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Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 03-Jul-2024 | Report No: PIDIA00667



BASIC INFORMATION

A. Basic Project Data

Project Beneficiary(ies) Ecuador	Region LATIN AMERICA AND CARIBBEAN	Operation ID P504400	Operation Name Ecuador Guayas: Resilient Rural Roads
Financing Instrument Investment Project Financing (IPF)	Estimated Appraisal Date 08-Jul-2024	Estimated Approval Date 29-Oct-2024	Practice Area (Lead) Transport
Borrower(s) Province of Guayas	Implementing Agency Provincial Directorate of Public Works of Guayas		

Proposed Development Objective(s)

The Project Development Objectives (PDO) is to improve resilient, sustainable, and safe road connectivity in rural areas of PoG and, in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.

Components

Rural Road Construction and Rehabilitation
Project Management and Capacity Building
Contingency Emergency Response Component (CERC)

PROJECT FINANCING DATA (US\$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)? Yes

Is this project Private Capital Enabling (PCE)? No

SUMMARY

Total Operation Cost	100.25
Total Financing	100.25
of which IBRD/IDA	100.00
Financing Gap	0.00

DETAILS



World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	100.00
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Non-World Bank Group Financing

Counterpart Funding	0.25
Borrower/Recipient	0.25

Environmental And Social Risk Classification

Substantial

Decision

Other Decision (as needed)

B. Introduction and Context

Country Context

- Ecuador's economic situation is challenging, marked by a combination of factors including high public debt, fiscal deficits, and the impact of the COVID-19 pandemic.** Between 2002 and 2014, Ecuador stood out as one of the countries with the highest economic growth in Latin America, registering an average annual growth rate of 4.6 percent. However, from 2014 to 2022, the country experienced almost total stagnation, with a growth rate of 0.2 percent.¹ A significant concern is the public debt which stood at around 49.4 percent of Gross Domestic Product (GDP) on February 2024, with efforts underway to restructure and manage it more effectively.² Moreover, inflation in Ecuador has been relatively stable, with rates around 0.5 - 1.5 percent in recent years, but subject to fluctuations due to external factors like oil prices. In recent years, the economy has encountered a considerable slowdown, exacerbated by the pandemic and recent increased crime rates and insecurity.
- Ecuador is an oil-exporting upper-middle-income country taking steps to rebalance its economy after imbalances accumulated during the oil price boom from 2008 to 2014.** Ecuador's state-led economic model allowed the country to grow during the oil boom, also reducing poverty.³ However, substantial macroeconomic and structural imbalances, including a large fiscal deficit, revenue collection vulnerable to oil price volatility, and high trade barriers, emerged once the oil price boom ended in 2014. With a fully dollarized economy,

¹ [Ecuador: Resilient growth for a better future](#) (WBG, 2024).

² [Public Debt Statistics](#) (Minister of Economic and Finances, 2024).

³ ECV-INEC. Encuesta de condiciones de vida. 2014.



macroeconomic adjustments, but limited access to international capital markets, the country reduced the fiscal deficit from a peak of 9.7 percent of GDP in 2016 to near balance in 2022 by rationalizing expenditures, increasing taxes on higher income firms and households, and taking advantage of recovering oil prices. Ecuador also took steps to foster private investment by reducing trade barriers, advancing trade agreements⁴, easing constraints on the financial sector, and streamlining business regulation. Yet, despite restoring macroeconomic stability and confidence in dollarization, these partial reforms were insufficient to tackle long-lasting development challenges, including a rigid labor market, low access to finance, limited international integration, a challenging business environment, and high and regressive fuel subsidies.

