



# Concept Environmental and Social Review Summary

## Concept Stage

### **(ESRS Concept Stage)**

Date Prepared/Updated: 09/10/2020 | Report No: ESRSC01565



**BASIC INFORMATION**

**A. Basic Project Data**

Country	Region	Project ID	Parent Project ID (if any)
Mexico	LATIN AMERICA AND CARIBBEAN	P173570	
Project Name	Mexico: Resilient Social Housing Support Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Urban, Resilience and Land	Investment Project Financing	11/12/2020	2/25/2021
Borrower(s)	Implementing Agency(ies)		
United Mexican States	National Housing Commission (CONAVI)		

Proposed Development Objective

To improve housing quality for vulnerable households in selected municipalities.

Financing (in USD Million)	Amount
<b>Total Project Cost</b>	<b>150.00</b>

**B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?**

No

**C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]**

The proposed project supports the scaling-up of CONAVI’s Social Housing Program in selected municipalities. This program aims to provide vulnerable groups that have been largely excluded from the housing market with the resources they need to build or upgrade their homes and improve their quality of life. In line with 2020 CONAVI’s operational rules, priority is given to Indigenous Peoples (IP), female-led households, persons with disability, migrants and displaced families in the selection of beneficiaries.

Public Disclosure



The Project also requires the incorporation of sustainability aspects in the housing design and self-production of housing units to increase the climate mitigation and adaptation potential of housing solutions in Mexico. The value of the direct support provided by CONAVI incorporates the costs for appliances and technologies that contribute to resource efficiency and emissions reductions of each housing solution. CONAVI also seeks to maximize energy and resource efficiency by promoting the use of local, sustainable materials and bioclimatic design.

The Project will have two components:

**Component 1:** The Project will support CONAVI to provide direct support and technical advice to low-income families looking to (i) improve or expand their homes through self-production; and (ii) build their homes on their own land through self-production.

**Subcomponent 1.1:** Allocation of housing direct support for home improvement and expansion

Under this subcomponent, direct supports are allocated to low-income and vulnerable families for home improvement and expansion under the assisted self-production modality with specialized technical advice and support certified by CONAVI, whereby the direct support is not linked to a microloan. Home improvements are designed to address a range of housing deficits to improve the living conditions of poor families e.g. overcrowding; replacing dirt floors, inadequate ceilings and walls; installing adequate sanitary systems; installing in-house bathrooms and adequate cooking facilities. CONAVI receives and reviews the applications and determines compliance with the eligibility criteria.

**Subcomponent 1.2:** Allocation of direct support for self-production of housing units

Under this subcomponent, direct supports are provided to low-income and vulnerable families to build their housing unit on their own land through CONAVI-certified Executing Entities (EE). They are typically social housing developers, cooperatives, State-level Housing Institutes (OREVIS), or Multiple Purpose Financial Associations which ensure the eligibility of the beneficiaries. In addition to an EE, the beneficiaries are required to work in collaboration with a Works Executing Agency (OEO) also certified by CONAVI. The OEO has the main role of providing advice for the design and construction of the housing solution and accompanying, supervising and verifying the construction process.

**Component 2:** Project Management and Institutional Strengthening

**Component 2.1:** Project Management

This subcomponent will finance Project management, monitoring and evaluation of Project results, including project audits, conducting outreach campaigns to disseminate Project activities, baseline surveys, environmental and social management support, and financial management.

**Component 2.2:** Institutional Strengthening

This subcomponent will finance provision of advice and specialized assistance to CONAVI, including targeting of vulnerable population, delivery models in remote, rural municipalities and municipalities beset with high security



issues, and capacities to incorporate, where possible, traditional, culturally adequate and sustainable construction techniques and locally available material in social housing programs.

The proposed Project aligns with the Country Partnership Framework (CPF) for the period 2020–2025. In particular, the Project contributes to enabling sustainable infrastructure and climate action, especially in the south and southeast of the country, through ‘Objective 6: Provide more inclusive and sustainable infrastructure services’, by supporting Government efforts to provide greater access to low-cost, resilient housing while supporting relevant institutions in comprehensive urban planning for equitable access to public services, and ‘Objective 7: Support the government in reaching its climate change goals’, by strengthening systemic measures and policies in place to reduce energy consumption and emissions in the residential housing sector.

The Project is also aligned to the National Development Plan that establishes a broad Government vision for 2019–2024, National Housing Program for 2019–2024 and the Sector Program for Agrarian, Territorial and Urban Development 2020–2024. These documents formalize the shift of Mexico’s housing assistance model toward prioritizing the housing needs of the most vulnerable households in underserved regions and scaling up financial and technical assistance to households for self-production and home improvement to improve the quality of Mexico’s housing stock. Finally, the project is aligned to and complements the Government’s Emergency Program for the Reactivation of the Economy, through investments in both urban upgrading and home improvement to create jobs, improve living conditions, and contribute to a resilient recovery from the crisis.

