



Improved self-reliance, economic and social inclusion of refugees in Ecuador

Concept Note for: Refugee and Host
Community Graduation Approach
Project in Ecuador

BY POVERTY ALLEVIATION
COALITION

July 2020

PARTNERS

HIAS



trickleup

Project Summary



Total Programme Value

USD 12,353,807.72



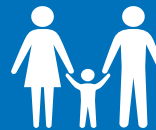
Cost per household

USD 2,059



Methodology

The Graduation Approach



Target Beneficiaries

Households 6,000

Country
Ecuador



HIAS

direct implementation



TRICKLE UP

technical guidance, maintain quality and consistency



UNHCR ECUADOR

facilitation, monitoring and coordination

Table of Contents

BY POVERTY ALLEVIATION COALITION	I
July 2020	I
Project Summary	4
Funding Request	4
Implementing Partner	4
Expected Outcomes	4
Background	5
Problem Analysis	5
Project Operating Mode	6
Project Goal	6
Approach	6
Project objectives	9
Outcome 1: Basic needs are met (e.g. food security, shelter and education) initially through cash transfers.	9
Outcome 2: Enhanced self-reliance and economic resilience through employment, business opportunities and financial inclusion.	9
Outcome 3: Increased access to rights through awareness, advocacy and a reinforced social protection system.	9
Project Impact and Sustainability	10
Intended IMPACT	10
Project Management and Governance	12
Coalition Organisational capacity	12
Adaptive and Coordinated Management	13
Monitoring and Evaluation	14
Monitoring	14
Project Budget	15
Funding Request	15
Project Budget	15
Any In-Kind Contributions	15

ACRONYMS

BPRM	US Department of State Bureau of Population, Refugees, and Migration
CGAP	Consultative Group to Assist the Poor
CoP	Community of Practice
FSP	Financial Service Provider
GoE	Government of Ecuador
GA	Graduation Approach
HIAS	Hebrew Immigrant Aid Society
KYC	Know Your Client
LPMD	Less Poverty, More Development (government program)
LII	Local Integration Index
MIES	Ministry for Economic and Social Inclusion
M&E	Monitoring and Evaluation
NGO	Non-governmental organization
NRC	Norwegian Refugee Council
PEI	Partnership for Economic Inclusion
PoC	Person of Concern
SGBV	Sexual and gender-based violence
UNHCR	The UN Refugee Agency
WFP	World Food Programme

Project Summary

Ecuador is a middle-income country ranking 98 on UNDP's Human Development Scale. 24.5% of Ecuadorians are living in extreme poverty (INEC, National Institute for Statistics). At the same time, Ecuador hosts the largest number of recognized refugees in the Latin American and Caribbean region since 2010. Refugees and others of concern (asylum-seekers and persons in a refugee like situation) face significant barriers to inclusion and sustainable livelihoods in the country. In recent years, the country's economic situation has worsened, partly as a result of a drop in oil prices (Ecuador's main export commodity). And today, the outbreak of the novel coronavirus is adding devastating effects in the country's economy.

The Unemployment rate is expected to increase 8 per cent between 2020 and 2022 and the population in extreme poverty will increase by 66 per cent in 2020, based on World Bank projections. Persons of concern to UNHCR, in particular Venezuelans who were already in precarious conditions before the COVID-19 crisis, are among the worst affected. The vast majority work in the informal sector and lack a social safety-net. Not being able to go out and make a living they are unable to cover their basic needs, such as rent and food. Many are evicted and end up on the street where they are subject to xenophobia, discrimination and other protection risks. This has impacted not only newly arrived people, but also those already settled in Ecuador for several years, disrupting their integration process.

This project's overall goal is to increase the self-reliance, social and economic inclusion of refugees and host communities in Ecuador through the Graduation Model. The model has been adapted to the Ecuadorian context, by partnering with the Ministry of Economic and Social Inclusion (MIES) to supplement livelihoods interventions by connecting families accordingly to health, education and social care services, including those such as violence prevention and response. Six thousand households will be included in the programme, which will have the added benefit of strengthening the national protection system for vulnerable families of people of concern and Ecuadorians, who will have access to rights and services under similar conditions.

