

Technical Cooperation Document

I. Basic Information for TC

▪ Country/Region:	BRAZIL
▪ TC Name:	PROMORAR (Prohousing) II – Supporting Innovative Strategies for Housing and Habitat in Brazil
▪ TC Number:	BR-T1595
▪ Team Leader/Members:	Tribouillard, Clementine Claire Dominique (CSD/HUD) Team Leader; Silva Herreros, Jorge Alejandro (CSD/HUD) Alternate Team Leader; Elisa Tavares (CSC/CDR); Arcia, Diego Andres (CSD/HUD); Silva De Anzorena, Maria Paloma (CSD/HUD); Milena Marrara (CSC/CDR); Perez Moreno Silvia (CSD/HUD); Avila, Franci Dianela (CSD/HUD); Bazilio, Wesley Nogueira (CSC/CDR); Cavazzoni Lima, Rafael (IFD/CMF); Queiroz Fenyves, Katia (CSD/CCS); Rachter De Sousa Dias, Laisa (SCL/GDI); Eschoyez, Guillermo Antonio (LEG/SGO); Correa Ferreira Francis (CSD/HUD); De Barros Torres Gabriel (CSD/HUD); Moraes Amorim, Luana
▪ Taxonomy:	Operational Support
▪ Operation Supported by the TC:	BR-L1588, BR-L1596, BR-L1609, BR-L1628.
▪ Date of TC Abstract authorization:	14 Dec 2023.
▪ Beneficiary:	Federative Republic of Brazil, through the Ministry of Cities, and Subnational Governments, i.e. municipal and state
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC SDP Window 2 - Sustainability(W2A)
▪ IDB Funding Requested:	US\$500,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	24 months
▪ Required start date:	March 2024
▪ Types of consultants:	Firms and individual consultants
▪ Prepared by Unit:	CSD/HUD-Housing & Urban Development
▪ Unit of Disbursement Responsibility:	CSC/CDR-Country Office Brazil
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Second Update to the Institutional Strategy 2020-2023:	Social inclusion and equality; Institutional capacity and rule of law; LGBTQ+; Afro-descendants; Environmental sustainability; Gender equality; Diversity

II. Description of the Associated Loan

- 2.1 This Technical Cooperation (TC) will be supporting the Conditional Credit Line of Investment Projects – CLLIP ProMorar ([BR-O0014](#)), signed in June 2023, which objective is to promote new housing and habitat improvement strategies in Brazil, focusing on the low-income population; and its associated operations, namely: (i) the ProMorar Brasil ([5765/OC-BR](#)), currently expecting contract signature, which objective is, at the federal level, to provide public, private and civil society actors with new tools to facilitate and diversify the means of housing support for low-income families in order to increase access to decent housing; (ii) the ProMorar São Luis ([BR-L1628](#)), which

eligibility was granted in November 2023, and which objective is to promote the improvement of the quality of life of the population of the central region of São Luís through interventions in the areas of housing, economy, tourism, culture, infrastructure, urban mobility and institutional strengthening; and (iii) the 'Vida Nova' State Housing Program ([BR-L1588](#)), currently pending negotiation, which objective is to improve the quality of life of the socially vulnerable population living in precarious settlements in the Parana State by promoting access to qualified housing.

- 2.2 The TC will also support operations which have objectives tackling housing and habitat for low-income population in Brazil, even though not linked to the CCLIP, such as the ProMorar Recife ([5732/OC-BR](#)), currently starting its execution (first disbursement in December 2023), which objective is to contribute to improving the living conditions of the population living in the most socio-environmentally vulnerable areas of the city of Recife.
- 2.3 The diversity of execution agencies supported by this TC will enable to promote innovations in the housing and habitat sector-wide, at all the federal, state, and municipal levels, maximizing synergies between interventions and knowledge sharing.

