one region to another: 60.6% in the highlands; 52.6% on the coast; 69.9% in the island region; 39.8% in the nondelimited zones; and only 38.2% in the Amazon region.
- 1.5 Lastly, identity documents are not very reliable, potentially undermining the legal certainty of economic transactions and the credibility of election processes.

Figure I-1



- 1.6 **Factors contributing to underregistration, late registration, lack of documentation, and document unreliability.** In Ecuador, the main factors influencing underregistration, late registration, lack of documentation, and unreliability of documents are geographic and economic barriers, certain cultural factors, and the weak legal and institutional capacity of the Civil Registration, Identification, and Documentation Directorate (DIGERCIC).
- 1.7 **Geographic, economic, and cultural barriers.** A widely scattered population, combined with an insufficient transportation and communications infrastructure

⁴ See note 2 above.

⁵ Registrations are defined as late when they take place more than 30 days after birth, at which point they involve an administrative process and a cost of US\$0.50. Registering a birth within the first 30 days is free, as is the first birth certificate.

(mainly in the Amazon region, where access is by canoe or light plane), limits rural access to registry services. Civil service coverage is very low. In many border areas, a single DIGERCIC employee has to handle several offices. In addition, rejection of hospital births in many indigenous areas lowers the levels of civil registration, in turn making it difficult to obtain an identity card. Lastly, the cost of travelling to register (lodging, transportation, time, etc.) and the registration fees make registering a challenge for disadvantaged populations. In addition, the administrative processes associated with late registration, apart from the excessive paperwork involved, have created opportunities for corruption and have given rise to the appearance of *tramitadores*—individuals who charge US\$15 to US\$20 per transaction to perform registration procedures that are overly burdensome for the most disadvantaged.

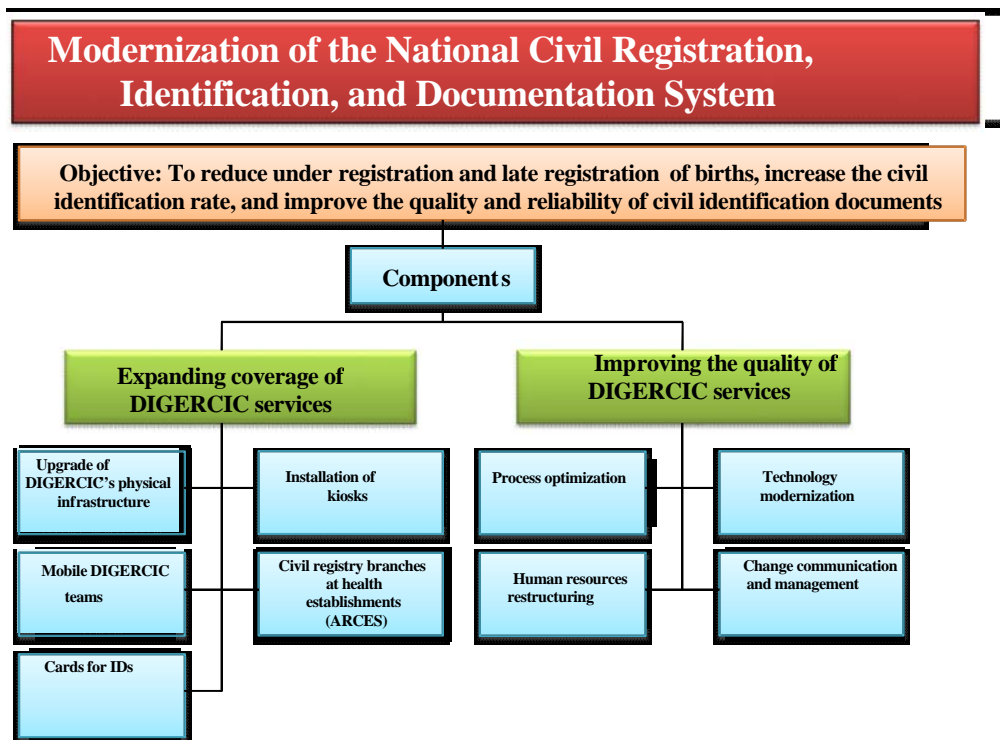
- 1.8 **Institutional weakness.** DIGERCIC is responsible for performing marriage ceremonies, recording events and acts associated with the civil status of persons residing in national territory and of Ecuadorians living abroad, and processing their identification and documentation. The specific purpose of DIGERCIC is to organize these records and issue identity and citizenship cards. Like many other population registries in Latin America, DIGERCIC suffers from a neglect of institutional development. Decades without strategic investments in DIGERCIC have left the agency administratively, institutionally, and technologically strained, with negative repercussions on its performance.
- 1.9 The systematic neglect of the civil registry has led to obsolete procedures, technology, and human resources. As a result, the civil registry is incomplete, not secure, and vulnerable. The high underregistration rates make it impossible to have the entire population registered, and the use of inadequate procedures and technologies makes it difficult to cross-check registry information and easier to forge or alter documents.
- 1.10 While an effort has been made to digitize registry information, only 70% of birth certificates are in the system, and only 86 locations have a nationally networked computer system (the 24 provincial offices, 24 of the 219 canton offices, and 38 of the 660 area offices), impeding interconnection among all DIGERCIC offices.
- 1.11 Registry procedures have traditionally been cumbersome, rigid, and slow, and the quality of customer service has never been taken into account. This has seriously affected registrars' productivity as well as service quality, as measured in wait times and document reliability. In addition, the registry management system in place until 2009 had become outdated with respect to the possibilities offered by new information technologies. Lastly, since registration was a written process, personnel were hired based on skills such as good penmanship rather than other skills better suited to the needs of a modern, customer-service-oriented civil registry.
- 1.12 **The government's response.** To address these challenges, the Government of Ecuador declared a state of emergency in the sector (by Executive Decree 818 of

