

“ROSARIO HABITAT” PROGRAM: COMPREHENSIVE PROGRAM FOR REHABILITATION OF UNREGULATED SETTLEMENTS

AR-0262

EXECUTIVE SUMMARY

Borrower and guarantor:	The Argentine Nation	
Executing agency:	City of Rosario, through the Public Housing Service (SPV)	
Amount and source:	IDB: (OC)	US\$43.0 million
	Local:	US\$28.7 million
	Total:	US\$71.7 million
Financial terms and conditions:	Amortization period:	25 years
	Grace period:	5 years
	Disbursement period:	5 years
	Interest rate:	variable
	Inspection and supervision:	1%
	Credit fee:	0.75%
	Currency:	U.S. dollars from the Single Currency Facility
Objectives:	<p>The objective of the program is to control and channel the phenomenon of squatter occupancy and improve living standards for people in unregulated settlements within the city of Rosario, by assisting their physical and social integration into the formal city. This will be achieved through improvements to urban infrastructure, the provision of social services, and the regularization of ownership for the target population.</p>	
Description:	<p>The program will finance integrated neighborhood improvement projects in unregulated settlements in the municipality of Rosario, combining needed infrastructure investments with social development initiatives to enhance the human and social capital of these communities. The program consists of the following components:</p> <p>Integrated urbanization (US\$57.6 million). This component will finance basic infrastructure works, urban services and comprehensive social initiatives to strengthen existing community networks in the</p>	

program's target settlements. The following types of works and services will be financed: (i) infrastructure: purchase of lots, drinking water, sanitary sewers, storm sewers, roads, electricity and lighting and gas distribution, environmental protection (tree planting along streets, reforestation for erosion control, soil stabilization), garbage collection, social facilities, parks and playgrounds, relocation; (ii) initiatives to encourage beneficiaries to participate in project management: strengthening local networks for community participation in the planning, execution and consolidation stages of interventions; and (iii) ownership regularization: technical and legal assistance for regularizing the status of properties in these settlements.

Comprehensive attention to children, adolescents and families (US\$3.5 million). This component will finance initiatives by civil society organizations (CSOs) to upgrade or improve the quality, coverage and efficiency of risk-prevention services for children and adolescents in target neighborhoods. Eligible projects will include: (i) psychomotility stimulation; (ii) social education for children aged 10 to 14 years; (iii) nutrition; (iv) home food production; (v) recreation; (vi) family counseling; and (vii) efforts to encourage school enrollment and to enhance the employability of young people aged 15 to 24 years who have not completed primary school.

Employment and income generation (US\$2.5 million). The objective here is to provide beneficiaries with new skills that will improve their prospects in the labor market and help increase their incomes. This component will expand upon current initiatives of the Social Welfare Department, the Department of Production, Employment and Foreign Trade and the SPV, including: (i) integrated training, education and work experience in basic skills for youth aged 15 to 24 years who have completed primary school, and (ii) reinforcement, technical support and operating assistance for social enterprise incubators.

Institutional strengthening (US\$1.7 million). This component will finance: (i) design and implementation of a program monitoring and evaluation system; (ii) three studies. The first will identify distortions and barriers that block access for low-income families to affordable housing and will develop specific proposals for correcting market failures and thereby stimulate housing supply and demand, including subsidy and microfinance mechanisms for housing extensions and upgrades. The second study will assess the city's urban development and housing policies in terms of stimulating the supply of social housing lots and controlling the phenomenon of squatter settlements. The third study will involve the valuation of indirect benefits and the charging of improvement fees; (iii) training for the program's technical personnel; (iv) technical assistance for improving

management in the municipal bodies responsible for program execution. Support will also be provided to community organizations and CSOs participating in the program, with technical assistance and management tools, in order to strengthen their technical capacity for project management, including environmental issues, and for mobilizing funding from business and philanthropic sources; and (v) social communication to promote the program among the beneficiary community and with the public at large.

**The Bank's
country and
sector strategy:**

The Bank's strategy in Argentina places priority on the following areas: (i) deepening and consolidating the modernization of the State; (ii) reducing poverty and raising living standards; and (iii) increasing the productivity and competitiveness of the national economy. The proposed program falls under point (ii) of this strategy, which calls for a number of components including social protection networks, employment, water and sanitation, environmental management and urban development (in terms specifically of housing and municipal development). In addition, the Bank's policy for the urban sector (OP-751) gives priority to overcoming the urban infrastructure deficit and improving basic services for city residents, in particular low-income groups. In this regard, the Bank has been providing increasing support for cost-effective neighborhood improvement projects to meet the needs of the great numbers of urban dwellers living in substandard conditions, together with initiatives to reduce social risk and to sponsor community participation in the planning, execution and consolidation of these interventions.

**Environmental
and social
review:**

The program will have a highly positive impact by eliminating environmentally hazardous areas and/or relocating families now living in such situations. Environmental and social benefits were considered in the program environmental analysis and in an environmental procedure that was applied to the project sample and will subsequently be applied to other projects financed. This procedure goes hand in hand with social monitoring through the participatory project execution cycle and is part of the Operating Regulations (see paragraphs 4.24 to 4.31).

Benefits:

The physical interventions planned in targeted settlements will ensure access for all residents to basic services such as water, sanitary and storm sewers, light, road access, parks and playgrounds, and garbage collection. The social interventions and the employment and income generation initiatives will help these communities to augment their human and social capital and thereby prevent or reduce social risks inherent in situations where social inequalities are extreme and public services are not available. These efforts will enhance the well-being of the target low-income population.

Lessons learned from experience in other Latin American countries point to further benefits that will have a positive impact on living standards, such as by reducing the social and health risks to which squatters, and particularly their young and adolescent children, are exposed, and providing them with a brighter future by improving their education levels and their employability. The planned interventions are expected to benefit approximately 6,600 families, as well as 2,100 children and adolescents through the youth care component, and approximately 1,650 individuals through the employment and incomes component.

Risks:

Program complexity and diversity of situations. As with any integrated project, concerns arise over coordination among executing agents and their capacity to carry out the more innovative components. Moreover, in certain of the program's settlements there are risks inherent in depending on the response of the community or of nongovernmental executors, and in the level of violence that is sometimes present. Although the SPV has a proven methodological and operational track record only with more limited interventions, its past experience is considered sufficient to minimize institutional risks. In addition, supervision will be "flexible and frequent", based on annual evaluations that will allow timely corrective measures to be taken.

CSO sustainability. The fact that these agencies are dependent on donated funding poses a risk to the sustainability of some of the activities financed under the program. To minimize this risk, CSOs will be encouraged to put themselves on a self-financing basis, by developing their own sources of revenue and raising funds from business and philanthropic sources.

**Special
contractual
clauses:**

Conditions precedent to the first disbursement: the borrower will submit to the Bank's satisfaction: (i) the municipal decree defining the program's execution structure and the responsibilities of the participating municipal bodies; (ii) the framework agreement for transfer of funds from the proposed Bank loan, signed between the borrower, the Ministry of Social Development and Environment and the City of Rosario; (iii) evidence that the Operating Regulations are in force; (iv) agreements signed between the executing agency and the Provincial Water Utilities of Santa Fe, the Provincial Energy Utility and Litoral Gas, relating to their takeover, operation and maintenance of the local systems installed under the program; and (v) evidence that the neighborhood improvement and serviced lots program financed by

loan 940/OC-AR is limited, as far as Rosario is concerned, to the three projects that were in the portfolio as of September 2000 (paragraph 3.3).

Other special conditions: (i) within 120 days after the first disbursement, the executing agency will submit to the Bank evidence that the studies described in Annex A to the contract have been awarded in accordance with the terms of reference agreed with the Bank (paragraph 3.2); (ii) within 90 days after approval by the executing agency and the Bank of the final reports from those studies, the executor will present to the Bank its plan for putting their recommendations into effect (paragraph 3.2); (iii) the executing agency will present to the Bank, within 120 days after the end of each fiscal year, a program impact evaluation report on each settlement wound up in the previous year, in accordance with the terms of reference agreed with the Bank (paragraph 3.26); (iv) within 90 days after signature of the loan contract, the executing agency will present to the Bank evidence that the program files have been properly organized by subject under a centralized archives plan agreed with the Bank (paragraph 3.30), and (v) prior to the last disbursement, the executing agency will submit to the Bank the final program evaluation report, in accordance with the terms of reference agreed with the Bank (paragraph 3.37).

Poverty-targeting and social sector classification:

This operation qualifies as a social equity enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704). Furthermore, this operation qualifies as a poverty-targeted investment (PTI), under the automatic sector criterion, because it is a neighborhood improvement program (see paragraph 4.32). The borrowing country will be using the 10 percentage points in additional financing.

Exceptions to Bank policy:

None.

Procurement:

Goods, civil works and services. Consistent with Bank policies, international competitive bidding will be used where the estimated contract amount is the equivalent of US\$5 million or more, in the case of civil works contracts, and US\$350,000 or more in the case of equipment purchases.

Consulting services. Consulting services will be selected and contracted in accordance with Bank procedures. International competitive bidding will be used where the estimated amount of a contract with a firm exceeds the equivalent of US\$200,000. For the

contracting of social service providers under the child and adolescent care and the employment and income generation components, the annual prequalification system will generally be used, with resort to prequalification by project, area or group of projects on an exceptional basis, in accordance with the procedures established in Annex C to the loan contract, except for the negotiation phase of economic proposals, since these are services with a preestablished fixed price. Document GN-1679-2 provides for this approach.