III. Objectives and Justification of the TC

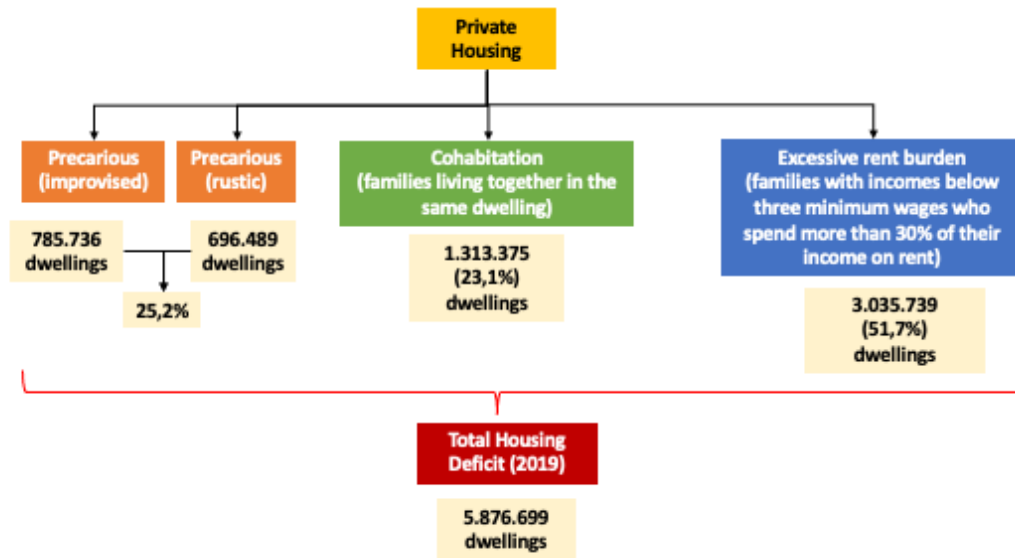
- 3.1 This TC aims to support existing operations ([BR-O0014](#); [BR-L1596](#); [BR-L1609](#); [BR-L1588](#); [BR-L1628](#))¹ to promote new housing and habitat improvement strategies in Brazil, focusing on the low-income population to contribute to socio-economic development and reduce social inequalities in the country. Specifically, this TC seeks to strengthen the institutional capacity of the implementation units of these operations at the federal and local levels of government with initiatives related to innovations in housing production and improvement, habitat upgrading, and neighborhood improvement, as well as sector strengthening in Brazil. This approach corresponds to the three areas of the PROHOUSING Conditional Credit Line ([BR-O0014](#)), which the TC will support. Firstly, production includes complex modalities such as retrofitting, revitalizing inner city areas, social rentals, co-living, etc., as well as conventional modalities (building new units) with innovative features, such as gender-inclusive architecture, green building, inclusion of commercial use, private partnership arrangements, etc. Secondly, the improvement includes slum upgrading, infrastructure, disaster risk management, land regularization, housing improvements, community facilities, socio-economic and productive development, environmental education, and others. Finally, sector strengthening includes regulation, legislation, planning, data management, digitalization, smart cities, training and experience exchange, housing finance modernization, and others. All three areas involve the promotion of private-sector participation.
- 3.2 **The first sector challenge in Brazil is the quantitative deficit, summing up 5.9 million homes.**² Its breakdown is detailed in the figure below. It is to be noted that 69% of the housing deficit is in families headed by people of African descent (PAD), and women head 60% of the households in deficit.³ In addition to this deficit, it is estimated that there will be an increase of 1.2 million annually by 2030 due to the formation of households.

¹ The TC also aims to assist new municipalities, such as Rio de Janeiro and Salvador (BR-L1636), that are potential CSD/HUD partners in these topics.

