Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 04/02/2020 | Report No: ESRSC01276
### BASIC INFORMATION

#### A. Basic Project Data

<table>
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<tr>
<th>Country</th>
<th>Region</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
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<tr>
<td>Ecuador</td>
<td>LATIN AMERICA AND CARIBBEAN</td>
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**Project Name:** Territorial Economic Empowerment for the Indigenous, Afro-Ecuadorians and Montubian Peoples and Nationalities (TEEIPAM)

**Practice Area (Lead):** Social

**Financing Instrument:** Investment Project Financing

**Estimated Appraisal Date:** 5/13/2020

**Estimated Board Date:** 6/30/2020

**Borrower(s):** Republic of Ecuador

**Implementing Agency(ies):** Secretariat of Human Rights (Secretaria de Derechos Humanos)

#### Proposed Development Objective(s)

The Project Development Objective (PDO) is to increase income generation opportunities for targeted Indigenous Peoples and Nationalities, Afro-Descendants, and Montubians, in accordance with their vision and priorities for development.

#### Financing (in USD Million)

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<th>Amount</th>
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#### B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

#### C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

1. Ecuador is an upper-middle income country that boasts a diverse geography and abundant natural capital endowment. Continental Ecuador includes three diverse landscapes, namely the coastal region in the West, the central highlands, where the country’s capital city, Quito, is located, and the Amazon rainforest in the east. The
The majority of the country’s 16 million inhabitants lives in the highlands and the Coast. Ecuador is the world’s 11th most biodiverse nation, with agricultural land comprising 30 percent of the largely cultivated topography.

2. Ecuador’s Constitution recognizes the plurinational and multicultural nature of its heterogenous population and promotes a more inclusive approach to development by maintaining the importance of the broader environment, cultural diversity and social inclusion. One of the central pillars of Ecuador’s 2008 Constitution is the principle of “Buen Vivir” or Sumak Kawsay (well-being), which recognizes the importance of strengthening social cohesion and community values, encouraging meaningful participation by citizens in decision-making processes, and recognizing the rights of nature. Ecuador has the sixth largest Indigenous population and fifth largest Afro-descendent population in the Latin America and the Caribbean Region. According to the latest national census (2010), approximately 21 percent of the Ecuadorian population self-identifies as Indigenous (7 percent), Afro-descendant (7.1 percent) or Montubian (7.4 percent), with the remainder identifying as Mestizo (72 percent), White (6.1 percent) or Other (0.4 percent). Indigenous Peoples (IPs), Montubians, and Afro-Ecuadorians tend to be concentrated in certain geographic areas: IPs live predominantly in rural areas in the highlands and Amazon (80 percent), Montubians live along the coast, and three-quarters of Afro-Ecuadorians (AEs) live in urban areas.

3. Recent social gains over the past 15 years have not been shared equitably. The historical and systematic exclusion of IPs, AEs and Montubians (collectively referred to as IPAMs) persist, with notable gaps in measures of well-being between IPAMs and those of the White and Mestizo populations. In both rural and urban areas, indicators of well-being and ethnicity are closely related: IPAMs display inadequate access to basic services, poorer health and education outcomes, and lower living standards than Whites/Mestizos. Whereas the national poverty rate is 25 percent, poverty levels for IPs, AEs, and Montubians are 78.6 percent, 61.8 percent and 82 percent respectively. Factors contributing to weak income generation and economic opportunities for IPAMs can be attributed to a range of factors, varying slightly in urban and rural areas. Common to all three populations are: (i) high levels of informality and weak levels of association among producers; (ii) low education attainment and access to professional or technical development opportunities to diversify economic activities, improve quality and quantity of production, and improve business management; (iii) weak direct access to markets and buyers, resulting in significant income loss to intermediaries; (iv) lack of access to critical production factors, including information and communication technologies (ICT), exacerbated by external threats to land, water and natural resources; (v) limited access to formal financial services; and (vi) high levels of discrimination leading to market exclusion, labor segmentation, and income/wages received.

5. The proposed Project aims to increase income generation opportunities for targeted IPAMs within pre-selected territories. It is envisioned that World Bank financing for the Project would total $50m, with investments based on IPAM priorities for development, as expressed in territorial planning and governance strengthening activities. These would likely include activities aimed at: (i) strengthening management capacity of, and increased production by, organizations that use traditional agricultural practices, (ii) increasing value of commercialized products and improving access to markets, including strengthening the urban and rural nexus, (iii) strengthening institutional capacity of targeted communities at the territorial level, (iv) facilitating opportunities to attend and remain in higher/professional/technical education programs by targeted populations, and (v) strengthening higher intercultural education initiatives and universities that support the worldview and ancestral knowledge of IPAMs. The specific investments and services to be offered for each territory would be based on the IPAM’s priorities, as reflected in life plans or other participatory planning instruments.
D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]

Project interventions will be located nationwide in urban and rural areas of the Andean, Amazon and Coastal regions of Ecuador, benefiting Indigenous Peoples, IPAMs. A Territorial Diagnostic (TD) will be developed during preparation, which will result in a menu of general investments and services to support subprojects (SPs) in the areas of governance, community training, productive development, basic infrastructure and services, and financial inclusion (see ESS9); and a set of eligibility criteria for prioritizing areas of intervention and SPs.

