



# Concept Environmental and Social Review Summary

## Concept Stage

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

Date Prepared/Updated: 11/27/2020 | Report No: ESRSC01729



**BASIC INFORMATION**

**A. Basic Project Data**

Country	Region	Project ID	Parent Project ID (if any)
Senegal	AFRICA WEST	P174759	
Project Name	Affordable Housing Program in Senegal		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Finance, Competitiveness and Innovation	Investment Project Financing	1/18/2021	4/13/2021
Borrower(s)	Implementing Agency(ies)		
Ministry of Finance	Ministry of Urban Development		

Proposed Development Objective

To improve access to affordable housing.

Financing (in USD Million)	Amount
<b>Total Project Cost</b>	<b>315.00</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 project is proposed as an Investment Project Financing with Performance-Based Conditions (IPF-PBC) that will disburse against eligible expenditures upon the achievement of Performance-Based Conditions. It will finance both direct expenditures procured under specific activities and expenditure programs (chief among these land servicing activities and the capitalization of a credit guarantee fund) associated with performance that aims to achieve results crucial to the achievement of the PDO. The PBCs will incentivize i) good governance and institutional building reforms (including in the E&S areas), while ii) introducing innovative practices to maximize private participation both on the supply and the demand side of the housing market.



## 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 have national coverage, involving multisector participation, including that of the public and private sectors, NGOs, and local community. Based on the initial information received from the MoUDH, the exact locations of the Affordable Housing Program (AHP) are not yet entirely known. The Government has identified two categories of land for the AHP, and these will be the subject of further assessment: i) lands in greenfield urban centers (called “urban poles”); and ii) smaller pieces of land outside urban centers located in peri-urban areas. Only the urban pole center of Daga Kholpa, located between the departments of Dakar and Rufisque, near the region of Thiès, is known. The Government has also presented a list of 35 urban centers located in the main cities of the country; however these are not yet finalized and can still be changed. Another 15 sites outside urban centers have been similarly preidentified and are being further evaluated by the Government via MoUDH.

According to the Direction de l’Urbanisme et de l’ Architecture (DUA), Daga Kholpa covers 3,123 hectares. A first “priority” site of 400 hectares has been identified within the Daga Kholpa urban center to start the AHP. The urban center of Daga Kholpa (UCDK) is established in a rural setting between the coastline and the new national airport of Dakar (South of the National Road 1). The configuration of the site, intersected by a succession of valleys, demonstrates the importance of runoff. Its primary land use is agriculture and livestock. Several villages are located within the perimeter of the UCDK, which will be preserved in the urban operation. Some areas have been already subdivided for residential use, although construction has only marginally started. The 400-hectare priority area is in the North of the UCDK closer to the airport, along the National Road 1, and closer to infrastructure. Part of the site has already been subdivided by local communities for residential use and sold to individuals.

The MoUDH has estimated that the AHP will need about 3,200 hectares of land while the project would cover only 900 hectares based on available financing. Based on the project objective, the project will likely support the priority phase of the UCDK as well as a few sites in the Dakar peri-urban area and in the main secondary cities of the country.

The AHP will not finance any conversion of sensitive lands, forests, natural habitats in the project; the use of these lands would be excluded from the project.

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

Project implementation will rely on coordination between several Government institutions, including 3 ministries and 4 agencies—FHS, SAFRU, FONSIS and FONGIP— and synchronization of supply and demand in scaling up efforts. FHS and SAFRU were both recently created. FHS is already operational with some staff. As of November 2020, SAFRU is still being established; shareholder agreements and various manuals are to be adopted in December. Apart from the General Director appointed by decree, other recruitment will start in 2021.

The new institutions will need capacity assessment and training in the preparation and implementation of Environmental and Social Framework (ESF)-related instruments.

