



The World Bank

Territorial Economic Empowerment for the Indigenous, Afro-Ecuadorians and Montubian Peoples and Nationalities (TEEIPAM) (P173283)

Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 27-May-2020 | Report No: PIDA29224

**BASIC INFORMATION****A. Basic Project Data**

Country Ecuador	Project ID P173283	Project Name Territorial Economic Empowerment for the Indigenous, Afro-Ecuadorians and Montubian Peoples and Nationalities (TEEIPAM)	Parent Project ID (if any)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 10-Jun-2020	Estimated Board Date 27-Jul-2020	Practice Area (Lead) Social
Financing Instrument Investment Project Financing	Borrower(s) Republic of Ecuador	Implementing Agency Secretariat of Human Rights (Secretaria de Derechos Humanos)	

Proposed Development Objective(s)

The Project Development Objective (PDO) is to improve livelihoods for targeted Indigenous Peoples and Nationalities, Afro-Ecuadorians, and Montubians, in accordance with their vision and priorities for development.

Components

- Component 1: Strengthening Governance and Investment Planning for IPAM Development
- Component 2: Preparation and Implementation of Territorial subprojects
- Component 3: Promotion of Higher Education and Employment Generation for IPAMs
- Component 4: Covid-19 Relief and Recovery
- Component 5: Project Administration, Communication, and Monitoring and Evaluation

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	40.00
Total Financing	40.00
of which IBRD/IDA	40.00
Financing Gap	0.00



DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	40.00
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Environmental and Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

- 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 east¹. Most of the country’s 16 million inhabitants live in the highlands and the Coast. Ecuador is the world’s 11th most biodiverse nation and has one of the largest rural populations (36 percent) in South America, with agricultural land comprising 30 percent of the largely cultivated topography.
- Ecuador’s Constitution recognizes the plurinational and multicultural nature of its heterogeneous population and promotes inclusive development, protection of the environment, cultural diversity and social inclusion².** 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.³ Ecuador has the sixth largest Indigenous population⁴ and fifth largest Afro-descendant (AD) population

¹ Among these regions, poverty rates are higher in the Amazon and in the rural Sierra.

² Chapter Four of Ecuador’s 2008 Constitution enshrines the rights of IPAMs to live free of discrimination and racism, ownership to community lands, and to freely uphold their identity, ancestral traditions and forms of social organization.

³ Dugarova, Esuna (2015): Social Inclusion, poverty eradication and the 2030 agenda for sustainable development.

⁴ According to the National Council for the Equality of Peoples and Nationalities, in Ecuador there are 15 indigenous nationalities: Achuar, A’I Cofan, Waorani, Kichwa, Sequoia, Shiwiar, Shuar, Siona, Zapara and Andoa in Amazonia; Awa, Ahachi, Epera and Tsa’chila on the coast and the Kichwa nationality in the Sierra.

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-Ecuadorian⁵ (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 (AEs) tend to be concentrated in certain geographic areas: IPs live predominantly in rural areas in the highlands and Amazon (80 percent), Montubians⁶ live along the coast, and three-quarters of AEs live in urban areas.

3. Despite notable strides made over the last 15 years towards reducing poverty and inequality in Ecuador, social advances were not shared equitably and notable gaps in measures of well-being between IPs, AEs and Montubians (collectively referred to as IPAMs) and those of the White and Mestizo population persist. 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.⁷ The poverty levels according to unsatisfied basic needs (UBN), points to 63.41 percent for IPs, 43.68 percent for AEs, and 58.83 percent for Montubians⁸. IPAMs also suffer from lower access to basic services, including water and sanitation (IPAMs are up to 3x more likely to have a home without a sewage system⁹) and technology (non-IPAMs are more than 2x as likely to have a computer in the home and up to 12x more likely to have internet). IPAMs, on average, attend only $\frac{3}{4}$ of the years of schooling completed by Whites/Mestizos¹⁰, and are also up to 3x more likely to be illiterate¹¹. These differences widen in higher levels of education, often because of discrimination and economic difficulties: only 4 out of 100 Montubians age 25 or older have a university degree, as compared to 32 percent of Whites.¹² Furthermore, educational programs often fail to consider and adopt cultural differences and language, resulting in a loss of culture and poorer outcomes for IPAMs: by the time indigenous youth finish primary school, only one in three speaks an indigenous language and only 5 percent report doing so by the time they finish high school. Health outcomes are similarly lower for IPAMs, as they experience higher levels of chronic malnutrition¹³, worse anthropometric measures¹⁴, higher rates of developmental delays¹⁵, and greater

⁵ The concept of “Afro-Ecuadorian” is derived from Afro-descendants, which refers to the descendants of Africans who have been born in Ecuador since the slave trade, before the current demarcation of the national state.

⁶ Montubians are an ethnic minority of rural Mestizos known for their ranching and farming activities, rodeos, rites, music and distinctive attire that are legally recognized as a “Indigenous People” in Ecuador’s 2008 Constitution.

⁷ INEC (2010)

⁸ ENEMDU, (2019).

⁹ INEC (2010).

¹⁰ Per INEC, Whites complete an average of 10.7 years of schooling, whereas IPs, AEs and Montubians only complete an average of 6.4 years, 8.4 years, and 7.4 years respectively.

¹¹ Ecuador’s national illiteracy rate is 6.8 percent, and yet among IPAMs, illiteracy levels rise to 20 percent, 7.6 percent, and 12.9 percent respectively (Anton, Jhon - 2013).

¹² Vasquez, Alicia Isabel (2013). “El acceso laboral del pueblo montubio en las Instituciones del Estado”.