The project will follow a phased approach:
- PHASE I (planning phase) during the 1st year of execution: under this phase Component 1 (C1) will be implemented, which includes technical assistance to develop C2 and C3. It will support the identification, assessment of feasibility and preparation of SPs that will be financed, and their site-specific ESMPs (see ESS1), as well as the necessary capacity building activities.
- PHASE II (investment phase) to start once E&S instruments are finalized, approved and disclosed: under this phase disbursements for C2 and C3 will occur. C2 will finance the implementation of SPs, which may include: (a) basic small scale infrastructure and critical equipment (desks, computers) for territory governance institutions; (b) small scale physical and IT infrastructure in community schools; (c) technical assistance to improve production and entrepreneurial activities; and (d) rehabilitation and/or new construction of small-scale infrastructure related to transport, water and sanitation, electricity, health and education services. C3 will finance small to medium scale infrastructure and equipment in higher education institutions (SEIs). The acquisition of new areas for expansion of SEIs could be necessary, to be confirmed during due diligence. High or substantial risk interventions under C2 and C3 will not be financed. The need to deploy new fiber optic under C2 and/or C3 will be determined during preparation, as part of the TD.
- C4 includes administration, monitoring and evaluation, as well as institutional capacity activities and the preparation, consultation and disclosure of the Project’s E&S instruments (refer to ESS1). It will be executed throughout Phases I and II.

Interventions will be located in areas prioritized by IPAMs, which could overlap with natural and critical natural habitats (e.g., National Protected Areas – NPAs). Ecuador has a total of 48 NPAs in its Coastal (21), Andean (17) and Amazon (10) regions, occupying approximately 20% of its territory; almost half of these areas overlap with IPs territories. Interventions in the Galapagos region are not expected, as this region does not have substantial presence of IPAMs. These 3 regions overlap with 1 UNESCO World Heritage Site (Sangay National Park), 22 Alliance for Zero Extinction areas (AZEs, as defined by the AZE members), and 124 Key Biodiversity Areas (KBAs, as defined by the KBA Partnership).

According to the most recent census, IPAMs make up 21.6% of the national population. IPs live in all 3 continental regions of Ecuador but are primarily located in the Andean and Amazonian regions and are made up of 14 nationalities and 16 peoples, with about 20% living in urban areas. APs are located in the Coastal and Andean regions, with 2/3 living in urban and 1/3 in rural areas. MPs mostly live along the Coastal region, distributed along rural and urban areas. Violence against women is an important issue as 59.3% of indigenous and 55.3% of Afro-Ecuadorian women report some form of domestic violence. Only 20% of victims seek institutional support, and only half have
initiated legal proceedings. In IP and AE communities of Ecuador it is common for children to participate in family and community-based productive activities, which may include agriculture. According to the US Department of Labor, about 5% of children between the ages of 5 and 14 in Ecuador work, of which 82% work in agriculture.

D. 2. Borrower’s Institutional Capacity

The Project Implementation Unit (PIU) will fall within the structure of the Secretariat of Human Rights (SDH). Where the PIU will be located within the SDH’s structure, as well as the Project’s necessary institutional arrangements at both central and territorial levels is still unknown and will be determined during preparation as part of the TD. The SDH has 8 “Direcciones Zonales” (DZs) distributed throughout the country. Even though social staff work within these DZs, these specialists do not have experience managing or monitoring projects, and do not have the support of environmental staff.

Preliminary assessment indicates that SDH’s ability to manage E&S risks and impacts in accordance with the Bank’s ESF is limited:

(i) Even though the SDH has had experience executing projects financed by multilateral donors, including the IDB and CDB, (a) none of these projects have included an infrastructure component entailing EHS risks and impacts from civil works, such as those foreseen for the mainly small scale infrastructure works under C2 and C3; (b) these have not been developed under standards similar to the WB’s ESF; and (c) it has no experience with projects financed with WBG funds.

(ii) The SDH has no experience on the environmental management of projects. It only has 1 environmental specialist at the central level, who works on the integral protection of IPs on voluntary isolation. There are no environmental specialists at the DZs.

(iii) Although Project preparation is being supported by a preparation team within the SDH, currently there is no environmental or social specialist within this unit supporting the process. Overall, the SDH does not have a dedicated team specialized on managing E&S project aspects.

As part of the Bank’s due diligence, and prior to appraisal, the capacity of the SDH and the selected PIU for the management and overview of E&S issues will be further assessed including details on capacity building, staffing and training needs of the implementing and other involved agencies and the ability of the PIU to effectively manage the Project in line with the ESF. Any capacity strengthening measures and needs will be reflected in the Environmental and Social Commitment Plan (ESCP), and budgeted under C4. Based on the available information, the following potential measures are recommended:

(i) Designating or hiring an environmental and a social specialist as part of the PIU’s core staff to strengthen its capacity to comply with the ESF during preparation/implementation. Both specialists will coordinate with the DZs to prepare and consult E&S instruments and supervise E&S aspects at the territory level during implementation, for which the necessary institutional arrangements will be laid out. A PPA will be processed to support the hiring of the PIU’s core team.

(ii) The small (and potentially medium) infrastructure works under C2 and C3 will be supervised by a supervision consultant (as necessary, depending on the scope of works), and the corresponding bidding documents will include specific language on EHS requirements, consistent with Bank’s ESF and national legislation. Bidding process for design and infrastructure works will be determined during preparation and further developed as part of C1.