#### D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

The Project will support a demand-driven program design to improve housing quality for vulnerable households in selected municipalities across urban, peri-urban and rural areas through the National Housing Commission (CONAVI). Preliminarily, a universe of 68 municipalities has been identified as eligible; some of those municipalities are located in states including Mexico, Sonora, Morelos, Baja California, Guerrero and Tlaxcala. Given the demand-driven nature of CONAVI’s Social Housing Program (the Program), the exact location of the Project beneficiaries will remain unknown until the selection of applicants. The beneficiaries are subject to a defined eligibility criteria established in the Program’s Operational Rules for 2020: minimum age of 18 years, no previous reception of CONAVI support, and a maximum monthly income of approximately USD 527.

The Project will prioritize municipalities located within southern and southeastern states with a higher incidence of poverty and extreme poverty, high levels of insecurity and significant number of women-led households and Indigenous Peoples (IPs). Priority will be given to urban municipalities where the Urban Upgrading Program of the Secretary of Agrarian, Territorial and Urban Development (SEDATU) provides basic urban infrastructure, but rural and IP municipalities are also included among the selected municipalities. Given specific location of the Project activities is unknown, details on the types of landscapes and land ownership in which houses will be built or improved will be further assessed during preparation.



#### D. 2. Borrower's Institutional Capacity

The Project design supports CONAVI's Program based on its Operational Rules for 2020 and builds upon lessons learned and good practices from the ongoing World Bank-financed Improving Access to Affordable Housing Project (P157932.) The Project will be the first one in the housing sector in Mexico to apply the World Bank's Environmental and Social Framework (ESF). With standard training and specialized advice provision by the Bank team during preparation and as needed throughout implementation, CONAVI together with the participating entities is considered to have the necessary institutional capacity to comply with the ESF. For the Project, CONAVI will need to assign/contract technically able staff to secure satisfactory implementation of the applicable ESF requirements.

CONAVI's Program relies on robust and well-established institutional arrangements and delivery mechanisms that have worked well over the past decade to allocate housing support to low-income population. The Project draws on an extensive ecosystem of home assistance providers and independent verification agents that ensure quality control and compliance with the applicable regulatory requirements and operational rules. Since 2006, Mexico has improved the financial and technical support provided for housing improvement. Until today, CONAVI has adopted sophisticated control mechanisms and instruments to secure the expected quality of the specialized assistance and the final housing solutions. Among them is the National Housing Registry ("Registro Unico de Vivienda, RUV"), a comprehensive and independent national information platform with a georeferenced database that registers all housing solutions receiving public financing or support. The RUV validates, reviews and stores the location and physical characteristic of all housing units also physically through participation of independent, certified verifiers that monitor physical and financial progress and the habitability of each housing unit and report to the RUV on building progress and completion. The third-party verifiers alongside CONAVI's implementing partners also corroborate adequate location of the housing solutions and compliance with the relevant local and national norms and laws related to housing construction, environmental protection and sustainability regarding e.g. water management, noise control, energy efficiency, and occupational health and safety (OHS). The RUV has evolved through systematic efforts to build an extensive network of home assistance providers through CONAVI-led training, certifications and capacity-building.

Regarding E&S risk management during the self-construction related activities as part of the mid-term review of the Improving Access to Affordable Housing Project in early 2020, the Bank team proposed CONAVI and RUV the use of a specific checklist the team prepared based on the national requirements and additional social considerations e.g. to prevent sexual exploitation and abuse (SEA) and sexual harassment (SH). Such checklist will be proposed to strengthen the applicable RUV monitoring and reporting particularly, including any addition needed to comply with the ESF.

As Project preparation proceeds, the Bank team will assess the scope and specific needs of ESF-related training for CONAVI and the CONAVI-certified Works Executing Agencies (OEO) that provide specialized advice for the design and construction of the housing solutions and accompany, supervise and verify the construction process under Subcomponent 1.2. Due consideration will be placed on the E&S management capacity of the eligible OEOs to secure they will have the experience, know-how and mindset to secure adequate E&S risk management of the construction works.

## II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS



**A. Environmental and Social Risk Classification (ESRC)**

Moderate

**Environmental Risk Rating**

Moderate

The Project will focus on providing direct support to low-income families to: (i) improve or expand their homes or, (ii) build their homes on their own land through self-production through own labor or contracted help when necessary. The Project's Environmental Risk is rated Moderate as the planned activities imply low probability of serious adverse effects to human health and/or the environment, and they will not be located in environmentally sensitive areas. The implied environmental risks and impacts are not likely to be significant, complex and/or large, but predictable, temporary, reversible, low in magnitude and site-specific. Routine safety precautions are expected to be sufficient to prevent accidents, and negative impacts of the constructing activities can be addressed with straight-forward mitigation measures and good practices. The Project will improve deficient living conditions often combined with critical and accumulated environmental conditions such as contamination due to lack of sewage and waste management services that expose people to health and other physical risks and impacts. The CONAVI Program aims at alleviating such conditions to the maximum, yet it doesn't cover access to public services where they do not exist. Further, the Project will promote the incorporation of proven sustainable technologies in the design and construction of the housing solutions as described below under Environmental and Social Standard (ESS) 3. Greenhouse gas (GHG) emissions will be reduced by targeted installation of energy efficiency measures and solar water heaters.

