

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PANAMA

**PROGRAM FOR TRANSPARENCY AND EQUITY IN SPENDING
ON SOCIAL PROTECTION II**

(PN-L1118)

LOAN PROPOSAL

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ELECTRONIC LINKS

REQUIRED

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2. [Means of Verification](#)
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OPTIONAL

1. [Economic Analysis](#)
2. [Monitoring and Evaluation Plan](#)
3. [Social Protection and Poverty Sector Framework Document](#)
4. [First Operation in the Programmatic Series](#)
5. [Comparative Matrix](#)
6. [Safeguard Policy Filter Report](#)

ABBREVIATIONS

BNA	Bono Nutricional Alimenticio [food voucher] program
CCT	Conditional cash transfer (programs)
COIFs	Centros de Orientación Infantil y Familiar [Child and Family Guidance Centers]
CONAIP	Consejo Nacional de Atención Integral a la Primera Infancia [National Council for the Comprehensive Care of Early Childhood]
IFARHU	Instituto para la Formación y Aprovechamiento de Recursos Humanos [Institute for Human Resources Training and Development]
LIBOR	London Interbank Offered Rate
MEDUCA	Ministry of Education
MEF	Ministry of Economy and Finance
MIDES	Ministry of Social Development
MINSA	Ministry of Health
RAIPI	Ruta de Atención Integral a la Primera Infancia [Integrated Early Childhood Care Pathway]

PROJECT SUMMARY
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Financial Terms and Conditions				
Borrower: Republic of Panama			Flexible Financing Facility^(a)	
			Amortization period:	15 years
Executing agency: Ministry of Economy and Finance			Original weighted average life:	9.97 years ^(b)
			Disbursement period:	12 months
Source	Amount (US\$)	%	Grace period:	24 months ^(b)
IDB (Ordinary Capital)	200 million	100	Inspection and supervision fee:	^(c)
			Interest rate:	LIBOR-based
Total	200 million	100	Credit fee:	^(c)
			Approval currency:	U.S. dollars from the Ordinary Capital
Project at a Glance				
Program objective/description: The objective of this operation and the programmatic series is to make social protection spending for the poor more transparent, equitable, and efficient and to enhance its ability to foster human capital accumulation. This operation is the second in a series of three programmatic policy-based loans.				
Special contractual conditions: This operation provides for a single disbursement, which is subject to fulfillment of the policy reform measures described in the program components (see paragraphs 1.24 through 1.39), the Policy Matrix (Annex II), and other conditions set forth in the loan contract.				
Exceptions to Bank policies: None.				
Strategic Alignment				
Challenges: ^(d)	SI <input checked="" type="checkbox"/>	PI <input type="checkbox"/>	EI <input type="checkbox"/>	
Crosscutting themes: ^(e)	GD <input checked="" type="checkbox"/>	CC <input type="checkbox"/>	IC <input type="checkbox"/>	

^(a) Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency and interest rate conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

^(b) The maximum original weighted average life of the loan and the grace period may be less, depending on the actual signature date of the contract.

^(c) 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 applicable policies.

^(d) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

^(e) GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problems to be addressed, and rationale

- 1.1 This is the second in a series of three programmatic policy-based loans. The objective of the series is to make social protection spending for the poor more transparent, equitable, and efficient and to enhance its ability to foster human capital accumulation. In the first operation in the series (operation PN-L1103; loan 3485/OC-PN), the program supported: design of the country's legal framework for government conditional cash transfer (CCT) programs and a master registry of beneficiaries; review of the institutional structure of the Ministry of Social Development (MIDES); definition of a mechanism for results-based payment and per capita funding for Child and Family Guidance Centers (COIFs); and introduction of the Children's Record Booklet as a tool for verifying the delivery of rights, care, and services that all girls and boys under 5 should receive in the framework of the Integrated Early Childhood Care Pathway (RAIPI). This second operation lends continuity to the reform process by supporting the development and implementation of regulations, and promoting and facilitating the implementation of the policies, strategies, and instruments leveraged under the first operation.

1. Macroeconomic situation and poverty

- 1.2 **Macroeconomic environment.** Panama is maintaining steady growth levels. Its gross domestic product (GDP) rose at an average rate of 7.1% from 2008 to 2014, while the average for the region was 3.2%. GDP grew 5.8% in 2015—a pace consistent with the final stage of the Panama Canal expansion. The last decade's high growth rates have placed Panama among the upper-middle per capita income countries. GDP per capita climbed at an average annual rate of 5.3% in real terms from 2007 to 2014, reaching US\$12,712 in 2014.
- 1.3 The nonfinancial public sector deficit was 2% of GDP in 2015, down from 3.4% in 2014. This is attributable to the government's medium-term fiscal consolidation strategy, executed within the parameters of the Fiscal Social Responsibility Act. As of 2015, the public debt amounted to 38.8% of GDP. The gross financing needs of the nonfinancial public sector are estimated at US\$2.1 billion¹ for 2016. This operation would therefore account for 9.5% of the disbursements needed in 2016.
- 1.4 Annual inflation in 2015 was 0.2%, maintaining a clear downward trend explained mainly by the decline in fuel prices. Panama's economy is oriented toward services production and exports, so it relies heavily on agriculture, energy, and manufactured imports to meet the productive sector's demand for inputs and satisfy household consumption needs. This outlook was reflected in a current account deficit of 6.5% of GDP in 2015, 93% of which was financed by foreign direct investment flows.
- 1.5 **Poverty and inequality.** Between March 2014 and March 2015, the incidence of poverty and extreme poverty fell from 25.8% to 23% and from 11% to 10.3%, respectively. Despite this positive trend, wide social gaps between urban areas,

¹ 2016-2020 Medium-term Lending Framework.

rural areas, and the indigenous *comarcas* persist.² Poverty and extreme poverty rates in rural areas were 46% and 25.3% in 2015, as opposed to 11.8% and 2.9% in urban areas. According to estimates from the 2010 poverty map, the incidence of extreme poverty in the three indigenous *comarcas* with province status topped 40%, and the poverty rate was over 70%. In Ngäbe Buglé, these figures were 80% and 94%, respectively.