3. **Latin America and the Caribbean stand out as the most urbanized developing region globally, yet in Ecuador, a notable 37 percent of the population resides in rural areas.** The National Institute of Statistics and Census (INEC) underscores a concerning trend, revealing that the poverty rate in these rural zones in the country has risen to 46 percent, compared to the country average of 27 percent.⁵ Agricultural, livestock and fishing activities accounted for 69.8 percent of rural jobs; however, figures from the INEC show that 71.3 percent of rural employment is inadequate (without social security and adequate conditions), and 20 percent of rural work is unpaid.⁶ This is due to the production scheme of family agriculture. A primary obstacle hindering rural communities' access to essential services and impeding economic development is the lack of road infrastructure and its insufficient maintenance. For farmers, low accessibility constrains the ability to get the best prices for their produce, increases the cost of transport of inputs e.g., seeds, fertilizers, farm implements, and leads to unnecessary loss and wastage of produce when it cannot be picked or delivered on time.
4. **Ecuador ranks among the top 10 countries facing the highest Natural Hazard risk in the region and is listed among the top 20 in the WorldRiskIndex 2022.** This vulnerability stems from its exposure to a range of geological and hydrometeorological threats, including earthquakes, volcanic eruptions, floods, and droughts. The recurrent occurrence of climate extremes not only poses a direct threat to the well-being of Ecuador's population but also exerts pressure on the country's economy. One of the most affected sectors is transport, where the repercussions of connectivity loss due to these natural events extend beyond individual users to impact overall economic growth. Approximately 52 percent of the national road network lies in areas prone to landslides, posing a significant threat to the integrity of the road network. Hydrometeorological hazards compound these risks, with 46 percent of major roads situated in flood-prone areas, covering 450 kilometers in regions at substantial risk of flooding. Considering projections indicating an intensification of such events due to global climate change, Ecuador's vulnerability to disasters is expected to escalate in the coming years.
5. **Despite Ecuador's Greenhouse Gases (GHG) emissions accounting for only 0.20 percent of global GHG emissions, the country ranks as the 8th - largest emitter in Latin America.**⁷ The country's economic growth and its emissions have shown no signs of decoupling. Transport is, second to land-use change, the largest contributor to GHG emissions in Ecuador, and the only sector with an upward trend. Notably, the transport sector has experienced a significant increase in its share of national emissions in the last decade, rising from 11.12 percent in 2009 to a

⁴ Ecuador has significantly expanded its portfolio of free trade agreements in recent years. For example, Ecuador - China Free Trade Agreement was signed, being the first trade agreement that Ecuador signed with an Asian country, which entered into force on May 1, 2024, as well as the Strategic Economic Cooperation Agreement between Ecuador and South Korea (SECA) was signed in October 2023 ([Ministry of Production, Foreign Trade, Investments and Fishing, 2023](#)).

⁵ [INEC, 2023](#).

⁶ *Encuesta Nacional de Empleo, Desempleo y Subempleo (ENEMDU)*, Anual 2022 (INEC, 2023).

⁷ In 2022, Ecuador had a per capita GHG emission of 2.3 ton, higher than its neighboring countries of Peru and Colombia with 1.8 ton and 1.9 ton, respectively; however, it is below the emissions of industrialized countries such as the United States which had 14.9 ton. [Global Carbon Budget \(2023\)](#).



share of 20.9 percent of all emissions in 2019. This increase alone has accounted for 57 percentage points of the total increase in GHG emissions in the country from 2013 to 2019.⁸ This sector in the country produced 25,850,111 tons of CO₂ in 2022, of which 21 percent of the emissions were produced in the territory of Guayas. One of the main contributing factors to this rise is the fact that the number of registered vehicles in the country more than doubled in a decade, from 918,908 in 2008 to 2,403,651 in 2018. Moreover, these 2.4 million vehicles have an average age of 16 years, making it an old, polluting, and unsafe fleet sector.

