



# Health Risk Management and Resiliency in Private Sector Projects

IDB Invest Clients' Response to the COVID-19 Pandemic, Early Lessons and a Road Map for Action Decision Framework



Environmental, Social and Governance

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# Health Risk Management and Resiliency in Private Sector Projects

## IDB Invest Clients' Response to the COVID-19 Pandemic, Early Lessons and a Road Map for Action Decision Framework

### Executive Summary

The 2019 Corona Virus (“COVID-19”) pandemic has placed new demands on the private sector to understand and manage a broader set of health issues as these have been shown to influence business operations, supply chains, workers, and communities. Proactive management of such issues across projects and operations (hereafter referred to as “projects”) has emerged as fundamental for the continuity of business. This is reflected in the early experience and on-going response to the pandemic among IDB Invest clients in the LAC region. The aim of this paper is to first describe IDB Invest clients' experience responding to the COVID-19 pandemic. Second, this paper draws on IDB clients' early lessons and on best practices in public health and safety principles to provide a road map for strengthening how worker and community health risks can be managed by private sector projects. The final goal of this paper is to enable greater resiliency among business, workers and communities to respond to the ongoing pressures of the COVID-19 pandemic and to future health challenges.

To meet the above objectives, a survey was developed and administered among a subset of 35 IDB Invest clients, across multiple sectors, to: better understand IDB Invest client preparedness prior to COVID-19 and the impact of the pandemic on business operations, and; obtain client recommendations for improving operational resilience to future health crisis.

Survey results indicate that projects that participated in this survey, identify having several project risk factors that pose greater challenges towards the management of COVID-19 transmission among their workforce. These factors include: having a large workforce (e.g., 100 or more workers); relying on a large number of subcontractors, suppliers and migrant workers to run their operations, and; having limited influence over worker housing

conditions. From a preparedness perspective, prior to COVID-19, approximately half of projects had robust and comprehensive community health risk management measures in place such as health baselines, health impact assessments, risk analysis or management plans. In terms of COVID-19 impact on operations, nearly 60% of projects have temporarily ceased work or face major project delays and 77% have experienced COVID-19 positive cases among their workforce.

Overall, recommendations made by IDB Invest client towards strengthening their own resiliency to future health risks converge on five themes:

- **Enhanced human resources and capacity with a health focus:** While the majority of clients indicate that they have medical or health staff on site, they still indicate a need for greater human resources, and capacity building for senior management and environmental, health and safety (“EHS”) professionals on a broader set of health issues affecting projects, including communicable, infectious and emerging diseases and other community health issues.
- **Integrating community health into management systems:** When clients were asked to identify existing barriers and necessary supports to prepare for future health crises, respondents identified a need for guidance integrating a broader set of community health issues in existing management system processes, including sector specific guidance and templates to manage a wide range of health risks.
- **Support for mental health of workers and families:** Mental health, social and emotional issues related to workforce and families is among the top three most important support areas identified by respondents.

# Health Risk Management and Resiliency in Private Sector Projects

## IDB Invest Clients' Response to the COVID-19 Pandemic, Early Lessons and a Road Map for Action Decision Framework

Mental health issues among workers and families are often overlooked and point to a pressing need in this health area especially during and post COVID-19 pandemic.

- **Leadership's role in strengthening health across business functions:** The need for leadership to strengthen the management of health across business functions and to drive change towards a "health prevention culture" among the workforce is broadly identified as a need among the majority of projects surveyed.
- **Strengthening local health capacity and access to water and sanitation:** Strengthening local and regional health facilities' capacity as well as communities' access to clean water and sanitation is noted among the largest external barriers to enable projects to respond to future health crisis, and among the most important future supports according to respondents. Projects indicate that coordination with local health institutions and officials during the pandemic has been one of the most important external measure to effectively respond to the pandemic. However, respondents also identified the overall lack of health sector capacity as one of the largest external barriers to being able to prepare for future health crises.

Recommendations provided in this paper draw on these survey results and build on IDB Invest policies and guidance, aligning with good management practices on community and worker health and safety measures from around the world. **This roadmap for action outlines initial steps towards a future vision where civil society, governments, businesses, and institutions achieve enhanced resilience to current and potential future health risks.**

### ROADMAP FOR ACTION

#### 1. Business leadership embraces and acts on a broader definition of health

fully integrating worker health, community health and the link between the two.

#### 2. Community-worker health issues are well-integrated in management systems

in a systematic way and incorporate a continuous improvement process as part of environmental, health and social management systems.

#### 3. Management gaps in labor and working conditions are addressed

these gaps place the health of workers and communities at risk and present vulnerabilities to business continuity.

#### 4. Engagement, collaboration, and alliances are established with the public health sector

proactive relationship-building and partnerships will facilitate the planning and collaboration required ahead of future health crisis.

#### 5. Strategic investment to support local health initiatives are promoted

focusing on investment in areas where the private sector can play a key support role and areas of mutual benefit.



#### 6. Business plays a leadership role on global health issues

business has a strategic role to play in global health issues and needs to be integrated as a key player in global health and climate change discussions and action.

# Health Risk Management and Resiliency in Private Sector Projects

## IDB Invest Clients' Response to the COVID-19 Pandemic, Early Lessons and a Road Map for Action Decision Framework

While the COVID-19 pandemic has led to devastating impacts on health and economic stability worldwide, important opportunities have also been revealed from early experience responding to this pandemic. Preliminary lessons from IDB Invest clients grappling with this challenging situation offer insights into what has worked, where gaps exist and where the opportunities to build health resiliency for the benefit of workers, communities and business operations are present. The recommendations provided are grounded on existing good practices in public health and risk and impact management, and call for a shift in business thinking and approaches to adapt to a new global reality where building resiliency to current and future health crises is required. The roadmap offered is a first step in this direction.

- 1.** Business leadership embraces and acts on a broader definition of health 
- 2.** Community-worker health issues are well-integrated in management systems 
- 3.** Management gaps in labor and working conditions are addressed 
- 4.** Engagement, collaboration, and alliances are established with the public health sector 
- 5.** Strategic investment to support local health initiatives are promoted 
- 6.** Business plays a leadership role on global health issues 

# Health Risk Management and Resiliency in Private Sector Projects

IDB Invest Clients' Response to the COVID-19 Pandemic, Early Lessons and a Road Map for Action Decision Framework

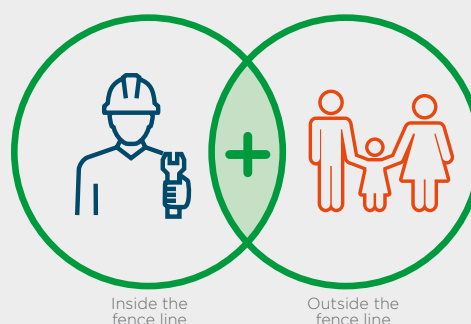
## Introduction

The unprecedented health, social and economic impacts associated with the 2019 Corona Virus (“COVID-19”) pandemic have demonstrated the vulnerabilities and effects of public health risks in governments, communities, and businesses. While still in the midst of the crisis, reflecting on early lessons and preparing a roadmap for future planning will help in the process of adapting to a new global reality. **Health has proven to be a critical driver for social and economic stability, emerging as a fundamental consideration for continuity of business. In the face of this “new normal”, it is key for the private sector to increase its understanding of a broader sets of health issues and how these can impact business operations, supply chains, workers and surrounding communities.**