- 21 December 2007) and prepared the DIGERCIC modernization plan with the Bank's support. Implementation of the expansion stage of this plan will cost roughly US\$230 million. Its five-year execution period is divided into three phases: an experimental phase that has already been completed and two expansion phases (phases one and two).
- 1.13 The Ecuadorian government allocated US\$91.1 million in special funds to support implementation of the plan, consisting of partial development of the new management model and its implementation at three pilot offices (one in Guayaquil and two in Quito: the main office and Quito South). The management model envisages a new approach to customer service, registry management, technology management, and administrative and human resources management. To date, only the customer service, registry management, and several modules of the technology management components have been completed. The administrative and human resources management component, supported by the Bank with a technical-cooperation operation to support Ecuador's civil registry modernization plan (ATN/IP-11620-EC), has yet to be developed, and the technology component is pending completion.
- 1.14 The results obtained in the experimental phase are very promising. For example, the time for processing a birth certificate fell from eight hours to two and, for issuing an identity card, from eight hours to three.
- 1.15 The objective of phases one and two (two years each) will be to expand the pilot project to the rest of the country. Among other things, this will involve: (i) implementing the new model at 192 provincial and canton offices; (ii) equipping mobile teams to bring registration and documentation services closer to the most vulnerable groups (e.g. indigenous communities and the disabled); and (iii) establishing registry offices at health centers with an average of more than 1,000 births a year, which will increase coverage to 37% of newborns and lower underregistration and late registration rates. Also during the expansion phases, development and implementation of the administrative management model will be concluded, as will the restructuring of human resources and the remainder of the technology component.
- 1.16 This project will finance the initial expansion stage, at a cost of US\$93.5 million; the remaining US\$137 million for the project will be financed with fiscal revenues.

B. Objective

- 1.17 The general objective of the proposed operation is to support the Ecuadorian government in reducing underregistration and late registration of births, increasing the civil identification rate, and improving the quality and reliability of vital records and civil identification documents.

Figure I – 2



C. Components

- 1.18 **Component 1. Expanding coverage of DIGERCIC services.** The objective of this component will be to bring registry and identity card enrollment services closer to the population and improve service quality based on the new customer service model, taking into account the elements needed to reduce geographic, ethnic, cultural, gender, disability, and other barriers to access, while adapting physical spaces to the requirements of registration activities.
- 1.19 This component includes the following activities: (i) upgrading DIGERCIC's physical infrastructure, which will involve building or remodeling 183 provincial and canton DIGERCIC offices; (ii) installing 58 kiosks for issuing certificates (this being the simplest, most easily automated task) at 13 provincial offices and seven canton offices, in order to lighten the registrars' workload and enable them to devote more time to more complex tasks such as ID-card processing, registration, corrections, etc.; (iii) deploying 130 mobile teams to serve the most remote and vulnerable populations, with 50 providing all services and the remaining 50 providing only ID-processing services to indigenous and Afro-descendant communities and the disabled; and (iv) putting 123 *Agencias de Registro Civil en Establecimientos de Salud* [civil registry branches at health establishments]

(ARCES) into operation at hospitals that average more than 1,000 births a year (11 ARCES have already been set up on an experimental basis). This activity is expected to help cover an additional 37% of newborns.

- 1.20 **Component 2. Improving the quality of DIGERCIC services.** The objective of this component, which will complement implementation of the preceding component, will be to improve the quality of the services DIGERCIC provides to citizens and other public or private entities and make the registry information and identity documents reliable, secure, and durable, thus ensuring a unique identity for each citizen.
- 1.21 This component involves the following activities: (i) process optimization, by enhancing and supporting implementation of the new customer service model developed during the experimental phase and developing and implementing the modern administrative management model based on the recommendations resulting from operation ATN/IP-11620-EC; (ii) technology modernization, which will involve adapting existing regulations to apply the new technologies, and developing and purchasing the new technologies needed to implement the new management model (apart from those already developed or purchased); (iii) expansion of the technology platform, which will entail procurement of the hardware and systems needed to implement the new management model at all DIGERCIC offices in the first expansion phase (including mobile teams and ARCES); (iv) creation of a technology office within the institution for technology management and maintenance, to make the investment in technology sustainable; (v) system interoperability, guaranteed under the *Ley de Datos* [Data Act], which will initially be introduced based on interagency agreements, with the aim of creating and implementing a technology platform that enables public and private entities (e.g. police, health authorities, customs, the financial system, etc.) and citizens to securely check and corroborate vital data on-line and in real time; (vi) strengthening of human resources, which will involve training existing personnel on the new management model and financing the cutback of excess personnel, in accordance with the findings of sizing studies (with an estimated reduction in force of 500 employees); and (vii) change communication and management, to ensure the support of the general population and the commitment of DIGERCIC employees to the process of change, thus minimizing the project's risks.

