Managing Environmental and Social Risks in Resilient Housing Projects

MARCH 2022
DISCLAIMER

This Technical Note is intended to stimulate dialogue within the World Bank and with external stakeholders on how best to achieve results and outcomes in Resilient Housing Projects that are consistent with the World Bank’s Environmental and Social Framework. This Technical Note is not intended to be taken as formal guidance by the World Bank Group regarding environmental and social risk management about specific resilient housing projects, which would need to be evaluated on its own merits following World Bank policies.

ACKNOWLEDGMENTS

This document was prepared by a team from the Global Program for Resilient Housing at the World Bank. The team was led by Luis Miguel Triveno Chan Jan (Senior Urban Development Specialist), Sarah Elizabeth Antos (Data Scientist), and Alanna Simpson (Lead Disaster Risk Management Specialist). Overall managerial support was provided by Niels Holm-Nielsen (Practice Manager, GFDRR).

Glenn Morgan was the main contributor to this document. Country cases were produced with information provided by Carina Lakovits, (Urban Specialist, Mexico), Gisela Ferrari (Urban Consultant, Colombia) and Griya Rufianne (Urban Specialist, Indonesia), under the guidance of David Sislen (Practice Manager, SLCUR) and Ming Zhang (Practice Manager, SEAU1).

Valuable feedback and input for this document was provided by the following OPCS colleagues overseeing the application of the Environmental and Social Framework to World Bank-financed projects: John Kellenberg (Manager, Environmental and Social Standards), Enrique Pantoja (Operations Adviser), Surhid Gautam (Senior Environmental Specialist), Eric Shayer (Senior Environmental Specialist), Emilijan Mohora (Senior Environmental Specialist), and Nghi Quy Nguyen (Senior Social Development Specialist).

Devan Kreisberg and Diane Stamm edited the document. Xavier Conesa was responsible of the design, layout and photos included in the document.

This note would not have been possible without the support from the Global Facility for Disaster Risk Reduction.

ABOUT THE GLOBAL PROGRAM FOR RESILIENT HOUSING

The Global Program for Resilient Housing (GPRH) provides technical and financial support to governments interested in increasing safety and resilience in the housing sector. The GPRH has developed a methodology that combines: (i) technology to identify which homes can be made safe before the next disaster; (ii) policy to connect families with government-sponsored housing programs; and (iii) private sector participation to create jobs and local economic development through private investments in the construction and financial sectors.
## ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BP2BT</td>
<td>Savings-Based Housing Financing Assistance, Bantuan Pembiayaan Perumahan Berbasis Tabungan.</td>
</tr>
<tr>
<td>CONAVI</td>
<td>National Housing Commission, La Comisión Nacional de Vivienda (Mexico).</td>
</tr>
<tr>
<td>E&amp;S</td>
<td>Environmental and Social.</td>
</tr>
<tr>
<td>ESCoP</td>
<td>Environmental and Social Codes of Practice.</td>
</tr>
<tr>
<td>ESCP</td>
<td>Environmental and Social Commitment Plan.</td>
</tr>
<tr>
<td>ESF</td>
<td>Environmental and Social Framework.</td>
</tr>
<tr>
<td>ESMS</td>
<td>Environmental and Social Management System.</td>
</tr>
<tr>
<td>ESS</td>
<td>Environmental and Social Standards.</td>
</tr>
<tr>
<td>GFDRR</td>
<td>Global Facility for Disaster Reduction and Recovery.</td>
</tr>
<tr>
<td>GPRH</td>
<td>Global Program for Resilient Housing.</td>
</tr>
<tr>
<td>IP</td>
<td>Indigenous Peoples.</td>
</tr>
<tr>
<td>OEO</td>
<td>Works Executing Agency, <em>(Organismos Ejecutores de la Obra)</em>.</td>
</tr>
<tr>
<td>OHS</td>
<td>Occupational Health and Safety.</td>
</tr>
<tr>
<td>RH</td>
<td>Resilient Housing.</td>
</tr>
<tr>
<td>RIHP</td>
<td>Resilient and Inclusive Housing Project.</td>
</tr>
<tr>
<td>SCD</td>
<td>Systematic Country Diagnostic.</td>
</tr>
<tr>
<td>SEP</td>
<td>Stakeholder Engagement Plan.</td>
</tr>
<tr>
<td>SHP</td>
<td>Social Housing Program.</td>
</tr>
<tr>
<td>TA</td>
<td>Technical Assistance.</td>
</tr>
<tr>
<td>TORs</td>
<td>Terms of Reference.</td>
</tr>
</tbody>
</table>
## CONTENTS

**Introduction** ........................................................................................................................................... 5

**Resilient Housing Initiatives** ................................................................................................................. 7  
- Development Goals of the Global Program for Resilient Housing ....................................................... 7  
- Resilient Housing Project Activities ....................................................................................................... 7

**Resilient Housing and the Environmental and Social Framework** ......................................................... 8  
- Informed Decision Making Using a Proportional Risk-Management Approach .................................. 9  
- Integrated Environmental and Social Impact Assessment ....................................................................... 9  
- Inclusive Development Approaches ...................................................................................................... 10  
- Mainstreaming E&S Risk Management into Borrower Systems ......................................................... 10  
- Meaningful Stakeholder Participation .................................................................................................... 10  
- Focus on Environment and Social Results and Outcomes .................................................................... 10

**Operational Challenges and Trade-offs in Applying the ESF to RH Initiatives** ...................................... 11

**Recommendations: Strategic Application of the ESF in RH Initiatives** ............................................... 13  
- Mainstream Integration of ESF Objectives into Project Design .......................................................... 13  
- Institutional Strengthening through Capacity Building ......................................................................... 14  
- Manage Stakeholder Concerns and Expectations Proactively .............................................................. 15  
- Special Considerations for Technical Assistance ................................................................................... 15

**Conclusions** ........................................................................................................................................ 16

**Annex 1:** Tools and Approaches to Manage E&S Risks under RH Projects ..................................... 19

**Annex 2:** Suggested Environmental and Social Documentation for RH Projects ............................. 22

**Annex 3:** Examples of E&S Management Approaches in GPRH Investment Projects .................. 24

**Annex 4:** E&S Considerations in Resilient Housing Programs (Generic) ........................................... 29
Introduction

Resilient Housing (RH) initiatives are a crucial means of improving access to safe and sanitary housing in urban areas of high vulnerability. These projects make residents safer, healthier, and more secure, and increase the economic inclusion of the world’s poorest populations. They upgrade homes, improve neighborhoods, and change lives.

Like all investment projects, RH initiatives carry with them some risks and may impact the lives of community members in the project area. The purpose of this note is to:

a. Describe the potential environmental and social risks and impacts that may be associated with RH initiatives and investment projects financed by the World Bank; and

b. Recommend ways to avoid, minimize, and manage such risks.

The note briefly introduces RH initiatives, describes their unique approach to project design, and touches on the possible risks occasioned by RH projects. It then explores the many ways in which RH initiatives closely align with the objectives and technical requirements embedded in the World Bank’s Environmental and Social Framework (ESF), which went into effect on October 1, 2018.\(^1\)

The ESF lays out a comprehensive approach to identifying and managing environmental and social risks and minimizing potential impacts. The goals and requirements of RH initiatives and the ESF complement one another, and this note will describe how this mutually supportive relationship creates desirable outcomes that achieve the objectives of both, despite occasional trade-offs. Using recent operational experience as a guide to best practices, the note’s final section provides recommendations for Task Team Leaders responsible for managing RH projects on how to apply the ESF to their projects to minimize risk and maximize project impact.