Addressing health issues is not a new concept for private sector projects and for IDB Invest clients. The management of worker and community health is outlined as a requirement of the IDB Invest Environmental and Social Sustainability Policy<sup>1</sup> and more specifically in the client requirements established in the International Finance Corporation (IFC) Performance **Standards for Environmental and Social Sustainability**<sup>2</sup>. However, in practice, the integration of worker health issues, community health issues and the link between the two has not been systematically implemented in risk management frameworks, as compared to other environmental, safety and social risks, by private sector projects. The COVID-19 pandemic has demonstrated the need for addressing a broader set of health issues that recognize the strong link between worker and community health, and to do this systematically as part of a project's environmental and social management system. Notwithstanding, managing the risks posed

**by projects to its workers and communities is a requirement to access financing from multilateral development banks and most international finance institutions. Moreover, it is a business imperative in a new global reality where it is understood that diseases and other health issues do not recognize a fence-line, and play a critical role in business continuity now and in the future.**

### WORKER AND COMMUNITY HEALTH ARE INTERLINKED



**The goal of this paper is to prompt action by the private sector to systematically engage on a broader set of health issues as part of their project risk management process.** This is essential to safeguard people, business and society, as reflected by the COVID-19 pandemic, and as the private sector prepares for future emerging health risks, including those related to the changing climate and its effects on communities and the environment.

# Health Risk Management and Resiliency in Private Sector Projects

## IDB Invest Clients' Response to the COVID-19 Pandemic, Early Lessons and a Road Map for Action Decision Framework

### Background

In the Latin American and Caribbean (“LAC”) region, the human and economic costs associated with the COVID-19 pandemic has been devastating. As of August 23, 2020 LAC countries have reported almost 7 million COVID-19 cases, representing over 26% of all reported cases globally. Brazil, one of the largest LAC countries has suffered the second highest confirmed cases, after the United States of America.<sup>3</sup> The region has also suffered more than 250,000 reported deaths.<sup>4</sup> This has had a dramatic impact on border status with only five Inter-American Development Bank’s (“IDB”) member countries having partially open border policies for select travelers. The remaining countries are in a state of full lockdown.<sup>5</sup> Furthermore, recent IDB economic assessments predict LAC countries will face unprecedented budgetary pressures affecting both the public and private sector. Predicted 2020 growth rates for the region range from -1.8% and -5.5% and projected gross domestic product (“GDP”) loss is between 6.3 and 14.4 over the next three years.<sup>6</sup>

IDB Invest recognizes that its private sector clients in the region continue to face significant health and business challenges in the course of an active response. In reaction to these challenges, the IDB Group<sup>7</sup> developed multiple tools to support the LAC region. These include a Coronavirus Impact Dashboard to track the impact of COVID-19 in real-time<sup>8</sup>;

the expansion of covered risks to include public health (including COVID-19) under the Contingent Credit Facility for Natural Disasters and Emergencies,<sup>9</sup> and the development of a series of risk management tools developed by IDB Invest for clients in the infrastructure<sup>10</sup>, agriculture sectors<sup>11</sup> as well as a corporate governance COVID-19 guidance note focusing on the role of Board of Directors<sup>12</sup>.

### Purpose of this Paper

This issues paper aims to draw on early lessons from the COVID-19 experience to better understand how health risks impact business continuity, with the intention of promoting a more robust and integrated management of a broader set of health issues among private sector projects. This paper first describes how IDB Invest clients across various sectors are responding to the COVID-19 pandemic. Second, stemming from the clients’ early lessons and based on public health principles, it provides a road map to strengthen worker and community health risk management by private sector projects, with the ultimate goal of enabling greater preparedness and resiliency among business, workers and communities to tackle future health challenges.

<sup>3</sup>World Health Organization. 2020. WHO Coronavirus Disease (COVID-19) Dashboard. Available online at: [https://covid19.who.int/?gclid=CjwKCAjw4rf6BRAvEiwAn2Q76hYU\\_Llj\\_oetU3qJe3WSleCPGwFRZ1dDY4MyFNKRd\\_OH99YBkcVC7xoC-zgQAvD\\_BwE](https://covid19.who.int/?gclid=CjwKCAjw4rf6BRAvEiwAn2Q76hYU_Llj_oetU3qJe3WSleCPGwFRZ1dDY4MyFNKRd_OH99YBkcVC7xoC-zgQAvD_BwE)

<sup>4</sup>IDB Coronavirus Impact Dashboard. COVID-19 Cases. <https://www.iadb.org/en/coronavirus/current-situation-pandemic>

<sup>5</sup>IDB Coronavirus Impact Dashboard. Border Status <https://datamig.org/#/covid19>

<sup>6</sup>IDB, 2020. Policies to Fight the Pandemic: 2020 Latin American and Caribbean Macroeconomic report. [https://publications.iadb.org/publications/english/document/2020\\_Latin\\_American\\_and\\_Caribbean\\_Macroeconomic\\_Report\\_Policies\\_to\\_Fight\\_the\\_Pandemic.pdf](https://publications.iadb.org/publications/english/document/2020_Latin_American_and_Caribbean_Macroeconomic_Report_Policies_to_Fight_the_Pandemic.pdf)

<sup>7</sup>Composed by the Inter-American Development Bank, the Inter-American Investment Corporation -IIC, (now IDB Invest) and the Multilateral Investment Fund -MIF (now IDB Lab).

<sup>8</sup>IDB. Coronavirus Impact Dashboard. About the Coronavirus Impact Dashboard. <https://www.iadb.org/en/topics-effectiveness-improving-lives/coronavirus-impact-dashboard-about>

<sup>9</sup><https://www.iadb.org/en/news/idb-expands-coverage-covid-19-and-public-health-risks-contingent-loans>

<sup>10</sup>IDB Invest, 2020. Guidance for Infrastructure Projects on COVID-19: A Rapid Risk Profile and Decision Framework <https://www.idbinvest.org/en/publications/guidance-infrastructure-projects-covid-19-rapid-risk-profile-and-decision-framework>

<sup>11</sup>IDB Invest, 2020. Guidance for the Agriculture Sector on COVID-19: Risks and Response Framework. Available online at: <https://www.idbinvest.org/en/publications/guidance-agriculture-sector-covid-19-risks-and-response-framework>

<sup>12</sup>Corporate Governance: COVID-19 and the Board of Directors <https://www.idbinvest.org/en/publications/corporate-governance-covid-19-and-board-directors>



# Health Risk Management and Resiliency in Private Sector Projects

## IDB Invest Clients' Response to the COVID-19 Pandemic, Early Lessons and a Road Map for Action Decision Framework

### Approach

In order to gain a better understanding of the impact, response, and early lessons related to COVID-19 and to support improvements in health risk management for workers and communities, a short survey was developed and administered among IDB Invest clients. **The objective of the survey was to understand IDB Invest client preparedness prior to COVID-19; the impact of the pandemic on their business; and to obtain client lessons and recommendations for improving operational resilience and response to future health crises.**

The survey, completed between July 21 and 28, 2020 by 35 IDB Invest clients operating in the LAC region, across multiple sectors, was answered by the project or corporate environmental, health and safety (“EHS”) Lead. It consisted of 30 questions and focused on health risk management strategies implemented prior to the pandemic; health and business related impacts as a result of the COVID-19; reflections on the effectiveness of response strategies and recommendations for future health risk management practice.<sup>13</sup> Where relevant, results were disaggregated and compared by the type of project (e.g. if respondents represented a single project or multiple operations under a single corporation). Further comparisons were made (where relevant) based on workforce size (e.g., less than 100 workers, compared to projects with greater than 100 workers, indicating a higher complexity for the management of disease transmission). Given the sample size of the survey (35 responses) results should be viewed as directional or indicative of the experience of some IDB

Invest clients, rather than representative of all clients.