Sectoral and Institutional Context

6. **Transportation plays a pivotal role in the development of the Ecuadorian economy, and addressing sector challenges is key for promoting equality, improving access to markets and social opportunities, ensuring road safety, and enhancing the overall well-being and health of the Ecuadorian population, especially in rural areas.** Transport contributes significantly with a noteworthy US\$5.3 billion or 7.3 percent of the country's GDP in 2019 and employment generation; however, it is one of the sectors most affected by natural disasters impacting the overall economic growth. The sector is a linchpin for employment generation, with construction accounting for 7 percent of job creation, closely followed by trade and transport. Serving as the foundation for numerous economic and social interactions, the limitations in transport infrastructure pose a substantial challenge to equality and hinder access to opportunities. Despite 63 percent of the population residing in urban areas, the Rural Accessibility Index (RAI) reveals a stark reality — only 52 percent of the rural population lives within a proximity of two kilometers to a primary or secondary road. This stark contrast underscores the pressing need for improved accessibility in rural regions to ensure that economic and social opportunities are not geographically constrained. The economic repercussions of inefficient transport systems further exacerbate these challenges. Road safety emerges as a significant concern, with mortality rates in Ecuador surpassing those of other countries in the region despite comparable crash rates. Moreover, the impact of transport and mobility on advancing human capital agendas in education and health cannot be overstated. In health, limited accessibility directly contributes to higher mortality rates due to insufficient health care. In education, compromised accessibility hampers the regular presence of both students and teachers in schools, fostering conditions that lead to school dropouts. Additionally, food security is significantly impacted by the inadequate rural road infrastructure and connectivity.
7. **Guayas, one of the 24 provinces of Ecuador, stands out as a vital economic, agricultural, and industrial center, the largest contributor to Ecuador's economy, accounting for 30 percent of the country's GDP⁹; however, it faces risks due to natural disasters that affect its connectivity.** Recognized for its important agricultural activities, such as the cultivation of bananas, cocoa and other products, Guayas contributes significantly to the country's economic landscape. Its capital, Guayaquil, is Ecuador's most populous city and a crucial economic and commercial center. With one of the most important ports in Latin America, the seaport of Guayaquil, the province plays a fundamental role in facilitating international trade and connecting Ecuador to the global market. In addition, Guayas is one of the main sources of rice and corn production, from where these products are transported to other coastal and highland areas for consumption and distribution. However, flooding is a recurring problem, due to factors such as flat topography and changes in precipitation patterns associated with climate change. Out of the entire 15,900 km² area within the province, 58.8 percent is susceptible to 10-inch floods, while a staggering 93.5 percent is characterized by a high seismic hazard. These floods have a significant impact on the population, causing temporary displacement, damage to infrastructure, economic losses, and risks to public

⁸ Climate Watch Historical GHG Emissions. World Resources Institute (WRI), 2022.

⁹ *Cuentas Nacionales Anuales*. Banco Central del Ecuador, 2022.



health. In the winter season of 2024, 7,000 people have been affected and 2,047 homes have been damaged due to the rains so far.¹⁰

8. **In Ecuador, the provinces are responsible for the provincial road system.**¹¹ Provinces, adhering to national regulations, possess the mandate to plan, construct, and administer the provincial road network while the Ministry of Transport and Public Works (MTO) holds oversight over the national transportation sector. The Province of Guayas (PoG) has championed the Guayas Road Plan (2017). The primary objectives of the Road Plan are to elevate the quality of service within the provincial road system; ensuring its optimal functionality; enhance provincial competitiveness by curbing transportation costs and reducing travel times; facilitate greater accessibility and internal cohesion, thus promoting social inclusion; mitigate the environmental impact of the provincial road system; and elevate safety standards across the province.
9. **Guayas' road network spans 6,065.28 km and features 249 bridges; however, they are deteriorating due to limited investments, lack of an adequate road asset management, and increasing climate change events.** At the core of this transportation network is the E25 Coastal Highway, a vital artery that traverses the province from north to south, complemented by connecting branches linking Guayas to Azuay, Los Rios, Manabí, and Santa Elena provinces. The state road network is 613.56 km, and the provincial network is 6,419.75 km, which are essential for transporting local, regional, and national production to markets, as well as for facilitating the movement of people engaged in various activities. Within the province, economic-productive activities are intricately woven into the road network, with 83.15 percent dedicated to agricultural sectors, 13.65 percent to livestock sectors, 2.46 percent to the tourism sector, 0.68 percent to the fishing sector, and 0.06 percent to shrimp farming. The condition of the roads in the provincial network is classified as follows: 22 percent in good condition (1,410.98 km), 66 percent of the roads are in fair condition (4,246.44 km), and 12 percent are in poor condition (762.33 km). The type of material used in the roads is gravel with 79.37 percent; flexible asphalt with 11.32 percent; earth with 9.29 percent, and rigid asphalt with 0.02 percent.¹² The condition of the province's road network has raised concerns due to its deterioration. This situation has been aggravated by heavy rains during the 2022-2023 winter season. This deterioration is closely correlated to inadequate investment and maintenance of transportation infrastructure, and the lack of a road asset management system within the PoG.
10. **Of the total number of deaths caused by road crashes in the country, Guayas reports around 25 percent of deaths, with 556 deaths in 2022.** The World Health Organization (WHO) information for 2021¹³ showed high numbers of fatalities as well as rates of deaths for the country comparable with neighbors. Moreover, the death rate of 23 per 100,000 population,¹⁴ which positions Ecuador as the third highest road mortality rate country in the region, after Haiti and Dominican Republic, and 10 times higher than Europe best performing countries. Also, the Global Road Safety Facility's (GRSF) Country Profiles report identified that the cost to society of serious road injury in Ecuador was equivalent to 7 percent of GDP (US\$7 billion per year), which directly affects the country's budget. Factors contributing to road safety issues include poor road infrastructure, inadequate vehicle maintenance, speeding, driving under the influence of alcohol or narcotic substances, cell phone use, and reckless