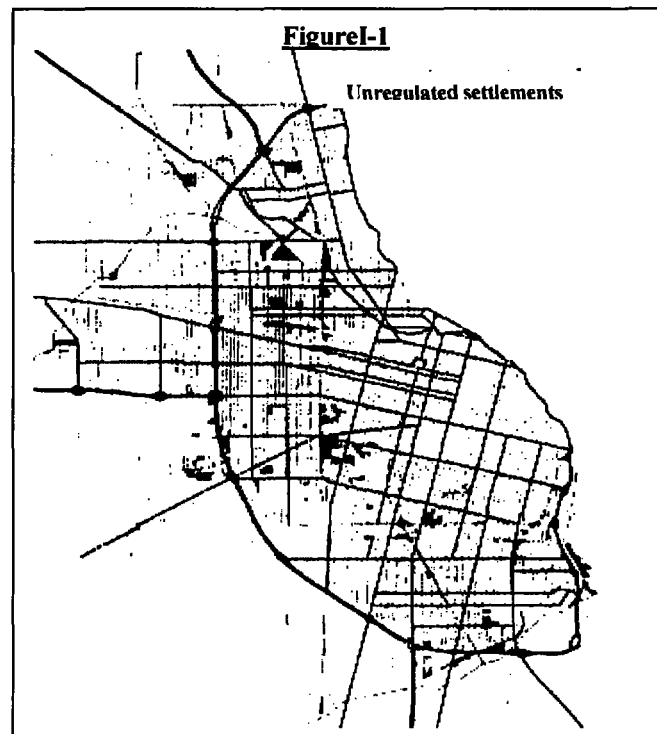
Ex post evaluation limits. Given the great number of goods purchases, works contracts and consulting services required for the program, and in order to streamline execution, it is recommended that the Bank's no-objection requirement be applied only in the case of works contracts exceeding US\$5 million, equipment purchases exceeding US\$350,000 and contracts with consulting firms or individual consultants exceeding US\$100,000 and US\$50,000, respectively.

I. FRAME OF REFERENCE

A. Unregulated settlements in the City of Rosario

1.1 The City of Rosario is the second-largest urban agglomeration in Argentina, and is a focal point of the industrial development zone that stretches along the lower reaches of the River Plate basin. The 1991 census gave Greater Rosario a population of more than one million, with an economy that accounts for 5% of the country's gross domestic product (GDP).

1.2 Nevertheless, 18% of the population exhibits unmet basic needs and of that portion more than 50% (100,000 people) are living in unregulated or squatter settlements known locally as *villas miserias*. In relative terms, this is the highest incidence of such settlements in the country. Moreover, the City of Rosario itself has the highest ratio of substandard housing in the country's interior, with about 8% of its population occupying dwellings built with unsuitable materials or with dirt floors. In Figure I-1 the shaded areas indicate settlements of this kind, which are to be found in all parts of the city.



1.3 These settlements owe their origins to the wave of rural migration that has accompanied the country's industrialization. Unable to find affordable formal housing, these migrants began to occupy public lands and restricted areas. Unlike the situation in other countries of the region, however, these settlements sprang up initially as temporary housing for internal migrants flocking to the city in search of work, who remained in them for an average of only two years.

1.4 Subsequently, this "temporary" housing began to take on a degree of permanence, and came to represent the only available shelter for a new category of residents, the *villeros* or shanty dwellers, consisting of families who had seen their incomes fall drastically—the so-called "new poor".

1.5 This phenomenon of unregulated settlements is slowly changing in nature. In the first place, they have remained confined to the same 91 settlements that existed in 1992 and, in the second place, their population growth now reflects primarily the

natural increase of existing squatter households, as well as the arrival of "new poor" from other parts of the city.

- 1.6 These changes can be appreciated from a number of indicators that recent studies have developed to compare the characteristics of *villero* families¹. For example: (i) in 1992, 76% of family heads were born in other localities, while in 1996 this proportion had declined to 71%; and (ii) in 1992, 7% of this population had once been tenants or owners in a formal neighborhood, while by 1996 this number had increased to 9%.

B. At-risk groups

- 1.7 As in other informal urban settlements around Latin America, the squatter settlements of Rosario betray a high concentration of social problems and at-risk groups. There are 91 shantytowns in Rosario, home to a total of some 20,000 families or 100,000 people. Available studies, such as those quoted in the preceding paragraph, indicate the following characteristics for this population in 1996: (i) 47% are under 15 years of age, compared to 25% for the City of Rosario as a whole; (ii) the average size of a *villero* household is 5.1 persons, while it is 3.4 for the city; (iii) 71% of family heads were born and have lived in other localities, and only 29% are natives of Rosario; (iv) 33% have been living there for more than 16 years, and 29% moved in between the years 1990 and 1996; (v) 19% were once renters or owners in a formal neighborhood; (vi) 14% of the population over 14 years is employed, while the proportion for the City of Rosario is 58%; and (vii) the most frequent occupation is that of a casual worker (i.e. with no fixed income): 22% of working *villeros* fall into this category, compared to only 3% for the city. Moreover, all of these settlements have some type of community organization. This situation indicates the need to take action in these neighborhoods, and the benefits that sound investments would bring to needy families.

- 1.8 The same study indicates the following characteristics of housing and service infrastructure: (i) 49% of dwellings are of unsound construction; (ii) 99% have electricity, but only 15% have legal connections; (iii) 95% have water, 24% with in-house taps and 71% relying on outside faucets, and most connections are again clandestine; (iv) all have some kind of toilet, but most are of the pit or latrine type and only 21% are flushable, while in the formal city 95% of dwellings have bathrooms with flushing toilets; and (v) there are no sanitary sewers, and septic tanks and cesspools are inadequately constructed.

C. The municipal strategy for urban and social development

1. The City of Rosario's strategic plan and urban development policy

¹ Asentamientos Irregulares en la Ciudad de Rosario [Unregulated Settlements in the City of Rosario], produced by the Fundación Banco Municipal de Rosario in 1992 and 1996.

- 1.9 The 1998 strategic plan for the municipality of Rosario includes a diagnosis of the "DAFO" type (weaknesses, threats, strengths and opportunities) that identifies squatter settlements as one of the principal problems facing the city's development, from both the social and institutional and the physical and environmental viewpoints².

Table I-1. Strategic plan of Rosario. DAFO approach

Social and institutional: from a social viewpoint, the priority is to consolidate the "two cities", one of which enjoys employment opportunities and urban services, while the other suffers from unemployment, marginalization and lack of services.

Physical and environmental: physical and social integration of marginalized sectors could reduce the physical isolation of these groups, ease tensions and enhance the quality of life for all the city's residents.

- 1.10 The strategic plan seeks to resolve this problem, as one of its programs for "building citizenship", through an urban development policy that takes a comprehensive approach to unregulated settlements and attempts to involve the affected families in discussing the characteristics of interventions. The policy also calls for measures to prevent the emergence of such settlements in the future.
- 1.11 The municipality currently has a master plan, approved during the 1960s, which establishes requirements and standards (lot size, street widths, areas reserved for public spaces, construction standards, etc.) that pose barriers to private sector efforts, including those of civil society organizations, to produce and market housing suitable to this segment of the population.
- 1.12 Nevertheless, in the last five years the municipality, together with the Deliberative Council, has achieved a degree of flexibility in applying standards for "areas of social interest", and this has allowed certain interventions to be undertaken.
- 1.13 In order to prevent the installation of future squatter settlements, however, existing technical and legal instruments will have to be revised to encourage private participation in meeting the demand for low-income housing. The proposed program is intended to address this aspect.

2. Social programs and employment and income generation policy

- 1.14 The municipal government of Rosario, through its Public Housing Service (SPV), the Social Welfare Department (SPS) and the Department of Production, Employment and Foreign Trade (SPEC), is now developing a series of social programs and employment and income-generating initiatives for vulnerable groups, in particular those living in the *villas miserias*, who are the target of the Rosario Habitat Program.

² Rosario Strategic Plan – Diagnosis and Formulation, 1998, pages 45 and 49.

1.15 These programs are part of a broader strategy of the municipal government to take action in the fields of social welfare and employment and income generation, by fostering the creation of social capital and restoring full civic rights to the poorest groups. On this basis, since 1997 the municipality has given priority to areas where human needs are most pressing and where the potential for achieving those objectives is greatest: health, education, housing, recreation, social and cultural activities. The growing demand for services in these areas reflects the social marginalization, unemployment and deterioration of health care and social programs afflicting not only Rosario but the entire country in recent years.

1.16 Under this strategy, programs such as *Creceer* [Growth], *Oportunidad* [Opportunity] and the Social Enterprise Incubator program (as summarized in Table I-2) are articulated among themselves and with other municipal, provincial and national programs designed to meet the needs of this population in a comprehensive and integrated manner. These programs, described below, will be financed and reinforced as part of the proposed operation.

a. The *Creceer* Program

1.17 One of the key strategies adopted by the municipality for dealing with the city's social needs is to take the at-risk family unit as the point of departure. As part of this strategy, the *Creceer* Program offers a point of entry for families to municipal social services. This participatory and democratic program, launched in 1997, offers low-income families the chance to exercise their civic rights, by promoting new attitudes, fostering self-management or co-management, creating participatory forums and processes for progressive social integration, encouraging neighborhoods to organize themselves around activities that will enhance their development. The *Creceer* program is seen as a comprehensive proposal that goes well beyond the conventional welfare approach to include values that will help family life to become more enriching, mature and stable.