- 1.6 Exposure to deprivation is more acute among children, particularly in early childhood, and is associated with delays in human capital accumulation, leading to a vicious circle of intergenerational perpetuation of poverty and inequality. More specifically, in 2015, the rates of poverty and extreme poverty among children under 5 were 37% and 19.2%, respectively, versus 16.3% and 6.7%, for example, for the 30-59 year age group.³ Among children under 5, 19% suffer from chronic malnutrition. The incidence of chronic malnutrition in this age group is higher among the extremely poor, reaching 56% in the *comarcas* of Guna Yala and Emberá-Wuonaan.⁴
- 1.7 **Social protection policy for the poor.** MIDES is the apex agency of Panama's social protection system. It is responsible for setting, coordinating, and monitoring social policy for priority groups, as well as for managing major social projects. MIDES implements three conditional cash transfer (CCT) programs: (i) *Red de Oportunidades* [Opportunities Network] for extremely poor families; (ii) *120 a los 65*, for older adults who are socially at-risk, vulnerable, marginalized, or poor; and (iii) *Ángel Guardián* [Guardian Angel] for extremely poor individuals with a severe disability. Between 2014 and 2015, spending on these CCT programs increased from US\$181 million to US\$214 million. In 2015, this expenditure accounted for 0.41% of GDP (0.08% for *Red de Oportunidades* and 0.31% for *120 a los 65*, 0.03% for *Ángel Guardián*). MIDES, through the National Secretariat for the Food and Nutrition Security Plan (SENAPAN), is also implementing the *Bono Nutricional Alimenticio* [food voucher] (BNA) program for families in extreme poverty. BNA provides vouchers that may be used solely for purchasing food from authorized stores.⁵

2. Progress and challenges of the reform process

- 1.8 **Targeting CCT programs and managing beneficiary roles.** The need to improve transparency and efficiency in the allocation of State transfers was identified in the first operation in the series. A master registry of beneficiaries (MRB) was the tool selected to achieve this objective, offering the means to harmonize allocation criteria across the various programs, monitor potential overlaps, and conduct audits based on cross-referencing with other administrative databases. This will include a single payment platform that will enable the government to centralize cash transfer payment processing. The ultimate objective of the master registry of beneficiaries is to expand program

² Estimates of the incidence of urban and rural poverty come from the MEF and are based on data from the March 2015 multipurpose survey, which is representative at the urban and rural levels, but not at the province level (or therefore the *comarca* level). Estimates for the indigenous *comarcas* come from the most recent poverty map available, which is based on 2010 census data.

³ Calculations by the authors based on data from the multipurpose survey (March 2015).

⁴ Salud Mesoamérica 2015 Initiative. Baseline results, 2013.

⁵ In 2014, the annual budget for BNA transfers amounted to 0.015% of GDP. For a more detailed description of MIDES's transfer programs, see [optional electronic link 4](#), paragraphs 1.8 to 1.13.

coverage among the poor and extremely poor and reduce leakages to nonpoor segments.⁶

- 1.9 In the first operation in the programmatic series, progress was made toward preparing a legal framework for creating the master registry of beneficiaries and single payment platform. Progress was also made in establishing a legal framework for CCT programs, with MIDES, as the lead agency for social policy, being given power to regulate matters related to the targeting and management of the beneficiaries' registry. In parallel: (i) a single scoring system was designed for classifying *Red de Oportunidades*, *120 a los 65*, and *Ángel Guardián* beneficiaries as poor or extremely poor; (ii) a proposed ministerial resolution was drafted for the adoption of this scoring system and to establish the intervals for the recertification of existing beneficiaries; (iii) a single social protection file was designed to request enrollment in CCT programs and recertify beneficiaries; and (iv) operating manuals were developed for MIDES's CCT programs that will adopt the contents of the resolution on targeting and recertification. The adoption of the single social protection file facilitates the standardization of enrollment in MIDES's CCT programs and improves coordination between these programs at the subnational level. This second operation in the programmatic series will provide support for the approval of a legal framework for CCT programs (including the recertification process), the master registry of beneficiaries, and the single payment platform. The third operation in the series will provide support for the framework's implementation.
- 1.10 **Structure of MIDES.** In the first operation, headway was made on building MIDES's institutional capacity via a specific institutional reorganization proposal with the aim of fostering synergies between its CCT programs. The Inclusion and Social Development Division was created within MIDES, responsible for supervising the beneficiary rolls, payments, monitoring and evaluation, and family support departments, and for implementing the *Red de Oportunidades*, *120 a los 65*, and *Ángel Guardián* CCT programs.⁷ The purpose of the new structure is to centralize and streamline processes common to the various programs at the central level (e.g. managing beneficiary rolls) and in MIDES's regional offices. This second operation (as well as the third operation) in the programmatic series will support the implementation and operational evaluation of the new institutional structure. In parallel, support will be provided to streamline the operating processes of *Red de Oportunidades* and BNA—two MIDES CCT programs with a shared focus on extreme poverty.
- 1.11 **Human capital accumulation and CCT programs.** The first operation identified the need to improve synergies between the payment of cash transfers and the beneficiaries' human capital accumulation. To improve the verification of

⁶ As explained in the loan proposal for the first operation in the programmatic series, despite the fact that *Red de Oportunidades* is the best-targeted program, its benefits reach only 48% of extremely poor individuals living in households with children. Similarly, *120 a los 65* reaches only 52% of the poor who live in households with adults over 65 where no one is receiving an old-age pension. A lack of targeting, combined with the absence of rules for periodic recertification of beneficiaries, also causes leakage problems. Thus, 53% of those who benefit from *120 a los 65* are not poor. Similarly, only 12% of the electricity subsidy and 20% of the liquefied gas subsidy are estimated to reach the poor (see [optional electronic link 4](#), paragraph 1.22).

⁷ For a discussion of MIDES's organizational challenges identified in the first operation, see [optional electronic link 4](#), paragraph 1.20.

coresponsibilities in health and education,⁸ the first operation supported the development and adoption of new operating manuals for MIDES's CCT programs (initial versions were produced for the *120 a los 65* and *Ángel Guardián*, programs). These manuals introduced clear-cut rules for verifying coresponsibilities.