¹⁰ [Province of Guayas, 2024.](#)

¹¹ Resolution CNC - 009 – 2014. Other laws and codes that complement this resolution are as follows: Organic Code of Territorial Organization, Autonomy and Decentralization (COOTAD) of 2010, and Law of the National System of Road Infrastructure for Terrestrial Transportation of 2017.

¹² Rigid pavement refers to a concrete overlay surface treatment; flexible pavement involves a flexible asphalt overlay; earth faced is associated with a compacted gravel overlay; and soil does not have a constructed treatment.

¹³ Global Status Report (WHO, 2023).

¹⁴ WHO estimated double of the number of road fatalities than those officially reported (~4,000 road deaths a year), which reflects a high degree of under reporting.



driving.¹⁵ In addition, driving conditions can be particularly challenging during the rainy season, when landslides and flooding can lead to road closures, delays, and hazards due to hydroplaning effects. Various efforts by government agencies combined with increased driver awareness and traffic reduction related to the COVID-19 pandemic contributed to a decrease in the number of road crashes from 2017 to 2020. However, crashes are currently rising from previous years. According to the INEC, 2022 was the year of most mortality due to road crashes. Of the total number of deaths (around 2,000 deaths per year), the most affected group were between 20 and 29 years of age, a highly productive age group including many heads of households. The modes of transportation where most crashes occur in the Guayas are by motorcycle (28 percent) and car (27 percent).

11. **There is a gender gap in the infrastructure and transport sectors, where women's participation remains notably low, and gender violence persists.** Only 7 percent of workers in Ecuador's transport and storage sectors are women, and 4 percent are engaged in the construction sector.¹⁶ In Latin America and Ecuador women encounter barriers that impede their participation both in recruitment and retention. In recruitment, the challenges include the absence of gender-sensitive engagement and selection processes, established gender stereotypes, insufficient skills, and limited access to training for specialized equipment. These barriers collectively contribute to the underrepresentation of women at the initial stages of employment in the transport sectors. In terms of education, among the people studying Science, Technology, Engineering, and Mathematics (STEM) careers, fewer than 1 in 3 graduates in Ecuador are women, perpetuating employment segregation. Guayas is one of the most affected by gender violence (32.9 percent of women have been victims in the province).¹⁷ These factors not only dissuade women from entering the sector, but also contribute to high attrition rates among those who do manage to secure employment.¹⁸
12. **Limited resources, changing government priorities and the lack of an adequate road maintenance plan have a direct impact on the condition of PoG roads, which can be improved with the implementation of Rehabilitation and Maintenance Contracts (CREMAs).** Currently, road maintenance is performed based on user requests. Once the request is received, PoG's technical team carries out on-site inspections and registers it in the project bank, which are socialized with the local authorities and the priority of attention is defined according to the availability of resources. This maintenance system is dependent on the information received by the users, so it is not possible to determine long-term resource planning to serve the province equitably, CREMAs contracts are a useful mechanism to guarantee an adequate level of maintenance at a more efficient cost.¹⁹ Experiences in Argentina and Brazil with CREMA have shown that the appropriation of this type of contracts by the private sector has been successful in having a high level of competition at the bidding stage, and better overall road conditions obtained at lower costs compared to traditional contracts (average 15 percent more cost-effective than traditional contracts).²⁰ Currently, the PoG lacks experience with CREMA contracts for road rehabilitation, a crucial factor for ensuring private sector interest and participation, which limits its ability to effectively attract private participation in similar projects.

¹⁵ Analysis of the institutional capacity for road safety management Ecuador (World Bank, 2023).

¹⁶ WB, Ecuador Gender Scorecard. 2023.

¹⁷ Family Relationships and Gender Violence against Women (INEC, 2019).

¹⁸ Casabonne, Ursula, et al. 2015. Roads to Agency: Promoting Women's Participation in Rural Transport Projects, Washington.