Key aspects to consider mitigating environmental risks and prevent negative impacts under the Project relate with careful site inspection prior to approval of the housing subsidies. The locality cannot be subject to known environmental risks such as floods or landslides. Further, the terrains where housing works will take place must be subject to an initial site inspection to identify presence of hazardous materials that will need to be safely removed and disposed off before initiating any construction activities.

In case the planned construction activities are not properly managed, they could lead to following types of issues: (i) minor soil or water pollution and/or issues related with waste management particularly from residual construction materials; (ii) nuisance related to dust generation, vibration and noise; (iii) OHS hazards due to inadequate working conditions and/or accidents; and (iv) health and safety risks affecting the surrounding community. Such impacts would in every case be site-specific and manageable through proper assistance and support strategy by the OEOs.

The Project's Environmental and Social Management Framework (ESMF) will include an Exclusion List to screen out any housing support with potential to generate substantial or high risks/impacts related with the site selection, such as environmentally harmful land use changes, including encroaching on green areas or damaging cultural resources.

Due consideration will be placed on the E&S management capacity of the eligible OEOs as commented above to secure they will have the necessary experience, know-how and mindset to prevent any mismanagement and, rather, secure that the Project can harness value added of its E&S risk management activities.

**Social Risk Rating**

Moderate

Public Disclosure



The Social Risk classification for the Project is considered Moderate. The proposed Project is expected to generate mainly positive social impacts through: (i) improving housing quality and access to basic services, such as water/sanitation and electricity for vulnerable households in selected municipalities; (ii) addressing identified barriers to improve targeting strategies to benefit specific groups; (iii) local and community job creation to contribute also to income generation; and (iv) promote savings through investing in energy efficient solutions allowing future savings for households to cover other needs.

The main social risks associated with the Project include: (i) possible exclusion of specific vulnerable groups or groups whose interests are traditionally underrepresented if targeted strategies to ensure their active engagement and support throughout Project implementation and are not incorporated into the Project design; (ii) risks related to theft, gender-based violence and sexual exploitation and abuse; (iii) exclusion of persons living with disabilities if adaptations to Program's application channels do not provide means for persons with different disabilities to access it, and if principles of universal access are not applied in the design and construction of the works; (iv) possible exclusion of potential indigenous beneficiaries in indigenous municipalities and communities within larger municipalities if dissemination of the Program or assistance and necessary adaptations throughout the application process are not provided; and (v) not addressing constraints and impacts related to the current crisis, such as additional caretaking burden that fall on women and impacts the ability of female-headed households in single-parent homes to take upon home improvements or assisted self-production of homes and potential containment measures or stay-at-home orders that may restrict mobility and options to leave homes during the construction works. The current situation also relates to carrying out Project-related consultations that may need to be limited to virtual formats and may thus exclude those with less access to electronic means of communication. Even though CONAVI may provide assistance to beneficiaries for land acquisition or donation of federal or state-owned land through some of their programs in cases where technical experts identify potential environmental risks of eligible households, neither land acquisition nor involuntary resettlement will be financed by direct support provided under the Project.

The Project's Stakeholder Engagement Plan (SEP) will be developed during preparation and is expected to provide inputs for generating strategies to avoid, minimize or mitigate the above-mentioned risks by paying attention to engagement with IPs, women, persons with disabilities and migrants, as well as other relevant stakeholders. A special focus will be put on providing continued feedback loops and a robust, locally accessible, culturally adequate Grievance Redress Mechanism (GRM) that the Program is starting to implement in coordination with Social Accountability Groups ("Comités de Contraloría Social"), whose involvement in the CONAVI Program is demanded by national law. The identified social risks will be mitigated through measures and guidelines set forth in the ESMF and an Indigenous Peoples' Planning Framework (IPPF). The ESMF will include Labor Management Procedures (LMP) that will consider, among other key aspects, Environmental, Health and Safety (ESH) Guidelines for third-party contractors. The ESMF will also include an Exclusion List to avoid substantial or high social risks/impacts.

## **B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered**

### **B.1. General Assessment**

#### **ESS1 Assessment and Management of Environmental and Social Risks and Impacts**

##### ***Overview of the relevance of the Standard for the Project:***



ESS1 is relevant to the Project. The Bank’s due diligence on assessing the implied E&S risks and impacts is based on a review of CONAVI's Operational Rules 2020, policies and procedures of the RUV, and the directly relevant ESMF and IPP and experience gained through the implementation of the Improving Access to Affordable Housing Project.