Table I-2

Other social programs and employment and income generation programs in Rosario

Other programs of the SPS and SPEC include:

- a. "Volver al Club de Barrio" ["Back to the neighborhood club"], "Rosario se Mueve" ["Rosario on the move"] and "Rosario a toda Costa" ["Rosario or bust"], aimed at promoting sports and recreational activities among children and adolescents, adults and seniors, either through inter-league competition, training and practice, or through the sponsoring of mass sporting events.
- b. "Jardin y Ciudad de los Niños" [Children's Garden and City], which takes children as "environmental indicators" (if the city is healthy for children, it will be so for all inhabitants) and promotes the rehabilitation and environmentally friendly use of urban green spaces.
- c. "Centro de la Juventud" [Youth Center], provides physical premises in the center of the city for youth-oriented activities (films, videos, reading room, social events, classes under the Oportunidad program, etc.) and
- d. Comprehensive System for Microenterprise and Small-business Development, one of the self-employment programs sponsored by the Municipal Employment Service with technical assistance for training micro- and small-scale entrepreneurs.

- 1.18 The program guarantees children equality of opportunity in school enrollment, and provides young people and adults with opportunities to pursue non-formal education to develop skills that will facilitate social integration and harmony and family organization. It encourages community participation in the organization and management of social centers and in the design and execution of neighborhood projects. The program is today helping 5,000 children under five years of age, and their families, in 33 centers located on the outskirts of the city, built with funding from the national Child Feeding and Nutrition Program (PRANI) and the Maternal-Child Nutrition Plan (PROMIN).
- 1.19 Activities sponsored in the centers include: (i) day-care services, with early stimulation activities, meals, nutritional and health surveillance for children under five; (ii) school enrollment or re-enrollment of school-age siblings; and (iii) social and occupational skills development for youth, to ease their entry into the labor market. For adults, the *Crececer* centers offer training in home food production, nutritional workshops, as well as family guidance and counseling.
- 1.20 The staff of the centers are trained to intervene in situations of family violence and in extreme cases of marginalization and to help, for example, to return street children to their families. These activities will be supported by the program.

b. The *Oportunidad* Program

- 1.21 Aimed at unemployed young people between 16 and 24 years, with little schooling and from poor neighborhoods, the program seeks to enhance their employability through an integrated approach to training, education and work experience in basic skills needed in specific sectors of industry and services, identified in coordination with the city's private sector.
- 1.22 The program takes a comprehensive and articulated approach to three closely related concepts—education, training and work—with a view to promoting social integration and personal development for young people from the most disadvantaged socioeconomic strata of Rosario, thereby improving their employment prospects through vocational training and encouraging them to return to school by giving them a greater appreciation of the value of theoretical and practical knowledge.
- 1.23 The program runs for seven months, of which the first four months are spent in education and training in various trades, followed by three months in which the participants receive practical work experience in private enterprise and in municipal government offices. Participants receive a monthly stipend of \$80 during the training period, and \$160 during the work phase, so that they can devote themselves full-time to their training. At the end of the program, graduates receive a certificate in their chosen trade and are given help and guidance from the city in seeking a permanent job.

c. The Social Enterprise Incubator program

- 1.24 The first experiment under this program involved the creation of a center to promote male and female entrepreneurs in the neighborhood of Las Flores, using a building that provides both common areas and space to house a number of separate enterprises. In this way, the center is able to provide facilities to local social enterprises that could not otherwise afford premises to produce their goods and services, while at the same time fostering the creation and strengthening of groups with an entrepreneurial capacity.
- 1.25 The center currently houses an urban cleanup and garbage collection cooperative, a weavers' cooperative, a carpenters' cooperative, a group of seamstresses and a newly-formed shoemakers' cooperative. In addition to the physical space available to them, these groups benefit from training and technical assistance in such areas as new production technologies, market identification and basic management skills. The program is coordinated with the Comprehensive System for the Development of Microenterprise and Small Business, part of the Municipal Employment Service's self-employment program.

d. Value added from Bank financing

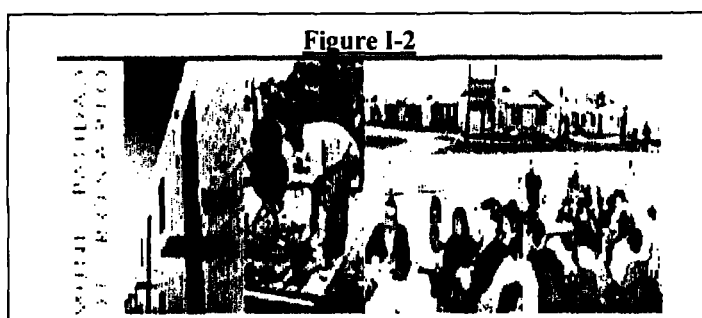
- 1.26 The Rosario experiment with the programs described has been successful, but not on the scale required to have a major impact on living conditions for the potential beneficiaries. For one thing, efforts at physical improvement in the neighborhoods have been limited, as noted in section D below, and have been too small to generate the kind of synergy with social programs that would lead to significant improvements in living conditions. Moreover, the fact that these programs are relatively new and are seeking to change the philosophy behind the delivery of social services through the establishment of alliances among beneficiaries themselves, with nongovernmental organizations and the private sector, has made it impossible to generate the economies of scale needed to achieve the hoped-for impact.
- 1.27 With its integrated approach to neighborhood improvement interventions, Bank support will allow the municipality to experiment with alternative means of delivering social services to beneficiary areas and in this way to broaden the range of services offered to the local population. The availability of a fund for the competitive contracting of CSOs (either local associations or more broadly based organizations) and the private sector, on the basis of matching grants, will allow the SPS and the SPEC to test out new programs, particularly in areas that do not have the installed capacity to produce a diversified supply of services. This will have the further positive effect that these bodies will be able to improve training for their teams in strategic areas such as policy formulation, program design and the supervision and monitoring of program execution.

D. Experience with neighborhood improvement programs in Rosario

1.28 As noted earlier, the City of Rosario is implementing a policy of urban rehabilitation and transformation based on projects that will promote the integration of the city and its citizens. The intention is to transform these *villas miserias* into regular neighborhoods, through neighborhood improvement programs. Such programs have already been undertaken in five marginal settlements, benefiting a total of 3,182 families through local improvement projects and the construction of basic housing units for family relocation.

1.29 Given the regulatory restrictions noted earlier, however, the lack of financial resources and the sheer magnitude of the problem, interventions to date have been piecemeal (by modules), both in terms of their geographic coverage and the kinds of actions undertaken, and this has tended to increase their economic, social and political costs.

1.30 Partial though they may be, these interventions have allowed the municipality to build up expertise in fostering community action, in the form of a central team for community participation within the SPV and decentralized



working teams for that agency, the SPS and the SPEC in beneficiary communities. The emphasis that these interventions have placed on the social dimension indicates a concern to (i) ensure that such interventions are fully integrated, and (ii) to give the community a strategic role in integrating the physical and social dimensions. Figure I-2 illustrates a participatory workshop that was held in one squatter community.

1.31 This emphasis has resulted in: (i) strengthening existing social solidarity networks and thereby enhancing beneficiaries' capacity to participate in defining interventions in their settlements; and (ii) organizing the community to take over the operation, maintenance or supervision of certain social services, such as childcare, soup kitchens, tree planting and garbage collection, once the works are completed.

1.32 As with the physical interventions, however, the social interventions have also been typically sporadic, undertaken in stages depending on the availability of financing, and they have not had the desired impact in achieving sustainable community development projects. This has meant that: (i) the risk factor (environmental or health) has tended to determine the priority of interventions and thus the approach adopted by the SPV devotes particular attention to working with families who are to

be moved, temporarily or permanently, so as to involve them effectively in the decision-making process; (ii) the city planners never manage to extricate themselves from the neighborhood since, once they have completed one phase of intervention, they must begin almost immediately to plan for the next.

E. Bank participation in the sector

- 1.33 With loan 940/OC-AR, approved in 1996, the Bank has been financing a nationwide neighborhood improvement program at a total cost of US\$170 million, for an average of US\$8 million per province. These amounts are not sufficient to fund major projects in the larger cities, such as Rosario, where it will take as much as US\$200 million to resettle the 20,000 *villero* families. This program, coordinated by the national government and executed by the provinces, has a project pipeline totaling US\$204 million, of which: (i) projects worth US\$72 million are in execution or out for tender; (ii) US\$46 million in preparation; (iii) US\$22 million at the eligibility determination phase; and (iv) US\$64 million at the project design phase. The Province of Santa Fe has included in this portfolio, within its share of the financing, three projects in the City of Rosario, which are to be executed by the Provincial Housing Institute.
- 1.34 As with other municipal programs, execution of this program has shown that a mechanism based on provincial units is most appropriate for projects in small municipalities, because there are so many of them and the severity of the problem is reduced. In order to achieve greater impact in the larger cities, however, the national government has decided to work directly with some municipalities (as with the Large Cities Program financed under loan 1068/OC-AR and the Argentine Municipal Reform and Development Program, financed with loan 1164/OC-AR). The program proposed in this document builds upon that experience, and is devoted entirely to neighborhood improvement activities.

F. Bank strategy in the country and sector

- 1.35 The Bank's operational strategy for its activities in Argentina places priority on the following three basic areas: (i) deepening and consolidating the modernization of the state; (ii) reducing poverty and raising living standards; and (iii) increasing the productivity and competitiveness of the national economy.
- 1.36 The proposed program falls under point (ii) of this strategy, which calls for a number of components including social protection networks, employment, water and sanitation, environmental management and urban development (in terms specifically of housing and municipal development).
- 1.37 In addition, the Bank's policy for the urban sector (OP-751) gives priority to overcoming the urban infrastructure deficit and improving basic services for city residents, in particular low-income groups. In this regard, the Bank has been

providing increasing support for cost-effective neighborhood improvement projects to meet the needs of the great numbers of urban dwellers living in substandard conditions.