- 1.12 To date, verification continues to be performed manually by MIDES outreach workers. The remaining operations in the series will provide support to modernize CCT program information systems (interconnection with the master registry of beneficiaries and single payment platform), which will be used to verify coresponsibilities electronically. At the same time, those operations will provide support for the drafting and implementation of interagency agreements between MIDES, the Ministry of Education (MEDUCA), and the Ministry of Health (MINSa) to narrow gaps in the supply of services (quantity and quality) for CCT program beneficiaries, and thereby facilitate the programs' objective of fostering human capital accumulation.
- 1.13 **Human capital accumulation and early childhood.** The need to improve and expand the supply of comprehensive early childhood services was identified in the first operation, with a view to increasing human capital accumulation among the poor and extremely poor.⁹ That operation supported the approval—via resolution—of the use of the *Libreta del Niño* [Children's Record Booklet] and the preparation of its operating regulations, in order to verify compliance with the comprehensive early childhood care and services dictated by the RAIPI. The first operation in the programmatic series also supported the development of a mechanism for results-based payment and per capita funding of the public and private providers that operate the COIFs, including center authorization, regulation, and accreditation processes. The public health literature and international experience report promising results when per capita and results-based payments are incorporated into the fixed network of facilities, along with incentives to increase the quality and use of maternal-and-child health services.¹⁰ The introduction of these funding criteria for the COIFs should produce similar results in terms of the quality of early childhood services.
- 1.14 This second operation (as well as the third) in the programmatic series will support the distribution and intensive use of the Children's Record Booklet, the approval and adoption of quality standards for the COIFs, the implementation of a results-based payment and per capita funding system for providers that operate the COIFs, and the design and implementation of a comprehensive care model with home visits for *comarcas* and remote rural areas.

⁸ Regarding the importance of this process, see [optional electronic link 3](#), paragraph 2.12.

⁹ As documented in the first operations in the series, early childhood stimulation and care centers reach only 2.9% of the population from 0-3 years of age, weighted more toward the 2-3 year age group (4.6% versus 1.2% for infants under 1). Differences are significant at the provincial level. For instance, coverage rates are 12.4% and 10.4% in the province of Herrera and in the *comarca* of Guna Yala, respectively, as compared with 0% in the *comarca* of Emberá-Wuonaan. Child care falls mainly to women. In 2010, three of every four children under 5 were cared for by their mothers. In the *comarcas*, this percentage is 90%. Annual coverage of counseling programs for pregnant women (provided through childbirth classes in the fixed and mobile health network and talks by the Instituto Panameño de Habilitación Especial [Panamanian Institute for Specialized Training] in hospitals) is extremely low, reaching just 1,000 women (see [optional electronic link 4](#), paragraph 1.26).

¹⁰ See examples in Argentina, with *Plan Nacer*, and in other countries (Basinga et al., 2011; Rusa et al., 2009).

3. Relationship with other Bank operations and lessons learned

- 1.15 The Bank has extensive experience with CCT programs and with streamlining social protection systems in the region. This experience points to the importance of establishing modern beneficiary rolls and information management systems in order to increase transparency in the allocation and management of spending on social protection. In Panama, the Bank has supported MIDES and *Red de Oportunidades* since 2008 through the Social Protection Program – Phase I (operation PN-L1007; loan 1867/OC-PN). That operation strengthened MIDES’ lead role in the social protection sector, bolstered the implementation of *Red de Oportunidades*, and expanded coverage of health services in remote areas served by *Red de Oportunidades*.
- 1.16 Important lessons were learned from the execution of operation PN-L1007 and from the first operation in this series. First, a strong mandate from the highest authorities (e.g. the Office of the President), together with monitoring of budget allocations and execution by the Ministry of Economy and Finance (MEF), are key to achieving effective coordination between MIDES programs and the supply of education and health services. Second, the level of MIDES’ management and technical capabilities requires that the design of operations focus on priority reforms (without adopting an overly complex operation structure). These lessons learned have been incorporated into the design of this operation, specifically: (i) in the creation of a simple structure for the Policy Matrix (Annex II), with a limited number of major conditions (e.g. approval of the legal framework for CCT programs and the master registry of beneficiaries); and (ii) in the promotion of interagency cooperation through MEF oversight.
- 1.17 In 2015, the Bank approved the Program for Development and Social Inclusion (operation PN-L1105; loan 3512/OC-PN), the investments of which are aligned with the objectives of this operation. Specifically, operation PN-L1105 will provide support to: (i) implement the targeting and recertification mechanisms; (ii) design and implement the master registry of beneficiaries and single payment platform; (iii) modernize the information management systems of MIDES’ CCT programs to ensure the effective verification of coresponsibilities; and (iv) increase the availability of early childhood development services at the COIFs in remote rural areas and indigenous *comarcas*.
- 1.18 In parallel to loan operations, the Bank has supported the Panamanian government through technical-cooperation operations relating to early childhood services (operations PN-T1094, ATN/OC-13348-PN; PN-T1105, ATN/OC-14030-PN; and PN-T1120, ATN/OC-14758-PN). One of the most important outputs supported by the Bank was the conceptualization, design, and institutionalization of RAIFI and some of its tools, such as the Children’s Record Booklet and the curriculum for children ages 0-3.
- 1.19 This operation lends continuity to the Bank’s support of the sector, helps solidify MIDES’s role as lead and executing agency for social protection policy, and also creates synergy with investment operation PN-L1105. The programmatic series ensures that investments are implemented in a consistent regulatory framework so as to maximize their impact, and the interventions included under operation PN-L1105 facilitate the implementation of the reforms envisaged in the programmatic series. The operation also creates synergy with the “Panama Online Program” (operation PN-L1114; loan 3683/OC-PN), which will provide the

National Authority for Government Innovation (AIG) with technical support for creating the platform that will be used to house, *inter alia*, the master registry of beneficiaries.