(iii) The PIU will establish the necessary coordination strategies with the DZs and other decentralized institutions playing a role in the execution of the Project. The level of decentralization for monitoring and oversight, roles of the
DZs and each of these agencies, and necessary arrangements during Project preparation and execution will be laid out during preparation, and further developed as part of C1.

(iv) The IPAM organizations will nominate IPAM technical advisors to work as part of the project preparation team, in order to ensure a participatory process throughout and provide coordination support.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Environmental Risk Rating

Classification is mainly based on the scope and location of infrastructure works under C2 and C3, as well as on the location and activities of the technical assistance component, which will be determined as part of C1 during implementation. Based on the available information, Project environmental risk classification is considered to be Moderate under the WB ESF. This, considering that potential adverse risks and impacts as a result of the mainly small scale civil works are expected to be: (i) temporary and/or reversible; (ii) mainly low (to moderate) in magnitude and not expected to cause serious adverse effects to human health and the environment, even though Project activities could be located within natural and critical natural habitats; (iii) site-specific, without likelihood of impacts beyond the infrastructure footprint; and (iv) easily mitigated in a predictable manner. Regarding the Project’s technical assistance component, the proposed classification takes into account potential indirect risks stemming from the implementation of these activities, which can become impacts if not well identified and mitigated, and/or if the PIU does not have the capacity to adequately implement and supervise the E&S instruments. Ultimately, SPs under C2 and C3 interventions will only be considered eligible for financing during implementation if they are assessed as moderate or low risk from an environmental and social perspective. Classification will be further assessed and revisited during due diligence, once the menu of alternative general investment types and eligibility criteria are available.

Based on the review of available documentation and discussions with the SDH, key anticipated potential adverse environmental risks and impacts are related to:

A. During implementation of infrastructure works under C2 & C3: risks and impacts related to small (and potentially medium, in the case of C3) scale construction works, including (i) overall nuisances to communities due to noise and vibration, dust, waste, and visual disturbances; (ii) poor working conditions and risk of third-party and occupational accidents; (iii) inadequate handling and disposal of wastes and potentially hazardous materials; (iv) increased risk of third-party accidents due to inadequate protection of construction sites. This, in the case of C3 as works could be developed in parallel to education activities; and (v) potential impacts on chance archaeological findings during earthworks. This set of main risks and impacts will be further assessed/confirmed during due diligence once the menu of alternative general investment types and set of eligibility criteria are available.

Given the nature and scale of interventions, and based on the available information, risks and impacts related to the operation of the infrastructure interventions under C2 & C3 are not expected to be relevant. However, this will be further assessed and confirmed during Project preparation and as part of C1.
B. During technical assistance activities under C2: expected risks are mainly related to community and occupational health and safety issues due to inadequate handling and disposal of agrochemicals and pesticides, and incidents and accidents due to unsafe use of equipment and technology. Risks related to the conversion and degradation of natural/critical natural habitats are not expected as technical assistance activities will be subject to a robust Exclusion List (refer to ESS1) through which those with the potential of generating adverse impacts on natural and critical natural habitats will be automatically screened out.

Potential adverse environmental risks and impacts will be further analyzed during Project preparation, as more information becomes available, especially in relation to: specifications of technical assistance and types of SPs to be financed under C2 (menu of alternative general investment types), SEIs to be intervened under C3, and the scope of such interventions.

Social Risk Rating

Substantial

The Project will benefit indigenous, Afro-Ecuadorian and Montubio peoples and nationalities, which are among the most vulnerable and marginalized people in the country, by improving economic opportunities in productive value chains through capacity building, skills development and better access to education opportunities. While the project is expected to have overall positive social impacts, based on preliminary screening, the social risk classification of the project is substantial due to: i) risks related with the participation of children in family-based productive activities in Indigenous, Afro-Ecuadorian and Montubio communities ii) risk of creating or exacerbating conflicts over land or natural resources with private entities through the promotion of productive activities for IPAMs; iii) the potential of social conflict with other groups in relation to access to means of production, jobs, access to financial services, etc.; iv) the risk of exacerbating gender inequality if women’s specific needs are not taken into account in project design; the v) the contextual risk of gender-based violence and its high prevalence among indigenous, Afro-Ecuadorian and Montubio peoples; vi) the risk of exclusion of individuals with intersectional vulnerabilities such as people with disabilities within communities; vii) community and worker health and safety risks during construction of infrastructure interventions; viii) minor physical or economic displacement. In addition, there are social risks related to the injection of resources causing conflict and fragmentation in IPAM organizations, as well as a risk of creating expectations in IPAM communities and failing to fulfill them.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

*Overview of the relevance of the Standard for the Project:*

This standard is relevant.

The Project will follow a phased approach. The type and scope of activities and their geographic location will be defined and prepared during the planning phase, and the investments carried out during the second phase (C2 and C3). As such, the Project’s environmental and social instruments will be developed during execution, as part of the planning phase and budgeted under C4. Disbursements for activities under C2 and C3, or initiation of procurement for C2 and C3 activities, will only occur once the Project’s Environmental and Social Management Framework (ESMF) and other required instruments (as detailed under each ESS) are prepared, consulted, approved and disclosed.
Specific commitments related to the preparation, disclosure and implementation of Project’s E&S instruments during execution will be included in the Project’s ESCP.