¹³ AEs are the only group for which malnutrition rates actually rose between 2004-2012; IPs continue to show the highest rates of malnutrition (9.6 percent in 2012 compared the 6 percent national average).

¹⁴ Stunting and short stature rates were higher in IP women, whereas overweight and obesity rates were higher in AE women. Ramirez-Luzuriaga, MJ (2019).

¹⁵ SENPLADES (2013).

exposure to violence. The gaps are broader for IPAM women.

4. The recent events of COVID-19, the second sharp decline in oil prices, and constraints in accessing international finance have further exacerbated these gaps and are leading to significant impacts for IPAMs.

Containment measures taken by the GoE to fight the spread of COVID-19, including closing international borders, instituting a curfew and mandatory quarantine, and limiting in-country transportation have meant that IPAMs are not able to leave their homes and produce basic crops or sell at markets, activities upon which they depend for subsistence and livelihoods. IPAMs are also particularly vulnerable to the virus given their lack of access to health systems and water and sanitation, and the urban focus of response and relief efforts. While some IPAMs have demonstrated resourcefulness and proactivity in responding to the COVID-19 crisis (see Box 1), the pandemic is expected to create even wider inequalities amid extensive suffering for IPAMs: results of a 2020 World Bank study¹⁶ indicate the likely possibility that welfare gains in Ecuador will be completely eroded (including the potential for a backtracking in welfare) and that the number of individuals living in poverty will increase by approximately 34 percent with those in the informal sector most affected. As demonstrated during the civil unrest that took hold in Ecuador in October 2019¹⁷, the severe financial and institutional limitations of the GoE to attend to increased IPAM needs under COVID.

5. COVID-19, as a result of the emotional stress arising from income insecurity and confinement, has also induced a significant rise in gender-based violence (GBV)¹⁸, which was already widespread in the country.

Sixty percent of all women in Ecuador have experienced some type of GBV¹⁹, with IPAMs citing higher incidence levels (67.8 percent for IPs, 66.7 percent for AEs and 62.9 percent for Montubians respectively)²⁰, aggravated by discrimination in the labor market and accessing health services based on ethnic, cultural, economic, social or age status. Persistent and traditional social norms can often fuel and/or mask this pervasive violence (a quarter of all women surveyed justified domestic violence)²¹ and evidence shows that the relationship between poverty and Violence Against Women and Girls (VAWG) is bidirectional: poverty is a key risk factor for VAWG, and VAWG increases women's and girls' poverty. Women and girls who are poorer typically have greater dependency on relationships with men and less decision-making power in households, which exacerbates their risk of Intimate Partner Violence (IPV) and makes it harder for them to leave abusive relationships. Poverty also increases other risk factors for IPV including ill-health and reduced educational opportunities and worsens household stress.

¹⁶ Olivieri, Sergio (2020). "The perfect storm: the welfare and distributional impacts of the triplet crises in Ecuador 2020" World Bank.

¹⁷ In early October 2019, the Government of Ecuador (GoE) announced a sharp overnight rise in fuel prices leading to a declared state of emergency after IP organizations, as well as unemployed youth, low- and middle-class workers, leveraged massive and sometimes violent protests to address a culmination of discontent and unrest resulting from growing inequality, unemployment, and the rupture between Government and Civil Society.

¹⁸ World Bank (2020), Gender Dimensions of the COVID-19 Pandemic

¹⁹ INEC Encuesta Nacional de Relaciones Familiares y Violencia de Genero contra las Mujeres.

²⁰ IBID.

²¹ OECD (2019), Gender, Institutions and Development Database, <https://oe.cd/ds/GIDDB2019>.

6. The prevailing situation of IPAMs in Ecuador is one marked by social disadvantage and dissatisfaction with the implementation and enjoyment of civil, economic, social and cultural rights afforded to them in the country's constitution. Throughout the years, IPAMs have become increasingly mobilized and active, through representative groups, in the political arena. In 1986, IPs formed the first political organization at the national level (Confederation of Indigenous Nationalities of Ecuador or *CONAIE*), which has since been influential in politics, including the establishment of a bilingual intercultural education system and the ouster of presidents in 1997 and 2000. The subsequent Council for the Development of the Indigenous Peoples and Nationalities of Ecuador (*CODENPE*), formed in 1999, and later AE and Montubian development councils were created to (i) recognize ethnic identity and collective rights; (ii) combat racial discrimination; and (iii) seek guarantees of human rights, particularly economic, social and cultural rights. The IP organizations have traditionally been among the best organized. IPAM women have been historically marginalized from recognized leadership roles and have rarely achieved representative positions within these organizations.²² However, during the Correa administration, many of the spaces available for dialogue between civil society organizations (CSOs) and the government were dismantled.

Sectoral and Institutional Context

7. 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) low productivity and limited access to technological innovations; (iv) weak direct access to markets and buyers, resulting in significant income loss to intermediaries; (v) lack of access to critical production factors, including information and communication technologies (ICT), exacerbated by external threats to land, water and natural resources; (vi) limited access to formal financial services; and (vii) high levels of discrimination leading to market exclusion, labor segmentation, and income/wages received.

8. In rural areas, IPAMs are primarily engaged in informal agriculture based on a family production model²³, with plots of less than five hectares²⁴, and are producing 84 percent of the food consumed

²² The main obstacles to female participation include economic dependency of their husband and time constraints, due to their role as caregivers, (World Bank, 2018).

