



Embedding Equity and Inclusivity in Sustainable Infrastructure

A Guidance Note for Cities

C40 Cities Finance Facility





All materials, case studies, presentations, data, images and documentation provided in this report are for informational and educational purposes only and do not constitute investment advice. C40 Cities Finance Facility makes no representation or recommendation regarding the advisability of investing in any particular project, structure, company, investment fund or other vehicle mentioned in this publication. C40 Cities Finance Facility is not, and does not provide services as, an investment advisor, financial advisor, investment analyst, broker, broker dealer, market-maker, investment bank or underwriter.

Introduction

1. How to Use this Guide	7
2. Equity and Inclusivity in the Context of Sustainable Infrastructure: Background	10
3. How to Embed Equity and Inclusivity in Infrastructure Project Preparation	16
Stage 1: Project Conceptualisation and Definition	17
Stage 2: Technical and Financial Feasibility	24
Stage 3: Business Case	34
Stage 4: Accessing and Linking to Finance	38
Stage 5: Implementation Preparation	46
4. Sector Specific and Related Tools	52
5. Appendices	58

This report was designed and compiled by AECOM (Alessandra Awolowo, Angelica Agredo Montealegre, Benjamin Andrews, Jessica Tinkler, Lee Lambert, Laura Walker, Nina Schuler, and Siddharth Nadkarny). The CFF team, in particular Daisy Pelham, Henri Pierre Gebauer, Margot Eichinger, Marina Moscoso, Martina Ferrarino, Maxine Müller, Mehrnaz Ghojeh and Oliver Walker provided insights and comments throughout the process. The authors would also like to thank the members of the C40 Inclusive Climate Action Programme, the AECOM Equity and Inclusion Advisory Group, and the cities of Sydney, Salvador and Tshwane who volunteered their time and expertise to shape the report’s narrative.

The CFF is a collaboration of the C40 Cities Climate Leadership Group and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. The CFF supports cities in developing and emerging economies to develop finance-ready projects to reduce emissions in support of limiting global temperature rise to 1.5°C and strengthening resilience for the impacts of a warming climate.

The CFF is funded by the German Federal Ministry for Economic Development and Cooperation (BMZ), the Foreign, Commonwealth Development Office (FCDO), Energy and Industrial Strategy (BEIS), and the French Development Agency (AFD).

Implementing agencies



Funding partners



1. How to Use this Guide



Overview

This **Guidance Note** aims to provide practical tips on how and when to embed actions that can improve equity and inclusivity outcomes into sustainable infrastructure projects in cities. It builds on the three interlinked pillars of Inclusive Climate Action:

Three ‘Pillars’ of Equitable and Inclusive Climate Action



Inclusivity of Process

Engagement of a wide range of communities and stakeholders, with a particular focus on increasing participation and involvement of populations adversely affected by inequality.



Inclusivity of Design

Designing in fairness and accessibility of climate infrastructure, programmes, actions and policies.



Inclusivity of Impact

Equitable distribution of the impact of climate programmes, actions and policies together with indicators that can support monitoring and evaluation.

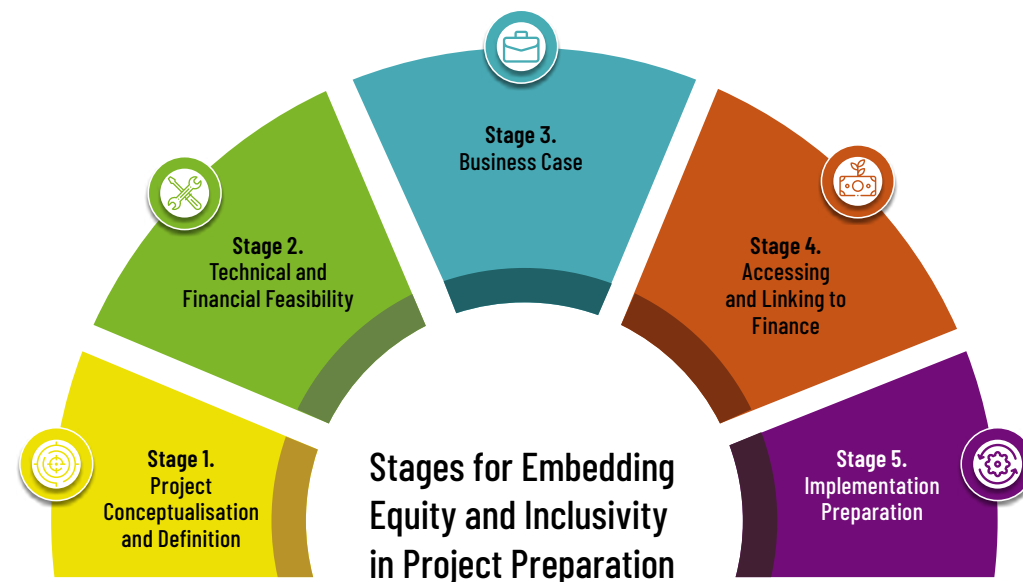
The **actions and entry points** described here can be applied to any infrastructure project preparation process – typically, they follow a similar structure. The tools and equity and inclusivity approach can be applied by project teams independently or with support from a project preparation facility such as the C40 Cities Finance Facility where they may benefit from additional technical resources.

The Guidance Note builds on a range of **existing material available** on Inclusive Climate Action (such as the [Inclusive Planning Executive Guide](#)) and is intended to focus the reader (e.g. government official, project developer, consultant, citizen) on why inclusion and equity are important and relevant in developing sustainable infrastructure projects.

To support cities in the practical implementation of this guidance, four sector-based tools have been developed targeting: Solid Waste Management, Mass Transit, Zero Carbon Buildings, and Nature-based Solutions sectors. [A description of these tools can be found in [Section 4](#)]

Importance of Embedding Equity and Inclusivity in Infrastructure Project Preparation

Project preparation is the process during which an infrastructure project goes from concept to implementation-readiness, and it generally contains the following stages:



These stages are where **critical decisions** are made. Ideas, considerations, and most importantly, commitments should be clearly set out to maximise the positive equity and inclusivity outcomes of the project.

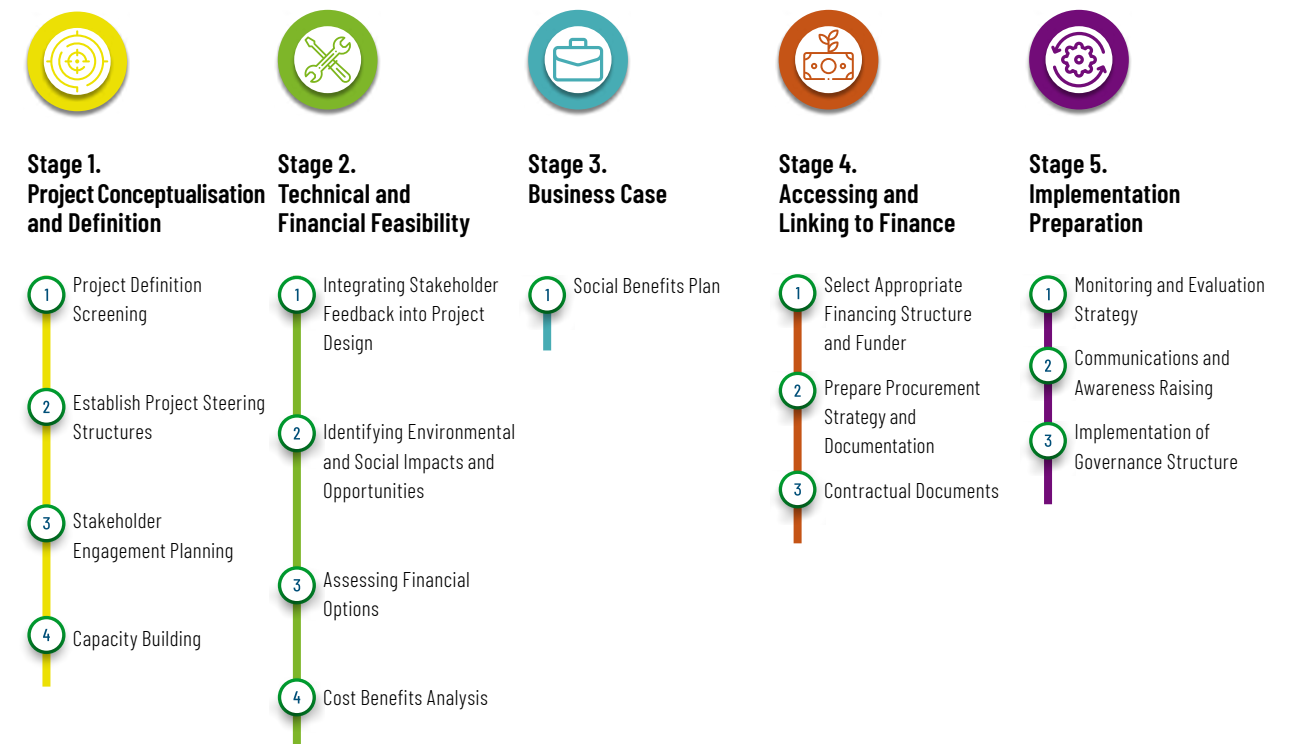
Crucially, it is during this process when **trust and a sense of partnership** can be developed and created between the community and the project, and this will be greatly enhanced if commitments are made to equity and inclusivity from the outset. This will help embed local knowledge and needs, support project implementation and deliver a positive impact. Without this there is an increased risk of the project having detrimental impacts.