² [Déficit e Inadequação habitacional no Brasil \(FJP\).](#)

³ [Inadequação de domicílios no Brasil por cor ou raça \(FJP\).](#)

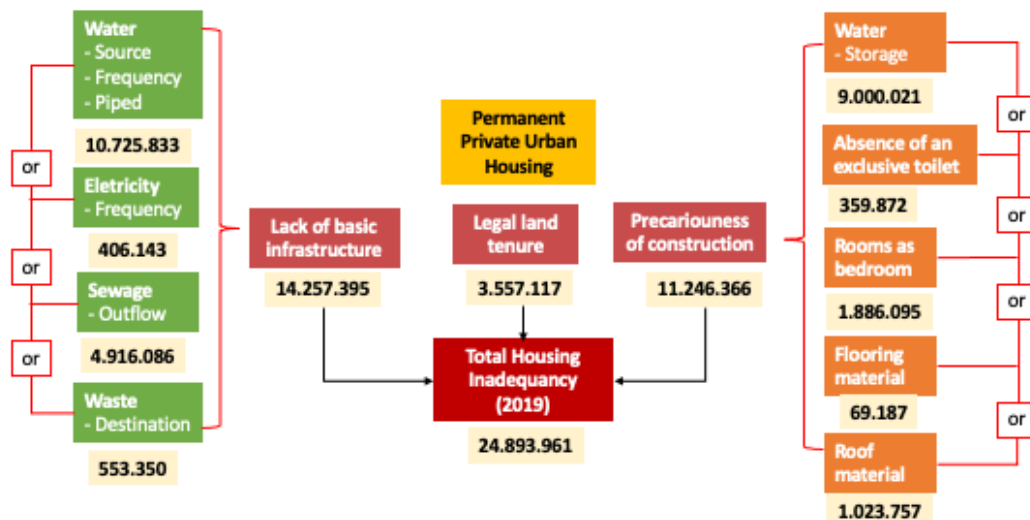
Figure 1- Housing Deficit Breakdown in Brazil



Source: FJP, 2020.

- 3.3 The second sector challenge corresponds to the largest housing deficit in Brazil, so-called ‘inadequate housing’ (qualitative deficit), which in 2019 was greater than 24 million homes, which breakdown is presented in the figure below. Inadequate housing also exacerbates social inequality, with more than 63% of housing inadequacy in 2019 in families headed by PAD, women headed 50,4%, and 64.4% of households earning up to 3 minimum wages had inadequate housing.

Figure 2 - Housing Inadequacy Breakdown in Brazil



Source: FJP, 2020.

- 3.4 Brazil's housing challenges mainly affect low-income populations, PAD, and women. Data from 2017 and 2018 reveal that 69% of the housing deficit lies among

families headed by PAD⁴ (while 56,1% of the population in Brazil is afro-descendant and brown⁵). The households in deficit are mostly women-headed (60%); out of the 3 million families overburdened with rent, 62,2% are women-headed;⁶ only 38% of housing loans in the market are granted to women.⁷ According to national research, 40,7% of LGBTQ+ people in Brazil live in rented accommodation,⁸ but very little data is available on this specific group. In 2022, it was estimated that the country had 236,400 homeless people, and 68% are afro-descendant and brown.⁹

- 3.5 **Environmentally speaking, compact cities are a challenge closely linked to housing production and neighborhood upgrading.** Demographic growth and inefficient planning result in uncontrolled urban sprawl, forcing low-income residents into peripheral housing, with infrastructure and service costs on both environmental and financial levels. In parallel, inadequate housing policies may also enhance cities' spreading. For example, the first generations of the "*Minha Casa Minha Vida*" national program mainly produced new housing far from working centers and services.¹⁰ One way to promote urban density is to upgrade existing settlements through improved infrastructure (water and sanitation, pavement, public lighting, disaster risk management in flooding areas, slope contention, etc.). Another way is to promote city center revitalization. Indeed, a striking feature of the Brazilian urban reality is the degradation of inner-city areas, including historic areas, where there are 11.4 million vacant homes.¹¹ This situation reveals a high potential to increase access to quality housing and habitat for the most vulnerable population through rehabilitation, retrofit, or recycling of run-down and abandoned properties.
- 3.6 **Although carbon emissions from the construction sector are limited, opportunities for resilient and low-carbon infrastructure are great.** Brazil is the fifth largest global greenhouse gas (GHG) emitter,¹² of which approximately 1% are attributable to the residential sector.¹³ Despite this low proportion, construction activity has a cross-cutting impact on other economic sectors with a high contribution to CO₂ emissions, such as industry, transport, fuel production, waste, etc. In addition, the construction sector positively impacts Brazil's economy: it has an impact of 9.7% on GDP growth;¹⁴ building construction is the activity that employs the most in the sector, with 36.7%.¹⁵ Therefore, the construction sector offers relevant environmental and market opportunities for the housing and urban development sector.
- 3.7 **The urban poor are the most vulnerable to climate risks and exposed to disasters.** Brazilian cities are characterized by rapid and unplanned growth, resulting in the most vulnerable population occupying risk areas in informal settlements.¹⁶ The National Center for Natural Disaster Monitoring and Alerts estimates that 8.27 million people, equivalent to 2.46 million households, live in risk areas.¹⁷ Rapid urban