Funding Request

Total budget: \$ 12.353.807,72

Target no. of Households: 6,000 (24,000 persons)

Duration: 4 years

Implementing Partner

- HIAS in collaboration with Ministry of Economic and Social Inclusion (MIES) and UNHCR

Expected Outcomes

Six thousand (6,000) families will be included in the program (1,500 per year in four years) with an **eighty percent graduation rate expected.**

Seventy percent of participants will be female headed households. Specifically, the following outcomes will be achieved:

- Over 4,200 new business will be designed and implemented. The objective of the programme is that 70% of the developed enterprises remain active after their first year of operation.
- Over 3,600 persons will receive professional training.
- 80% of the families will overcome the extreme poverty line
- 90% of the families will achieve their food security through the acquisition of nutritional eating habits
- At least the 50% of the families will improve their financial inclusion.

Background

Problem Analysis

Ecuador is a middle-income country ranking 98 on the UNDP Human Development Scale. Ecuador experienced rapid growth due to high oil prices until 2014, extraction of oil being a major export and cornerstone of Ecuador's economy. Due to the subsequent drop in oil prices, Ecuador's growth rate has dropped to 2.4 per cent per annum since 2017(OECD). Currently more than 24 per cent of Ecuadorians live in extreme poverty (INEC, National Institute for Statistics). According to the IMF, Ecuador's GDP will decrease 6.3 per cent in 2020, in the context of a global recession due to the COVID-19 crisis combined with the fall in the price of crude oil. The unemployment rate is expected to increase 8 per cent between 2020 and 2022, based on World Bank projections.

Ecuador is the country with the largest number of recognized refugees in South America (69,524 as of 1 May 2020, more than ninety per cent of them Colombians). Until the Venezuelan crisis, Colombians were the largest group of asylum-seekers in Ecuador. Colombians are still arriving, and their numbers have in fact increased since last year as a result of worsening security conditions, in particular in areas where the departure of the FARC in the wake of the 2016 peace-agreement has left a power vacuum and where new armed groups are fighting over influence and territory, including in the border areas with Ecuador. As a result of the crisis in Venezuela, since 2017 more than 2.2 million Venezuelans have entered the country. The majority travelled onwards to Peru and Chile, but almost 400,000 are estimated to be staying in Ecuador. Since last year Venezuelans have become (for the first time) the largest number of asylum-seekers in Ecuador (14,155 asylum applications by Venezuelans versus 4,628 applications by Colombians until 31 October 2019).

Throughout 2019 Ecuador has been gradually imposing increasingly stringent entry restrictions for Venezuelans, cumulating in the visa requirement as of 26 August. As a result, arrival numbers dropped dramatically, from an average to 2,500 daily to some 30. At the same time the Ecuadorian government has taken steps towards the registration and regularization of Venezuelans. More than 150,000 Venezuelans have completed their online registration.

Ecuador's national legislation for the protection of refugees and asylum-seekers incorporates the provisions of the 1951 Refugee Convention and its 1967 Protocol. The 2008 Constitution establishes the same rights and obligations for every person in Ecuador, regardless of their nationality or migration status. Recognized refugees and asylum-seekers (those formally admitted to the asylum procedure) can work and have access to healthcare, education, and other government services. However, the arrival of a large number of Venezuelans (the net migration of Venezuelans is equivalent to two per cent of the Ecuadorian population) has put serious pressure on government services and generated competition for jobs with segments of the local population, which has in turn increased discrimination and xenophobia, adding to the plight of an already vulnerable population.

Despite a favourable legal environment, persons of concern (recognized refugees, asylum-seekers and those in a refugee-like situation) still face significant barriers to developing sustainable livelihoods and integration. The situation is worse for the growing numbers of Venezuelans without legal status. Of those remaining in the country, only 23 per cent have been

able to access a temporary or permanent residence permit, according to the results of UNHCR protection monitoring.

Persons of concern to UNHCR, in particular Venezuelans who were already in precarious conditions

before the COVID-19 crisis, are among the worst affected by the socio-economic effects of the pandemic. The vast majority work in the informal sector and lack a social safety-net. This has impacted not only newly arrived people, but also those already settled in Ecuador for several years, disrupting their integration process.

The economic downturn has led many to set up their own businesses, which are mostly informal due to costly and burdensome bureaucratic procedures, even for those with a regular migratory status. At the same time business growth is limited in the current economic climate, not to mention the barriers to financial inclusion faced by persons of concern which make it more difficult for them to accumulate savings and borrow the capital required for business growth.

discrimination and exploitation in the labor market has led many Persons of Concern to set up their own businesses, which are mostly informal

Project Operating Mode

Project Goal

The overall goal is to increase the self-reliance and integration of 6,000 extremely poor families of refugees and host communities in Ecuador through the Graduation Model.