¹⁹ Performance-based Road Rehabilitation and Maintenance Contracts (CREMA) in Argentina. A Review of Fifteen Years of Experience (1996-2010) (Silva M., Liautaud G., World Bank Group, 2011).

²⁰ Performance Contracts in the Road Sector: Towards a More Efficient Management of Road Maintenance and Rehabilitation, The Brazilian Experience (Lancelot E., World Bank Group, 2010).



13. **The Project, requested by the PoG, will contribute to implementing the Guayas Road Plan to promote and sustain inclusive economic growth in the context of increasing exposure to climate change and natural disasters.** The Project aims to enhance resilient and safe transport connectivity between population centers in selected priority rural areas to foster their economic and social development. The Project will respond to the need to better withstand climate challenges, in an inclusive and collaborative manner with local communities. Moreover, it will enhance the capacity of PoG for addressing future climate challenges in the transport sector and promoting a cultural shift towards improving preparedness to respond to them.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

14. The Project Development Objectives (PDO) is to increase access to an improved, sustainable, resilient and safe road network in POG and, in case of an Eligible Crisis or Emergency, respond promptly and effectively to it.

Key Results

15. The Project Key Results will be measured as follows:
 - a) Resilience: People with enhanced resilience to climate risks.
 - b) Sustainability: People benefiting from improved access to resilient, sustainable, and safe, transport and services.
 - c) Safety: Road traffic fatalities in the areas of intervention in rural areas.
 - d) Connectivity: Average travel time in the areas of intervention in rural areas.

D. Project Description

16. The Project comprises three components that, as applicable, will be implemented with exploration of community inclusive gender-balanced approaches and careful attention to resilience to climate change and natural disasters.
17. **Component 1: Rural Road Construction and Rehabilitation (US\$93.5 million).** This component is comprised of two mutually reinforcing sub-components to improve resilient connectivity in selected lagging rural areas of the PoG. Additional works such as carriageway or pedestrian bridges were also considered as part of this criterion. All interventions have available detailed designs for construction; however, an analysis of the measures to be implemented will be conducted to incorporate aspects of road safety audits recommendations (i.e., road shoulder, speed limits, visual narrowing)²¹, climate resilience, gender, and inclusion, in the final designs of the proposed works. Additionally, the contract for building the roads and bridges will include the supervision of the works. The bridges envisaged in Subcomponent 1b are situated in disparate locations compared to the roads in Subcomponent 1a. Also, this component will include the development of pilot(s) for the application of CREMA contracts within the interventions, and Land Compensation Payments.
18. *Subcomponent 1a. Rehabilitation of Rural Roads* (US\$87.61 million). This sub-component will support the works, supervision, and maintenance of seven rural roads, including rehabilitation of the road structures, replacement drainage structures, geometric rectifications and signaling. It is estimated that about 90 km could be

²¹ [To pave or not to pave. Developing a Framework for Systematic Decision – Making in the Choice of Paving Technologies for rural roads](#) (World Bank, 2021).



accommodated. The works will be developed on roads that have an annual average daily traffic of 160 to 1,115 vehicles, have an execution time of 6 to 15 months, and present final designs that have environmental permits, and directly help agriculture, livestock, forestry, and fishing. During the construction of the rural roads, the use of asphalt recycling will be promoted, wherever feasible. Roadway designs have considered the use of flexible asphalt to increase durability and reduce the need for frequent maintenance, and for considerations of climatic variations where there is a high presence of flooding.