G. Lessons learned

- 1.38 The design of this program reflects lessons learned from the Bank's experience in other Latin American countries, through such programs as the "Favela-Bairro" I and II (BR-0182 and BR-0250), "Habitar Brasil" Neighborhood Improvement (BR-0273), "Baixada Viva" Neighborhood Improvement (BR-0242), Large Cities of Argentina (AR-0151), Argentine Municipal Development (AR-0250), Neighborhood Improvement and Serviced Lots (AR-0163), Improvement of the *Favelas* of São Paulo (BR-0210) and Integration of Unregulated Settlements in Uruguay (UR-0123). These experiences point to the practical advantages of a multisector focus that combines physical and social interventions, a participatory approach to planning and execution, transparent mechanisms and criteria for targeting, and locally decentralized execution. From the viewpoint of their impact on the target population, these experiments have provided, among other positive benefits, reduced social and health risks for residents of unregulated settlements, particularly children and adolescents, and brighter future prospects through higher levels of education and greater capacity to find work.
- 1.39 In addition, the Sustainable Development Department is preparing a document on lessons learned from the Bank's experience. This will be published in the first quarter of 2001, and will include the programs referred to above.

II. THE PROGRAM

A. Objectives

- 2.1 The objective of the program is to control and channel the phenomenon of squatter occupancy and improve living standards for people in unregulated settlements within the City of Rosario, by assisting their physical and social integration into the formal city. This will be achieved through improvements to urban infrastructure, the provision of social services, and the regularization of ownership for the target population.

B. Description of the program:

- 2.2 The program will finance integrated neighborhood improvement projects in unregulated settlements in the municipality of Rosario, combining needed infrastructure investments with social development initiatives to enhance the human and social capital of these communities.
- 2.3 The integrated urban development projects for these settlements will in this case benefit some 6,600 families (approximately 34,000 individuals). In addition, this population will also benefit from social welfare projects and employment, training and income generation initiatives under the program.
- 2.4 The selection of settlements for this stage was based on indicators of urban impact³, social risk, environmental risk and cost effectiveness. The pre-selection of neighborhoods to be assisted by the program limits investment to settlements located in areas suitable for urbanization and outside environmental protection areas.
- 2.5 The list of priority settlements, which forms part of the Operating Regulations of the program, will serve as the basis for prioritizing the *villas miserias* to be assisted under the program. Table II-1 summarizes the results of the priority setting exercise. Nevertheless, this list is indicative only, and can be adjusted as necessary, with the Bank's approval, so that particularly difficult settlements can be replaced by others more suitable for intervention.

³ This relates to projects located in areas deemed strategic under the master plan of the City of Rosario.

Table II-I

Priority level (point score)	Number of settlements
90 – 100	9
80 – 90	9
70 – 80	21
60 – 70	23
50 – 60	16
40 – 50	3
< 40	10
4 criteria: urban impact, social risk, environmental risk, improvement/relocation ratio	
Maximum points per criterion: 25	
Maximum score: 100	

2.6 The program consists of the following components:

1. Integrated urbanization (US\$57.6 million)

2.7 This component will finance the following types of works and services:

- a. **Infrastructure (US\$55 million):** purchase of lots, drinking water, sewage systems with indoor sanitary facilities, electricity and gas service, storm sewers, roads, environmental protection (tree planting along streets, erosion control, forested parks), garbage collection (upgrading of support stations, collection containers, working implements, etc.) social facilities (community centers, child care centers, schools, etc.), parks and playgrounds, relocation (new housing, compensation or purchase of buildings) and a pilot experiment within a selected settlement involving a basket of home improvement or expansion materials.
- b. **Initiatives to encourage beneficiaries to participate in project management (US\$2 million):** strengthening local networks, including encouragement for community participation in the planning, execution and consolidation stages of interventions. This includes financing for the mobilization and organization of communities and of women's groups to participate in the planning and design of projects, educational activities as required for their monitoring, and training in the use and maintenance of sanitary, electrical, gas and social infrastructure, and environmental care and protection (garbage collection system). Follow-up social and environmental support will also be financed.
- c. **Ownership regularization (US\$600,000):** technical and legal assistance for regularizing the status of properties in these settlements. Funding will be provided for preparing technical plans, legal assistance and general guidance to beneficiaries in the process of obtaining regular title for the properties.

2. Comprehensive attention to children, adolescents and families (US\$3.5 million)

- 2.8 This component will finance initiatives to upgrade or improve the quality, coverage and efficiency of risk-prevention services for children and adolescents in target neighborhoods. Eligible projects will include: (i) psychomotility stimulation; (ii) social education for children aged 10 to 14 years; (iii) nutrition; (iv) home food production; (v) recreation; (vi) family counseling; and (vii) efforts to encourage school enrollment and to enhance the employability of young people aged 15 to 24 years who have not completed primary school.

3. Employment and income generation (US\$2.5 million).

- 2.9 The objective here is to provide beneficiaries with new skills that will improve their prospects in the labor market and help increase their incomes. This component will expand upon current initiatives of the Social Welfare Department (SPS), the Department of Production, Employment and Foreign Trade (SPEC) and the Public Housing Service (SPV), including: (i) integrated training, education and work experience in basic skills for youth aged 15 to 24 years who have completed primary school, and (ii) reinforcement, technical support and operating assistance for social enterprise incubators, which will benefit primarily female heads of household. The actual combination of activities will be defined on the basis of a specific examination of demand in each community.
- 2.10 Items 2.8 (ii) and (vii) and 2.9, above, refer to services to be provided by CSOs, which will compete for funding under the program. In this case, financing will cover only the incremental costs of projects submitted. Funding will also be provided for institutional development for participating organizations, with particular attention to their management and fund-raising capabilities.

4. Institutional strengthening (US\$1.7 million)

a. Monitoring and evaluation (US\$200,000)

- 2.11 Funding will be provided for the preparation and implementation of a monitoring system, complementary to the current SPV system, to allow for simultaneous evaluation of progress under the operational program, including aspects relating to the environment, cost effectiveness, the relationship between costs as budgeted and costs as executed, and new social services. The system will be structured on the basis of market studies, field data and beneficiary surveys conducted before and after implementation of the projects, and these data will be compared with the situation in non-beneficiary areas, which will serve as control groups. The information obtained from this community diagnosis will be used to define a set of baseline indicators for monitoring and evaluation.

- 2.12 The annual evaluation of the program will include studies to verify its impact, the effectiveness of activities against specific objectives, in particular for new social services, and the value added by the Bank's participation (see indicators in the logical framework, Annex II-1). Real estate market studies will be conducted in the settlements themselves and in adjacent areas, and beneficiaries under the various program activities will be monitored. The impact and process indicators planned will include the satisfaction level of residents and users of urban sanitation, electrical, gas and community services, coverage of vaccination and nutritional surveillance activities, labor market entry rates, success tracking of training program graduates and other measures of impact in terms of income generation, school retention rates and performance of beneficiary children, etc.

b. Studies, training and technical assistance (US\$1 million)

- 2.13 **Studies** (US\$200,000). Three studies will be financed. The first will consist of a diagnosis that will: (i) identify distortions and barriers, including urban planning regulations, that block access for low-income families to affordable housing; and (ii) develop specific proposals for correcting market failures and thereby stimulating housing supply and demand, including subsidy and microfinance mechanisms for housing extensions and upgrades. The second study will assess the city's urban development and housing policies in terms of stimulating the supply of social housing lots and controlling the formation of squatter settlements. The third study will involve the valuation of the indirect benefits of public urban interventions and possible cost recovery mechanisms involving improvement fees and other charges.
- 2.14 **Training** (US\$400,000). Training will be provided for municipal employees of the SPV and the departments participating in the program, and areas relating to social project execution and management, environmental issues and applied engineering. Funding will be provided for experts to visit localities with experience in areas of interest to the program.
- 2.15 **Technical assistance** (US\$400,000). This is intended to improve management in the municipal bodies responsible for program execution, in particular the SPV. Assistance will focus on management methods, control systems, personnel training and financial management of the program, with a view to improving performance. Support will also be provided to CSOs participating in the program, through technical assistance to strengthen their technical capacity for project management, including environmental issues, and for mobilizing funding from business and philanthropic sources.

c. Social communication (US\$500,000)

- 2.16 This subcomponent will develop documentation on the experiments undertaken (urban and social transformation of settlements) and will publicize and promote the

program among the beneficiary community and with the public at large, reporting on the situation of the settlements and the services offered in them by the municipality; educational materials and information on the program's progress will be distributed; and the private sector will be encouraged to contribute to the program.

C. Dimensioning

- 2.17 The dimensioning of the program considered the universe of settlements (91), priority-setting criteria (as explained in paragraph 2.4), the execution capacity of the municipal institutions involved, a sample of new and completed projects and the municipal capacity to finance the counterpart contribution and incremental costs of operation and maintenance flowing from the projects. This capacity was determined on the assumption that the municipality would continue to make counterpart contributions in the same amount (approximately US\$6 million per year, or US\$28.7 million over five years) as that allocated in the most recent SPV budgets for financing this type of project, plus the current savings generated each year which, together with the incremental resources from municipal charges, would imply sufficient funding for incremental expenses of operation and maintenance.

D. Cost and financing

- 2.18 Because this program classifies as a PTI, an additional 10 percentage points in Bank financing has been considered. The following table shows costs and sources of financing, by category, for the program.