Recommendations are based on survey results and good practice drawn from professional experience identifying and managing social, environmental and health risks in development projects. They are also informed by the concepts and requirements included in the IDB Invest Environmental and Social Sustainability. The road map presented in this paper reflects a set of important actions recommended to help projects improve health risk management and project resiliency.

<sup>13</sup> It took approximately 15 minutes to complete the survey, which included predominantly multiple-choice, and several open-ended questions.

# Health Risk Management and Resiliency in Private Sector Projects

IDB Invest Clients' Response to the COVID-19 Pandemic, Early Lessons and a Road Map for Action Decision Framework

## Experiences and Response from Private Sector Projects and Operations

### CLIENT PROFILE

Survey results are based on the responses of 35 IDB Invest clients, that collectively manage approximately 78,000 workers and contractors in the LAC region. Sectors represented include infrastructure and energy (66%; n=23 responses), manufacturing (20%; n=7), agribusiness (8%; n=3), tourism (3%; n=1) and financial intermediaries (3%; n=1).

Of the clients surveyed, 60% represent a single project (n=21) and 40% (n=14) represent several operations under a single corporation. Of the single project clients, 71% have a workforce of 100 or more workers or contractors ("workers"), with an average workforce size of 1,290 people (with 100 as the minimum and 6,000 as the maximum). For multiple operations under a single corporation, the average size of the workforce is 4,490 (with 200 as the minimum and 35,000 as the maximum). The representation of women in the workforce is estimated to be 30% among respondents that answered this question in the survey (n=23)<sup>14</sup>, with a higher percentage of women workers in the tourism sector (60%), followed by the financial intermediary sector (55%), manufacturing (31%) and infrastructure and energy (25%). Most respondents (80%) indicate that their project do not provide worker accommodations (e.g., their workers go home after their shift). When describing the context of their operations, 71% indicates that their projects are located in areas (either urban or rural/semi-rural), where people generally have good access to health care facilities and water and sanitation.

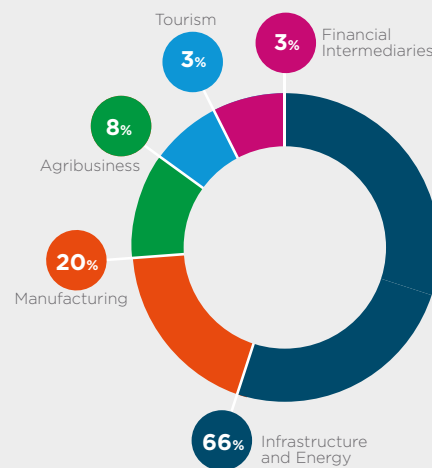


35  
IDB Invest  
projects/operations  
or corporations participated  
in the survey



~78,000  
workers and  
contractors represented  
by the participating projects/  
operations/ corporations

### SECTOR PARTICIPATION



### COMMON PROJECT RISK FACTORS AMONG CLIENTS

**Large workforces** - 71% had workforces of 100+ workers, averaging 1,290 workers.

**89% relied on contractors** and subcontractors for their operations.

**60% relied on migrant workers** for business operations.

### IMPACTS OF COVID-19

**57%** had to temporarily cease work or faced major delays.

**77%** of clients surveyed had had COVID-19 positive cases among their workforce.

<sup>14</sup> Respondents in agribusiness left this question blank.

# Health Risk Management and Resiliency in Private Sector Projects

## IDB Invest Clients' Response to the COVID-19 Pandemic, Early Lessons and a Road Map for Action Decision Framework

Clients that participated in this survey identified several project risk factors that present greater challenges to managing COVID-19 transmission and infection among their workforce, such as: large workforces (e.g., 100 or more workers); a reliance on a large number of subcontractors or suppliers (89%) and migrants workers (60%) to operate their projects, and limited influence over worker accommodations or conditions (80%).

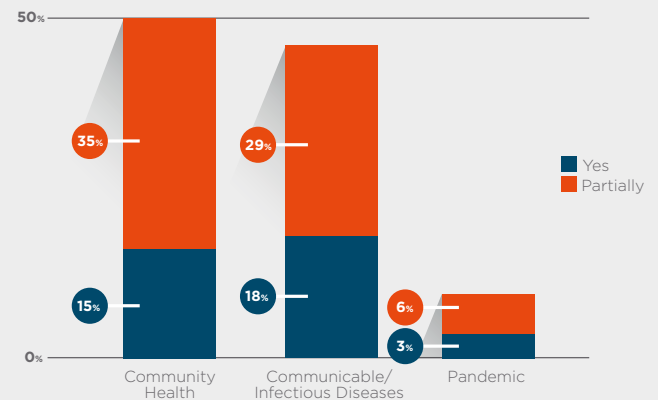
### Preparedness & Impact of COVID-19

#### PREPAREDNESS

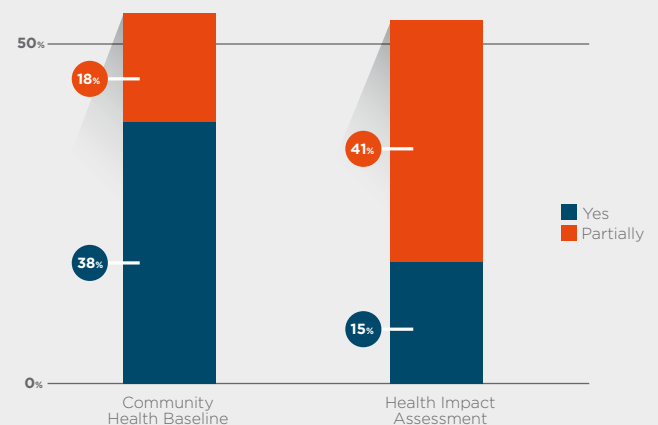
Several questions in the survey focused on how well prepared IDB Invest clients were to manage a health crisis **prior to COVID-19**. These questions focused on the extent to which projects considered health issues within internal risk and impact management processes<sup>15</sup> ahead of the COVID-19 pandemic. Findings indicate that communicable or infectious diseases were more often considered in internal risk assessments, compared to other community health issues<sup>16</sup> and pandemics. Over half of projects had thoroughly or partially considered communicable or infectious disease risks (59%) and had related management plans in place (47%) prior to COVID-19. Fifty-three percent (53%) of projects had thoroughly or partially considered other community health issues in internal risk assessments and 50% had related management plans prior to COVID-19. Only 9% (3) of projects surveyed had considered pandemics (thoroughly or partially) in internal risk assessments and had related management plans prior to COVID-19. Projects were also asked if they had completed a community health baseline or had conducted a community health impact assessment (HIA) prior to COVID-19. Fifty-six percent (56%) of sites had thoroughly or partially developed a health baseline in place, and 56% had thoroughly or partially conducted an HIA.

#### PREPAREDNESS FOR COVID-19

##### Health Management Plans in Place Prior to COVID-19



##### Health Baselines and Health Impact Assessments Prior to COVID-19



Most projects (89%) indicate that they have a medical doctor or health professional on staff to address health issues .