During Project preparation, the following will be developed by the Borrower:
(i) a draft SEP including a stakeholder mapping, plan for information disclosure and consultation processes, resources and implementation arrangements, and the description of a grievance redress mechanism;
(ii) an ESCP describing the timelines and commitments for the preparation and implementation of the Project’s E&S instruments, training and capacity building, staffing and implementation arrangements for the PIU, contractor management, and other necessary E&S measures; and
(iii) an assessment of the Project’s key potential E&S risks, impacts, and opportunities in sufficient detail to inform stakeholder engagement and Bank decision making during preparation. This assessment will also include general guidelines and procedures for the adequate management of the identified E&S issues during implementation, including risks related to SEA-SH, as well as the necessary implementation arrangements and capacity building activities. Results of this assessment will be reflected in the Appraisal Stage ESRS, and will provide inputs for the preparation of the Project’s ESMF.

During Project execution, once detailed information about SPs and intervention areas is available, the Borrower will prepare, consult, and disclose the Project’s ESMF, for which a specialized consulting firm, NGO, and/or team of consultants will be hired. The ESMF will validate and further assess main Project E&S issues and expected risks and impacts, confirm and develop the proposed guidelines and procedures for their adequate management, in line with para. 5 of ESS1, and further define the necessary implementation arrangements and capacity building activities. It will be disclosed prior to any disbursements for activities under C2 and C3, or initiation of procurement for C2 and C3 activities.

The Project’s ESMF will include the following minimum components:

i. Legal Framework: highlighting national regulations, international agreements and EHS Guidelines and GIIP that are applicable to the Project and relevant to the application of each ESS, including WBG General EHS Guidelines for infrastructure works in general, and for the potential handling of hazardous material (e.g., asbestos) in particular. Emphasis will be placed on national regulations related to (a) the E&S assessment process of the mainly small scale infrastructure interventions under C2 and C3, as applicable; (b) development of activities within NPAs; and (c) standards for infrastructure of education institutions (C3). Regarding (a) specifically, the methods and tools used by the PIU to carry out and document E&S assessments under national regulatory requirements, and the extent to which these meet the requirements of the relevant ESSs (per footnote 44 included in para. 5 of Annex 1 of ESS 1) will be laid out and any needed gap-filling measures to comply with the ESF identified (refer to item (iv) below).

ii. Institutional Framework: describing the necessary institutional arrangements for the implementation of the Project, the level of decentralization for the supervision and oversight of interventions, as well as the institutional capacity of the PIU to manage Project E&S aspects according to the ESF.

iii. Environmental, Social, and Gender Assessment. The ESMF will assess main social and environmental issues, risks, and impacts related to the Project’s proposed activities and areas of intervention. Main issues to assess include: i) the potential for Project activities to create or exacerbate conflicts related to land or the use of natural resources; ii) the
potential for the Project to cause tension within and between IPAM organizations; iii) the need to take lands involuntarily or enforce legally designated protected areas where Indigenous Peoples or Afro-Ecuadorians use natural resources to prevent invasions; iv) the relationship between migration and Project activities, including potential impacts on migrant populations; v) social conflict in relation to non-indigenous/afro-descendant/Montubio, or migrant populations and access to means of production, jobs, access to financial services, etc.; vi) the general labor needs of potential activities to be financed by the Project and potential labor issues, including the participation of children in productive activities, as well as the status of implementation of local labor laws; ix) potential barriers to access to Project benefits of the elderly, people with disabilities, and LGBTI individuals within IPAM communities, including elite capture, contextual crime and violence, gender based violence and domestic violence;

iv. Environmental and Social Management process, including:
(a) Exclusion List with the set of interventions that will not be financed by the Project due to their potential significant E&S risks. It will explicitly rule out interventions that negatively interfere with critical habitats, involve large scale civil works, considers new infrastructure with significant E&S risks, etc. It will rule out any substantial and high risk SPs and interventions under C2 and C3, respectively. The Exclusion List will be reflected in the Appraisal Stage ESRS and later on in the Project’s ESMF.
(b) A robust tool and procedure for the screening, review and approval of technical assistance activities and SPs to be financed under C2, and of infrastructure works under C3. As a result of using this tool/procedure, the PIU will be able to: identify interventions that need to be excluded based on their E&S impacts and risks; for each intervention, determine the need for site-specific ESMPs and the applicable E&S Management Guidelines that need to be considered and included in such ESMPs (refer to (c) below), in order to comply with both national regulations and ESSs requirements; and identify interventions that require an E&S instrument (and corresponding E&S authorization) to comply with national law.
(c) E&S Management Guidelines for the development of site-specific ESMPs, aligned with the requirements of relevant ESSs and national regulations. These will be required as necessary based on the results of the screening tool. If during preparation and/or implementation (as part of C1) it is determined that the deployment of new fiber optic is expected, then the ESMF will assess the corresponding E&S risks and develop the necessary mitigation measures.
(d) Detail of the necessary consultation, communication and public participation activities.
(e) Monitoring measures during implementation, including Project reporting system and how the ESF provisions will be sampled and reported on.

v. Capacity building measures to strengthen the PIU on E&S aspects of Project management, at the central and territory level, as well as Project beneficiaries. Staffing and implementation arrangements for the PIU will be addressed in the Project’s ESCP.

