Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 02/21/2019 | Report No: ESRSA00055
### BASIC INFORMATION

#### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Region</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ecuador</td>
<td>LATIN AMERICA AND CARIBBEAN</td>
<td>P167416</td>
<td></td>
</tr>
</tbody>
</table>

**Project Name**

EC-Social Safety Net Project

<table>
<thead>
<tr>
<th>Practice Area (Lead)</th>
<th>Financing Instrument</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
</tr>
</thead>
</table>

**Borrower(s)**

Ministry of Social Inclusion and Equity (MIES), Secretaria Nacional de Planificacion y Desarrollo (SENPLADES)

**Proposed Development Objective(s)**

The Project development objective is to improve the equity, integration and sustainability of selected social safety net programs.

<table>
<thead>
<tr>
<th>Financing (in USD Million)</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost</td>
<td>387.40</td>
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</tbody>
</table>

**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]**

The GoE has requested the Bank’s support to improve the equity, integration and sustainability of selected social assistance programs administered by MIES.
D. Environmental and Social Overview

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

The project will be implemented at the national level, throughout a heterogeneous territory with diverse environmental, social, and institutional settings. The IPF will finance improvements in the Social Registry and seven social protection programs that will provide various social services and cash transfers to program beneficiaries. Selected social programs to be supported by the project fall under the “Ternura”, “Menos pobreza, más desarrollo” and “Mis Mejores Años” Missions. Specifically, they are: BDH and BDH-V; CDH, PMMA and early childhood and elderly care services. These programs were selected because they: i) help the most vulnerable households; i.e., those with children under 3 years of age and the elderly, ii) provide opportunities to integrate services with transfers; and, iii) have no other funding sources.

D.2. Borrower’s Institutional Capacity

The Ministry of Social and Economic Inclusion (MIES – Ministerio de Inclusión Económica y Social) and the National Secretariat for Planning (SENPLADES) will be the two institutions responsible for overall project implementation. MIES and SENPLADES will be responsible for the implementation and day-to-day oversight of DLI-based Component 1 entailing the expansion of selected SP interventions and the update of the Social Registry (Registro Social). MIES will also be responsible for implementing activities under the Component 2 (technical assistance) and will be the institution responsible for the implementation of actions and measures to be implemented to meet the requirements of the ESSs. Neither MIES nor SENPLADES have previous experience managing and implementing investment operations financed by the World Bank, therefore, two PIUs will be established. MIES PIU will be seated at the Economic Inclusion Vice-Ministry (VIE); and SENPLADES PIU will be seated at the Information Undersecretary (SI). It will be necessary to ensure that the new positions include a strong social specialist. As described in the Environmental and Social Commitment Plan, (ESCP), capacity building measures will be necessary for MIES, in particular, in order to liaise across the various programs including: the Communications Department in order to ensure effective outreach to communities; with the Communications Department and the seven Social Registry Programs to develop adequate messaging regarding rights and responsibilities of beneficiaries; sensitization on the Action Plan reflected in the Indigenous Peoples Planning Framework, (IPPF), to ensure culturally appropriate dimensions in service provision; and capacity building to establish a robust and accessible grievance redress system that is functioning and widely disseminated.

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)  Moderate

Environmental Risk Rating  Low

The activities supported by the Program are not expected to have any negative environmental impacts. No rehabilitation or construction of infrastructure or other actions having an impact on the environment will be financed through the project. The Project will be implemented at the national level over a heterogenous geographical area, the overall risks and potential adverse environmental impacts are not considered significant.

Social Risk Rating  Moderate

Based on the Project’s social assessment, the Social Risk Rating is considered Moderate. The Project is expected to have many positive social impacts on disadvantaged and vulnerable groups as its main objectives are intended to improve access of the extreme poor to the selected social protection programs and improve effectiveness. In
particular, the program intends to reduce extreme poverty and malnutrition rates through CCTs, reduce school dropout rates, and increase coverage of elderly care services contributing to a direct increase in life expectancy. No rehabilitation or construction of infrastructure will be financed through the project. The project will not entail any land acquisition, resettlement, or associated livelihood impacts. Furthermore the project will not affect the management of natural resources or land areas upon which individuals or communities rely.

