Early Warning System

WB-P514986

Second Job Creation and Fiscal Sustainability Development Policy Financing

Quick Facts

Countries	Ecuador
Financial Institutions	World Bank (WB)
Status	Approved
Bank Risk Rating	U
Voting Date	2026-07-28
Borrower	Government of Ecuador
Sectors	Law and Government
Investment Type(s)	Guarantee, Loan
Investment Amount (USD)	$ 750.00 million
Loan Amount (USD)	$ 750.00 million

Project Description

According to the WB, the Program's Development Objective is to support the Government of Ecuador in implementing key policy reforms aimed to strengthen fiscal sustainability, and to promote private sector engagement in selected sectors.

The development objective of the Second Job Creation and Fiscal Sustainability Development Policy Financing for Ecuador is to support key policy reforms that strengthen fiscal sustainability and promote private sector engagement to create more and better jobs. The operation focuses first on restoring fiscal sustainability while protecting the poor by rationalizing fuel subsidies, including establishing market-based diesel pricing for private electricity generation; enhancing revenue through clarified value added tax treatment and tighter administration; improving value for money through end-to-end digital public procurement, dispute resolution boards, and transparent multi-year planning; integrating social protection with employability and entrepreneurship services to enable structured graduation from cash transfers; and introducing a formal framework for public entities to hedge commodity price risks to stabilize revenues. Expected results under this pillar include a sharp reduction in fuel subsidy outlays, procurement savings equivalent to a meaningful share of gross domestic product, additional gross tax revenues, maintenance of social safety net coverage at 4.4 million beneficiaries with dynamic reallocation to those most in need, and at least 30 percent of eligible commodity exposures covered by approved hedging instruments. The second pillar promotes private sector engagement by modernizing special work schedules to facilitate formal hiring, particularly of women and youth; streamlining mining exploration and environmental authorization processes and removing a barrier fee to accelerate responsible investment; enabling private and mixed-capital participation in electricity through clear delegation pathways, technology-neutral self-supply, and autonomous energy districts; and strengthening the financial resolution toolkit to preserve confidence, protect depositors, and keep credit flowing to micro, small, and medium enterprises. Results include increased formal employment and female formal employment shares, larger cooperative credit to the private sector and to women, more frequent onsite supervision of cooperatives, at least 800 megawatts of privately mobilized capacity, a higher private share of fuel imports, and the granting of at least 150 mining rights.

Investment Description

- World Bank (WB)

Contact Information

No contacts available at the time of disclosure

ACCESS TO INFORMATION

To submit an information request for project information, you will have to create an account to access the Access to Information request form. You can learn more about this process at: https://www.worldbank.org/en/access-to-information/request-submission

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Bank Documents

- Appraisal Program Information Document (PID)
- Concept Program Information Document (PID)
- Concept Program Information Document (PID)
- Ecuador - Second Job Creation and Fiscal Sustainability Development Policy Financing Program
- Official Documents- Loan Agreement for Loan K0350-EC.pdf
- Record of Approval on an Absence of Objection Basis on July 28, 2026