---

\(^1\) Following the guidance in this note is not a stand-in for the necessary review of each investment project on its own merits. It is still crucial to develop approaches tailored to specific project needs. Individual investment projects are designed in response to local needs and opportunities, and they may involve activities that cannot be foreseen in this note.
Resilient Housing Initiatives

Development Goals of the Global Program for Resilient Housing

The Global Program for Resilient Housing (GPRH) – a program of the World Bank’s Global Facility for Disaster Reduction and Recovery – promotes access to safe and sanitary housing in urban areas of high vulnerability. In this context, “vulnerability” refers to one or more of a set of characteristics describing households and neighborhoods. For example, vulnerable households and communities may be located in areas subject to hazards; have little or no access to financial resources for home improvements; lack secure land title or tenure status; be situated in areas of high crime; be headed by females; and/or be inhabited by groups vulnerable to discrimination based on age, ethnicity, race, and overcrowding.

One of GPRH’s key development objectives is to promote large-scale investments in upgrading housing quality – investments based on and backed by solid data gathering and planning strategies, and targeting disadvantaged and vulnerable individuals, households, and communities. GPRH initiatives to address disparities in housing quality and security include measures to:

a. Locate, quantify, and characterize homes and neighborhoods that need upgrading by using systematic geospatial assessments based on high-quality spatial data

b. Promote targeted infrastructure investments to improve home sanitation (including but not limited to kitchen sinks, running water, flush toilets, windows for ventilation, and energy-efficient technologies)

c. Promote the use of subsidies and other financial supports, such as rental assistance and mortgage safety nets, to incentivize home improvements, stimulate local economic development, and provide protections for vulnerable individuals and groups.

Such projects, which aim to improve the safety of highly vulnerable homes, are known as resilient housing (RH) initiatives.

Resilient Housing Project Activities

Rather than being based on a “one-size-fits-all” approach, RH projects are typically designed with specific local context, opportunities, and constraints in mind. However, there are certain activities that might be considered core elements of an RH program. They include:

• Mortgage-backed down-payment assistance
• Direct financial support (small grants) for home improvements, such as rehabilitation and reconstruction
• Training and capacity building for both program management entities and beneficiaries to improve the likelihood of successful program implementation
• Technical assistance to support policy reforms in the housing sector that expand access to market finance or remove other possible supply-side constraints.

---

3 The GPRH primarily focuses on reducing the deficit in housing quality (that is, improving housing quality) rather than the deficit in housing quantity. The program’s approach is to prioritize in-situ investments when risks can be mitigated, rather than constructing new housing, as the former is a greener, more inclusive, and cheaper investment. However, in a minority of cases, such in-situ investments may not be possible, and the only viable solution is the provision of new housing in a different location.
In a few cases, RH initiatives might provide direct financial and technical support for basic neighborhood infrastructure, such as improvements to local road networks, the provision of clean water, the provision of sanitation, and drainage improvements.

Resilient Housing and the Environmental and Social Framework

The World Bank’s Environmental and Social Framework (ESF) provides a comprehensive, systematic approach to identifying and managing adverse environmental and social risks and impacts associated with investment lending. The ESF went into effect in October 2018, with a view to improving and modernizing how the World Bank and its borrowers assess and manage such risks.

This note does not offer an in-depth discussion of the implications of the changes associated with the ESF, nor is it intended to provide an understanding of the full range of ESF requirements for any specific project. However, there are several key principles in the ESF that are highly relevant to any program or project supporting RH.

In RH projects, environmental and social risk is seen as a multidimensional concept, comprising direct risks caused by project activities; risks of contribution, wherein the project may exacerbate existing social and environmental problems; contextual risks, which exist externally to the project but which could undermine project effectiveness; and the borrower’s capacity and commitment risks, which could affect the success of mitigation and management measures. The ESF recognizes these and other types of risks as direct, indirect, and cumulative impacts.

Many, if not most, activities in RH initiatives do not present significant adverse environmental risks and impacts – a conclusion supported by current experience from RH projects. However, some activities could present risks if not adequately planned or properly managed – for example, if housing programs are supported in areas exposed to natural hazards where risks cannot be mitigated. In addition, site-specific contextual risk factors should be carefully considered. With the occasional exception of providing basic infrastructure, most RH improvements are small and rarely involve large-scale works spanning entire neighborhoods. However, some important aspects should be considered, including the structural safety of the buildings, risks from construction of utilities, and the social risks of resettlement away from high-risk areas.

Even when an RH project involves neighborhood-wide infrastructure, the scale of development is not likely to lead to high environmental risks. Adverse risks and impacts are likely to be short term and primarily related to the construction phase of individual home improvement projects. Most such risks will likely be manageable, with known and standard operating procedures. By using eligibility criteria or negative lists, project teams can avoid areas not suitable for housing, such as floodplains or slopes prone to landslides.

---

4 As used in this note, “environmental and social risks” means “the possibility that something of environmental or social value may be lost or damaged as a result of project activities.” An “impact” is a realized risk. For comparative purposes, risks are often characterized by the probability of their occurrence and the severity of their impacts.

5 The ESF (available at https://www.worldbank.org/en/projects-operations/environmental-and-social-framework) retains many aspects of the previous safeguard policies and codifies established good practice based on experience from many years of investment lending. However, the framework also introduces several concepts and principles into investment lending and for the first time provides a structured architecture for managing E&S risks. For instance, it includes an overarching vision statement for environmentally and socially sustainable development; a new environmental and social policy governing World Bank due diligence; and a new set of Environmental and Social Standards that are legally binding on borrowers to the extent that issues are relevant in a given project context.

6 For a full description of the types of risks to be considered in assessment of investment projects, please refer to the ESF.

7 Individual projects financed by the World Bank always need to be evaluated on their own merits. Individual projects may face site-specific risks or be of a scale that could present more significant risk factors.
While environmental risks are not likely to be significant, social considerations could present more serious impacts, especially those concerning equitable distribution of program benefits and access to financial and technical support. It is also crucial to ensure that projects do not disproportionately affect disadvantaged and vulnerable groups.\(^8\)

Although risks like these remain, RH design approaches by nature reduce risk as much as possible. As a result, RH projects are, in many important ways, fully consistent with ESF principles. RH projects tend to be designed in a way that incorporates an environmental and social risk-management approach. The following discussion of key principles highlights some critical areas where RH design principles align with established principles of good environmental and social risk management.

**Informed Decision Making Using a Proportional Risk-Management Approach**

Addressing environmental and social risks in RH projects requires an analytical and managerial approach that is based on informed decision making. Project teams must systematically consider, and then manage, relevant risks and impacts.

To enable project teams to make informed decisions, RH promotes the use of best available information, especially georeferenced spatial data, in planning and decision making. Concomitantly, it also promotes systematic data collection and information management to help stakeholders understand and address risks. Through the use of ESF tools such as project risk screenings, issues scoping, environmental and social impact assessments, and stakeholder engagement, investment projects can be evaluated on a case-by-case basis, and responses can be designed to address issues in a manner proportionate to their risk level.

Just as the ESF acknowledges that a “one-size-fits-all” approach is not practical in most cases, especially in situations where risks may be minimal or less significant, RH can follow an approach to managing environmental and social issues in a manner proportional to the actual risks and impacts. To do so, RH projects use the ESF framework called the “mitigation hierarchy,” a design-based approach that aims to mainstream consideration of risks into the overall project approach by integrating problem analysis with project design decisions. The mitigation hierarchy begins with the assumption that risks are most effectively managed when they are addressed systematically in project formulation. It promotes design measures that aim to avoid and minimize risks using systematic problem analysis, using design criteria to minimize environmental and social (E&S) harm and maximize E&S benefits to the greatest extent possible. Only when the remaining problems cannot be addressed through project design does the process define mitigation or management measures. These measures are responsive to the likelihood and severity of impacts.