Approach

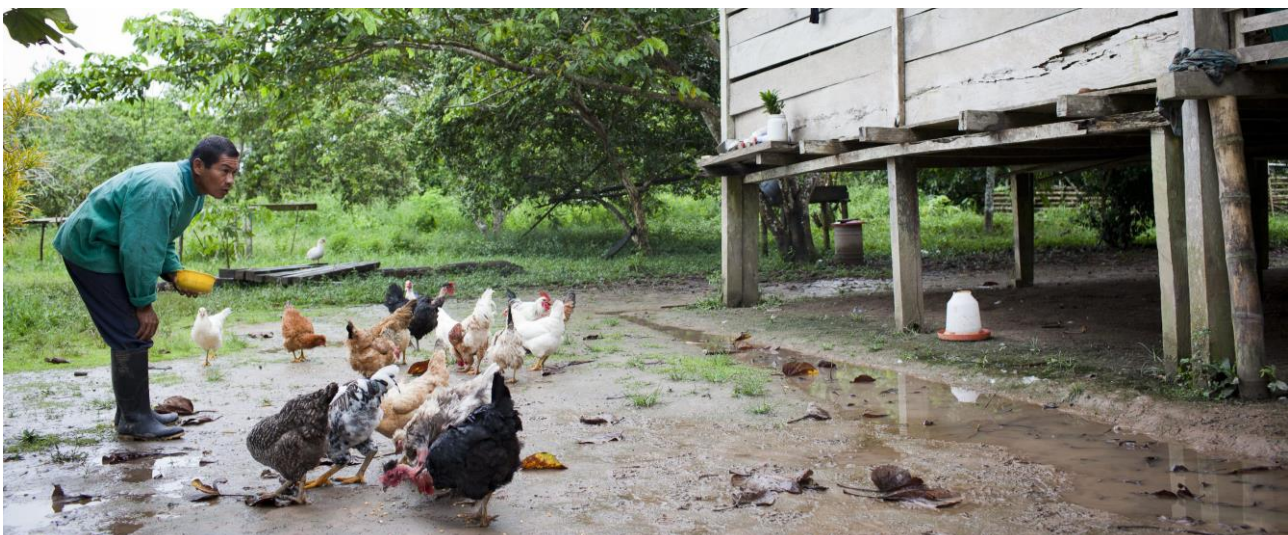
The Graduation Model is an 18-month comprehensive programme which aims to “graduate” participants out of extreme poverty and (in many cases) away from dependence on humanitarian assistance. The model combines **livelihoods promotion** (assets and technical skills), **social protection** (consumption support, referral to welfare social services) **social empowerment** (coaching, network engagement, core capacity building) and **financial inclusion** (savings, financial literacy). The model moreover emphasizes the need for families to build local support networks within their communities, as a proven means towards integration and to overcome possible shocks.

With support from Trickle Up, in 2015 UNHCR and HIAS launched a pilot with 200 Colombian and Ecuadorian families. Seventy-two per cent of participants graduated. In May 2016 UNHCR Ecuador and HIAS rolled out the program nationally and by March 2019, 2,978 families were participating in the Graduation Model, from which eighty-four per cent graduated so far.

In 2018, the Graduation Model in Ecuador entered a new phase. UNHCR and HIAS partnered with the Ministry of Economic and Social Inclusion (MIES), to combine elements of the Graduation Model with welfare social services, to ensure participating persons of concern have equal access to governmental social protection services as vulnerable Ecuadorians, with the final objective of aligning assistance programmes to the national social protection system to foster integration.

In the current pandemic context, the joint (UNHCR-HIAS-MIES) model constitute the perfect fit to move from a humanitarian and emergency to a comprehensive response that strengthens opportunities for socio-economic inclusion of persons in vulnerable situation and counters the increase of xenophobia and discrimination. In this line, households assisted with UNCHR multi-purpose cash interventions during the emergency, transit towards the graduation model, combining and sequence humanitarian and development streams.

