

PUBLIC

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

BRAZIL

**RIO DE JANEIRO LOW-INCOME NEIGHBORHOOD
URBAN DEVELOPMENT PROGRAM
STAGE III
(BR-L1175)**

LOAN PROPOSAL

This document was prepared by the project team consisting of José Brakarz (ICF/FMM), Project Team Leader; Patricia Bakaj (FMM/CBR); Carolina Piedrafita (ICF/FMM); Arcindo Santos (ICF/FMM); Aderbal Curvelo (FMM/ CBR); Yuri Soares (OVE/OVE); Catalina Gómez (FMM/ CBR); Nathalie Alvarado (ICF/ICS); Andrés Consuegra (LEG/SGO); and Diana Bejar (ICF/FMM).

Under the Access to Information Policy, this document is subject to Public Disclosure

CONTENTS

PROJECT SUMMARY

I.	DESCRIPTION AND RESULTS MONITORING	1
A.	Background, problems to be addressed, and rationale	1
B.	Objective, components, and cost	4
C.	Cost and financing.....	8
D.	Results Matrix and key indicators	8
II.	FINANCING STRUCTURE AND MAIN RISKS	9
A.	Financial instruments	9
B.	Environmental and social risks	9
C.	Fiduciary risk and financial and institutional capacity	10
D.	Other key issues and risks.....	11
III.	IMPLEMENTATION AND MANAGEMENT PLAN.....	11
A.	Summary of implementation arrangements	11
B.	Arrangements for monitoring results.....	13
C.	Aspects of program viability.....	14

Annexes	
Annex I	Development Effectiveness Matrix (DEM) - Summary
Annex II	Results Matrix
Annex III	Summary Procurement Plan

Electronic Links
REQUIRED
1. Annual work plan (AWP) http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=35430067
2. Program monitoring and evaluation arrangements http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1792122
3. Procurement plan http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=35422168
4. Environmental and Social Management Report (ESMR) http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1792188
OPTIONAL
1. Operating Regulations http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1792045
2. Institutional and financial analysis http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1728819
3. Economic assessment http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1782529

ABBREVIATIONS

ACR	Assessoria de Captação de Recursos Externos da SMF [SMF External Funding Support Unit]
CEDAE	Companhia Estadual de Águas e Esgotos do Rio de Janeiro [Rio de Janeiro State Water and Sewerage Company]
CRAS	Centro de Referência de Assistência Social [Social Welfare Referral Center]
EDIs	Espacios de Desarrollo Infantil [Child Development Centers]
ESMR	Environmental and Social Management Report
ICAS	Institutional Capacity Assessment System
IPP	Instituto Municipal de Urbanismo Pereira Passos (Pereira Passos Municipal Urbanism Institute)
LCF	Local Currency Facility
NGO	Nongovernmental organization
PASI	Plano de Acção Social Integrado [integrated social action plan]
PCR	Project Completion Report
PEJA	Programa de Educação de Jovens e Adultos [Youth and Adult Education Program]
POUSO	Posto de Orientação Urbanística e Social [Urban and Social Advisory Center]
PSF	Posto de Saúde da Família [Family Health Clinic]
SEOP	Secretaria Especial de Ordem Público [Special Public Order Department]
SMAC	Secretaria Municipal de Meio Ambiente [Municipal Environment Department]
SMAS	Secretaria Municipal de Assistência Social [Municipal Social Welfare Department]
SME	Secretaria Municipal de Educação [Municipal Education Department]
SMF	Secretaria Municipal da Fazenda [Municipal Finance Department]
SMH	Secretaria Municipal da Habitação [Municipal Housing Department]
SMO	Secretaria Municipal de Obras e Serviços Públicos [Municipal Public Works and Services Department]
SMS	Secretaria Municipal da Saúde [Municipal Health Department]
SMTE	Secretaria Municipal do Trabalho e Emprego [Municipal Labor and Employment Department]
SMU	Secretaria Municipal de Urbanismo [Municipal Urban Development Department]

PROJECT SUMMARY

BRAZIL RIO DE JANEIRO LOW-INCOME NEIGHBORHOOD URBAN DEVELOPMENT PROGRAM STAGE III (BR-L1175)

Financial Terms and Conditions*				
Borrower: Município of Rio de Janeiro			Amortization period:	25 years
Guarantor: Federative Republic of Brazil			Grace period:	5 years
Executing agency: Municipal Housing Department			Disbursement period:	5 years
Source	Amount	%	Interest rate:	Variable
IDB (Ordinary Capital):	US\$150,000,000	50	Inspection and supervision fee:	*
Local:	US\$150,000,000	50	Credit fee:	*
Other cofinancing:	-	-		
Total	US\$300,000,000	100	Currency:	U.S. dollars from the Single Currency Facility of the Bank's Ordinary Capital
			Conversion into reais:	LCF
Project at a glance				
Project objective: The program's objective is to improve the quality of life of families living in informal neighborhoods in Rio de Janeiro.				
Special contractual conditions:				
Precedent to the first disbursement: Present evidence of the entry into force of the Operating Regulations, under terms agreed upon with the Bank (paragraph 3.1).				
Precedent to the contracting the water supply works: The signing of a mutual cooperation agreement between the borrower and the Rio de Janeiro State Water and Sewerage Company (CEDAE), to the Bank's satisfaction, which must remain in force throughout program execution (paragraph 3.4).				
Project consistent with country strategy: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>				
Project qualifies as: SEQ <input checked="" type="checkbox"/> PTI <input checked="" type="checkbox"/> Sector <input checked="" type="checkbox"/> Geographic <input type="checkbox"/> Headcount <input checked="" type="checkbox"/>				
Procurement: Works and consulting services will be procured in accordance with the Bank's bidding policies and procedures.				