**Integrated Environmental and Social Impact Assessment**

RH projects promote an integrated approach to understanding environmental and social risks to the greatest extent feasible within reasonable expectations of time, budget resources, and capacity. Environmental and social concerns are often two sides of the same coin, and in general cannot and should not be isolated from one another. A single risk-mitigation measure may serve immediate social needs as well as environmental public goods – for example, addressing climate change risks by using energy-efficient construction materials or by implementing adaptation measures like flooding

\(^8\) A summary of environmental and social risks in RH programs as they relate to the World Bank’s Environmental and Social Standards is presented in Annex 4.
protections. Similarly, ensuring that RH initiatives are consistent with existing land-use plans derived through participatory stakeholder engagement can simultaneously serve both environmental and social goals.

Inclusive Development Approaches

The World Bank expects that investment lending operations will work with borrowers to create opportunities for a wide spectrum of disadvantaged individuals and groups who may be vulnerable to the potential adverse effects of development initiatives. To that end, the ESF prioritizes the consideration of vulnerable individuals and groups, both by incorporating such consideration as part of the framework’s overall vision and by including a specific Staff Directive requiring attention to risks to disadvantaged and vulnerable groups. In section 1 of its Environmental and Social Standards (ESS), the ESF names social assessment as a key analytical tool for understanding context, risks, and impacts, and for ensuring effective mitigation, participation, consultation, and stakeholder engagement.

Inclusive development is also a core value of RH initiatives. RH projects emphasize more inclusive development to ensure two broad objectives. The first is to ensure that development initiatives do not result in disproportionate adverse effects on disadvantaged and vulnerable individuals, households, and communities that may be affected in ways that are not shared by others in the community. Second, RH projects are designed to ensure that disadvantaged and vulnerable groups can fully participate in the benefits associated with investment projects. In both of these objectives, RH principles mirror the ESF priorities.

Mainstreaming E&S Risk Management into Borrower Systems

RH projects promote the use of borrower systems for managing E&S risks when those systems are materially consistent with objectives laid out in the ESF. Where feasible, the ESF calls for mainstreaming processes, procedures, and standards into existing processes rather than building systems and approaches that are external to project procedures and processes. This is especially important for most RH project and initiatives, which are almost always implemented through context-specific approaches developed by implementing entities to address local needs. By definition, RH initiatives will always build upon existing systems. The alignment of those systems with ESF objectives is an important goal to be addressed through human capacity building, training, and systems development.

Meaningful Stakeholder Participation

The ESF approach broadens the concept of stakeholder engagement. Under past approaches, such engagement emphasized document-based “consultations” held at fixed points in time (associated with project milestones, such as appraisal). In contrast, ESF strongly favors more substantive engagement with stakeholders, with interactions in various formats and at different points in time, structured in a way that addresses concerns of identified groups.

This attitude is enshrined in RH principles, as well. A hallmark of RH projects is their increased emphasis on systematic, comprehensive stakeholder engagement throughout a project’s life cycle. Engagement is “comprehensive” in that stakeholders are involved on a continuous basis throughout the

---

9 See Bank Directive: Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups, World Bank, Washington, DC, March 27, 2021; https://ppfddocuments.azureedge.net/9598117e-421d-406f-b065-d3dfe89e2d78.pdf
entire project, and “systematic” in the sense that RH projects carefully consider all relevant stakeholders. This includes both those that are directly affected by a project (positively and negatively) and other interested parties who can affect project outcomes. Furthermore, RH principles promote the assessment of stakeholder interests and influence on project design, investment priorities, scope, key decisions, and management approaches.

Focus on Environmental and Social Results and Outcomes

The ESF attempts to address what was often perceived as a heavily front-loaded, compliance-oriented approach to safeguards. In the past, the focus was on project approval, with much less emphasis on whether projects achieved environmental and social risk-management objectives. In contrast, the ESF places significant importance on results and outcomes, and offers a renewed emphasis on a life-cycle approach to risk management.

Specifically, the ESF stresses engaging in implementation planning through instruments such as the Environmental and Social Commitment Plan (ESCP), more clearly defining the goals and objectives of environmental and social management plans, ensuring sufficient resources to carry out keys tasks, defining verifiable indicators for monitoring results, and using an “adaptive management” approach when new issues arise or when planned management and mitigation measures are not effective.

In addition, the ESF newly emphasizes two other operational areas: contractor management and capacity building for implementing entities. One of the most consistently limiting factors in successful implementation of E&S management measures is implementing entities’ lack of capacity to carry out assigned tasks. This may be the result of a lack of appreciation for the issues, an inadequate understanding of project requirements, insufficient human and financial resources, a lack of organizational mandate or clarity of functions, or the absence of an enabling environment.

When RH projects involve the use of contractors, the ESF requires that such contractors meet worker health and safety guidelines and – if workers come from outside of the local area – taking steps to avoid conflicts with local communities. In most RH projects, however, local-level or even community labor may be mobilized. In such cases, the ESF requires that worker safety be taken into consideration and that there exist protections against the use of child labor and forced labor.

Operational Challenges and Trade-offs in Applying the ESF to RH Initiatives

While this note identifies several areas of close alignment between the ESF and RH initiatives, there are nevertheless operational challenges and trade-offs involved in managing environmental and social risks under RH projects. Measures and policies that are intended to limit adverse impacts can, in some cases, produce unintended consequences that reduce the project’s effectiveness.

For example, in certain situations, vulnerable groups may be prevented from fully participating by local land-use plans, permitting processes, or other requirements for receiving financial support. Certain local restrictions and land-management measures – such as spatial planning, zoning, and policies to restrict development in risk-prone areas – ostensibly limit undesirable or uncontrolled

---

10 The ESCP is a document that reflects all borrower commitments to implement environmental and social risk management measures throughout a project’s life cycle. The ESCP is part of a project’s Legal Agreement and thus establishes legally binding measures that are carefully monitored and evaluated during implementation. The ESCP is intended to be a flexible document allowing for periodic changes in the E&S risk-management approach, taking into account implementation experience and changing project circumstances.
land development and promote sustainable development. However, these laudable goals and measures may pose barriers to beneficiary participation if they are used as a basis for considering access to financial resources for home improvements.\footnote{This was an important issue in the Indonesia Housing Project. During consultations with intended project beneficiaries, local restrictions and requirements were raised as critical constraints on the ability of disadvantaged and vulnerable people to fully participate in the program.}

These challenges are by no means unique to RH programs, but their existence does raise several important concerns. For example, what RH options could be considered in “gray areas,” such as neighborhoods characterized by significant informality in land and property tenure, or in which houses and inhabitants may be at risk from natural hazards.

Similarly, measures intended to manage lenders’ risks, to limit uncontrolled adverse impacts, or to guard against social impacts of illegal encroachment or land-grabbing in target communities could limit the participation of intended beneficiaries. For example, stakeholder consultations for the Indonesia Housing Project revealed that certain conditions for participation could effectively prohibit the most disadvantaged and vulnerable from participating in RH programs. Those populations may not be able, for example, to provide or obtain documents such as proof of land or homeownership, building permits from local authorities, certificates or validation of construction completion, or certificates of sustainable construction materials.

Fortunately, the ESF does provide operational approaches that might lead to flexible or innovative solutions to address location- or context-specific issues in RH projects. Four interrelated aspects of ESF are relevant to understanding the dilemmas and trade-offs described above and how they may be overcome.

a. The ESF is strongly grounded in the use of social assessment as an analytical tool to assess and evaluate a project’s social conditions, challenges, risks, and trade-offs. Social assessment provides an appropriate mechanism for understanding these issues in their proper context, including identifying context-specific solutions.

b. The ESF cites comprehensive stakeholder engagement as the principle means of identifying local risks and benefits and giving voice to the most vulnerable and disadvantaged. When integrated with social assessment, well-planned and well-executed stakeholder engagement at the local level will provide the opportunity to flag issues of concern and help to identify possible mechanisms to manage trade-offs effectively.

c. The ESF calls for high degrees of transparency and accountability relating to the disclosure of information and establishing effective Grievance Redress Mechanisms.

d. The ESF strongly promotes adaptive management approaches based on effective monitoring and reporting, including the use of independent third-party monitors such as local civil society advocacy groups.

