



PUBLIC
SIMULTANEOUS DISCLOSURE

DOCUMENT OF THE INDEPENDENT CONSULTATION AND INVESTIGATION MECHANISM

BRAZIL
BR-MICI004-2011

CASE CLOSURE

**LOW-INCOME NEIGHBORHOOD IMPROVEMENT PROGRAM –
HABITAR BRASIL**

(BR-0273)
(1126/OC-BR)

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ABBREVIATIONS

Bank or IDB	Inter-American Development Bank
MICI or the Mechanism	Independent Consultation and Investigation Mechanism of the IDB Group
MCMV	Minha Casa Minha Vida Housing Program
Parties	The Requesters, Management, borrower, client, and/or executing agency, as appropriate
Municipal Government	Prefeitura de São José dos Campos [Municipal Government of São José dos Campos]
MICI Policy	The Policy was approved by the IDB Board of Executive Directors in December 2014 and revised in December 2015. It governs the work of the MICI on Requests related to operations financed by the IDB or the Multilateral Investment Fund (document MI-47-6)
SPU	Secretaría del Patrimonio da União [Federal Properties Management Office]
URBAM	Urbanizadora Municipal S.A. (municipal company responsible for executing the program's works)

I. CASE BACKGROUND

- 1.1 On 23 September 1998, the Board of Executive Directors of the IDB approved the Low-income Neighborhood Improvement Program – Habitar Brasil (operation BR-0273). Its objectives included raising the quality of life of families residing in neighborhoods of metropolitan areas and urban centers, which was to be implemented by the Municipal Government of São José dos Campos (“Municipal Government”) as part of its “Casa da Gente” project with the aim of resettling 453 families in new housing units.
- 1.2 On 10 June 2011, the MICI received a Request from Mr. Cosme Vítor of Central de Movimientos Populares (CMP), on behalf of approximately 30 families that were alleging the program had caused a series of adverse social impacts for people living in the Vila Nova Tatetuba and other communities. Some families believed that the proposed housing alternative did not satisfy the minimum conditions required under the IDB Involuntary Resettlement Policy (Operational Policy OP-710). Specifically, they alleged that the new location lacked basic infrastructure and was very far away from the areas where the Requesters worked, causing them considerable socioeconomic harm. They therefore decided to refuse the resettlement alternative, after which they were evicted from their houses and, since January 2004, had been living in makeshift accommodations inside an abandoned railroad warehouse. They further alleged that, after being evicted from their original housing units, they received no financial compensation and their living conditions had deteriorated considerably.
- 1.3 The Request was declared eligible for the Consultation Phase on 22 August 2011, in accordance with the Policy Establishing the Independent Consultation and Investigation Mechanism (document GN-1830-49), which had been approved in February 2010 but since repealed.
- 1.4 Following an evaluation, the Ombudsperson for Projects determined that a conflict resolution process could bring about a consensus solution. Between the period from April 2012 to April 2014, the Requesters and representatives of the Municipal Government voluntarily took part in dialogue facilitated by the MICI with the primary objective of identifying housing solutions for the Requester families. The agenda of that dialogue also included: (a) the viability of the Requesters remaining in the railroad warehouse; (b) upgrading the warehouse to temporarily improve housing safety conditions; (c) the loss of furniture during the eviction; and (d) the differential impact on women. The Office of the Public Advocate (Defensoria Pública) participated throughout the process.
- 1.5 As a result of the conflict resolution process, the Parties signed an agreement on 24 May 2014 that provided for the construction of single-family houses within a five-kilometer radius of the city center and the creation and implementation of a social action plan. That date also marked the beginning of compliance monitoring of the agreed upon activities, which was supervised by MICI.
- 1.6 On 17 December 2014, the Board of Executive Directors of the IDB approved the new MICI Policy, which entered into force immediately. To clarify the procedure for managing cases under the previous MICI Policy, the IDB Board of Executive Directors approved a transition plan on 4 February 2015, which established the procedure for managing each of the cases initiated under the 2010 MICI Policy

that were still active. The plan established a term of up to five years from the entry into force date of the new MICI Policy for the monitoring phase of case BR-MICI004-2011. It also required the MICI to prepare and submit annual monitoring reports to the IDB Board of Executive Directors for information.

- 1.7 The background information on case BR-MICI004-2011 and the public documentation prepared during the process can be consulted in the corresponding [case file](#) of the MICI Public Registry, which includes all related monitoring reports prepared by the Mechanism up to and including this case closure report.

II. CONSULTATION PHASE REPORT AND AGREEMENTS REACHED

- 2.1 The Agreement that resulted from the MICI process provided for the construction of 28 single-family housing units based on the design agreed upon with the families, to be built on land located 4 kilometers from the city center. Because these were to be low-income housing units, the Federal Properties Management Office (SPU) decided to donate the land for the housing. The units would be financed with the Municipal Government's own resources based on the model of the Minha Casa Minha Vida housing program.
- 2.2 Moreover, the families were to receive social assistance both during and after they accepted delivery of the housing, to support the significant change they would undergo in terms of their routine and way of living. Accordingly, the Municipal Government and the families would work together on a social action plan.
- 2.3 The activities included under the Agreement are as follows:

Stage	#	Activity in the timeline	Description
Preparation	1	Request for plant cover removal	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.
	2	Authorization for plant cover removal	
	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.
	4	SPU response	
	5	Negotiation with the residents of the project area and temporary housing solution	There were some informal settlements in the area where the houses are to be built. In order for the land to be completely cleared for use, the Municipal Government needs to negotiate with the residents of those settlements and provide them with a temporary housing solution, until they can move into their respective houses.
	6	Preparatory actions to move the residents out of the project area	
	7	Relocation of the residents in the project area	
	8	Monitoring of the relocation of the residents in the project area	
	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.