* The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable provisions of the Bank's policy on lending rate methodology for Ordinary Capital loans. In no case will the credit fee exceed 0.75% or the inspection and supervision fee exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problems to be addressed, and rationale

- 1.1 **Informal neighborhoods in Rio de Janeiro.** The município of Rio de Janeiro has 6.1 million inhabitants and is the center of Brazil's second largest metropolitan region. Despite its high Human Development Index (0.84), the município has been grappling with a serious informal urban development problem for many years. The factors explaining the high degree of urban informality include: mountainous terrain, rapid urban expansion, lack of basic infrastructure, lax enforcement of urban development standards, and insufficient supply of housing and land at prices that are accessible to low-income populations. Up to 25% of the city's inhabitants are estimated to be living under these conditions, either in favelas¹ or in unregulated settlements.²
- 1.2 **The município's housing policies.** The município's policies implemented to deal with the informal settlement problem have evolved over the last 15 years. Initially the strategy consisted of relocating favela dwellers to new homes built in areas far from the city center. Given the high cost and frequent failure of this strategy, housing policies since the 1990s have put the emphasis on regularization and improvement of existing settlements. This policy recognizes the difficulty of resettling entire communities, which involves breaking their inhabitants' social ties and makes labor market access harder for them. By improving urban infrastructure and access to social services, the neighborhood improvement strategy helps consolidate existing settlements and integrate them into the formal city. The Bank-financed *Favela-Bairro* program initiated and provided a framework for this change of policy in Rio de Janeiro, by supporting implementation of the integrated urban intervention model in its first and second stages. The initial operation, which began in 1995 and targeted 52 favelas and eight unregulated settlements, covered infrastructure, equipment, and social services components, in addition to community development actions including health and environmental education. The second stage, which began in 2000, expanded the social components, particularly by providing childcare facilities, community centers, and programs for children and adolescents, among other items. This stage benefited 62 favelas and 16 unregulated settlements.
- 1.3 The two previous stages have had a major impact on the city, benefiting over 137,000 families since 1995. With those served by other similar municipally-funded programs (*Bairrinho*, *Morar Legal*, and others), a total of some 150,000

¹ Favelas are settlements in areas that have been illegally occupied by low-income population groups, mostly in makeshift housing, with no urban organization and lacking in basic urban social infrastructure.

² Unregulated settlements are areas that are divided up into lots and sold by informal developers without respecting the dimensions or minimum infrastructure required by the municipality to grant permits for legal occupation.

families have benefited. Although these interventions have covered 30% of all informal neighborhoods in Rio de Janeiro, the settlement problem is highly dynamic and very complex owing to natural growth and the emergence of new settlements or the illegal expansion of settlements that have already been subject to interventions. Such expansion may be either vertical (unauthorized addition of extra stories to existing buildings) or horizontal (with settlements that spill over the boundaries of the intervened communities).

- 1.4 **Findings of evaluations and lessons learned from the previous stages.** Major lessons have been learned from 13 years' experience with interventions in the informal areas of the município of Rio de Janeiro implemented under the *Favela-Bairro* program. In terms of implementation strategy, centralized coordination of the various program interventions, community consultation and participation at all stages, and incorporation of the installed systems into the city's maintenance routines have proven to be key factors in the success and sustainability of the interventions. CEDAE's inadequate discharge of its responsibilities in operating the systems under its jurisdiction caused problems for the systems set up by the program, forcing the municipality to take charge of them directly. A decisive factor for successful execution was the dedicated team of experts set up to implement the program, set up in the Municipal Housing Department (SMH), which has extensive knowledge of the different characteristics of the city's informal areas and their respective interventions.
- 1.5 The impact evaluation of the second stage of the program compared the targeted communities with similar communities that had no intervention.³ In the program areas the Social Development Index rose from 52 to 66 (on a scale of 0 to 100), while the Urban Integration Index, which measures the population's access to public services such as drinking water, sewerage, and garbage collection, among others, increased from 13 to 88. The built area also increased, and the value of properties located in the targeted favelas and settlements rose by up to R\$220 per m². Lastly, family income grew, probably influenced by the rise in property values. Challenges were also identified for the program in areas that have not produced clear results, such as the impact on employment and property titling.
- 1.6 **Challenges to take up:** Despite the program's general success in expanding access to basic infrastructure and public services, issues remain that have not been fully resolved in the implementation of actions in the communities, which will be the focus of attention in this stage. One in particular is the vertical and horizontal growth in the favelas that have already been subject to intervention, the control of which has proven problematic. Systematic municipal action is needed to enforce existing urban planning standards and actively safeguard the established limits. Another problem involves completion of the property regularization process. Although the program has been successful in terms of urban regularization

³ [Stage II Program Completion Report \(PCR\)](#).

(recognition of areas in the city plan and apportioning of lots), several obstacles persist with respect to obtaining the individual property title for each resident. This is mainly because there is no clear incentive for beneficiaries to seek a full property title once they have obtained the interim title that enables them to engage in transactions involving their property in an informal manner. The municipality needs to provide additional technical and legal support to prepare the documentation needed for neighborhood urban regularization and to obtain individual property titles. In the case of informal lots, internal administrative measures are needed to facilitate, as much as possible, the process of legalizing properties that have been sold illegally. This is why this stage includes the creation of a "one-stop shop" to facilitate this process.

- 1.7 With respect to social support for the communities, it has proven necessary to enhance coordination between the various departments involved in the areas targeted by the program (Housing, Social Assistance, Education, and Labor, among others). For this new stage, coordination will be strengthened by preparing Integrated Social Action Plans (PASIs), which will specify actions in the social area to be undertaken in each targeted community. In terms of the social programs supported by this program, income-generation actions need to be strengthened, since these were not successful enough in the previous phases. Support will therefore be provided for an education program for young people and adults to complete their basic education and thus improve their chances of entering the labor market. Support will also be provided for a number of initiatives to enhance young people's job skills.
- 1.8 Another situation that requires detailed attention is the problem of violence in the city, which affects informal neighborhoods in particular. The weak presence of the State generates authority vacuums that are filled by various criminal groups usually located in the poorest and most underserved zones of the city. As a result, violence and the perception of insecurity have systematically increased, undermining the quality of life of local residents and damaging the outward image of the areas in question. This stage of the program intends to implement a pilot project to promote a comprehensive approach to violence prevention, with actions targeting social development, community integration, and civic coexistence, which will serve as a model for other interventions in the city.
- 1.9 **Program strategy.** This program's strategy is to strengthen and pursue the policy promoted in the previous stages of social and urban integration of the city's underserved communities. The general implementation framework used in the integrated neighborhood improvement interventions, which had good results in the previous stages of the program, will be maintained (see [PCR of stage II of the program](#)). The components will be adjusted to improve and complement the projects, drawing on lessons learned in the earlier stages (see paragraphs 1.6 to 1.8).

- 1.10 **The Bank's strategy with the country.** This operation is consistent with the Bank's Country Strategy (document GN-2327-1) and the update thereof (document GN-2570), particularly in aspects relating to improving the living conditions of the município's poorest population groups, and strengthening local governments to tackle social and urban problems.