The main social risk of the project relates to the possibility that procedures and processes for reaching out to disadvantaged or vulnerable groups may not be successful. If not designed carefully, the project may inadvertently exclude certain groups from full participation. In particular, the potential exclusion of vulnerable households could limit their access to cash transfers. Other key risks include weak grievance redress mechanisms and coordination in the communication of key messages regarding eligibility criteria, and rights and responsibilities across the seven social protection programs.

In the context of the new Environmental and Social Framework (ESF), Environmental and Social Standards (ESSs) that are relevant are: ESS1 (Assessment and Management of Environmental and Social Risks and Impacts), ESS10 (Stakeholder Engagement and Information Disclosure), ESS7 (Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities), and ESS2 (Labor and Working Conditions).

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:

The Borrower prepared a Social Assessment (SA) that has been adopted by MIES and SENPLADES. The SA identifies potential risks and opportunities for disadvantaged and vulnerable groups, particularly indigenous people, Afro-descendants, and women. The SA includes an Action Plan with specific measures to avoid, minimize or mitigate potential adverse impacts, as well as measures to maximize project benefits. Some of the most salient issues identified in the social assessment are: (i) extremely poor populations entitled to receive cash transfers and services may fall in the 6% margin of error and be excluded, and (ii) some of the individuals who may cease to receive the Human Development Bono (BDH) may slip into vulnerable conditions even if they have access to the Human Development Credit (CDH) and social services. It will be critical to ensure that the measures to reach the extreme poor are effective, particularly with regards to access to social services, understanding of rights and responsibilities, multicultural approaches to service provision, and robust grievance redress mechanisms. MIES and SENPLADES will provide implementation support to ensure that environmental and social standards are applied effectively. Mitigation measures would include increasing the capacity of MIES local teams to support households that are exiting the BDH program and to monitor and evaluate the training results. Complementary technical assistance to individuals and households will enhance their economic opportunities. During consultations with key stakeholders, domestic violence emerged as a concern. To address this issue, the ESCP includes a gender assessment, which will be prepared within six months of Board approval. Based on the assessment’s findings, an Action Plan will be developed to retrofit and enhance project implementation aspects to account for gender sensitivity and risks. Moreover, social services tailored to the needs of indigenous populations have not yet been developed. The IPPF (Marco de Política de Pueblos Indígenas – MPPI) includes mechanisms for engaging indigenous peoples effectively, so that they can be empowered
to contribute their knowledge to program implementation and in the identification of beneficiaries. Regarding monitoring and evaluation arrangements, MIES has field supervisors who are responsible for monitoring the implementation of MIES programs in their assigned territory (region and canton). However MIES will need to strengthen the local level monitoring and evaluation system to ensure that every office has the right tools and methodologies to enable more effective information collection and supervision.

**ESS10 Stakeholder Engagement and Information Disclosure**

Stakeholders will continue to be engaged throughout project implementation and will play a role in external reporting. The various stakeholders, which include Ministry staff at the national and regional level and some local indigenous organizations, will participate in the design, implementation, and evaluation of the project. This ongoing stakeholder engagement will complement the Social Assessment and the IPPF. The SEP includes an Action Plan that lays out how program and local staff will ensure the active participation of project beneficiaries and are responsible for monitoring project implementation at their level to ensure that the project is reaching its stated objectives and responding to any queries and/or grievances that may emerge. Local staff will also play an important coordination role amongst local level stakeholders. While MIES has staff dispersed across the different levels (national, regional, and canton), capacity of staff, particularly at the local levels, is an area that will need strengthening. It will be most important that staff are well trained for taking corrective action in cases of unjustified exclusion of persons as project beneficiaries. Given the overall economic austerity in the country, ensuring that resources are allocated to the local levels will also be key. Grievance redress mechanisms (GMs) will be improved as part of the ESCP and redress procedures will vary according to the gravity of the complaint and level (national, cantonal, or local). Project beneficiaries will be able to issue a grievance at any of the MIES District Offices through its Services and Information Window, email, walk-ins and, in serious cases, through judicial channels. The complaint will be transferred to the relevant department for resolution. In the case of Indigenous Peoples, each group has their own conflict resolution systems, which will be need to be respected utilized in tandem to the institutionalized mechanisms. The SEP includes measures to ensure periodic dissemination of information on the GM system to project stakeholders.