Building upon applicable good practices and lessons learned, the Project design integrates significant elements of social inclusion and, proposes to measure the number of female-headed households, indigenous peoples, persons living with disabilities, returning Mexican migrants and internally displaced Mexican families that will benefit from the Project activities. Lessons learned from the ongoing project, as well as guidance from the Bank Directive for “Addressing Risks and Impacts on Disadvantaged or Vulnerable Individuals or Groups” will be considered during Project preparation and development of the E&S instruments. The Project is also expected to promote job creation at the local level. Tailored and assisted home self-production and improvements allow for the applicable designs to align with the lifestyle and cultural preferences of the beneficiary, which in female-headed households promote the empowerment of women and lead to improvements that can help reduce time spent in household chores.

The ESMF will detail crime prevention measures such as carefully tailored delivery and storage procedures and security adaptations while performing the small-scale civil works. These procedures will also include preferred working hours during daylight, as well as codes of conduct for third parties hired to perform construction works. Given the potential security issues in some of the selected municipalities, the Bank in coordination with CONAVI, will look at gender-based violence (GBV) issues and identify available service providers that can be used as part of a referral pathway for any GBV case possibly identified within the context of the Project activities. These considerations and procedures will be included in the ESMF. During preparation, the Bank and CONAVI will also explore the possibility of targeting housing support services to female victims of domestic violence.

The current situation has increased the burden on women, particularly in female-led households, who have been taking over additional care duties, such as caring for the sick or assisting with educational responsibilities. These additional burdens could limit the availability of women’s time to lead home improvement or home expansion projects, particularly in single-parent homes. Stay at home orders also limit the options to leave home during the implementation of civil works. This increases the risk of accidents during construction and exposure to noise and dust from construction activities. To mitigate these risks, home improvements will be progressive allowing for people to remain in their homes and reduce the need for provisional housing and will consider additional safety procedures and mitigation measures to address exposure to harmful material and nuisance. These measures will be included in the ESMF. The Bank in coordination with CONAVI will identify childcare options or assistance for care taking duties to ease the burden of single-parent households during implementation of Project activities.

To improve the targeting of the CONAVI support for persons with disabilities will require incorporating different means through which persons with different types of disabilities can access the application and go through the process for benefiting from subsidies, as well as assistance to navigate the process and guidance during the implementation of works. In addition to providing accessible channels as will be outlined in the SEP, CONAVI will also provide capacity building for contractors responsible for the design and construction of works to ensure, when applicable, inclusion of the principles of universal access, which consider unimpeded access for people of all ages and abilities in different situations and under various circumstances, as set out in Good International Industry Practice (GIIP). Such measures will be identified during consultations with local organizations or government agencies that



work with persons with disabilities and potential beneficiaries and shall be included in the ESMF and adopted by CONAVI during Project implementation.

Past lessons learned have highlighted the importance of better disseminating the Program in indigenous municipalities and within municipalities with presence of IPs and dispersed presence of IPs, making the application process accessible for IPs, including translating assistance and guidance through the application process. Additionally, the Improving Access to Affordable Housing Project has worked towards strengthening capacity of Works Executing Agencies (OEOs) to ensure housing improvements and assisted self-production are culturally and environmentally appropriate to fit the needs of IP beneficiaries. The IPPF and corresponding outreach, communication and inclusion strategy for IPs and vulnerable population will address these and other identified risks and impacts and propose opportunities for better targeting of indigenous beneficiaries (see more under ESS7).

Prior to Appraisal, and building on the ESMF of the Improving Access to Affordable Housing Project, CONAVI will prepare and consult an updated ESMF for the Project, consistent with the requirements of applicable national laws and regulations and ESS1, including the Environmental, Health and Safety (EHS) Guidelines of the World Bank Group. The ESMF will cover at least the following contents:

- (i) Description of the Project and its organizational structure and related capacity assessment with focus on the role that each participating entity has in E&S risk management;
- (ii) The applicable legal framework from international to local level and the relevant ESSs and EHS Guidelines;
- (iii) An Exclusion List to screen out substantial or high E&S risks and impacts;
- (iv) A generic impact assessment of the types of works and a standard Environmental and Social Management Plan (ESMP) to be included in the contracts for the works, covering the main mitigation measures and good practices related to waste management and specific measures for handling and disposal of hazardous materials like asbestos; transportation and management of equipment and construction material; and community health and safety; and a code of conduct for third parties to minimize SEA/SH;
- v) A generic Emergency Response Plan commensurate with the potential small-scale risks and impacts, including response to incidents and accidents;
- (vi) Guidance to identify/map the officially registered sites or objects, structures, natural features or landscapes with archaeological, paleontological, historical or any other aspect of cultural significance across the prioritized municipalities, as results viable, and a chance find procedure related to cultural resources based on the national law and the ESS8 requirements;
- (vii) Non-discrimination provisions and risks of gender-based violence (GBV) and sexual exploitation and abuse (SEA)/sexual harassment (SH) and the respective response framework;
- (viii) Reporting and monitoring system for E&S risk management; and
- (ix) An estimated budget for the ESMF implementation.

The updated draft ESMF will be prepared and disclosed prior to appraisal, and the final version prior Bank's approval. Before Appraisal, CONAVI will also prepare and disclose an Environmental and Social Commitment Plan (ESCP) to cover the necessary E&S management measures needed during implementation.