B. Objective, components, and cost

1. Objective

- 1.11 The program's objective is to improve the quality of life of families living in informal neighborhoods in Rio de Janeiro.
- 1.12 The program will pursue actions undertaken in the two previous stages, which applied the integrated multisector interventions model, with a view to improving the quality and sustainability of the interventions, strengthening their impact on social exclusion and urban marginality, and increasing their capacity to prevent settlement expansion. The following components will be implemented to that end: (i) integrated urbanization, including the provision of urban infrastructure in favelas and unregulated settlements, and a pilot project on citizen security; (ii) social programs, to complement the physical interventions and benefit the most vulnerable families and young people in particular; (iii) regularization and control of urban development, including property regularization and the prevention of community expansion; and (iv) institutional development.
- 1.13 **Component 1. Integrated urbanization (US\$212.4 million).** Financing will be provided for comprehensive infrastructure interventions in favelas and unregulated settlements, to provide a minimum package of urban and social infrastructure, consisting of water and sewerage services (or appropriate solutions), drainage systems, road surfacing, street lighting, the provision of green areas, sports fields, and recreational areas, and the construction and equipping of the social services needed by the community, with priority to Child Development Centers (EDIs). The component will also finance family resettlement where necessary. Financing will also be provided for community participation activities, ranging from project preparation and works execution in each community to urban regularization.
- 1.14 This operation is expected to target 30 favelas and six unregulated settlements, benefiting an estimated 100,000 people. The areas to be benefited by the program were chosen from the matrix of settlements prioritized for intervention, which was established from the initial stage of the *Favela-Bairro* program, using criteria such as poverty, infrastructure deficiencies, and the cost-efficiency of investments (see [Operating Regulations](#)).
- 1.15 This component also provides for the startup of an intervention model, in one of the program communities, aimed at preventing violence and improving civic

coexistence. The aim is to promote actions that reduce factors associated with violence and improve security conditions for community residents. The project includes: (i) improvement of physical-environmental conditions, such as urban planning, the elimination of dark and isolated areas, and the opening of public squares; (ii) services targeting vulnerable youth and prevention of behaviors that lead to violence, especially drug use; (iii) prevention of domestic violence and services for its victims; (iv) urban planning and compliance monitoring; and (v) introduction of community guards and activities to set up community coexistence networks. The pilot project will have a results monitoring system to measure its impacts, and it will provide the municipality with an intervention model that can be extended to other areas of the city that have similar violence problems.

- 1.16 **Component 2. Social programs (US\$23.5 million).** This component will finance the cost of implementing and providing basic equipment for a number of social programs that complement the works to be undertaken in the program's beneficiary communities. These programs were chosen on the basis of community demand, in coordination with the departments responsible for their operation in the social assistance, education, health care, and labor sectors.
- 1.17 Among the social assistance actions eligible for financing, priority will be given to implementing at least two fixed-site Social Welfare Referral Centers (CRASs) and 10 mobile ones. The CRASs will provide services to families living in vulnerable situations, who will be referred to facilitate their access to various municipal and federal programs. The CRASs are operated by the Municipal Social Welfare Department (SMAS), which will provide qualified staff to work with the families and will monitor and track the services provided.
- 1.18 Financing will also be provided for five programs to support young people at social risk, combining artistic and extracurricular activities, including job training. These programs will target young people from the beneficiary communities following the model of the renowned *Galpão Aplauso* project.⁴ The new initiatives will be supervised by the SMAS and will aim to cover 500 young people between the ages of 17 and 25 per year, per program.
- 1.19 In the education area, financing will be provided for EDIs, the objective of which is to support the social, physical, emotional, and intellectual development of preschool children (0 to 6 years of age), developing a socio-educational space that serves their needs. The construction of EDIs will be financed in all the program's beneficiary communities. Each EDI will have the capacity for 150 children on a full-time schedule. The subcomponent will finance the operation of the EDIs for a 12-month period starting from their delivery to the Municipal Education Department (SME),

⁴ *Galpão Aplauso* is an NGO-run project that began in 2004. It has successfully promoted the social reintegration of young people between the ages of 15 and 25 living in situations of exclusion, through artistic activities, complementary schooling, and vocational training.

- the equipment and all teaching materials required, and the training of child educators.
- 1.20 Actions may be financed in the education area to improve the quality of instruction in public schools that serve program communities and to educate young people and adults outside the regular school system. The SME will evaluate the specific needs in each community and will be responsible for the management and operation of these actions.
- 1.21 In the health area, the program may finance the construction and equipment of family health clinics (PSFs), when this is identified as a priority and is consistent with municipal planning for the sector. These basic health care facilities will provide primary care and preventive health services through teams of health workers and community agents. The PSFs will also provide specialized care and counseling services for women victims of domestic violence.
- 1.22 In terms of income generation, the program provides logistical support for job training, the organization of producers, and other initiatives funded by the federal government. These activities will be implemented by the Municipal Labor and Employment Departments and the Economic Development and Social Solidarity Departments. A digital inclusion project will be financed in the program's communities, with the goal of training some 1,800 young people to provide computer maintenance and technical assistance services.
- 1.23 **Component 3. Regularization and control of urban development (US\$18 million).** To deal with situations of uncontrolled settlement growth, financing will be provided to implement a Land-Use Control System, to control the unregulated expansion of settlements, illegal land occupation, and other prohibited situations. The system will act on two levels: (i) demarcation and monitoring, involving the definition of community boundaries through georeferenced and clearly visible frameworks, in addition to monitoring of already urbanized areas through aerial photos; and (ii) compliance-monitoring by a multifunctional internal municipal team made up of various municipal departments involved in dealing with these situations, including the Housing Department (SMH), the Environment Department (SMAC), and the Urban Development Department (SMU), which will implement and support the control actions to be implemented by the Special Public Order Department (SEOP).
- 1.24 This component will also finance the costs of the process of *urban regularization and titling* of properties in the program's targeted communities, including the mapping of areas and individual registration of properties, preparation of the alignment plans and urban regularization plans needed for property regularization,

the granting of occupancy permits, and legal assistance to beneficiaries in the process of registering their properties through a notary.⁵

- 1.25 In addition, financing will be provided to expand the Urban and Social Advisory Centers (POUSOs), which play an important role in making the interventions sustainable, since they represent the actual presence of the municipality in the reurbanized areas. Their functions include providing guidance to the community, supervising urban development and construction aspects, and supporting property regularization. The POUSO network is also expected to support the land-use control system, alerting on situations of squatting and educating the population on the physical limits of the communities and the rules governing land-use for the areas.
- 1.26 **Component 4. Institutional development (US\$3.3 million).** This component will finance the following activities: program monitoring and evaluation (US\$2 million). The monitoring system will track the process indicators identified in the program's Results Matrix ([Annex II](#)), based on information generated by the entities executing specific components (the SME, SMAC, and the Pereira Passos Municipal Urbanism Institute (IPP), among others) and the indicators generated by the Housing Department itself. To complement this, and drawing on lessons learned and instruments developed in previous stages, an impact evaluation will be conducted to measure indicators at the purpose level in the Results Matrix, such as the expanded Social Development Index, the Urban Integration Index, and the Property Value Index. Measurements will also be made of the impact of the social interventions on the development of the young people targeted by the program, the impact on urban expansion control in the targeted communities, property regularization activities, and the pilot project to prevent violence. These monitoring and impact indicators will be measured at three specific points in time: at the start (baseline), at the midpoint, and at the end of the program execution period. The results of an external evaluation of the impact of childcare facilities will also be used to evaluate the program's intervention in this area.
- 1.27 The component also includes: (i) training, in the form of courses, seminars, and workshops, for professional staff in the departments involved in program execution, on issues relating to the preparation and management of integrated urban projects, the quality of social projects, engineering applied to marginal areas, and others; and lastly (ii) social communication, which aims to disseminate the program in the beneficiary communities and among the population of the city through the production of educational and informative materials in various media.