Lastly, **financing organisations** are increasingly interested in assessing the equity and inclusivity considerations of a project, and if these have not been articulated during project preparation, this may reduce the financing options available to a project.

How to Use this Guide – Process Summary

Stages

Five stages of embedding equity and inclusivity into the project preparation process – click on an icon to go to the relevant Stage



Activities

Distinct set of tasks involved in the process – click on boxes to go directly to Activity

How to use this guide

Wayfinder

Click icons to go to relevant Stage



Tasks

Steps required to complete this Activity which includes what the task is, why it is importance and how you can do it

1 Project Definition and Screening

What and Why?

Consider project beneficiaries and potential impacted groups and communities within project conceptualisation and integrate anticipated outcomes within the project definition. This creates an opportunity to integrate clear and meaningful equity and inclusivity objectives early on in the project that will set the expectations for project preparation.

Develop the 'strategic need' for the project by linking it to wider local, regional and national policy and plans, including international agreements which seek to reduce inequalities like the UN Sustainable Development Goals.

Define clear equity and inclusivity project objectives and outcomes (i.e. local employment, gender equity, accessible and affordable services, community reinvestment).

How?

- Undertake an **Equity and Inclusivity screening** to identify which groups may be impacted by the project.
- Identify international, national and local plans, policies and strategies which seek to address inequalities or otherwise support vulnerable and under-served groups.
- Identify how the project can support, legitimize and give guidance to embedding the Equity & Inclusivity approach in the project.
- Prepare an initial logical framework or theory of change for the project to show how equity and inclusivity outputs and outcomes have been included.

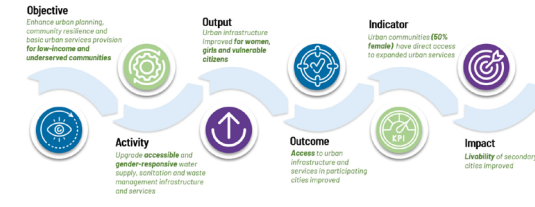
Output:
Project Statement, Theory of Change, E&I screening

Inputs Required:
Mapping of key population groups, Templates for Logical framework or Theory of Change, Plans, Policies and Strategies

Actors to be involved:
Project Team

For Example

Theory of Change Inclusive Urban Services Improvement Project



18

Example

Examples of how this activity is implemented in practice with reference to a specific, real-world example

Activity planning information

Information on expected output, potential inputs and resources required, and actors to be involved from Activity



Accra_ © Eunika Sopotnicka _ Getty Images

2. Equity and Inclusivity in the Context of Sustainable Infrastructure: Background

Introduction to Equity and Inclusivity in the Context of Sustainable Infrastructure

There is **no climate justice without social justice**. Climate change magnifies inequalities, with marginalised and vulnerable people bearing the brunt of climate impacts. The majority of the climate vulnerable live on the frontline of existing weather extremes and suffer from perpetual inequalities. Without equitable strategies and action on climate change, 100 million people could be forced into extreme poverty by 2030.¹

Infrastructure projects that consider and address the impacts on vulnerable communities are essential to creating equitable and climate-resilient cities. How effectively communities are engaged and how meaningfully their views and realities are considered in project design, planning and implementation will have a direct impact on the quality and sustainability of projects.²

Prioritising inclusive and equitable action on climate change can advance resilience, result in the fair distribution of benefits and underpins international commitments on climate change and sustainable development including the Paris Agreement, the UN Sustainable Development Goals and the New Urban Agenda.

Glossary of Key Terms

Equality: The act of treating everyone the same regardless of who they are giving them the same opportunities and resources.

Equity: The absence of avoidable or remediable differences in access to basic services, institutional processes and capital needed to meet basic human rights, among groups of people, whether those groups are defined socially, economically, demographically, or geographically.

Inclusion / Inclusivity: The practice of including relevant stakeholders and communities, particularly marginalised groups, in the policy-making and urban governance process, in order to ensure a fair policy process with equitable outcomes despite their different needs. An inclusive policy goes beyond consulting the impacted stakeholders. It ensures that everyone's voice is represented in decision-making, especially those suffering from inequalities, and that policies are designed and evaluated on the basis of their direct impacts and the distribution across the population.

Sustainable Infrastructure: Is infrastructure which is planned, designed, constructed, operated and decommissioned in a manner that ensures economic and financial, social, environmental (including climate resilience), and institutional sustainability over the entire infrastructure life cycle.³

For more information on these terms visit the [Inclusive Planning, C40 CAP Resource Centre](#)

Equity and Inclusivity Challenges and Opportunities in Cities

Cities are most exposed to the inequitable impacts of climate change. There is significant evidence that the effects of climate change are most acutely felt by urban communities that are marginalised or under-served due to income, ethnicity, gender, age, among other factors. It is known that the spatial distribution of poverty is changing, with urbanisation a greater share of poor people will be living in cities in the future.⁴

- In several Global South cities, informal settlements are often located in environmentally sensitive areas (e.g. among mangrove forests in Mumbai, India, areas with high landslide risks in Freetown, Sierra Leone), with high population densities and poor quality building stock, increasing the vulnerability of their low-income residents to storms and other hazards.
- Children and older residents bear more acute impacts from high temperature in cities.
- African-American urban communities in the United States have often faced greater immediate and long-term impacts from hurricanes.
- The ability of women and LGBTQ+ people to access urban services like housing, financial services, and public transportation can be hampered due to unequal treatment, laws and policies, further exacerbated during climate-related disasters. Discrimination can also occur in places where there are laws and policies in place to ensure equal access.

Cities and national governments are increasingly investing in sustainable infrastructure to respond to the threat of climate change helping to reduce current vulnerabilities and mitigate future impacts. This presents a unique opportunity to consider the needs of under-served communities and directly address the disproportionate impacts they experience.



Understanding the Needs and Issues Across Communities and Groups

The considerations, challenges and opportunities facing different groups vary (as shown in the table below).

General Considerations per Target Group

Targeted Group	Some specific considerations (non-exhaustive)
Low-income groups	Affordability, political voice, social engagement
Women and girls	Safety, harassment and violence, access to employment, time-saving, safety audits, political voice
Youth (in both urban and rural areas)	Training, skills, employment
Children	Safety, access to education
Elderly	Mobility, independence
People living with disability	Mobility, physical barriers, attitudinal barriers, employment
Job-seekers and the unemployed	Training, skills, employment
Minority groups	Consultation, political barriers, attitudinal barriers, employment
People living in informal settlements and isolated communities	Land title and proof of address issues, geographic isolation, affordability issues, correct targeting of viability gap subsidies
People living in vulnerable environments (such as semi-arid lands, flood plains)	Vulnerability to shocks, design for environmental and climate change and variability, mitigation and adaptation

Source: Global Infrastructure Hub. [Inclusive Infrastructure and Social Equity](#)

Enhancing the Positive Impacts of a Project to Empower Communities

Taking an equity and inclusivity approach to a project can help to maximise the social benefits and empower communities. For example by:

- Engaging a variety of stakeholders, including those who represent and promote vulnerable and under-served groups through the use of a wide range of communication channels.
- Widening the scope of a project and its activities to allow vulnerable stakeholders to access its benefits. Often the spatial area of infrastructure projects is limited as retrofitting unplanned, fragmented or remote neighborhoods with public services can sometimes be too expensive for cities to invest in.
- Developing innovative ways for vulnerable and under-served groups to be included (e.g. incorporating informal businesses in the scope of the project, since across the Global South, informal workers represent more than 50% of employment in urban areas and for some cities this can be 80-90%).⁵
- Creating additional economic and social value for the communities e.g. job creation, supporting partnerships with local communities, public authorities, NGOs etc.
- Supporting community initiatives and responding to local needs where possible.



For Example

In La Paz, Bolivia, a cable car project was developed to help commuters travel from El Alto to La Paz to work. During the design stage of the project, focus groups and workshops were organised with people with disabilities and the elderly to make sure their needs were understood and taken into consideration. A website was set up to provide information about the cable car system and to facilitate logging complaints. During operations, capacity building and training was carried out to help marginalized groups and job seekers to gain employment and to ensure employees were trained to assist people with specific needs. A student internship programme was also set up.⁶



3. How to Embed Equity and Inclusivity in Infrastructure Project Preparation



Malaysia_ © Rifka Hayati _ Getty Images



Stage 1: Project Conceptualisation and Definition



Project Conceptualisation and Definition

At this stage the overall concept for the project includes defining the proposed scope, vision, objectives, outputs and outcomes. The steering structures and project leadership are set up, and team members build their understanding of all key project elements.

Importantly, at this early stage key stakeholders are identified and engaged.

During this phase there are key moments to identify and consider how the project can improve access, participation, empowerment and equity for vulnerable and under-served groups.

Key moment:

Focusing on equity and inclusivity considerations at the project conceptualisation and definition stage increases the potential for more equitable outcomes throughout the project by embedding expected outcomes at the very start.



1 Project Definition and Screening

What and Why?

Consider project beneficiaries and potential impacted groups and communities within project conceptualisation and integrate anticipated outcomes within the project definition. This creates an opportunity to integrate clear and meaningful equity and inclusivity objectives early on in the project that will set the expectations for project preparation.

Develop the 'strategic need' for the project by linking it to wider local, regional and national policy and plans, including international agreements which seek to reduce inequalities, like the UN Sustainable Development Goals.