These elements of the ESF can be used to complement RH approaches, with the goal of better understanding the nature of challenges revolving around conflicting policy goals, and of designing local solutions that could resolve them. Each project should be assessed individually to take advantage of the flexibility afforded by ESF, which can help prevent an overly prescriptive or restrictive approach to RH initiatives. Flexibility can be appropriate provided that certain core principles are followed, and that consensus and trust are built among diverse stakeholders.
Recommendations: Strategic Application of the ESF in RH Initiatives

In many cases, RH initiatives will have limited direct adverse social and environmental impacts. In very few situations will entire communities be redeveloped on a significant scale. Environmental issues will mostly involve safe construction site management, disposal of construction waste, and choice of sustainable building materials. Likewise, most RH projects are not likely to involve involuntary land acquisition or resettlement, as the target beneficiaries are individual households. As most RH initiatives will be carried out in urban and peri-urban settings, it is also unlikely that customary or communal lands of indigenous peoples will be affected.

As previously discussed, key social issues revolve around fair and equitable access to program benefits for different social groups, especially those considered disadvantaged or vulnerable. These important ESF and project issues need to be considered as part of overall project design and of basic spatial data gathering and socioeconomic targeting. For instance, during the design, data-gathering, and targeting phases, project teams might establish fair and equitable criteria and prerequisites for receiving program benefits, ensure that processes do not become unintended barriers to participation of the most vulnerable, and make special provisions to promote the interests of individuals and groups with special needs (such as women heads of households or persons with disabilities).

To a significant extent, the objectives of the GPRH and the ESF are well aligned. While certain structural constraints built into procedures and regulations may present barriers to full achievement of those goals, RH initiatives are designed to emphasize approaches that address existing social and environmental problems.

For example, RH initiatives are almost universally targeted to the needs of individuals, households, and communities that are impoverished, disadvantaged, and vulnerable. By design, these initiatives benefit households or communities that are marginalized due to economic barriers or lack of access to resources for housing improvements and are specifically designed to address the issues of households and communities living in areas exposed to high natural-hazard risks. RH programs therefore place great emphasis on protecting community health and safety as a key principle.

As mentioned, a further point of alignment is stakeholder engagement. Since RH requires the full and active participation of beneficiaries, stakeholder engagement is a key aspect of any successful RH program. Beneficiaries must have access to timely, good-quality information, and they need to understand how programs work and how they can access financial support. All of this requires strong approaches to stakeholder engagement, a key element of RH programs.

These areas of alignment, and the mutually reinforcing goals of RH and the ESF, provide a strong foundation on which to build as project teams apply the principles of ESF to RH initiatives.

Mainstream Integration of ESF Objectives into Project Design

This note recommends managing ESF issues by maximizing the integration of ESF principles into project design. To the greatest extent possible, project design should address core principles defined above. While ESF tools will always be applied, this approach will minimize the need for parallel, stand-alone analytical work or additional external procedures to assess E&S risks.

By design, RH initiatives should ensure that informed decision making is based on the best available

---

12 Under an RH project, funds ostensibly could be used for resettlement and the construction of new resilient homes; however, it is far more common to make existing homes more resilient.
science, with a special focus on the use of geospatial data, and that the use of such data is built into RH projects as a routine part of planning and decision making. Systematic data gathering should be seamlessly integrated into community information and engagement platforms. This will strengthen both communications and active beneficiary participation as well as build confidence in projects through transparency and access to information. The GPRH’s emphasis on the collection of geospatial data and the construction of reference datasets can potentially address many ESF principles, such as comprehensive up-front planning and improved targeting based on E&S criteria.

Many RH projects would benefit from the development of Standard Operating Procedures, sometimes referred to as Environmental and Social Codes of Practice (ESCoP). These documents would define appropriate technical approaches for safe construction site management, protections for worker and community safety, and construction site waste management. RH initiatives generally involve the same types of construction activities which, in the vast majority of cases, do not require unique or one-of-a-kind management approaches. Standard Operating Procedures would be a low-cost way to ensure that contractors or individual homeowners are aware of the importance of managing construction-related issues in a safe and effective way.

Institutional Strengthening through Capacity Building

RH initiatives are likely to be implemented in complex institutional settings and involve myriad national, subnational, municipal, and local-level regulatory, implementing, and oversight actors. Government, private-sector, and/or civil-society partners will collaborate on various aspects of a program or be assigned tasks and responsibilities that involve environmental and social concerns. An RH program could, at a minimum, involve the following types of implementing entities:

- Government regulators and policy makers
- Government permitting and authorizing entities
- Government-based financial support programs
- Private sector financial institutions
- Field support technicians, facilitators, and planners
- Civil society organizations or other interlocutors, such as civic or neighborhood associations, that act as intermediaries between target beneficiaries and program entities
- Third-party monitoring entities
- Intended beneficiaries.

The exact institutional arrangements, their complexity, and the capacity of actors will vary from place to place. However, one common element is that many important tasks relating to project data collection, planning, beneficiary outreach, and monitoring will be assigned to local-level entities that are likely to have access to fewer experienced staff members, less expertise, and fewer financial resources. It is therefore crucial to ensure that all RH projects systematically assess the distribution of tasks among different entities and their capacity to carry out assigned tasks. Depending on the findings of such assessments, RH projects may need to include capacity-development initiatives such as changes to relevant policy, professional development training, and mobilization of technical assistance.
Manage Stakeholder Concerns and Expectations Proactively

Targeting and involving intended beneficiaries is a key element of RH programs. The ESF calls for the development of a systematic and comprehensive Stakeholder Engagement Plan (SEP) for all investment projects financed by the World Bank. The SEP process involves, among other tasks, (a) identifying stakeholders directly affected by the project; (b) identifying other interested parties who can influence project outcomes directly or indirectly; (c) evaluating the range of concerns that stakeholders have expressed; (d) planning strategies for communications, outreach, information dissemination and disclosure, participation, and consultations; (e) developing effective Grievance Redress Mechanisms; and (f) monitoring and reporting to stakeholders.

The ESF establishes a standard of “meaningful consultation” when involving stakeholders in project activities. Meaningful consultation includes ensuring timely access to information in a form and language accessible to those being consulted, addressing the needs of special groups (for example, women, the disabled, vulnerable groups), creating mechanisms for providing feedback to stakeholders, and demonstrating how stakeholder views were taken into account.

The table presents examples of issues raised through stakeholder consultations during the Indonesia Housing Project, and Annex 3 presents a description of the E&S risk-management approach of the Colombia Resilient and Inclusive Housing Project.

**Examples of issues raised through stakeholder consultations during the Indonesia Housing Project**

| Overly bureaucratic procedures (e.g., issuing building permits or other authorizations) |
| Quality of data and information used to support planning (discrepancies among datasets at different levels of government, selection criteria for locating programs) |
| Concerns over avoiding damage to environmental values (risk-prone areas) |
| Discussion of the potential for social impacts to be more intense than environmental impacts |
| Measures designed to limit environmental risks becoming barriers to participation (zoning, right of way, riparian issues, enforcement of spatial or land-use development plans) |
| Clarity of institutional roles (who will monitor implementation or results) – especially for land acquisition, even if willing-buyer/willing-seller practices are used |
| Need to build on locally developed procedures and processes but concerns over the capacity of local government to carry out tasks |
| Use of and access to environmentally sound building materials |
| Selection criteria for beneficiaries, how to involve low-income and other vulnerable groups, and preference for using local nongovernmental organizations or youth groups as facilitators to identify and verify beneficiaries |
| What financing modalities could be used for informal sectors (e.g., community-based financing) |
| Management of construction impacts (waste management, storage of construction materials blocking access) |
| Provision of sanitation facilities, drainage, septic tanks. |

Critically, technology for processing, interpreting, and visualizing geospatial data (such as digital maps, georeferenced photos, satellite imagery, or other datasets) can be used to greatly enhance stakeholder participation in project planning, implementation, and progress monitoring. Geospatial

---

13 Please refer to paragraphs 21 and 22 of the ESS10 for the full description of “meaningful consultation.”

data are often easily understood by stakeholders and can provide an essential foundation for docu-
menting the pre-project situation and for monitoring and tracking implementation progress. Maps,
imagery, and other visual data can be used to validate stakeholder concerns and may often be the
most reliable information available in situations where land use is highly informal and where settlers
and land users may lack systematic documentation, such as titles or other usufruct rights. Project
stakeholders could access data shared through social media platforms or other datasets easily acces-
sible through mobile phone technology.