²³ Family agriculture. Overall, Ecuador has 1.1 million agricultural households with land size between 1 ha and 20 ha, regarded as small and medium producers, who own about 1.6 million hectares (25 percent of total area at national level). These farmers are crucial for many value chains such as rice, (49 percent of national production), potatoes (64 percent), maize (76 percent) and onions (80 percent).

²⁴ One example is the Kindi-Chuma family's agroecological initiative, which is based on ancestral knowledge that prioritizes the flow of energy, protection of soil and water, and the association and rotation of crops to foster not only a sustainable production but also a healthy ecosystem. With this approach, the one-hectare farm facilitates a sustainable intensive use of the land, which in addition of the production of various fruits and vegetables, allows the family to provide capacity training and food services, prepare native medicines and offer ancestral healing services (temascal, pachamanca, ritual baths, etc.). The farm also has ecological production of guinea pigs, ducks, rabbits,



daily by the entire Ecuadorian population, a fact often referred to as the unrecognized “rural subsidy” of IPAMs to urban areas. These different forms of family farming generate around 4 percent of GDP, employ one in three rural inhabitants, energize the local economy, and conserve and maintain agro-biodiversity, water sources, rural landscape, as well as the gastronomic heritage of Ecuador.²⁵ Nevertheless, malnutrition rates among IPAMs reach 47 percent²⁶ and, given high levels of intermediation, the income generated is insufficient to meet basic needs. The promotion of agro-industrial production models promoting single-crop farming, the overuse of pesticides and other chemicals that reduce soil quality, and the lack of access to financial services²⁷, have left IPAM producers in an extremely precarious situation, as demonstrated by the exponential rise in rural-urban migration: 7 percent in 2000 to almost 30 percent in 2019²⁸.

Box 2: Corporation of Afro-Ecuadorian producers of the Mira River Basin (affiliated to Federation of Black Communities and Organizations of Imbabura and Carchi-FECONIC)

The Corporation of Afro-Ecuadorian producers of the Mira River Basin is a group of 38 Afro-Ecuadorians that has been producing tuna, mango, avocado and other fruits for sale in the local market and to processing companies in the area. Although this diversified production has flourished, the group was unable to access formal financial services, and in turn created their own informal saving and credit facility that manages approximately US\$60,000. This facility provided working capital to pay producers, bridging the gap between agro-processors’ payments and their families’ economic short-term needs. The corporation is in the process of legalization, but it is a lengthy and complex process.

The Indigenous Imbabura group of producers has developed experience in the production of *uvilla*, a high value and cost-effective fruit, in order to supplement their current production of maize, potato, and beans, which alone do not cover the basic economic needs of most families). The production and post-harvest processing of *uvilla* has created temporary rural jobs and has served as an alternative to other sources of employment in the local agribusiness sector, such as the production of flowers - an industry that, despite having high job creation, generates adverse impacts to health and the abandonment of productive parcels.

Although the group started at a small scale, due to the success of *uvilla*, it has expanded to include producers of five provinces, creating a regional initiative that produces and sells to different processing plants, generating know-how on productive and commercial management capacities that are transmitted to other producers in the North-Central

goose, pigs and cows that, besides producing meat and milk for self-consumption and income generation, provide a natural fertilizer as an inherent part of the productive system.

²⁵ Manifesto by the AFCC, Quito, December 2019

²⁶ Larrea, Carlos and Wilma Freire (2017). "Social Inequality and Child Malnutrition in Four Andean Countries." *Revista Panamericana De Salud Publica* 11.5-6 (2002): 356-64.

²⁷ IPAMs in rural areas are concentrated in municipalities with less financial infrastructure (i.e. fewer bank branches and financial cooperatives), operate in sectors that are often not well-served by financial institutions (e.g., smallholder farming, forestry, retail trade), may be less likely to have fixed assets to use as collateral, and may face discrimination and unfair business practices by financial institutions. Though a very low 6.3 percent of farmers have access to credit in Ecuador, the share coming from public or private banks is only around 5 percent.

²⁸ ENEMDU, 2019.

region of the Andes.

9. In urban areas, IPAMs (predominantly AEs, as well as those IPs and Montubians who migrated from rural areas) are subject to socio-economic exclusion, inadequate skills training, lower incomes, and high unemployment and underemployment rates. Ecuador's national unemployment rate is higher in urban areas (6.5 percent compared to 5.2 percent nationally) and particularly among IPAMs (10.4 percent of AEs are unemployed), a result of lower education attainment and discrimination. Data from the 2019 INEC survey found that urban unemployment of AEs is 12.5 percent whereas the national urban average was 5.6 percent, and only 5.2 percent in the non-IPAM population. This situation will most definitely worsen with the current COVID-19 pandemic and resulting economic crisis. Even when employed, AEs are especially prone to face higher rates of underemployment²⁹ (25.5 percent, compared to 15.1 percent for whites) and a lower average monthly salary (\$379.40 for AEs, as compared to \$474.60 for non-IPAMs).³⁰ Moreover, a close examination of Guayaquil (a city in which nearly ¼ of the AE population lives) shows that over 95 percent of AEs are racially segregated in inadequate dwelling structures and are more exposed to crime and violence. IPAM women face an even more difficult situation, with higher unemployment rates (AE women, for example, have unemployment rates ten percent higher than AE men³¹) mean incomes lower than their male counterparts³², and more time than IPAM men and White and Mestizo women in unpaid care and domestic work. The emergency-like conditions in which a majority of IPAMs live – characterized by limited access to water and sanitation, health services, quality education, and economic opportunities - combined with COVID-19 and its related containment measures, have exacerbated these precarious conditions and are quickly leaving many IPAM communities without food, water or the economic resources to purchase basic supplies.