The Bank will support the PIU in the development of the terms of reference for the ESMF, making sure it covers ESS1 requirements and national legislation requirements.

Areas where “Use of Borrower Framework” is being considered:
None.
ESS10 Stakeholder Engagement and Information Disclosure

This Standard is relevant.

Preliminary screening has identified a complex network of potential Project stakeholders with overlapping membership and roles, including a wide range of stakeholder organizations belonging to the peoples and nationalities, including territorial actors at various levels. First-degree organizations include communities made up of individuals and families; second-degree organizations are the union or several community organizations in a particular territory; third-degree organizations are unions of second-degree organizations at the provincial level; fourth-degree organizations are regional unions of several third-degree organizations; and fifth-degree organizations are national in scope and incorporate organizations at all other levels. In addition, IPAMs may also be organized in non-territorial entities including unions, faith-based organizations, and other actors. Other Project stakeholders may include territorial government entities (e.g., provincial and canton-level governments), ministries, secretariats, control entities, agencies implementing other social or public investment programs, NGOs, university partners, donors, and private sector entities.

The Project is participatory by design as it involves development of a menu of investment and technical assistance alternatives based on key eligibility criteria and in consultation with third-degree and higher IPAM organizations. Engagement with such organizations will start during Project preparation and continue throughout project implementation. Consultations during project preparation will be carried out taking into account COVID 19-related constraints. Furthermore, the specific activities and investments to be carried out at the community level will be activated based on the priorities established by organizations at the first and second degree and consultations to be carried out during Project implementation, under the planning activities in C1 of the project. The project will also have a permanent engagement with national-level IPAM organizations, which will provide an ongoing platform for consultations, including local facilitators for work at the territorial level. In addition, a group of technical experts from the IPAM organizations will work as part of the project’s core team.

In order to guide the Project’s participatory process in this complex environment, the Borrower will prepare a Stakeholder Engagement Plan (SEP), which will be both a planning and management instrument for the Project’s participatory process and will: i) describe the Project stakeholders making a distinction between affected and other interested parties; ii) describe the timing and methods of engagement with key stakeholders throughout the life cycle of the Project, including the role of stakeholder organizations in the Project’s participatory approach and specific plans for their engagement during project Preparation and implementation, including strategies to manage organization and community expectations; iii) include a protocol for planning, implementing, and documenting consultation processes, taking into account specific requirements for Indigenous Peoples to be outlined in the Indigenous Peoples Planning Framework to be developed under ESS7; iv) a framework for stakeholder participation in specific activities and investments (subprojects) once they are activated; v) include differentiated measures to remove barriers to participation for vulnerable groups including women, the elderly, LGBTI people, and people with disabilities; vi) budget, responsibilities, and implementation arrangements for the implementation of stakeholder activities under the Project; and vii) the description of the Project specific grievance redress mechanism accessible to Project affected parties.
An advanced draft SEP will be disclosed prior to appraisal and it will include a description of the consultations carried out during preparation as well as a description of the GRM to be available in relation to the project. The SEP will be updated with budget under C4 and in parallel with C1’s activities on stakeholder mapping and stocktaking of planning tools and the updated version will be disclosed before disbursements related to C2 or C3 or the start of bidding processes under C2 & C3.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

This standard is relevant.

Worker categories under ESS2 that may be relevant in the Project include direct workers hired to the PIU including consultants and supervising consultants, contractor workers for infrastructure activities, as well as potentially community workers. The Project is also expected to have government civil servants working in connection with the Project, who will remain subject to the terms and conditions of their existing public-sector employment agreements, unless there has been an effective legal transfer of their employment or engagement to the Project. ESS2 will not apply to such government civil servants (except for the provisions of Protecting the Work Force, and Occupational Health & Safety).

The ESMF to be budgeted under C4 and developed in parallel with the planning activities under C1 will assess the general labor needs of potential activities to be financed by the Project and labor issues, including the participation of children in productive activities, as well as the status of implementation of local labor laws and will develop general principles for the management of project workers.

The Borrower will be asked to develop standalone written Labor Management Procedures (LMP) during project implementation budgeted under C4 using inputs from the ESMF and in parallel with the planning activities under C1 of the project, to describe the way in which project workers will be managed, in accordance with the requirements of national law and ESS2. The LMP will describe how child labor will be avoided in the project, how agreements with community workers will be reached, and the terms on which such labor will be provided, including how the voluntary nature of the work will be ascertained and documented, how community workers will be represented, and the methods by which community workers can raise grievances in relation to the Project. The LMP will also assess any Occupational Health and Safety (OHS) risks involved for different activities and will provide linkages to the ESMF to ensure that OHS measures are also identified at the site-specific level and incorporated into site-specific ESMPs for contractors, to be developed as necessary. The LMP will describe a GRM accessible to Project workers. The LMP will be available before disbursements related to C2 or C3 or bidding processes under C2 or C3 start.