Table II-2
Table of Costs
(US\$ millions)

CATEGORIES	IDB/OC	LOCAL	TOTAL	%
1. Engineering and administration	2.7	3.3	6.0	8,4
1.1 Projects	1.2	0.3	1.5	2,1
1.2 External evaluation and audit	0.5	-	0.5	0,7
1.3 Works supervision	1.0	3.0	4.0	5,6
2. Direct costs	39.9	25.4	65.3	91,1
2.1 Integrated urban development	36.8	20.8	57.6	80,3
2.2 Care for children and teenagers	0.5	3.0	3.5	4,9
2.3 Employment and income generation	1.4	1.1	2.5	3,5
2.4 Institutional strengthening	1.2	0.5	1.7	2,4
2.4.1 Monitoring and evaluation	0.2	-	0.2	
2.4.2 Studies/technical assistance/training	1.0	-	1.0	
2.4.3 Social communication	-	0.5	0.5	
SUBTOTAL	42.6	28.7	71.3	99,5
3. Financial expenses	0.4	-	0.4	0,5
3.1 Inspection and supervision	0.4	-	0.4	
GRAND TOTAL	43.0	28.7	71.7	100,0

III. PROGRAM EXECUTION

A. Borrower, guarantor and executing agency

- 3.1 The borrower will be the Argentine Republic, which will transfer funds from the loan to the City of Rosario on a nonreimbursable basis. The municipality will be responsible for the local counterpart contribution, in the amount of US\$28.7 million.
- 3.2 Program execution will be the responsibility of the municipality, through the SPV, and will be governed by the Program Operating Regulations and the loan contract, with the necessary personnel as agreed with the Bank, supported by the Municipal Department of Finance and Economy (SHEM) for the financial aspects. The SPS and the SPEC will be responsible for the execution of specific components relating to their respective areas. Other municipal institutions will contribute technically to execution or will operate services established by the program (health centers, public lighting, garbage collection, education, etc.). The SPV will also be responsible for the studies referred to in paragraph 2.13. To this end, the SPV will award contracts for the studies, in accordance with Bank-approved terms of reference, within 120 days after the first disbursement under the loan. The SPV will implement the recommendations contained in those studies, within 90 days of their approval, and in accordance with the recommended schedule.
- 3.3 This execution structure, together with the responsibilities of the bodies participating in the program, will be confirmed by a municipal decree, which will constitute one of the conditions prior to the first disbursement. The other prior conditions will be: (i) signature of the framework agreement for transfer of funds from the proposed Bank loan, between the borrower, the Ministry of Social Development and Environment and the City of Rosario; (ii) evidence that the Operating Regulations are in force; (iii) agreements signed between the executing agency and the Provincial Water Utilities of Santa Fe, the Provincial Energy Utility (now in the process of privatization) and Litoral Gas, relating to their takeover, operation and maintenance of the local systems installed under the program; and (iv) evidence that the neighborhood improvement and serviced lots program financed by loan 940/OC-AR is limited, as far as Rosario is concerned, to the three projects that it had in its portfolio as of September 2000 (paragraph 1.33).

B. Municipal bodies participating in the program

1. Public Housing Service

- 3.4 The SPV, a self-standing body of the City of Rosario, was created under the name of "Housing for Workers" in 1927, and was given its current name in 1948. Since

its creation, it has devoted its efforts to providing public housing and developing policies to enhance housing conditions for low-income groups.

- 3.5 The SPV is managed by an Executive Council, the president of which is the Municipal Intendant. Its membership includes the municipal secretaries of planning, finance and economy, public works and social welfare. The Director General of the Council serves as its secretary, and is responsible for running the agency
- 3.6 The mandate of the SPV, as defined by the current Executive Council, is to:
 - a. Improve living standards for low- and lower-middle income people by improving their housing, and promoting social networks that encourage community participation;
 - b. Promote co-management as an alternative means of meeting housing needs, and beginning in this way to decentralize intermediary institutions;
 - c. Foster the comprehensive improvement of substandard settlements;
 - d. Coordinate the use of all resources that are earmarked by the various levels of government and other financial sources for dealing with the city's housing problems;
 - e. Help to revive local economies through incentives for using small and medium-scale local construction firms and labor and employment cooperatives;
 - f. Sponsor research and development of suitable technologies for low-cost urban housing;
 - g. Influence the real estate market through a policy that allows low-income people to purchase and own land.
- 3.7 Its experience with housing projects ranges from progressive housing programs and slum clearance through mutual assistance to "basic housing" programs (one-bedroom units with bath and kitchen) intended for people relocated from the *villas miserias* or displaced from lands expropriated for public works. In some cases, these housing units have been expanded to two bedrooms, through self-construction projects.
- 3.8 The agency's decentralized structure allows it to respond promptly to project execution demands. Its legal and financial structure gives it great flexibility, because it can act independently of the central administration, and this has greatly enhanced its effectiveness.
- 3.9 The SPV currently has 108 full-time or contract employees, including a professional team of 50 with experience in upgrading squatter settlements,

community participation, resettlement, land title regularization, etc. The service is organized into five areas: technical, legal, administrative, information processing and accounting. Projects are assigned to multidisciplinary teams consisting of personnel from all these areas who jointly manage the projects. This form of organization has produced good results, by ensuring efficient personnel use and sound management.

2. Social Welfare Department

- 3.10 The SPS, which will be responsible for the integrated care component for children and adolescents and their families, has staff with great experience in programs of this type. The department's functions focus on three areas: social assistance, promotion and strengthening of civil society, and promotion of civic rights. Its policies are applied in a decentralized manner through local and neighborhood programs run by the district coordinators, who attempt to forestall or settle social disputes in the first instance through local networks.
- 3.11 In addition, the SPS is responsible for the Single Registry of Beneficiaries (RUB), which records nearly 150,000 beneficiaries of social programs financed by the three levels of government. Besides supplying social information on beneficiaries, the RUB minimizes overlapping and makes it easier to evaluate the impact of Rosario's social programs.

3. Department of Production, Employment and Foreign Trade

- 3.12 The SPEC, through its Municipal Employment Services Directorate (DSE), will be responsible for the employment and income generation component. This directorate is organized into specific areas of cooperation and has a staff of 10 professional coordinators. It contracts out for performance of the following functions: vocational training and job retraining; the design of local labor programs; coordinating activities with employers' and workers' groups; and publishing data on the local labor market. It is active in the following areas: labor mediation and counseling services; training and continuing education; self-employment; temporary job programs, internal management and institutional relations; and information processing systems. The DSE has already successfully undertaken programs similar to those that will be financed by this component.

4. Department of Finance

- 3.13 The SHEM, which will assist the SPV in the financial administration of the program, is already performing satisfactorily in these areas, under the Major Cities Program (loan 1068/OC-AR) financed by the Bank. These include general financial management, coordination with the Central Executing Unit (at the national government level) for financial aspects (accountability, disbursements and payments, accounts administration, etc.), and municipal budget appropriations,

among others. Separate bank accounts will be maintained to handle funds from the loan and the counterpart contributions relating to the program. As well, separate accounts will be kept for the program, which will be segregated from other resources handled by the SHEM.

C. Project analysis criteria

- 3.14 To be eligible for financing under the program, projects must meet the technical and economic criteria agreed with the SPV and set out in the Operating Regulations and in chapter IV (paragraphs 4.8 to 4.19). The criteria include: (i) for the integrated urbanization component: a maximum project value of US\$9,500 per family and an average project value of US\$8,700, prior approval by the community, inclusion of means to ensure proper operation and maintenance, prior regularization of title to properties used for works, and a 30% limit on family relocations from any settlement; (ii) for the community facilities subcomponent: maximum value will depend on the type of facility and the kind of intervention (expansion or new construction)⁴; and (iii) for the children and adolescents and the labor and income generation components: consistency with the overall social support program for the settlement, presentation of all elements (such as objectives, detailed description of activities and methodologies, definition of funding and time required, monitoring and evaluation indicators) for assessing their conformity with the maximum unit costs⁵ of care per beneficiary, and compliance with quality criteria defined in the SPS and SPEC standards.

D. Community participation, coordination of physical and social interventions, and project execution cycle

- 3.15 The preparation and execution of the interventions plan in each community is based on intensive participation by the beneficiary population. This approach has already been implemented with good results, and is coordinated by a section within the Executing Unit (EU), consisting of technical staff from the SPV, the SPS, the Department of Public Works, the Department of Planning, the Department of Public Services, the SPEC, the Environmental Policy Directorate and, depending on its nature, executed or supervised by one of the three departments directly responsible for the various activities under the program. Table III-1, describing the project execution cycle, and the operational matrix of the Rosario Habitat Program (Annex III-1) summarize the stages and activities in this cycle and indicate the agencies responsible for execution. The detailed description of each of the stages is included in the Operating Regulations.

⁴ US\$12,800 for expansion of *Creceer* centers, US\$102,400 for construction of *Creceer* centers and US\$146,400 for construction of premises for the social enterprise incubator.

⁵ Operation and Maintenance of *Creceer* Centers: US\$70 per beneficiary/month for new centers and US\$31/beneficiary/month for expanded centers; Educational Integration: US\$1,300/beneficiary; Enterprise Incubator: US\$2,820/beneficiary; and Employability: US\$1,060/beneficiary.