⁴ [IBGE, 2021. Indicador Social.](#)

⁵ [IBGE, 2022. Desigualdades Sociais por cor ou raça.](#)

⁶ [FJP, 2020, Relatório Déficit Habitacional no Brasil 2016 - 2019.](#)

⁷ [Tribouillard C.; Magalhães, C. Women in the Brazilian housing finance market, 2022.](#)

⁸ [TODX, 2020. Pesquisa Nacional por amostra da pop LGBTI+.](#)

⁹ [População em Situação de Rua \(MDHC\), 2022.](#)

¹⁰ Instituto Escolhas 2019. [Morar longe: o programa MCMV e a expansão das RM.](#)

¹¹ IBGE, 2022.

¹² [SEEG, 2021.](#)

¹³ [UNFCCC \(2020\).](#)

¹⁴ [CBIC \(2022\).](#)

¹⁵ [IBGE, 2023.](#)

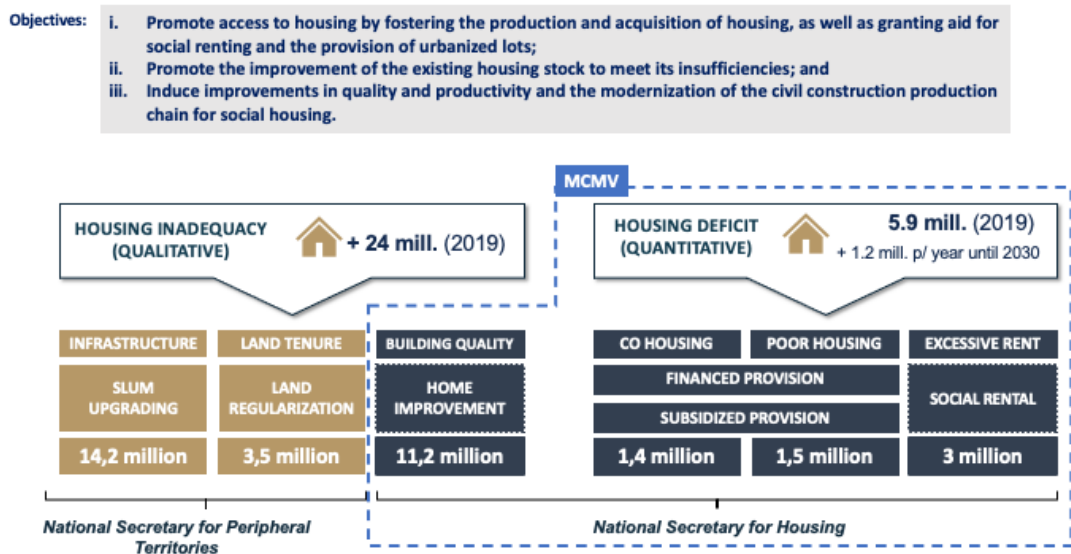
¹⁶ PBMC, 2018.