The MoUDH will be the main counterpart and will oversee the entire project. SAFRU, the Société d’Aménagement Foncier et de Rénovation Urbaine will implement sub-component 1.1. in Daga Kholpa, which includes construction and capacity building at SAFRU. Currently, there are still some uncertainties on the institutional arrangements for



implementation of C.1.1 in peri-urban sites outside Urban Centers, which could be executed by the MoUDH. The Direction Générale de la Construction et de l'Habitat (DGCH) under the MoUDH will be responsible for C.1.2—the establishment of the Housing One-Stop-Shop and overseeing the Memoranda of Understanding between different institutions. FONGIP will implement C.2.1 (providing partial credit guarantees to homebuyers) while FONSIS will implement C.2.2 and C.2.3 (co-investing in the rent-to-own program and co-investing in real estate value chain firms). The Ministry of Economy is the technical line for reporting by FONGIP and FONSIS. The MoUDH and Fonds de l'Habitat Social (FHS) will be responsible for most of the project's coordination activities under C.3. The Ministry of Interior, with the technical support of the DGUA, under the MoUDH, will lead the land acquisition process, including resettlement activities.

The institutional setup of the project has many capacity, environmental and social (E&S) and land acquisition challenges. In Senegal, land acquisition is based on national legislation and its implementation is ensured by members of the country's territorial administration (prefects and sub-prefects) through the Commissions Départementales de Recensement et d'Évaluation des Impenses (CDREI). Studies have revealed gaps regarding land acquisition, between national legislation and the application of the World Bank's ESF. Experience has shown the weak capacity of national institutions and low compliance with the ESF. SAFRU staff, when hired, will need extensive capacity building and support in the World Bank's ESF. The FHS, FONSIS, and FONGIP each have a limited amount of experience in implementing World Bank projects. An assessment of all the implementing agencies' capacities will be carried out during project preparation to help identify gaps and institutional strengthening needs to ensure effective E&S risk management. A capacity building plan will be developed and implemented to ensure that the implementing agencies have adequate capacity to prepare and implement E&S risk management instruments. An E&S Consultants will be hired by the MoUDH to work along with focal points from implementing agencies specifically on E&S risk management during preparation. Qualified E&S specialists will be recruited within SAFRU and the MoUDH to satisfy E&S requirements during the entire project. The project will provide targeted training and support for focal points to enable them to use ESF instruments to manage risks and impacts.

Specific measures for E&S capacity building, risk management, staffing, training, etc., are included in C.3: Project management. The Bank will provide advice and support to MoUDH and SAFRU for the development of the project's E&S management instruments.

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

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

High

#### Environmental Risk Rating

Substantial

Overall, the project will have positive environmental and social impacts by: i) improving access to affordable housing; (ii) improving living conditions, resilience and the health and safety of the population with new housing; and (iii) integrating the concept of "green buildings" into the program. However, the project's environmental risk has been determined to be Substantial under the ESF, responding to potential environmental risks and impacts stemming from interventions under the activities of Sub-component 1.1: Land Servicing Investments for Affordable Housing Units. The main environmental risks associated with the realization of AHP units may come from inappropriate development in unsuitable non-aedificandi ("not to build") zones; they may also include poor building design (including poor ability



to withstand natural disasters) and inadequate construction (to deal with climate change issues), Some of these risks can result in the damage or injury and safety concerns for residents. There are legal and reputational risks for the financial institution arising from ownership of properties in cases of land contamination or other environmental and social liabilities.

In the case of Daga Kholpa, the issue of stormwater drainage is the most serious problem. Urbanization of the area may hamper natural runoff resulting in a high risk of flooding if appropriate measures for adequate drainage are not taken. To mitigate this threat, developers must propose subdivision plans with robust techniques and measures for stormwater management. The design of drainage and water storage infrastructure, and the orientation of buildings and streets (based on contour lines or landscaping) are therefore imperative (Source: Urban Master Plan for Dakar and its Surroundings Horizon 2035 - Final Report: Volume II).