<sup>15</sup> As per the requirements in IDB Invest Environmental and Social Sustainability Policy and the application of the IFC Performance Standards.

<sup>16</sup> Other community health issues included traffic safety; sexually transmitted diseases; alcoholism, domestic violence, etc.

# Health Risk Management and Resiliency in Private Sector Projects

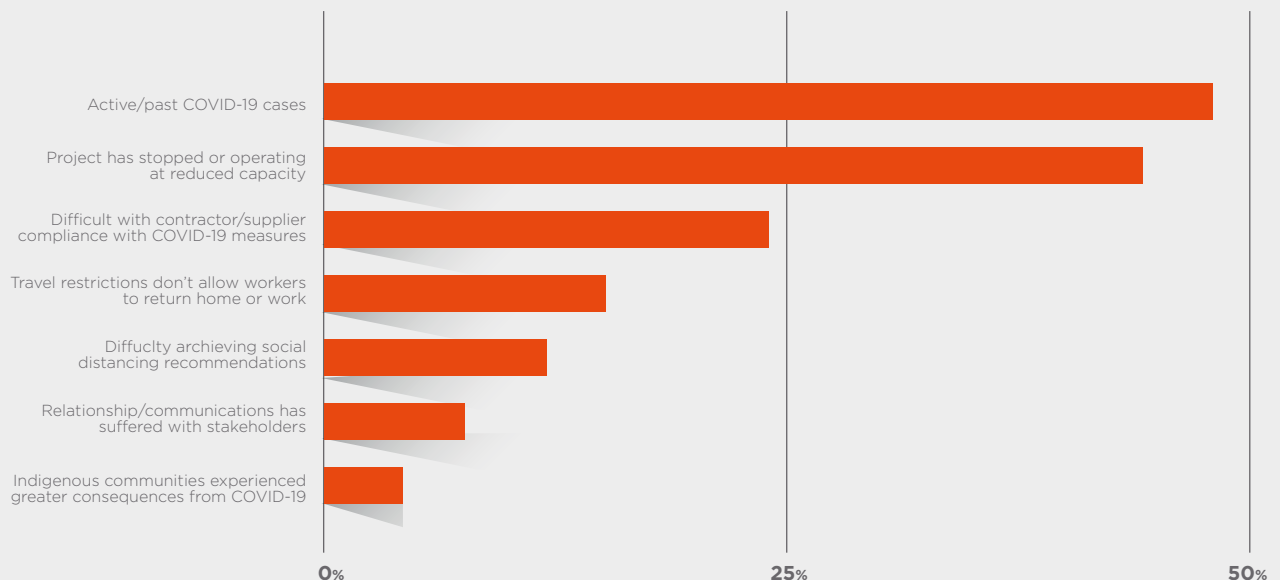
## IDB Invest Clients' Response to the COVID-19 Pandemic, Early Lessons and a Road Map for Action Decision Framework

### IMPACT OF COVID-19

Survey results provide insight on the impact COVID-19 has had on projects. As of July 28, 2020, 77% (n=27) of clients surveyed reported COVID-19 positive cases among their workforce at their project. Fifty-seven percent (57%) of clients across all sectors, except for agribusiness<sup>17</sup>, report that the pandemic has prompted their projects to either temporarily cease work or that they have faced major delays. Average reported expenditures for COVID-19 response measures are US\$70,662 for single projects as compared to US\$537,000 for several operations under a single corporation.<sup>18</sup> Some respondents referenced costs being allocated towards workplace prevention activities, cleaning, sanitation, social supports among communities and supports for local hospitals and health centers.

The main challenges projects still face regarding COVID-19 include having active COVID-19 cases in the workforce; cessation of business operations or a reduction in operational capacity, and difficulty getting contractors and / to implement COVID-19 measures. Several projects also indicate that their stakeholder relationships have been affected as a result of the crisis, indicating that fears over COVID-19 transmission among community stakeholders make it difficult to gain support for restarting or maintaining certain project activities (e.g., maintenance of infrastructure).

### CHALLENGES CLIENTS ARE FACING



<sup>17</sup>This may be more indicative of agribusiness being an essential sector that requires continuity of operation during the pandemic rather than a measure of COVID-19 impact on the sector. It should also be noted that the agribusiness sample was small (n=3) and therefore is not representative of the experience of the sector as a whole.

<sup>18</sup>Many respondents left this question blank, therefore these numbers should be seen as indicative rather than representative of all IDB projects.

# Health Risk Management and Resiliency in Private Sector Projects

## IDB Invest Clients' Response to the COVID-19 Pandemic, Early Lessons and a Road Map for Action Decision Framework

### Client Insights and Recommendations for Building Business Resiliency on Health

#### MOST HELPFUL MEASURES USED TO MANAGE COVID-19

IDB Invest clients were asked to share their opinion on the most helpful measures to prevent and control the spread of COVID-19 in their projects across three different areas: Management Measures, Workforce Measures and External Measures. The most helpful measures to respond to COVID-19 as indicated by respondents are:

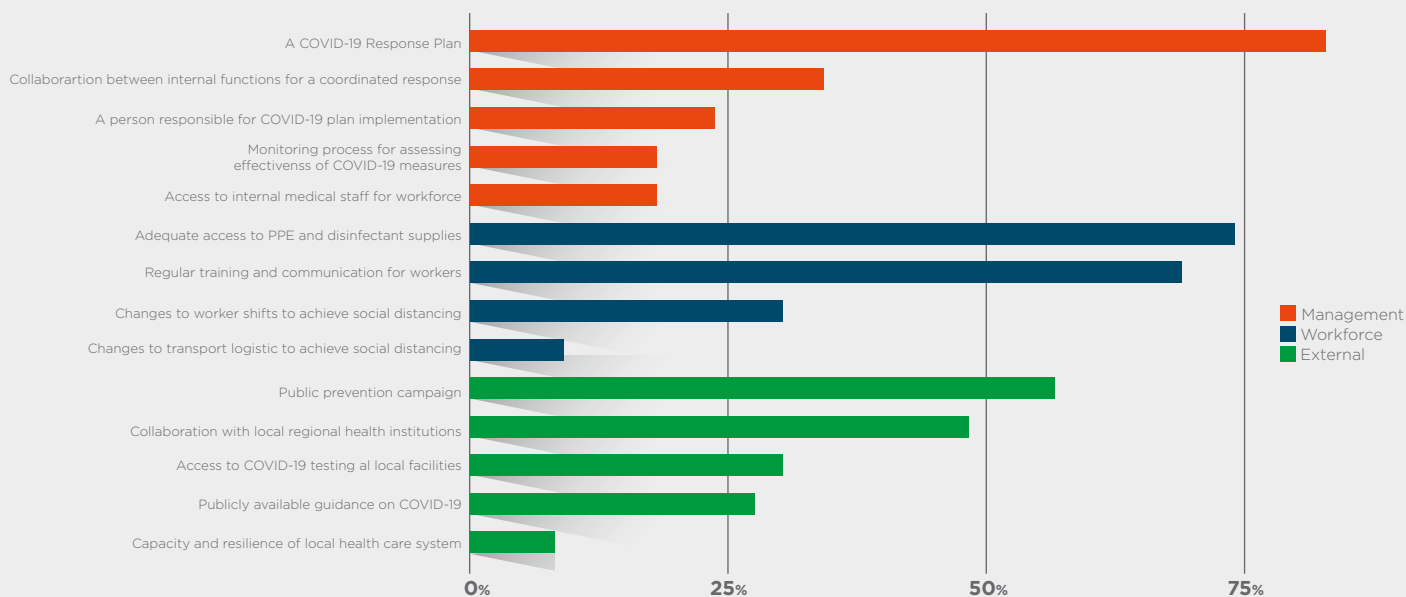
— **Management Measures:** **1)** Having a COVID-19 response plan; **2)** having internal collaboration for a coordinated response; and **3)** having a specific person responsible for the implementation of the COVID-19 response.

