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**BRAZIL**

**BR-MICI004-2011**

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

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

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This document is being made publicly available simultaneously with its distribution to the Board for information.

## CONTENTS

### EXECUTIVE SUMMARY

I.	MICI POLICY BACKGROUND FOR AGREEMENT MONITORING.....	1
II.	CASE BACKGROUND .....	1
III.	ACTIONS PERFORMED DURING THE MONITORING PROCESS.....	1
IV.	CONCLUSION AND NEXT STEPS .....	2

**ANNEXES**

Annex I      Commitment Monitoring Table

**LINKS**

1. [Eligibility Memorandum](#)
2. [Consultation Phase Assessment Report](#)
3. [Consultation Phase Report](#)
4. [First Monitoring Report](#)
5. [Second Monitoring Report](#)
6. [Third Monitoring Report](#)
7. [Fourth Monitoring Report](#)

## ABBREVIATIONS

Bank or IDB	Inter-American Development Bank
MICI	Independent Consultation and Investigation Mechanism of the IDB Group
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 regarding Requests related to operations financed by the IDB or the Multilateral Investment Fund (document MI-47-6).
Parties	The Requesters, Management, borrower, client, and/or executing agency, as appropriate
PAS	Social Action Plan
SPU	Secretaria do Patrimônio da União (Federal Properties Management Office)

## EXECUTIVE SUMMARY

This document is being issued in accordance with paragraph 35 of the Independent Consultation and Investigation Mechanism Policy. It reports the progress made during the reporting period (March 2017 to November 2018) on the commitments assumed by the parties under the Agreement signed on 24 May 2014 for case BR-MICI004-2011, 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 reported in the four previous reports.

During this period, the following activities were carried out: (a) meetings of the Joint Committee,<sup>1</sup> (b) ongoing communication with representatives of the families and the Municipal Government; and (c) receipt, by the MICI, of the quarterly progress reports issued by that committee as well as additional relevant documentation.

To date, only three of the 22 activities comprising the Agreement are still pending: one has been partially fulfilled; one has been modified; and one remains pending. The government's commitment to implementing the Corrective Works Plan during the year was noteworthy; its implementation was completed in August 2018.

Since all activities planned under the Agreement are expected to be fulfilled by March 2019, the MICI will be concluding the monitoring stage. To that end, it will conduct a mission to São José dos Campos during the first quarter of 2019.

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<sup>1</sup> The Joint Committee was created to monitor the activities set out in the Agreement. It consists of three representatives each of the families and the Municipal Government. The committee meets monthly to consider the progress of the actions necessary to comply with the Agreement and submits its findings in progress reports to be sent to the MICI on a quarterly basis.

## **I. MICI POLICY BACKGROUND FOR AGREEMENT MONITORING**

- 1.1 The monitoring of the Agreement for this case is conducted in accordance with the MICI Policy approved in December 2014 and modified on 15 December 2015 (document MI-47-6) and the Transition Plan (document MI-48-1), approved by the Board of Executive Directors on 4 February 2015.
- 1.2 Paragraph 35 of the MICI Policy establishes the obligations of agreement monitoring for the Consultation Phase as follows: “The MICI will submit a monitoring report to the Board [...] for information at least annually, which will be published in the Public Registry.”
- 1.3 Pursuant to the Transition Plan, in the case of Requests that were recorded and processed under the Policy Establishing the MICI and in the agreement monitoring process of the Consultation Phase when that policy was approved, the duration of such monitoring will not exceed five years from the date the policy entered into effect. Furthermore, monitoring reports are to be issued annually.

## **II. CASE BACKGROUND**

- 2.1 For the case background, please refer to the links section of this report.

## **III. ACTIONS PERFORMED DURING THE MONITORING PROCESS**

- 3.1 Twenty-two activities were identified in the Agreement, which are listed in Annex I to this report. To date, 19 of the 22 actions (86%) comprising the Agreement have been fulfilled. With respect to the remaining actions, one has been partially fulfilled, one has been modified, and one remains pending. The following actions were carried out during the reporting period to comply with the Agreement:
  - a. In March 2018, the Municipal Government called on the builder, Urbam, to prepare a Corrective Works Plan to correct construction-related defects in the housing units. These works were completed in August 2018. The families and the Joint Committee participated in the monitoring of these corrective works.
  - b. In July 2018, following an exhaustive analysis by the Municipal Government’s legal department, the families were notified that the financing mechanism for the housing units would not entail a financial burden for them. To that end, draft legislation would need to be approved by the Municipal Council.
  - c. The last of the post-occupancy social activities stipulated in the Social Action Plan were carried out simultaneously.

#### **IV. CONCLUSION AND NEXT STEPS**

- 4.1 During the period covered by this report, the parties have demonstrated their willingness and commitment to fulfilling the Agreement.
- 4.2 The main milestones of this period were the conclusion of the activities stipulated in the Social Action Plan as well as the corrective works to the housing units. The legal analysis performed by the Municipal Government also represented a milestone, prompting the need to modify the financing mechanism for the housing units. This change resulted in additional activities that were not included in the original timeline.
- 4.3 Over the coming months, the MICI will monitor the following actions:
  - a. Municipal Council approval of the draft legislation for the grant;
  - b. Signing of the housing contract by the families; and
  - c. Registration of the housing units under the names of the beneficiaries with the municipality.
- 4.4 The MICI will consider the case closed once the properties have been formally registered under the names of the beneficiaries. Accordingly, it will conduct a mission in the first quarter of 2019 to São José dos Campos to formally close the case.

Stage	#	Activity in the timeline	Description	Current state
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 Federal Properties Management Office (Secretaria do Patrimônio da União – 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		Fulfilled
	5	Negotiation with the residents of the project area and temporary housing solution	There were some informal settlements in the area where the housing units 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 dwellings.	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.	Fulfilled
	10	Final 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.	Fulfilled
	14	Social actions with the families that will be resettled	These are the activities included in the PAS during the pre-occupation period.	Fulfilled



Stage	#	Activity in the timeline	Description	Current state
	15	Creation of the financing mechanism to pay for the housing units	The financing mechanism used to pay for the housing units will be similar to the one used in the <i>Minha Casa Minha Vida</i> social program. The specific mechanism and conditions for delivery of the housing units and payment therefore will be stipulated in the Agreement.	Modified
<b>Execution</b>	16	Works execution	This involves the actual construction of the works.	Fulfilled
<b>Delivery of the works</b>	17	Preparation of the terms of the contract	Upon taking possession of the housing units, the beneficiary families will sign a turnkey contract.	Fulfilled
	18	Signature of the contract and delivery of the houses		Housing units delivered; Contract signing underway
	19	Monitoring and support of the families' relocation	These are activities provided for in the PAS for the relocation to the new housing units.	Fulfilled
	20	Registration of the payment card	Each beneficiary will have to register a payment card to make payments on the housing units.	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 housing units.	Fulfilled
	22	Post-occupation work	This involves social activities to promote integration and establishment of community life provided for the families after they move.	Fulfilled