⁵ The Município will sign an agreement with the Defensoria Pública do Estado [Office of the Public Defender], which will provide assistance and guidance to residents of the settlements in the final stage of the regularization process.

- 1.28 **Program design and management (US\$23.4 million).** Program management expenses include: (i) support for program management, by hiring a firm that specializes in managing programs with external financing (manager), to provide support in the technical, information technology, and management areas generally, including updating the program's physical-financial management system; (ii) urban development, engineering, and architectural studies and designs for interventions in the program's settlements; (iii) works supervision; and (iv) the program's financial audit.

C. Cost and financing

- 1.29 The total cost of the proposed program is US\$300 million, with Bank financing of US\$150 million and the município's counterpart funding of US\$150 million. The amounts are distributed by source and investment category as shown in the following table:

Table 1.1: Program Cost and Financing (in thousands of U.S. dollars)

ITEMS		IDB	LOCAL	TOTAL	%
1	Program management		23,450	23,450	7.8%
1.1	Project preparation		5,300	5,300	1.8%
1.2	Support for management and supervision		18,000	18,000	6.0%
1.3	Audit		150	150	0.1%
2	Investment components	150,000	109,350	259,350	86.5%
2.1	Integrated urbanization	137,120	77,380	214,500	71.5%
2.2	Social programs	8,880	14,620	23,500	7.8%
2.3	Urban regularization	2,000	16,000	18,000	6.0%
2.4	Institutional development	2,000	1,350	3,350	1.1%
3	Financial costs	0	17,200	17,200	5.7%
3.1	Interest		16,400	16,400	5.5%
3.2	Credit fee		800	800	0.2%
3.3	Inspection and supervision		0	0	0%
	GRAND TOTAL	150,000	150,000	300,000	100%

D. Results Matrix and key indicators

- 1.30 This operation will be executed in approximately 30 favelas and six settlements, providing benefits for some 100,000 people. The aim of the program's activities is to improve quality of life indicators in the program's beneficiary communities, as measured by the Expanded Human Development Index and the Urban Integration Index. The benefits will also increase the value of assets owned by low-income population groups, by raising property values in the beneficiary communities and their surroundings. The baseline and magnitude of the expected impacts for the

indicators that measure the component implementation outcomes are identified in [Annex II](#), which contains the program's Results Matrix.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financial instruments

- 2.1 The total cost of the program is US\$300 million, of which 50% will be financed by the Bank from its Ordinary Capital, and the other 50% will be provided by the Municipality of Rio de Janeiro. The program will be executed over a five-year period from the date on which the loan contract enters into force, with a disbursement schedule as summarized in the following table.

Table 2.1: Projected Disbursement Schedule (in thousands of U.S. dollars)

Source of Financing	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IDB	25,000	40,000	41,000	25,000	19,000	150,000
LOCAL	20,000	35,000	40,000	24,000	31,000	150,000
TOTAL	45,000	75,000	81,000	49,000	50,000	300,000
%	15%	25%	27%	16.3%	16.7%	100%

B. Environmental and social risks

- 2.2 According to the Bank's Environmental Safeguards Policy, the program is classified as a category B operation ([Annex IV](#)). As requested at the 9 May 2008 meeting of the ESR, an Environmental Analysis Report and an [Environmental and Social Management Report \(ESMR\)](#) have been prepared, which will be made available to the public in December 2008. The program's actions aim to improve the uncertain conditions in which families live and are therefore clearly positive in social and environmental terms. The expected adverse impacts are temporary and relatively minor, largely occurring during the works execution phase. The social impact on families that are relocated on site is mitigated through measures provided for in the PASIs designed on a participatory basis for each of the affected communities, pursuant to the Bank's policy (OP-710).
- 2.3 As noted in the ESMR, the environmental analysis concluded that the social and environmental performance of the program's previous stages, as well as the community consultation and participation processes, works supervision and inspection, and post-works socioenvironmental monitoring, have in general been satisfactory. Nonetheless, drainage and sanitation works have been inadequately maintained, so specific measures are being taken to correct current deficiencies and preventive measures are planned for the future. Moreover, there has been a slight expansion of the favelas area, including in the surroundings of the serviced

neighborhoods. To control this expansion and prevent encroachment on protected environmental areas, the Municipality is introducing a system to control squatting, described in the ESMR. Lastly, minor adjustments have been made in the socioenvironmental procedures contained in the Operating Regulations, based on the results of the environmental assessment.

C. Fiduciary risk and financial and institutional capacity

- 2.4 **Fiduciary assessment.** The Municipality of Rio de Janeiro has considerable experience in executing Bank-funded programs, and a good track record of compliance with deadlines and institutional performance in the two previous stages of this operation. The basic execution mechanism will be maintained, with the Municipal Finance Department (SMF) responsible for the financial aspects of execution and the Municipal Housing Department (SMH) handling physical execution. An analysis has been made of the Municipality's institutional and fiduciary capacity, with emphasis on its capacity to service the debt, together with an analysis of financial control procedures and training in the Bank's new procurement procedures.
- 2.5 The analysis of fiduciary risk using the Institutional Capacity Assessment System (ICAS) rated the Municipality's institutional capacity at 86.5%, with "satisfactory development" and "low risk" levels for executing the program. The risk level was low for all the criteria envisaged, except for the initial development level. This is explained by the fact that the executing agency did not yet have all of the planning documents ready since the program was in the preparation phase. The resulting conclusion is that the initial development level for the planning subsystem does not pose a risk for program execution.
- 2.6 This evaluation was endorsed by the fiduciary specialist at the Bank's Country Office in Brazil, who agreed with the program's low risk classification. Nonetheless, a number of deficiencies were identified, such as lack of experience among technical staff with the Bank's new procurement policies, and insufficient technical staff to administer the program and supervise its projects and works. To overcome these difficulties, training on these new procurement policies is being planned for the program's technical staff, and a firm is being hired to support program management, thereby strengthening the team in the program's administrative and financial management and its design and works supervision areas.
- 2.7 **Financial analysis.** The Municipality of Rio de Janeiro has an annual budget of US\$4.7 billion equivalent, at current prices. Its fiscal management is considered prudent, having posted a relatively small current deficit in 2007 (following surpluses in the preceding years) equivalent to 1.4% of current income in this fiscal year. Current income has grown by 4.7% per year in average real terms in the last five years, thanks largely to revenue from the tax on services, which has grown by