**Areas where "Use of Borrower Framework" is being considered:**

None.



### ESS10 Stakeholder Engagement and Information Disclosure

During preparation, CONAVI will carry out consultations with the main identified stakeholders to inform the development of a Stakeholder Engagement Plan (SEP). The SEP will be disclosed prior to Appraisal and will include a Project-level Grievance and Redress Mechanism (GRM), which will also be consulted and available during Project preparation. The GRM will provide clear procedures and expected response times and allow provision of anonymous feedback. The SEP will identify and assess the affected and interested parties of the Project in detail, including disadvantaged or vulnerable groups, and will present a timeline and methods for consultations and continuous engagement with them throughout the Project implementation. Given the Project targets specific vulnerable groups, such as women-led households, IP, persons living with disabilities and Mexican migrants, among other, the SEP will design strategies to ensure their active engagement throughout the life of the Project. Stakeholder engagement will be led by CONAVI and coordinated with Social Accountability Groups ("Comités de Contraloría Social").

Results from continuous engagement through the SEP will inform the Program's communication strategies and materials produced for dissemination, as well as dissemination mechanisms, to ensure these are relevant to the needs of potential beneficiaries and are culturally sensitive. During preparation, consultations in prioritized municipalities will assist in enhancing the Project design and ensure barriers to target vulnerable groups are considered. Continuous stakeholder engagement at the community level during Project implementation will help ensure community E&S risks and impacts are being addressed, including related to health and safety, prevention of sexual harassment and crime and violence that affect beneficiary communities during implementation of works. Stakeholder engagement process at the individual/beneficiary level will guarantee full participation and empowerment of beneficiaries during the design of their housing solutions and implementation of works. The SEP will also detail the strategies to be used to facilitate meaningful participation of stakeholders with disabilities, for example in terms of the accessibility of communication formats and meeting venues.

Grievances and complaints related with the Project and the larger Program will be channeled through the Social Accountability Groups to CONAVI, and the SEP will provide a detailed description of the applicable procedures to address grievances, complaints and other communications received, as well as the means to disseminate the GRM. The GRM will include its own estimated budget, source of funding, and personnel in charge. The Program-level GRM is expected to be functional by the time the consultations begin, so that stakeholders can be informed of its existence and make use of it, if needed, already during Project preparation.

The outreach, communication and inclusion strategy for IPs and vulnerable population will complement the SEP in providing a differentiated engagement strategy for indigenous peoples to ensure that all consultations and participatory dialogues with IPs are culturally appropriate, consider traditional systems of engagement and decision-making, and ensure representation of specific vulnerable groups within IP communities, whose interests are traditionally underrepresented, such as elders, women and youth. CONAVI will also ensure that resources needed for the participation of IPs in dialogues, consultations and other engagement platforms are considered.

Given the current circumstances, and containment measures adopted by the government at federal and state level, consultations might need to be adapted to digital and virtual formats, including electronic correspondence, written questionnaires to identified stakeholders, video-conference sessions, etc. Social media and other traditional



communication channels may also be used to provide information on the Project or interact with stakeholders. Guidelines for such adaptations will be considered in the SEP and will follow the Bank’s Technical Note prepared for “Public consultations and stakeholder engagement in WB-supported operations when there are constraints on conducting public meetings”. As containment measures and social distancing guidelines relax, CONAVI will assess the level of risk and propose additional means of consultations such as small gatherings or meetings with small focus groups and beneficiaries. Civil works, supervision arrangements and other implementation and management aspects will be adapted in line with relevant Bank and Government guidance as necessary at the moment of each action.

## **B.2. Specific Risks and Impacts**

**A brief description of the potential environmental and social risks and impacts relevant to the Project.**

### **ESS2 Labor and Working Conditions**

This standard is relevant to the Project, as it will involve direct project workers, contracted workers and potentially community workers who will work part-time for the Project. This includes Government civil servants working in CONAVI, third-party verifiers of the RUV and Executing Entities (EE) and OEOs certified by CONAVI, as well as local/community workers. Foreign labor influx-related impacts are not expected, as the Project activities are small in scale and are expected to be carried out with locally sourced workers. CONAVI will prepare advanced draft Labor Management Procedures (LMP) before Appraisal in accordance with requirements of the national laws and regulations and consistent with the requirements of ESS2. The LMP will include relevant requirements and guidelines for the different types of workers engaged in the Project, including monitoring of compliance of the respective requirements under ESS2. The employment of Project workers will be based on the principle of equal opportunity and fair treatment, and no discrimination will be permitted with respect to any aspects of the employment relationship due to gender, ethnicity, sexual orientation or religion.