**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**

The Social Assessment confirmed that the activities under the project are not expected to have any negative impacts related to labor and working conditions. The project will be implemented primarily by government staff from MIES at the national, regional, and canton levels. The seven programs have a high turnover of staff. The workforce make up will be a mix of civil servants and direct workers hired to support the program’s implementation, (number has yet to be determined). The government is committed to develop Labor Management Procedures, (LMP) before hiring new direct workers. The applicable national legal framework is aligned with the principles of ESS2 and International Labor Organization (ILO) standards on non-discrimination and working conditions. The government has the constitutional obligation to guarantee non-discrimination and adequate working conditions to its civil servants and direct workers. It also guarantees paid work to elderly individuals and the disabled, and constitutional provisions promote affirmative action promoting gender and ethnic equality.
ESS3 Resource Efficiency and Pollution Prevention and Management
The standard is not relevant as the Project will neither finance nor support any civil works activities thus no pollution prevention and management measures will apply. The project will not be a significant user of energy, water or other natural resources.

ESS4 Community Health and Safety
The standard is not relevant as the Project will neither finance nor support any civil works activities. No rehabilitation or construction of new infrastructure or other actions having an impact on the environment will be financed through this IPF. In this context, the Project is not expected to generate any negative impact on the community health and safety.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
The standard is not relevant as Project activities will not require any land acquisition. Nor will they involve any physical or economic displacement of individuals or communities. It is not expected to generate any negative impact covered under ESS5.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources
The standard is not relevant as the Project will neither finance nor support any civil works or other activities which would impact biodiversity. Furthermore, the Project does not involve any activities which involve the management or use of living natural resources. The IPF will finance the delivery of social services and improve the targeting mechanisms to reach the poor. As such, it is not expected to generate any negative impact on the Biodiversity Conservation and Living Natural Resources.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities
ESS7 applies to the Project as a large segment of the beneficiaries are expected to be indigenous. About 7% of Ecuador’s population (1.02 million people) are indigenous. It is not expected that the project will have a negative impact on indigenous peoples; however, the beneficiaries of the Project will deliver benefits to indigenous communities, particularly Amazonian and Sierra based communities. A draft Indigenous Peoples Planning Framework (IPPF) has been developed, and will be finalized before Board approval. The draft IPPF incorporates the result of the Social Assessment and focuses on the main challenges stemming from the need to ensure that project objectives and impacts are enhanced. These include: (i) improved targeting of indigenous peoples, particularly those in areas of difficult access such as the Amazonia, (ii) communication and outreach challenges due to geography, culture, and at times, language. The draft IPPF reflects the requirements outlined in the ESS 7 Guidance Note, references national legislation, (such as the Politica Nacional de Garantias - National Guarantee Policy), and follows the UN Guidelines on the Protection of Indigenous Peoples in Voluntary Isolation and the ILO 169 Accord that has been ratified by Ecuador. In particular, the draft IPPF includes the following measures to address the key challenges: 1. Awareness raising workshops with indigenous groups about the social protection project, the changes to be expected, and to collect feedback on the proposed approach in order to customize implementation to reflect feedback. 2. Information fairs for indigenous communities to sensitize beneficiaries about their rights and responsibilities as they relate to receiving
cash transfers; 3. Identify specific actions that to ensure a multicultural service delivery to be reflected in Indigenous People’s Plans (IPPs). An Indigenous Peoples Plan will be developed on the basis of the IPPF. The IPP will incorporate the results of consultations with communities and integrate beneficiary practices, participation methods, and conflict resolution mechanisms. It will also include how to implement outreach and communications programs, understanding the appropriate messengers, channels, and messages; ensure that communications strategies improve the understanding of beneficiary rights and responsibilities; and guidance on strengthening culturally appropriate grievance redress mechanisms.