9.3% on average over the last few years, thus contributing to a 6.8% per year rise in total tax revenues. In 2007, current income was 15.7% higher than in the previous year, reaching a level of US\$4.6 million equivalent. As a result, the Municipality's financial dependence on transfers dropped to 40% of municipal income. On the expenditure side, current expenditure grew by an annual average of 4.2% between 2003 and 2007, i.e. 5% less than current income. Payroll expenditure accounted for 46.8% of current net income at the end of 2007 (below the 57% limit set in the Fiscal Responsibility Law). Table 2.2 shows results in terms of the Fiscal Responsibility Law indicators. A full analysis of municipal finances can be found in the [Institutional and Financial Analysis](#).

Table 2.2: Indicators of the Fiscal Responsibility Law 2003/2008

Indicators		Years						
		<i>Limits</i>	2003	2004	2005	2006	2007	2008
1	Payroll expenditure/CNI	54%	53,3%	46%	43.7%	53,8%	46,8%	44,8%
2	Net consolidated debt/CNI	120%	77,3%	79,1%	63,5%	51,7%	41,7%	35,3%
3	Credit operations/CNI	16%	1.5%	2,9%	1,1%	0,3%	0,1%	0,2%
4	Debt service/CNI	11.5%	9,9%	8,9%	9,8%	10,7%	9,9%	9,8%
5	Revenue advances	7%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

CNI = current net income.

D. Other key issues and risks

- 2.8 The risks identified for the program relate to its execution and the sustainability of its actions. Preventing expansion within each settlement has been identified as a key issue for such sustainability, along with urban maintenance and property titling. The following steps have been taken to mitigate the corresponding risks: (i) design of a specific urban growth control component; (ii) an increase in the amount of financing available for property regularization; and (iii) creation of an exclusive maintenance system for informal neighborhoods throughout the city.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 The borrower will be the Municipality of Rio de Janeiro, and the guarantor will be the Federative Republic of Brazil. The executing agency will be the SMH, acting through its Urban Development Division. The program's execution rules are contained in its **Operating Regulations, of which the entry into force, under terms agreed upon with the Bank, is a condition precedent to the first disbursement.**

- 3.2 The execution structure includes the SMH, serving as coordinator and the Bank's main interlocutor. It will be supported for financial and budgetary control of the operation by the External Funding Support Unit (ACR) of the SMF. The SMH's Urban Development Division will coordinate the different actions and interventions and promote communication and integration between the entities involved in the program. Its main functions include: (i) planning of program investments and budgetary coordination with the participating departments; (ii) evaluation of the program-financed designs; (iii) administration of the management and accounting systems; (iv) physical-financial oversight and preparation of the respective status reports, accounting oversight, and filing; (v) preparation of all technical and administrative documentation, and support for the program's bidding and contracting processes; (vi) contracting for works supervision; (vii) coordination of social and environmental components; (viii) contracting and tracking of the monitoring and evaluation system, with support from the IPP; (ix) preparation of annual work plans and other reports required by the Bank.
- 3.3 The departments responsible for specific subcomponents include: the Municipal Education Department, responsible for the EDIs; the Municipal Social Welfare Department, responsible for the CRASSs; and the Municipal Urban Development Department, responsible for urban regularization and operation of the POUSOs. The other participating departments and entities (Municipal Public Works and Services Department (SMO), IPP, Geo-Rio, Rio Aguas, the Office of the Attorney General of the Municipality of Rio de Janeiro, and the Rio de Janeiro Municipal Urban Cleaning Company) are not responsible for specific components but provide technical support to implement the investment components in their area of jurisdiction. A program coordination committee has been set up to coordinate the various entities participating in the program. The operation and maintenance of services introduced will be the responsibility of the respective departments and municipal enterprises.
- 3.4 In relation to the operation and maintenance of sanitation systems, since 2007, the municipality has taken on operation of the sewerage systems installed in the informal areas of the city, including those targeted by the program.⁶ Nonetheless, CEDAE remains responsible for the water supply system, which means that the agreement currently in force for program works needs to be renewed. **The signing of the new agreement with CEDAE, under terms satisfactory to the Bank, which must remain in force throughout program execution, will be a condition precedent to contracting water supply system works in the program's communities.**

⁶ An agreement, signed on 28 February 2007 between the Municipality and the State government, transferred sanitation services in 21 neighborhoods of the western zone and 751 of the city's favela areas to the Município. The Municipal Public Works and Services Department (SMO) is responsible for operating the sewerage services the neighborhoods, while the Municipal Housing Department (SMH), operates those in the favelas.

- 3.5 **Procurement.** The procurement of goods, works, and services will be carried out in accordance with the relevant Bank policies (documents GN-2349-7 and GN-2350-7). The criteria for reviewing contracts and other procurement procedures are specified in the [Operating Regulations](#).
- 3.6 **Advance of funds and external audit.** The Bank may provide an advance of funds to the município for implementation of the activities set out in the annual work plan. These funds may be replenished provided supporting documentation is provided for the resources advanced. The Municipality will also file annual audited financial statements for the program during the execution period. The external audit will be performed by independent auditors based on terms of reference previously approved by the Bank, pursuant to the requirements set out in the respective Bank policies and guidelines. The program's annual audited financial statements will be submitted within 120 days after the end of each fiscal year; and the closeout audit report will be filed within 120 days following the last disbursement.
- 3.7 **Retroactive financing against the counterpart.** The Bank may recognize, against the local counterpart resources, expenses incurred under the program up to an amount equivalent to US\$3.5 million, related to contracting of the consulting services to support management, aerial photography services, and the project to support young people.

B. Arrangements for monitoring results

- 3.8 Existing systems will be improved and expanded to guarantee effective program monitoring and results evaluation. These include: (i) a computerized general **management system** to perform physical-financial monitoring on all projects and actions implemented under the program. This system is already operating in the Housing Department, which generates information for the financial and results monitoring reports required by the Bank; and (ii) associated with this, a **monitoring and evaluation system**, which will make it possible to compile information on the outcomes and impacts of the program and its specific components. The system will consist of the following: (i) evaluation of the impact of the program as a whole, measuring its effectiveness based on the indicators shown in the Results Matrix ([Annex II](#)), and indicators obtained in the communities⁷ (with and without program intervention). This evaluation will start by updating the existing baseline and then continue with two additional measurements: one half way through the program and the other at the end; and (ii) evaluation of the effectiveness of the EDIs (evaluating their impact on the emotional, motor, and social development of the children), the CRASs, and the program for inclusion of youth. All of these evaluations will use

⁷ The main indicators are: the Social Development Index, the Urban Integration Index, and the Index of Property Values. A baseline is already available for 36 *favelas*, some of which will participate in Stage III, while others will serve as a control group.

control groups and will be applied at three different points in time (before, after two years of participating in the activities, and four years after they started).