Stage	#	Activity in the timeline	Description
	10	Final design	This document is to be prepared by Urbanizadora Municipal S.A. (URBAM), the construction company in charge of the works.
	11	Area survey	The survey work in the area is necessary to support the SPU's land transfer process.
	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.
	13	Preparation of the Social Action Plan	This is technical social work to be performed by the Parties, which will include the following activities: (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.
	14	Social actions with the families that will be resettled	These are the activities included in the Social Action Plan during the predelivery period.
	15	Creation of the financial model to finance the houses	The financial model to be used to finance the houses will be similar to the one used in the Minha Casa Minha Vida housing program. The specific modality and the conditions for delivery of the houses and payment therefor will be created in the context of the Agreement.
Execution	16	Works execution	This involves the actual construction of the works.
Delivery of the works	17	Preparation of the terms of the contract	Upon taking possession of the housing units, the beneficiary families will sign a turnkey contract.
	18	Signature of the contract and delivery of the houses	
	19	Monitoring of and support for the families' relocation	These are activities provided for in the Social Action Plan for the relocation to the new houses.
	20	Registration of the payment card	Each beneficiary will have to register a payment card to make payments on the houses.
	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 railroad warehouse and have been relocated to their new houses.
	22	Post-delivery work	This involves social activities to promote integration and establishment of community life provided for the families after they move.

- 2.4 The Agreement reached provides required coordinated action among the various stakeholders, including the Requesters and the relevant Municipal Government departments (e.g. housing, environment, governance, transportation, and the courts), the Office of the Public Advocate, the SPU, and URBAM.

III. AGREEMENT MONITORING

- 3.1 The Joint Commission (hereinafter the “Commission”) was formed to monitor the timeline of activities. It is comprised of three representatives of the families and three representatives of the Municipal Government. The Committee serves, *inter alia*, as the point of contact for information and communication flows with the MICI. At the Parties’ request, and in accordance with its mandate, MICI was ultimately responsible for monitoring the Agreement in close coordination with the Commission.
- 3.2 During the monitoring period, MICI was supported by a local facilitator and conducted annual missions to São José dos Campos to verify onsite the progress made on the activities of the Agreement. Annual monitoring reports were issued and are available in the case file of the MICI’s online Public Registry.
- 3.3 In 2014 and 2015, activities focused on preparing the construction works and processing the land donation together with the SPU. Efforts were also made to coordinate a work arrangement for the Commission to ensure timely monitoring of the Agreement and the continuity of information flows to the Requesters. In parallel, progress was made in the design of the Social Action Plan and the implementation of its social measures.
- 3.4 The pace of the works picked up in 2016 and were closely monitored by the Commission, which was responsible for relaying information to the families about the construction of their future homes. Once the works were completed in November, the Municipal Government held a commemorative event to deliver the keys to the houses each family, which then moved into their new homes. Moreover, an addenda to the Agreement was signed to clarify issues related to the construction method, the process of formalizing the documentation, and the terms and conditions of the financing that were different from the original commitments.
- 3.5 Local elections resulted in a new Municipal Government at year-end 2016. Consequently, it became necessary get the incoming administration to ratify the Agreement and monitoring plan. Once that commitment was secured, work began to formalize the documentation, specifically the titling of the housing units. In October 2017, the land donation contract was signed with the Municipal Government and the SPU.
- 3.6 In 2018 and 2019, the Municipal Government continued to work on the transfer of ownership. This entailed legislative approvals as well as gathering personal documents of the families. Inspection visits were also made to the housing units to ensure they were in compliance with the conditions of habitability and functionality stipulated in the Agreement. At the request of the Municipal Government, URBAM did the complementary work required to ensure compliance.

- 3.7 As the end of the MICI's five-year monitoring phase approached at year-end 2019, practically all the agreed upon activities had been fulfilled. Only the transfer of title remained pending—a process that depended on several legislative bodies working within their own timetables. After the MICI's involvement ended, the Parties reached agreed with the Office of the Public Advocate on a mechanism to monitor the title transfer process.

IV. CLOSURE OF CASE PROCESSING BY THE MICI

- 4.1 In accordance with the transition plan, since five years had passed since the entry into force date of the new MICI Policy, the period of monitoring by the MICI ended in December 2019. The final activity planned by the MICI was a mission that month to sign the case closure documentation and the agreement of the new monitoring arrangement, which, due to a scheduling conflict of the Parties, had to be postponed until 2020.
- 4.2 On that occasion, in a joint meeting, the Parties agreed that the Office of the Public Advocate, a local mechanism, would assist the families in the process of ensuring the titles to the housing units were transferred. For that purpose, a timetable that included the relevant responsibilities and alternative monitoring arrangement was prepared. Despite the closure of the case by the MICI, the Parties decided to keep the MICI informed as to when this last commitment had been fulfilled.
- 4.3 In April 2020, the Municipal Government and the Office of the Public Advocate informed the MICI that the process was very far along and a number of the property titles were ready and would be delivered once the COVID-19 emergency was over.
- 4.4 The MICI thanks the Parties for their constructive collaboration and participation during the process, which had successfully overcome technical, legal, political, and communication hurdles.
- 4.5 Through this report, the MICI notifies the Parties, the Board of Executive Directors, and the general public of the closure of case BR-MICI004-2011, which concludes its management of last legacy case under the 2010 MICI Policy.