Table III-1
Project execution sequence

Social organization and participatory planning phase for physical and social interventions
<ul style="list-style-type: none"> • Selection of settlements according to indicators. • Ownership survey of the settlement, opening of the registry for sellers of land. • Transfer of ownership over settlement lands to the SPV. • Social and urban planning diagnoses; environmental diagnosis. • Initial project formulation. • Meeting with the community for the first presentation of the program. • Initial basic dissemination to the entire settlement. • Family census; physical and cartographic survey. • Registry of successful bidders. • Further formulation of project, definition of stages and urban planning, housing and social alternatives; environmental analysis of the project. • Information meeting, presentation of the project. • Stakeholder analysis and formulation of strategies for the participatory planning workshop. • Election of neighborhood representatives for the participatory planning workshop. • Participatory planning workshop. • Establishment of the commission of delegates. • Signature of joint working guidelines. • Establishment of a Joint Evaluation and Monitoring Commission and beginning of regular meetings with the commission. • Consensus workshop for the final version of the urban development project; selection of families: internal displacement and relocation. • Start of efforts to articulate demand with the children and youth program and the labor and income generation program, and supplementary social activities. • Consolidation of social networks in the old and new neighborhoods; definition and implementation of mechanisms for providing regular information to all residents; startup of environmental monitoring activities. • Formulation of the final project; environmental impact report submitted to the Environmental Policy and Public Consultations Directorate. • Workshop to select land for relocation. • Purchase of land for relocation. • Workshop to select the housing and lot prototypes.
Execution phase for physical interventions and social components
<ul style="list-style-type: none"> • Construction of houses for relocation; construction of infrastructure in new neighborhoods. • Award of title deeds to relocated families; moving the families to the new neighborhood. • Cleanup of lands vacated in the settlement. • Opening of streets in the settlement; construction of infrastructure in the settlement. • Housing improvements in the settlement. • Award of title deeds to families in the settlement.
Post-works phase
<ul style="list-style-type: none"> • Continued efforts at health and environmental education, social and labor and revenue components. • Continued monitoring and evaluation in accordance with the systems established.

3.16 The methodology to be used includes three major steps: (i) preparing the community in advance of the interventions; (ii) community development during works and throughout the intervention, in order to ensure active community participation in the works themselves (as laborers) or in monitoring and supervising the works; and (iii) the final phase, to extend this participation beyond the duration of the project, so that the community will take a hand in maintaining and delivering

some of the services and thereby guarantee the sustainability of the investments made.

- 3.17 The revised methodology sustains community participation at various levels, through: (i) meetings with community leaders; (ii) information meetings with the general public for presenting the initial concept of the project; (iii) regular follow-up information meetings; (iv) election of neighborhood representatives to take part in the planning workshops; (v) consensus-building workshops to define areas for relocating families; and (vi) establishment of delegates' commissions as a permanent channel of communications with the community; and other instruments as necessary, identified during program execution. With these participatory instruments, the municipality intends to enlist community participation, both directly through the regular information assemblies and the consensus-building workshops and indirectly through neighborhood representatives and delegates and the establishment of commissions that will act and speak in the name of the community.
- 3.18 This methodology is included in the Operating Regulations, which provides that planning of social activities in the settlements is to be done jointly with the planning of physical interventions, and on the basis of the same procedures, defining community development activities, environmental and health education, family relocation, attention to children, youth and their families, work and employment generation, etc. The intervention plan will include a timetable for activities, bearing in mind that some of the social activities can be pursued regardless of the completion status of the physical interventions, while others must await the conclusion of those works.
- 3.19 This participatory effort has objectives that go beyond the specific intervention plan and that constitute one of the keys for strengthening social networks in these communities. The steps shown in the tables and in the Annex identify the different times at which the community participates in the process and indicate the various forms of participation (direct or through elected representatives) that will be used to channel the learning process so that these communities can participate fully in decision-making. The planning approach adopted for the neighborhood meetings and the participatory planning workshops involves the methodology developed by the German Technical Cooperation Agency (GTZ): this is already in use by the SPV and has been tested in the context of the proposed program with the settlements in the sample prepared for the analysis of the project.

E. Procurement aspects

1. Goods, civil works and services

- 3.20 Consistent with Bank policies, international competitive bidding will be used where the estimated contract amount is the equivalent of US\$5 million or more, in the case

of civil works contracts, and US\$350,000 or more in the case of equipment purchases. Annex III-2 shows the Program Procurement Plan.

2. Consulting services

- 3.21 Consulting services will be selected and contracted in accordance with Bank procedures. International competitive bidding will be used where the estimated amount of a contract with a firm exceeds the equivalent of US\$200,000. For the contracting of social service providers under the Children and Adolescents and the Employment and Income Generation components, the annual prequalification system will generally be used, with resort to prequalification by project, area or group of projects on an exceptional basis, in accordance with the procedures established in Annex C of the loan contract, except for the negotiation phase of economic proposals, since these are services with a pre-established fixed price. Document GN-1679-2 provides for this approach.

3. Competitive funding

- 3.22 For activities where the SPS and the SPEC do not have the required institutional capacity, the Competitive Funding mode will be used. Tenders will be called and CSOs will be invited to submit proposals for social education projects under the *Creceer* program and for projects under the labor and income generation and social enterprise incubator components.
- 3.23 These competitions will be held in accordance with procedures acceptable to the Bank, consistent with the terms of reference, the eligibility criteria for participating organizations, and the criteria and parameters for selecting proposals for financing, all of which form part of the Operating Regulations. These include, among others, (i) the length and depth of the organization's experience in the specific area and with the specific beneficiary groups in question; (ii) the material and human resources available for carrying out the activities; (iii) costs per beneficiary; and (iv) a commitment to establish an effective working relationship with the municipality as evidenced by cash or in-kind contributions from the private sector or from charitable sources.
- 3.24 This mechanism will also be used if unanticipated activities arise in response to technical evaluations or beneficiaries' requests, provided their costs fall within the parameters established for activities under the components already identified.

F. Execution and disbursement periods

- 3.25 Loan funds will be disbursed over five years from the date of contract.

G. Monitoring and evaluation

1. Monitoring by the Bank

- 3.26 The program will be supervised by the Bank's Country Office in Argentina, which will pay special attention to the conditions established in the Operating Regulations for the preparation and execution of projects and, in particular, for monitoring execution and outcomes of the social projects. Regular inspection visits will be made and annual program evaluations will be prepared to detect and correct any problems in its execution. These annual valuations will be based on an Evaluation Report to be prepared using the monitoring system financed by the program, in accordance with terms of reference previously agreed with the Bank. That report will be presented by the borrower, through the SPV, within 120 days after the end of each fiscal year, during program execution (see paragraphs 2.11 and 2.12).

2. Semiannual progress reports

- 3.27 The SPV will provide the Bank with progress reports on program execution. The structure and timing of the reports are to be agreed with the Bank. The reports will cover activities completed, use of funds and results obtained and goals achieved, as well as a detailed schedule of planned activities for the following six months. The reports will indicate any discrepancies against the indicators in the logical framework, the timetable, the objectives, and any other problem that might affect the operation, identifying the actions necessary to correct the situation, and the persons or agencies responsible for doing so.

H. Advances, reimbursement of payments made and justification for the use of funds

- 3.28 Advances and reimbursements will be made in accordance with Bank rules, and a revolving fund will be established for an amount equal to 5% of the loan.
- 3.29 The executing agency will present all disbursement requests to the Bank's Country Office, accompanied by the disbursement control and local contributions form and the detailed payment form, the structure of which will be worked out with the Country Office. Information will be classified by type of investment, project and contract. The original documentation supporting the information supplied in those forms will be kept on file by the executing agency.

I. Documentation files

- 3.30 The executing agency will establish a centralized "Filing Plan", arranged alphabetically by topic, as agreed with the Bank. The handling of these files will be the responsibility of a specially trained staff member, and all SPV personnel will be made aware of his responsibilities for the system.

J. Local authorization limits for procurement and project approval

- 3.31 In light of the SPV's execution capacity, which the project team analyzed thoroughly, and the great number of purchases, works contracts and consulting services required for the program, and in the interests of streamlining execution, it is recommended that the Bank's no-objection requirement be applied only in the case of works contracts exceeding US\$5 million, equipment purchases exceeding US\$350,000 and contracts with consulting firms or individual consultants exceeding US\$100,000 and US\$50,000, respectively.
- 3.32 The SPV will have operating authority up to these amounts as long as it has on staff a procurement officer familiar with Bank procurement procedures, until all funding under the operation has been committed.
- 3.33 The SPV may approve and execute a project without Bank intervention, where the total cost of each indivisible project is no greater than US\$3 million. For all projects exceeding that amount, the SPV will submit the eligibility assessment to the Bank, together with the corresponding recommendation and justification.

K. Ex post reviews by the Bank

- 3.34 The Bank will conduct an ex post review, on a sampling basis, of project approvals (priority and eligibility) issued by the SPV, documents and procedures for procurement by the SPV within its authorized limits, and documentation relating to the use of resources under the operation. Depending on the significance of any irregularities discovered, the review may lead to the following actions, among others:
- A request that the irregularity be rectified, if this can be done promptly.
 - Reduction or cancellation of the EU's authorization limits.
 - Rejection of the expenditure for funding under the loan.
 - Rejection of the expenditure as a cost of the operation.
 - Rejection of the project cost as a cost of the operation.

L. Recognition of expenditures

- 3.35 The executing agency has incurred a series of expenditures in preparing the operation, in formulating the projects in the sample, and in interventions in settlements that are part of the program. The amount of those expenditures, until the date of loan approval, is estimated at US\$2.7 million and will be charged to the counterpart contribution, provided that procedures substantially similar to those in the loan contract have been followed.

M. Accounting and audit

- 3.36 The SPV will keep records of program expenditures in accordance with a chart of accounts agreed with the Bank. The program's financial statements will be audited each year by a firm of independent external auditors acceptable to the Bank, and will be presented to the Bank within 120 days after the end of each fiscal year during program execution.

N. Final evaluation

- 3.37 The final evaluation of the program will be done in light of the results of the monitoring system financed by the Bank. That evaluation will analyze results at the close of activities, in terms of the program's objectives and the value added by the Bank's participation.

IV. FEASIBILITY AND RISKS

A. Program feasibility

- 4.1 The feasibility of the program will depend on satisfactory progress with its components, and achievement of its objectives will depend primarily on proper interaction and complementarity among those components. Analysis of the program therefore concentrated not only on assessing the components but also on the interrelation among them. It was concluded that the sustainability of the planned works will depend on the success of social communication, the success of urban planning, and the regularization of property ownership. The social activities, on the other hand, will be most effective if they are undertaken after progress has been made in reorganizing the physical aspects of the communities, including relocations.