Special Considerations for Technical Assistance

Some RH projects include technical assistance (TA) components to support tasks ranging from poli-
cy formulation and regulatory reform to systems development, development of national standards for
housing, and training. Some TA activities (for example, provision of training on new information sys-
tems) are not likely to present significant environmental or social risks. However, certain TA activities
may have important implications for environmental and social risk management. For example, regula-
tory reforms that would define national eligibility standards for subsidized loans could create barriers
to participation for vulnerable groups. Similarly, a national land-use policy limiting access to loans for
households in areas at risk from natural disasters may further exacerbate inequities and disadvantages.

Therefore, TA studies, policy reforms, and regulatory reforms should be screened for potential E&S
risks. Where relevant, TA should incorporate good practices with respect to internalizing analysis of
potential risks as part of the TA itself. This could entail, for example, ensuring that stakeholders are
given the opportunity to provide comments or feedback on proposed reforms. It could also involve
using tools such as Strategic Environmental and Social Assessments, which are specifically designed
to evaluate the potential E&S risks of policies, plans, and programs.

Conclusions

• There may be some environmental risks associated with RH programs, but most risks are ex-
  pected to be moderate with respect to the likelihood and severity of adverse impacts.
• Environmental risks are likely to be manageable, with known mitigation and management mea-
sures and, in many cases, can be addressed using Standard Operating Procedures to protect
  worker and community health and safety, manage construction waste, and ensure access to and
  use of sustainable construction materials.
• The social risks of RH programs are potentially more diverse. They relate to ensuring social eq-
  uity and opportunity of access to program benefits, including for disadvantaged and vulnerable
  groups, as well as maintaining social confidence and trust in the fairness of programs.
• Most E&S risks can be effectively addressed by mainstreaming good environmental and social
  management measures into existing or proposed planning and processing procedures, such as
data gathering, physical and social targeting, eligibility criteria for loans, stakeholder engage-
ment, and monitoring and evaluation of results.
• The objectives and principles of RH and the ESF overlap significantly. Areas of alignment in-
clude an emphasis on data-backed, informed decision making; a proportional risk management
approach; the integration of environmental and social impact assessments and mitigation mea-
sures; a focus on inclusive development; the use of (and risk management through) borrower
systems where possible; an emphasis on meaningful, continuous stakeholder participation; and
a goal of achieving environmental and social outcomes.
• Nevertheless, as project teams attempt to apply ESF to RH projects, measures designed to achieve certain principles may end up unintentionally violating others. To address these trade-offs, project teams should focus on using social assessments to understand and identify context-specific solutions; engaging with local stakeholders to identify possible mechanisms for managing trade-offs; establishing effective Grievance Redress Mechanisms; and implementing strong monitoring and reporting to help them adapt their approach.

• Often, the responsibility for executing RH projects will rest with local authorities, individual financiers, field facilitators, and possibly civil society support groups. Such institutions need to be provided with appropriate capacity building, training, and awareness raising on E&S concerns.

• RH initiatives should maintain and build on their strong stakeholder involvement throughout project life cycles, ensuring they meet the ESF standard of “meaningful consultation” and sharing geospatial and visual data where appropriate to engage stakeholders.

• Technical assistance – to support policy and regulatory reforms, establish eligibility criteria, and implement land-use planning, among other activities – may have important implications for E&S sustainability. TA components of RH initiatives should ensure that such risks are evaluated using tools such as Strategic Environmental and Social Assessments.
Annex 1: Tools and Approaches to Manage E&S Risks under RH Projects

Through operational experience, a wide range of processes, procedures, and practices have emerged to address environmental and social (E&S) risks in resilient housing (RH) initiatives. This annex identifies several of the most common approaches and discusses the benefits and trade-offs associated with different approaches.

Establish early and/or routine screening processes to identify E&S risks

- Develop and use standardized subproject templates and frameworks (as in, for example, the Indonesia: National Affordable Housing Program [P154948]).

Strengthen the capacity of local implementing entities

- Strengthen spatial planning, data gathering, information systems, zoning, and land-use restrictions
- Improve building permitting processes to ensure compliance with E&S requirements (for example, the IMB [Izin Mendirikan Bangunan] building permit program in Indonesia)
- Implement field facilitator inspections in cases where permits are not required
- Build guidance into the existing processes and procedures for field facilitators to help limit the use of hazardous construction materials, such as asbestos, and ensure the use of legal timber as well as legally sourced sand and stones (this guidance to be applied to the suppliers of housing construction materials)
- Strengthen and enforce building codes
- Require and/or create processes for certificates of construction completion, and develop or disseminate manuals of environmentally friendly construction practices.

Embed E&S criteria into lenders’ procedures

- Use negative lists to screen out risky investments (for example, no lead paint, no asbestos products, certified timber, authorized quarries for sand or other construction materials)
- Use positive lists and targeted eligibility criteria to promote social goals
- Accept the issuance of a verified certificate or a Statement Letter of the Head of the Village on land tenure (guidance developed through experience in Indonesia)
- Learn from and replicate operational experience in Indonesia, in which lenders (Savings-Based Housing Financing Assistance [BP2BT] and Satker) at the provincial level and local government (BSPS) carried out consultations to ensure potential beneficiaries and the vulnerable would receive complete information on, and have equal access to, the BP2BT and BSPS programs.

Provide technical assistance for capacity building and staff training

- Screen technical assistance (TA) components for potential risks, impacts, and issues of concern and, where relevant, address such concerns in the terms of reference (TORs) for TA activities.
• Ensure that project implementation units develop the TORs for the preparation of policies, strategies, or regulations to be financed by the TA component. The TORs can include guidance to identify and assess land acquisition or resettlement issues, as well as approaches to addressing potential impacts of the policies, strategies, or regulations implemented later on.

• Incorporate provisions for E&S risk management into the TORs for the preparation of studies on policies, strategies, and regulations, and develop TORs for capacity building for agencies involved in the potential downstream activities resulting from the studies financed by the program.

Promote stakeholder engagement processes that enable relevant parties to interact

• Ensure that these engagement processes especially involve individuals and communities affected by the program

• Establish local-level (on-site) Grievance Redress Mechanisms

• Implement public consultations and information disclosure, and obtain evidence of community acceptance and/or a no-objection letter from the community

• Provide training to implementing staff on these aspects.
Annex 2:
Suggested Environmental and Social Documentation for RH Projects

The Environmental and Social Framework (ESF) is designed to provide considerable flexibility in approach, and RH projects will likely be able to make use of a range of documents tailored to the specific context. The table shows the types of documents that are most likely to be needed, including those required by borrowers and implementing entities.