In addition, the execution of project activities under Sub-component 1.1 (Land Servicing Investments for Affordable Housing Units) may include massive road construction and various utility networks that could generate direct potential cumulative environmental risks and impacts related to: (i) large consumptions of energy, water, and building materials (laterite, basalt, sand) for land preparation; (ii) the generation of solid waste; (iii) nuisance, related to dust generation, vibration, and noise; and (iv) occupational health and safety workforce hazards, including the increased risk of accident from inadequate working conditions, and so forth.

In order to protect natural habitats, forests, and sensitive zones, the AHP will not finance any construction of buildings or access roads in any environmentally sensitive areas.

### Social Risk Rating

High

The social risk of the project is High for the following reasons: a) The project will generate massive land acquisition, mostly in rural and peri-urban areas, with possible large displacement of people and economic activities. Prior experience for similar operation in Diamniadio, conducted by the Government, used government standards and has shown a gap with World Bank standards in terms of consultation, compensation levels and grievance redress mechanism. The government started the process of land acquisition in Daga Kholpa using the same national standards, which was still ongoing in November 2020; b) In addition, civil works will require a large labor force (local, national, or international), with associated risks of labor influx, sexual exploitation and abuse and/or sexual harassment (SEA/SH) and other social conflicts with the local population while contractors bidding for housing construction works, could also have limited ability to set up systems in accordance with World Bank standards for labor management and working conditions; c) Mechanisms for managing complaints and redressing grievances have not yet been established by any of the implementing agencies and d) a Project Implementation Unit (PIU) has not yet been set up.

In Daga Kholpa, the MoUDH has hired a firm (MINTECH) to assess the likely loss of goods and properties (“evaluation des impenses”). The process, which started about a year ago, first generated some social tensions that were later addressed with increased consultation and information, and the consideration of the demands of local populations in the process. More specifically, the Government has informed the public that surrounding villages will not be impacted and instead will be restructured and upgraded. In addition, some land will be reserved for the use of local communities, most likely as subdivisions for residential purposes so that affected persons can generate revenues



from the sale of the land. Consultation with local authorities in October and November 2020 conducted by Minister of the MoUDH, the Governor the of the Department of Mbour, MINTECH confirmed that tensions have subsided and that local communities are in favor of the project. In total, it is expected that the project will mobilise about 900 ha of land. MINTECH has so far identified over 1,000 Project Affected People (PAPs) in the selected 250-hectare site first phase site within the 400-hectare “priority” area. Preliminary census results shows that PAPs in the priority site are predominantly individuals who recently “purchased” small plots from local communities for housing purposes and few plots only were actually under construction.

There is social acceptability of the program by the population of Daga-Kholpa, but the authorities will have to consider the consequences of urban development, especially in terms of the loss of agricultural land and restricted access to natural resources. The land analysis resulting from the Urban Master Plan (Plan Directeur d’Urbanisme – PDU) revealed the predominance of land used for rain-fed agriculture and orchards, farmed by villagers for several generations. Thus, it remains an important source of income for the inhabitants of these villages. Consequently, urbanization (within the project site or in the village extension areas) will cause lasting negative effects on the communities' livelihoods and access to resources.

## **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:***

This standard is relevant as the project, through construction activities, will cause impacts related to air quality, water quality, waste production, runoff, noise, health and safety, and nuisance, and could convert agricultural fields to urban use, access roads and other infrastructure. For (1) the known site at Daga Kholpa, the Borrower will prepare an Environmental and Social Impact Assessment (ESIA) and will utilize an existing Strategic Environmental Assessment prepared in 2015 as one source of information. The TORs for the ESIA will be acceptable to the Bank. During the preparation of the ESIA,, the Borrower will meaningfully consult with main stakeholders, local populations, government agencies, civil society, non-government organizations, etc., and disclose first a draft ESIA, and then a final, revised ESIA. (2) For sites still to be determined, the Borrower will prepare, consult with main stakeholders, and disclose an Environmental and Social Management Framework (ESMF) that will serve as a guide to prepare subsequent, appropriate instruments to adequately mitigate all subproject E&S risks and impacts once their location and scope are known, for example, an Environmental and Social Impact Assessment (ESIA) or Initial Environmental Assessment (AEI). A stand-alone Social Assessment will be prepared for all the 900 ha needed for the project and associated facilities, as defined by the WB. Its purpose is to identify and prioritize, at the outset of the project, the full range of likely social impacts and benefits, in consultation with affected groups, and to analyze secondary data.