4. Strategic alignment

- 1.20 **Program's strategic alignment.** The program is consistent with the Update to the Institutional Strategy 2010-2020: Partnering with Latin America and the Caribbean to Improve Lives (document AB-3008) and directly aligned with the development challenge of social inclusion and equality by: (i) expanding coverage of CCT programs among the poor and extremely poor; (ii) reducing CCT program leakage among the nonpoor; (iii) targeting previously nontargeted subsidies toward the poor through the master registry of beneficiaries; and (iv) increasing coverage of comprehensive early childhood development (ECD) services. It is aligned with the regional context indicator "Poverty headcount ratio." The program is also aligned with the crosscutting theme of gender equality and diversity by increasing the availability of ECD services in indigenous *comarcas*, which could, in the medium term, enhance indigenous children's school progression and scholastic achievements. Moreover, the objectives of this operation contribute to the Corporate Results Framework 2016-2019 (document GN-2727-4) through the indicator "Beneficiaries of targeted anti-poverty programs (number of individuals)" included in the results matrix. Lastly, the program is consistent with the Strategy on Social Policy for Equity and Productivity (document GN-2588-4) and with the Social Protection and Poverty Sector Framework Document (document GN-2784-3) by supporting CCT programs for the extremely poor and the delivery of ECD services for the poor.
- 1.21 The operation is aligned with the country's social and economic strategy set forth in the Government Strategic Plan 2015-2019, which seeks to improve coverage of basic needs and services (Section 5.4) and the development of human capacity (Section 5.6). It is also consistent with the equity, equality, and inclusion pillar of MIDES's 2014-2019 strategic plan. Furthermore, it is aligned with the strategic objective of improving the delivery of basic services to population segments living in poverty included in the Country Strategy with Panama 2015-2019 (document GN-2838), by improving social program efficiency. Lastly, the operation is included in the 2016 Operational Program Report (document GN-2849).
- 1.22 **Coordination with other donors.** This operation complements and reinforces reforms promoted in the operations of other multilateral institutions that are currently in execution. One particular case in point is the synergy with a World Bank multisector programmatic series supporting countrywide implementation of the recertification of *Red de Oportunidades* beneficiaries.
- B. Objectives, components, and costs**
- 1.23 The objective of this operation and the programmatic series is to make social protection spending for the poor more transparent, equitable, and efficient and to enhance its ability to foster human capital accumulation. This second operation in the series is divided into three components.
- 1.24 **Component 1. Macroeconomic framework.** The objective of this component is to ensure that the macroeconomic environment is consistent with the program objectives as laid out in the Policy Matrix (Annex II).

- 1.25 **Component 2. Support for enhancing the equity and efficiency of social protection spending.** This component seeks to better allocate and strengthen the tools for managing and monitoring spending on social protection programs targeting the poor. In this second operation, this component will support the approval of the legal framework for CCT programs, the master registry of beneficiaries, and the single payment platform. This framework will establish, *inter alia*: (i) the power of MIDES, as the lead entity for social policy, to regulate the mechanisms for identifying the population living in poverty and extreme poverty, as well as the criteria and intervals for the recertification of beneficiaries (repealing the various definitions, criteria, and mechanisms established in the laws creating the *120 a los 65* and *Ángel Guardián* programs); (ii) that such identification and recertification mechanisms are to be applied to the current CCT programs or those implemented going forward; (iii) the development of prioritization criteria for universal programs; and (iv) recognition of *Red de Oportunidades* as a government program.
- 1.26 As a condition for disbursement, the legal framework will include the establishment of a single scoring system for classifying *Red de Oportunidades*, *120 a los 65*, and *Ángel Guardián* applicants and beneficiaries as poor or extremely poor, as well as the intervals for recertification and the review of the three programs' operating manuals, with a view to incorporating new targeting and recertification criteria. *Red de Oportunidades* and *Ángel Guardián* will use the extreme poverty threshold, while *120 a los 65* will use a higher threshold to identify the poor and extremely poor. Beneficiaries in extreme poverty will be recertified every four years, and the moderately poor every two years. The prioritization criteria for universal programs will also be determined.
- 1.27 The single scoring system will be calculated on the basis of the information collected in the new single social protection file. This file will be used to evaluate the requests of new applicants to the *Red de Oportunidades*, *120 a los 65*, and *Ángel Guardián* programs (policy condition (2.2b)), and to recertify at least 20% of beneficiaries who may qualify for recertification under these programs (beneficiaries in extreme poverty who have remained in the program for more than four years, and those in poverty for more than two years). This condition entails significant field work to recertify some 20,000 *Red de Oportunidades* and *120 a los 65* beneficiaries. No recertification of *Ángel Guardián* beneficiaries is anticipated, since it is a new program and its beneficiaries have not participated in it for more than four years, which is the interval envisaged for the recertification of individuals or households classified as extremely poor. The recertification process is expected to begin in areas with a low or medium incidence of extreme poverty.
- 1.28 This component will also support efforts to channel universal or nontargeted subsidies to the poor or extremely poor. First, to implement the prioritization criteria for MIDES's universal programs, a condition for disbursement will be a review of the operating regulations of the *Beca Universal* [Universal Scholarship] program administered by the Institute for Human Resources Training and

Development (IFARHU).¹¹ The aim of this review is to facilitate the cross-referencing of regular data with *Red de Oportunidades* beneficiary rolls, and include preferential access for that program's beneficiaries who are not yet enrolled in *Beca Universal*. Second, this operation will support reallocating at least US\$20 million of the budget for nontargeted subsidies (electricity and liquefied gas) toward MIDES's CCT programs that have adopted the new, unified mechanism for identifying the poor and extremely poor.

- 1.29 Lastly, this component envisages two ways to move forward in the reorganization of MIDES's institutional structure. First, efforts will be made to ensure that the Inclusion and Social Development Division created under the first operation is operating and performing its role of managing social protection programs by appointing its director and allocating the necessary human resources. Second, the operation will support progress on streamlining the operational processes of BNA and *Red de Oportunidades* by merging the beneficiary rolls of each and preparing a report that sets out a roadmap to streamline and create synergy between BNA and *Red de Oportunidades*.
- 1.30 Most of the policy conditions set out in the Policy Matrix (Annex II) for this operation are the same ones identified as triggers for the second operation when the programmatic series was designed. In some instances (conditions (2.1g) and (2.3a)), edits were made to the wording to clarify their scope.¹² Condition (2.3b) was amended to reflect that the initial objective of merging the BNA and *Red de Oportunidades* has been replaced with streamlining the programs' operating processes, with the aim of creating synergy between them. The new objective is not to merge the programs, but rather to ensure that they complement each other in serving the same target population (the extremely poor) by alleviating poverty, as well as promoting human capital accumulation and differentiated nutritional care in areas with a high prevalence of anemia and chronic malnutrition. This second operation in the programmatic series aims to make headway on merging beneficiary rolls and preparing a plan to combine some operating processes going forward (e.g. targeting, payment and/or monitoring of beneficiaries). See [optional electronic link 5](#).
- 1.31 In the third operation, Component 2 will continue the reform process by supporting: (i) the recertification of 40% of MIDES's CCT program beneficiaries; (ii) implementation of *Beca Universal* prioritization criteria for the poor; (iii) retargeting of at least US\$30 million per year in nontargeted subsidies toward the poor; (iv) launch of the master registry of beneficiaries and single payment platform; (v) operational evaluation of the reorganization of MIDES and the streamlining of BNA and *Red de Oportunidades* operating processes; and