### Documents that could be required for RH projects

<table>
<thead>
<tr>
<th>DOCUMENT TYPE</th>
<th>REQUIRED BY APPRAISAL</th>
<th>MAY BE REQUIRED TO SUPPORT PROJECT IMPLEMENTATION</th>
<th>SUPPORTING BORROWER SYSTEMS REQUIREMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental and Social Review Summary (ESRS) (Bank)</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land Management Plan (LMP) (Borrower)</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stakeholder Engagement Plan (SEP) (Borrower)</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management Frameworks (Borrower)</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental and Social (E&amp;S) Management Plans</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard Operating Procedures (SOP)</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard bidding and contract language</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations/implementation manual</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environment and Social Management System (ESMS) of lenders</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resettlement Framework (if land acquisition required)</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indigenous Peoples Framework</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TORs for Technical Assistance initiatives</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incorporate E&amp;S criteria into program risk screening forms and loan application review processes</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formal building permits and/or other forms of authorizations to proceed</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certificates of materials sourcing; verified procurement practices for certification</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monitoring reports, website, other information sources</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annex 3:
Examples of E&S Management Approaches in GPRH Investment Projects

Colombia: Resilient and Inclusive Housing Project (P172535)

The recently approved Resilient and Inclusive Housing Project (RIHP) in Colombia (May 2021) demonstrates that, while project interventions present some adverse environmental and social risks, they are generally small in scale, highly localized, and manageable, with known and readily implementable mitigation measures. More importantly, the RIHP demonstrates good practice in using project design to fully integrate environmental and social objectives in numerous ways. Within its components and subcomponents, the RIHP incorporates proactive activities that address some of the most important focal areas of the ESF. These include:

**Disadvantaged and Vulnerable Groups (ESS1):** The Project Development Objective and Results Indicators directly promote social inclusion with a focus on specific disadvantaged and vulnerable groups, such as women-headed households, people with disabilities, migrants from Venezuela, and Afro-descendants. Among other important initiatives, the RIHP will finance the provision of rental subsidies of up to USD 1,152 that will allow migrants from Venezuela to cover their entire monthly rental fee for a period of one year.

**Community Health and Safety (ESS4):** The project will create safer and more resilient communities by providing direct subsidy support for improving housing quality through targeted infrastructure improvements, and will especially improve communities that face risks from natural disasters such as heavy rainfall, flooding, and landslides. Investments have been prioritized according to their potential to positively affect the quality of life in these communities, enable social interactions among migrants and hosts, and strengthen social integration.

**Stakeholder and Citizen Engagement (ESS10):** The RIHP ensures adequate citizen engagement through an integrated Stakeholder Engagement Plan and Grievance Redress Mechanisms. The project includes a communications strategy to raise awareness at the community level and engage beneficiaries in a sustained dialogue around the project and its associated benefits. The communication strategy promotes the active and ongoing participation of beneficiaries in project design and implementation, including migrants, women, youth, Afro-descendants, and disabled community members, to ensure that the project considers their needs and preferences.

**Sustainable Land Use (ESS3):** The improvement of housing quality will strengthen the application of land-use planning policies, leading to increased sustainability and community resilience. Project interventions are consistent with the approved Plan de Ordenamiento Territorial, which regulates the safe location of houses and infrastructure. Structural improvements in eligible homes aim to reduce vulnerability, and works will be conducted in compliance with all relevant regulations and licensing and approval processes from competent authorities.

**Energy Efficiency and Climate Risk Reduction (ESS3):** The RIHP uses low-energy processes and materials and implements interventions that promote energy efficiency as established in the sectoral mitigation action plan for the housing sector. This will ensure that investments are made in infrastructure with acceptable risk conditions, guaranteeing that the project does not increase exposure to risk, including risk posed by climate change. Investment initiatives that are consistent with the
Plan de Ordenamiento Territorial will take into consideration climate-related hazards, such as floods and landslides.

**Strengthening Borrower Management Systems (ESS1):** The project’s design significantly increases the likelihood of borrower ownership, commitment, and sustainable results by including technical assistance and financial support for developing and strengthening the borrower’s existing management systems for addressing risks. For example, project activities will strengthen capacity to promote the housing sector’s climate resilience and to incorporate the use of spatial data for risk management and land-use planning while conducting research on new building technologies.

Not only does the project set the above-mentioned project design elements as direct operational goals, but the RIHP monitoring framework also includes specific indicators to track project progress on key ESF parameters.

**Mexico: Social Housing Support Project**

As in the Colombia example above, the Mexico Housing Support Project includes several design measures that are consistent with Environmental and Social Standards principles and represent good practice in terms of internalizing environmental and social risk management concerns through project design choices. The Social Housing Support Project focuses on vulnerable households and communities, specifically targeting them as project beneficiaries. The Project Development Objective is “to improve housing quality for vulnerable households,” and the project will support the scaling-up of Mexico’s National Housing Commission’s (La Comisión Nacional de Vivienda, CONAVI’s) Social Housing Program (SHP). The SHP provides poor and vulnerable families living in precarious and inadequate homes with technical and financial support (subsidies) to upgrade their homes and improve their quality of life.

The project focuses on providing support to households in communities and municipalities prioritized on the basis of climate vulnerabilities, acute housing deficits, and high poverty and social marginalization. The project will support home improvement and home expansion, as well as the construction of new homes when home improvement actions are not possible. The project supports self-production of homes, either through financial and technical assistance for home improvement or expansion or through the construction of new homes on the beneficiaries’ land.

CONAVI is providing assistance in the form of a subsidy that is combined with certified technical assistance under two modalities: (a) a partial subsidy, whereby the subsidy is complemented by beneficiaries’ own resources and other sources of co-financing (for example, a microcredit or a complementary subsidy provided by a State Housing Institute); or (b) a full subsidy for poor and vulnerable families who lack access to housing finance, whether through public mortgage providers like INFONAVIT\(^\text{14}\) or through microfinance institutions.

The project thoroughly integrates ESF goals and objectives into its design. The following examples are meant to be illustrative and are not exhaustive.

**Addressing Disadvantaged and Vulnerable Groups (ESS1, ESS7):** In this project, the terms “housing quality” and “vulnerable households” themselves are defined using environmental and social criteria and characteristics grounded in ESF priorities.

For example, when defining what constitutes “quality” housing, the project directly considers contextual environmental factors, such as restricting development in marginal lands and lands subject

\(^{14}\) Instituto del Fondo Nacional de la Vivienda para los Trabajadores.
to natural hazards. Under the project, high-quality housing must be situated in an adequate location and cannot include construction in non-mitigable risk areas or on non-developable land. It also must be of sufficient structural safety, using construction systems resistant to earthquakes and other hazards, and conform to higher habitability and accessibility parameters, with standards adopted according to each household’s needs.

Similarly, “vulnerable households” are defined under the project by criteria included in the ESF’s definitions of vulnerability. Vulnerable households include those with a maximum monthly household income of 3.2 times the minimum wage, who lack access to mortgage finance because of their employment status or low income levels, and who have not previously received housing support. These households are prioritized in the following sequence: (a) people living in areas with predominantly indigenous populations; (b) female-headed households; (c) vulnerable populations exposed to natural hazards or climate-related events; (d) populations living in areas with a high rate of marginalization and/or high rates of insecurity and violence; and (e) Mexican displaced families or returnees. The SHP’s operational rules follow the same prioritization sequence.

**Targeting support based on environmental and land management objectives (ESS1, ESS3, ESS6):**

Housing interventions supported by the project must comply with local land-use regulations, licenses, and construction permits, and must follow the requirements laid out in Municipal Urban Development Plans. The project will not provide subsidies for housing interventions in (a) high-risk areas in which the use of land for urban development is restricted because of actual or anticipated climate impacts or other natural hazards; (b) protected environmental areas and/or culturally significant lands; (c) areas without access to public services; and (d) areas without roads or basic infrastructure.