- 3.9 As part of the monitoring system, a midterm evaluation will be delivered to the Bank 90 days after the date on which 50% of the loan proceeds have been disbursed, or after 18 months of execution, whichever occurs first. The final evaluation will be prepared and sent to the Bank, to serve as an input for the Project Completion Report (PCR), 90 days from the date on which 90% of the loan proceeds have been disbursed. The final evaluation report will include: (i) the results of financial execution by component; (ii) progress toward meeting the results targets for each component and the program in general, and the impacts generated according to the indicators set out in the Results Matrix; (iii) lessons learned from program execution and their implications for the design of future operations; (iv) the status of the operation and maintenance of works and services already completed; (v) a summary of the socioenvironmental impact, the application of environmental mitigation measures, the execution process, and the situation of families that received program housing, among others; and (vi) a summary of the results of all audits performed during program execution. The data used for these evaluations will be kept for three years, to allow an ex post evaluation to be performed.

C. Aspects of program viability

- 3.10 **Socioeconomic viability.** Two methodologies have been used to analyze the program's viability: (i) an estimation of its impact in terms of enhancing property values in the areas directly targeted and their surroundings; and (ii) a cost-efficiency analysis to determine the maximum cost per family to be used in the interventions in the favelas and settlements. In terms of the impact on property values, the result of the estimation of aggregate impacts showed that the value created by the interventions, equivalent to US\$390 million, far exceed both direct investment costs (US\$257 million) and the cost of the program as a whole. The average internal rate of return calculated on the basis of a sample of representative interventions was estimated at 22.68% (see [Economic Assessment](#)).
- 3.11 The investment cost per family was estimated from the costs of a sample of four projects and compared with the experience of the previous stages. The costs thus determined will serve as investment limits of US\$9,500 per family in favelas and US\$7,000 in settlements. These costs will be applied to the infrastructure investments to be undertaken in each community and may be reviewed periodically based on construction cost trends in the city.
- 3.12 **Beneficiary analysis.** This operation qualifies as a poverty-targeted investment (PTI), since over 50% of program beneficiaries belong to low-income groups. It also qualifies as a social-equity enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704).

**Development Effectiveness Matrix
Summary**

Indicator	Score	Maximum Score
<i>I. Strategic Relevance</i>	High	
1. IDB Strategic Development Objectives	5.7	10
Country Diversification	0.7	2
Corporate Initiatives	2.5	2.5
Harmonization and Alignment	0.5	3.5
Beneficiary Target Population	2.0	2
2. Country Strategy Development Objectives	7.2	10
Country Strategy Sector Diagnosis	3.6	6
Country Strategy sector objective & indicator	3.6	4
<i>II. Development Outcomes - Evaluability</i>	Highly Satisfactory	
3. Evidence-based Assessment & Solution	6.7	10
4. Evaluation & Monitoring Plan	7.6	10
5. Cost-Benefit or Cost-Effectiveness	7.0	10
6. Risks & Mitigation Monitoring Matrix	7.5	10
<i>III. IDB's Role - Additionality</i>		
7. Additionality	3.0	10
Technical Assistance provided prior the project	0.0	3
Improvements in management of financial, procurement, monitoring or statistics internal controls	0.0	4
Improvements in environmental, health and labor performance	3.0	3

I. Strategic Relevance: This operation is implemented in Brazil, country-group A. Its objective is linked to the current Bank corporate initiative of Water and Sanitation. There is evidence of the use of country systems in the area monitoring and evaluation. The project contributes to the objectives of reduction of poverty and inequality stated in the Country Strategy. The Country Strategy with Brazil covered the period 2004-2007 (document GN-2327-1), and was updated through 2010 with documents GN-2477 and GN-2570.

II. Evaluability: The project has a diagnosis with identification of the deficiencies found, nevertheless, no much empirical evidence of the problem is provided, including the magnitudes of each of the factors contributing to the problem. Outcomes are clearly defined, however some of the outputs are not fully defined and lack SMART indicators. Mechanisms for monitoring and evaluation have been defined, a budget has been included for these activities, and there is reference to the sources of the data to be used. The operation has a quasi-experimental evaluation methodology that has a detailed evaluation plan. The project additionally includes a cost-benefit analysis. The project has identified the principal environmental and social risks, as well as mitigation measures required; nevertheless it does not provide indicators to monitor the implementation of these measures.

III. Additionality: This operation generates institutional strengthening that is expected to impact the activities of the different entities that participate in this operation, in consequence it is expected that this project improves the social, health and labor performance of such public sector entities.

RESULTS MATRIX

Objective: To improve the quality of life of low-income communities living in favelas and informal neighborhoods in the city of Rio de Janeiro				
PURPOSE	INDICATORS	BASELINE	FINAL TARGET	COMMENTS
To promote socioeconomic development in the targeted communities.	Variation (+10 points) in the Expanded Social Development Index (IDS-A), in the targeted communities. ¹	47 (2005)	57	Compilation of socioeconomic data from the record (socioeconomic cadastre) prepared by the community before and after the intervention. ²
To promote asset formation in the targeted communities.	Average property value per m ² in the targeted communities. ³	R\$253 per m ² (2008)	R\$430 per m ²	Application of the property valuation survey, 2009 and 2012.
To integrate the targeted communities into the formal city.	Variation (+18 points) in the Expanded Urban Integration Index (ITU-A) in the targeted communities. ⁴	56 (2005)	74	Application of the socioeconomic cadastre developed by the município, before and after the intervention.

¹ The expanded IDS-A, which will be used for this program, will include variables measuring income and vulnerability, employment, and the level of schooling of household members. The indicator varies from 1 to 100.

² The socioeconomic record is a household survey applied to communities before and after works. It was applied in 2004 and 2005 in 77 communities, and will be used again to capture the trend in various socioeconomic indicators in the communities, as well as their degree of integration into the formal city.

³ Property values were estimated by applying a property valuation survey in a sample of communities in the second stage of the *Favela Bairro* program, before and after the urban development projects.