D. Key results matrix indicators

- 1.22 The results matrix (Annex II) and the project execution plan (PEP) provide a complete description of the project. The itemized budget provides a detailed breakdown of costs at the input level. The problem tree (Figure I-1) and the logical framework ([OEL 7](#)) offer a clear view of the operation's vertical logic. The results matrix contains the results indicators at the impact, outcome, and output levels. The impact indicator reflects the indicator established in the Bank's country strategy with Ecuador. The outcome and output indicators have been carefully selected to measure the project's outputs and the complexity of the outcomes expected as a

result of its execution. All have a baseline and an established time and quantity target, and their source has been identified.

- 1.23 **Expected outcomes.** Specifically, the underregistration and late registration rates in the areas of intervention are expected to decrease by 3% and 9%, respectively, by the end of 2014, based on a 15% underregistration rate for births and a late registration rate of 47% (of a projected 2010 population of 14,209,000). In addition, the percentage of the population with secure IDs is expected to increase to 68% by the end of 2012 (considering that voters will be registered by that time, i.e. approximately 10 million of the estimated 15 million at the end of 2012). Wait times for documents should be reduced to two hours for civil registry certificates and three hours for the ID card (four and eight hours before the modernization process); 37% of newborns will be registered in the hospitals where they are delivered; and 12.63% of the seriously disabled and remote indigenous communities will be documented by the end of 2014 (with the programmed operation of approximately 150 ARCES).
- 1.24 The project is expected to yield a high return, in terms of both social and market prices (with taxes). According to the sensitivity analysis performed as part of the economic appraisal ([OEL 9A](#)), under a conservative scenario, the project's estimated internal rate of return exceeds 20%, with a net present value of US\$54 million (social price).

II. STRUCTURE AND FINANCING

A. Costs and financing

- 2.1 The total cost of this expansion phase of the National Civil Registration, Identification, and Documentation System Modernization Plan, to be financed with this operation, is US\$93.5 million, with US\$78 million financed by the Bank with resources from the Single Currency Facility of the Ordinary Capital, and a local counterpart contribution of US\$15.5 million. Disbursements will be made over a three-year period, with US\$40 million to be disbursed the first year, US\$35.8 million the second, and US\$3.2 million the third ([OEL 4](#)). The consolidated budget by component is shown in Table II-1, and the itemized budget is found in [OEL 3](#). The expenditure categories covered by the project include the procurement of goods, works, services, and consulting services. The project's financing costs will be defrayed with fiscal revenues. The loan proceeds will cover all costs inherent to the project in its initial stage.

Table II-I

Component	IDB (US\$)	Local contribution (US\$)	Total (US\$)
Component I: Expanding coverage	47,888,416	9,992,204	57,880,620
Component II: Improving the quality of DIGERCIC services	30,111,584	4,109,760	34,221,344
Project administration	-	345,600	345,600
Audits, evaluations, and contingencies	-	1,102,436	1,102,436
Project total	78,000,000	15,550,000	93,550,000

B. Fiduciary risks and mitigating measures

- 2.2 As part of the operation's design, the beneficiary entities took part in a project risk management exercise conducted following the Bank's methodology, where the following activities were performed: (i) risks and probability factors were identified and recorded; (ii) the project's risks were weighted; and (iii) the risk mitigation plan was developed. Details of the project risk assessment and the respective mitigation plan can be found in [OEL 5](#). These documents will be reviewed annually. This is considered to be a medium-risk project.
- 2.3 Among the issues identified during the aforementioned analysis is a possible decline in the commitment of the borrower and executing agency to fully implementing the modernization plan. The executing agency also believes that a delay in executing the modernization plan could be considered a major risk that would rob the reform process of credibility and therefore diminish the support of the current political authorities. The main mitigation measure will be to execute the project from the Coordinación General de Planificación [Planning Coordination Office] (CGP) of DIGERCIC, which will allow proper coordination between the technical and support units. Because the project is registered in the public investment system, changes can only be made by special procedure.
- 2.4 The risk assessment also included an analysis of DIGERCIC using the Bank's Institutional Capacity Assessment System, which found the level of risk to be medium. The fiduciary risks identified include: (i) institutional capacity to execute a project of this scope; (ii) weakness in procurement planning: DIGERCIC has no experience in managing procurement under the Bank's procurement policies or in using its Standard Bidding Documents (SBD) and Standard Request for Proposals (SRFP); and (iii) weaknesses in contract supervision and management. Plans are to strengthen all these areas to mitigate the associated risks by adjusting human resource profiles and providing training.
- 2.5 The project's implementation arrangements were developed on the basis of this analysis. The Program Operating Manual will establish the duties and responsibilities of everyone involved in the coordination process, the technical and fiduciary supervision structure, and the frequency and minimum content of

monitoring reports. There will be a project operations coordinator to centralize execution-related decisions and facilitate coordinated project execution within DIGERCIC's structure. The Bank's specialists will work closely with the DIGERCIC management team. The fiduciary risk assessment and mitigation measures are reflected in the fiduciary agreements and requirements document ([OEL 2](#)).

C. Environmental and social risks

- 2.6 The project has been classified as a Category "B" operation. The project's potential social and environmental impacts are directly related to the following aspects: location, construction, and operation. During the construction phase, there will be typical impacts related to the construction of civil works, such as the generation of dust and effluents, restrictions on vehicle traffic, impacts related to workers' occupational health and industrial safety, etc., which will be managed by fulfilling Ecuadorian regulatory requirements for civil constructions of this type. Potential impacts will be managed by complying with the national regulations specific to each, which have been successfully adopted and implemented by Ecuador.
- 2.7 The project is expected to generate positive impacts, especially among women, children, and indigenous and Afro-descendant groups. In addition, the project includes actions to culturally adapt the registry and documentation service. The project team will ensure compliance with the special policies applicable to the project: the Environment and Safeguards Compliance Policy (OP-703), the Disaster Risk Management Policy (OP-704), and the Operational Policy on Indigenous Peoples (OP-765).