Government civil servants will remain subject to the terms and conditions of their existing public sector employment agreement or arrangement. CONAVI will work with beneficiaries to ensure that third parties hired to implement civil works are legitimate and reliable entities. The LMP will provide for a generic Contractor Occupational Health and Safety Management Plan to comply with the national regulations, ESS2 and relevant aspects of the EHS Guidelines of the World Bank Group, including the use of adequate personal protective equipment and applicable pandemic related safety measures, adhering to WHO guidelines and in line with the World Bank’s ESF documents and guidance notes related to the Pandemic Community labor is not expected to be voluntary; thus, the LMP will identify the terms and conditions on which community labor will be engaged, including amount and method of payment in accordance with local practice and national law. The LMP will specify the minimum age for employment or engagement in Project activities and CONAVI will ensure that young people involved in Project activities meet the required age. Youth under 18 years of age will not be hired by the Project for high risk activities. The LMP will provide verification mechanisms to ensure this provision is duly fulfilled for all types of workers through contractual provisions and will detail procedures in cases where under-aged workers are found to be working on Project activities. The Project will not support any form of child labor that is dangerous or harmful to children. All forms of forced labor will be equally prohibited and prevented. Risks of child or forced labor in Project activities will be addressed through the Exclusion List and code of conduct and related training of the involved parties and related monitoring and verification procedures to be included in the ESMF.



A separate GRM will be provided for all direct Project workers, contracted workers and community workers to raise their concerns and receive timely and attentive responses. The GRM will be designed for Project-specific purposes and implemented principally through the local Social Accountability Groups who will, if necessary, channel grievances and complaints to CONAVI. Project workers will also be able to pose grievances and complaints and provide feedback directly to CONAVI. The GRM will be described in the LMP and will allow provision of anonymous feedback.

### ESS3 Resource Efficiency and Pollution Prevention and Management

ESS3 is relevant to the Project as the planned construction works will require due consideration of efficient use of materials and proper handling and disposal of different types of waste, including potentially hazardous materials like asbestos. The latter is expected to present the major, yet still small-scale environmental management challenge for the Project. Appropriate mitigation measures will be included in the ESMF following the mitigation hierarchy, including the following, as minimum:

- (i) Construction material: All construction materials needed for the civil works (sand, stones, wood, etc.) will be obtained from licensed providers and certified timber suppliers;
- (ii) Waste management: Construction waste is expected to include mostly waste from debris and potential cases of hazardous waste like asbestos. Any waste generated by the construction activities will be disposed according to the applicable national regulations and international good practice. Reuse of construction waste will be the prioritized option when appropriate in accordance with the national regulations, and all waste disposal will be carried out in sites authorized by the applicable environmental authority. The generic ESMP included in the ESMF will include specific measures for the management of potentially dangerous materials like electrical wires in case of potential demolition of existing infrastructure;
- (iii) Contamination of air and noise control: Mitigation measures to be implemented as needed may include dust suppression and vehicle maintenance to minimize the impact of air emissions. Noise may likely be generated from the use of construction machinery and vehicle movement depending on the scale and scope of construction activities. The relatively short-term and small-scale nature of the works suggests that noise levels will not be excessive or cause longer-term nuisances. In every case, allowed working hours will be subject to adequate control of noise or other disturbance to surrounding community; and
- (iv) Water: Some of the Project activities may include the installation of bathroom connections to water and sanitation systems, and applicable mitigation measures will be considered to ensure their proper installation.

Regarding positive impacts, the direct support provided by CONAVI for each housing solution incorporates a portion for appliances and technologies that contribute to resource efficiency and emissions reductions. Eligible technologies include appliances to reduce water consumption (efficient faucets and toilets), home insulation and air sealing, reflective roofs, solar water heaters, use of local materials, rainwater harvesting systems, energy-efficient lightning, etc. CONAVI seeks to incentivize energy-efficiency and resource efficiency also through bio-climatic design, focusing on the geometrical characteristics and physical attributes of each housing unit to regulate their indoor temperature and other environmental conditions more efficiently. Mexico today is a leader in the incorporation of energy efficient design and technologies in social housing production at scale, leading to 60 percent improvements in energy efficiency compared to housing constructed under a business as usual scenario.



Due to the small scale of the Project works, they will not present a significant source of GHG emissions, and a GHG estimation will not be required in line with paragraph 16 of ESS3. However, the Project is expected to monitor and report on the GHG mitigation achieved through the use of the above described climate-friendly technologies.

#### **ESS4 Community Health and Safety**

This standard is relevant to the Project and the earlier referenced community health and safety risks and potential negative impacts such as generation of noise, dust, contamination or health and safety risks due to improper management of the construction works will be considered in the ESMF.

To address community health and safety as well as potential issues related to security aspects, such as thefts of construction material or crimes in construction sites, the ESMF will detail preventive measures such as tailored delivery and storage procedures for constructions material, and safety and security adaptations while performing the small-scale civil works in Project locations. These procedures will also include recommended working hours during daylight, as well as codes of conduct for third-party workers to cover e.g. prevention of SEA/SH. Given the works will be small in scale, no security guards or forces are expected to be hired by the Project. In case security forces might still be needed, the ESMF will include guidance in line with the World Bank’s Good Practice Note on “Assessing and Managing the Risks and Impacts of the Use of Security Personnel”.