The ESMF will set out the principles, rules, guidelines, and procedures needed to assess the environmental and social risks and impacts of the program. It will contain standard measures and plans to reduce, mitigate and/or offset adverse risks and impacts, as well as provisions for estimating and budgeting the costs of such measures. It will include adequate information on the area in which subprojects are expected to be sited, including any potential environmental and social vulnerabilities in the area; and on potential impacts that may occur and mitigation measures that might be used. It will contain instructions on how to screen project activities as they become known,



and instructions on what instrument to prepare to adequately mitigate the risks and impacts of these project activities. The ESMF will be disclosed in-country and on the Bank's external website prior to project appraisal.

The ESMF will be prepared in line with the World Bank's Environmental and Social Standards and Environment, Health and Safety Guidelines (EHSG) relevant to the program. Other plans to be prepared for the management of specific activities include:

- Community Health and Safety Plan during the execution of activities ;
- Occupational Health and Safety Plan for execution of works. This plan will include procedures for safety measures in relation to physical and chemical hazards in the workplace, emergency preparedness and response procedures, training and incident monitoring, and the reporting and guidelines needed to manage third-party contractors and suppliers, as well as health measures (COVID-19, HIV, etc.) ;
- Traffic management plan, including the transportation of equipment and construction material ;
- Waste management plan, including specific measures for excess soil (from cut and fill), used oil, and hazardous waste.

The Borrower will also prepare and disclose an Environmental and Social Commitment Plan (ESCP) before project appraisal, and to be reviewed by the Bank. The measures the project will need to address during preparation and implementation, throughout the project period, will need to be included in this plan. The ESCP will also have to cover all measures and actions to ensure compliance with the ESF.

**Areas where “Use of Borrower Framework” is being considered:**

Areas where “Use of Borrower Framework” is being considered: The project will not rely on the Borrower’s Framework but will comply with all relevant national environmental and social laws, policies, and regulations.

**ESS10 Stakeholder Engagement and Information Disclosure**

In consultation with the World Bank, the Borrower will prepare and implement an inclusive Stakeholder Engagement Plan (SEP), proportional to the nature and scale of the project and its associated risks and impacts. A draft SEP will be disclosed prior to project appraisal. The Borrower will engage in meaningful consultations with all stakeholders throughout the project life cycle, paying particular attention to the inclusion of vulnerable and disadvantaged groups (including the elderly, persons with disabilities, female-headed households, and orphans). Key stakeholders may include: the ministry of Urban Development and Housing; the ministry in charge of the interior and decentralization; ministries in charge of economy and finance; and the ministry in charge of the environment, and its respective implementing agencies (SAFRU, FHS, FONSI, and FONGIP); as well as local authorities (municipalities, local communities, relevant NGOs and civil society). The Borrower will seek stakeholder feedback and opportunities for proposed future engagement, ensuring that all consultations are inclusive and accessible (both in format and location) and through channels suitable to the local context. If major changes are made to the SEP, a revised SEP should be publicly disclosed. The SEP will also include a grievance mechanism to address all complaints that could likely arise as a result of project activities.



## 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

Labor Management: under Component 1, a substantial amount of labor is expected due to the nature of the civil works to be undertaken in different regions and localities. Labor and working conditions, including labor influx, could be an issue as some sites could be in secondary cities close to neighboring countries. Labor influx could be an issue because, in the wake of the COVID-19 pandemic, many young people are likely to be searching for work. Some contractors could bring workers from outside and house them near or within local communities. These occurrences could present challenges for the project if not properly managed.