— **Specific workforce Measures or Controls:** **1)** Having adequate access to personal protection

equipment (“PPE”) and disinfecting supplies; **2)** having regular training and communication with the workforce regarding COVID-19 measures; and **3)** changing workforce shifts to allow for greater physical distancing between workers. Remote work arrangements and daily health screenings are also highlighted.

— **External Measures: top measures include:** **1)** Public health awareness campaigns; **2)** collaboration with local and regional health officials and facilities; and **3)** access to COVID-19 testing at regional facilities. Publicly available guidance on responding to COVID-19 is noted an important measure, along with support programs for the health sector and supporting communities with food distribution during the crisis.

#### MOST HELPFUL MEASURES TO RESPOND TO COVID-19



# Health Risk Management and Resiliency in Private Sector Projects

## IDB Invest Clients' Response to the COVID-19 Pandemic, Early Lessons and a Road Map for Action Decision Framework

### BARRIERS TO STRENGTHENING PROJECT'S RESPONSE TO HEALTH CRISES IN THE FUTURE

Clients shared their perspectives on the main barriers affecting their project's ability to strengthen its response to future health crises. Participants identified the following internal and external barriers:

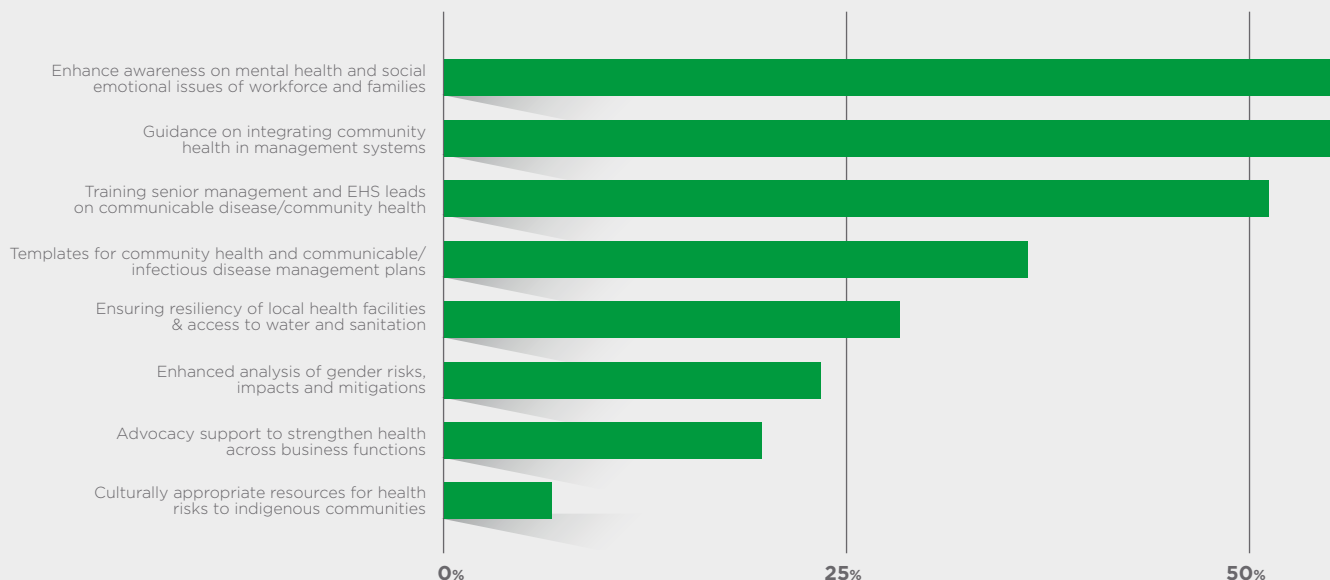
- **Internal Barrier or Opportunities** **1)** Limited human resources to manage community health issues; **2)** lack of processes within management systems to address community health issues; and **3)** limited health prevention knowledge and lack of a “prevention culture” among workers. High cost, lack of experience addressing community health issues and lack of leadership support for strengthening health risk management across business functions were also mentioned though with less frequency.
- **External Barriers or Opportunities:** External barriers most often cited included: **1)** lack of capacity of local health care facilities and access to these services; **2)** lack of clear and decisive action to respond to the health crisis on the part of governments; and **3)** lack of capacity of local and regional governments to support and address community health risks and

issues. Lack of awareness and a “prevention culture” among communities where projects are embedded is also cited as an important barrier or opportunity.

### SUPPORTS FOR SECTORS' RESILIENCY TO HEALTH CRISES/SHOCKS

IDB Invest clients also provided their perspective on the most important supports needed for their sector to become more resilient to future health crises. The most commonly identified supports are: **1)** Sector specific guidance for how to assess and manage a wide range of health risks; **2)** guidance on the integration of community health issues in management systems; and **3)** greater awareness and advocacy on mental health and social and emotional issues related to workforce and families. Other supports mentioned included capacity building for senior management and EHS professionals on communicable and infectious diseases and other community health issues; templates for health management plans (communicable, infectious diseases, other community health issues, etc.); and supports to strengthen local health facilities as well as communities' access to clean water and sanitation services.

### NECESSARY SUPPORTS TO STRENGTHEN RESPONSE TO FUTURE HEALTH CRISIS



# Health Risk Management and Resiliency in Private Sector Projects

## IDB Invest Clients' Response to the COVID-19 Pandemic, Early Lessons and a Road Map for Action Decision Framework

### ROADMAP FOR ACTION

The roadmap for action presented below draws on the client survey insights and early lessons related to COVID-19 responses and impacts. The recommendations outlined in the road map align to the concepts and requirements of the IDB Invest Environmental and Social Sustainability Policy and the client requirements described in the IFC Performance Standards, as well as good management practices on community/worker health and safety from experience around the world. This roadmap for action outlines initial steps towards a future vision where civil society, governments, businesses, and institutions achieve enhanced resiliency to current and potential future health risks.

#### 1. Business leadership embraces and acts on a broader definition of health

fully integrating worker health, community health and the link between the two.

#### 2. Community-worker health issues are well-integrated in management systems

in a systematic way and incorporate a continuous improvement process as part of environmental, health and social management systems.

#### 3. Management gaps in labor and working conditions are addressed

these gaps place the health of workers and communities at risk and present vulnerabilities to business continuity.

#### 4. Engagement, collaboration, and alliances are established with the public health sector

proactive relationship-building and partnerships will facilitate the planning and collaboration required ahead of health crisis.

#### 5. Strategic investment to support local health initiatives are promoted

focusing on investment in areas where the private sector can play a key support role and areas of mutual benefit.

#### 6. Business plays a leadership role in global health issues

business has a strategic role to play in global health issues and needs to be integrated as a key player in global health and climate change discussions and action.