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Borrower and executing agency.** The borrower will be the Republic of Ecuador and the executing agency the Civil Registration, Identification, and Documentation Directorate (DIGERCIC). The latter will act through its Planning Coordination Office (CGP), which will be supported by an operations coordinator and a management team consisting of personnel from the various DIGERCIC units (infrastructure, technology, organizational development, and financial management). **As conditions precedent to the first disbursement, the Program Operating Manual must be approved, with the Bank's no objection; the project's operations coordinator must be hired; the management team, consisting of the general administrative/financial coordinator, planning coordinator, head of infrastructure, technology management director, organizational development director, and financial management director of DIGERCIC, must be appointed; and the bidding documents for the procurement processes in the first four months of the project must be prepared.**

- 3.2 The CGP will be responsible for project coordination in direct collaboration with the Infrastructure, Technology, and Human Resources units, which will in turn have the support of the Organizational Development and Financial Management Unit. The CGP will ensure that the information needed for procurement processes is produced in a timely manner in each of the responsible units and will track the activities in the program execution plan (PEP). It will also track and monitor the project's outcome indicators.
- 3.3 The Operating Manual ([OEL 6](#)) contains the details on the project's implementation arrangements and significant considerations for execution of each of the components. Project activities will be carried out following a schedule based on the PEP ([OEL 1](#)). The PEP and its annual review, which will be reflected in the respective annual work plan (AWP) ([REL 1](#)), will contain the details for execution of the entire civil registry modernization project, including those associated with this operation's two years of execution. It will be modified every year, however, based on the project's actual progress. The annual reviews of the PEP (AWP) will be submitted to the Bank for approval.
- 3.4 The fiduciary agreements and requirements reflect the financial management and planning guidelines and the procurement supervision and execution guidelines that will be applied for project execution. The fiduciary agreements and requirements were developed based on an analysis of the country's fiduciary context and the institutional assessment of the executing agency, the risk assessment, and meetings held with executing agency personnel. They also take into account the Bank's experience working with the executing agency, which is currently administering operation ATN/IP-11620-EC.
- 3.5 Project procurements that are fully or partially financed with Bank resources will be governed by the policies for the procurement of goods and works financed by the Bank (document GN-2349-7) and the policies for the selection and contracting of consultants (document GN-2350-7). For procurements whose budgets exceed the thresholds established for the country, the SBDs and SRFPs will be used. For amounts below the thresholds, the Bank will agree with the executing agency on SBDs and SRFPs that are compatible with the aforementioned procurement policies. The specifications and the coordination mechanism between the Bank and DIGERCIC will be set out in the Operating Manual. The assessment of the executing agency found it to have medium fiduciary capacity, with a medium associated risk. The ex post supervision thresholds applicable to the project are the following:

Figure III-1

Works			Goods			Consulting Services		Thresholds for ex post review by type of procurement	
International competitive bidding (ICB)	National competitive bidding (NCB)	Shopping (S)	International competitive bidding (ICB)	National competitive bidding (NCB)	Shopping (S)	Statement of interest through the UNDB	100% national shortlist (consulting firms)		
> 3,000	> 300 < 3,000	< 300	> 250	> 50 < 250	< 50	> 200	< 200	Works	2,000
								Goods	160
								Consulting services	160

- 3.6 Direct contracting for any type of procurement and procurements that exceed the established thresholds for ex post review will be subject to ex ante review. In order to be eventually considered eligible for financing with Bank resources, contracting procedures initiated by the executing agency under national regulations before the loan contract enters into force must conform to and comply with the conditions and requirements established in the aforementioned procurement policies. Disbursements will be made as advances based on the project's actual liquidity needs, through a "specific special account" exclusively for the project. DIGERCIC will submit a disbursement request to the Bank along with an expense estimate for the next 180 days. At least 80% of the disbursements will be justified in the next request. The supporting documentation for expenditures will be reviewed by Bank personnel and/or consultants and by the external auditors on an ex post basis. Expenditures that are ineligible for Bank financing will be paid out of the local contribution or with other resources, depending on the nature of the eligibility issue.
- 3.7 During project execution, the executing agency will submit the project's audited financial statements on an annual basis. The external audit will be performed by level-one independent auditors (international audit firms) acceptable to the Bank, in accordance with the Bank's requirements and the terms of reference previously approved by the Bank. The costs of the audit will be financed with local counterpart resources.
- 3.8 Component 2 of the project calls for digitization services to be contracted for a (reference) price of US\$12.5 million. The executing agency has already begun the selection process for advance contracting of this service. As set out in paragraph 1.9 of policy GN-2349-7 on advance contracting and retroactive financing, the borrower may, at its own risk, initiate contracting before signing the loan contract with the Bank. In order for the corresponding contracts to be eligible for financing in these cases, the procurement procedures, including advertising, must be in accordance with said policy. The Bank will review the process used by the borrower and, if it meets the above requirement, expenditures made by the executing agency (up to US\$6.25 million) as advance payment to the contractor after the approval date of the project profile (2 September 2010) may be recognized and retroactively financed by the Bank once the conditions precedent in the loan

contract are met. These procedures are consistent with the Bank's policy on the recognition of expenditures, retroactive financing, and advance contracting (operational policy OP-504).