19. *Subcomponent 1b. Reconstruction and construction of bridges in rural areas (US\$5.89 million).* This subcomponent will support works, supervision, and maintenance of eight in rural areas. The bridges will be 15 to 75 meters long, will take 4 to 12 months to complete, and have current national environmental permits.
20. **Component 2: Project Management and Capacity Building (US\$ 6.5 million).** The component will primarily focus on supporting PoG with managing the operation and increasing capacity for sustainable management of the transportation infrastructure. Also, it includes a cross-cutting subcomponents that will maximize the impacts of the Component 1 by proactively engaging communities and implementing approaches that will ensure social inclusion and protection while contributing to reducing violence and increasing participation and decision making, especially for women.
21. *Subcomponent 2a. Project management (US\$ 2.9 million).* This component supports the Project Implementation Team (PIT) in the PoG, that is established as a competent implementation team dedicated to detailed Project management, which is composed of diverse specialists.
22. *Subcomponent 2b. Technical support (US\$ 2.95 million).* PoG will receive a technical support that includes the development and implementation of an organization and business plan for planning, and maintenance of the PoG's rural road network. It includes: (i) review of the design for the selected roads and bridges, as well as the construction and maintenance standards with a resilience focus and implementing road safety audits recommendations; (ii) implementation of a Road Asset Management System (RAMS) for maintenance and prioritization of investments which includes the collection of information, manual for operation, and the implementation of the system, with resilience and road safety considerations; (iii) development of technical manuals and guidelines for updating provincial road planning, considering selection of the pavement type²², and resilience and climate change analysis; and (iv) capacity building, Training (including CREMA content), and outreach activities. Financial audits will be part of this subcomponent.
23. *Subcomponent 2c. Community Engagement, Protection, Gender, and Inclusion. (US\$ 0.65 million).* This subcomponent seeks to consult communities in the design, implementation, and supervision for rural road sector projects. Activities will include: (i) gender assessment of women participation in the rural roads sector; (ii) include as a requirement for contractors the training of women in the operation of heavy machinery and in road maintenance and provide certification; (iii) development of a Gender Action Plan to support contractors in the operationalization of clauses for women's training and employment by identifying entry points to address recruitment and retention barriers; (iv) activities to address sensitive community and gender issues arising from Project activities, such as sexual exploitation and abuse and sexual harassment (SEA/SH) and HIV/AIDS, including the design and monitoring the implementation of prevention and mitigation measures for potential victims, incorporating SEA/SH-related provisions in contract documents (such as codes of conduct); (v) Training on gender and gender-

²² Including as part of the evaluation concepts from the document "To [pave or not to pave: A systematic framework for decision making in the choice of rural road paving technologies \(WBG, 2021\)](#)".



based violence (GBV) risk prevention and mitigation; (vi) community awareness on SEA/SH and GBV; and (vii) public consultations through meetings with the community. The Project will incorporate gender considerations in the design and implementation, recognizing discrimination as a barrier to promoting social inclusion.

- 24. **Component 3: Contingency Emergency Response (CERC) (US\$ 0 million).** This Contingent Emergency Response Component (CERC) is included under the Project in accordance with OP/BP 10.00, paragraphs 12 and 13, for situations of urgent need of assistance, as a Project specific CERC. Rural transport infrastructure is particularly vulnerable to climate disasters, including the CERC under the project will allow for rapid reallocation of Project funds in the event of a natural disaster/crisis during the Project's lifespan. Eligible emergency needs and the conditions to trigger this component will be specified in the CERC operations manual. This component will have no funding allocation initially and will draw resources from the unallocated expenditure category in the case of activation.

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

Summary of Screening of Environmental and Social Risks and Impacts

- 25. The overall Environmental and Social Risk Rating is considered Substantial at this Concept Stage. This operation defines specific interventions for its execution. In general, these are road rehabilitation and bridge construction works with E&S risks that could be considered mitigable with the appropriate application of site-specific instruments. The main risks and impacts are related to the socio-environmental characteristics in the areas surrounding the intervention sites and can be mitigated with site-specific ESMPs. From the environmental side, it is identified that: (i) the project interventions already have environmental permits in accordance with national legislation (although gaps with the Bank's standards are foreseen); (ii) that they will be developed mostly in intervened and environmentally altered areas (although in one case very close to a protected area); and (iii) that they will generate impacts typical to road construction works, such as: impacts on the soil due to construction and adaptation of areas for roads and bridges; impacts on the air due to noise, emissions, and particulate matter; impacts on the water due to effluent generation; and other types of environmental impacts due to transportation and use of hazardous materials, generation of hazardous waste, transportation and storage of construction materials, and disposal of debris, among others. All these impacts can be managed with complementary Environmental and Social Management Plans (Complementary ESMPs) for each intervention, which will be implemented by the contractors through the C-ESMPs and supervised according to the Project Operations Manual. From the social side, the impacts and risks have to do with: (i) land acquisition for the execution of the interventions: this has been planned by the client to be executed with national standards, so not all the criteria of the Bank's standards are considered in terms of replacement cost, characterization of the type of impact (physical and/or economic) and potential impact on livelihoods. (ii) labor management: definition of work and working