¹¹ *Beca Universal* is a CCT program for school-aged children and youth who attend schools where the annual cost of tuition plus monthly fees does not exceed US\$1,000. The scholarship amount is US\$20 to US\$30 per month for primary education, from US\$20 to US\$40 per month for presecondary education, and from US\$20 to US\$50 per month for secondary education. Payments are contingent upon attendance and a minimum grade-point average of 3.0 each quarter for primary education and a minimum grade of 3.0 in each subject for presecondary and secondary education. In 2014, 478,574 students benefited from the program.

¹² A formal change was made in condition (2.3a) to reflect the name of the new MIDES division. The change in condition (2.1g) reflects the fact that the reform's gradual implementation begins by reallocating the budget for nontargeted subsidies to MIDES's cash transfer programs. While programs have adopted a new mechanism to identify the poor and extremely poor, the process of recertifying their beneficiaries has not yet been completed.

- (vi) adoption by *Red de Oportunidades* of the same education coresponsibility used by *Beca Universal* (i.e. verification of performance,¹³ to replace the current condition, which was defined in terms of attendance and has not been adequately verified in practice).
- 1.32 **Component 3. Human capital accumulation.** The aim of this component is to improve the linkage between CCT programs and the availability of health and education services, as well as to support the implementation of a comprehensive early childhood services model.
- 1.33 Regarding CCT programs, for the first time interagency agreements will be finalized between MIDES and MINSA, and between MIDES and MEDUCA to strengthen the supply of health and education services, respectively, for MIDES program beneficiaries with the aim of facilitating fulfillment of the beneficiaries' coresponsibilities. In addition, progress will be made on restructuring *Red de Oportunidades* cash transfers (to include at least one of the following variables: number of persons; education cycle; or poverty level), with the aim of acknowledging the particular situation of large families and/or the need to increase, in the case of extremely poor children, the incentive for school progression through secondary school. More specifically, a report will be prepared that analyzes alternatives for structuring transfers, proposes the adoption of one such structuring, and details the steps to follow for its implementation.
- 1.34 To make progress in the area of comprehensive early childhood care, this operation will support: (i) use of the Children's Record Booklet as a tool to verify compliance with RAIPI rights, care, and services for 20,000 children or expectant mothers; (ii) implementation of RAIPI actions, with MIDES being given power as the apex and oversight agency of the COIFs, and approval of quality standards for the COIFs, whether public or private; these standards will adopt a comprehensive view, including infrastructure, provisioning, human resources, health and nutrition, pedagogical content, and family and community relations, as well as the corresponding verification indicators; (iii) gradual implementation of the comprehensive care model for implementation in the COIFs, as well as gradual implementation of the mechanism for results-based payment and per capita funding of the public and private providers that operate the COIFs; and (iv) development and approval, by the Technical Committee of the National Council for the Comprehensive Care of Early Childhood (CONAIFI), of the comprehensive care model with home visits for *comarcas* and remote rural areas (where poverty is deeper and COIFs are not present).
- 1.35 As in Component 2, most of the policy conditions laid out in the Policy Matrix (Annex II) for this operation are the same ones identified as triggers for a second operation when the programmatic series was designed. In some instances (conditions (3.1b), (3.2a), (3.2e), and (3.2f)), edits were made to the wording to

¹³ Payment of the *Beca Universal* scholarship is contingent upon attendance and a minimum grade-point average of 3.0 each quarter for primary education and a minimum grade of 3.0 in each subject for presecondary and secondary education.

- clarify their scope.¹⁴ In others (conditions (3.2b) and (3.2c)), the triggers were amended to reflect the implementation time—slower in one case and faster in another—of the planned reforms (see [optional electronic link 5](#)).
- 1.36 Condition (3.2b), regarding the mechanisms for results-based payment and per capita funding of the public and private providers that operate the COIFs, was amended to reflect the time necessary to develop and gradually implement the models. This operation will advance in the planned reform by preparing the regulations for the COIFs, detailing the comprehensive care model and the model of per capita funding for public and private providers, and disseminating information on these models and their use by public providers. In the third operation in the series, the reform will apply to private operators of the COIFs.
- 1.37 Condition (3.2c), regarding the adoption of the RAIPI, was amended to reflect that the reform process was in a more advanced stage. The RAIPI has been adopted and regulated by executive decree since February 2014. The aim of this operation is to promote the implementation of RAIPI actions, including: (i) the establishment of MIDES as the apex and oversight agency of the COIFs; and (ii) adoption of quality standards for the COIFs.
- 1.38 In the third operation, Component 3 will continue the reform process by supporting: (i) verification of *Red de Oportunidades* beneficiary coresponsibilities; (ii) use of the Children’s Record Booklet for at least 40,000 children or expectant mothers, and an operational evaluation thereof; (iii) implementation of quality standards for comprehensive care at the COIFs; and (iv) implementation of the comprehensive care model with home visits for the *comarcas* and remote rural areas.
- 1.39 The program’s Policy Matrix (Annex II) presents the policy actions that have been agreed upon with the Panamanian government. The reforms continue to move successfully in the direction designed by the series. The changes in the policy actions set out in this document and detailed in the [Comparative Matrix](#) have no impact on the substance of the reforms or the objectives of the programmatic series.