The model will include the following phases and activities:



1. Preparatory Phase

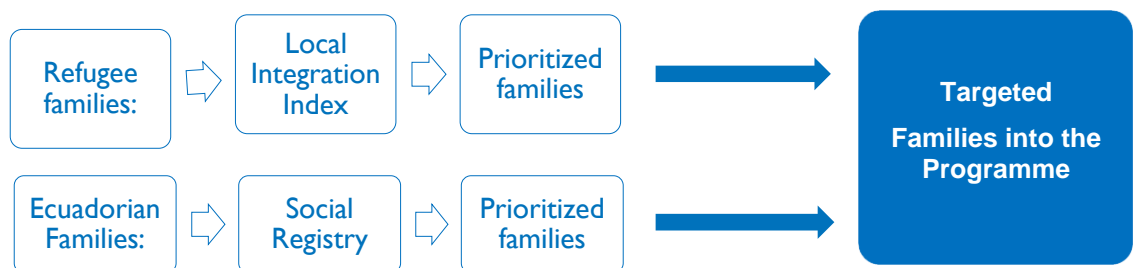
- 1.1 **Market and socio-economic assessments** in order to match participants' socio-economic and education profile with possible income generating activities. This strategy is aligned also with LNRA (Learning, Needs, Resources Assessment).
- 1.2 **Targeting of households** living in extreme poverty to be included in the program, with a maximum of thirty percent of Ecuadorian families.

Ecuadorians households will be selected from among those in extreme poverty who benefit from governmental cash-based social safety nets implemented by MIES.

Persons of concern are screened based on a Local Integration Index which measures their levels of vulnerability and economic and social inclusion. HIAS staff administer a questionnaire which includes questions on legal, economic and socio-cultural aspects of the family's situation in the country, perceived integration level, access to services, living conditions and income level. Those households that score 35 points or less (scale between 0 to 100) are eligible. Those with special needs may be referred to specific services before they are considered for the program.

Priority households are identified based on different protection profiles, including youth- and female-headed households, households with young children and pregnant teenagers, people with disabilities or chronic diseases and households with victims of SGBV or torture survivors. A coach from HIAS conducts home visit or remote contact, to both, refugee and Ecuadorian families, to validate the household information and further assess the household's needs, ability and interest in taking part in the program.

Figure 1. targeting phase



2.

Preparatory Phase

2.1 Coaching

Involves regular home visits by a coach who provides mentoring and psychosocial support to help participants progress through the program. The coaching is conducted by the MIES Social Service with the collaboration of a HIAS coach as part of the MIES' social promoters' team. Coaches assess participant households' needs holistically, including protection needs (including referral and coordination for access to legal status services), livelihoods development and other basic needs. They can refer families to government services according to identified needs. The coaching process lasts 18 months and is tailored per family.

2.2 Consumption support

Provided through cash transfers. The Ecuadorian Government provides cash support through the Human Development Cash Assistance Programme for Ecuadorians, while the project provides cash transfers to persons of concern for 12 months. Amounts vary per household size, with Ecuadorians and persons of concern receiving the same amount. The cash assistance is aligned with the government's in terms of targeting and transfer value.

2.3 Financial inclusion

Includes financial education, the promotion of savings and access to bank accounts, saving groups and credits, implemented by HIAS in partnership with local financial service providers for Ecuadorians and persons of concern. This component is aligned with the strategy of MIES to promote access to financial services for vulnerable households.

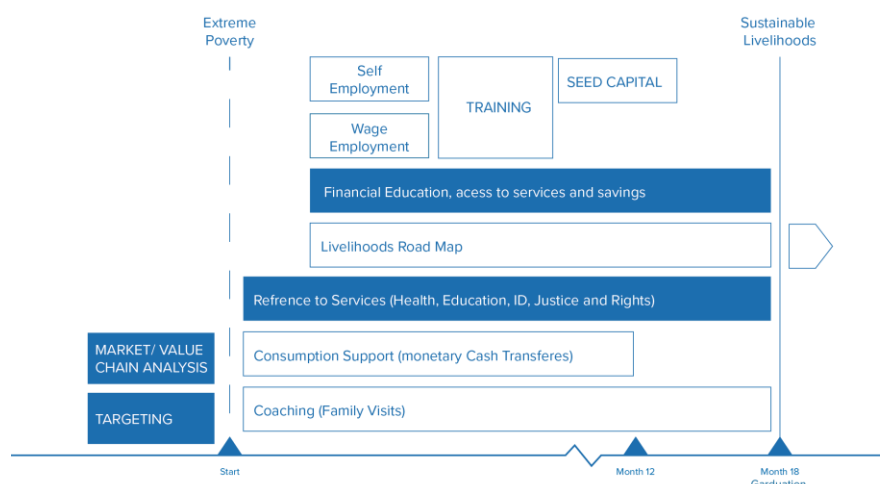
2.4 Community Inclusion and network development