B. Summary of monitoring and evaluation arrangements

- 3.9 **Monitoring by the executing agency.** The executing agency will use the following documents to monitor the project: (i) the results matrix; (ii) the PEP; (iii) the monitoring and evaluation arrangements ([REL 2](#)); (iv) the procurement plan ([REL 3](#)); (v) the risk matrix, risk assessment, and mitigation plan ([OEL 5](#)); and (vi) the disbursement plan ([OEL 4](#)).
- 3.10 With the support of the monitoring and assessment consulting firm, whose duties will be outlined in the Operating Manual, DIGERCIC will prepare semiannual progress reports for review by the Bank. The executing agency will evaluate the project based on the results matrix and the monitoring and evaluation arrangements. The Bank will create a technical group to review documents for evaluation purposes and outline the technical supervision of its implementation.
- 3.11 **Supervision by the Bank.** The Bank will conduct administration missions or inspection visits, depending on the magnitude and complexity of project execution, following the timetable given in the PEP, which identifies as milestones the times when the Bank's technical supervision is deemed necessary. The Bank will also use the progress monitoring report, which reflects the estimated timing of disbursements and fulfillment of the physical targets and outcomes, along with a mechanism for evaluating project performance.

C. Evaluation

- 3.12 The executing agency will perform a final evaluation of the project in the last six months of execution by hiring a consulting firm (financed with resources from the operation) that will prepare a consolidated final report with reference to the baselines and with evaluations of each of the subcomponents and the data to be gathered according to the results matrix and the monitoring and evaluation arrangements. This evaluation will be reflexive in nature. In addition, as part of the final evaluation, an economic appraisal ([OEL 9A](#)) will be performed again to determine the extent to which the expected economic impact was achieved.
- 3.13 A qualitative study will also be conducted, developing instruments to measure the perception of the civil registry's activities. The study will be complemented with customer satisfaction surveys, and the findings will be presented as an annex to the project's general evaluation.
- 3.14 The executing agency undertakes to implement and maintain a monitoring and evaluation system for all project components, available on a web platform to which the executing agency and the Bank have access. This system will be administered by the executing agency.

**Development Effectiveness Matrix
Summary**

Indicator	Score	Maximum Score
<i>I. Strategic Relevance</i>	Low	
1. IDB Strategic Development Objectives	3.5	10
Country Diversification	2.0	2
Corporate Initiatives	0.0	2.5
Harmonization and Alignment	0.5	3.5
Beneficiary Target Population	1.0	2
2. Country Strategy Development Objectives	0.4	10
Country Strategy Sector Diagnosis	0.0	6
Country Strategy sector objective & indicator	0.4	4
<i>II. Development Outcomes - Evaluability</i>	Highly Satisfactory	
3. Evidence-based Assessment & Solution	7.8	10
4. Evaluation & Monitoring Plan	9.3	10
5. Cost-Benefit or Cost-Effectiveness	7.0	10
6. Risks & Mitigation Monitoring Matrix	7.5	10
<i>III. IDB's Role - Additionality</i>		
7. Additionality	3.0	10
Technical Assistance provided prior the project	3.0	3
Improvements in management of financial, procurement, monitoring or statistics internal controls	0.0	4
Improvements in environmental, health and labor performance	0.0	3

I. Strategic Relevance: This project will be implemented in Ecuador, a C/D group country in the Andean Region. Although the project does not fall in any of the Bank's corporate initiatives and was not identified as such in the sector analysis for the Country Strategy, providing identity documents to the poor is fundamental as it is a prerequisite to access social services, and it constitutes a priority for the Government of Ecuador. The project will target poor areas and where the people have the lowest registration rates and the greatest needs to access social programs.

II. Evaluability: The project has highly satisfactory evaluability, as it has an adequate characterization of the problem and proposes a solution that takes into consideration the country's characteristics. The results matrix includes adequate indicators to track progress in the implementation and achievement of results. The project has a cost-benefit analysis that will be replicated at project completion in order to compute the realized rate of return. It also has solid monitoring and evaluation arrangements. The risk management matrix has mitigation measures but lacks indicators to monitor them.

III. Additionality: The Bank provided technical assistance to prepare the project, related to the modernization of the registry system in the country.

RESULTS MATRIX

Program impact	A unique legal identity for citizens will (i) improve access to public services (housing, health, education, water and sanitation); (ii) promote access to the job market for disadvantaged groups.	
Program purpose	To reduce underregistration and late registration of births, increase the civil identification rate, and improve the quality and reliability of civil identification documents.	
Outcome indicators	Baseline	Target
Coverage of DIGERCIC services improves.		
1. Birth underregistration rate	15% <i>Source: IDB 2006</i>	12%
2. Late registration rate	39.4% in the highlands, 47.4% on the coast, 30.1% in the island region, 60.2% in the nondelimited zones, and 61.8 % in the Amazon region. <i>Source: IDB 2006</i>	30%, 40%, 25%, 55%, and 55%, respectively
3. Population over 18 with ID card	74% <i>Source: DIGERCIC</i>	95%
Service efficiency at DIGERCIC improves.		
1. Average times waiting in line at registry offices for a birth certificate and for an ID card	8 and 4 hours, respectively. <i>Source: DIGERCIC 2009</i>	2 and 3 hours, respectively
2. Average cost of obtaining certificates and ID cards	US\$32.75 and US\$30.50, respectively. <i>Source: DIGERCIC 2009</i>	US\$7.00 and US\$15.00, respectively
Security and reliability of identification documents improves.		
1. Cases of fraud involving credit cards issued based on false (or forged) ID cards	2,241 <i>Source: Dirección Nacional de Policía Judicial [National Judicial Police Directorate] 2009</i>	1,800