CONAVI will provide capacity building for OEOs related to inclusion of the principles of universal access in the design and construction when relevant to consider unimpeded access for people of all ages and abilities in different situations and under various circumstances, as set out in Good International Industry Practice (GIIP).

In terms of positive community impacts, support for assisted self-production and home improvement processes ensure local ownership, community participation and respect to local uses and customs. Beneficiaries themselves make the decisions about the housing solution or improvement to be built, accompanied with specialized TA certified by CONAVI. This ensures that the housing programs are adapted to needs of the family, the specific characteristics of the territory and the sociocultural conditions of each vulnerable group. Moreover, the Program promotes the participation of Social Accountability Groups comprised of groups of beneficiaries that are entrusted with monitoring the adequate execution of the housing works in their area.

#### **ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

This standard is currently not relevant to the Project. Although the Program’s Operational Rules for 2020 allow for supports to be used by beneficiaries to acquire land for construction of homes located in areas that are not under risk or prone to natural disasters, this land acquisition is done through legally recorded market transactions with willing-seller, willing-buyer in which the seller is given an opportunity to retain the land and to refuse to sell it. In these cases, land could also be donated by federal or municipal entities conditional to there be no relevance towards any conditions under ESS5, but not land that is under protected area status or has important role for environmental regulation (e.g. flood control). Although support for land acquisition is one of the areas of support provided by the CONAVI Program, land acquisition activities will not be financed under the Project. Project activities in areas where



land was acquired and that result in the involuntary resettlement of persons, other than the seller, who occupy, use or claim rights to the land in question will be excluded through the Exclusion List included in the ESMF. The ESMF will detail verification mechanism for any project activities that are implemented in areas where land has been acquired under CONAVI's Program.

### **ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

ESS6 is not relevant to the Project. The civil works financed under the Project will take place in pre-existing housing units and be of limited scope. The Project is not expected to impact adversely any ecosystem services, and no Project activity will take place in legally protected areas or other areas of high biodiversity value.

### **ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities**

ESS7 is relevant to the Project as indigenous peoples are present in Project areas of influence and are expected to be direct beneficiaries of support for home improvements, expansions and self-production of homes. CONAVI will prepare an initial IPPF that will be informed by the ongoing project's social assessment and IPP, and will include: (i) the applicable national and institutional framework and implementation arrangements, including capacity building where necessary for screening project-supported activities, evaluating their effects on Indigenous Peoples, preparing corresponding documents and addressing any grievances; (ii) updated and relevant information from the ongoing project's social assessment, which must meet current ESF guidelines; (iii) indigenous peoples who might benefit from Project activities in Project states; (iv) the types of activities financed and their potential positive impacts and risks and adverse impacts and the related mitigating mechanisms; (v) guidance to ensure meaningful consultation and a framework for ensuring Free, Prior and Informed Consent (FPIC), if applicable, during project implementation; (vi) proposed content and disclosure arrangements for the corresponding outreach, communication and inclusion strategy for Indigenous Peoples; (vii) monitoring and reporting mechanisms, and; (viii) an adapted grievance redress mechanism that is culturally appropriate and accessible for IPs and which takes into account customary dispute settlement mechanisms. The IPPF will also provide a summary of the results of the consultations to be carried out during preparation, provide a strategy for meaningful consultations tailored to IPs during implementation and include measures sensitive and respectful to their culture, e.g. the use of indigenous languages and traditional forms of decision-making.

The Improving Access to Affordable Housing Project prepared an initial social assessment to identify and assess possible positive and/or negative impacts of the project and an IPP to adopt mitigating strategies for beneficiary IPs and identify opportunities to improve their access to housing assistance. Per good practices identified under the ongoing project, community lands will also be eligible for Project activities.

Prior to implementation of activities (disbursement of the first direct support), CONAVI will prepare and disclose an outreach, communication and inclusion strategy for IPs and other vulnerable populations to guarantee that engagement of IPs continues to be culturally appropriate, to improve the strategy to target IPs as Project beneficiaries, and to increase the number of IP households that receive housing subsidies. The strategy will be prepared, consulted and disclosed prior to beginning of implementation and will include: (i) targeted social assessment outlining the applicable legal and institutional frameworks as well as baseline data (to be provided by the



ongoing project); (ii) a summary of results from meaningful consultations and, in case the project involves the circumstances specified under ESS7 for FPIC, the outcome of the process of FPIC carried out with the affected IPs; strategies for outreach and communications plan that details strategies for engagement of IP beneficiaries and other vulnerable populations during project implementation; (iii) measures to avoid, minimize, mitigate, or compensate for any potential adverse impacts that were identified in the social assessment and IPPF, and steps for implementing them; (iv) provide a road map for capacity building for Works Executing Agencies (OEOs) to ensure housing improvements and assisted self-production are culturally and environmentally appropriate to fit the needs of IP beneficiaries; (v) identify and address other access barriers and lay out strategies to guarantee that IPs can benefit from the Project as any other targeted group; (vi) mechanisms and benchmarks appropriate to the project for monitoring, evaluating, and reporting on the implementation, including feedback mechanisms and; (vii) cost estimates, financing plan, schedule, and roles and responsibilities for implementing. The strategy will also be used to outline the relevant guidance in cases where Project activities require FPIC processes and documentation, according to requirements under ESS7.