# Health Risk Management and Resiliency in Private Sector Projects

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### 1. Business leadership embraces and acts on a broader definition of health

Business leaders will need to fully embrace health and increase their understanding of health concepts in order to shift corporate and project governance structures required to address critical gaps in current health performance. To do this, there should first be a recognition that health is an outcome deeply influenced by social and environmental conditions - an individual's health is highly dependent on how they experience life and the environment conditions in which they live and work. Determinants of health include working conditions, the environment, housing, economic opportunities, education, transportation, among others. **The changes to environmental and social conditions linked to the development of private sector projects, and the related effects to the health of workers and communities must be recognized. This will help to clearly establish the business case for action on health issues by the private sector.**

Second, a community-worker health link should be clearly established. IFC Performance Standard 2<sup>19</sup> articulates requirements to safeguard workers. While the areas of occupational exposures and safety are robust and have developed and improved throughout the years, the management of other health risks for workers including mental health, emerging infectious disease management and non-communicable diseases is still in development or is non-existing in many global jurisdictions. Community Health, Safety and Security is addressed in IFC Performance Standard 4<sup>20</sup>, however community health is often not robustly nor systematically included

in project impact analysis and management measures. There has been a long-standing resistance by private sector projects to address community health issues as the business case has been difficult to establish and for fear of stepping into an area that is seen as the “responsibility of government authorities.” **Recognizing a broader set of worker health issues, community health issues and the link between the two is critical to fully understand how public health issues impact projects and in turn how projects affect the health of workers and communities.**<sup>21</sup> With this approach, the linkage between worker and community health is supported and not siloed, and engagement with relevant authorities and other stakeholders in the establishment of mitigations around exposure to disease is clearly articulated to safeguard workers and community members. The coupling of worker and community health and safety also allows for health and safety practitioners to broaden ideas and concepts of health risk, in and outside ‘of the fence’.

Recognizing these two important linkages will set the stage for **health to emerge as an umbrella concept** for an organization. Integrating health as a critical value within an organization will help to guide all its actions and will become a core business function. These are fundamental requirements to address the dynamic nature of community and worker health conditions and potential future health risk scenarios. Specific actions to be taken by business leadership include:

<sup>19</sup> IFC, 2012. Performance Standard 2: Labor and Working Conditions.

[https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/policies-standards/performance-standards/ps2](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/performance-standards/ps2)

<sup>20</sup> IFC, 2012. Performance Standard 4: Community Health, Safety and Security.

<sup>21</sup> [https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/policies-standards/performance-standards/ps4](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/performance-standards/ps4)

This link is perhaps best presented to date by the European Bank for Reconstruction and Development (“EBRD”). EBRD has taken a unique approach with their Performance Requirements and linked health, safety and security for both workers and communities in one standard (Performance Requirement 4.

<https://www.ebrd.com/who-we-are/our-values/environmental-and-social-policy/performance-requirements.html>



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- Corporate boards and business leaders will need to clearly articulate the business case for taking proactive action on a broader set of health issues inside and outside of the fence. Clearly establishing the link between how the physical, biological, and social environments impact health, and making the worker-community health link, will be important to establish how business operations affect health and vice versa.
- Corporate EHS, community and sustainability policies should be updated to include specific values and commitments around worker - community health to provide a common vision and direction for action.
- Awareness and knowledge among staff, contractors and suppliers on health risks should be enhanced with training on the link between worker and community health and the range of health risks and impacts that can emerge specific to the sector and type of project in question. These concepts need to be understood broadly across a project teams (e.g., similar to how 'safety issues' are well understood by all within an organization).
- Integrate public health expertise within EHS, social, sustainability functions, and provide sufficient authority to these roles to inform project decisions across all business functions. Make sure organizational structures allow for worker and community health to be managed in an integrated way.
- Secure resources to hire health staff or build internal capacity of existing health staff to cover a broader set of worker and community health issues; and involve staff in broader health risk and impact management measures and processes (see Recommendation 2).

# Health Risk Management and Resiliency in Private Sector Projects

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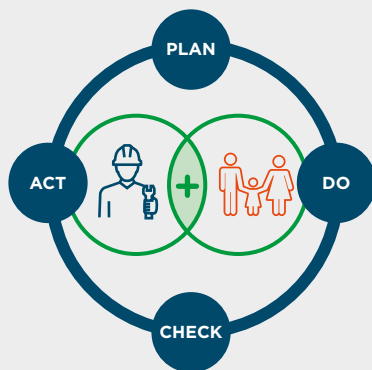
## 2. Community-worker health issues are well-integrated in management systems

Integrating community health issues that are affected by, and that can influence business operations into management systems is critical to addressing project impacts on worker and community health and to managing project risk. It is recommended that projects integrate community-worker health issues fully in internal risk assessments and throughout the impact assessment and management process, including in baseline studies, impact assessments, stakeholder engagement, management plans and in emergency preparedness and response plans. This recommendation aligns with IFC Performance Standards<sup>22</sup> which identify core requirements for an effective environmental and social management system to effectively address risks to project and risks to communities. By integrating a health lens into these existing processes, projects can ensure an integrated and more robust management of these issues rather than creating silos.

Actions include:

- Integrate community and worker health **issues in annual** internal risk assessments to ensure these issues (e.g., pandemics, extreme weather events, etc.) are considered and controls are identified. Make sure that health risks identified are incorporated and addressed in emergency, preparedness and response plans, and crisis management and business continuity plans.
- Make sure projects have developed **community health baselines**, that outline the health conditions and health determinants in the project area as well as the resource capacity and constraints of health care systems that projects and local communities rely on. These baselines provide important information about health conditions in the local context that can help projects better understand local health risks and impacts, and that will allow projects to conduct better monitoring and evaluation of the influence of their operations on the local context. With a solid baseline of health conditions and associated and relevant determinants of health (drivers of good and poor health), potential health risks and impacts can be easily identified and assessed, and appropriate management plans can be put in place.

### WORKER-COMMUNITY HEALTH IN MANAGEMENT SYSTEMS



<sup>22</sup>The applicable IFC's Performance Standards ("PS") include: PS1: Assessment and Management of Environmental and Social Risks and Impacts; PS2: Labor and Working Conditions; and PS4: Community Health, Safety and Security. In addition, PS3: Resource Efficiency and Pollution Prevention, PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources and PS7: Indigenous Peoples should also be referenced as there are important linkages to health. [https://www.ifc.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards/](https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards/)

# Health Risk Management and Resiliency in Private Sector Projects

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- Make sure that impact assessments include a community and worker **health impact chapter** (often called a Health Impact Assessment<sup>23</sup> or HIA) as part of the social and environmental impact studies. This includes the need for assessments that appropriately identify communities affected by projects with data that is disaggregated by age and gender, other vulnerability criteria (e.g., socio-economically disadvantaged, ethnic minorities, those with pre-existing conditions, etc.) and geographic location. Such assessments should reflect the complexity and scale of a project and should include corresponding management plans to above all avoid, minimize, and mitigate issues identified. Implementation requirements will also inform how a project should be resourced (includes the staffing of projects with personnel having public or community health experience, and the advocacy and training required internally).
- Address health risks and impacts in existing management plans (social, environmental, health and safety) or create **health management plans** to address issues that may not easily fall within existing plans such as communicable or infectious diseases; mental health and well-being of families and workers, etc. Management plans should include specific mechanisms for contractor compliance, that reflect the need to build awareness and capacity among this part of the workforce to comply with health management measures.
- Other important mechanisms such as **stakeholder engagement plans and grievance mechanisms** should consider the health risks and impacts identified and should be adapted to include relationship building with key health stakeholders and promptly addressing health related grievances incorporating root-cause analysis to resolve potential health issues that are being systematically raised by communities.
- Monitoring and evaluation of health elements in the management system will help to ensure that management plans and controls can be adapted on a continuous basis as needs and health issues change. **Experience tells that health management and mitigation measures should change over the course of a project as health conditions are also likely to change. These must be living processes and require active engagement with workers and communities.**