C. Key outcome indicators

- 1.40 The [Results Matrix](#) for the programmatic series identifies the outputs and outcomes that should accompany implementation of the policy measures aimed at enhancing the transparency and equity of social protection spending. Chief among the outputs of this second operation in the programmatic series are streamlining of the targeting criteria used by CCT programs, the legal and operational framework for the master registry of beneficiaries and single payment platform, modification of CCT programs’ operating procedures to reflect the new

¹⁴ The change in condition (3.1b) specifies that the restructuring of *Red de Oportunidades* transfers will continue to move forward until a study is conducted that proposes a new design. The change in condition (3.2a) clarifies that the Children’s Record Booklet is a tool for continued implementation of the RAIPI starting in pregnancy and is therefore distributed to children or expectant mothers. The change in condition (3.2e) reflects the fact that the reform will continue to move forward until the operating regulations of the COIFs are presented to the Office of the Comptroller of the Republic, which is a necessary step for their subsequent approval by MIDES. Lastly, the change in condition (3.2f) stipulates that CONAIFI’s Technical Committee has developed and approved the comprehensive care model for home visits in the *comarcas* and remote rural areas, which is a necessary step for its subsequent approval by CONAIFI.

targeting criteria, preparation of operating regulations for the COIFs, and approval of the comprehensive care model with home visits for the *comarcas* and remote rural areas. The outcomes expected to result from these outputs include greater coverage of CCT programs' target population, as well as an increase in the percentage of beneficiaries whose compliance with coresponsibilities is verified. Specifically, coverage of *Red de Oportunidades* among the extremely poor is expected to increase from 48% to 80%. At the same time, CCT program leakage is expected to drop to 25%. The Results Matrix includes the indicator "Beneficiaries of targeted anti-poverty programs (number of individuals)" from the Corporate Results Framework 2016-2019 (document GN-2727-4). The improved targeting of CCT programs should have an impact in terms of reducing poverty and extreme poverty.

- 1.41 **Economic analysis.** An [Economic Analysis](#) was performed of the expected costs and benefits of the most emblematic and innovative policy measures supported through the programmatic series: (i) in the area of ECD, implementation of quality standards for comprehensive child care under the COIF system; and (ii) in the area of CCT programs, targeting *Red de Oportunidades* toward the extremely poor. In both cases, the benefits stem from future returns, in terms of higher earned income based on accumulated human capital. The net present value of the reforms, analyzed under conservative scenarios using a discount rate of 5%, is US\$155.6 million, so the value generated by all the reforms is considered to be even higher.¹⁵ The sensitivity analysis showed that the key parameters include the discount rate and the future return on comprehensive early childhood services and higher school enrollment.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 This operation is structured as a programmatic policy-based loan. The choice of this instrument is justified for the implementation of medium-term reforms, in a context of increasing delivery capacity (stimulated by the operations within the series as well as parallel investment operations), utilizing in each phase the knowledge acquired previously. The operation's structure follows and is consistent with the guidelines and directives set out in document CS-3633-1 (Policy-based Loans: Guidelines for Preparation and Implementation). The amount of financing for this second operation in the programmatic series will be US\$200 million, drawn from Ordinary Capital resources. This amount is justified pursuant to paragraph 3.27(b) of document CS-3633-1, namely, based on "the country's broad fiscal resource needs." The amount of the subsequent operation will be determined based on the country's financing needs and its programming exercise with the Bank.

B. Environmental and social risks

- 2.2 This operation does not envisage activities with adverse implications for natural resources. Accordingly, pursuant to Directive B.13 of the Environment and Safeguards Compliance Policy (document GN-2208-20 and Operational Policy OP-703) and because it involves a policy-based sector loan, it does not require

¹⁵ For a discussion of the selection of the discount rate, see footnote 1 in the [Economic Analysis](#).

classification. The social impact of the program's policy measures is expected to be positive (see [optional electronic link 6](#)).

C. Other risks

- 2.3 The operation faces a medium-level risk in the area of public management and governance, for which mitigation measures have been identified. There is the risk of the loss of political consensus for implementing legal regulations. This risk has been mitigated by forming a Program Committee to build consensus around these regulations. The committee will comprise: the Vice President, the Minister-Counselor, the Minister of Social Development, the Minister of Economy and Finance, and the Director of the National Authority on Government Innovation. Moreover, the parallel execution of operation PN-L1105 will serve to support Panama with the investments needed to implement the policy reforms, thus increasing the sustainability of the programmatic series' outcomes.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 The borrower is the Republic of Panama. The program's executing agency will be the MEF, through the Dirección de Financiamiento Público [Public Credit Bureau], which will be responsible for coordinating with the agencies involved in implementing the planned reforms, will undertake actions to achieve the defined policy objectives, and will submit reports and evidence of fulfillment of the program's policy conditions.
- 3.2 Under this operation, five authorities are responsible for implementing and monitoring policy measures: (i) the MEF's Public Credit Bureau, responsible for intersector and intergovernmental coordination for programmatic loans, and for the fulfillment of policy condition (2.1g); (ii) IFARHU, responsible for reviewing the operating regulations of *Beca Universal* (condition (2.1f)); (iii) MINSA, responsible for fulfilling condition (3.2a); (iv) the Program Committee (the composition of which is described in paragraph 2.3) whose main function is to verify the progress made in implementing the policy measures; and (v) MIDES, which is responsible for fulfilling the rest of the conditions.
- 3.3 This operation provides for a single disbursement, which will be subject to fulfillment of the policy reform measures described in the program components (see paragraphs 1.24 through 1.39) and in the Policy Matrix (Annex II), and other conditions set forth in the loan contract.

B. Summary of results monitoring arrangements

- 3.4 Program monitoring will consist of verification of the policy measures spelled out in the [Results Matrix](#). The matrix differentiates between the near-term results, which are regulatory in nature, and those that will be seen in the medium term as a result of reforms. These include CCT program coverage and leakage indicators and comprehensive care service coverage indicators. The long-term results will be associated with human capital accumulation among the poor and the resulting poverty reduction. Evaluation will include an experimental impact evaluation of the implementation of quality standards for the COIFs. The evaluation will explore to what extent the intervention has had an impact on children's physical, cognitive, social, and emotional development (see [optional electronic link 2](#)).

IV. POLICY LETTER

- 4.1 In a [policy letter](#) submitted by the MEF, the Government of Panama for the Bank outlined its macroeconomic and sector policies, describing the main components of the government's strategy for this program and reaffirming its commitment to undertake the agreed activities.