Define clear equity and inclusivity project objectives and outcomes (i.e. local employment, gender equity, accessible and affordable services, community reinvestment).

How?

- Undertake an **Equity and Inclusivity screening** to identify which groups may be impacted by the project.
- Identify international, national and local plans, policies and strategies which seek to address inequalities or otherwise support vulnerable and under-served groups.
- Identify how the project can support, legitimize and give guidance to embedding the equity and inclusivity approach in the project.
- Prepare an initial [logical framework](#) or [theory of change](#) for the project to show how equity and inclusivity outputs and outcomes have been included.

Output:
Project Statement, Theory of Change, Equity and Inclusivity Screening

Inputs Required:
Mapping of key population groups, Templates for Logical framework or Theory of Change, Plans, Policies and Strategies

Actors to be involved:
Project Team

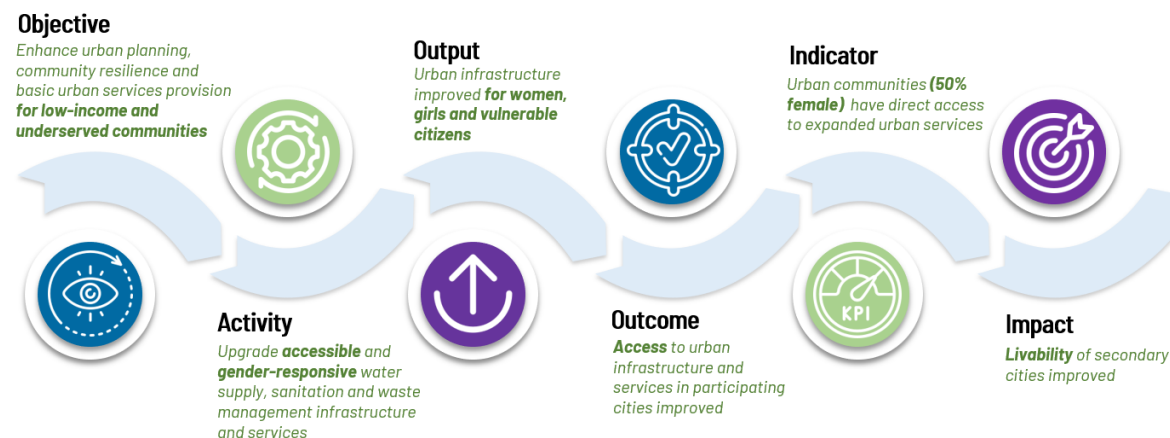
For Example

Example questions for an Equity and Inclusivity Screening:

- Who is likely to be affected or be targeted by the project? This should include local residents, workers in the areas and potential users of the project
- What are the equality and inclusivity issues facing the affected population? For example:
 - **Institutional** e.g. legislation, policies and norms in place which may promote or prevent a group from doing something or may favour certain groups;
 - **Socio-economic** e.g. poverty, limited education, lack of welfare support, lack of access to employment or well paid employment;
 - **Environmental/geographical** e.g. children and the elderly being more vulnerable to external elements such as noise and pollution;
 - **Discriminatory** e.g. some groups experience unjust or prejudicial unjust treatment;
 - **Physical** e.g. does the project run through disadvantaged areas?
 - **Demographic** e.g. is there a high density of groups with shared characteristics or do particular demographic groups live or work in the project area?
- How do these barriers intersect with each other to further create unique and complex barriers in the project?
- Is there any evidence that different groups have different needs, experiences, issues or priorities in relation to the project? For example, women are more likely to be dependent on public transport than men, however, may require more complex trips, have more affordability issues as well as security concerns.
- How should the specific needs of the different groups be reflected in the project requirements or design? Or what elements/aspects of a project would suggest that these needs have been considered or met?

For Example

Theory of Change Inclusive Urban Services Improvement Project



AECOM. 2022.



2 Establishing Project Steering Structures

What and Why?

Embedding equity and inclusivity within project steering structures, through appropriate representation of targeted groups within [steering committee\(s\)](#), can mean that groups that are under-served and neglected typically in project planning processes are more likely to be included in decision-making processes.

How?

- The project's [steering committee](#) should include those who are responsible for achieving objectives related to equity and inclusivity at the city level e.g. the equity and inclusivity Focal Point.
- In addition to government representatives, the [steering committee](#) should include suitable academic, private sector, and civil society stakeholders with knowledge of the specific sector and stakeholders with experience around key equity and inclusivity issues in infrastructure planning.
- Where feasible, the [steering committee](#) may include direct representation of under-served and vulnerable groups.
- Assign a dedicated team member responsible for coordinating with and engaging under-served or vulnerable groups, Non-Governmental Organisations (NGOs) and Community Based Organisations (CBOs).
- Agree an ongoing engagement and collaboration plan with NGOs, CBOs and other groups to ensure mutual understanding of roles.

Output:
[Steering Committee](#)
and Project Team

Inputs Required:
Stakeholder information

Actors to be involved:
Project Team,
Departments / units in the city that need to be involved

For Example

For World Bank's Kenya Informal Settlements Improvement Project, they formed Settlement Executive Committees, which had 18 representatives from various interest groups including: tenants, youth, persons living with disability, religious leadership, NGOs and three official members such as local chiefs. These committees, combined with [Grievance Redress Committees](#), enabled effective governance and community participation. The communities were involved in the prioritisation and selection of the most viable project components in each settlement and enhanced high levels of community awareness and participation which meant that the community voice was heard and incorporated in the development efforts of the settlements.⁷

3 Stakeholder Engagement Planning

What and Why?

The [Stakeholder Engagement Plan \(SEP\)](#) for the project should incorporate under-served groups, particularly those who are the target of the project and others who are likely to be impacted by the project during construction and implementation. This will help bring together more detailed evidence and understanding of the issues facing these groups which in turn can support the ongoing inclusive and equitable design of the project. Stakeholder mapping and planning often identifies stakeholders which are highly impacted by or could have a strong influence on the project. With this, communities and individuals can often be overlooked and therefore excluded from the project.⁸

How?

- Use the equity and inclusivity screening work to identify the target population and others likely to be impacted by the project.
- Reflect on how community engagement is commonly conducted in the city are there entities responsible for this? What guidelines and approaches already exist?
- Liaise with city stakeholder engagement teams/specialists to map key stakeholders related to these identified groups (i.e. 'equity and inclusivity stakeholders'). This should include organisations representing the identified groups as well as individuals and groups within the directly impacted communities. Consider appropriate methods for engagement with equity and inclusivity stakeholders. This should take into account language, time, cost, accessibility and other barriers to enable participation. Develop specific activities for engaging with equity and inclusivity stakeholders and include as part of the [stakeholder engagement plan](#).
- Coordinate with the Project Team and [Steering Committee](#) to deliver specific activities with equity and inclusivity stakeholders as well as ensuring they are included in wider engagement activities.
- Document findings of engagement activities and update [SEP](#) to develop ongoing engagement plan with equity and inclusivity stakeholders during the project life-cycle.

Output:
Equity and Inclusivity Stakeholder Mapping and inputs to the project's

[Stakeholder Engagement Plan \(SEP\)](#)

Inputs Required:
Stakeholder information

Actors to be involved:
Project Team,
Stakeholder engagement team



4 Capacity Building

What and Why?

- Capacity building refers to the increase in understanding, knowledge and awareness of equity and inclusivity in an infrastructure context amongst city officials and project teams. As a process of continuous learning and development, this can help to embed best practice into project preparation and design. It can also amplify equity and inclusivity efforts across the city.
- It can also refer to the increased knowledge and skills relating to infrastructure and climate change issues amongst under-served groups. This can improve opportunities for effective participation in the development of infrastructure projects, as part of the decision-making process and through labour market opportunities.

How?

- Determine whether there is sufficient capacity amongst key project delivery stakeholders to implement the planned project preparation activities in an inclusive and equitable manner. Identify areas where additional support may be required.
- Identify whether training institutes and other providers (e.g. CFF), can share material on equity and inclusivity for the relevant sectors/themes. Determine whether and when there are opportunities to integrate capacity building into community engagement as part of community outreach.
- Where required, inclusivity training can be provided to those involved in a project to help increase knowledge of key issues.
- Project teams should collaborate with other city departments to identify skills gaps and training needs to ensure more representative recruitment for infrastructure project development. Where possible, recruitment into project teams should prioritise those from disadvantaged communities and those underrepresented in the industry.