conditions, temporary labor influx due the use of contractors; (iii) management of stakeholder participation and consultation: participation and consultation to manage expectations, management of community relations during the execution of works, management and follow-up of complaints and claims, and attention to the needs of vulnerable populations; (iv) Community health and safety: risk related to GBV/ SEA-SH occurrence, temporary interruption of traffic and/or services and road safety, as well as communicable and non-communicable diseases that could result from labor influx triggered by project activities, and use of security forces. For the management of these impacts and control the respective risks, Resettlement Plans must be proposed for each intervention where needed, along with Labor Management Procedures (LMP), and Stakeholder Engagement Plans (SEPs), which will complement the ESMPs, and may be executed with the support of the contractors, for which this responsibility must be ensured in the terms of their contracting. In case the component 3 is activated, the Borrower will develop and adopt a CERC-ESMF, according to the Bank's CERC Guidance Note (Oct. 2017). This document will incorporate: (i) an exclusion list of activities that will not be financed by this component; (ii) analysis of potential E&S risks and impacts; and (iii) processes for completing, submitting to the World Bank for approval, and disclosing any necessary E&S instruments as required under the ESF prior to initiation of corresponding activities; among others.

E. Implementation

Institutional and Implementation Arrangements

26. **The PoG will be responsible for Project Implementation.** The PoG functions as a decentralized autonomous entity overseeing provincial affairs. Among the responsibilities of the PoG are the planning and execution of provincial development projects, the management of infrastructure and public services at the local level, the promotion of tourism and culture, as well as the promotion of policies to improve the quality of life of the inhabitants of the province. The Project will be implemented by the PoG through the PIT, operating under to the General Coordination of Infrastructure within the PoG. The PIT will be formed as a competent implementation team dedicated to detailed project management and shall be maintained during the implementation, with qualified personnel and resources to support the fiduciary management and its environmental and social risks and impacts, including financial management, procurement, environmental, and social specialists with qualifications and experience acceptable to the WB. The PIT members will be dedicated exclusively to project implementation and serve as the primary liaison for the Bank throughout the Project lifecycle. Depending on project requirements during preparation and monitoring, additional staff may be recruited for the PIT. Key positions within the PIT include the project manager, civil engineers, social and environmental specialists, procurement experts, financial managers, monitoring and evaluation specialists, communication specialists, legal experts, road safety specialists, and climate resilience experts. All essential personnel must be hired or appointed within forty-five (45) days after the Effective Date. The PIT is responsible for overall Project monitoring and evaluation (M&E) and reporting. The Project Operational Manual (POM) will include all procedures, rules, and standards for the implementation of all components and aspects of the Project including, but not limited to: (i) institutional arrangements; (ii) operation of the PIT and involved MTOP departments; (iii) Project planning and M&E; (iv) social and environmental management, reporting, communication, and human resources; (v) procurement; (vi) administrative processes and financial management (FM); (vii) grievance procedures and (viii) procedures for amending the POM.



27. **PoG, through the PIT, will be responsible for implementing the Monitoring and Evaluation (M&E) framework of the Project.** The PIT will be responsible for data collection²³ (both from PoG and other agencies), analysis and preparation of required periodic reports. M&E relies on already available data sources to avoid creating obstacles to implementation. The first report will be prepared four months after approval. Following reports will be prepared semiannually, no later than 30 days after the six-month reporting period. They will cover six months and will be presented to the WB for review. In addition to reporting on the outcome indicators and intermediate outcome indicators of the Project, the reports will include information on actual and estimated value of contract commitments, disbursements, financial management, procurement, and social and environmental policies and guidelines, as well as an updated annual plan of works and activities. In addition, the Bank and PoG will conduct a Mid-Term Review with the Borrower between 24- and 36-months following project effectiveness. Also, PoG will be responsible for preparing and submitting to the WB its own implementation completion report (no later than four months after the closing date) and assisting with the preparation of the WB's implementation and completion results report at completion. The PIT will be responsible for preparing these reports and will have a specialized and capable technical and planning team to conduct this M&E periodically. Moreover, periodic Bank supervision and monitoring will include field visits, activities, and process reviews, reporting of outputs and the maintenance of updated records. The thematic areas that will be supervised and monitored include: (i) social and environmental monitoring; (ii) regular quality supervision and certification; (iii) periodic physical progress monitoring; and (iv) the result framework.

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²³ If data involves personal data, it should comply with Bank policies.



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APPROVAL

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