

## Environmental and Social Data Sheet

### Overview

Project Name:	Portoviejo Water and Sanitation
Project Number:	2018-0262
Country:	Ecuador
Project Description:	Development of drinking water and sanitation networks in rural parishes located in the Portoviejo area in Ecuador
EIA required:	yes
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

### Environmental and Social Assessment

#### Environmental Assessment

The Project aims to expand and improve access to water and sanitation services in the rural parishes of Portoviejo Cantón (Crucita, San Plácido, Chirijos, Alhajuela, Abdón Calderón, Pueblo Nuevo, Río Chico) and in the urban parish of Colón. The Project Promoter is the Decentralized Autonomous Municipal Government of the Canton of Portoviejo (GADMCP), which provides drinking water, sanitation and storm water drainage services in urban and rural parishes through the Portoviejo Municipal Water and Sanitation Company (Portoaguas). At present, the company supplies piped water to about 77% of the population of the Cantón. Coverage is far higher in urban areas (92%) than in rural areas (34%). Coverage of wastewater is somewhat lower than for water supply (about 62%), with again a major difference in coverage between urban areas (79%) and rural areas (15%). In addition, the GADMCP faces the following main challenges: (i) water supply in rural parishes is intermittent with frequent service interruptions, (ii) most households in rural areas have no sewer system and (iii) non-revenue water levels in the service area are very high, well above best practices in the region.

Against this background, the project aims at addressing these challenges by financing the main following components:

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<sup>1</sup> Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 20,000 tons CO<sub>2</sub>e/year absolute (gross) or 20,000 tons CO<sub>2</sub>e/year relative (net) – both increases and savings.

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- New water supply system for rural parishes and dispersed areas of the Cantón (Crucita, San Plácido, Chirijos, Alhajuela, Abdón Calderón, Pueblo Nuevo, Río Chico).
- In the urban parish of Colón, the project will finance the construction of a pumping station at the Cuatro Esquinas water treatment plant, conveyance infrastructure and distribution tank and network.
- Construction of sanitary sewer networks and associated wastewater treatment plants in Colón and five rural parishes (Chirijos, Alhajuela, Abdón Calderón, Pueblo Viejo y San Gabriel).
- Measures for improving the management of water and sanitation services in Portoviejo Cantón, including measures to foster gender equality and increase women's participation.
- Technical assistance for project implementation.

The project is co-financed with IADB (Interamerican Development Bank), FONPRODE (Fondo para la Promoción del Desarrollo), the Decentralized Autonomous Municipal Government of Portoviejo Canton (GADMCP) and the EU through a LAIF (Latin America Investment Facility) grant channelled by AECID (Agencia Española de Cooperación Internacional para el Desarrollo).

### ***Legal Framework***

Compliance of the project with the principles of the EU Directive 2014/52/EU amending the Environmental Impact Assessment Directive (EIA Directive 2011/92/EU), and EIB Environmental and Social Standards was analysed, alongside with compliance with the Ecuadorian legislation. The main legal documents governing the EIA procedure in Ecuador are the National Constitution (articles 14, 66 and 276), Law of Environment (Código Orgánico del Ambiente- 12/04/2018), Law of Health (Código Orgánico de la Salud- 22/12/2006) and the Law of Water Resources Management (Ley orgánica de recursos hídricos, usos y aprovechamiento del Agua- 6/08/2014). The responsible Competent Authority is the Ministry of Environment of Ecuador.

### ***Environmental Assessment***

If located in the EU, the project would fall under Annex II of the EIA Directive. A strategic environmental assessment (SEA) as defined in the SEA Directive 2001/42/EC is not required by national legislation.

However, According to national legislation, the project requires a full Environmental and Social Impact Assessment (ESIA). The ESIA process started in 2018 and it was revised according to the financier's requirements in September 2019. It is expected that the Competent Authority (Ministry of Environment of Ecuador) will grant the final approval before April 2020.

The project contributes to the protection of both surface and groundwater water bodies by avoiding the pollution of water due to the discharge of untreated wastewater and overflows of storm water drainage and also ensures an efficient and sustainable use of water resources thanks to a reduction of technical water losses.

Negative environmental impacts are associated with the period of construction and are considered localized and temporary:

- (i) dust and air emissions,
- (ii) impacts in water or soil in case of mismanaged waste and

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(iii) noise and vibrations.

Sufficient measures to mitigate these impacts are included in the Environmental and Social Management Plan (ESMP) included in the ESIA. The Promoter and the Project's Coordination Unit – Unidad Coordinadora de Proyecto (UCP) supported by specialized consultants, will ensure that the construction activities are carried out in compliance with the ESMP. The specialized consultant will also ensure that the components financed by the Bank will be carried out in line with EIB's environmental and social standards.