Output:

Improved understanding, knowledge and awareness of equity issues amongst project team

Inputs

Required:

Relevant training and recruitment programmes

Actors to

be involved:

Project Team, City HR/ recruitment, education and skills teams

Additional info, links to tools, resources

[C40 Inclusive Climate Action](#)

[World Bank Social Inclusion Assessment Tool \(SiAT\)](#)

[Gender Equality and Social Inclusion Self-Assessment Tool](#)

[Screening Climate Finance Proposals](#)

[C40 Inclusive Community Engagement Playbook](#)

[C40 Inclusive Community Engagement Executive Guide](#)

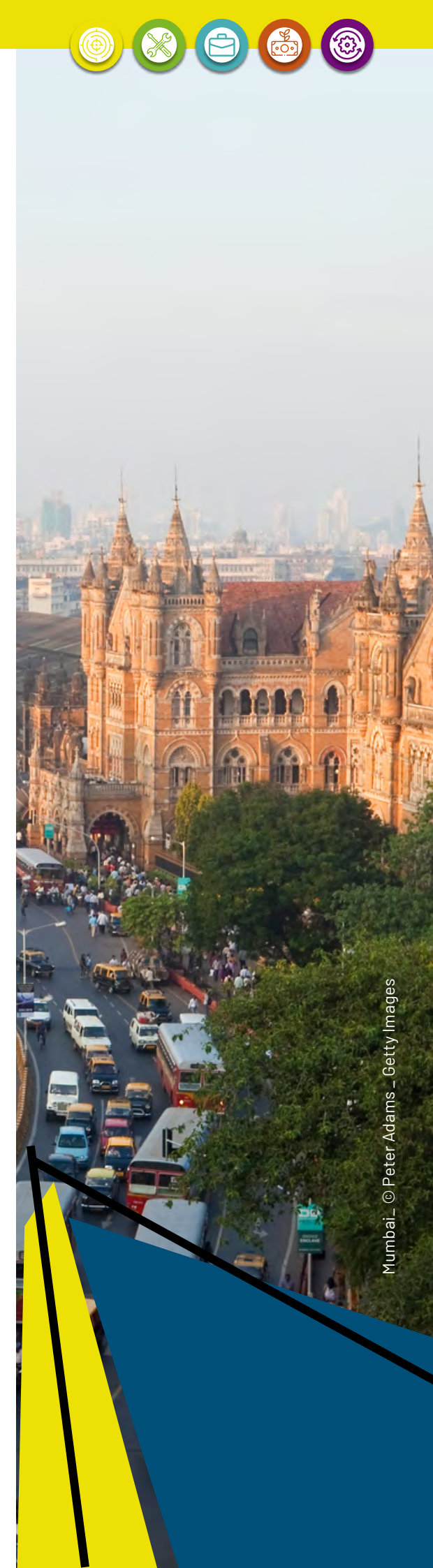
[IAP2 Spectrum of Public Participation](#)

[Global Infrastructure Hub Inclusive Infrastructure and Social Equity](#)

[UNOPS Inclusive Infrastructure for Climate Action Guide](#)

For Example

Ecosystem-based Adaptation projects in San Salvador as part of the CityAdapt project saw community members being trained in climate-resilient alternative livelihoods, such as edible mushroom cultivation. Government stakeholders are also receiving training to integrate Nature-based Solutions into urban planning, manage natural resources, and support the resilience of the community to climate change risks. Some of the topics covered include urban wetlands restoration, green infrastructure and urban flood control, urban food gardens, rain harvesting systems, ecological sanitation systems, and project financing.⁹



Mumbai_ © Peter Adams - Getty Images



Stage 2: Technical and Financial Feasibility



Technical and Financial Feasibility

This stage includes conducting technical, economic, social and environmental assessments as well as feasibility studies and technical design.

Also at this stage, an assessment of the technical and financial feasibility for the project is undertaken, where the viability of the project is determined and an ongoing financial model is selected.

At this point, the project team should be able to determine the impacted population, how the project might impact specific groups within the population and identify means of reducing existing inequalities or mitigating potential negative impacts. All of this will feed into the Business Case.

Key moment:

Often, vulnerable or under-served groups are not specifically included in impact assessment and feasibility studies. This can result in project design excluding the needs and requirements of these groups.



Kuala Lumpur _ © yongyuan _ Getty Images



1 Integrating Stakeholder Feedback into Project Design

What and Why?

Feedback from equity and inclusivity stakeholders should be used to influence project design to maximise opportunities early on. To be credible, this step will need to demonstrate how feedback has been addressed through a clear documented process to develop continued trust and partnership working with equity and inclusivity stakeholders.

How?

This process can be carried out as part of the [Environmental and Social Impact Assessment](#) (which is explained [here](#)), but some general steps are provided below as guidance.

Before implementation:

- Using the project-related [SEP](#), **plan the programme of stakeholder activities and tailored communications strategy** that will enable two way communication with stakeholders (see section on [SEP](#)).
- **Communications materials** such as presentations, leaflets, attendance sheets for attendants **should be produced with an equity and inclusivity lens**: is the language appropriate or should you provide translations / an interpreter? Is the material easy to understand for your audience (e.g. use of non-technical vocabulary)? Consider providing accessible formats (e.g. braille) of the materials. The **communications strategy** should take into account the work and life schedules of target groups (for instance, school drop off and pick up times might not be the best moment to schedule a community meeting). Communication materials should be made accessible to target communities (e.g. it might be useful to leave project leaflets in places that are important for the community, such as shops, schools etc).
- Develop a [community grievance mechanism](#) and communicate details of this to equity and inclusivity stakeholders, ensuring that they understand how to use it and that there are commitments from decision makers to take action. Ensure the project provides timely responses to questions with target times for responses.

During:

- Carry out stakeholder engagement activities in a way that proactively seeks the opinion of vulnerable stakeholders. It is important that stakeholders feel comfortable expressing themselves. For example, in some instances it might be appropriate to organise a discussion with women only. In these cases it could be beneficial to have female community liaison officers and female project team members leading the discussions.

Output:
Summary report of E I feedback, Updated [SEP](#)

Inputs Required:
[Stakeholder Engagement Plan](#), Feedback from stakeholder engagement activities

Actors to be involved:
Stakeholder engagement team/ specialist, Community Liaison Officer(s), Community Groups, Project Team

After:

- **Document all engagement activities** by ensuring clear minutes/recordings/ transcripts are produced for each meeting with equity and inclusivity stakeholders. These should be distributed to attendees to verify the content of the session and key outcomes.
- Create a **summary report of key feedback** for the project team identifying key issues, how these can be addressed (e.g. through design changes, additional measures, operational factors), at what stage in the project process they should be addressed and who is responsible.
- **Liaise with necessary stakeholders** to find ways to include stakeholder feedback into the project design whenever feasible. **Record any changes carried out to project design** as a result of stakeholder feedback.

Continuous:

- Provide **regular updates** to stakeholders on how feedback has been incorporated into the design and how the project has changed/evolved. This can be done through a 'you said, we did' process for example.
- **The [SEP](#) should be updated to guide equity and inclusivity stakeholder consultation and communications during technical and feasibility work** and be updated toward the end of the stage to provide a roadmap for engagement during monitoring and evaluation. This allows for continued open dialogue and engagement with equity and inclusivity stakeholders.





2 Identifying Environmental and Social Impacts and Opportunities (ESIA)

What and Why?

- The assessment of potential environmental and social impacts can support project development by identifying key issues and providing input into the design and adaptation measures to minimise negative impacts and enhance positive impacts.
- Identifying how potential impacts are distributed across different groups of people and communities can further demonstrate the extent to which impacts are equitable. This can contribute to embedding equity and inclusivity at the design stage by focusing on actions to improve equity and inclusivity in design development.
- It is at this stage that **detailed data collection and analysis** will be undertaken to understand impacts. This will build upon initial evidence gained through the **equity and inclusivity screening and stakeholder engagement feedback**.
- Identify climate change impacts and human rights risks at this stage to plan effectively to reduce the impacts and mitigate the risks.

How?

- Environmental and social impact assessments could be undertaken through a formal process such as an [ESIA](#) or similar. This will assess impacts using baseline information and predict likely impacts based on initial design proposals.
- Relevant topics that may require assessment associated with equity and inclusivity may include both construction and operational impacts such as environmental effects, labour and working conditions, gender analysis, health and wellbeing safety and security, land acquisition and involuntary resettlement etc.
- While the [ESIA](#) will focus largely on the project details it should also include a brief description of the legal and institutional framework of the project. This will help ensure the project complies with all relevant equity and inclusivity laws, regulations and standards.
- The [ESIA](#) should cover the full lifecycle of the project. It should **also consider cumulative impacts**, such as the number and type of construction projects in a region, which may lead to significant impacts on vulnerable groups.

Output:

Assessment of environmental and social impacts, identified mitigation measures and [ESMP](#)

Inputs

Required:

Stakeholder feedback summary report, Environmental and social impact expertise, Environmental and social primary and secondary data (collected by environmental and social experts)

Actors to

be involved:

Stakeholder engagement specialist, Community Liaison Officer(s), Community Groups, Project Team

- A [Distributional Impact Assessment](#) can be undertaken using the outputs of the [ESIA](#) work to identify if under-served or vulnerable groups are likely to receive a disproportionate share of negative impact, for example, through any adverse environmental impacts, barriers to access, burden of costs etc. Planned mitigation measures can be adapted if required or new actions developed to reduce or remove potential disproportionate impact on these groups. This can also examine how potential positive impacts can be maximised for these groups.
- Based on the outcomes of the [ESIA](#), equity and inclusivity considerations could be integrated into a number of plans, procedures or processes. Environmental and social management plans ([ESMPs](#)) will include mitigation measures to be applied to a project to meet good international practice and standards. The [ESMP](#) will include processes such as 'contractual and policy requirements for equity and inclusivity to be integrated into company or contractors' systems and plans' or 'training on codes of conduct, local customs, cultural sensitivities and appropriate interaction with communities'.

Additional assessments may also be used to better understand how specific risks such as climate may exacerbate vulnerabilities.