Labor management procedures (LMP) The Borrower will prepare an LMP to manage labor. Labor management will include, among other things: ensuring that, to the extent possible, unskilled labor for construction is hired locally, in order to minimize an influx of unskilled labor and reduce the potential for conflict. All workers will be sensitized to a code of conduct, which they will be asked to sign and keep as an annex to their work contract. This will contain detailed information on their terms and conditions of work, including the explicit prohibition of child labor. In addition to measures for PIU staff, the LMP will be expected to include measures to protect community members providing labor on an informal basis, such as women, and the health and safety of workers. The LMP will also need to describe how community members may provide labor on an informal basis, their rights and details of how they can access the workers' grievance mechanism (GM) for project workers included in the LMP. The LMP will also describe the roles and responsibilities for monitoring such workers.

Occupational Health & Safety (OHS): to ensure the health and safety of workers during the construction and operational phases of the project, the Borrower will need to develop and implement Environmental, Health and Safety (EHS) plans in line with World Bank Group's EHS guidelines (generic for construction activities and other relevant sectors). The plans will include procedures for: the investigation and reporting of incidents; the recording and reporting of non-compliance; emergency preparedness and response procedures; continuous training; and an awareness program for workers. Workers' Accommodation: construction-ESMPs will confirm if there is to be onsite accommodation for workers. Codes of Conduct will be provided to all workers.

A Grievance Mechanism (GM), specifically for all categories of project workers, will be designed and included in the LMP.

### ESS3 Resource Efficiency and Pollution Prevention and Management

This standard is relevant. Utility connections ("voiries et réseaux divers" or VRD) and civil works planned for servicing land converted for urban use could consume large quantities of raw and construction materials (laterite, basalt, concrete, shuttering wood, iron, and so on). Should the project utilize raw materials for construction activities, the material will be sourced through measures specified in the EHSs and other Good International Industry Practices (GIIPs). Minimizing resource use and energy use by designing "green housing" and adopting "green urban planning" has the potential to increase resource efficiency and energy savings, and reduce pollution, waste, and Greenhouse Gas (GHG) emissions. The site ESIA/ESMPs will determine the source, type, and risks associated with the waste likely to be generated and, if such waste cannot be avoided, the ESIA will propose appropriate measures to minimize, reduce and, where not possible, mitigate, the risks associated with the waste. The water supply needed for the civil works involved could be achieved through boreholes, particularly in peri-urban or rural areas where the resource is



an essential element for the development of market gardening and agricultural activities. The project could thus enter into competition with local populations over the extraction of underground water.

In keeping with ESS3, the Borrower will develop and implement appropriate mitigation measures—as well as technically and financially feasible resource efficiency and pollution prevention measures—within the framework of the ESMF in keeping with mitigation hierarchy. Energy use optimization plans, and water use impacts plans, will be developed with the ESMF and measures put in place to deal with energy and resource efficiency. In order that project activities do not become significant sources of GHG emissions, it is understood that the affordable housing units are to be modern, green, with low carbon emissions, characterized by their design and the choice of construction materials as well as by high energy efficiency and thermal comfort. The units should be partly powered by solar energy. Project activities related to civil works and the construction of urban infrastructures should take into account efficient designs for urban/green space, connectivity, and building design, the setting-up of amenities and collective facilities, such as access to safe drinking water as well as to sanitation, including adequate sewerage and sewage disposal facilities, schools, health centers, public security (police, fire department, and so on), and markets and so on.

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

Earthmoving and construction activities will cause hazardous conditions (heavy traffic, use of heavy machinery such as earthmoving equipment) at construction sites, on routes to and from construction sites, and at quarries. In keeping with the ESIA for Daga Kholpa and the ESMF for undetermined sites, specific environmental and social assessments conducted for each subproject will recommend the measures necessary to restrict community access to the construction sites during the entire work period, and all the other measures needed to keep communities safe during construction. The Instruments will make use of general and sector-specific Environment, Health, and Safety Guidelines (EHSGs) for the identified subprojects in relation to community health and safety. Works contracts will also require that contractors do not expose communities to any hazardous activities, materials or substances that may be used in the project. A road safety assessment will be carried out, with the environmental and social assessments and effective arrangements and measures put in place to deal with emergency situations. An influx of workers, which could have an adverse social impact on local communities, will be addressed in the LMP, per ESS2 requirements.

Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH): Management and Mitigation: The Bank has carried out an assessment of project SEA/SH risk using the Bank’s SEA/SH Risk Assessment Tool. The assessment reveals that the SEA/SH risk is low. Information on this will be strengthened in the ESIA’s that will include site-specific SEA/SH Action Plan.

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

The Daga Kholpa project areas are either densely populated or occupied by agriculture activities. Agriculture and animal husbandry occupy an important place in land use. The expected impact on land acquisition or land restriction is high, due to: (i) the large scale of the land needed (900 ha in total as per preliminary estimates); and (ii) the high density of population, habitat, and activities near the peri- urban areas.



For the first construction site at Daga Kholpa (250 ha in the first phase site), the Borrower started an evaluation to determine the compensation to be paid to PAPs under national legislation. The Borrower will be requested to prepare a complementary Resettlement Action Plan (RAP) to ensure that the compensation paid to PAPs are in compliance with ESS5 requirements) as well as a robust livelihood restoration plan (LRP).

The identified gaps between the national and ESF requirements for involuntary resettlement are: a) The national legislation does not apply the market value in calculating compensation; compensation scales are low in comparison with the market price; b) national legislation does not consider vulnerable groups or livelihood restoration, so vulnerable people are in a situation of fragility and risk falling into poverty; c) consultations are not carried out properly and the principles of transparency, equity, and information cannot be guaranteed; d) the populations and the authorities from villages and municipalities are not really involved in the project preparation.

The Terms of Reference for the complementary RAP and the LRP will be reviewed and approved by the Bank as soon as possible. The RAP and the LRP will be prepared before appraisal mission, will be validated at country level and disseminated on the premises of the ministries concerned, as well as among the Project Management Unit and beneficiary local municipalities. They will also be disseminated on the Bank's external website. For the remaining 150 ha that would come in a 2nd phase, with possible further extensions, a new RAP will be prepared. For all other sites not identified yet, a Resettlement Framework (RPF) will be prepared. The RPF will be used each time the environmental and social screenings conducted as part of the ESMF determine that physical or economic displacement occurs as a result of project activities.

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

The impact on biodiversity and living natural resources is not expected to be significant as the project will not develop sites of high biodiversity value, or convert natural habitats, and therefore ESS6 is not relevant. However, the E&S instruments will include clauses that take aspects of biodiversity and sustainable management into consideration; for individual subprojects, too, screening will be included to ensure these are covered; and site specific ESIA's will further assess impacts on biodiversity and provide adequate mitigation measures where needed.

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

There are no Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities in the project area.

#### **ESS8 Cultural Heritage**

This Standard is relevant as construction activities will involve excavation and earth moving which could lead to chance finds of cultural heritage. As part of the preparation of the ESMF, consultations will be carried out with the national cultural heritage institution as the Direction du patrimoine culturel, Institut Fondamental d'Afrique Noire (IFAN) of the University Cheikh Anta Diop (UCAD) to identify the known cultural heritage in the area and to determine the type of heritage that could likely be encountered in project areas. A series of surveys conducted as part of the SEA for the Urban Development Plan (PDU) could not reveal the existence of cultural heritage in the Project Area.



However, interviews with local residents identified some objects to be conserved, including specific stones called "Padiokhane" or "Ndioorokh" - and trees known as "Kove" in Serere, which are located in the house of Fogne and in Hine. The E&S instruments will look for more information about these objects. The E&S instruments will include Chance Finds procedures to ensure these are taken into account and reflected in construction companies' contractual clauses in case any chance finds occur. The screening mechanism in the ESMF will include questions that would lead to the exclusion of project activities that may have an adverse impact on any known tangible, or intangible, cultural heritage.