¹⁷ [CEMADEM/IBGE, 2018.](#)

expansion in river plains and geotechnically dangerous slopes facilitated the configuration of neighborhoods with high population and building densities and low percentages of green areas and permeable soil. The suppression of vegetation caused temperature increases in built surfaces, and some areas became exposed to flooding due to soil impermeabilization.¹⁸ This scenario amplifies the exposure of buildings, infrastructure, and populations to environmental and climate risks in cities.¹⁹ Consequently, building resilience for the families occupying this vulnerable habitat is one of the leading climate challenges addressed by the housing sector.

- 3.8 **At the Federal Level, the Ministry of Cities leads housing and habitat policies and programs to overcome those challenges.** The primary national strategy is the new national housing program “*Minha Casa Minha Vida*,” led by the National Housing Secretariat (SNH). Slum upgrading programs are led by the National Peripheries Secretariat (SNP), including home improvements, urban infrastructure, disaster risk management, public facilities, land titling, and socioeconomic development.

Figure 3 - National response to housing and habitat challenges



Source: adapted from National Housing Secretariat (SNH).

- 3.9 **At the local level, Municipal and State governments face specific challenges** such as sector planning, urban management tools, land value capture mechanisms, urban data management, and collaboration with the private sector. While the population is highly concentrated - 32% of inhabitants live in 1% of the municipalities,²⁰ 63% of municipal governments have some structure for the housing and habitat sector (but only 7% have a Housing Secretary); only 55,8% of municipalities have a Local Social Housing Plan and 68% have a Building Code; and one-third of municipalities do not have a registration system for housing programs candidates, while another third only has non digitalized systems.²¹
- 3.10 **Strategic Alignment.** This TC is consistent with the Second Update of the Institutional Strategy 2020-2023 (AB-3190-2) and contributes to the Corporate Results Framework

¹⁸ PMSP, 1999a; DAEE, 2009; PBMC, 2014b.

¹⁹ PBMC, 2015.

²⁰ IBGE Population Estimate 2020.

²¹ IBGE Survey on Basic Municipal Data 2020.

(CRF) (GN-2727-12), through the main goal to reduce poverty and social inequality, addressing the development challenge of Social Inclusion and Equality by: (i) improving the access and quality of social housing; (ii) providing inclusive infrastructure and infrastructure services, to ensure that urban areas are more inclusive for the poor and vulnerable; and (iii) including all segments of the population, especially the most vulnerable, in financial markets. This TC is also aligned with the cross-cutting issues of: (i) Gender Equality and Diversity, considering that Brazil's housing challenges mainly affect low-income populations, PAD, and women; (ii) Climate Change and Environmental Sustainability, considering that densifying inner cities to avoid environmental costs of urban sprawl, promoting green building in housing and urban development, enhancing neighborhood resilience to climate events through disaster risk management, are some of the features mainstreaming environmental sustainability and climate change in this TC; and (iii) Institutional Capacity and the Rule of Law, considering that the main underlying goal is to strengthen the capacity of public government implementation units, to guarantee sustainable results, potential for scaling-up, and in-depth improvement of public policies. The climate change and environmental sustainability goals of the TC are also aligned with the Integrated Strategy for Climate Change Adaptation and Mitigation and Sustainable and Renewable Energy (GN-2609).