10. In urban and rural areas alike, IPAMs also continue to suffer from limited access to, and retention in, higher education, further limiting adequate career opportunities and progression. Despite recognition of the importance of education for IPAMs by both the UN³³ and Ecuadorian Government³⁴, Ecuador continues to lag in education outcomes and levels of education attainment vary widely among citizens. In 2017, the total years of schooling for IPs, AEs, and Montubians were 6.5, 10.1, and 7.4 years respectively, while the national average being that of 10.2 years.³⁵ Overall participation of IPAMs (ages 20-24) in higher education substantially lags behind, especially when taking into account their overall proportion of Ecuador's population: 7 percent IPs, 8 percent AEs, and 6.5 percent Montubians. For those IPAMs who take the entrance exams, less so apply to university, and even less are enrolled (see Table 1).

²⁹ Insufficient working hours

³⁰ The December 2011 Employment Survey.

³¹ The Ecuador Government and the United Nations System (2007). Millennium Development Goals – Afro-Ecuadorian Population.

³² The World Bank (2018).

³³ Objective 4 of the UN SDGs, and more specifically target 4.5, aims to eliminate disparities in access to all levels of education and vocational training, including for indigenous peoples.

³⁴ Objective 4 of Ecuador's National Plan for Good Living cites education as a priority area.

³⁵ INEC- Encuesta Nacional de Empleo, Desempleo y Subempleo-ENEMDU (2017).

Table 1: University population in relation to overall population in Ecuador

Population age (20-24)			Population in process of admission		
Ethnicity	Total	Percentage	Taking exam (%)	Applicants (%)	Enrolled (%)
Afro-Ecuadorians	103,849	8.04	3.72	3.18	3.33
White	67,898	5.25	2.77	2.64	2.71
Indigenous	91,072	7.05	3.89	3.05	3.48
Mestizos	940,121	72.76	83.47	78.65	87.27
Montubians	83,866	6.49	2.89	2.61	3.21
Other	5,32	0.41	3.27	9.87	0.0
Total	1,292,126	100			

Source: INEC 2010 Census and SENESCYT data, as elaborated by John Anton (2020)

11. There are several higher education initiatives, founded by IPAMs, in Ecuador that aim to promote knowledge based on their worldview and ancestral knowledge and systems. These initiatives and institutions are critical to promote the systematization, strengthening, and sustained use of knowledge and way of life, traditional medicine, agroecology, forest and territory management, traditional forms of governance, climate mitigation and adaptation, among others. Several higher education *ad hoc* initiatives were implemented, yet there was a failure to adopt a system-wide approach to promote access, retention and cultural pertinence of IPAMs.

12. Ecuador’s ability to sustainably achieve the Bank’s twin goals of reducing poverty and enhancing shared prosperity relies on improving income generation opportunities for IPAMs in ways that recognize and harness their cultural values and world vision while overcoming the structural barriers imposed by historical discrimination. To this end, the Ecuadorian government has developed a wide range of initiatives, including the establishment of the National Institute for Popular and Solidarity Economy within the Ministry of Economic and Social Inclusion (MIES). Despite this, many of the existing interventions with Ecuador’s IPAMs continue to rely on exogenous intervention models that fail to define the design of the investment and its delivery in a way that adequately reflects the specific cultural identities³⁶ and development priorities of IPAMs. In this vein, the PRODEPINE model³⁷ in which the IPAMs served as partners rather than mere beneficiaries, continues to be upheld by IPAMs as the approach most closely aligned with their own vision for development.

13. IPAM representatives and the Secretariat for Human Rights (SHR) have emphasized the need

³⁶These include the unique ways of living, self-governing, attachment to land and natural resources, traditional knowledge and specific IPAM rights that are protected by various laws and policies (i.e. the country’s constitution, ILO 169, UN Declaration for IP Rights, the International Convention to Eliminate All Forms of Racial Discrimination, and the Durban Action Plan).

³⁷ PRODEPINE, as it is commonly referred to, is the World Bank-financed Indigenous and Afro-Ecuadorian Development Project (P040086) operation, that was satisfactorily implemented between 1998 and 2003, and was structured in a way that allowed for local IPAM communities to plan and implement investments and sub-projects aimed at improving their quality of life.

for this Project to work in ways and places that most public investment projects do not. Project design decisions have been driven by a core set of principles identified as paramount for participating IPAM representatives, including: (i) how territories are defined- by peoples and nationalities- often blending several political administrative spaces into one; (ii) how investments are identified and selected (through participatory processes driven by IPAM authorities and representatives in collaboration with local decentralized governments); (iii) the types of income generation models supported- looking to build on traditional knowledge, and value systems of collectivity, reciprocity, and ecologically sustainable practices and strengthening of traditional authorities; (iv) an emphasis on governance and food sovereignty over simply value chains and food security; and (v) a focus on not only opening up professionalization and employment opportunities, but supporting the tailoring of these programs to meet IPAM realities, priorities, and needs.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The Project Development Objective (PDO) is to improve livelihoods for targeted Indigenous Peoples and Nationalities, Afro-Ecuadorians, and Montubians, in accordance with their vision and priorities for development.