Outputs						
Component 1. Expanding coverage of DIGERCIC services						
The objective of this component is to increase the coverage of DIGERCIC services by:						
1.1 Upgrading DIGERCIC 's physical infrastructure						
1.2 Installing kiosks for issuing certificates						
1.3 Deploying mobile DIGERCIC teams						
1.4 Implementing civil registry branches at health establishments (ARCES)						
1.5 Providing cards for IDs						
Output indicators by subcomponent	Baseline	Year 1	Year 2	Year 3	Year 4	Total
1.1 Subcomponent: Upgrading DIGERCIC's physical infrastructure						
1.1.1 Construction of 7 provincial offices and 7 canton offices in densely populated areas						
Offices with adequate and sufficient infrastructure, as set out in the Operating Manual	3 provincial <i>Source: DIGERCIC 2009</i>		3 provincial 2 canton		4 provincial 5 canton	7 7
1.1.2 Remodeling of 8 provincial and 4 canton DIGERCIC offices in densely populated areas						
Provincial and canton offices remodeled as set out in the Operating Manual	0 <i>Source: DIGERCIC 2009</i>		3 provincial 2 canton		5 provincial 2 canton	8 4
1.1.3 Construction of 157 canton DIGERCIC offices						
Canton offices with adequate and sufficient infrastructure, as set out in the Operating Manual	0 <i>Source: DIGERCIC 2009</i>		20	65	72	157
1.2 Subcomponent: Installing kiosks for issuing certificates						
1.2.1 Procurement and installation						
Kiosks installed and operating	0	10	10	38		58

Output indicators by subcomponent	Baseline	Year 1	Year 2	Year 3	Year 4	Total
1.3 Subcomponent: Deploying mobile DIGERCIC teams						
1.3.1 Introduction of 130 mobile teams						
Full-service teams and ID card enrollment teams deployed and working	20 0	50 50	30			50 50
Individuals issued IDs and registered by mobile teams	1500 issued IDs, 1000 registered by December 2010				43,000 and 14,000	57,000
1.4 Subcomponent: Implementing the ARCES						
1.4.1 Implementation of civil registry branches at health establishments (ARCES)						
ARCES set up and running at hospitals delivering over 1,000 babies a year	11	26		97		123
Component 2. Improving the quality of DIGERCIC services						
The objective of this component is service quality and reliability and security of identification documents:						
2.1 Process optimization						
2.2 Technology modernization						
2.3 Restructuring of human resources						
2.4 Change communication and management						
Output indicators by subcomponent	Baseline	Year 1	Year 2	Year 3	Year 4	Total
2.1 Subcomponent: Process optimization						
2.1.1 Optimization of customer service and internal management processes						
DIGERCIC offices with the service model designed under the DIGERCIC modernization plan installed on a pilot basis	0		3			3

Output indicators by subcomponent	Baseline	Year 1	Year 2	Year 3	Year 4	Total
2.2 Subcomponent: Technological modernization of DIGERCIC						
2.2.1 Adaptation of regulations						
New bill drafted	0		0	0	1	1
2.2.2 Development and/or procurement of information and communication technology (ICT) applications						
Administrative applications (software) procured and installed for management system implementation, as detailed below: (i) network administration and monitoring; (ii) security management; (iii) internal user assistance; (iv) data analysis (data warehouse/data-mining); (v) fixed assets inventory; (vi) transportation management; (vii) document management; (viii) digitization, and (ix) intranet.	0	4 (i+iii+vii+viii in Phase 1)	3 (v+vi+viii in Phase 2)	3 (ii+iv+ix)		10
No. of training sessions on new systems	0	8	6	6		20
2.2.3 Expansion of the technology platform¹						
Central/provincial offices with ICT equipment	3	35				38
Canton offices with ICT equipment	0		20	65	72	157

¹ This is being managed with small ad-hoc teams, which entails a sustainability risk factor.

Output indicators by subcomponent	Baseline	Year 1	Year 2	Year 3	Year 4	Total
2.2.4 Building technology management and maintenance into the institutional structure						
Technology Management Office established and in operation ²	0					0
Organization and training plan designed			1			1
Operating Manual prepared				1		1
Operation					1	1
2.2.5 Interagency interoperability						
Software procured for interconnecting State institutions (for on-line searches of DIGERCIC)	0			5	5	10
2.3 Strengthening of DIGERCIC's human resources						
2.3.1 Institutional sizing of human resources³						
Baseline study	0	1				1
Updating (training) plan designed	0	1				1
Employees trained in the new management system	0	100	500	500	500	1,600
2.3.2 Streamlining of DIGERCIC's human resources						
Streamlining processes	0		1	1	1	3

² In operation means having the combination of technology and administrative personnel and supplies and equipment as given in the operating manual.

³ DIGERCIC is conducting a competency gap assessment on the existing 1,898 employees to determine its human resource needs. A plan for closing knowledge gaps will be implemented on the basis of this assessment.