- 3.11 **This TC is aligned with IDB's Country Strategy for Brazil 2019-2022 (GN-2973)**, seeking to support Brazil in *"reducing social inequality and inequality of opportunity by enhancing public policy efficiency"* (fourth objective). For this purpose, the TC aims to implement efficient policies to increase access to housing, infrastructure, and services through actions to reduce the housing shortage and improve existing stock (inner city renewal, slum upgrading), promote more efficient financing mechanisms, and better institutional coordination mechanisms, among others.
- 3.12 **Alignment with Sector Frameworks.** This TC is consistent with the IDB's Urban Development and Housing Sector Framework Document (GN-2732-11), aligning with all four Lines of Action (1. Overcoming structural social exclusion; 2. Reducing pollution and increasing climate mitigation and resiliency levels; 3. Boosting urban productivity; and 4. Promoting good urban governance). Furthermore, this TC is fully aligned with the objectives of the "IDB Integrated Strategy for Climate Change Adaptation and Mitigation, and Sustainable and Renewable Energy" (CCS) (GN-2609-1). This operation is also aligned with the Ordinary Capital Strategic Development Program for Sustainability (GN-2819-1), considering its objective (7.1. Support municipal governments to prepare for challenges related to rapid urban growth in a sustainable manner) and its eligible activities (7.30.3. Studies to carry out regulatory and institutional analysis as input for improvements of current national and municipal regulatory and institutional frameworks; and 6. Support for the development, execution, and dissemination of innovative approaches, financing models, methodologies, data, and practices that have a potential for replication or scaling up in a country or sub-region.)
- 3.13 **Relevance within IDB Group.** The proposed approach promotes tight collaboration between IDB, IDB Invest, and IDB Lab. Reforming housing finance requires tackling private banking participation in the mortgage market, institutional investors, and private funds to provide loans, guarantees, or blended finance mechanisms. A close connection with the construction and real estate sectors is also required, for which IDB Invest know-how will be highly valuable. Similarly, subsectors such as house improvement, green building, socio-economic development, slum upgrading, and

others rely on innovative tools and players, like specialized start-ups and scale-ups. Therefore, IDB Lab's support in the dialogue with this ecosystem (including fintechs, incubators, and other innovation structures) will be critical to achieving specific objectives.

IV. Description of activities/components and budget

- 4.1 **Component 1. Support Innovative Housing and Habitat Programs at the Federal Level (US\$160,000).** This component will finance consultancy services to support the implementation of the ProMorar Brasil ([5765/OC-BR](#)) by the National Housing Secretariat (in Portuguese Secretaria Nacional de Habitação – *SNH*), through institutional strengthening and specialized consulting, in the diverse innovations in comprises, such as home improvements, housing finance and private sector participation, sector data management, social rental, homeless people, environmental sustainability, as well as sector training on gender and diversity inclusion.²² It may also support innovation in the fields of habitat and neighborhood improvement on priority topics to be defined with the National Peripheries Secretariat (in Portuguese *Secretaria Nacional de Periferias – SNP*), focusing on slum upgrading, resilience, and risk management/prevention, land titling, community development including collaboration with civil society and the productive sector to promote social inclusion. Finally, consultancy services will also be financed to prepare studies that will provide cross-cutting, structural institutional, technical, and financial recommendations on the national housing and habitat programs and policies, and information on other topics emerging as key for implementing the national housing and habitat policies. This component may also finance other services to support these initiatives, particularly workshops/events organization (logistics, translation, etc.) and knowledge management initiatives.
- 4.3 **Component 2. Support Innovative Housing and Habitat Programs at the Local Level (US\$340,000).** This component will finance consultancy services to support ongoing programs (implementation units of BR-L1609, BR-L1588 and BR-L1628)²³ with continued support, through institutional strengthening and specialized consulting, for innovations on topics such as social renting, housing first for the homeless population, resilience and climate adaptation in informal and risk areas, sustainable construction, innovations in resettlement options, inclusive housing, productive inclusion, housing improvements, retrofitting, innovations to overcome the challenges related to heritage areas. It will also support new potential partnerships across the whole range of housing and habitat themes. This component may also finance other services supporting these initiatives, particularly workshops/events organization (logistics, translation, etc.) and other knowledge management initiatives.
- 4.4 The total cost of this TC will be US\$500,000, financed by the Ordinary Capital Strategic Development Program (OC-SDP) – Sustainability (W2A).

²² This training targeted at key sector player will be based on the existing [Cities for all](#) online course, developed by the Bank as a HUD/INDES partnership.

²³ The TC also aims to assist new municipalities, such as Rio de Janeiro and Salvador (BR-L1636), that are potential CSD/HUD partners in these topics.