- [Climate change impact assessment](#) can be implemented to assess and develop solutions to mitigate climate impacts on the project and impacted vulnerable groups.
- Human rights risks to vulnerable groups can be identified and mitigated using a [Human Rights Assessment](#)

For Example

The expansion of the metro network in Cairo required a detailed [ESIA](#) and safeguards to adhere to the national legislative and lender requirements. The original [ESIA](#) did not meet lender requirements because when the results were measured against their own environmental and social safeguards they identified a gap in sufficiently identifying all vulnerable groups. Therefore, an updated [ESIA](#) process sought to provide more detail on the people who would be affected and to classify vulnerable groups in line with international best practice. This required consideration of groups such as indigenous people, ethnic minorities, women, migrants, young people and the elderly. The methodology used to identify vulnerable groups and to assess the project's impact on them was based on the sustainable livelihoods approach. The [ESIA](#) report identified the need for a Resettlement Action Plan to make provisions for the people affected economically or physically by the development, including vulnerable groups.⁹



3 Assessing Financial Options

What and Why?

- The financial model for the project has the potential to entrench or reduce existing inequalities. By assessing and ranking financial models, opportunities to enhance positive impacts for targeted stakeholders and mitigate negative impacts can be identified. For example, 35% or more of household income is spent on commuting by low-income people across the world.
- Financial model refers to both how the project is financed (investment to develop the project) and how it is funded (how the project will be able to repay the investment and operate)

How?

- Define the **equity and inclusivity objectives and outcomes** that should be considered for the project's financial model (i.e. local employment, gender equity, accessible and affordable services, community reinvestment). Getting stakeholder feedback through public consultation can be useful at this stage.
- Conduct a **willingness to pay (WTP) or ability to pay (ABP) study** to understand how cost may affect access across different groups. Low-income groups are often most sensitive.
- **Identify financial models** appropriate to the project that ensure long-term financial sustainability of the project.
- **Review and rank feasible financial models** according to how effective they are at achieving all of the project's climate, financial and equity and inclusivity objectives.
- Identify if there are any funding or financing gaps that may require **subsidies or additional sources**. For further discussion on pricing instruments and subsidies for urban transport see [Gwilliams, 2017](#).
- **Take an iterative approach**. The review of the technical and financial feasibility will be iterative as the financial models may seek to capture and address challenges and opportunities identified in the technical feasibility.

Output:
Ranking of financial models

Inputs Required:
Economic and social expertise

Actors to be involved:
Finance departments, project team

Key resource:
[C40 Cities Equity and Inclusivity in Financing Climate Action](#)

For Example

Identify innovative financial approaches which prioritise inclusion. Consider how equity and inclusivity criteria can be used for weighting and evaluating different financing options.

For example:

- Model will re-invest to improve affordability and access.
- Model will create jobs for under-served groups.
- Model will include informal sector in the workforce.
- Model will aspire to reduce racial, gender or other inequalities.
- Building in incentives for projects meeting certain equity and inclusivity related performance outcomes.

In 2017, Cape Town issued South Africa's first municipal Green Bond that met the Climate Bond Initiative taxonomy requirements which ensures that projects are aligned with global Paris Agreement climate commitments. The bond was used to invest in projects which aligned with the city's mitigation and adaptation sustainability goals. The bond had high investor uptake, demonstrating the potential of city-led green finance. The city committed to link projects funded from its green bonds to its city climate action policy, which committed it to focus service delivery to be "pro-poor". Social and human rights issues were assessed for all potential projects funded by the bond.⁹



South Africa. © natrass - Getty Images



4 Cost Benefit Analysis (CBA)

What and Why?

- A **cost benefit analysis (CBA)** allows the project team to identify and consider the costs of the project (economic, social, environmental) against the benefits. However, the benefits are often quite loosely defined and do not always effectively reflect equity and inclusivity aspects. Extra care should be taken to consider impacts across different groups.
- The costs, or negative impacts, to vulnerable or under-served communities can often be under-represented in **CBA** and possible benefits can be under- or over-exaggerated. Applying methods for taking into account the distributional effects (who and where) of the **project's cost benefit analysis** can help to identify how equitable the costs and benefits of the project are.
- A **Social Cost Benefit Analysis (SCBA)** is an appraisal tool that can be used to evaluate how projects benefit society, by converting non-monetary outcomes (such as environmental, health, safety) into a monetary value. These are not commonly used but can provide valuable insights.

How?

- The results of a cost benefit exercise should be summarised and supported by more detailed qualitative analysis and non-monetised costs and benefits.
- Against all costs and benefits identified for the project, a qualitative assessment of the proportion of the population receiving benefits/costs that are vulnerable/under-served groups should be undertaken. This can be undertaken using spatial analysis techniques to identify how costs and benefits are likely to be distributed across areas.
- Key assumptions in the calculation of costs and benefits and distributional analysis should be clearly set out.
- Having a clear sense of which equity and inclusivity stakeholders are being targeted, and how to engage them, can make these processes more nuanced and reliable.

Output:

An assessment of the costs and benefits from highest to lowest socio-economic returns

Inputs

Required:

Economic and social expertise

Actors to

be involved:

Finance departments, donors and funders, CBOs

Additional info, links to tools, resources

[C40 Cities Finance Facility | EQUITY AND INCLUSION IN FINANCING CLIMATE ACTION \(c40cff.org\)](#)

[Equator Principles 4](#)

[International Association for Impact Assessment guidance on Social Impact Assessment](#)

[Equator Principles – Climate Change Impact Assessment Guidelines](#)

[Equator Principles – Human Rights Assessment](#)

[Guidance on Social Cost Benefits Analysis and Social Return on Investment](#)

[CARE Simplified Guidelines for Social Cost Benefit Analysis of Adaptation Projects on a Local Scale](#)

[European Commission – Assessing Social Costs of Transport Infrastructure Development](#)





Stage 3: Business Case



Social Benefits Plan

Business Case

Each infrastructure project will be supported by a business case, providing the rationale for the project and how the project will be taken forward. As an aid to decision making, developing the business case is an opportunity to align the project to wider development aims of the region and country, including delivery of essential services, creating employment and inclusive growth. Use this stage to ensure the project strongly matches other social value objectives.

At this stage, the project team needs to set out a plan to ensure accountability and responsibility for embedding equity and inclusivity throughout the entire project process and to define how this will be measured.

Key moment:

The business case can be enhanced by developing clear and measurable equity and inclusivity indicators. These can help guide project activities and monitor progress.



1 Social Benefits Plan

What and Why?

A **social benefits plan** should be developed to create accountability and responsibility for delivering social outcomes (including those relating to equity and inclusivity) throughout the procurement, operation, monitoring and evaluation, and decommissioning stages of the project.

Delivering a sustainable infrastructure project provides an opportunity to amplify social, economic and environmental benefits. Being explicit about potential benefits and indicators to be monitored will enable the project to maximise outcomes as well as supporting Environmental, Social and Governance (ESG) requirements.

How?

The plan should **include overarching themes with specific objectives** relevant to the project type, priority issues for identified affected groups and required ESG outcomes.

Indicators should be developed to measure progress against the objectives. This could be **a combination of quantitative and qualitative indicators with target metrics** where applicable.

The **Social Benefits Plan** should also **include supply chain activities on the project**. The themes, objectives and metrics should be used to evaluate tenders at the procurement stage.

An example indicator could include:

- **Theme:** Equal opportunity
- **Outcome:** Reduce the disability employment gap
- **Metric:** Number of full-time equivalent (FTE) disabled people employed under the contract.

Output:
Social Benefits Plan, Indicator Database

Inputs Required:
Stakeholder Engagement Summary report

Actors to be involved:
Project Team, Commercial Teams, Monitoring and Evaluation Team

For Example

A green infrastructure project, such as a green corridor proximate to an informal settlement, can provide health benefits to low-income households, for example, reducing air pollution. Therefore, a proxy indicator could be: number of children in 1000 diagnosed with asthma, which can be valued by the decrease in healthcare expenditure.



Additional info, links to tools, resources

[UK Government Social Value Model](#)

[RIBA Social Value Toolkit for Architecture and Infrastructure](#)

[Institute of Civil Engineers Maximising Social Value from Infrastructure Projects - Guidance, Frameworks and Measurement Tools](#)

[Better Places \(Social Value\) Toolkit Guidance Note](#)

[Mainstreaming Nature-based Solution for Social Inclusion](#)

[RICS – Measuring Social Value in Infrastructure Projects](#)



Stage 4: Accessing and Linking to Finance



1
Select Appropriate
Financing
Structure and
Funder

2
Prepare
Procurement
Strategy and
Documentation

3
Contractual
Documents

Accessing and Linking to Finance

The previous stages have focused on developing the design and business case for the project, whereas this stage is focused on selecting and securing the financing, and ensuring robust contractual documentation.

The main considerations are to ensure that the efforts on equity and inclusivity of the previous stages are highlighted and reflected concretely in the financing and contracts, to ensure it is captured and delivered during implementation.

Key moment:

Aligning the project with investment partners that have a shared commitment to equity and inclusivity.



1 Select Appropriate Financing Structure and Funder

What and Why?

- Ensuring alignment between the objectives of the project and the project financing structure is important. Getting this right can help to embed and support social value ambitions of the project. Getting it wrong can undermine the gains and trust built through the process. While much of the groundwork for this entry point will have taken place at earlier moments (business case, financial feasibility) it remains important to ensure that the selected finance option continues to retain a focus on equity and inclusivity objectives.

How?

