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**DOCUMENT OF THE INDEPENDENT CONSULTATION
AND INVESTIGATION MECHANISM**

BR-MICI004-2011

**SECOND MONITORING REPORT ON THE CONSULTATION PHASE AGREEMENTS
LOW-INCOME NEIGHBORHOOD IMPROVEMENT PROGRAM HABITAR BRASIL**

BR-0273

This document was prepared for the Consultation Phase.

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Second Monitoring Report on the Agreement:
December 2014 – November 2015

Case BR-MICI004-2011

Low-income Neighborhood Improvement Program

Habitar Brasil (BR-0273)

São José dos Campos

CONSULTATION PHASE

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MONITORING REPORT

Period: December 2014 – November 2015

I. EXECUTIVE SUMMARY

- 1.1 This document is being issued in accordance with paragraph 35 of the Independent Consultation and Investigation Mechanism Policy (document MI-47-3), to report on the progress made over the period of reference (December 2014 to November 2015) on the commitments assumed by the Parties under the agreement signed on 24 May 2014 (the “Agreement”) for case BR-MICI004-2011, regarding the Low-income Neighborhood Improvement Program Habitar Brasil (BR-0273) carried out in São José dos Campos, Brazil. The progress related in this report builds on the advances made during the period from June through November 2014, which are documented in the [First Monitoring Report](#).
- 1.2 During the period covered by this report, and in accordance with the monitoring plan, the following activities were carried out: (a) the local facilitator monitored the monthly meetings of the Joint Committee¹ through the start of works in March; (b) the ICIM conducted three international missions to São José dos Campos to verify the status of the works on site; and (c) the ICIM received the quarterly progress reports from the Joint Committee, in addition to other relevant documentation.
- 1.3 To date, 13 of the 22 actions that comprise the Agreement were carried out or are in the process of being carried out, of which the following are worth mentioning: (a) the contract between the Municipal Government and Urbam, the construction company that will build the houses, has been signed; and (b) the works have been started. According to the agreed timeline, the seven remaining actions are scheduled to be carried out subsequently, which is why no activity on them is reported.
- 1.4 Going forward, the following actions are expected to be carried out in 2016: (a) approval and implementation of the Social Action Plan (PAS); (b) definitive response from the Department of Federal Assets (SPU); (c) finalization of housing construction; and (d) signature of the contract and delivery of the houses to the beneficiaries. In order to monitor these activities, ICIM will conduct a mission to São José dos Campos and will receive support from the local facilitator.
- 1.5 Pursuant to the Agreement, the ICIM will consider the case closed once it has verified the last activity—post-occupancy work—, which is to be done seven months after the houses are delivered to the beneficiaries.

II. ICIM POLICY BACKGROUND FOR AGREEMENT MONITORING

- 2.1 The monitoring of agreements for this case is done in accordance with the ICIM Policy approved on 17 December 2014 (document MI-47-3) and the Transition Plan (document MI-48-1) approved by the Board of Executive Directors on 4 February 2015.
- 2.2 Paragraph 35 of the ICIM Policy establishes the obligations in terms of monitoring of agreements for the Consultation Phase as follows: “The ICIM will submit a monitoring

¹ A joint committee was created for the purpose of monitoring the activities set out in the Agreement. It consists of three representatives from the families and three from the Municipal Government. The committee meets monthly to consider the progress of the actions necessary to comply with the Agreement and submits the findings in progress reports to be sent to the ICIM on a quarterly basis.

report to the Board [...] for information at least annually, which will be published in the Public Registry.”

III. BACKGROUND OF THE CASE

- 3.1 The background of case [BR-MICI004-4011](#) and the public documentation on the case are available for consultation in the ICIM's Public Registry 2010-2014.
- 3.2 Regarding the monitoring of the Agreement, see the [First Monitoring Report](#).

