

**INTEGRATED SAFEGUARDS DATA SHEET  
CONCEPT STAGE**

Report No.: AC1376

**Date ISDS Prepared/Updated: March 23, 2005**

**I. BASIC INFORMATION**

**A. Basic Project Data**

Country: Brazil	Project ID: P050761
Project Name: BR-Low Income Housing TA	Task Team Leader: David N. Sisen
Estimated Appraisal Date: April 14, 2005	Estimated Board Date: June 28, 2005
Managing Unit: LCSFU	Lending Instrument: Specific Investment Loan
Sector: Housing finance and real estate markets (100%)	Theme: Access to urban services and housing (P);Other urban development (P)
Safeguard Policies Specialists in the task team:	
Loan/Credit amount (\$m.): IBRD: 5	
Other financing amounts by source:	(\$m)

**B. Project Objectives [from section 2 of PCN]**

Project Development Objective. The development objective of the proposed TAL would be to support the implementation, monitoring, and evaluation of the Government reform program supported by the Housing Sector Programmatic Development Policy Loan (PDPL). The Second Programmatic Loan for Sustainable and Equitable Growth aims to improve the policy environment for improving the living conditions of the poor and strengthening their access to assets, notably housing and serviced/serviceable land and would be the first in programmatic series of Development Policy Loans (DPLs), presented to the Bank's Board of Executive Directors in conjunction with the proposed TAL. The Second Programmatic Loan for Sustainable and Equitable Growth supports the Government's program to (a) strengthen the sector institutions managing Federal housing and urban development policy and programs; (b) build an efficient market for formal housing finance capable of absorbing long-term savings and which will provide a stock of finished housing for medium-term down-filtering of middle class housing; (c) establish a rational and complementary system for housing subsidies for the poor; and (d) improve the conditions for land and urban development by reducing barriers to formality and improving the affordability of formal land and housing development.

**C. Project Description [from section 3 of PCN]**

The proposed TAL would channel Bank financial support the four areas of programmatic support being incorporated under the concurrently-prepared series DPLs. The TAL would aim to support the overall policy reform agenda and, concretely, establish the necessary conditions under which the Bank could

provide investment-linked support to the housing subsidy programs through a sector investment loan under the Sector Wide Approach (SWAp) beginning in 2006. The TAL would be designed to allow for a large amount of implementation flexibility to account for the likely evolution of the financial sector linked inimitably to Brazil's macroeconomic conditions. Table [2] identifies the Project components and their associated costs.

Components	Indicative Costs (US\$M)	% of Total	Bank-financing (US\$M)	% Bank-financing
<b>Component 1</b> – <i>Institutional and Legal Framework Component</i>	<b>1.6</b>	32%	<b>1.6</b>	100%
<b>Component 2</b> – <i>Housing Finance Market Development Component</i>	<b>0.3</b>	6%	<b>0.3</b>	100%
<b>Component 3</b> – <i>Housing Subsidies for the Poor Component</i>	<b>2.4</b>	48%	<b>2.4</b>	100%
<b>Component 4</b> – <i>Land and Urban Development Component</i>	<b>0.7</b>	14%	<b>0.7</b>	100%
<b>Total</b>	<b>5.0</b>	100%	<b>5.0</b>	100%

The four components of the TAL are:

*Component 1: Supporting the Institutional and Legal Framework for Housing Policy (US\$ [XX] million).* The TAL would include resources to support the Ministry of Cities in its internal reorganization, including the consolidation of the National Housing Secretariat as the key technical and policy entity for managing coordinate policy design across the many public sector actors. The component would finance technical assistance related to the establishment of the FNHIS and, critically, to implement a broad program of capacity building and training for local officials at the municipal and state level. Because municipalities will be taking on greater responsibilities in the context of the evolving legal framework, efforts are urgently needed to strengthen the ability of local governments to recover costs and manage the basic fiduciary and technical aspects of urban development.

*Component 2: Housing Finance Market Development (US\$ [XX] million).* The TAL would include resources to support the improvement of the legal and regulatory framework for housing loans, including incremental reforms to the existing housing finance system, the further deregulation of the SBPE, and overall strengthening of the into the market-based SFI. While the reform agenda is broad and complex, and the sector actors have initiated a number of studies and technical reviews, the Government has requested that the TAL activities be highly focused on (a) efforts to disseminate information about the importance of a credible regulatory and legal framework for housing finance among a broad audience which would include the judiciary and members of Congress; (b) a technical review of the issues related to the development of a functioning credit insurance market; and (c) a strategic study, by independent consultants, of the medium-term future of FGTS. The TAL activities would complement other Government technical work on a number of issues, including: (a) the development of new legal and financial instruments for promoting greater primary and secondary market development; (b) the transition and future deregulation of SBPE, and (c) efforts to support the drafting of housing-specific consumer protection legislation, including a short study tour to the United States and/or Western Europe where such efforts are also underway.