- Review the financing options available** to the project (e.g. municipal and national finance, Green Bonds, Climate Funds, Multi and Bilateral Funding, Grants and Loans from Finance Institutions) and identify how the types of funding can impact on the equity and inclusivity outcomes of the project.
- Review whether **equity and inclusivity standards** set by the financing party align with that of the project- or where they come closest.
- If a clear argument has been articulated in the business case to support specific equity and inclusivity related activities - and there are clearly costed - there may be opportunities to **identify specific sources of funding** (including grants) to help the project achieve these aims.

Output:
Financing
option

**Inputs
Required:**
Information
of Financial
Instruments

**Actors to
be involved:**
Finance and
Procurement
Teams ,
Project Team

**Key
resource:**
[C40 Cities
Equity and
Inclusion in
Financing
Climate
Action](#)





2 Prepare Procurement Strategy and Documentation

What and Why?

- The procurement process (strategy and documentation) is when many of the design decisions are translated into clear and tangible specifications that will be delivered by a supplier. This provides a valuable opportunity to ensure that equity and inclusivity elements of the project are clearly articulated and ensure that suppliers meet expected standards and set clear and monitorable performance expectations.

How?

Before

- **Market engagement** events can be used to educate suppliers on the equity and inclusivity ambitions of the project and to build capacity and answer questions.
- Create **clear and specific required expectations** on achieving equity and inclusivity outcomes. This relates both to the project design as well as the way it will be delivered (i.e. local labour, materials, hiring practices).
- Ensure that the specifications are clear on what **design standards and codes** are expected- particularly relating to accessibility (e.g. inclusive design that accommodates disabled users, by incorporating the principles of universal accessibility).
- Identify and include clear **Key Performance Indicators** that will incentivize monitoring and reporting of equity and inclusivity indicators as included in the Social Benefits Plan.
- Consider if **specific qualification** conditions can be included to ensure the benefits of implementing an infrastructure project are widely distributed (e.g. prioritising women-owned sub-contractors, minimum apprenticeship requirements).
- Use the tender minimum requirements and award criteria to attract and encourage companies that have **aligned values** and demonstrate experience in addressing inclusivity and equity. This could be reflected in the diversity of their leadership (minority and/or women-owned businesses), their commitment to fair labour practices, previous experience in delivering equity and inclusivity outcomes etc.

Output:
Robust contractual documents

Inputs Required:
Key information
e.g. KPIs,
Commercial Review

Actors to be involved:
Commercial Team,
Project Team

During

- Consider how the **procurement panel itself** reflects the aspirations of the project- and includes diverse representation.
- During **pre-screening** and **subsequent scoring**, incorporate commitments and standards on equity and inclusivity and highlight key areas such as modern slavery. Feedback to suppliers on their performance in these areas can help signal to the market the commitment to equity and inclusivity ambitions.

After

- During negotiation and award, there still may be opportunities to encourage suppliers to improve or strengthen their approach to achieving equity and inclusivity outcomes.





3 Contractual Documents

What and Why?

- Whilst a lot of the focus on equity and inclusivity can be achieved in the prior stages, it is crucial to ensure that the contracting of a project is robust and equity and inclusivity elements are clearly defined.

How?

- Establishing **Key Performance Indicators (KPIs)** related to inclusivity in the contractual agreements to measure the success of the project and define penalties for non-compliance.
- Including minimum requirements or scored criteria that further equity and inclusivity goals during implementation.

Output:
Robust contractual documents

Inputs Required:
Key information
e.g. KPIs, Commercial Review

Actors to be involved:
Commercial Team, Project Team

For Example

Below are a range of examples of project implementation, output and impact indicators focusing on gender as the target group:

Phase	Potential Indicators
Project implementation indicators	Gender responsiveness of institutional arrangements and delivery systems for inputs
	Participatory project planning and implementation with women and men in communities, including procurement activities of the project
	Training, capacity building and methodologies cater to both women and men
	HIV/AIDS awareness campaigns for workers, communities and activities promoting access to health services, treatment and counselling
Project Output Indicators	Increase in number of women selected to participate in project activities, such as road or path construction and maintenance
	Increase in ratio of women to men with access to appropriate physical infrastructure
	Increase in ratio of women to men with access to employment and income-generating activities
	Increase in HIV/AIDS awareness, access to health services, treatment and counselling
Project Impacts Indicators and rural areas)	Reduced time and costs for women and men taking goods to the market
	Increased income for women and men
	Increased number of women and men entrepreneurs on roadsides
	Reduced traffic-related accidents
	Increase in security for communities in the region
	Increase in enrolment rates in primary and secondary schools
	Improved women's participatory and decision-making skills in community infrastructure management issues
	Improved maternal and child health

Source: Gender Equality, Infrastructure and PPPs. A Primer, World Bank. <https://www.ifc.org/wps/wcm/connect/f330a3ea-7473-435d-84f8-4b55022731ee/Gender-and-PPPs-Primer.pdf?MOD=AJPERES&CVID=nAzAF0Q>





Additional info, links to tools, resources

Cities should read through the [C40 Cities Equity and Inclusion in Financing Climate Action](#) which has a wealth of information on how to embed equity and inclusivity into financing of sustainable infrastructure projects.





Stage 5: Implementation Preparation



Implementation Preparation

Whilst project implementation follows on from project preparation, there are several elements that are pertinent to the implementation stage that should be prepared and planned for during this stage, which will facilitate the smooth transition into implementation.

Crucial to securing the positive equity and inclusivity outcomes in project implementation is maintaining the focus on equity and inclusivity that was developed during project preparation. This can be challenging and requires clear commitments through communication, monitoring and evaluation and governance.

Key moment:

Developing strategies and tools that will help embed and realise equity and inclusivity during implementation is key.



1 Monitoring and Evaluation Strategy

What and Why?

- Monitoring and evaluation of data to track whether the desired outcome of a project is being achieved, and to determine if action is needed to change direction. For projects that seek to address equity and inclusivity challenges this is critical as it provides a mechanism to identify how vulnerable and under-served groups are being impacted both negatively or positively by the project.

How?

- The [Social Benefits Plan](#) should have been developed during the Business Case for the purpose of monitoring and evaluation of the project. This should include indicators for the project that use data that is disaggregated by population group and by spatial distribution.
- Identify roles, responsibilities and processes for collecting, monitoring and reporting of data, including setting out guidelines for publishing the monitoring reports.
- Depending on the ongoing governance arrangement for the project, it will be important that the monitoring of critical [KPIs](#) and data is shared to the highest level of project decision making.

Output:
Indicators
Database
Monitoring and Evaluation Plan

Inputs Required:
Disaggregated Data / Data management tool,
Confirmation of key Monitoring and Evaluation roles

Actors to be involved:
[Steering Committee](#)
Monitoring and Evaluation Team

For Example

For the Solid Waste Management Sector projects, monitoring indicators should focus on key impacted groups. For example:

% of informal waste pickers remunerated in formal waste system

% of children living near (Xm) of a landfill with respiratory illnesses

% of people living in informal settlements with regular (weekly) waste collection

For the transport sector, the 2003 implementation of the Congestion Charge in London provides a useful example. Transport for London is required to produce annual impact monitoring reports which evaluate and monitor the impact of the project on: affordability of travel, changes in access to services, shift workers, key workers, disabled people and carers.



2 Communications and Awareness Raising

What and Why?

- The Communication Plan for the project should contain specific actions for communicating with vulnerable and under-served groups during project development and implementation. (See section on [Stakeholder Engagement Plan](#)).
- Communication and awareness raising can be a key instrument to improve equity and inclusivity of a project. Engaging and informing a wide range of population groups in a city/project area about the project throughout design and implementation, supports transparency and the opportunity for vulnerable and under-served groups to participate.

How?

- In preparation for the construction and implementation of a project, an implementation communication plan should be developed setting out what information needs to be communicated, audience and channels of communication.
- Appropriate methods for communicating with vulnerable groups during construction stages should be developed. This should include clear information on the type of adverse impacts that might occur (for example, temporary closure of roads or facilities and environmental and traffic impacts) and also provide details of mitigation measures such as diversions, compensation, environmental management processes. The communication plan should set out how to communicate mitigation measures and the [grievance processes](#).
- Following project implementation there is a need to communicate with equity and inclusivity stakeholders through appropriate communications channels to promote the new infrastructure and encourage use and flag issues. To build awareness, interest and trust, and to alleviate all potential issues or concerns, a two-way communications channel with under-served groups or their representatives should be developed. This could include regular consultations or town hall meetings, community awareness-raising events, online or offline feedback and grievance redress channels.
- The communications strategy should also include actions to raise awareness about relevant equity and inclusivity issues to tackle implicit bias and stereotypes that may impact on use of the project.

Output:
Communication and awareness raising strategy

Communication Tools

Inputs Required:
Resource to recruit and employ community based organisations

Actors to be involved:
Communications Team

Community-based Organisations / Stakeholders

For Example

In Mongolia the 'Check My Service' Initiative was launched. The creation of an online tool which collects stakeholder feedback and facilitates the logging of grievances regarding the provision of public services in Mongolia. Some of the changes that resulted from this include: ticketing machine installed at district-level hospitals which removed need to queue for long hours and instead get assigned an appointment and improved access to water for remote communities.¹⁰



Medellin_ © Hispanolistic - Getty Images



3 Implementation of Governance Structure

What and Why?

- Depending on the size and the type of project, the governance arrangements for the implementation of the project may provide an opportunity for oversight by targeted stakeholders and/or their representative groups.
- Ensuring the composition of the team delivering and governing the project is reflective of the community in which it is being delivered, can be an effective way to create local buy-in, integrate local knowledge and to improve trust, inclusivity and accountability between the community and project.