Output indicators by subcomponent	Baseline	Year 1	Year 2	Year 3	Year 4	Total
2.3.3 Development of new human resource policies						
New human resource management policy (including compensation, career tracks, performance evaluations, security, occupational health and environment, and social wellbeing) designed	0		1			1
2.4 Change communication and management						
Internal and external communication strategy designed	0			1	1	1
Evaluation of perceptions of the DIGERCIC	0	1				1
Final evaluation					1	1

SUMMARY OF 2010-2014 PROCUREMENT PLAN

Category and description of procurement contract	Estimated procurement cost (US\$000)	Procurement method	Source of financing and percentage		Status (pending, in progress, awarded, cancelled)
			IDB %	Local / other %	
Good 1	145.60	NCB	100%	0%	Pending
Procurement of computer equipment for 130 ARCES					
Good 2	72.80	NCB	100%	0%	Pending
Procurement office furniture for 130 ARCES					
Good 3	909.00	ICB	100%	0%	Pending
Procurement and installation of kiosks at 30 provincial and 7 canton offices					
Good 4	2,163.00	ICB	72%	28%	Pending
Procurement of computer equipment for 100 mobile teams, 157 canton offices					
Good 5	3,140.00	ICB	42%	58%	Pending
Procurement of office furniture for 157 canton offices					
Good 6	1,355.00	ICB	30%	70%	Pending
Procurement of registry and ID card enrollment units for 157 canton offices					
Good 7	376.00	NCB	100%	-	Pending
Procurement of special networks and equipment for 157 canton offices					
Good 8	3,903.00	ICB	100%	-	Pending
Procurement of equipment to expand the technology platform: (i) servers, (ii) PCs, and (iii) laptops					
Good 9	4,130.00	ICB	100%	-	Pending
Procurement of equipment to expand the technology platform: (i) multifunction printers, (ii) multifunction copiers, (vi) high-speed scanner, and (vii) uninterruptible power supply					
Good 10	22.00	S	100%	-	Pending
Procurement and implementation of a software application for internal user assistance (HELP DESK)					

Category and description of procurement contract	Estimated procurement cost (US\$000)	Procurement method	Source of financing and percentage		Status (pending, in progress, awarded, cancelled)
			IDB %	Local / other %	
Good 11	56.00	NCB	100%	-	Pending
Procurement and implementation of a software application for network administration and monitoring					
Good 12	33.00	S	100%	-	Pending
Procurement and implementation of a software application for transportation management					
Good 13	22.00	S	100%	-	Pending
Procurement and implementation of a software application for intranet					
Good 14	1,410.00	ICB	100%	-	Pending
Procurement of drawer and shelving units for an institutional central file					
Good 15	13.00	S	100%	-	Pending
Procurement of server expansion unit to manage the administrative systems and e-services platform					
Good 16	233.00	NCB	100%	-	Pending
Procurement of security hardware					
Good 17	1,120.00	ICB	100%	-	Pending
Procurement of an IP telephone switchboard for national coverage					
Good 18	8.00	S	100%	-	Pending
Procurement of equipment for WIFI zones					
Good 19	12,500.00	LB	100%		In progress
Procurement of digitization service					
Good 20	201.00	NCB	100%	-	Pending
Procurement of biometric clocks					
Good 21	500.00	NCB	100%	-	Pending
Procurement of furnishings for Ambato project					
Works 1	1,855.68	NCB	100%	0%	Pending
Works 1 - Cuenca (remodel)					
Works 2	1,605.12	NCB	100%	0%	Pending
Works 2 - Azogues (remodel)					
Works 3	1,683.84	NCB	100%	0%	Pending
Works 3 - Ibarra (remodel)					
Works 4	1,440.00	NCB	100%	0%	Pending
Works 4 - Tulcán (new construction)					

Category and description of procurement contract	Estimated procurement cost (US\$000)	Procurement method	Source of financing and percentage		Status (pending, in progress, awarded, cancelled)
			IDB %	Local / other %	
Works 5	1,774.08	NCB	100%	0%	Pending
Works 5 - Quevedo (remodel)					
Works 6	1,891.20	NCB	100%	0%	Pending
Works 6 - Milagro (new construction)					
Works 7	2,047.68	NCB	100%	0%	Pending
Works 7 - Babahoyo (new construction)					
Works 8	1,431.36	NCB	100%	0%	Pending
Works 8 - Daule (new construction)					
Works 9	1,447.68	NCB	100%	0%	Pending
Works 9 - Guaranda (remodel)					
Works 10	2,826.00	NCB	100%	0%	Pending
Group 1 - Latacunga and Riobamba (2 remodels)					
Works 11	2,777.00	NCB	100%	0%	Pending
Group 2 - Manta and Chone (2 new constructions)					
Works 12	1,857.00	NCB	100%	0%	Pending
Works 10 - Portoviejo (remodel)					
Works 13	1,620.00	NCB	100%	0%	Pending
Works 11 - Jipijapa (new construction)					
Works 14	1,687.68	NCB	100%	0%	Pending
Works 12 - Loja (remodeling)					
Works 15	2,223.36	NCB	100%	0%	Pending
Group 3 - Santo Domingo and Zamora (2 new constructions)					
Works 16	2,834.88	NCB	100%	0%	Pending
Group 4 - Tena and Puyo (1 new construction and 1 remodel)					
Works 17	2,692.80	NCB	100%	0%	Pending
Group 5 - Machala and Macas (1 new construction and 1 remodel)					
Works 18	957.00	NCB	100%	0%	Pending
Works 12 - San Cristóbal (new construction)					
Works 19	1,521.60	NCB	100%	0%	Pending
Works 13 - Quito Norte (new construction)					
Works 20	1,626.00	NCB	100%	0%	Pending
Group 6 - Works for 20 canton offices					