Development Effectiveness Matrix			
Summary			
I. Strategic Alignment			
1. IDB Strategic Development Objectives		Aligned	
Development Challenges & Cross-cutting Themes		-Social Inclusion and Equality -Gender Equality and Diversity	
Regional Context Indicators		-Poverty headcount ratio (US \$4 per day PPP) (%)	
Country Development Results Indicators		-Beneficiaries of targeted anti-poverty programs (#)*	
2. Country Strategy Development Objectives		Aligned	
Country Strategy Results Matrix		GN-2838	Improve the delivery of basic services to the population living in poverty.
Country Program Results Matrix		GN-2849	The operation is included in the 2016 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)			
II. Development Outcomes - Evaluability		Highly Evaluable	Weight
		9.5	Maximum Score
3. Evidence-based Assessment & Solution		9.6	33.33%
3.1 Program Diagnosis		3.0	10
3.2 Proposed Interventions or Solutions		3.6	
3.3 Results Matrix Quality		3.0	
4. Ex ante Economic Analysis		10.0	33.33%
4.1 The program has an ERR/NPV, a Cost-Effectiveness Analysis or a General Economic Analysis		4.0	
4.2 Identified and Quantified Benefits		1.5	
4.3 Identified and Quantified Costs		1.5	
4.4 Reasonable Assumptions		1.5	
4.5 Sensitivity Analysis		1.5	
5. Monitoring and Evaluation		9.0	33.33%
5.1 Monitoring Mechanisms		1.5	10
5.2 Evaluation Plan		7.5	
III. Risks & Mitigation Monitoring Matrix			
Overall risks rate = magnitude of risks*likelihood		Low	
Identified risks have been rated for magnitude and likelihood		Yes	
Mitigation measures have been identified for major risks		Yes	
Mitigation measures have indicators for tracking their implementation		Yes	
Environmental & social risk classification		B.13	
IV. IDB's Role - Additionality			
The project relies on the use of country systems			
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, Accounting and Reporting, External control, Internal Audit.	
Non-Fiduciary			
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:			
Gender Equality			
Labor			
Environment			
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	Technical Cooperations PN-T1058, PN-T1094 and PN-T1105 have supported the development of managerial, strategic planning and technical capacities within the government agencies involved in the implementation of reforms. In addition, operations PN-T1120 y PN-T1133 have supported early childhood policy in Panama.	
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan	Yes	The impact evaluation of the early childhood program will close important knowledge gaps related to the effect of the implementation of a set of quality standards.	

Note: (*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

The PBP presents a clear diagnosis and a solid vertical logic. The document describes the achievements reached in the first phase of the programmatic series, as well as the pending tasks for the remaining phases. Concretely, it highlights as support areas for this second phase, the approval of the legal frameworks for the CCT's targeting model and beneficiaries management systems; the launch of the Inclusion and Social Development Direction at MIDES; the subscription of agreements with MINSa and MINEDUCA to facilitate the fulfillment of conditionalities; and the utilization of the "Libreta del Niño" and of the results based financing mechanism for the COIF. All these areas are adequately reflected in the Policy Matrix, and specific means of verification are included for each of them.

The project's results matrix includes impact and outcome indicators for the overall programmatic series, and output indicators for the second phase that are consistent with the Policy Matrix. The proposed indicators are SMART and reflect the project's theory of change. Most of them include baseline and target information.

The economic analysis annex presents a cost-benefit analysis for the programmatic series based on the policy conditions related to the CCT's targeting model and the improvement of the early childhood development programs. The analysis uses reasonable assumptions to estimate benefits and costs, and includes sensitivity analyses that demonstrate that the results are robust to the variation of such assumptions.

The monitoring and evaluation annex presents the monitoring arrangements for the programmatic series and proposes an experimental impact evaluation for the early childhood interventions. The evaluation plan is adequate and complies with the required standards for this type of document.

The risk matrix lists the project's major risks and rates them for magnitude and likelihood. It also includes mitigation measures and indicators to track their implementation.

The operation is included in the 2016 Operational Program, which is expected to receive the Board of Executive Directors' approval.

POLICY MATRIX

Component objective	Programmatic operation I (2015)	Programmatic operation II (2016)	Programmatic operation III
	Policy conditions	Policy conditions	Triggers
Component 1. Macroeconomic framework			
Macroeconomic framework	(1.1) A suitable macroeconomic policy framework is maintained.	(1.1) A suitable macroeconomic policy framework is maintained.	(1.1) A suitable macroeconomic policy framework is maintained.
Component 2. Support for enhancing the equity and efficiency of social protection spending			
Targeting	(2.1a) Proposal of a legal framework for cash transfer programs that includes: 1. The power of the Ministry of Social Development (MIDES), as the lead agency for social policy, to regulate the mechanisms for identifying the population living in poverty and extreme poverty, as well as the criteria and intervals for recertification of this population. 2. Application of these identification and recertification mechanisms to existing cash transfer programs and any programs implemented in the future. 3. Prioritization criteria for universal programs. 4. Recognition of <i>Red de Oportunidades</i> as a government cash transfer program.	(2.1a) Legal framework for cash transfer programs that includes: 1. The power of MIDES, as the lead agency for social policy, to regulate the mechanisms for identifying the population living in poverty and extreme poverty, as well as the criteria and intervals for recertification of this population. 2. Application of these identification and recertification mechanisms to existing cash transfer programs and any programs implemented in the future. 3. Prioritization criteria for universal programs. 4. Recognition of <i>Red de Oportunidades</i> as a government cash transfer program.	(2.1a) 40% of the beneficiaries of <i>Red de Oportunidades</i> , <i>120 a los 65</i> , and <i>Ángel Guardián</i> are recertified using the new targeting mechanism.
	(2.1b) Design of a single scoring system for classifying <i>Red de Oportunidades</i> , <i>120 a los 65</i> , and <i>Ángel Guardián</i> applicants and beneficiaries as poor or extremely poor, consistent with the Ministry of Economy and Finance's (MEF) definition of poverty. (2.1c) Development of proposed operating manuals for the <i>Red de Oportunidades</i> , <i>120 a los 65</i> , and <i>Ángel Guardián</i> programs that include targeting and recertification criteria.	(2.1b) The single scoring system for classifying <i>Red de Oportunidades</i> , <i>120 a los 65</i> , and <i>Ángel Guardián</i> applicants and beneficiaries as poor or extremely poor is approved, consistent with the MEF definition of poverty. (2.1c) <i>Red de Oportunidades</i> , <i>120 a los 65</i> , and <i>Ángel Guardián</i> operating manuals that include targeting and recertification criteria are approved. (2.1d) The mechanism for identifying the poor and extremely poor for purposes of targeting new <i>Red de Oportunidades</i> ,	(2.1b) The <i>Beca Universal</i> prioritization criteria for the poor, as referred to under Component (2.1a) of the first operation are implemented. (2.1c) At least 30 million balboas per year in nontargeted subsidies are retargeted using the new unified mechanism for identifying the country's poor and extremely poor. (2.1d) The effects of the new targeting mechanism and the new recertification process on coverage and leakage of the <i>Red de Oportunidades</i> , <i>120 a los 65</i> , and <i>Ángel Guardián</i> programs, and on the