<sup>23</sup>Asian Development Bank. 2018. Health Impact Assessment: A good practice source book. <https://www.adb.org/sites/default/files/institutional-document/452951/health-impact-assessment-sourcebook.pdf>

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### 3. Management gaps in labor and working conditions are addressed

Management gaps in labor and working conditions place the health of workers and communities at risk and present vulnerabilities to business continuity. In many LAC countries, like in other global jurisdictions, workers experience many vulnerabilities related to unsafe working conditions. Compliance with international labor standards on topics including exposures, protection of workers from long working rotations, access to health insurance, and the provision of living wages are established safeguards that have been put in place to protect workers. An area that requires greater focus involves the development of standards and monitoring of worker conditions and accommodations. For example, over a decade ago, IFC and EBRD released guidance on worker accommodation standards<sup>24</sup>, but in practical application, this is still a major challenge for projects, especially those located in rural areas or with multiple subcontractors. Empirical evidence shows that, in some developing countries<sup>25</sup>, worker accommodations are often overcrowded, lack appropriate ventilation, and access to water, sanitation and hygiene, and thus, often represent hot spots for disease transmission or prompt a mental health crisis. Improvement in this area is necessary not only to comply with existing standards<sup>26</sup> but to keep workers physically and mentally healthy in normal conditions, and especially during health crisis like COVID-19. Furthermore, when considering gender-specific issues linked to labor and working conditions, it's important to note that having proper (and monitored) lodging facilities - according to local regulation and best practices<sup>27</sup> - including access to leisure activities, mental health supports, and allowing ample communication/ interaction with

families and friends (in the workers' city of origin) and adequate social interaction with surrounding communities, plays an important role in the prevention of gender-based violence (GBV) and intimate partner violence (IPV), which have been on the rise with the current health crisis<sup>28</sup>. These effects, particularly among the female workforce, present a serious issue affecting public health and business continuity (e.g., distraction, stress and injuries also increase the risk of labor accidents and absenteeism). **The environment that people live in and work and their labor conditions have direct implications for productivity, health and well-being of workers and their families.**

As mentioned above, not all workers are affected the same way - some workers experience greater vulnerabilities compared to others based on either their identity, their living conditions and how they are treated by the society they live in. For example, women and indigenous people may be more vulnerable to experiencing negative effects from projects and may be less likely to benefit from their positive effects, such as access to training, employment and contracting opportunities. To ensure projects are taking these vulnerabilities into account, it will be important for business to apply a gender, human rights and indigenous people lens in assessments of project impacts and on people and the environment (see No. 2 of the roadmap). There are strong linkages between gender, health, human rights, and indigenous people's experience and understanding these linkages will help to analyze cross-cutting issues in an integrated rather than siloed way. For example, access to water is a human right and also a health determinant, that can

<sup>24</sup>IFC and EBRD, 2009. Workers' Accommodation: Processes and Standards. [https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/publications/publications\\_gpn\\_workersaccommodation](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_gpn_workersaccommodation)

<sup>25</sup>Taken out of the analysis of various IDB Group's Project Supervision Reports.

<sup>26</sup>See footnote 24.

<sup>27</sup>See footnote 24.

<sup>28</sup>UN Secretary-General's policy brief: The impact of COVID-19 on women

<https://www.unwomen.org/en/digital-library/publications/2020/04/policy-brief-the-impact-of-covid-19-on-women>

# Health Risk Management and Resiliency in Private Sector Projects

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impact men and women differently, especially those with stronger reliance on natural living systems such as indigenous communities. Therefore, recognizing these linkages can only strengthen these assessments and support developing appropriate mitigations and means that have far reaching impacts on the health and livelihoods of all people. Moreover, indigenous people in the workforce or within neighboring communities may have less access to resources that support good health, may be less likely to be vaccinated,

and may not rely on traditional health care systems requiring differentiated response measures for these groups.<sup>29</sup> Good health is an ultimate human right, and to achieve good health it is important to recognize that health outcomes are, in many cases, different for vulnerable groups such as women and indigenous people. **Health management plans with differentiated measures for vulnerable groups and that integrate a gender and human rights lens are needed to support the right to good health for all.**



### 4. Engagement, Collaboration and Alliances are established with the Public Health Sector

As evidenced by the COVID-19 pandemic, the public health sector represents a critical stakeholder group, which projects should have established relationships with to share information and to collaborate with on current and emerging health issues, emergencies and planning for future health crisis. Furthermore, local health professionals have strong relationships with community members, and are a trusted source of information and support within a community. Direct engagement with public health stakeholders is a critical risk management measure for private sector development projects. Survey findings support this indicating public awareness campaigns and local collaboration with health officials were top external supports critical to the COVID-19 response and to responding to future health crisis.

Another benefit of robust engagement with this sector is the ability to bring in health capacity and skills that may be lacking within a project's internal skillset. It is a reality that many projects may not have the internal health capacity to identify or develop appropriate baseline, impact assessments or to manage

local health risks alone. Engaging with and directly involving health sector representatives in the establishment of baseline conditions, the assessment of health risks and monitoring of conditions can ensure ethical requirements related to health data and privacy are met, mitigations are designed to be culturally appropriate, and important relationships are established to ensure emerging issues are managed effectively and jointly when needed. Local health facilities can also provide worker checks when they are equipped with the appropriate supplies and equipment. Important health stakeholders include directors of hospitals, directors of preventative medicine departments, area physicians and village health workers. Local post-secondary health programs can also provide important support in terms of health or determinant of health data collection and analysis. Further awareness raising and training for public health professionals on how best to work with the private sector will be an important step from the public sector side to help support the development of this partnership with the private sector.

<sup>29</sup>IFC, 2012. Performance Standard 7: Indigenous People

[https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/policies-standards/performance-standards/ps7](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/performance-standards/ps7)

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## 5. Strategic investment to support local health initiatives are promoted

Investing in health and the health sector is a well-established preventative risk management strategy, that can benefit local communities and help to manage project risk. While the last decades have seen many major projects retract from health investments arguing health should be addressed by governments, this trend has started to shift and many positive examples of the health co-benefits for both business and communities have emerged. Much of this work has been documented in Africa related to Ebola, Tuberculosis and HIV/AIDS. With the strengthening in health risk assessment approaches, it will become evident, there is much more the private sector and investment projects can and should do for mutual benefit. Concerns that the private sector could be “playing the role of the government” and “creating dependency on projects” are valid concerns, though they should not be used as an excuse for inaction in this area. As long as best practices in strategic social investment are followed<sup>30</sup> there can be huge benefits from projects developing long-term strategies to build capacity and resiliency of local health care sectors in ways that leverage local strengths and reduce reliance on the private sector. Strategic investments should focus on strengthening the capacity of the local health care system, supporting robust health surveillance opportunities, and health promotion and prevention initiatives that support the livelihoods and resiliency of local communities. This will, in-turn, have a safeguard effect for project timelines, budget, workforce, and ultimately improve the ability for both local communities and the private sector to effectively respond to potential future health shocks. Furthermore, direct IDB Invest client experience with the COVID-19 pandemic, reveals that in some locations existing mistrust in local health systems by rural commu-

nities; lack of community access to public health information and a heavy reliance on traditional medicine among the general population, made efforts to prevent and manage the pandemic difficult and in some cases ineffective. For example, stigma of testing positive for COVID-19 led to people not taking advantage of free testing; fear of local exposure related to dedicated COVID-19 treatment hospitals led to violence and vandalism against those facilities; and a heavy reliance on traditional medicine with limited to no coordinated care with modern medicine, led to services not being used to support needs in the community. In this example, proactive and coordinated investments with the health sector in areas such as health education (for workers and communities) and increased coordination between traditional and modern medicine are areas of investment that could improve worker and community resiliency to future health crises.