Category and description of procurement contract	Estimated procurement cost (US\$000)	Procurement method	Source of financing and percentage		Status (pending, in progress, awarded, cancelled)
			IDB %	Local / other %	
Works 21	2,033.00	NCB	45%	55%	Pending
Group 7 - Works for 25 canton offices					
Works 22	2,033.00	NCB	45%	55%	Pending
Group 8 - Works for 25 canton offices					
Works 23	2,358.00	NCB	45%	55%	Pending
Group 9 - Works for 29 canton offices					
Works 24	2,358.00	NCB	45%	55%	Pending
Group 10 - Works for 29 canton offices					
Works 25	2,358.00	NCB	45%	55%	Pending
Group 11 - Works for 29 canton offices					
Consulting service 1	274.36	QCBS	100%	0%	Pending
Group 1 - Inspection of works: Cuenca, Azogues, Ibarra, and Tulcán					
Consulting service 2	297.68	QCBS	100%	0%	Pending
Group 2 - Inspection of works: Quevedo, Milagro, Babahoyo, and Daule					
Consulting service 3	60.32	QCBS	100%	0%	Pending
Inspection of Works 8 - Guaranda (remodel)					
Consulting service 4	117.68	QCBS	100%	0%	Pending
Inspection of works: Latacunga and Riobamba (2 remodels)					
Consulting service 5	260.56	QCBS	100%	0%	Pending
Inspection of works: Manta, Chone, Portoviejo, and Jipijapa					
Consulting service 6	162.96	QCBS	100%	0%	Pending
Inspection of works : Loja, Santo Domingo, and Zamora					
Consulting service 7	181.04	QCBS	100%	0%	Pending
Inspection of works: Tena, Puyo, Machala, and Macas					
Consulting service 8	39.88	QCBS	100%	0%	Pending
Inspection of Works 12 - San Cristóbal (new construction)					
Consulting service 9	63.40	QCBS	100%	0%	Pending
Inspection of Works 13 - Quito Norte (new construction)					

Category and description of procurement contract	Estimated procurement cost (US\$000)	Procurement method	Source of financing and percentage		Status (pending, in progress, awarded, cancelled)
			IDB %	Local / other %	
Consulting service 10	188.00	QCBS	100%	0%	Pending
Inspection of works for 157 canton offices					
Consulting service 11	420.00	QCBS	100%	0%	Pending
Contracting of consulting firm to develop and implement applications for e-services platform usability					
Consulting service 12	392.00	QCBS	100%	0%	Pending
Contracting of consulting firm to develop and implement a software application for logical security management					
Consulting service 13	313.00	QCBS	100%	0%	Pending
Contracting of consulting firm to develop and implement a software application for data analysis (data warehouse/data-mining)					
Consulting service 14	67.00	QCBS	100%	0%	Pending
Contracting of consulting firm to develop and implement a software application for training					
Consulting service 15	89.00	QCBS	100%	0%	Pending
Contracting of consulting firm to develop and implement a software application for document management					
Consulting service 16	150.0	QCBS	100%	0%	Pending
Contracting of consulting firm to develop and implement a software application for fixed assets inventory					
Consulting service 17	200.00	QCBS	100%	0%	Pending
Contracting of consulting firm to implement the recommendations on institutional adaptation					
Consulting service 18	100.00	QCBS	100%	0%	Pending
Contracting of consulting firm to develop the new regulatory framework					
Consulting service 19	264.00	QCBS	100%	0%	Pending
Contracting of consulting firm to formally create the civil registry's Technology Office					

Category and description of procurement contract	Estimated procurement cost (US\$000)	Procurement method	Source of financing and percentage		Status (pending, in progress, awarded, cancelled)
			IDB %	Local / other %	
Consulting service 20	39.00	QCBS	100%	0%	Pending
Contracting of consulting firm to develop the standards for interagency interoperability					
Consulting service 21	130.00	QCBS	100%	0%	Pending
Contracting of consulting firm to prepare an institutional diagnostic assessment of civil registry human resources					
Consulting service 22	100.00	QCBS	100%	0%	Pending
Contracting of consulting firm to prepare the gap assessment and develop the implementation plan					
Consulting service 23	162.00	QCBS	100%	0%	Pending
Training for streamlining of human resources					
Consulting service 24	75.00	QCBS	100%	0%	Pending
Contracting of consulting firm for the study and implementation plan for the new human resources policy					
Consulting service 25	300.00	QCBS	100%	0%	Pending
Training for human resource realignment, implementing the recommendations from the gap assessment					
Consulting service 26	100.00	QCBS	100%	0%	Pending
Contracting of consulting firm to prepare internal communication strategies					
Consulting service 27	224.00	QCBS	100%	0%	Pending
Contracting of consulting firm to measure service quality (surveys)					
Consulting service 28	500.00	QCBS	52%	28%	Pending
Implementation of the civil registry's internal communication strategy					
Consulting service 29	2,716.00	QCBS	26%	37%	Pending
Implementation of the civil registry's external communication strategy					

ICB = International competitive bidding
 LB = Limited bidding
 NCB = National competitive bidding
 QCBS = Quality- and cost-based selection
 S = Shopping

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/10

Ecuador. Loan ___/OC-EC to the Republic of Ecuador
Modernization of the National Civil Registry,
Identification, and Documentation System

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Ecuador, as Borrower, for the purpose of granting it a financing to cooperate in the execution of a program of modernization of the national civil registry, identification, and documentation system. Such financing will be for an amount of up to US\$78,000,000 from the Single Currency Facility of the Ordinary Capital resources of the Bank, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on __ _____ 2010)

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