

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	NICARAGUA/CID - Isthmus & DR
▪ TC Name:	Resilient Models of Social Housing for Vulnerable Populations
▪ TC Number:	NI-T1313
▪ Team Leader/Members:	Chevalier, Ophelie (CSD/HUD) Team Leader; Piedrafita, Carolina Marcela (CSD/HUD) Alternate Team Leader; Villota Coral, Maria Alejandra (CSD/HUD); Avila, Francy Dianela (CSD/HUD); Perez, Silvia (CSD/HUD); Garcia, Ana Cristina (CSD/HUD); Del Castillo, Sofia (CSD/HUD); Reyes Gonzalez, Carla (CID/CNI); Hernandez Alvarado, Heydi (CID/CNI); Barragan Crespo, Enrique Ignacio (LEG/SGO); Suarez Sandoval, Andrés Fabian (VPC/FMP); Castro Otto, Rodrigo Ismael (VPC/FMP)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	15 Sep 2022
▪ Beneficiary:	People located in the Dry Corridor and the Caribbean Coast of Nicaragua.
▪ Executing Agency:	Inter-American Development Bank
▪ IDB funding requested:	US\$665,623.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	CSD/HUD - Housing & Urban Development
▪ Unit of Disbursement Responsibility:	CSD/HUD - Housing & Urban Development
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Second Update to the Institutional Strategy 2020-2023 (AB-3190-2):	Social Inclusion and Equality; Environmental Sustainability; Gender Equality; Diversity

II. Objective and Justification

- 2.1 **Objective.** This TC will develop methodologies and prototypes of social housing solutions to meet the basic needs of vulnerable people in the Dry Corridor and the Caribbean coast of Nicaragua.
- 2.2 **Justification.** Nicaragua has high poverty levels that are concentrated socially and geographically. In 2014, the poverty rate —as measured by income— reached 35%, while extreme poverty reached 15%. However, poverty is not homogeneous among all populations; poverty rates among indigenous and Afro-descendant groups are estimated to surpass 50%. Furthermore, vulnerable groups are geographically concentrated in rural areas and the Caribbean coast: poverty rates on the Caribbean coast, for example, are almost double those observed in the Pacific, while extreme poverty is approximately four times higher than in Managua.
- 2.3 Nicaragua is one of the countries most threatened by climate variability and change. Projections predict that western Nicaragua – or Nicaragua’s Dry Corridor - could become as hot as the Sahara by 2070. The arid zones cover approximately 39,000 km², equivalent to 30.1% of the national territory. Thirty-seven percent (37%) of the rural population lives in it, which generates around 30% of the food produced by the country.

- 2.4 Nicaragua also has the highest housing deficit in the region. According to official estimations, in a country with a population of less than 6.3 million, the total housing deficit reaches 957.000 units. This means that 80% of households nationally face a deficit, either in terms of new housing or improvements on existing dwellings. Additionally, more than half of the housing stock is not connected to public services or faces physical or legal risks. The deficit varies significantly between urban and rural areas. At the urban level, the housing deficit reaches 70% of households; in rural areas and the Caribbean coast, such deficit surpasses 88%.
- 2.5 As of December 2020, only 37.7% of indicators needed to monitor the Sustainable Development Goals (SDGs) from a gender perspective were available, with gaps in areas such as gender and poverty and women's access to assets (including land). Closing these gender data gaps is a priority on the agenda of donors working in the country.
- 2.6 The poor condition of dwellings across the nation reinforces the vulnerability of large population groups and imposes a barrier to their inclusion in social and economic dynamics. In this context, the country requested the Bank's support to develop methodologies and prototypes to address the population's basic needs in the Dry Corridor and the Caribbean coast. The TC will finance needs assessments for the two regions, develop participatory and inclusive methodologies to design prototypes of housing solutions, and pilot some feasibility studies to ensure the solutions can be scaled while maintaining the flexibility needed to adapt to the social specificities of each community. The three components of this TC are detailed below.
- 2.7 **Strategic Alignment.** This TC is consistent with the Second Update of the Institutional Strategy 2020-2023 (AB-3190-2) under the development challenge of Social Inclusion and Equality by targeting vulnerable groups as beneficiaries of the TC. This operation aligns with the cross-cutting issues: (i) Climate Change and Environmental Sustainability by offering resilient housing solutions to climate change; and (ii) Gender Equality and Diversity by addressing minority groups in the Caribbean Coast and bridging the gender data gap in the country.

III. Description of Activities and Outputs

- 3.1 **Component I: Needs Assessment.** This component will finance a diagnostic to identify potential beneficiary populations and gauge their needs for housing solutions. Beneficiaries will be determined based on vulnerability, including ethnicity and climate change exposure. Qualitative data will inform on the social and cultural specificities of each community. Data to be gathered will be disaggregated by gender. The needs assessments will serve as the basis for the design of appropriate and well-targeted solutions.
- 3.2 **Component II: Prefeasibility studies.** This component will finance the participatory design of housing solutions and the economic analysis and risk assessments associated with proposed solutions. The component will also fund an institutional assessment to identify the optimal structure for execution. The solutions will prioritize the population highly vulnerable to climate change and include in the design answers to the gender gaps that the needs assessments will inform.
- 3.3 **Component III: Piloting.** This component will finance the piloting of the optimal structure, which will serve as input to improve the final methodology and housing (probably true prototypes).

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Total Funding
Needs Assessment	US\$150,000	US\$150,000
Prefeasibility studies	US\$250,000	US\$250,000
Piloting	US\$265,623	US\$265,623
Total	US\$665,623	US\$665,623

V. Executing Agency and Execution Structure

- 5.1 The Bank will be the Executing Agency and will be led by the CSD/HUD team with support from CID/CNI. CSD/HUD will act as the Disbursement Responsibility (UDR).
- 5.2 At the request of the beneficiaries and in accordance with Appendix 10 of the Operational Guidelines for Technical Cooperation Products (GN 2629 1), the Bank will be the Executing Agency (EO) due to the Bank's experience in the preparation and development of the operational and technical instruments proposed for this type of operation and its knowledge of the scope of work.

VI. Project Risks and Issues

- 6.1 Major risks include (i) changes in local conditions that can put the use of TC funds at stake and lead the Bank to suspend TC execution and (ii) changes in priorities defined by the Board. To mitigate those two risks, the team will closely coordinate with CID to adapt the execution of the TC to the potential changes in priorities. Additionally – and at the request of CID – the execution of the TC will be lead without the involvement of the government, allowing to mitigate any political and accountability risk that could emerge during TC execution.

VII. Environmental and Social Classification

- 7.1 This TC will finance investment project feasibility studies and associated environmental and social studies, whose terms of reference and outputs will be consistent with the applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).