ESS8 Cultural Heritage

The Project will only finance the delivery of social services and improve the targeting mechanisms to reach the poor. In this context, it is not expected that there will be any possibility of directly or indirectly affecting tangible or intangible cultural heritage.

ESS9 Financial Intermediaries

The Project will not work with financial intermediaries thus will not apply ESS9.

C. Legal Operational Policies that Apply

| OP 7.50 Projects on International Waterways | No |
| OP 7.60 Projects in Disputed Areas | No |

III. BORROWER’S ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)

<table>
<thead>
<tr>
<th>DELIVERABLES against MEASURES AND ACTIONS IDENTIFIED</th>
<th>TIMELINE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESS 1 Assessment and Management of Environmental and Social Risks and Impacts</td>
<td>05/2019</td>
</tr>
<tr>
<td>Organizational Structure, hiring of Social Specialist</td>
<td></td>
</tr>
<tr>
<td>Implement Social Assessment’s Action Plan</td>
<td>07/2019</td>
</tr>
<tr>
<td>Prepare Gender Assessment</td>
<td>07/2019</td>
</tr>
<tr>
<td>Implement Gender Assessment Action Plan</td>
<td>08/2019</td>
</tr>
<tr>
<td>Update Social Safeguards Instruments (SA, IPPF, SEP)</td>
<td>07/2019</td>
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<tr>
<td>ESS 10 Stakeholder Engagement and Information Disclosure</td>
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<tr>
<td>ESS 2 Labor and Working Conditions</td>
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<tr>
<td>Disseminate Stakeholder Engagement Plan</td>
<td>03/2019</td>
</tr>
<tr>
<td>Implement SEP</td>
<td>05/2019</td>
</tr>
<tr>
<td>Maintain and strengthen Grievance Mechanism for Project</td>
<td>07/2019</td>
</tr>
</tbody>
</table>

**ESS 2 Labor and Working Conditions**

- Disseminate Stakeholder Engagement Plan: 03/2019
- Implement SEP: 05/2019
- Maintain and strengthen Grievance Mechanism for Project: 07/2019

**ESS 3 Resource Efficiency and Pollution Prevention and Management**

- N/A

**ESS 4 Community Health and Safety**

- N/A

**ESS 5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

- N/A

**ESS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

- N/A

**ESS 7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities**

- Develop Indigenous Peoples Plan: 09/2019
- Strengthen Grievance Mechanism for Indigenous People: 07/2019

**ESS 8 Cultural Heritage**

- N/A

**ESS 9 Financial Intermediaries**

- N/A

**B.3. Reliance on Borrower’s policy, legal and institutional framework, relevant to the Project risks and impacts**

- Project relies on Borrower Framework: No
Areas where reliance on the Borrower’s E&S Framework may be considered:
The Bank will not rely on the Borrower E&S Framework. Ecuador’s legal framework is in line with the principles of ESS2 (Labor and Working Conditions) and subscribe to ILO Convention. The project will be implemented by government staff from the MIES and SENPLADES (government civil servants and other direct workers). NGOs may be contracted to support the implementation of Component 1 with regards to delivery of social services. Specific implementation and service delivery mechanisms will be further developed during implementation and will rely on the findings from the finalized version of the social assessment, IPPF, and SEP. ESS3 (Resource Efficiency and Pollution Prevention and Management), ESS4 (Community Health and Safety), ESS5 (Land Acquisition, Restrictions on Land Use and Involuntary Resettlement), ESS6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources), ESS8 (Cultural Heritage) and ESS9 (Financial Intermediaries) are not relevant for this project.

IV. CONTACT POINTS

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Implementing Agency(ies)
Implementing Agency: Ministry of Social Inclusion and Equity (MIES)
Implementing Agency: Secretaria Nacional de Planificacion y Desarrollo (SENPLADES)

V. FOR MORE INFORMATION CONTACT
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VI. APPROVAL
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Maitreyi B Das (SAESSA) Cleared on 22-Feb-2019 at 10:49:54