In addition, territorial ordinances require risk studies that include (a) maps and information on the risk of flooding, landslides, drought and water stress, and areas susceptible to forest fires; (b) delineation of areas where high risk may or may not be mitigated; and (c) measures to establish restrictions and determine urban use regulations (that is, urban growth, density, and city limits, among others).

As mentioned in the main text of this report, such restrictions – which are designed to achieve environmental or land management objectives – may unintentionally create barriers to households that would be considered vulnerable using social criteria alone. This illustrates the dilemma in setting priorities and prioritizing among competing goods (that is, environmental protection versus social inclusion).

**Climate risks (ESS3):** Importantly, all housing support modalities financed under the Project are designed to prevent, mitigate, or respond to climate change impacts. The 2019 Mexico Systematic Country Diagnostic (SCD), which described Mexico’s low growth and limited poverty reduction over the last few decades and pointed to the key challenges ahead, noted the country’s high vulnerability to climate change and environmental degradation, particularly with regard to forests, water, agriculture, air quality, and natural disasters.

The project prioritizes geographic areas characterized by a combination of high climate vulnerability, housing deficits, and high poverty rates. This includes municipalities in the south-southeastern region (Campeche, Chiapas, Guerrero, Oaxaca, Tabasco, and Veracruz) that are highly vulnerable to floods; municipalities with higher vulnerability to landslides; and municipalities in states highly exposed to drought and water stress (mostly in the north – Chihuahua, west of Sonora, and some regions of Durango – but also including Guerrero and Michoacán in the southeast).

---

15 Five Units of Measurement and Update, UMAs (Unidad de Medida y Actualización).
Disadvantaged groups suffer disproportionately from the adverse consequences of climate change and environmental degradation, since they are more exposed and thus more susceptible to climate-induced damage. Moreover, their ability to cope with and recover from climate risks is significantly lower. The project will finance several complementary support lines in addition to the basic subsidy for targeted assistance to ensure structural integrity of homes in anticipation of climate impacts. It will also install universal design measures and expand homes specifically to enable home-based productive activities.

**Stakeholder participation (ESS10):** By supporting self-production and home improvement processes, the project is designed to encourage local ownership, community participation, and respect for local customs. Beneficiaries themselves make the decisions about the design of the housing solutions, with advice from specialized technical assistance or a Works Executing Agency (Organismos Ejecutores de la Obra, OEO) certified by CONAVI. CONAVI’s SHP promotes Social Accountability Committees as a key mechanism for stakeholder participation. Organized at the community level, the Social Accountability Committees comprise beneficiaries entrusted with monitoring the execution of the housing supports in their local area, ensuring its quality, and guiding beneficiaries throughout the housing subsidy implementation process, as well as mitigating any potential tensions that may arise in the support allocation process.

**Energy Efficiency (ESS3):** The Project requires that resource and energy-efficiency measures be incorporated into housing design and construction to boost the climate mitigation and adaptation potential of housing solutions. CONAVI has mandated the incorporation of energy-efficient and passive housing design measures in each housing intervention; these measures include the use of energy-efficient lightning, efficient faucets and toilets, energy-efficient heating, roof insulation, and passive cooling. CONAVI also offers an increased subsidy to incentivize the installation of additional energy-efficiency measures, including rainwater harvesting systems, solar water heaters, and reflective walls. CONAVI further seeks to maximize energy and resource efficiency by promoting the use of local, sustainable materials and bioclimatic design through capacity-building for technical assistance providers and awareness-raising among beneficiaries.

**Adaptive Management Based on Monitoring Results (ESS1):** Project management, monitoring, and evaluation of results will include, among other actions (a) conducting a baseline survey of beneficiaries, including female beneficiaries; supporting monitoring and evaluation, including of E&S management and of the impact of project investments on women, indigenous communities, migrants, and forcibly displaced people, and conducting midterm and final evaluations; (b) citizen engagement, including, but not limited to, the design and implementation of a Grievance Redress Mechanism and public consultations; and (c) technical support on procurement, Environmental and Social Standards, and financial management requirements, including the hiring of CONAVI’s staff.

**Developing Borrower Management Systems (ESS1):** The project will finance capacity building for CONAVI to set up a robust housing reconstruction program that can be rapidly operationalized in emergencies and during climate-related events. CONAVI seeks to scale up the SHP, intending to implement permanent mechanisms to address catastrophic situations, which are recurrent in Mexico, and climate-related events, which are expected to increase in frequency and intensity, in addition to carrying out preventive actions, such as housing improvements to increase resilience. The SHP’s operational scheme, which includes highly specialized technical assistance, would enable an efficient and well-founded mechanism to, during hydrometeorological events or other disasters affecting homes, grant subsidies and implement co-financing actions with other government agencies, expeditiously and with social participation.
# Annex 4:
## E&S Considerations in Resilient Housing Programs (Generic)

<table>
<thead>
<tr>
<th>ESF STANDARD</th>
<th>ENVIRONMENTAL CONSIDERATIONS</th>
<th>SOCIAL CONSIDERATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ESS 1: Environmental and Social Assessment</strong></td>
<td>• RH projects typically do not involve new large-scale development of housing complexes</td>
<td>• Social equity in accessing program benefits</td>
</tr>
<tr>
<td>This Standard is relevant:</td>
<td>• Activities are usually focused on individual houses within geographically dispersed neighborhoods</td>
<td>• Need to assess impacts and risks to disadvantaged and vulnerable groups or households (women-headed households, elderly, youth, disabled, informal occupants of land, etc.)</td>
</tr>
<tr>
<td>• In all cases, though risks and impacts will typically be Low to Moderate</td>
<td>• Home renovations and reconstruction under these programs may cause localized environmental impact during construction, as they have the potential to affect environmental quality</td>
<td>• Potential conflicts or disputes over land tenure</td>
</tr>
<tr>
<td>• To environmental aspects given the potential for relatively minor adverse impacts</td>
<td>• Typical issues could include dust and noise; potential utilization of hazardous or toxic materials; use of timber or other construction materials from illegal sources; waste generation</td>
<td>• Social context may present significant challenges</td>
</tr>
<tr>
<td>• To social aspects given the nature of social objectives, poverty targeting, and community safety aspects.</td>
<td>• Procedures to minimize and manage potential impacts may be needed on-site</td>
<td>• Social envy among or between project beneficiaries and those not receiving support</td>
</tr>
<tr>
<td></td>
<td>• Cumulative impacts are unlikely due to the dispersed nature of activities</td>
<td>Methods for risk management include:</td>
</tr>
<tr>
<td></td>
<td>• Context-specific issues at individual sites could be significant</td>
<td>• Establishing eligibility criteria and prerequisites for receiving housing subsidies and/or loans</td>
</tr>
<tr>
<td></td>
<td>• Some development may temporarily affect local drainage or limit access to sites</td>
<td>• Evaluations to determine that the criteria are not overly restrictive, which could create barriers to participation by some disadvantaged and vulnerable groups</td>
</tr>
<tr>
<td></td>
<td>• Little potential for land conversion (i.e., forest or other habitat areas to housing)</td>
<td><strong>Methods for risk management include:</strong></td>
</tr>
<tr>
<td><strong>Methods for risk management include:</strong></td>
<td>• Process for prescreening of E&amp;S risks can help reduce risks</td>
<td>• Establishing eligibility criteria and prerequisites for receiving housing subsidies and/or loans</td>
</tr>
<tr>
<td></td>
<td>• Approval process should ensure compliance with spatial planning, land-use zoning, or other land allocation procedures</td>
<td>• Evaluations to determine that the criteria are not overly restrictive, which could create barriers to participation by some disadvantaged and vulnerable groups</td>
</tr>
<tr>
<td></td>
<td>• Site eligibility based on consideration of environmental hazards or values (avoid disaster-prone areas; implement setbacks from sensitive receptors such as water bodies)</td>
<td><strong>Methods for risk management include:</strong></td>
</tr>
<tr>
<td></td>
<td>• Ensure use of safe, certified, legal construction materials; reduce impacts at sourcing sites for materials such as sand, timber, and aggregate (consider procurement methods; use environmentally friendlier alternatives)</td>
<td>• Workers may have complaints or grievances</td>
</tr>
<tr>
<td></td>
<td>• Assess E&amp;S practices of primary suppliers</td>
<td>• Possible need for effective grievance dispute resolution mechanisms (Grievance Redress Mechanisms)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Possible use of community workers or volunteer labor</td>
</tr>
</tbody>
</table>

**ESS 2: Labor and Working Conditions**

This Standard will be relevant in most cases, as RH programs involve workers of different types.