⁴ The Expanded Urban Integration Index (ITU-A) contains variables measuring: (i) access to municipal services (e.g. water, sewerage, garbage collection, road surfacing, etc); (ii) indicators relating to formality, such as obtaining a property title, and variables measuring the integration of social activities within the community and others measuring connectivity in the neighborhood, such as the time taken to access available public transport. This index also contains variables measuring opinions on the quality of life of the community compared with the formal city. For further details on the construction of the index and other methodological issues, see the corresponding methodological annex. The indicator ranges from 1 to 100.

COMPONENT	BASELINE (YEAR)	YEAR 1	YEAR 2	YEAR 3	YEAR 4	FINAL VALUE	COMMENTS
COMPONENT 1. INTEGRATED URBANIZATION							
<p>Comprehensive interventions in favelas: Implementation of urban infrastructure and social service projects in <i>favelas</i>. Output. Infrastructure and social services implemented and operating.</p>	0 ⁵	7	7	8	8	30	Verification through SMH administrative records.
<p>Interventions in settlements: Implementation of comprehensive infrastructure and social service projects in six communities Output: Infrastructure and social services implemented and operating.</p>	0 ⁶	1	1	2	2	6	Verification through SMH administrative records.
<p>Pilot project to prevent violence and promote civic coexistence Output: Implementation in a pilot community, with monitoring system and multisector actions implemented.</p>	0		1			1	Verification through SMH administrative records and reports of the program monitoring system.
COMPONENT 2. SOCIAL ACTIONS							
<p>Child Development Centers (EDIs). Expansion of the municipal early childhood education network (0-6 years of age), with a center in each community targeted by the program, each with capacity for 150 children. Output: Children served in the targeted communities, and (EDIs) built and functioning.</p>	0 ⁷	840 (7 centers)	1,800 (8 centers)	2,520 (6 centers)	3,360 (7 centers)	3,360 (28 centers)	Verification through SME administrative records and reports of the program monitoring system

⁵ For this stage the baseline is assumed to be zero even though urban development interventions have been completed in 102 favelas in previous stages.

⁶ For this stage, the baseline is assumed to be zero even though urban development interventions have been completed in 13 unregulated settlements in previous stages.

⁷ For this stage, the baseline is assumed to be zero even though over 50 centers have been built in the program's favelas and unregulated settlements in previous stages.

COMPONENT	BASELINE (YEAR)	YEAR 1	YEAR 2	YEAR 3	YEAR 4	FINAL VALUE	COMMENTS
<p>CRAS. Construction and equipping of two fixed-site (F) Social Welfare Referral Centers (CRASs) and 10 mobile ones (M).</p> <p>Output: New CRASs built and operating.</p>	0	1 F 4 M	1 F 4 M	2 F	0	12 F+M	Verification through SMAS administrative records.
<p>Support for at-risk young people. Expansion and replication of the model for providing services to at-risk young people. Each center will attend roughly 500 young people between 17 and 25 years of age. The Program will finance services for a total of 2,500 young people.</p> <p>Output: New centers implemented and operating, and young people being served by the Program.</p>	0	1 (500 young people)	1 (1,000 young people)	3 (2,000 young people)	0 (1,500 young people)	5	Verification through SMAS administrative records.
<p>Income generation program</p> <p>Program participants will attend courses provided by the Labor and Employment Department (SMTE). Training in the use and repair of computers.</p> <p>Output: Number of young people served.</p>	0	300	500	500	500	1,800	Verification through SMTE administrative records.
COMPONENT 3. REGULARIZATION AND CONTROL OF URBAN DEVELOPMENT							
<p>System to control squatting. Implementation of the system, reducing the expansion of favelas beyond the established ecoboundaries.</p> <p>Output: System implemented and percentage of expanded area</p>	3.5% ⁸	1 (system implemented)	1%	The oversight system should be operating by the end of the first year. Expansion will be measured at the end of the Program execution period.
<p>POUSO. Expansion of the POUSO network to support land regularization and control of urban development.</p> <p>Output: New POUSO operating.</p>	N/A	8	8	8	8	24	Verification through SMH and SMU administrative records.

⁸ The area of 67 favelas served by Stage II of the program (PROAP II) grew by an average of 35%.

COMPONENT	BASELINE (YEAR)	YEAR 1	YEAR 2	YEAR 3	YEAR 4	FINAL VALUE	COMMENTS
<p>Urban development and property regulation Mapping, individual registration of properties, and regularization of urban development, culminating in the granting of permits to inhabit lots and/or a property title or equivalent instrument.</p> <p>Outcome: Domiciles regularized (d) and titles obtained (t)</p>	0	0	5,000 (d) 500 (t)	6,000 (d) 1,000 (t)	7,000 (d) 1,500 (t)	18,000 (d) 3,000 (t)	Verification through SMH administrative records.
COMPONENT 4. INSTITUTIONAL DEVELOPMENT							
<p>Training: Provided to professional staff from the departments involved in the program.</p> <p>Output: Number of courses, seminars, and training workshops attended by staff from the SMH and other departments participating in the program</p>	N/A	8	8	10	10	36	Verification through SMH administrative records.

SUMMARY PROCUREMENT PLAN (FIRST 18 MONTHS¹)

Order No.	Description of contract and Estimated cost of procurement	Method	Review (ex ante/ex post)	Source of financing and percentage		Prequalification (YES/NO)	Estimated dates		Status (pending, in process, awarded, canceled)	Comments
				IDB (%)	Local (%)		Publication	Completion of the contract		
1. Goods										
1	Procurement of equipment for the CRAS/CREAS of Anchieta XXII - R.A - AP 3.3, divided into 4 lots: Lot 1 - (functional furniture); Lot 2 - (air conditioners); Lot 3 - (computer and telephony equipment); Lot 4 - (kitchen equipment). Estimated cost: US\$35,000	Shopping	ex post	40	60	NO	Q1 2011	Q3 2011	Pending	
2	Procurement of equipment for the CRAS/CREAS of Meier XIII - R.A - AP 3.3, divided into 4 lots: Lot 1- (functional furniture); Lot 2 - (air conditioners); Lot 3 - (computer and telephony equipment); Lot 4 - (kitchen equipment). Estimated cost: US\$35,000	Shopping	ex post	40	60	NO	Q1 2011	Q3 2011	Pending	
3	Procurement of equipment for the CRAS/CREAS of Pavuna XXV - R.A – AP 3.divided into 4 lots: Lot 1- (functional furniture); Lot 2 - (air conditioners); Lot 3 - (computer and telephone equipment); Lot 4 - (kitchen equipment). Estimated cost: US\$35,000	Shopping	ex post	40	60	NO	Q3 2011	Q1 2012	Pending	

¹ Includes a number of procurements to be funded from the local counterpart for illustrative purposes.