*Component 3: Housing Subsidies for the Poor (US\$ [XX] million).* The focus of technical assistance activities as relates to housing subsidy policy would be the rationalization of the Government's various

subsidy programs and the establishment of effective targeting, monitoring, and evaluation mechanisms. Activities to be supported include (a) technical assistance for subsidy harmonization and regularization across the various subsidy programs (including OGU, off-budget, and FGTS programs); (b) the establishment of a tiered system of monitoring and evaluation, including regular monitoring of subsidy programs as regards targeting, impact, unit costs, the performance and compliance of financial intermediaries, and which would address both real-time needs and medium-term living standards impact; (c) demand-side technical assistance to local communities/local governments for structuring and packaging requests to the PSH; (d) a series of outreach and dissemination activities as regard national subsidy programs to improve understanding at the local level; and (e) technical assistance to improve the targeting of subsidies, including studies and analysis for the establishment of a system for poverty categorization that is more reliable than the current system of self-declaration and is consistent with Bank and Government experience.

*Component 4: Land and Urban Development (US\$ [XX] million).* Technical assistance under this Component would be aimed at (a) federal-level research, monitoring, and evaluation of the remaining policy and regulatory efforts for urban development and land subdivision; (b) support for the Ministry of Cities’ program to strengthen local governments in their efforts to achieve “*gestão própria*,” the accreditation of their institutional capacity which allows them to take the lead in local urban development policy setting and implementation; and (c) the development of a series of toolkits to facilitate the implementation of the policy innovations supported by the DPL, including toolkits for progressive housing development, the preparation of *Planes Diretores* (local master plans), and demand-side organization for housing subsidy programs.

**D. Project location (if known)**

The operation would provide Technical Assistance for the Government’s policy reform program and thus would not be location-specific.

**E. Borrower’s Institutional Capacity for Safeguard Policies [from PCN]**

Not applicable.

**II. SAFEGUARD POLICIES THAT MIGHT APPLY**

<b>Applicable?</b>	<b>Safeguard Policy</b> If Applicable, How Might It Apply?
[ ]	<a href="#"><u>Environmental Assessment (OP/BP 4.01)</u></a>
[ ]	<a href="#"><u>Natural Habitats (OP/BP 4.04)</u></a>
[ ]	<a href="#"><u>Pest Management (OP 4.09)</u></a>
[ ]	<a href="#"><u>Involuntary Resettlement (OP/BP 4.12)</u></a>
[ ]	<a href="#"><u>Indigenous Peoples (OD 4.20)</u></a>

<input type="checkbox"/>	<a href="#">Forests (OP/BP 4.36)</a>
<input type="checkbox"/>	<a href="#">Safety of Dams (OP/BP 4.37)</a>
<input type="checkbox"/>	<a href="#">Cultural Property (draft OP 4.11 - <a href="#">OPN 11.03</a>)</a>
<input type="checkbox"/>	<a href="#">Projects in Disputed Areas (OP/BP/GP 7.60)*</a>
<input type="checkbox"/>	<a href="#">Projects on International Waterways (OP/BP/GP 7.50)</a>

**Environmental Assessment Category:**

A  B  C  FI  TBD (to be determined)

If TBD, explain determinants of classification and give steps that will be taken to determine that EA category (mandatory):

**III. SAFEGUARD PREPARATION PLAN**

- A. Target date for the Quality Enhancement Review (QER), at which time the PAD-stage ISDS would be prepared. N/A **Not Applicable**
- B. For simple projects that will not require a QER, the target date for preparing the PAD-stage ISDS. **March 23, 2005**
- C. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing<sup>1</sup> should be specified in the PAD-stage ISDS. **Not applicable**

**IV. APPROVALS**

<i>Signed and submitted by:</i>		
<b>Task Team Leader:</b>	<b>David N. Sislen</b>	<b>Date</b>
<i>Approved by:</i>		
<b>Regional Safeguards Coordinator:</b>	<b>Name</b>	<b>Date</b>
<b>Comments</b>		
<b>Sector Manager:</b>	<b>Name</b>	<b>Date</b>
<b>Comments</b>		

\* *By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas*

<sup>1</sup> Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in-country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