• Main concerns relate to Occupational Health & Safety (OHS) issues for contracted construction workers
• OHS where homeowners provide in-kind labor for home improvements
• Workplace conditions for project workers
• Workers may have complaints or grievances
• Possible need for effective grievance dispute resolution mechanisms (Grievance Redress Mechanisms)
• Possible use of community workers or volunteer labor
<table>
<thead>
<tr>
<th>ESF STANDARD</th>
<th>ENVIRONMENTAL CONSIDERATIONS</th>
<th>SOCIAL CONSIDERATIONS</th>
</tr>
</thead>
</table>
| ESS 3: Pollution Control | This Standard is likely to be relevant given the need to manage small volumes of construction waste materials.  
- Need for contractual arrangements or Standard Operating Procedures for control, management, transport, and disposal of temporary construction impacts – dust, noise, hours of construction, waste  
- Management of domestic waste, sanitation, and drainage  
- Installation of upgrades or renovations to existing septic tanks  
- Provision of supporting infrastructure such as electrical services, access to clean water supply, or sewerage (may be supported by other programs)  
- Community access to such assets and services | |
| ESS 4: Community Health and Safety | This Standard will be relevant in most cases, as this is one of the key objectives of resilient housing programs.  
- Ensure use of safe and/or certified building materials  
- Avoid use of hazardous construction materials (e.g., asbestos)  
- Use safe construction practices  
- Avoid stockpiling of construction materials that may limit communities’ access to them  
- Use of local resource such as water may be an issue in some cases | |
| ESS 5: Land Acquisition and Involuntary Resettlement | This Standard may or may not be relevant, depending on the specific context.  
- Home improvements under RH programs are typically carried out on existing property, so there is often no need for new land or conversion of land  
- Participating households may be grouped in small clusters but are more likely to be spread out across a jurisdiction  
- Some households or communities may be evacuated from an area due to natural hazard risks |  
- The legal status of land and property used for program activities may be in dispute  
- Households participating in RH programs may engage in willing-buyer/willing-seller approaches to land acquisition  
- Procedures for validating property ownership  
- Issues may arise if RH program targets informal settlements or community-owned lands where proof of individual ownership or use rights may be difficult  
- Need for grievance and dispute resolution mechanisms  
- Conformity with land-use plans or other zoning and land-use regulations  
- Confirmation of tenure instrument and the legal right of occupation  
- Program support may be needed for communities living in informal situations that need to be relocated |
<table>
<thead>
<tr>
<th><strong>ESS 6: Biodiversity</strong></th>
<th><strong>ENVIRONMENTAL CONSIDERATIONS</strong></th>
<th><strong>SOCIAL CONSIDERATIONS</strong></th>
</tr>
</thead>
</table>
| This Standard is not likely to be relevant in most cases. | • Potential impacts on significant habitats and biodiversity are low given that program activities are in locations that have already been developed and works are very small scale.  
• There will be no need for land or habitat conversion.  
• Screening during site-specific program planning should flag any habitat or biodiversity issues.  
• Negative lists and/or restrictions on where programs will operate (e.g., no programs in protected areas) can be used as part of site selection criteria.  
• Negative lists and/or restrictions on where programs will operate (e.g., no programs in protected areas) can be used as part of site selection criteria. | • RH projects are not likely to affect household or community access to living natural resources or habitats providing provisioning or other ecosystem services.  
• Use screening tools and/or negative lists to avoid biodiversity or habitat impacts. |

<table>
<thead>
<tr>
<th><strong>ESS 7: Indigenous Peoples</strong></th>
<th><strong>ENVIRONMENTAL CONSIDERATIONS</strong></th>
<th><strong>SOCIAL CONSIDERATIONS</strong></th>
</tr>
</thead>
</table>
| This Standard may be relevant depending on specific context – for example, if Indigenous Peoples (IP) groups are program beneficiaries and/or if they are disadvantaged in their ability to participate in programs. | • Most RH projects will be in urban settings where issues of customary land tenure, communal landownership, etc., are not prominent.  
• RH programs are not likely to involve measures requiring Free, Prior, and Informed Consent.  
• Some beneficiaries may be members of ethnic minorities or IP who no longer live on customary lands.  
• Programs should seek ways to improve IP access to project impacts, especially focusing on the ability to demonstrate landownership or comply with other lender eligibility criteria.  
• Information may not be available in local language or dialect.  
• Programs should develop procedures to ensure equitable access to project benefits by IP groups.  
• Ensuring that IP groups are not excluded from participating through eligibility criteria that are discriminatory.  
• Socialization and information dissemination may be defined in the Stakeholder Engagement Plan where a stand-alone Indigenous Peoples Planning Framework is not warranted.  
• Process effectiveness can be monitored by community facilitators or other field staff. | |
<table>
<thead>
<tr>
<th>ESF STANDARD</th>
<th>ENVIRONMENTAL CONSIDERATIONS</th>
<th>SOCIAL CONSIDERATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESS 8: Cultural Heritage</td>
<td>• May be relevant in some rare cases but, due to RH's focus on small-scale interventions on existing sites, the likelihood of incremental impacts on cultural heritage are unlikely&lt;br&gt;• Possibility of affecting small shrines or neighborhood places of prayer or reflection</td>
<td>• Possible impacts on cultural heritage in program neighborhoods, but unlikely to be a significant problem for most projects&lt;br&gt;• Can be managed through spatial planning, exclusions, chance finds, and local stakeholder engagement mechanisms&lt;br&gt;• Add cultural heritage to screening checklist and/or include on negative lists&lt;br&gt;• Include chance find procedure if construction contracts are used</td>
</tr>
<tr>
<td>ESS 9: Financial Intermediaries</td>
<td>• Need to review lenders’ Environmental and Social Management System (ESMS) to ensure consistency with ESS&lt;br&gt;• Environmental risks to be evaluated</td>
<td>• Lenders’ ESMS should address relevant social issues</td>
</tr>
<tr>
<td>ESS 10: Stakeholder Engagement</td>
<td>• Stakeholder Engagement Plan (SEP) will be required in virtually all cases, prepared in a manner proportionate to risks&lt;br&gt;• SEP likely to be key component of successful project regardless of the E&amp;S aspects&lt;br&gt;• SEP may embed other special-purpose consultation processes, such as with IP or disadvantaged and vulnerable groups&lt;br&gt;• Need to socialize program and activities in participating and candidate neighborhoods and households&lt;br&gt;• Need to define procedures for information disclosure and participation of local communities&lt;br&gt;• Need to focus on capacity building of implementing entities to carry out tasks, especially those relating to screening, permitting, monitoring, and oversight&lt;br&gt;• Opportunity to engage wide range of beneficiaries, communities, and local and national entities in planning and implementation&lt;br&gt;• SEP should include Grievance Redress Mechanisms&lt;br&gt;• Promote outreach and methods to ensure inclusion of most vulnerable where possible&lt;br&gt;• SEP to include capacity building measures for counterparts and lender(s).</td>
<td></td>
</tr>
</tbody>
</table>
GLOBAL PROGRAM
RESILIENT HOUSING

LIMA, PERU.