Order No.	Description of contract and Estimated cost of procurement	Method	Review (ex ante/ex post)	Source of financing and percentage		Prequalification (YES/NO)	Estimated dates		Status (pending, in process, awarded, canceled)	Comments
				IDB (%)	Local (%)		Publication	Completion of the contract		
4	Procurement of equipment for youth services centers Estimated cost: US\$100,000	Auction	ex post	40	60	NO	Q3 2011	Q1 2012	Pending	
5	Procurement of specific equipment for 7 Child Development Centers (EDIs) (childcare centers), divided into 9 lots: Permanent material: Lot 1 - furniture in general: Lot 2 - radio, telecommunications, recording, sound, and image reproduction machinery and equipment; Lot 3 - electrical and electronic equipment; Lot 4 - computer hardware; Lot 5 - graphics machines and equipment, cartography, and design typographies; Consumables: Lot 6 - office and filing material; Lot 7 - material for school, didactic, cultural, civic, and technical use; Lot 8 - materials for photography, filming, recording, telecommunications, and sound and image reproduction; Lot 9 - materials for the maintenance of microcomputers and peripheral devices Total cost (seven lots): US\$1,200,000	Auction	ex post	40	60	NO	Q3 2011	Q2 2012	Pending	

Order No.	Description of contract and Estimated cost of procurement	Method	Review (ex ante/ex post)	Source of financing and percentage		Prequalification (YES/NO)	Estimated dates		Status (pending, in process, awarded, canceled)	Comments
				IDB (%)	Local (%)		Publication	Completion of the contract		
2. Works										
6	Contracting of a firm to undertake integrated urban development works in the Vila Amizade/Caramuru/Mineiro communities (18 months) Estimated cost: US\$12,000,000	NCT	ex post	67	33	NO	Q3 2011	Q2 2012	In process	
7	Contracting of a firm to undertake integrated urban development works in Morro Barão São José Operário (24 months) Estimated cost: US\$14,000,000	NCT	ex post	-	100	NO	-	-	Work began in October 2010	
8	Contracting of a firm to undertake integrated urban development works in Morro da Matriz/Queto (18 months) Estimated cost: US\$7,065,000	NCT	ex post	67	33	NO	Q3 2011	Q2 2012	In process	
9	Contracting of a firm to undertake integrated urban development works in the Vila Joaniza Barbante community (30 months) Estimated cost: US\$30,361,000	NCT	ex ante	67	33	NO	Q3 2011	Q2 2012	In process	
10	Contracting of a firm to undertake integrated urban development works in the Elisa Maria settlement (18 months) Estimated cost: US\$2,000,000	NCT	ex post	58	42	NO	Q1 2011	Q4 2012	Pending	
11	Contracting of a firm to undertake works at the Social Welfare Referral Center (CRAS) (6 months) Estimated cost: US\$210,000	Shopping	ex post	40	60	NO	Q4 2011	Q3 2012	Pending	
12	Contracting of a firm to undertake works in the Social Welfare Referral Center (CRAS) (6 months) Estimated cost: US\$210,000	Shopping	ex post	40	60	NO	Q4 2011	Q3 2012	Pending	

Order No.	Description of contract and Estimated cost of procurement	Method	Review (ex ante/ex post)	Source of financing and percentage		Prequalification (YES/NO)	Estimated dates		Status (pending, in process, awarded, canceled)	Comments
				IDB (%)	Local (%)		Publication	Completion of the contract		
3. Nonconsulting services										
13	Contracting of a firm to support implementation of the system to control squatting, including supply of staff, equipment, vehicles, etc. Execution period: 5 years Estimated cost: US\$3,000,000	NCB	ex post	36	64	NO	Q4 2011	Q1 2015	Pending	
14	Contracting of a firm specializing in aerial surveying and cartography, to monitor settlements and support property regularization processes. Estimated cost: US\$1,500,000	NCB	ex post	40	60	NO	Q4 2011	Q1 2015	Pending	The first flight took place in 2009 charged to the local counterpart
15	Contracting of a specialized firm to install georeferenced physical boundaries of the program's communities. Execution period: 3 years Estimated cost: US\$1,000,000	NCB	ex post	10	90	NO	Q4 2011	Q1 2015	Pending	
4. Consulting services										
16	Contracting of a firm to audit the program. Estimated cost: US\$150,000	NCT	ex ante	60	40	NO	Q3 2011	Q1 2015	Pending	
17	Contracting of consulting firm to monitor and evaluate the program. Estimated cost: US\$800,000	NCT	ex ante	100	-	NO	Q3 2011	Q3 2015	Pending	
18	Contracting of a consulting firm to prepare engineering and urban development designs for the Parque Oswaldo Cruz community (six months) Estimated cost: US\$615,000	NCB	ex post	50	50	NO	Q3 2011	Q1 2012	Pending	

Order No.	Description of contract and Estimated cost of procurement	Method	Review (ex ante/ ex post)	Source of financing and percentage		Prequalification (YES/NO)	Estimated dates		Status (pending, in process, awarded, canceled)	Comments
				IDB (%)	Local (%)		Publication	Completion of the contract		
19	Contracting of a consulting firm to prepare engineering and urban development designs for the Bairro das Oliveiras settlement (6 months). Estimated cost: US\$16,000	NCB	ex post	50	50	NO	Q3 2011	Q1 2012	Pending	
20	Contracting of a consulting firm to prepare engineering and urban development designs for the Cachoeira do Barata settlement (6 months). Estimated cost: US\$20,000	NCB	ex post	50	50	NO	Q3 2011	Q1 2012	Pending	
21	Contracting of a consulting firm to support property regularization activities. Estimated cost: US\$1,000,000	QCBS	ex post	50	50	YES	Q4 2011	Q2 2013	Pending	QCBS
22	Contracting of a consulting firm to support the operation of POUISO in the tasks of urban regularization, urban planning, and compliance-monitoring in the Program's areas. Estimated cost: US\$1,500,000	NCB	ex post	50	50	YES	Q3 2011	Q2 2015	Pending	
23	Contracting of an NGO to develop community participation work (24 months) Estimated cost: US\$2,000,000	ICB	ex ante	32	68	NO	Q3 2011	Q2 2015	Pending	
24	Contracting of an NGO to support the SMAC in managing the CRASS. Estimated cost: US\$1,100,000	NCB	ex ante	40	60	NO	Q3 2011	Q2 2015	Pending	
25	Contracting of an NGO to implement and operate the youth and adolescent services center. Estimated cost: US\$500,000	NCB	ex ante	40	60	NO	Q4 2011	Q1 2015	Pending	

Dollar exchange rate: US\$1 = R\$1.8555 (26/09/2008).

ACRONYMS USED: ICB: International competitive bidding; NCB: National competitive bidding (IDB); NCT: National competitive tender (under Law 8,666/93); QCBS: Quality- and cost-based selection