Indicative Budget (US\$)

Component	IDB/Fund	Total
Support to Innovative Housing and Habitat Programs at the Federal Level	160,000	160,000
Support to Innovative Housing and Habitat Programs at the Local Level	340,000	340,000
Total	500,000	500,000

- 4.5 **Sustainability.** A first measure towards the sustainability of the TC's impacts is the emphasis put on capacity building (see Outputs 1.1, 1.2, 1.4, 2.1 and 2.2) – training, technical assistance and workshops on cutting-edge sector topics, gathering several partners and constituting a kind of cities' network on housing innovation. These institutional strengthening initiatives are complementary to the knowledge management efforts, which will also bring sustainability to the TC – publications, presentations in seminars (including international) for wide result dissemination, as well as an interesting mutual benefit between the two public administration scales (and the two TC components) - federal policies and programs fed with feedback from the local innovations, and vice versa.

V. Executing agency and execution structure

- 5.1 In the continuity of the very successful ProMorar first TC ([ATN/OC-17800-BR](#); [ATN/OC-19421-BR](#)) throughout 2019-2023, the Bank will be the executing agency, given that the activities will support several partners, besides the advantages of mastering IDB internal processes and procedures for optimal efficiency. Firstly, the Housing and Urban Development Division (CSD/HUD) will be responsible for the technical supervision and administration of this TC due to its substantial experience in providing technical assistance in the referred areas, mainly through the recent ProMorar TC. Secondly, having the Bank as an executing agency will enable it to manage in parallel both the Federal and Local level activities, promoting mutual feedback on progress and lessons learned at both scales. Indeed, one of the critical challenges is to design federal orientations with local feasibility (top-down approach) and promote local innovations with national scalability (bottom-up approach).
- 5.2 The IDB will act as the executing agency of the TC, as requested by the beneficiaries, in accordance with the guidelines and requirements set out in the policy on Technical Cooperation (GN-2470-2) and the Operational Guidelines for Technical Cooperation Products (GN-2629-1). It will be responsible for: (i) identifying the studies and technical work required for the execution of the TC; (ii) selecting and hiring consultants to provide the necessary services; (iii) supervising the consulting services that beneficiaries provide technical inputs to; and (iv) manage the execution and delivery of consulting services, which will follow: (a) Policy for the Selection and Contracting of Consulting Firms for Bank-executed Operational Work (GN-2765-4); (b) section AM-650 of the Administrative Manual of the Bank 'Complementary Workforce' for individual consultants; and (c) IDB Corporate Procurement Policy (GN-2303-20) for non-consulting services.
- 5.3 The Bank unit responsible for this TC will be HUD/CBR. The Brazilian Ministry of Cities will play a key role, in coordination with HUD/CBR, in the monitoring of this TC's products. For this purpose, a Working Group will be created to structure the presentation, discussion, and approval processes for every key deliverable of the TC. Furthermore, IDB staff will provide specialized knowledge and technical inputs;

monitoring missions²⁴ will be planned and agreed upon with federal and local partners to support the implementation of proposed activities. This is essential for adequately executing the TC and ensuring adequate coordination.

VI. Major issues

- 6.1 The following risks and mitigation measures have been identified: (i) intermediate products, requiring further development by the Ministry, are not endorsed for lack of funding or priority within the Government; (ii) final products, requiring federal funding, are not launched, or only at a tiny scale, thus preventing the national program from reaching its expected impact on the housing deficit and urban poverty; (iii) local governments lack to endorse the new local programs, due to technical, legal or financial constraints, hence reducing the impact of the new sector vision. The mitigation measures considered are: (i) consultancies will focus on realistic, affordable tools whose implementation should be feasible in a 2-year window; (ii) complementary recommendations should offer funding alternatives to traditional subsidy approaches to leverage complementary funding and guarantee a minimum scale for each program; and (iii) Specific consultancies will be made available to local governments, on a demand-driven basis, to address the identified bottlenecks.

VII. Exceptions to Bank policy

- 7.1 No exceptions to Bank policies have been identified.

VIII. Environmental and Social Aspects

- 8.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

Required Annexes:

[Request from the Client_17541.pdf](#)

[Results Matrix_94788.pdf](#)

[Terms of Reference_8682.pdf](#)

[Procurement Plan_40135.pdf](#)

²⁴ Not funded with the resources of this TC.