The project will not have Transboundary Impact and will not affect any Protected Area or critical natural habitats. In addition, the Project will not affect any Cultural heritage (tangible or intangible).

### ***Risk of Natural Hazards***

The region is classified as “high seismic activity” and therefore the buildings and infrastructure will be constructed according to the relevant national and international construction standards. This will be closely monitored during implementation.

### ***Climate Action***

The Project has a significant contribution to Climate Change adaptation since it will include the construction of a new water supply source in order to increase the water security of the rural parishes in a context of climate change. In addition, the Project has a significant contribution to Climate Action Mitigation which stems from the modal change from onsite sanitation (which is the sanitation method in rural parishes of Portoviejo), to centralized wastewater treatment plants with a significant reduction of GHG emissions in the wastewater treatment.

### **Social Assessment**

The appraisal of the proposed investment project has identified a number of potential positive social impacts:

- Improved quality of life of local communities across the whole Project Area (90,000 inhabitants) due to access to safe drinking water and improved quality in the River Chico.
- Local employment associated to the construction and operation phase.

Negative social impacts are mostly limited to the construction works and include:

- Temporary diversion of traffic and related loss of time.
- Temporary reduced quality of life due to nuisance from the construction site.

The ESMP proposes mitigation measures for all the aforementioned impacts. Special attention shall be paid to the stakeholder engagement, managing construction activities as well as supervision of construction works.

### ***Land acquisition***

The project will not require any involuntary physical or significant economic displacement. The social study included in the ESIA (September 2019), identified the need of acquiring approximately 12 hectares of land in order to install pipes, reservoirs and Water & Wastewater Treatment Plants. The owners are identified and the Promoter is preparing a Compensation and Livelihood Restoration Plan that will be reviewed to the Bank's satisfaction.

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### ***Indigenous People***

The ESIA includes a full social and cultural analysis, concluding that there is no presence of Indigenous People in the whole project area.

### ***Labour and Working conditions***

Ecuador has ratified all eight fundamental ILO conventions. During the construction phase, the contractors will be required to follow the Occupational Health and Safety Management procedures as set up by the Promoter supported by the specialized consultant, which addresses the continuous identification of dangerous conditions, evaluation of associated risks and implementation of control measures. The bidding documents for tendering the works, will include provisions in line with EIB's standard 8.

### **Public Consultation and Stakeholder Engagement**

Since the early stages of project preparation, the Promoter followed a community participatory process including three series of public consultations with communities (November 2017, July 2019 and September 2019). The overall reaction of the public was very positive. The ESIA was published on IADB's website during the public consultation process. Also, it will be published by the Ministry of Environment of Ecuador according to the national legislation and on EIB's website.

The Promoter and Portoaguas have a Grievance Mechanism, which will be revised and improved for the implementation of the project with the support from the consultant. In addition, the Promoter will prepare a stakeholder engagement plan which will include the Grievance Mechanism, to the satisfaction of the Bank.

## **Conclusions and Recommendations**

Overall, the net environmental and social impact is expected to be positive. The Project will contribute to improve the quality of life of rural parishes in Portoviejo and reduce the pollution of the receiving waters. The project will also provide long-term socio-economic benefits to the local population in the form of employment opportunities.

The institutional capacity of the Promoter (supported by Technical Assistance to manage the environmental and social issues) is expected to be adequate. The technical assistance will also deal with project management and financial control of the project.

Taking into consideration the disbursement conditions and undertakings below, the project is acceptable for EIB financing in environmental and social terms:

### **Conditions for the first Disbursement**

- The technical assistance for project implementation has been contracted according to terms of reference satisfactory to the Bank.
- The final version of the Environmental and Social Impact assessment has been approved by the Competent Authority and is to the Bank's satisfaction.



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- The Promoter will prepare a stakeholder engagement plan including the Grievance Mechanism, to the satisfaction of the Bank.
- The Promoter will prepare a Compensation and Livelihood Restoration Plan to the satisfaction of the Bank.

#### **Conditions for all Disbursement**

- The Promoter will implement the Compensation and Livelihood Restoration Plan relative to the components financed by the disbursement.

#### **Undertakings**

- The Promoter shall ensure that the Implementation of the Project complies with the Environmental and Social Management Plan included in the Environmental and Social Impact Assessment.
- The Promoter shall ensure that the contractors will follow the Occupational Health and Safety Management procedures. The Promoter will commit to implement the Project in line with National Labour Code and ILO core labour standards.