

Technical Cooperation Abstract

I. Basic Project Data

▪ Country/Region:	BRAZIL/CSC - Southern Cone
▪ 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; Perez Moreno Silvia (CSD/HUD); Avila, Francy Dianela (CSD/HUD); Bazilio, Wesley Nogueira (CSC/CDR); Correa Ferreira Francis (CSD/HUD); Silva De Anzorena, Maria Paloma (CSD/HUD); Cavazzoni Lima, Rafael (IFD/CMF); Moraes Amorim, Luana; Queiroz Fenyves, Katia (CSD/CCS); Rachter De Sousa Dias, LAISA (SCL/GDI); Arcia, Diego Andres (CSD/HUD); Milena Marrara (CSC/CDR); Eschoyez, Guillermo Antonio (LEG/SGO); De Barros Torres Gabriel (CSD/HUD).
▪ Taxonomy:	Operational Support
▪ Number and name of operation supported by the TC:	State Housing Program - State of Paraná - Vida Nova Project - BR-L1588 ProMorar Brasil - Promotion of New Housing Strategies in Brazil for Low-income Population - BR-L1596 Urban Resilience and Revitalization Program in Socially and Environmentally Vulnerable Areas – ProMorar Recife - BR-L1609 ProMorar São Luis/MA Vem Pro Centro - BR-L1628
▪ Date of TC Abstract:	14 Dec 2023
▪ Beneficiary:	Federative Republic of Brazil, through the Ministry of Cities
▪ Executing Agency:	Inter-American Development Bank
▪ IDB funding requested:	US\$400,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms
▪ 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; Environmental sustainability; Gender equality and diversity

II. Objective and Justification

- 2.1 This Technical Cooperation (TC) aims to support existing operations 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 operations at the federal and local levels of government with initiatives related to innovations in housing production and improvement, habitat upgrading (retrofitting, social rental, and others), and neighborhood improvement (city center requalification, slum upgrading, disaster risk management and others), as well as sector strengthening in Brazil (digitalization, house finance modernization and others). The main TC cross-cutting targets are: the inclusion of vulnerable groups, e.g. overcoming the need for awareness of gender and diversity biases and challenges in the housing sector; and environmental and climate challenges,

focusing on urban densification & renewal, green building for new dwellings, retrofit and housing improvements, and resilience to climate risks.

- 2.2 The main problems facing the housing sector in Brazil are quantitative deficit and inadequate housing. The quantitative deficit in 2019 was 5.9 million homes, and it is estimated that there will be an increase of 1.2 million annually by 2030 due to the formation of households. On the other hand, inadequate housing (lack of basic infrastructure, legal land tenure and basic dwelling features) was greater than 24 million homes in 2019. Environmentally speaking, compact cities and disaster risk management are challenges 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. One way to enhance urban density is to promote city center revitalization through retrofit, particularly considering that Brazil has 11.4 million vacant homes in urban areas. Another way is to upgrade existing settlements through improved infrastructure and resilience, specifically for the urban poor occupying risk areas, estimated 8.27 million people.
- 2.3 Brazil's housing challenges mainly affect low-income populations, those of African descent, and women. 69% of the housing deficit lies among families headed by people of African descent. The households in deficit are mostly women-headed (60%); out of the 3 million families overburdened with rent, 62,2% are women-headed; only 38% of housing loans in the market are granted to women. Also, more than 63% of housing inadequacy in 2019 was in families headed by people of African descent, women headed 50,4%, and 64.4% of households earning up to 3 minimum wages had inadequate housing.
- 2.4 At the Federal level, to overcome housing and habitat challenges, the "Minha Casa Minha Vida" program, led by the National Housing Secretariat (SNH), was re-launched in 2023. It aims to produce 2 million housing units and benefits 100,000 families by improving existing housing and neighborhoods by the end of the current administration. The ongoing Brazilian Program for Quality and Productivity in the Habitat promotes higher standards of well-being and sustainability. 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. 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. Only 7% of municipal governments 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.
- 2.5 **Strategic Alignment.** This TC is consistent with the Second Update of the Institutional Strategy 2020-2023 (AB-3190-2) under the development challenges 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 operation also aligns with the cross-cutting issues of: (i) Gender Equality and Diversity considering that Brazil's housing challenges mainly affect low-income populations, those of African descent, and women; and (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.

III. Description of Activities and Outputs

- 3.1 **Component I. Support to Innovative Housing and Habitat Programs at the Federal Level (US\$140,000).** This component will finance consultancy services to support the implementation of the ProMorar Brasil ([5765/OC-BR](#)) by the Ministry of Cities in the diverse innovations it comprises, such as housing and neighborhood improvement, on priority topics. Consultancy services will also be financed to prepare studies that will provide cross-cutting, structural institutional, technical, and financial recommendations. Finally, the TC will also finance knowledge management initiatives.
- 3.2 **Component II. Support to Innovative Housing and Habitat Programs at the Local Level (US\$260,000).** This component will finance consultancy services to support ongoing programs with continued support for innovations on housing and neighborhood improvements topics, such as social rental, Housing First, retrofit, resilience and climate adaptation. It will also support new potential partnerships across the whole range of housing and habitat themes, as well as finance knowledge management initiatives, particularly between the network of partners.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Total Funding
Support to Innovative Housing and Habitat Programs at the Federal Level	US\$140,000.00	US\$140,000.00
Support to Innovative Housing and Habitat Programs at the Local Level	US\$260,000.00	US\$260,000.00
Total	US\$400,000.00	US\$400,000.00

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. The Housing and Urban Development Division (CSD/HUD) will be responsible for the technical supervision and administration of this TC. 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.

VI. Project Risks and Issues

- 6.1 The following project risks 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; and (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.

VII. Environmental and Social Aspects

- 7.1 This TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).