**ESS9 Financial Intermediaries**

This standard applies to Component 2 of the project. It will involve increased Private Sector Participation on the demand side by paying for the capitalization of two dedicated government funds, managed by FONGIP, one to guarantee banking and Microfinance Institutions (MFI) loans benefiting households accessing low-cost housing units, and another to guarantee banking and MFI loans benefiting households with irregular revenue and accessing low-cost housing units. It will also finance the capitalization of an investment fund managed by FONSIS: This fund will co-invest with the private sector in rent-to-own units benefiting, in part, households with limited or no access to credit. This fund will co-invest with the private sector in private firms of the real estate value chain to accelerate their growth and increase the production of building materials. These funds are considered Financial Intermediaries (FIs): the FONGIP and FONSIS, which manage the funds, will prepare an Environmental and Social Management System (ESMS) to identify, assess, manage, and monitor the environmental and social risks and impacts of the private sectors subprojects/activities on an ongoing basis such that the FIs are able to achieve objectives materially consistent with the ESF. This will require an assessment of the existing E&S capacity, and a plan to fill any capacity gaps.

**B.3 Other Relevant Project Risks**

The vulnerability of the population in the project area could be a risk if the compensation of the people affected is not well designed and implemented, and/or their livelihoods' restoration is not well designed and implemented. Livelihood restoration plans (LRP) will be prepared along all RAPs. The institutional risk is associated with the implementing agency which is not fully set up and staffed.

**C. Legal Operational Policies that Apply**

<b>OP 7.50 Projects on International Waterways</b>	No
<b>OP 7.60 Projects in Disputed Areas</b>	No

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

**A. Is a common approach being considered?** Yes

Public Disclosure



### **Financing Partners**

The IFC will co-finance the project; as such some developers of project sites, and banks providing mortgages under the project, will choose to utilize IFC Standards. The application of IFC Standards and adequate Environmental and Social Management Systems (ESMS) by participating developers and financing agencies will strengthen the E&S performance of the project as a whole.

During preparation, a common approach will be developed for the components jointly financed by the WB and the IFC. The common approach will be acceptable to the World Bank, provided that it enables the project to achieve objectives materially consistent with the ESSs.

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

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

- Hiring of key environmental and social specialists within SAFRU and the MoUDH with adequate qualifications to prepare and implement E&S requirements
- Preparation, consultation, and disclosure of the Stakeholder Engagement Plan (SEP) including the Grievance Mechanisms (GM)
- ESMF
- ESIA update, consultation and disclosure for Daga Kholpa
- RPF for unknown sites
- TORs for RAP will be ready to allow the preparation of the RAP and LRP
- Acceptable draft RAP for the first 250-hectare site at Daga Kholpa prior to appraisal
- Institutional Capacity Assessment (to be included in the ESMF)
- Preparation of a Social Assessment
- Labor Management Procedures (with specific GM for workers)
- ESCP
- The TORs of the ESMS (to be prepared by the FONGIP and FONSIP)

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

- Implementation of SEP
- Development and Implementation of Institutional Capacity Strengthening Plan
- Implementation of the Labor Management Plan
- Implementation of the GM
- Site-specific ESIA's for public works
- Preparation and implementation of RAPs including a livelihood restoration plan including budget
- The Establishment of an ESMS and the relevant organizational capacity to implement it for the identified FIs
- Implementation of the recommendations of the Social Assessment



**C. Timing**

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

31-Mar-2021

**IV. CONTACT POINTS**

**World Bank**

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**Borrower/Client/Recipient**

Borrower: Ministry of Finance

**Implementing Agency(ies)**

Implementing Agency: Ministry of Urban Development

**V. FOR MORE INFORMATION CONTACT**

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**VI. APPROVAL**

Task Team Leader(s): Laurent Gonnet, Alexandra Le Courtois

Safeguards Advisor ESSA Nathalie S. Munzberg (SAESSA) Cleared on 28-Dec-2021 at 12:29:24 GMT-05:00