Component objective	Programmatic operation I (2015)	Programmatic operation II (2016)	Programmatic operation III
	Policy conditions	Policy conditions	Triggers
		<p>120 a los 65, and <i>Ángel Guardián</i> beneficiaries is implemented.</p> <p>(2.1e) 20% of the beneficiaries of the <i>Red de Oportunidades</i>, <i>120 a los 65</i>, and <i>Ángel Guardián</i> programs are recertified using the new targeting mechanism.</p> <p>(2.1f) The operating regulations for <i>Beca Universal</i> are updated to include the prioritization criteria referred to under Component (2.1a).</p> <p>(2.1g) At least 20 million balboas per year in nontargeted subsidies are retargeted using the new, unified mechanism for identifying the country's poor and extremely poor.</p>	targeting of a portion of nontargeted subsidies, are evaluated.
Management of beneficiary rolls	<p>(2.2a) Design of the legal and operational framework for a master registry of beneficiaries of conditional cash transfer (CCT) programs and for a single payment platform that is integrated with that registry and with the information management systems of the <i>Red de Oportunidades</i>, <i>120 a los 65</i>, and <i>Ángel Guardián</i> programs.</p> <p>(2.2b) Approval and adoption of the single social protection file for determining eligibility for new and continued enrollment (recertification) in MIDES programs.</p>	<p>(2.2a) The legal and operational framework for the master registry of beneficiaries and single payment platform exists.</p> <p>(2.2b) The single social protection file is used for determining eligibility for new and continued enrollment of all new MIDES program applicants.</p>	<p>(2.2a) Data on all members of beneficiary households under the <i>Red de Oportunidades</i>, <i>120 a los 65</i>, and <i>Ángel Guardián</i> programs, including the unique identification numbers, are entered into the registry.</p> <p>(2.2b) The interface between the registry and the databases of the Electoral Court and Social Security Fund is established.</p> <p>(2.2c) Cash transfer payments begin to be made through the single payment platform integrated with the master registry.</p>
Organization of MIDES	<p>(2.3) Approval of the institutional structure of MIDES, with a Programs Department supervising subdepartments for the beneficiary rolls, payments, monitoring and evaluation, family support, and the <i>Red de Oportunidades</i>, <i>120 a los 65</i>, and <i>Ángel Guardián</i> programs.</p>	<p>(2.3a) MIDES' Inclusion and Social Development Division is up and running, performing its role of managing social protection programs.</p> <p>(2.3b) Progress has been made on streamlining the operating processes of <i>Bono Nutricional Alimenticio</i> (BNA) and <i>Red de Oportunidades</i> by merging the beneficiary rolls of the two programs.</p>	<p>(2.3a) An operational evaluation of the reorganization of MIDES and of the merger of BNA and <i>Red de Oportunidades</i> transfers is conducted.</p> <p>(2.3b) The condition for payment of the <i>Beca Universal</i> is adopted as the education coresponsibility for <i>Red de Oportunidades</i>.</p>

Component objective	Programmatic operation I (2015)	Programmatic operation II (2016)	Programmatic operation III
	Policy conditions	Policy conditions	Triggers
Component 3. Human capital accumulation			
CCT programs	(3.1) Approval of the <i>Red de Oportunidades</i> , <i>120 a los 65</i> , and <i>Ángel Guardián</i> program operating manuals that reflect the updated system for verifying coresponsibilities.	(3.1a) Agreements are signed with the Ministries of Health and Education to enhance the availability of services for MIDES program beneficiaries and to facilitate fulfillment of beneficiaries' coresponsibilities. (3.1b) <i>Red de Oportunidades</i> cash transfers are restructured to include at least one of the following variables: number of persons, educational cycle, and poverty level.	(3.1a) Compliance with health and education coresponsibilities is verified for at least 50% of <i>Red de Oportunidades</i> beneficiaries through the program's Management Information System. (3.1b) <i>Red de Oportunidades</i> transfers are paid based on the new structure (variable) referred to in condition (3.1b) in at least two payment cycles.
Early childhood development	(3.2a) Approval and adoption of the <i>Libreta del Niño</i> [Children's Record Book] and development of its operating regulations. (3.2b) Definition of the mechanism for results-based payment and per capita funding of the public and private providers that operate the Child and Family Guidance Centers (COIFs).	(3.2a) The Children's Record Booklet is in use by at least 20,000 children or expectant mothers. (3.2b) Progress has been made on the gradual implementation of the mechanism for results-based payment and per capita funding of the public and private providers that operate the COIFs. (3.2c) The actions envisaged in the Integrated Early Childhood Care Pathway (RAIPI) are being implemented, including the designation of MIDES as the lead and oversight agency of the COIFs. (3.2d) Quality standards for the COIFs have been developed and approved. (3.2e) MIDES has regulated the comprehensive services model for implementation at the COIFs. (3.2f) The CONAIP Technical Committee has developed and approved the comprehensive care model with home visits for <i>comarcas</i> and remote rural areas.	(3.2a) The Children's Record Booklet is in use by at least 40,000 children, and an operational evaluation thereof has been conducted. (3.2b) Comprehensive care for children served by the COIFs meets the quality standards approved for these centers, and quality can be monitored. (3.2c) The COIF comprehensive early childhood services model is being implemented. (3.2d) The comprehensive care model with home visits for <i>comarcas</i> and remote rural areas is being implemented.