IV. ACTIONS PERFORMED DURING THE MONITORING PROCESS

- 4.1 In the Agreement, 22 activities were identified, listed in Annex I to this document. The following actions were carried out between December 2014 and November 2015 to comply with the Agreement:
 - a. In December 2014, the area identified for the work was fully vacated, providing an opportunity for plant cover to be removed and earthworks to begin in preparation for the construction phase.
 - b. In early 2015, the documents requested by the SPU² were sent for the latter to grant authorization to operate in the area of the works. Although such documentation has been under analysis by the SPU since March 2015, that agency granted a preliminary authorization to the Municipal Government to begin the works (ground clearing, plant cover removal, and others).
 - c. Pursuant to the Monitoring Plan, the ICIM's local facilitator attended the monthly meetings of the Joint Committee until the start of the works (January to April 2015). Such monitoring was essential to: (a) establish a work routine and dynamic for clarification of specific issues in the Agreement essential to progress with the process; (b) clarify the need to provide information objectively and in a timely manner for the Parties; and (c) reinforce the structure and content of the quarterly progress reports, in order to comply with the Agreement and keep the ICIM properly informed of the progress and challenges encountered throughout the process.
 - d. In the first half of the year, the ICIM conducted two international missions to São José dos Campos,³ during which the following case-related activities were carried out, among others: (a) report on the approval and entry into force of the new ICIM Policy and its implications for processing the current Request; (b) support understanding and communication between the Parties on the specifications of the Agreement, in particular the model of the houses; and (c) learn first-hand about the Parties' outlook regarding implementation of the Agreement.
 - e. In April 2015, the Mayor of São José dos Campos signed the contract with Urbam, the company building the houses, thus enabling the works to begin officially.
 - f. In August 2015, the representatives of the families on the Joint Committee formalized the change of one of their members.

² The Municipal Government needs SPU approval to be able to use the property for housing construction. In its capacity as property owner, the SPU required a series of documents to be prepared and delivered by the Municipal Government.

³ The missions were conducted in combination with case BR-MICI006-2011, on 11 March and 22 April 2015.

- g. On 26 September 2015, the beneficiary families, together with the Mayor, his team, and the members of the Joint Committee, visited the area of the works and saw for the first time the location of their future dwellings.
- h. During the period covered, a draft PAS was finalized. After a process of comments and clarifications, it was adjusted and presented to the beneficiary families in November 2015.
- i. In October 2015,⁴ the ICIM conducted a monitoring mission during which meetings were held with each of the Parties. The works site was visited with members of the Joint Committee. The ICIM noted the progress of the works during that mission (20%).



Visit by the Joint Committee and the ICIM team to the worksite, October 2015.
Source: MICI



Status of the works, October 2015
Source: MICI

4.2 During the period covered by this report, the following actions in the Agreement were carried out or were in the process of being carried out:⁵

#	AGREEMENT/ACTIVITY	Status
1	Preparation of documentation for the SPU	FULFILLED
2	Negotiation and relocation of the families living in the area to temporary housing	FULFILLED
3	Monitoring of the relocation of residents from the project area	FULFILLED
4	Authorization to work in the area/SPU response	UNDER WAY
5	Detailed design	FULFILLED
6	Drafting and signature of the contract (Municipal Government and Urbam)	FULFILLED
7	Preparation of the Social Action Plan (PAS)	UNDER WAY
8	Works execution	UNDER WAY

⁴ The monitoring mission took place from 8 to 11 October 2015.

⁵ This includes activities performed between December 2014 and November 2015.