How?

- The approach to implementing this will vary considerably across context and project type. However, the main focus should be on oversight and ensuring that the project is delivering as per the agreed scope and achieving the equity and inclusivity outcomes.
- Some key elements to consider:
 - Membership should reflect groups/individuals that have been part of the project and are aware of the expectations
 - Time and remuneration of participation should be considered
 - Clear role, scope and accountability mechanism

Output:
Representative
Governance
Structure

Inputs Required:
Time

**Actors to
be involved:**
Implementation
team,
Stakeholders

Additional info, links to tools, resources

[EBRD Performance Monitoring Framework \(Page 63\)](#)

[Equity and Inclusion in Financing Climate Action \(Page 46\)](#)

[Centre for Social Inclusion's Talking About Race Right Toolkit](#)



4. Sector-Specific Tools



Introduction to Tools

There are **four sector-specific tools** which have been developed to provide cities with additional support to **help embed equity and inclusivity** in the preparation process for projects across Solid Waste Management, Mass Transit, Zero Carbon Buildings and Nature-based Solutions sectors.

Each tool has a **range of questions** which are required to be filled out by the city. The **city is then invited to self-assess** itself on a range of questions that are related to each of the stages in the Guidance Note. It is anticipated that this should be done through a facilitated process. The questions are similar across the 4 tools, but each tool provides some **sector-specific areas for consideration**.

A **low, moderate and high ambition scenario** is provided for each question to give the city an indication of how well they have performed at embedding equity and inclusivity. The city will be able to select the most relevant scenario and this will result in a **score for each question**.

The output provides a graphic which shows the city which area it has done well at and **which areas needs additional attention**.

As the stages and questions are linked to the Guidance Note, if the city needs to improve in one of the stages, they can **revisit that specific stage in the Guidance Note**.

Sector Specific Tools: Solid Waste Management

Solid waste management projects will often be developed to (i) integrate new approaches and technologies to reduce emissions in waste management and/or (ii) to provide waste management services to a wider set of city residents.

From an equity and inclusivity perspective, the critical issues will be:

- Understanding the labour force directly and indirectly involved in waste management (i.e. possibility of informality, child labour).
- Engaging the community/neighbourhood where services are being developed.

Solid waste management projects have a significant opportunity to provide access to safe and fairly paid work for low income communities, to provide services that create safer and healthier communities and encourage reinvestment in surrounding areas.

Solid waste management services are often implemented through formal and informal sectors and therefore ensuring fair stakeholder representation will be sensitive and important. In addition, issues such as child labor and indecent work standards may need to be understood and addressed.



Sector Specific Tools: Mass Transit

Mass transit projects are often developed with multiple objectives: to create access to the city for marginalized communities, to increase use of public transport, and to reduce emissions by investing in low carbon transit approaches.

From an equity and inclusivity perspective, the critical issues will be:

- Considering marginalised groups / areas in the route planning (thereby for instance opening up more employment opportunities by better commuting options).
- Designing bus stations in a way that they are accessible for disabled people and safe for women and children, elderly.
- Designing a tariff system that is affordable for low-income communities.

Mass transit projects have the opportunity to create transformative benefits for communities creating access to better jobs and education, bringing new employment opportunities and creating economic transformation and increased land value along routes.

Mass transit projects will invariably require access to land and changes in land use along that land. This can be a complex process where low-income and vulnerable communities may need to be proactively protected. In addition, financing requirements for large investments may create operating models that favour higher cost services.

Sector Specific Tools: Zero Carbon Buildings

Zero Carbon Buildings projects are most often focused on increasing energy efficiency and investing in renewable energy sources for public buildings to reduce emissions and to improve the functioning of public services.

From an equity and inclusivity perspective, the critical issues will be around identifying opportunities for the projects to have a wider transformative impact across communities. Such as:

- Improving thermal comfort for students by implementing energy efficiency measures in schools.
- Training onsite construction workers to transition to energy efficient building and the use of renewable energy.
- In marginalised areas the provision of clean, affordable and reliable electricity supply combined with energy efficiency can increase service hours for schools, hospitals or public buildings.

The introduction of renewable technology (like solar) into public buildings can support wider technology shifts within surrounding communities, but this may require some foresight in the design of the project to consider whether communities may partake in the technology uplift.



Accra © Euphonia Sopotnicka - Getty Images

Sector Specific Tools: Nature-based Solutions

Nature Based Solutions cover a wide spectrum of projects that integrate land management to increase green spaces and address flooding and water management. In urban areas, these projects will often be linked to existing water sources and built environments and so may require new ways of community engagement with public and private space.

From an equity and inclusivity perspective, the critical issues will be:

- Understanding changes in land usage in the immediate and surrounding area and how that impacts on communities and groups within those communities. This will include land tenure and distribution of benefits from land use changes.
- Identifying groups that may be more impacted by floods, and how the solutions may improve or worsen conditions.

Nature Based Solutions projects can be transformative for cities addressing critical flooding issues while creating new or revitalized green spaces for the community. However, they can also be opportunities for displacement for communities living on informal and unsafe land.

When Nature Based Solutions projects are designed, it is important that there is strong early engagement on equity and inclusivity issues. Careful attention to potential issues of displacement of communities, and ensuring equitable distribution of benefits within affected communities are critical.



Dimitry B Unsplash

Terminology

Ability to Pay (ABP) Study

A Study to determine the Ability to Pay. Ability to pay refers to whether individuals have the effective income to be able to purchase a good or service.

Source: <https://www.economicshelp.org/blog/glossary/ability-to-pay/#:~:text=Ability%20to%20pay%20refer%20to,reflect%20the%20ability%20to%20pay>

Cost Benefit Analysis (CBA)

Cost-benefit analysis is defined as any quantitative analysis performed to establish whether the present value of benefits of a given project exceeds the present value of costs. Such analysis usually also produces both a net present value (NPV) calculation and an economic rate of return (ERR) calculation.

Source: IEG World Bank, IFC, MIGA, Cost-Benefit Analysis in World Bank Projects
https://ieg.worldbankgroup.org/sites/default/files/Data/Evaluation/files/cba_full_report1.pdf

Distributional Impact Assessment (DIA)

Distributional Impact Assessment is an analysis, usually quantitative in nature, which assesses the distributional effects of specific policy measures on monetary incomes across various groups of the population.

Source: European Commission, Employment Social Affairs Inclusion, Addressing economic inequalities, Distributional Impact Assessment
<https://ec.europa.eu/social/main.jsp?catId=1594 langId=en#:~:text=Distributional%20Impact%20Assessment%20is%20an,variou%20groups%20of%20the%20population>

Environmental and Social Impact Assessment (ESIA)

An environmental and social impact assessment (ESIA) is an instrument to identify and assess the potential environmental and social impacts of a proposed project, evaluate alternatives, and design appropriate mitigation, management, and monitoring measures.

Source: IFC, Environmental and Social Impact Assessment Guidelines For Hydropower Projects in Myanmar
https://www.ifc.org/wps/wcm/connect/4d3fbf08-6e26-4c50-9c58-60327f89a126/English+Language_ESIA+Guideline+for+HPP+in+Myanmar+-+Presentation.pdf?MOD=AJPERES CVID=ly0Jb2e#:~:text=An%20environmental%20and%20social%20impact,%2C%20management%2C%20and%20monitoring%20measures

Environmental and Social Management Plan (ESMP)

The ESMP consists of a set of mitigation, monitoring and institutional measures, including policies, procedures and practices – as well as the actions needed to implement these measures – to achieve the desired social and environmental sustainability outcomes. The ESMP will define desired social and environmental management outcomes and specify social and environmental indicators, targets, or acceptance (threshold) criteria to track ESMP implementation and effectiveness. It will

also provide estimates of the human and financial resources required for implementation and monitoring and identify organizational structure and processes for implementation.

Source: UNDP, Generic Terms of Reference for ESIA/ESMP
https://info.undp.org/sites/bpps/SES_Toolkit/SES%20Document%20Library/Uploaded%20October%202016/Generic%20Terms%20of%20Reference%20for%20ESIA.pdf

Grievance Redress Mechanism

A grievance redress mechanism (GRM) is a set of arrangements that enable local communities, employees, and other affected stakeholders to raise grievances with the investor and seek redress when they perceive a negative impact arising from the investor's activities. It is a key way to mitigate, manage, and resolve potential or realized negative impacts, as well as fulfill obligations under international human rights law and contribute to positive relations with communities and employees.

Source: WBG, Responsible Agricultural Investment, Knowledge Into Action Notes
<https://openknowledge.worldbank.org/bitstream/handle/10986/29483/124294-BRI-PUBLIC-KN19.pdf?sequence=1&isAllowed=y>

Key Performance Indicators (KPIs)

Key performance indicators are financial and non-financial indicators that organizations use in order to estimate and fortify how successful they are, aiming previously established long lasting goals. Appropriate selection of indicators that will be used for measuring is of a greatest importance.

Source: https://www.researchgate.net/publication/50373240_Role_and_importance_of_key_performance_indicators_measurement#:~:text=Abstract-Key%20performance%20indicators%20are%20financial%20and%20non%20financial%20indicators%20that,is%20of%20a%20greatest%20importance

Logical Framework

The Logical Framework is a tool to help strengthen project design, implementation and evaluation. This means that it is best used throughout the project cycle. The Logical Framework is a simple tool that helps you:

- organize your thinking;
- set performance indicators;
- allocate responsibilities;
- communicate information on the project concisely and unambiguously.