A strategic investment is one that will clearly address project risks, opportunities and impacts, as identified in project internal risk and impact assessments (refer to Recommendation 2). Strategic investments will articulate the business case, will focus on areas of greatest impact, and will support both short- and long-term visions. Such investments should align with priorities, interests and aspirations of both communities and a project. Dependency will be avoided, and careful collaborative planning is required to ensure initiatives bring positive, sustainable co-benefits.<sup>31</sup>

Areas of investment in health could include:

- As aforementioned in IDB Invest's COVID-19 guidance for the Agriculture sector, more than 64% of LAC region did not have appropriate access to water, sanitation or hygiene (“WASH”)

<sup>30</sup>IFC 2010. Strategic Community Investment: A good Practice Handbook for Companies doing Business in Emerging Markets [https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/publications/publications\\_handbook\\_communityinvestment\\_wci\\_1319576907570](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_handbook_communityinvestment_wci_1319576907570)

<sup>31</sup>IFC, 2014. Strategic Community Investment. <https://www.ifc.org/wps/wcm/connect/95c6b4b5-2097-4f47-9518-7a21b8516c1a/12014complete-web.pdf?MOD=AJPERES&CACHEID=ROOTWORKSPACE-95c6b4b5-2097-4f47-9518-7a21b8516c1a-jkD15-5>

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facilities.<sup>32</sup> The lack of access to WASH was raised in the survey as a top barrier for effective management of COVID-19, and as an ongoing challenge that affects the overall health of communities and workers, and increases their vulnerability to poor health outcomes. Poor living conditions including crowded accommodations and lack of access to potable water and proper sanitation effectively make the management of COVID-19 transmission and other related illnesses nearly impossible.

- In many rural regions, health data and health monitoring systems often can involve basic paper charting, making the identification of emerging health issues and accurate surveillance near impossible. Digital health records are not a universal phenomenon and much work is still needed in this space for the benefit of the local community as well as projects who will need to depend on those systems in the context of future health crisis.
- Telehealth solutions can contribute to the response to COVID-19 and other public health emergencies. These solutions can support service delivery in a context of uncontrolled or exponential demand during public health emergencies and reduce contact. For instance, teleconsultations are a safe and effective way to assess suspected cases and guide the patient's diagnosis and treatment, minimizing the risk of disease transmission. Telemedicine can allow for specialists to provide quality care in hard to reach areas without trained personnel by supporting provider-to-provider teleconsulting or directly to patients.<sup>33</sup>
- Support for capacity building and training of local health and public health personnel – Local health professionals understand regional health contexts and can provide invaluable

service to businesses. However, local health professionals need exposure and training to better understand health issues linked to project workforces and communities. Furthermore, awareness raising among health professionals on the active role private sector will take on health (e.g., establishing health baselines, undertaking health impact assessments developing worker-community health management plans) will increase opportunities for collaboration on these initiatives and will raise the capacity for a better coordinated response to health issues by the health sector and private sector projects. Enhanced training in the assessment, management and monitoring of project health-related risks is needed as many public health programs globally do not offer curriculum tailored to this important area.

- Public-Private Partnerships (PPPs)- PPPs can be used to expand and improve health infrastructure and/or service delivery. This scheme involves long term contracts between the public and private sectors and project risk distribution among both parties. When adequately structured and implemented, these schemes can increase the cost-effectiveness of investments in health, contribute to technological innovation and/or improve the availability of technologies that meet the needs of a specific population. In Chile for example, health facilities developed through PPPs were 22% less expensive than under a traditional public procurement contract, and works were completed 35% faster.<sup>34</sup> While relatively few countries in the region have engaged in health PPPs (Brazil, Chile, Mexico, Peru, and Uruguay), there is ample potential for this scheme to contribute to improved health outcomes in the region.

<sup>32</sup>IDB, 2019. Agriculture Sector Framework Document.

<http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=EZSHARE-2051054064-5>

<sup>33</sup>IDB, 2020. Technical Cooperation Document. Support the design and implementation of key digital interventions for COVID-19 in Latin America and the Caribbean.

<http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=EZSHARE-1086168532-17>

<sup>34</sup>IDB, 2019. Casos de estudio en Asociaciones Público-Privadas en América Latina y el Caribe Hospital de Antofagasta (Chile).

[https://publications.iadb.org/publications/spanish/document/Casos\\_de\\_estudio\\_en\\_asociaciones\\_publico-privadas\\_en\\_America\\_Latina\\_y\\_el\\_Caribe\\_Hospital\\_de\\_Antofagasta\\_Chile\\_es\\_es.pdf](https://publications.iadb.org/publications/spanish/document/Casos_de_estudio_en_asociaciones_publico-privadas_en_America_Latina_y_el_Caribe_Hospital_de_Antofagasta_Chile_es_es.pdf)

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## 6. Business plays a leadership role in Global Health Issues

The COVID-19 pandemic has shown us that Today's health issues are exceptional in terms of magnitude and complexity. Identifying, managing, and addressing current and emerging health risks will require innovation, commitment, and strong partnerships across all sectors. The private sector has a unique role to play in planning for and addressing global health issues, alongside government, NGOs, civil society, and community partners, both at corporate and at operations levels. This will require people involved in projects and investments to have a robust understanding of the drivers of emerging health risks and to get involved in global health discussions and forums to identify collective solutions to our most emerging

challenges. These challenges include shifting climate patterns and associated environmental impacts including biodiversity loss. Evidence indicates the health co-benefits of implementing climate-related mitigation policies would yield positive returns. New business approaches and new risk management contributions are needed in hopes to stave off future health risks including patterns of infection and the emergence or re-emergence of infectious diseases.<sup>35</sup> **Health needs to be integrated as a value in business culture, and that profits incorporate an assessment of positive contributions to climate change, biodiversity, and people's well-being.**

## Closing Remarks

While the COVID-19 pandemic has led to devastating impacts on health and economic stability worldwide, important opportunities have also been revealed from early experience responding to this pandemic. Preliminary lessons from IDB Invest clients grappling with this challenging situation offer insights into what has worked, where gaps exist and where the opportunities to build health resiliency for the benefit of workers, communities and business

operations exist. The recommendations provided are grounded on existing good practices and guidance on public health and risk and impact management, and call for a shift in business thinking and approaches to adapt to a 'new normal' where building health resiliency is necessary for business continuity and to weather current and future health crises. The roadmap offered is a first step in this direction.

<sup>35</sup> WHO, 2018. Climate change and health. <https://www.who.int/news-room/fact-sheets/detail/climate-change-and-health>



# Let's continue the conversation

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