The model includes family group training on co-responsibility in education and health, SGBV, community participation and the promotion of coexistence and peace. Community-based activities reinforce social cohesion, networking and resilience among person of concern and Ecuadorians to face community challenges together.

2.5 Livelihood Promotion

HIAS Livelihood coaches support families to develop a livelihoods plan based on personal interests, experience and linked with market assessments. This component includes vocational training, the provision of seed capital and networking with the private sector. These services are mirrored with those provided by MIES through its Economic Inclusion Centers. HIAS Livelihood coaches are part of the MIES local economic inclusion teams which connect families with a wider range of livelihoods services such as job fairs, specialized training provided by the Ministry of Agriculture and Livestock and producer associations.

FIGURE 2. ECUADORIAN GRADUATION MODEL SCHEME MIES-UNHCR-HIAS



Project objectives



Outcome 1: Basic needs are met (e.g. food security, shelter and education) initially through cash transfers.



Outcome 2: Enhanced self-reliance and economic resilience through employment, business opportunities and financial inclusion.



Outcome 3: Increased access to rights through awareness, advocacy and a reinforced social protection system.



Outcome 4: Strengthened social inclusion and participation, through joint interventions with host communities.

If persons of concern and vulnerable Ecuadorian families have their basic needs met, participate in (vocational) trainings, are part of local networks and have improved access to social protection services, they are able to design their livelihood plan based on wage employment or develop their own business.

If they have access to sustainable income generating activities (employment or self-employment) and savings, they will be more resilient in the face of shocks and stressors.

This improved resilience will lead to strengthened self-reliance and economic and social inclusion, enabling them to locally integrate and contribute to the local economy.

The final goal of the program is the empowerment of participating families, their effective social and economic inclusion, and the satisfaction of their immediate based needs on their own.



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Project Impact and Sustainability

Intended IMPACT

Six thousand (6,000) families will be included in the program (1,500 per year in four years) with an eighty percent graduation rate expected. Seventy percent of participants will be female headed households. Successful participating families will have achieved the outcomes described in table 1.

Table 1: Logical Framework

Outcome and Outputs	Activities	Indicative Indicators
Outcome 1: Basic needs met through cash transfers.	<ul style="list-style-type: none"> Consumption support delivered through cash interventions. 	<ul style="list-style-type: none"> # of households that reach the minimum consumption of nutritious food groups.
Outcome 2: Enhanced self-reliance and economic resilience through employment, business opportunities and financial inclusion.	<ul style="list-style-type: none"> Labour profile assessment and matching with market needs. Skills training to improve opportunities in the labour market (entrepreneurship or wage employment). Entrepreneurship support: Business model training, design and delivery of seed capital. Referrals and advocacy with the private sector for wage employment opportunities or access to markets. Financial literacy training and promote access to financial services. 	<ul style="list-style-type: none"> # of participants receiving individual employment consultation (job referrals and information on income generating possibilities through entrepreneurship). % of participants who have a sustainable activity at the end of the program (business or wage employment). % of participants that develop an income generating activity who report a higher household income level at the end of the programme. % of participants that improve savings after the financial literacy training.
Outcome 3: Increased access to rights through awareness, advocacy and a reinforced social protection system.	<ul style="list-style-type: none"> Implement community assessments. Conduct awareness creation on rights and access to services of the social protection system. Develop capacity building platforms with the social protection system actors. 	<ul style="list-style-type: none"> # of referrals and advocacy activities coordinated with the social protection system. # of participants that improve access to protection services. # of children attending school.
Outcome 4: Strengthened social inclusion and participation, through joint interventions with host communities.	<ul style="list-style-type: none"> Implement community workshops to promote integration. Support the creation of psychosocial and productive networks that include host communities and refugees. 	<ul style="list-style-type: none"> # of community workshops implemented. # of refugee-host joint initiatives established and functional