Source: WEDC, Loughborough University, 2011, An Introduction to the Logical Framework, Guide 6
<https://wedc-knowledge.lboro.ac.uk/resources/booklets/G006-The-Logical-Framework-online.pdf>

Social Benefits Plan

A Social Benefits Plan is a form of Social Inclusion Strategy. Social inclusion is the process of improving the terms on which individuals and groups take part in society—improving the ability, opportunity, and dignity of those disadvantaged on the basis of their identity.

Source: <https://www.worldbank.org/en/topic/social-inclusion#:~:text=Social%20inclusion%20is%20the%20process.Context>

Social Cost Benefit Analysis (SCBA)

Social cost-benefit analysis is an extension of economic cost-benefit analysis, adjusted to take into account the full spectrum of costs and benefits (including social and environmental effects) borne by society as a whole as a result of an intervention.

Source: nef, Economics in policy-making 4, Social CBA and SROI
<https://www.nefconsulting.com/wp-content/uploads/2014/10/Briefing-on-SROI-and-CBA.pdf>

Stakeholder Communications Strategy

A stakeholder engagement strategy should establish the objectives of stakeholder engagement through the plan preparation process and indicate how the involvement of stakeholders is achieved at each stage of the plan preparation/dissemination process. It should indicate how the process of policy making will be undertaken and transparency delivered. As part of delivering transparency, the strategy should be made publicly available. The strategy should include 1) the vision for stakeholder engagement and 2) the details of purpose, players, methods and responsibility. Guiding principles include inclusivity, transparency, appropriateness, clarity and comprehensiveness.

Source: Gov UK, Appendix A: Stakeholder engagement strategies
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/69208/smpg-vol2-appa.pdf

Stakeholder Engagement Plan

A stakeholder engagement plan (SEP) documents how involved and influential your project stakeholders are. It also outlines your stakeholder communication plan, including when you'll reach out to each stakeholder, what platform you'll use, and how much information you'll deliver.

Source: Asana, Project Management Resources, 5 Steps to creating a stakeholder engagement plan
<https://asana.com/resources/stakeholder-engagement-plan-template>

Steering Committee

The Steering Committee will define the strategic orientations and the programme of work of the Initiative in line with the mandate agreed upon by the Members of the Initiative, in accordance with the working methods defined by the Initiative.

Source: OECD, Terms of Reference, Steering Committee of the OECD Initiative on Water Governance
<https://www.oecd.org/cfe/regionaldevelopment/Terms-of-Reference%20-OECD-WGI.pdf>

Theory of Change

A theory of change is a method that explains how a given intervention, or set of interventions, are expected to lead to a specific development change, drawing on a causal analysis based on available evidence.

Source: UNSDG. Theory of Change, UNDAF Companion Guidance. <https://unsdg.un.org/sites/default/files/UNDG-UNDAF-Companion-Pieces-7-Theory-of-Change.pdf>

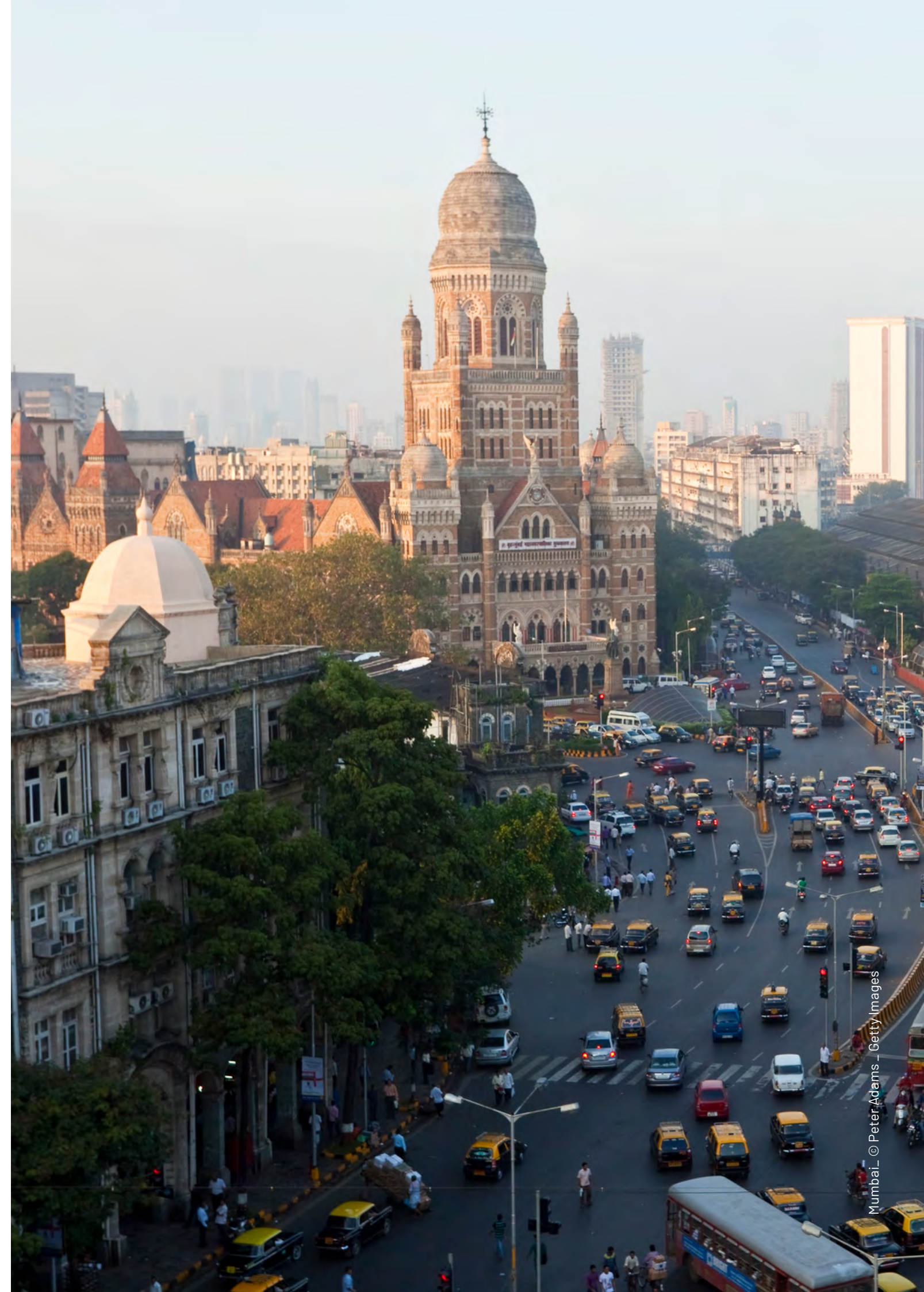
Willingness to Pay (WTP) Study

A study to determine Willingness to Pay. Willingness to pay (WTP) is the maximum amount of money a customer is willing to pay for a product or service.

Source: <https://conjointly.com/blog/willingness-to-pay/>

References

- 1 International Bank for Reconstruction and Development/ The World Bank. 2016. Shockwaves: Managing the Impacts of Climate Change on Poverty. Washington DC.
- 2 Mahendra, A., R. King, J. Du, A. Dasgupta, V. A. Beard, and A. Kallergis. 2021. "Seven Transformations for More Equitable and Sustainable Cities." World Resources Report, Towards a More Equal City. Washington, DC: World Resources Institute. <https://doi.org/10.46830/wrirpt.19.00124>.
- 3 UNEP Definition of Sustainable Infrastructure <https://www.unep.org/explore-topics/green-economy/what-we-do/sustainable-infrastructure-investment>
- 4 Beard, V.A., A. Mahendra, and M.I. Westphal. 2016. "Towards a More Equal City: Framing the Challenges and Opportunities." Working Paper. Washington, DC: World Resources Institute.
- 5 ILO. 2020. World Employment and Social Outlook: Trends 2020. Geneva: ILO.
- 6 Metcalfe, J. (2014). Bolivia Deploys the World's Largest System of Cable Cars. Citylab Website. Retrieved from www.citylab.com/solutions/2014/04/bolivia-deploys-worlds-largest-system-cable-cars/8855
- 7 World Bank. 2020. Kenya Informal Settlements Improvement Project www.documents1.worldbank.org/curated/en/687061598631750150/pdf/Kenya-Informal-Settlements-Improvement-Project.pdf
- 8 UN Environment Programme. (n.d.). Ecosystem-based Adaptation in El Salvador, Jamaica and Mexico. Retrieved from <https://www.unep.org/explore-topics/climate-action/what-we-do/climate-adaptation/ecosystem-based-adaptation/ecosystem-0>
- 9 Global Infrastructure Hub. www.content.gihub.org/live/media/1546/gih_inclusive-infrastructure-and-social-equity_aug2019.pdf
- 10 Open Government Partnership. 2016. www.opengovpartnership.org/stories/from-waste-disposal-to-water-delivery-citizen-empowerment-through-the-check-my-service-initiative



Published by

C40 Cities Finance Facility

Deutsche Gesellschaft für Internationale
Zusammenarbeit (GIZ) GmbH



Registered offices

Bonn and Eschborn,

Germany Potsdamer Platz 10
10785 Berlin, Germany

contact@c40cff.org
c40cff.org

Implementing agencies



Funding partners



UK Government



Federal Ministry
for Economic Cooperation
and Development