Occupational health and safety hazards associated with civil works under the Project may, among others, include: i) traffic related accidents and incidents associated with transport of personnel and materials to and from work sites; ii) damage or injuries resulting from demolition and construction works; iii) falls from heights during construction activities; iv) falls into excavation sites or collapsing trenches; v) electrocution; vi) failure to use adequate personal
protective equipment; vii) slips, trips and falls; viii) material and manual handling and ix) potential exposure to asbestos and lead. Contractors shall develop Health and Safety plans appropriate for each work site. For work in urban environments, contractors shall assess site specific hazards, as will be detailed in the LMP and ESMF. Adequate OHS training shall be provided to workers, incidents will be reported and investigated, and corrective measures implemented to prevent recurrence. These aspects will also be detailed in the ESMF. Subproject ESMPs will include all relevant labor requirements, including OHS aspects.

ESS3 Resource Efficiency and Pollution Prevention and Management
This standard is relevant.

Energy efficiency measures: based on the available information, the incorporation of energy efficiency measures may be feasible for interventions under C3 that require the construction of new buildings/facilities within SEIs (expected to be mainly small, and potentially medium, scale interventions). This will be further assessed during due diligence and as part of the “planning phase” activities under C1 and reflected in the ESMF if necessary/feasible.

Pollution management related to civil works under C2 and C3: no significant pollution issues are expected to arise from civil works under C2 and C3 (expected to be small scale works, and potentially medium in the case of C3). Nevertheless, the ESMF will include (i) provisions to consider ESS3 requirements in the screening of all SPs to exclude any with significant adverse impacts related to this standard, and (ii) the necessary general measures to mitigate any pollution-related adverse impact due to C2 and C3 interventions. When necessary, a site-specific ESMP will need to be developed with tailored measures for pollution management, for which the ESMF will include the corresponding guidelines for its development, in compliance with national regulation, the applicable provisions of this ESS, and WBG General EHS Guidelines for the potential handling of hazardous material (e.g., asbestos) in particular.

Pollution management related to technical assistance under C2: depending on the menu of general investment types and set of eligibility criteria, technical assistance to improve production may pose a risk of environmental pollution and degradation of natural resources (soil, water) due to an inadequate use of pesticides and agrochemicals, consumption of water resources, use of hydrocarbons for equipment, etc. To mitigate these risks, the ESMF will include general measures for the adequate management of agrochemicals/pesticides and hydrocarbons to prevent contamination, as well as the adequate consumption of water resources. When necessary, a site-specific ESMP will need to be developed with tailored measures for pollution management, for which the ESMF will include the corresponding guidelines for its development.

Pollution management due to equipment and software interventions under C2 and C3: The TD will determine if old equipment will be replaced as a consequence of the equipment and software interventions under these components. If deemed necessary, the ESMF will include guidelines for the development of site-specific e-waste management plans, as necessary, for the adequate management and disposal of these hazardous wastes.

Relevance of this ESS will be further assessed as part of the Bank’s due diligence, as more information becomes available about the scope and location of Project interventions.
ESS4 Community Health and Safety

This standard is relevant.

Infrastructure design and safety under C3. Requirements for universal accessibility and/or safety measures will be incorporated into the design of infrastructure interventions in SEIs under C3, as necessary (bidding process for design and infrastructure works will be determined and laid out during Bank’s due diligence and further detailed as part of C1). These considerations, to be determined during due diligence and as part of the “planning phase” activities under C1, will be based on national legal requirements, the EHSGs and other GIIP, and will be laid out and included in the ESMF.

Community health and safety (CHS) under C2. Given the nature and scale of interventions, and based on the available information, potential CHS risks and impacts from the small-scale infrastructure activities under C2 are likely to be addressed through screening and compliance with local/national laws. This, and any necessary gap-filling measures to comply with ESS4 requirements will be assessed during preparation and reflected in the Appraisal stage ESRS, and later on in the Project’s ESMF. Also, once the menu of general investment types is available, the need of specific CHS management plans for SPs and technical assistance under C2 will be assessed and determined. If deemed necessary, the ESMF will include the necessary guidelines for their development. Accident prevention measures related to technical assistance activities (e.g., due to inadequate use of equipment / technology, risk of exposure to pesticides, among others) will be also reflected in the ESMF.

CHS under C3. Main CHS risk is linked to the execution of civil works in SEI during/parallel to education activities. This will be further assessed during due diligence and implementation, based on the results of the preparatory activities under C1, as it will depend on the scope of works and characteristics of each intervention. If deemed necessary, the ESMF will include guidelines for the development of CHS management plans during construction. All other CHS risks and potential impacts related to C3 (construction and operation) are likely to be addressed through screening and compliance with local/national laws. If deemed necessary, as more information becomes available, the ESMF will include the necessary general measures and guidelines to comply with national regulations and meet the requirements of this ESS.

Relevance of this ESS will be further assessed as part of the Bank’s due diligence, as more information becomes available about the scope and location of interventions under C2 and C3.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

This standard is relevant.

Some small and medium scale infrastructure activities are possible under C2 and C3 of the Project, including rehabilitation of access roads, small water infrastructure, construction or expansion of school buildings, among other activities. Such interventions may require minor land acquisition and physical and/or economic displacement. The Project will seek to avoid involuntary resettlement or, when unavoidable, minimize it by exploring alternative Project sites. Given that the scope and specific sites for infrastructure interventions will only be determined during project
implementation, the Borrower will prepare a Resettlement Policy Framework (RPF) budgeted under C4 and in parallel with planning activities under C1 of the project. The RPF will set out the procedures to be followed for the preparation of Resettlement Action Plans (RAPs) per the requirements of ESS5, when a subproject is expected to require land acquisition, restrictions of land use, or involuntary resettlement, as well as eligibility criteria for affected persons, procedures and standards for compensation, and arrangements for consultations, budget, monitoring, as well as how the Project-level GRM will address involuntary resettlement-related grievances. The RPF will also include a protocol for land donation, including donation of land subject to collective ownership by Indigenous or Afro-Ecuadorian communities. The RPF will be disclosed before disbursements related to C2 or C3 or the start of procurement processes for infrastructure activities under C2 & C3 of the project. When required, subproject specific RAPs will be prepared, consulted, and approved before bidding for activities that require them start, and implemented before construction begins.