Table 2: Impact Criteria

Indicator Description	Indicator	Details
# of business designed and implemented	4200	Over 4.200 new business will be designed and implemented. The objective of the programme is that 70% of the developed enterprises remain active after their first year of operation.
# of professional training scholarships delivered	3600	Over 3.600 persons will receive professional training.
% of families expected to overcome extreme poverty	80%	80% of households will overcome the extreme poverty line
% of families expected to reach a minimum consumption of nutritious food groups .	90%	90% of the households will achieve their food security through the acquisition of nutritional eating habits
% of families expected to access to financial services programmes and saving	50%	At least the 50% of the households will improve their financial inclusion.

Project Management and Governance

Coalition Organisational capacity

In response to the global poverty situation among refugees and nationals in host communities, and in line with the Global Compact on Refugees (GCR) spirit, a coalition between the UNHCR, The World Bank Partnership for Economic Inclusion (PEI) and 12 NGOs has been formed with the goal of alleviating poverty for refugees and host communities in thirty five countries. The Poverty Alleviation Coalition (PAC) will reach 500,000 refugee and host community households from 2020-2024 using the Graduation Model.

The Coalition on a global level constitutes a platform for knowledge management, and provides advice, options and decision points to in-country operations. It also has an important advocacy role to bring a proven poverty alleviation model to the attention of the international community, and pledge towards the operationalization of the **Global Compact on Refugees**.

Working towards this common vision, the Coalition capacity in Ecuador benefits from UNCHR and HIAS well known expertise in implementing the graduation model since 2016, the technical support of Trickle Up in adapting the model to refugee settings, and the integration of the model in governmental social safety-net programmes implemented by the Ministry of Economic and Social Inclusion (MIIES).

UNHCR Ecuador advocates for the inclusion of persons of concern in social protection programmes, as well as, inclusive access to health regardless of nationality, legal status, gender, sexual orientation, ethnicity or any other condition.

Increasingly, UNHCR works to extend shock-responsive social safety nets to include refugees and persons of concern by developing a humanitarian response that aligns with current social protection systems. In this programme, particular effort will be focus on linking those receiving UNCHR multi-purpose cash-based assistance with the graduation model. In this line, the intervention supports to build evidence for advocate for a legal framework ensuring refugees rights, including the right to work, financial inclusion, access to services and non-discrimination.

UNHCR has a Representation in Quito. In addition, the Field Office in Quito covers the central provinces of Pichincha, Santo Domingo, Cotopaxi, Tungurahua and Chimborazo. Three Field Offices (in Esmeraldas, Tulcan/Ibarra and Lago Agrio) cover the length of the border with Colombia. The Guayaquil Field Office covers the provinces of Manabí, Santa Elena, Guayas, Azuay, El Oro and Loja. Field units have been established in Huaquillas (El Oro) and Cuenca (Azuay) and are planned in Machala and Manta. UNHCR will provide capacity building support by placing technical focal points specialized on protection and livelihoods in UNHCR fields offices. UNHCR Branch Office will mainly play a facilitation, monitoring and coordination role.

The International NGO HIAS has its main office in Quito, and 16 Field Offices covering the provinces of Azuay, Esmeraldas, Guayas, Imbabura, Sucumbíos, Santo Domingo, Carchi, Manabí, El Oro, Tungurahua and Pichincha. HIAS will be the direct implementer of the project through its local offices and Social-Economic Inclusion teams. HIAS has a National Economic Inclusion (EI) Unit who supervise the implementation of the strategy and coaching / livelihoods teams in all locations where the joint project is implemented.

MIES is the Ministry in charge of public policy and regulations on social and economic inclusion. Its programmes cover a person's life cycle and focus on infants, children, youth, elderly, persons with disabilities and households living in poverty and extreme poverty.

MIES implements the governmental cash-based social safety nets targeting households or individuals throughout a Social Registry, including conditional cash transfer, food in-kind distribution, family and child allowance, non-contributory pensions, and non-contributory disability benefit.

The project is anchored in MIES' organisational structure and benefits from multilevel administration (at the national, regional and local level) and technical support by skilled staff in economic and social inclusion. The Ministry operates a referral mechanism for the Ecuadorian families and ensure they receive the cash transfer (consumption support) accordingly with national social safety nets.