Key Results

14. Key outcome indicators would be defined, including increases in: (i) Beneficiaries in selected territories that feel the Strategic Development and Investment Plans reflect their development priorities/needs (disaggregated by gender); (ii) increase in average real value sales generated by direct beneficiaries of community and market subprojects (disaggregated by gender); (iii) IPAMs in beneficiary territories that feel project investments reflected their development priorities/needs; (iv) IPAM beneficiaries in selected territories that have secured, for the first time, formal financial services from FIs supported by the Project (disaggregated by gender); (v) Retention rate of IPAMs in participating higher education programs, to be measured by total enrollment of IPAMs in beneficiary University and higher Institutes (disaggregated by P/N and gender); (vi) Number of project beneficiary IPAMs provided with new skills to diversify their livelihoods and/or compete in the job market (disaggregated by P/N and gender); New jobs for IPAM beneficiaries that were facilitated by Project-financed activities; and (vii) direct IPAM project beneficiaries (disaggregated by gender).

D. Project Description

15. The objective of the proposed operation is to improve livelihoods of selected IPAMs, in accordance with their vision and priorities for development. Project investments will specifically focus on (i) strengthening IPAM governance; (ii) preparing and implementing territorial sub-projects focused on food security and income generation; (iii) promoting IPAM financial inclusion; (iv) improving access to tertiary, professional, and technical formation and employment opportunities; and (v) COVID-19 response and recovery. Component 5 will invest in the establishment of a robust implementation mechanism to ensure quality project oversight and coordination while supporting locally based support for territorial

planning and subproject beneficiaries. Given the unprecedented environment in which this Project is expected to be implemented, a flexible approach will be adopted throughout to ensure that the Project is able to accommodate evolving needs of the beneficiaries within the boundaries set by the Operations Manual and in line with relevant World Bank Policies. The Project builds off lessons learned and experience accumulated from other relevant projects such as the Indigenous and Afro-Ecuadorian Peoples Development Project (PRODEPINE, P040086), the Poverty Reduction and Local Rural Development Project (PROLOCAL, P039437), the Sustainable Family Farming Modernization Project (P151963), the Transformation of Tertiary Technical and Technological Institutes Project (P157425) and the Panama Project to support the National Indigenous Peoples Development Plan (P157575).

16. Proposed approach for territorial prioritization. The Project will support a territorial approach for development, including a comprehensive set of investments that will be identified through participatory planning processes for IPAM and local government representatives and other relevant stakeholders. Territories will be prioritized based on specific IPAM population densities or presence, as well as multidimensional poverty levels. Whereas these indicators draw on data drawn from the *parroquia* level³⁸, territorial interventions will take place based on the spatial presence of IPAM peoples and nationalities, which in many cases will overlay several different *parroquias* (See map in Annex 3). For multidimensional poverty, the official unsatisfied basic needs (UBN)³⁹ index of each *parroquia* will be used and those *parroquias* with high poverty levels (those with a UBN equal to or above 70%) will be prioritized. Population criteria are aimed at selecting IPAM traditional or ancestral territories where IPAMs comprise most of the total inhabitants– (70% or greater) as well as other areas where there are high concentrations of IPAMs (although they do not make up a majority of the absolute populations), such as in the urban areas of Guayaquil and Quito. This is especially relevant for the Afro Ecuadorians, 75 percent of whom live in urban areas. Other criteria to prioritize territories will include areas highly impacted by COVID-19⁴⁰ and its related contention measures, as well as those areas that demonstrate a high readiness level for subprojects and organization or agency of IPAM actors to serve as partners in the processes to be supported by the Project.

17. Component 1: Strengthening governance and investment planning for IPAM development [US\$ 1.5 million]. This Component would finance territorial planning processes to take stock of existing planning instruments, support dialogue and articulation of development priorities among key stakeholders, including traditional organizations representing IPAMs, and identify potential sub-projects for project financing. It would also finance the establishment and operationalization of national dialogue and development planning platforms between IPAMs and the State, and capacity building activities for public agencies and representative organizations that are responsible for IPAM development. At both the territorial and national levels, the impacts of COVID-19 will be assessed, and stakeholders will articulate

³⁸ The 2010 Population and Housing Census is the only source of information that provides disaggregated-level information of IPAMs at the territorial level.

³⁹ The UBN measures structural deprivations correlated with other indicators of wellbeing, including those related to education, water and sewerage, income, and housing.

⁴⁰ The Covid-19 affected areas will continue to change over time; however, map is based on May 20, 2020 data available.

policy recommendations and investments for COVID-19 relief and response. Planning processes will be informed by current and anticipated climate risks to ensure investment and service options (e.g. related to food security and agriculture) are adapted to local circumstances and reduce existing vulnerabilities. Eligible expenditures under this component will include: logistical and administrative costs and inputs for meetings; operational expenses to mobilize stakeholders for planning processes; and the hiring of consultants to carry-out stakeholder identification, provide technical inputs and/or facilitate planning and decision making processes.

18. Component 2: Preparation and implementation of territorial subprojects [US\$ 20.5 million].

This component would finance the preparation and implementation of the eligible subprojects identified through the territorial planning processes financed under Component 1. Based on a diagnostic of a sample set of IPAM territories, it is estimated that the Project could finance approximately five (5) to ten (10) subprojects per territory that could range from US\$50,000-US\$1,000,000 per subproject, totaling approximately 40-50 subprojects under this Component. Subprojects will contribute to good governance, income generation, food sovereignty, improved livelihoods, and/or financial inclusion. Food sovereignty and income generating projects will be grouped into three different categories, each with their own set of criteria and budget envelopes, that include: (a) small-scale food or income generation projects targeted at individual producers or families; (b) community economy projects to support collective proposals for food sovereignty and income generation leveraging ancestral knowledge and practices (e.g. systems of reciprocity, improved community organization around production, community banking, etc.); and (c) external market-oriented income generation projects put forward by groups of IPAM producers or entrepreneurs. All subprojects will be screened for technical, financial, social (including women's participation), environmental, and fiduciary feasibility. Market-oriented proposals will need to demonstrate market connections and viability.