The ESMF will determine whether potential Project activities may require the establishment or enforcement of legally designated protected areas that may cause restrictions in access to natural resources. If this the case, the RPF will describe the criteria and screening process for the identification of potential subproject activities that may need a Process Framework, and basic principles for the preparation and implementation arrangements of Process Frameworks for such subprojects.

**ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

This standard is relevant for interventions under C2, as C3 infrastructure activities will occur outside natural areas, Even though C2 interventions will be located in areas prioritized by IPs/APs/MPs, which could overlap with natural and critical natural habitats (e.g., NPAs and Protective Forests), it is not expected that these will generate significant adverse risks and impacts over natural or critical natural habitats or their natural resources. This, mainly considering that based on the available information, (i) construction of new significant infrastructure in non-intervened areas is not envisioned; (ii) civil works are expected to be punctual, small scale, and of limited scope; (iii) interventions with a significant environmental risk, and/or that pose potential significant adverse impacts over critical natural habitats will be automatically screened out. These potential risks and impacts are expected to be addressed mainly through compliance with local/national laws. This, and any necessary gap-filling measures to comply with ESS4 requirements will be assessed during preparation and reflected in the Appraisal stage ESRS, and later on in the Project’s ESMF.

Infrastructure interventions under C2. Once the menu of investment alternatives and eligibility criteria are available, and as part of the “planning phase” activities under C1, the need of specific environmental management plans to manage/mitigate impacts over natural resources (e.g., rivers, lakes, native vegetation patches) for SPs under C2 will be assessed and determined. If deemed necessary, the ESMF will include the necessary measures to comply with national regulations and meet the requirements of this ESS in mitigating any potential low-scale impacts from the expected small-scale civil works.

Technical assistance under C2: the ESMF will include provisions to consider ESS6 requirements in the screening of all technical assistance activities to exclude interventions that could involve significant impacts on natural and critical natural habitats, biodiversity, and ecosystem services. The Exclusion List will include interventions that imply the introduction and/or promotion of invasive species and/or non-native species (not currently established in the region),
land use change from primary forests to plantations, agroforestry systems, and silvopastoral systems, etc. Likewise, once the menu of investment alternatives and eligibility criteria are available, the need of environmental management measures and/or specific EMPs to manage/mitigate risks from technical assistance activities, which can materialize as adverse impacts if not well identified and mitigated, will be assessed and determined. If deemed necessary, the ESMF will include the necessary corresponding guidelines for the development of these EMPs.

In the case of SPs and technical assistance interventions located within critical habitats (mainly NPAs and Protective Forests), additionally, the following requirements would have to be met for the intervention to be considered eligible: (i) adverse potential environmental impacts are not considered to be relevant; (ii) the intervention is aligned with the NPA’s Management Plan regarding the area’s conservation objectives, permitted activities, and land use classification/zoning; (iii) the NPA’s Management Unit has been, and will continue to be actively involved in the development and execution of the intervention; (iii) the necessary permits have been obtained; among others to be determined during due diligence.

Relevance of this ESS will be further assessed as part of the Bank’s due diligence, as more information becomes available about the scope and location of interventions under C2.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

Project beneficiaries include indigenous, Afro-Ecuadorians and Montubio peoples and nationalities, which each represent about 7% of the national population. Based on a preliminary assessment, Afro-Ecuadorian and Montubio communities do not fulfill the criteria for Indigenous Peoples in ESS7. As Indigenous Peoples are not the sole or overwhelming majority of beneficiaries, the Project is not considered an Indigenous Peoples project under paragraph 14 of ESS7.

In line with ESS7’s specific requirements for participation and consultation of Indigenous Peoples, the Borrower will prepare an Indigenous Peoples Planning Framework (IPPF) setting out the manner in which the Borrower will consult, reach agreements on prioritization and activation of investments, and devolve information to indigenous communities and organizations at different levels, and in accordance with ESS7’s requirements on meaningful consultation, the national legal framework, and the communities’ traditional decision-making processes. The Social Assessment will provide information on decision-making instances of Indigenous Peoples and the SEP will provide specific procedures for consultations with Indigenous communities and organizations at various stages of the Project, including in the prioritization of potential investments and selection of specific investments in communities. The IPPF will also cover subprojects in which IPs are present but do not constitute the sole or overwhelming majority of beneficiaries, and will describe the process by which Indigenous Peoples Plans (IPPs) will be prepared for subprojects where IPs are not the main target group.

SPs implemented in indigenous communities will be considered Indigenous Peoples projects and would not need separate Indigenous Peoples Plans. The IPPF will outline how the Borrower will incorporate the elements of an indigenous peoples plan in SP design and site specific ESMPs through the engagement of indigenous communities to
ensure their ownership and participation in Project design, implementation, monitoring and evaluation, including their free, prior, and informed consent, and how, the Borrower will ensure the cultural appropriateness of SPs.