Trickle Up has been a pioneer graduating people out of extreme poverty since 1979. More than 1.5 million of the poorest, most vulnerable people have moved to greater economic self-sufficiency and connection with their communities. Trickle Up joint the coalition in Ecuador to provide technical guidance and to support the implementing organizations maintain quality and consistency.

Adaptive and Coordinated Management

An "inter-institutional national committee" meets every three months to facilitate coordination at a national level. The committee assesses overall program progress and discusses improvement

plans and strategies when needed. According to needs, specific technical groups can be conformed. At the local level "case review committees" evaluate the progress of participants and identify strategies of support to those who are underperforming, including possible referral by MIES to other services or institutions that can support participants with their specific need.



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Monitoring and Evaluation

Monitoring

At the national level, UNHCR, MIES and HIAS periodically assess progress. HIAS has a robust internal platform to capture and analyse data from participants. Initial data is captured by HIAS staff during the targeting process (used to calculate the LII), and additional participant-level data is captured by coaches during every visit (two per month) using mobile terminals. The result is a database with over 60 data fields, including information on participants' LII, demographic profile (household size, age, sex, etc.), and program monitoring data. Monitoring data tracks progress through the Graduation criteria indicators.

Family coaching and support: An important component of the programme are family visits and

coaching, which allows to track the progress of each family, towards an initial family development plan that is built throughout the intervention. The family development plan includes support that the family needs, depending on the situation of each family member (for example, medical attention required for pregnant women), as well as the responsibilities that the family need to comply with (such as ensuring that children go to school).

During family visits, coaches and livelihoods advisors can gather information on the difficulties and barriers family members are facing, and propose several actions of support, either by direct response from MIES/HIAS/UNHCR or through referrals to other institutions and partners.



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Project Budget

Funding Request

For the implementation of this program **1,500 households will be targeted per year**, which means that **in four years 6,000 households** will have participated in this program.

The total budget needed for achieving this goal is **\$ 12.353.807,72**.

Covered Funding:

As of June 2020, the covered funding is **\$2.367.981,73** reaching a total of 3462 persons. This funding includes the implementation of 2019-2020 interventions.

The consumption support for Ecuadorian families is totally covered by the social safety net programme “*Bono de Desarrollo Humano*” implemented by the Ministry of Social and Economic Inclusion of Ecuador, reaching an equivalent of **\$1.346.400,00** over four years.

Project Budget

The budget is formulated considering current market prices and based on the experience of the Graduation Model in Ecuador. Amounts are estimates and can change according to the donor’s proposal and context changes.

Table 7: Project budget over 4 years

	Year 1	Year 2	Year 3	Year 4	Total
TOTAL Program Costs	\$ 3,088,451.93	\$ 3,088,451.93	\$ 3,088,451.93	\$ 3,088,451.93	\$ 12,353,807.72
Consumption support through cash transfers to improve food security and nutrition (Outcome 1)	\$ 1,122,000.00	\$ 1,122,000.00	\$ 1,122,000.00	\$ 1,122,000.00	\$ 4,488,000.00
Facilitate access to employment, business opportunities and financial inclusion, including but not limited to skills training, entrepreneurship support, job fairs, etc. (Outcome 2)	\$ 795,000.00	\$ 795,000.00	\$ 795,000.00	\$ 795,000.00	\$ 3,180,000.00
Community assessments, awareness/advocacy forums, capacity building activities to increase awareness and access to rights and social protection (Outcome 3)	\$ 585,725.97	\$ 585,725.97	\$ 585,725.97	\$ 585,725.97	\$ 2,342,903.86
Joint refugee – host community workshops, networks and initiatives to strengthen social inclusion and participation (Outcome 4)	\$ 585,725.97	\$ 585,725.97	\$ 585,725.97	\$ 585,725.97	\$ 2,342,903.86

In-Kind Contributions

UNHCR Ecuador’s technical assistance: **USD 600,500 over four years**.

Under UNHCR’s primarily mandated to provide international protection and to seek permanent solutions for persons of its concern, UNHCR in Ecuador provides capacity building support to the Coalition by placing technical focal points specialized on protection and livelihoods in fields offices. The UNHCR Branch Office conducts monitoring and evaluation activities by utilizing its operation monitoring system capacity, and facilitates the Coalition’s learning by increasing the ability to collect evidence and incorporate the lessons learnt into a graduation model approach constantly being improved