19. All subprojects will be selected based on eligibility criteria (see Annex 3) outlined in the Project's Operations Manual (POM), screened against an E&S exclusion list established in the Project's Environmental and Social Management Framework (ESMF), and respond to the incentives established during the territorial planning processes. Some of the potential incentives that IPAMs identified during preparation that could vary by territory, include: the promotion of community production models and use of ancestral knowledge and systems, activities that link the rural-urban nexus, the participation of women and youth, strengthening climate resilience, the use of ecologically friendly technologies and practices or conversion to more sustainable crops, among others. Eligible expenditures would include: (a) consulting services to assess and prepare subprojects and provide technical assistance for designs, development of site-specific environmental and social management plans (ESMPs), market studies, business plans, and training or other services as needed; (b) the contracting of small-scale works that are in line with the Project's ESMF; (c) the purchase of equipment, inputs (seeds, animals, tools, etc.) and information and communication technologies (ICT); and (d) small-scale matching grants for community banks (up to approximately US\$ 3,000).

20. Component 3: Promotion of higher education and employment generation for IPAMs [US\$ 8 million]. This Component would finance subprojects and activities to improve opportunities for technical,

educational and professional development and employment for IPAMs. Eligible expenditures will include: scholarships and subsidized employment arrangements, the hiring and related costs of consultants and human resources, operational costs, logistics and mobilization costs, the purchase of equipment, improvements and construction of new infrastructure, rental/lease and purchase of spaces, vehicles, workshops, the creation and dissemination of communication materials, curriculum design, materials, and training of professors.

21. Component 4: COVID-19 Relief and Recovery [US\$ 2 million]: In order to respond to the COVID-19 pandemic and to concerns raised during consultations, this Component would finance the procurement and delivery of basic health services, water and sanitation, and immediate food or sanitary supplies, as well as support for traditional healers, the development and adoption of culturally-relevant protocols for external assistance, prevention, containment, and treatment of COVID patients, and the articulation of traditional healers and local leaders with the national health system. Accessing financing under this Component would entail a streamlined proposal preparation. Beneficiary groups would submit a simplified template identifying urgent needs related to the areas identified above or others that have emerged from COVID-19 and its containment measures. The association/organization would need to detail number and make up of beneficiary group and demonstrate ability to deliver goods and activities. Types of services and products to be financed include: (i) food, water, and sanitary supplies (alcohol, hand sanitizer, soap, etc.) for IPAMs in both rural and urban areas; (ii) protective equipment, thermometers, and testing kits, (iii) training on COVID-19 patient protocols and clear protocols to protect women and children against harassment/violence for community health workers; and, (iv) provision of supplies/equipment/training to traditional healers utilizing medicinal plants/seeds/supplies for the treatment of COVID-19 symptoms for infected people and supporting immune system boost treatments for others.

22. Component 5: Project Administration, Communication and Monitoring and Evaluation [US\$ 8 million]: This component would finance the Project Implementing Unit (PIU) team at both the central and regional levels, and operational costs in its role to plan, coordinate, contract, supervise, monitor, and report on project activities and ensure proper implementation of fiduciary and ESF requirements. It would finance the development of the Project’s ESMF and other specific social framework instruments. It would support all costs related to the Project’s communications and monitoring and evaluation (M&E).

Legal Operational Policies	
	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No



Summary of Assessment of Environmental and Social Risks and Impacts

Environment. The proposed environmental risk classification for the project is Moderate under the World Bank's Environmental and Social Framework (ESF). Classification is mainly based on: (a) the scope and location of the small-scale infrastructure works under SC2.2 and SC3.1, as well as on the location and specific activities of the technical assistance SPs; and (b) the procurement and delivery of sanitary supplies and EPPs to IPAMs in response to the C19 emergency. Based on the review of available documentation and discussions with the SHR, key anticipated potential adverse environmental risks and impacts are related to: (A) During implementation and operation of small scale infrastructure works under SC2.2 & SC3.1: (i) overall nuisances to communities due to noise and vibration, dust, waste, and visual disturbances; (ii) poor working conditions and risk of occupational accidents; (iii) inadequate handling and disposal of wastes, including e-waste and hazardous materials; (iv) increased risk of third-party accidents due to inadequate protection of construction sites; (v) potential impacts on chance findings during earthworks; and (vi) degradation of water bodies due to construction/rehabilitation and operation of small scale aquaculture ponds and docks. (B) During technical assistance activities under SC2.2: community and occupational health and safety issues due to inadequate handling and disposal of agrochemicals and pesticides, 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 SC2.2 & SC3.1 activities will be subject to a robust Exclusion List through which those with the potential of generating adverse impacts on natural and critical natural habitats will be automatically screened out. (C) During the procurement and delivery of sanitary supplies and EPPs to IPAMs under C4: inadequate use/removal and final disposal of used EPPs, as well as inadequate use of sanitary supplies and the final disposal of the containers and other related waste.