B. Institutional feasibility

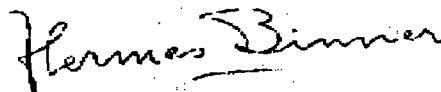
- 4.2 The municipality has shown with the last five years that it can carry out physical and social interventions of the kind to be financed by the program. The municipal government has committed itself thoroughly to projects, as can be seen from Figure IV-1. The program is a high priority for the city, which has been regularly investing with its own resources, to the benefit of some 3,000 families, through neighborhood improvement and social programs such *Creceer* and *Oportunidad*. The SPV and all of the departments involved have experience in the execution of similar activities, and this experience has been evaluated and is considered adequate by the project team. Aspects that require strengthening, such as the monitoring system and technical assistance to participating institutions, are covered by the components to be financed under the program.

Figure IV-1

The municipal government is convinced that these projects, adopted as a comprehensive program, are not only feasible at the scale proposed but are indeed a priority. This office and the city's officials have the experience, the technical capacity and the familiarity with the city's neighborhoods that will guarantee proper conditions for their implementation. This can be seen in execution of the master plan for the rehabilitation of the Villa Banana district.

Given the assurance of achieving the proposed objectives, it is clear that, with the commitment of local governments and the participation of stakeholders and the citizenry in general, it is possible to build a city with a high quality of life and one that embraces all economic and social sectors.

For the City of Rosario this is a crucial time for addressing a problem that requires swift, effective and perhaps unique solutions. Given the dimensions involved, it is still feasible to deal with housing in unregulated settlements in a comprehensive way. But with the expected rapid population growth, together with an expanding economy over the medium term, this may be the last opportunity we will have to begin resolving the situation of unregulated settlements through a harmonious approach that will strengthen the bonds of citizenship and avoid urban decay, such as appears when urban development is out of control.



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Intendente Municipal

- 4.3 By its very nature, the program will require coordination among the municipal agencies involved (SPV, SPS, SPEC). A coordination body will therefore be established (see paragraph 3.15) to facilitate program execution and ensure coordination among the departments involved in the various studies and in synchronizing physical and social interventions in each beneficiary community.
- 4.4 The municipality's accumulated experience in executing components such as those to be financed by the program has highlighted the need to strengthen the management capacity of community organizations and CSOs. For these reasons, technical assistance funding is included for strengthening these organizations.

C. Technical feasibility

1. Integrated urbanization component

- 4.5 The feasibility of this component has been determined on the basis of: (i) the analysis of projects already executed previously by the SPV, with municipal funding; and (ii) an evaluation of a sampling of projects for the present operation. The analysis of those projects has revealed the adjustments that are needed in coordination among the participating entities, in the involvement of the community, and in the design of the social components and other requirements of the Operating Regulations. In addition, this analysis has made it possible to refine the cost of interventions and thereby identify least-cost solutions appropriate to the situation of the settlements, in terms of risks (areas prone to flooding and mudslides).
- 4.6 The sample consisted of three new projects. These represent US\$10.6 million, or 20% of the direct investment in the program's integrated urbanization component. The analysis of the sample of new and completed projects also served to identify more clearly the types of investment required, the problems and solutions adopted, the various kinds of social and environmental impacts, and the maximum cost parameters per family.

2. Children and adolescents and labor and income generation components

- 4.7 The analysis here consisted in reviewing the methodology and the effectiveness of actions now underway. The execution methodology was also verified, as well as the monitoring and control systems and the costs of the various actions. With this analysis, costs per beneficiary have been established for each activity included in the menu offered by the program, and new mechanisms have been designed, such as the competition funds, matching grants and new activities to be included in the existing menu.

D. Economic feasibility

- 4.8 Table IV-1 presents a summary of data and results from the analysis of the project sample.

Table IV-1
Capital cost components and economic return indicators for the sample of settlement projects

Community	Villa Banana	Las Flores	La Tablada	TOTAL SAMPLE	%
Number of families	362	304	270	936	
Capital costs (US\$ 000)					
Land	217	246	281	745	9.0%
Dwellings	1,289	1,798	1,788	4,874	58.9%
Stabilization and drainage	369	349	289	1,008	12.2%
Lighting	6	14	15	35	0.4%
Community facilities	53	57	55	165	2.0%
Water and sewage	270	279	189	738	8.9%
Electricity	82	151	57	289	3.5%
Other (1)	161	140	126	427	5.2%
TOTAL	2,447	3,034	2,799	8,280	100.0%
Total/family (US\$)	6,760	9,982	10,365	8,846	
Economic net present value/family (US\$)	5,605	1,331	13,626	6,530	
Economic internal rate of return (%)	24.2%	14.1%	30.8%	22.7%	

(1) Includes costs of garbage containers and family relocations.

- 4.9 The three projects in the sample were of direct benefit to 936 families. The area immediately surrounding the settlement has also benefited, in terms of higher property values and supplementary civil works, such as a drinking water reservoir and the expansion of a sewage collector that will serve surrounding communities.
- 4.10 The value of housing in the absence of the project was obtained on the basis of a market survey of recent house sales in 18 settlements of Rosario. This research covered 83 real estate transactions and the results indicate an average value of dwellings as follows: US\$1,096 in Villa Banana, US\$829 in Las Flores and US\$1,808 in La Tablada. For examining the scenario with the project, calculations were based on valuations provided by public auctioneers. To determine the impact of add-on construction, a valuation was made of 302 buildings that had been expanded by an average of 18 square meters, with a consequent net increase in value of US\$106 per dwelling.
- 4.11 The valuation of buildings adjacent to the beneficiary settlements was based again on estimates provided by public auctioneers in areas where the SPV has been active in recent years. The study revealed an average increase in value of 22%, attributable to the urbanization of nearby settlements. Table IV-2 shows total benefits resulting from the settlements in the sample.

Table IV-2
Estimated benefits for the sample of settlements
(US\$ 000)

Community	Increased value of housing		Upgrading of adjacent areas	TOTAL SAMPLE
	Through infrastructure	Through building additions		
Villa Banana	3,167	831	1,691	5,689
Las Flores	2,418	698	1,655	4,771
La Tablada	2,327	620	5,444	8,391
TOTAL	7,912	2,149	8,790	18,851
%	42.0	11.4	46.6	100.0

- 4.12 Cost data for the economic valuation were taken directly from projections prepared by the SPV team. On the other hand, incremental costs for operation and maintenance were estimated on the basis of existing real data, adjusted to the technical specifications so as to include adequate operation and maintenance.
- 4.13 Recalling that to be eligible, a project must show an economic rate of return of least 12%, it was estimated that the maximum cost per family (cost effectiveness) should be US\$9,500, and the average US\$8,700, for the integrated urbanization component. These limits do not include costs relating to community facilities, which would be limited to: (i) expansion of the *Creceer* Centers—US\$12,800/center; (ii) construction of *Creceer* centers—US\$102,400/center; and (iii) construction of premises for the social enterprise incubator—US\$146,400 per building. Applying these parameters will ensure that project benefits are greater than project costs.
- 4.14 Based on the minimum cost analysis of sample projects, it was concluded that the cost per family should be reduced by 20% in order to maximize the number of beneficiaries. This was achieved by reducing the size of lots and consequently reducing the number of relocations, and establishing standard housing units for relocated families.
- 4.15 With respect to the children and adolescents component, a maximum cost per beneficiary for actions coordinated with the *Creceer* program was estimated at US\$70 per month per beneficiary for new centers and US\$31 per month per beneficiary for expansions of existing centers. For the educational enrollment subcomponent, a cost of US\$1,300 per beneficiary was estimated.
- 4.16 For the labor and income-generating component, indicators of cost per beneficiary were identified for measuring and comparing the effectiveness of investments in each type of activity. The average cost for the social enterprise incubator is US\$2,820 per beneficiary. For the employability subcomponent, a maximum cost of US\$1,060 per beneficiary was set.

- 4.17 An analysis was made of the capacity of beneficiary families to pay the taxes and charges that will result from regularization of ownership title and from electricity, gas, water and sewage connections, totaling about US\$40. From a sample of 425 households, it was found that on average these families would have to earmark 13% of their income for services, real estate taxes and municipal charges, while such outlays would amount to 25% of household income for 25% of families.
- 4.18 These results show the importance of the labor and income generation component, and the need to include training in the use of water, electric and gas facilities, within the environmental education component, in order to rationalize use and diminish consumption of these services.