The Project will promote the resolution of grievances and complaints at the local level by coordinating with Social Accountability Groups and incorporating, if necessary, customary dispute settlement mechanisms that are readily accessible in the preferred language of use. The adapted grievance and redress mechanisms for IPs will be included in the IPPF. CONAVI will prepare, disclose and consult an advanced draft of the IPPF prior to Project appraisal.

#### ESS8 Cultural Heritage

ESS8 is relevant to the Project as it could potentially impact cultural heritage sites. As per the Program's Operational Rules 2020, Project activities such as home improvements, expansions and self-production of homes might take place within areas designated as cultural heritage sites by the National Institute of Anthropology and History (INAH) or be included in the catalog of historical monuments of the INAH or the National Institute of Fine Arts. In such cases, the relevant permits must be processed and works done according to the specifications determined by the corresponding regulatory institutions. This process will be outlined in the ESMF and independent verifiers of the applicable authority will ensure quality control and compliance with regulatory requirements and operational rules.

Further, ESS8 is relevant as the Project prioritizes IPs as beneficiaries and thus requires consideration of their tangible and intangible cultural manifestations related with their preferred housing options. Beneficiary IPs might reside in ancestral lands or near ruins that are spiritually meaningful sites for them. In cases where such sites have not been declared cultural heritage or are not located within areas designated as cultural heritage sites by the National Institute of Anthropology and History (INAH) and the Project activities may result in negative impacts on such sites, the beneficiary must provide proof of land title or ownership and ensure steps are taken to inform the community of any potential negative impacts to ancestral sites. CONAVI will take the necessary measures to avoid or mitigate risks and impacts in case Project activities affect these sites, including carrying out consultations and, if necessary, secure Free, Prior and Informed Consent (FPIC) for the specific activities by the affected community in compliance with ESS7.

The ESMF will provide guidance to identify the officially registered sites or objects, structures, natural features or landscapes with archaeological, paleontological, historical or any other aspect of cultural significance across the prioritized municipalities. This will facilitate related screening when housing supports are being selected. The ESMF will also provide guidance on procedures to be used in case tangible or intangible cultural heritage may be impacted



by project activities Similarly, it will provide guidance to secure correct handling of any potential chance finds of archaeological and cultural resources during Project implementation. OEOs and CONAVI will take the necessary actions to avoid or mitigate risks and impacts in case any chance finds surface, including immediate communication to the INAH, which will also be detailed in the ESMF.

Application of ESS8 will be further assessed during Project preparation when more information on the prioritized municipalities is available.

**ESS9 Financial Intermediaries**

ESS9 is not relevant to the Project as it will not involve any financial intermediary.

**C. Legal Operational Policies that Apply**

**OP 7.50 Projects on International Waterways** No

**OP 7.60 Projects in Disputed Areas** No

**III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE**

**A. Is a common approach being considered?** No

**Financing Partners**

None.

**B. Proposed Measures, Actions and Timing (Borrower’s commitments)**

**Actions to be completed prior to Bank Board Approval:**

CONAVI will draft, disclose and consult the following instruments prior to the beginning of Appraisal:

1. An advanced draft of the Environmental and Social Management Framework (ESMF), including the Exclusion List;
2. An advanced draft of the Stakeholder Engagement Plan (SEP), including the Project’s Grievance Redress Mechanism (GRM);
3. An advanced draft of the Labor Management Procedures (LMP) and the related GRM;
4. An advanced draft of the Indigenous Peoples' Planning Framework (IPPF); and
5. An advanced draft of the Environmental and Social Commitment Plan (ESCP).

**Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):**

All the above-referenced E&S risk management instruments and the ESCP will be finalized by CONAVI prior to Board Approval and implemented after Project effectiveness following milestones defined in the negotiated ESCP. The ESCP



will specify that the Outreach, Communication and Inclusion Strategy for IPs and other vulnerable populations must be prepared, consulted and disclosed prior the disbursement of the first direct support.

**C. Timing**

**Tentative target date for preparing the Appraisal Stage ESRS**

28-Sep-2020

**IV. CONTACT POINTS**

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**Borrower/Client/Recipient**

Borrower: United Mexican States

**Implementing Agency(ies)**

Implementing Agency: National Housing Commission (CONAVI)

**V. FOR MORE INFORMATION CONTACT**

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**VI. APPROVAL**

Task Team Leader(s): Luis Miguel Triveno Chan Jan, Horacio Cristian Terraza

Practice Manager (ENR/Social) Valerie Hickey Recommended on 02-Sep-2020 at 12:25:13 EDT

Safeguards Advisor ESSA Marco Antonio Zambrano Chavez (SAESSA) Cleared on 10-Sep-2020 at 16:26:7 EDT

Public Disclosure