Social. The project will benefit indigenous, Afro-Ecuadorian and Montubian peoples and nationalities, which are among the most vulnerable and marginalized people in the country, by strengthening their participation in governance and planning, improving food sovereignty, financial inclusion, and income generation and promoting their access to higher education and more diverse and dignified employment 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) heightened expectations created for IPAMs to participate in project benefits when project resources are limited to only intervene in some areas; (ii) IPAM organizations' expectations that have been created by previous projects to manage funds directly for SPs when the relevant capacity is not deemed sufficient; (iii) the government's weak implementation capacity and the upcoming change in government that could put project implementation at risk- which could be perceived as a rupture on the social contract around the project with IPAM organizations and leadership; (iv) exacerbation of existing conflicts regarding land use, especially if IPAM land or natural resources are proposed for use under SPs have been invaded by external parties; (v) risks related to contextual violence in border areas related to illegal economic activities; (vi) the potential of the project to cause tension within and between IPAM organizations and with subnational government entities in relation to territorial planning and community production models; (vii) the presence of non-IPAM populations and international migrants and refugees in potential project areas and the potential for project activities to cause tension with these groups in relation to access to jobs, financial services, or means of production; (viii) the potential need to enforce legally designated protected areas where Indigenous Peoples or Afro-Ecuadorians use natural resources; (ix) tensions with potentially affected groups such as intermediaries; (x) the participation of children in productive activities, as well as inconsistent implementation of local labor laws; (xi) 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; (xii) minor physical or economic displacement. The project is also being implemented in a complex political and social environment due to recent social unrest and exacerbated by the current emergency caused by the COVID-19 pandemic. In addition, SDH, the project implementation unit has not implemented a World Bank project before and will be required to navigate this complex environment whilst complying with the ESF.

To adequately address and mitigate project environmental and social risks and impacts, the borrower has prepared specific environmental and social analyses and instruments aligned with ESF requirements and relevant ESS. These include (i) a draft Stakeholder Engagement Plan (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) a draft 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, and other necessary E&S measures; and (iii) a preliminary assessment of the Project's key potential E&S risks, impacts, and opportunities, based on the information available about project activities during preparation, in sufficient detail to inform stakeholder engagement and Bank decision making. Considering the results of this assessment, guidelines and procedures for the adequate management of the identified E&S issues have been proposed, a preliminary project exclusion list has been developed, and the necessary implementation arrangements and capacity building activities defined (refer to the Appraisal Stage ESRS for a detailed description).

During Project implementation, the Borrower will prepare, consult, and disclose a COVID-ESMF to cover C4, as well as a separate Project-ESMF, Indigenous Peoples Planning Framework (IPPF), Resettlement Policy Framework (RPF), and Labor Management Procedures (LMP) to cover C1 through C3. The Borrower will also update, consult and disclose the SEP. The preparation of these instruments is budgeted under project's C5. The Project-ESMF will i) validate and further assess main Project E&S issues and expected risks and impacts based on their relevance in the territories chosen for project implementation; ii) confirm and develop the proposed guidelines and procedures for the adequate management of E&S risks in line with para. 5 of ESS1, and further define the necessary implementation arrangements and capacity building activities; and iii) set out screening procedures to determine whether individual SPs need to prepare Resettlement Action Plans (RAP), and/or Indigenous Peoples Plans (IPP). The IPPF will describe how the Project will carry out meaningful consultation to ensure ownership, participation, and free, prior, and informed consent of indigenous peoples, where relevant, in SPs carried out in their communities, as well as how IPPs will be prepared for SPs where IPs may be affected but are not the only beneficiaries. The RPF will outline the requirements and institutional arrangements for the preparation of RAPs in cases where SPs may have impacts covered by ESS5 and, if necessary, based on an assessment of intervention territories in the Project-ESMF, a Process Framework that will describe the process by which members of communities potentially affected by such restrictions will participate in SP design, the determination of measures necessary to achieve the objectives of ESS5, and implementation and monitoring of such measures in relevant SPs. The LMP will describe the Project's labor needs and how the distinct types of workers will be managed, including the necessary occupational health and safety measures and a standard code of conduct for project workers. The updated SEP will include more detail about consultation and participation activities in the context of subproject design and implementation, including specific protocols for consultations with indigenous peoples at the community level. Disbursements for activities under SC2.2-2.3 and C3, or initiation of procurement for SC2.2-2.3 and C3 activities, will only occur once the Project's IPPF, RPF, LMP, Project-ESMF and SEP are prepared or updated, consulted, approved and disclosed.

The PIU will be staffed at the central level, among others, with a full time environmental and a full-time social specialist, and a specialist on gender and intergenerational issues. These specialists will be either designated or hired

no later than 30 days after project effectiveness date, as stated in the project's draft ESCP. At the territory level, one environmental and one social specialist will be hired or designated at each of the five regional offices to be established by the project (as part of C5). These specialists will develop the subproject specific E&S instruments and supervise their implementation in coordination with the central level E&S specialists throughout project implementation. E&S technical assistance specialists at the intervention territories will provide ad-hoc technical assistance and support to beneficiaries in the implementation of subproject-specific E&S instruments.

E. Implementation

Institutional and Implementation Arrangements

23. The Project would be implemented by the Secretariat of Human Rights (SHR), an entity that reports directly to the Presidency of the Republic of Ecuador and has territorial presence throughout the country. The SHR would establish a dedicated Project Implementation Unit (PIU) within the Sub-Secretariat for Nationalities, Peoples and Social Movements (SSNPSM). Building on lessons learned from the Ecuador portfolio, the Minister of SHR has decided to establish the PIU as a Decentralized Operational Entity (*Entidad Operativa Desconcentrada* or EOD), in order to allow for autonomy and agility in Project-related technical and legal decisions, procurement and, to some extent, financial management. This decision would be legally ratified through Ministerial Decree by effectiveness. The PIU will report directly to the Minister and would work in close coordination with the SSNPSM, given that the Sub-Secretariat has the institutional mandate to promote citizen participation, interculturality, and the rights of nationalities, peoples, organizations and citizens to achieve good living or (*"el buen vivir"*).