V. CONCLUSIONS AND NEXT STEPS

- 5.1 During the period covered by this report, the Parties have constantly demonstrated their willingness and commitment to the Agreement in that they have devoted time and effort to comply with the actions agreed upon within as short a time as possible.
- 5.2 Two key actions remain under way and require monitoring: (a) SPU authorization to operate in the area; and (b) finalization and implementation of the PAS. The Municipal Government has completed all the required documentation and is following up with the SPU to receive such authorization, which is the exclusive responsibility of that agency.
- 5.3 As to the Joint Committee, it faced a number of challenges initially in terms of coordination and handling of information related to the Agreement. The role of the local facilitator at the Joint Committee's monthly meetings was essential to clarify specific matters and create a more dynamic communication format.
- 5.4 During the period from December 2015 to November 2016, the ICIM will monitor the following actions, among others:
 - a. Definitive response from the SPU with authorization to operate in the area;
 - b. Finalization and implementation of the PAS;
 - c. Completion of the works; and
 - d. Signature of the contract and delivery of the houses.
- 5.5 During that period, the ICIM is expecting to conduct an international mission to São José dos Campos to verify that the works have been completed and the houses delivered. The dates are subject to the project's progress (tentatively, mid-November 2016). In addition, the ICIM will have the support of the local facilitator to deal with any specific issues that may arise and place implementation of the Agreement at risk.
- 5.6 In accordance with the Agreement, the ICIM will verify the last activity—the post-occupancy work—to be done seven months after the houses are delivered to the beneficiaries (tentatively, mid-2017), after which the case will be considered closed.

ANNEX I. ACTIVITIES MONITORING TABLE

Stage	#	Activity in the timeline	Description	Current status
Preparation	1	Request for plant cover removal - preparation	The land where the works will be carried out currently has vegetation that needs to be eliminated. Authorization from the Municipal Department of the Environment is needed for this purpose.	Fulfilled
	2	Authorization for plant cover removal		Fulfilled
	3	Preparation of documentation for the SPU	The Municipal Government needs SPU approval to use the land for housing construction. As the owner of the land, the SPU required a series of documents that will need to be prepared and delivered by the Municipal Government.	Fulfilled
	4	SPU response		Pending
	5	Negotiation with the residents of the project area and temporary housing solution	There were some informal settlements in the area to be used for housing construction. In order for the land to be completely cleared for use, the Municipal Government needed to negotiate with the residents of those settlements and provide them with a temporary housing solution, until they can move into their respective houses.	Fulfilled
	6	Preparatory actions to move the residents out of the project area		Fulfilled
	7	Relocation of the residents in the project area		Fulfilled
	8	Monitoring of the relocation of the residents in the project area		Fulfilled
	9	Authorization to operate in the area	The SPU is responsible for such authorization, which is the key activity for the start of the works.	Under way
	10	Detailed design	This document is to be prepared by Urbam, the construction company in charge of the works.	Fulfilled
	11	Area survey	The survey work in the area is necessary to support the SPU's land transfer process.	Fulfilled
	12	Drafting and signature of the contract (Municipal Government and Urbam)	The Municipal Government and Urbam will draft and sign the terms of the contract for the works.	Fulfilled
	13	Preparation of the Social Action Plan (PAS)	This is technical social work to be performed by the Parties, which will cover the following activities, <i>inter alia</i> : (a) social support for families in vulnerable circumstances; (b) development of community activities during works execution; and (c) support for establishing community life following the move.	Under way
	14	Social actions with the families that will be resettled	These are activities provided for in the PAS for the pre-occupation period.	Pending
	15	Creation of the financial model for paying for the houses	The financial model to be used for paying for the houses will be similar to the one used in the social program <i>Minha Casa Minha Vida</i> . The specific modality and the conditions for delivery of the houses and payment therefor will be created in the context of the Agreement.	Pending

Stage	#	Activity in the timeline	Description	Current status
Execution	16	Works execution	This involves the actual construction of the works.	Under way
Delivery of the works	17	Preparation of the terms of the contract	Upon delivery of the houses, the beneficiary families will sign a delivery contract.	Pending
	18	Signature of the contract and delivery of the houses		Pending
	19	Monitoring and support of the families' relocation	These are activities provided for in the PAS for the relocation to the new houses.	Pending
	20	Registration of the payment card	Each beneficiary will have to register a payment card to make payments on the houses.	Pending
	21	Notification to the SPU that the families have been relocated	The SPU will be notified when the beneficiary families have moved out of the railway hangar and have been relocated to their new houses.	Pending
	22	Post-occupation work	This involves social activities to promote integration and establishment of community life provided for the families after they move.	Pending