The IPPF will be prepared and consulted with budget under C4 and in parallel with the planning activities under C1 of the project and will be disclosed before disbursements related to C2 or C3 or the start of procurement processes under C2 & C3.

**ESS8 Cultural Heritage**

This standard is relevant.

It is not expected that the interventions will be located within the limits of cultural sites, nor that these will have direct or indirect impacts on cultural heritage, both tangible (e.g., archaeological sites) and intangible. This will be confirmed as part of the Bank’s due diligence and the “planning phase” activities under C1. If necessary, the ESMF’s screening tool will include the identification of potential cultural sites, and guidelines for the development of the corresponding site-specific management plans. Moreover, the Exclusion List will incorporate restrictions for interventions that could involve significant impacts on cultural heritage.

Chance findings could occur during earthworks as part of the mainly small-scale infrastructure activities under C2 and C3. For any interventions involving earth movements, the ESMF will include the preparation of a chance find procedure in accordance with national laws and regulations. It is important to note that Ecuador has a well-developed legislative framework for the protection of its cultural, historical and archaeological heritage under the environmental licensing process.

Relevance of this ESS will be further assessed as part of the Bank’s due diligence, as more information becomes available about the scope and location of interventions under C2 and C3.

**ESS9 Financial Intermediaries**

This standard is currently relevant.

The Project will support financial inclusion through support for community Banks and improvement of access to the financial service sector in beneficiary territories. These activities may involve the use of Financial Intermediaries (FIs), which will be identified as part of C1 during implementation, in accordance with the priorities established in the territorial development plans. Subprojects to be financed under the FIs are expected to include productive activities similar in scale and scope to those financed under C2.

In accordance with the requirements of ESS9, before any funds are transferred to an FI, the Borrower will ensure, in a manner acceptable to the Bank, that the FI puts in place and maintains an Environmental and Social Management System (ESMS), proportionate to the subproject potential low to moderate risks. Given the nature of the sub-
projects, and magnitude of expected risks, corresponding E&S risks and impacts are likely to be addressed through screening and compliance with local/national laws per paras. 14 and 16 of ESS 9. This will be confirmed as part of C1 activities. Based on the preliminary information, the ESMS will contain the following elements i) an environmental and social policy; ii) clearly defined procedures for the identification, assessment and management of the environmental and social risks and impacts of subprojects iii) organizational capacity and competency; iv) monitoring and review of environmental and social risks of sub-projects and the portfolio; and v) external communications mechanism. In addition, the Borrower will ensure that the FI has procedures to meet relevant requirements of ESS2, including procedures relating to working conditions, terms of employment, nondiscrimination and equal opportunity, grievance mechanisms and occupational health and safety.

Relevance of this ESS will be further assessed as part of the Bank’s due diligence, as more information becomes available.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways
TBD
There is the potential of some project interventions to take place in the Amazon region, where there are cross-boundary rivers. Will be confirmed during preparation.

OP 7.60 Projects in Disputed Areas
No
No project interventions are expected in disputed areas.

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered?
No

Financing Partners
Not applicable.

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:
The following actions are planned during Project Preparation:

1. Analysis of E&S issues, risks, and impacts of potential project activities and proposition of guidelines for the development of mitigation measures, to be included in the Appraisal Stage ESRS.
2. Assessment of the SDH’s capacity, in order to tailor the institutional capacity strengthening measures on E&S aspects, which will be financed under C4.

Actions to be completed prior to Project Appraisal:
1. Draft ESCP
2. Draft Stakeholder Engagement Plan
3. Preparation and agreement on a generic Exclusion List with the set of interventions that will not be financed by the Project due to their potential E&S risks. This list will rule out any substantial and high risk SPs and interventions under C2 and C3, respectively. It will then be further developed and tailored to the Program specific interventions during execution as part of the “planning phase” activities under C1 and included in the Project’s ESMF.

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

The Project will ensure consistency with the ESF through the preparation and implementation of the Environmental and Social Commitment Plan (ESCP), which will be prepared and disclosed by the Borrower during the preparation stage of the Project, prior to appraisal. The ESCP will be in line with the relevant environmental and social management instruments described in the ESSs.

Some additional issues that may be included in the ESCP are:

1. The preparation, consultation, approval and disclosure of the ESMF, prior to disbursements for C2 and C3, or initiation of procurement for C2 and C3 activities.
2. Finalization of SEP
3. Preparation of IPPF, RPF, and of the Labor Management Procedures prior to disbursements for C2 and C3
4. Preparation of subproject ESMPs and other instruments
5. Training for PIU staff on the Project’s E&S instruments
6. Staffing and implementation arrangements for the PIU
7. Contractor/beneficiary training on site-specific ESMP requirements.

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS 11-May-2020

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VI. APPROVAL
Task Team Leader(s): Dianna M. Pizarro, Mariana T. Felicio
Practice Manager (ENR/Social) Valerie Hickey Recommended on 02-Apr-2020 at 16:38:44 EDT
Safeguards Advisor ESSA Maria Da Cunha (SAESSA) Cleared on 02-Apr-2020 at 22:18:27 EDT