24. The PIU would be financed through Component 5 and would be responsible for project management, including all reporting, coordination, legal, fiduciary, environmental and social management, communications and monitoring and evaluation. The PIU would hire a central team in Quito that would be supported by approximately six decentralized offices tasked to provide daily accompaniment and support to project beneficiaries in the following provinces: (i) Chimborazo, Cotopaxi, and Tungurahua (Sierra Central) (ii) Guayas (y Guayaquil), Manabí y Los Ríos (Costa Central), , (iii) Orellana y Napo(Northern Amazon), (iv) Pastaza y Morona Santiago (Southern Amazon), (v) Esmeraldas (North Coast).

25. The Central PIU would be responsible for overall Project implementation and coordination, hiring and supervision of the regional PIU Office staff, and all technical and other aspects related to the implementation of Sub-Component 1.1 and 1.2 (*national dialogue and development planning*), Component 3 (*promotion of higher education and employment generation for IPAMs*), and Component 4 (*COVID-19*). For Component 2, the Central PIU would be charged with supervising, and supporting as necessary, the regional PIU offices with the technical aspects related to subproject preparation (supported under subcomponent 2.1), including the preparation of TORs, selection of consultants, review and approval of products and the preparation of all infrastructure works. The Central PIU team would also coordinate with all other relevant agencies and actors at a national level to facilitate an agile implementation of territorial planning and subprojects at the territorial levels. The preparation of the

TORs and the hiring of this team would initiate during Project preparation through the Project Preparation Advance (PPA) that has been processed for this Project.

26. The regional PIU offices would plan and lead the implementation for Sub-component 1.1 (*territorial planning*), including coaching and participation in the territorial IPAM Subproject Selection Committee (SSC), as well as Component 2 (*preparation and implementation of territorial subprojects*), with the technical and fiduciary support from the Central PIU for the design, procurement, and supervision of subproject preparation services and investments. The regional PIU technical staff will be tasked with leading the technical and operational implementation of Component 2, providing ongoing accompaniment to project beneficiaries in subproject preparation and supervision, and reporting and coordinating with the relevant teams of the Central PIU. The regional PIU environmental and social specialists will ensure the adequate implementation of the Project-ESMF, RPF, IPPF, SEP and LMP, including preparation and supervision of site-specific E&S management relevant plans.

27. For some subprojects, beneficiaries may request to implement directly the technical, administrative or fiduciary aspects of their subproject. In these cases, the regional PIUs would be tasked to assess the subproject complexity and risks as well as the beneficiary's legal status and capacity based on standard instruments included within the Project's Operations Manual (OM). For all subprojects, subsidiary agreements will be signed, but in the case that beneficiaries take on technical, administrative or fiduciary responsibilities, specific provisions will be added to the subsidiary agreements to outline roles, responsibilities, and procedures for procurement, financial management, and reporting to the regional PIU office. Whereas subproject beneficiaries would be tasked with implementing E&S plans, resources for these measures can be incorporated into subproject budgets and financed by the Project.

28. IPAM National and Territorial Roundtables. The National and territorial IPAM Roundtables would be the primary mechanism to ensure ongoing participation and ownership of IPAM representatives and leadership in Project decision-making and management. The national Roundtable would be comprised of IPAM representatives from national organizations who have been nominated by their membership to serve on the Roundtable, and should include, at a minimum, 30 percent women. The national IPAM Roundtable would not only participate in subcomponent 1.2 but would also provide feedback and guidance for project implementation, including annual operation plans, E&S Instruments, and critical decision making and conflict resolution. This Roundtable could and hopefully would serve as a consultative platform for the Government and international donors regarding investments and policies relevant for IPAMs. The national IPAM Roundtable would nominate on an annual basis, three technical advisors to work within the PIU and serve as an ongoing source of project information and coordination with IPAM organizations and leadership and should meet at least three times per year. The territorial roundtables, that would be established through subcomponent 1.1, would play similar roles at a territorial level and would be tasked with the territorial planning (subcomponent 1.1.) and the identification, prioritization and selection of subprojects to be financed under subcomponent 2.2. The territorial roundtables will be comprised of IPAM leaders and representatives and other critical territorial stakeholders as identified in the stakeholder mapping to be financed under subcomponent 1.1. The territorial roundtables should meet very frequently during Year 1 of project implementation and

subsequently at least six (6) times per year.

29. Other governmental agencies and private entities. The SHR would have overall technical and fiduciary responsibility in the implementation of the Project. However, the SHR will engage with other government agencies and private sector entities, including: The National Council for the Equality of Peoples and Nationalities (CNIPN); Ministry of Economy and Finance BanEcuador; *Superintendente de Economía Popular and Solidaria (SEPS)*, *Superintendencia de Bancos (SB)*⁴⁴, Ministry of Economic and Social Inclusion (MIES), National Secretariat for Higher Education, Science and Technology (SENESCYT), Council for Higher Education (CES), Ministry of Agriculture and Livestock (MAG), Ministry of the Environment and Water (MAE), Ministry of Production, Foreign Trade, Investment and Fisheries, Conference Plurinational of Food Sovereignty (COPISA), Planifica Ecuador; National Competition Council; National Institute of Statistics and Censuses (INEC); Consortium of Provincial Autonomous Governments of Ecuador (CONGOPE); Association of Ecuadorian Municipalities (AME); National Council of Rural Parish Governments of Ecuador (CONAGOPARE); and, other public and private institutions) when specific expertise is needed for the implementation of the Project. Where relevant, institutional and/or cooperation agreements with these entities will be established.

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