E. Financial feasibility

- 4.19 The financial analysis was based on budgetary data for the years 1997 to 1999, an estimate for 2000 and projections to 2004. This exercise was intended to assess the fiscal capacity of the municipality to (i) make a counterpart contribution; and (ii) finance incremental operating and maintenance expenses generated by program activities.
- 4.20 The projections were based on conservative assumptions: (i) municipal revenues were assumed not to increase. Increases for the years 2001, 2002 in 2003 arise from greater efficiency in tax collection, thanks to a project for updating the assessed value of buildings and strengthening fiscal supervision; (ii) no account was taken of increased municipal tax yields from the regularization of settlements under the program, which would total about US\$530,000 per year at the end of the program, representing US\$6.64 per family per month; (iii) the projections did however include incremental operating and maintenance expenses generated by all components, investments and social activities financed under the program, estimated at US\$2.8 million per year, or US\$35 per family per month.
- 4.21 Table IV-3 shows budgetary execution and fiscal projections for the municipality:

Table IV-3
BUDGETS, EXECUTED AND PLANNED
(US\$ millions)

	1997	1998	1999	2000	2001	2002	2003	2004
Current revenues	263.9	271.0	267.0	277.2	283.1	283.3	286.1	287.3
Municipal taxes	154.1	161.1	153.3	160.5	169.5	169.5	171.2	171.2
Revenues from other jurisdictions	107.6	107.9	110.8	113.4	111.0	111.0	112.1	113.3
Other current revenues	2.2	2.1	3.0	3.2	2.5	2.7	2.8	2.8
Current expenditures	238.7	242.1	245.9	245.7	250.4	253.5	255.4	255.0
Personnel	114.9	115.5	122.0	125.7	130.6	131.9	131.9	131.9
Other operating expenses	95.2	95.9	100.3	97.3	96.6	97.2	97.5	97.3
Interest	0.2	0.1	1.7	1.2	2.5	2.9	4.6	4.3
Other current expenditures	28.4	30.6	21.9	21.5	20.7	21.5	21.5	21.5
Balance	25.3	28.9	21.1	31.5	32.7	29.7	30.7	32.3
Capital inflows	4.5	6.7	1.3	2.8	0.0	0.5	0.5	1.0
Capital outlays	36.7	43.8	63.9	36.2	39.2	40.5	40.1	40.5
Real direct investment	34.2	41.6	57.5	30.2	33.7	35.0	34.5	34.9
Financial investment	2.5	2.2	3.4	0.7	0.0	0.0	0.0	0.0
Other capital outlays			3.0	5.2	5.5	5.5	5.5	5.5
Total revenues	268.4	277.7	268.3	279.9	283.1	283.8	286.6	288.3
Total expenditures	275.4	285.9	309.8	281.8	289.6	294.1	295.5	295.4
Net financial flows	-6.9	-8.1	-41.5	-1.9	-6.5	-10.3	-8.9	-7.2
Source of funds	14.0	17.6	35.1	9.7	12.9	13.2	13.3	13.2
Drawdown of financial investments	10.1	7.4	12.2	3.8	2.2	2.2	2.2	2.2
Loans	3.9	10.2	22.9	5.9	10.7	11.0	11.1	11.0
Application of funds (debt amortization)	0.6	0.7	3.8	7.7	6.4	2.9	4.4	6.1
FINAL BALANCE	6.5	8.8	-10.2	0.0	0.0	0.0	0.0	0.0

4.22 Table IV-3 above shows that the municipality consistently generates a primary surplus of more than US\$30 million per year. On the other hand, municipal debt service in the year 2000, including items subject to litigation, represent 5% of current revenues.

4.23 The municipality should therefore not have any problems in contributing the counterpart funding of US\$28.7 million during the program execution period, which will be used primarily to finance operating and maintenance costs deriving from the components financed by the program.

F. Environmental feasibility

4.24 The program will improve the environmental balance in the target settlements, in the sense that planned projects and social initiatives are aimed at correcting critical problems, and that works undertaken will include precautions to protect the environment and thereby ensure the sustainability of projects and enhance the

quality of life. The elimination of garbage dumps, the building of ditches, improvements to the road network and the channeling of rainwater will neutralize storm-related flooding and washouts and will reduce the discharge of sediment into storm sewers. The planned works will reduce the risks to sites located above ravines susceptible to landslides and erosion. The various initiatives for improving dwellings, such as equipping them with bathrooms, kitchens and laundry facilities and the regularization of utility services, will improve the housing situation by reducing or eliminating sources of pollution and the hazards of improper connections.

- 4.25 For the past five years, the SPV has been working to urbanize squatter settlements and eliminate environmental risks through a highly participatory management model. The methodology, contained in the Interdisciplinary Management Manual for Participatory Projects, is an annex to the Operating Regulations. There is strong community involvement at every stage, from the initial diagnosis to the workshops for discussing project alternatives. The social and environmental approaches are also guided by the Neighborhood Improvement Program (PROMEBA), which is being financed by loan 940/OC-AR.
- 4.26 During preparation of the loan an environmental analysis was conducted and publicly released. This resulted in the Program Environmental Procedure, which is annexed to the Operating Regulations, and which was applied to projects in the sample. The procedure requires, for each project: (i) an environmental diagnosis; (ii) an environmental analysis; (iii) environmental protection criteria and measures; (iv) institutional responsibilities; (v) a health and environmental education plan; and (vi) environmental and social indicators for the annual and final external evaluations. The protective measures and the contents of the health and environmental education program for each project, as identified in each environmental analysis, are included and budgeted in the project design.
- 4.27 The effectiveness of the environmental procedure and of the environmental measures themselves will depend heavily on public participation and institutional organization. The procedure requires that the environmental analysis for each project be the subject of consultation with the beneficiary population, by means of a participatory planning and diagnostic workshop (see Table III-1), that it be made public through mandatory public consultations, and that the Environmental Policy Directorate (DPA) review and approve it. The SPV will have a Program Coordination Unit (see paragraph 3.15) which will include the DPA, and there will be an environmental specialist responsible for implementing the environmental procedure. Each specific project will be subject to environmental monitoring, during the execution stage and until finalization of the project (six months after work is completed), by the environmental officer, who will be a member of the project team.

G. Social feasibility

- 4.28 During preparation of this operation, the community participation methodology was revised and adjusted, to reflect in particular the need for a comprehensive approach and one that will involve the community in guaranteeing the sustainability of the investments. This review retained the special focus on families who are being relocated, without losing sight of the comprehensive approach to beneficiary neighborhoods, and it broadened the project cycle to include social and environmental monitoring after completion of the physical works, so as to ensure that the program will be sustainable over the long term. Responsibilities for strategic planning and sequencing of actions with the community (Table III-1) are detailed in the Table of Functional Responsibilities for the Rosario Habitat Program (Annex III-2 to the Project Report). There will be a project for each settlement, with a project team and a project manager. There will also be a designated person responsible within the Social Welfare Department and the Production and Employment Department. The project team will have an expert in social participation and contact, as well as an environmental promoter.
- 4.29 Relocation will be limited to 30% of the families affected by each project, and will be undertaken in the following situations: (i) in light of the design needs of the urbanization project; and (ii) in light of the environmental and health risk evaluations. The relocation process is discussed with the families from the very first stages of planning (See Table III-1). Families affected will be offered the chance to relocate within their own neighborhood or, where this is not possible, they will participate in examining all aspects of the relocation process, from deciding on the new site for their relocation, to swapping with other neighbors in the settlement, if the family wishes to stay there. The urbanization projects will consider various alternatives so as to minimize the need for relocation. Compensation in lieu of housing will only be paid in cases where families express an interest in this alternative. The family relocation process meets the requirements of the Bank's resettlement policy (OP-710).
- 4.30 Because relocations are so costly and complicated, an effort was made to keep them to a minimum by introducing flexibility into urban planning rules (street widths and lot size). Thus, in the case of Villa Banana, the proportion of families that had to be relocated was reduced from 35% to 23%. These families were offered two alternative new neighborhoods to choose from.
- 4.31 **Gender.** Women constitute half the population in these neighborhoods, and the percentage of families headed by women is high. Women are also strategic social players in neighborhood organizations, *villero* committees, workshops and participatory assemblies, the *Crececer* centers, where they serve as volunteers, existing microenterprises (all existing cooperatives already have a significant proportion of female members), and the "*Oportunidad*" program, where a significant portion of the clientele consists of young women. It is expected

therefore that a significant number of beneficiaries under this program will be women. In these circumstances, the program will devote special efforts to meeting the specific training and education needs of women. With respect to the physical interventions, property titles issued as a result of the program will be registered jointly in the name of both spouses.

H. Social equity and poverty reduction classification

- 4.32 The project specifies explicit performance indicators for measuring poverty reduction and social equity enhancement among the populations involved (Annex II-1). The rationale for the PTI classification is the automatic sector criterion, since this is a neighborhood improvement program. As well, the program includes components for employment and income generation and early childhood stimulation for families living in poverty in the unregulated settlements of Rosario. Because the program is classified as a PTI, it is eligible for an additional 10 percentage points of Bank financing.

I. Program sustainability

- 4.33 The public services (water, sewage, electricity and gas) provided under the program will be operated and maintained by the utility companies, which will approve projects before their execution. They will subsequently take over the facilities from the SPV and will operate them and invoice beneficiaries in accordance with individual consumption, at the authorized rates.
- 4.34 Operating and maintenance expenses for services such as public lighting, roads, drainage and garbage collection will be financed from general municipal revenues, which will be augmented through introduction of the property tax. With respect to social services, CSOs will be strengthened in their fund-raising abilities, and they will be allocated program funding for a period of four years to finance incremental expenses under the children and adolescents components. This funding will be reduced by 25% each year, with the difference made up from municipal resources.
- 4.35 Project sustainability will depend, in the end, on community participation in the activities undertaken in each settlement. The strengthening of community social networks will be encouraged through the program's intrinsic methodology, which includes community participation at each stage from the design of the project through to supervising the quality of public services provided by the municipality and the utility companies.

J. Benefits

- 4.36 The physical interventions planned in targeted settlements will ensure access for all residents to basic services such as water, sanitary and storm sewers, light, road access, parks and playgrounds, and garbage collection.

- 4.37 The social interventions and the employment and income generation initiatives will help these communities to augment their human and social capital and thereby prevent or reduce social risks inherent in situations where social inequalities are extreme and public services are not available.
- 4.38 In addition to the benefits that the physical interventions will provide to all residents of the beneficiary settlements, approximately 6,600 families, the program will also benefit approximately 2,100 children and adolescents through the youth care component, and approximately 1,650 individuals through the employment and income component.

K. Risks

1. Program complexity and diversity of situations

- 4.39 As with any integrated project, concerns arise over coordination among executing agents and their capacity to carry out the more innovative components. Moreover, in certain of the program's settlements there are risks inherent in depending on the response of the community or of nongovernmental executors, and in the level of violence that is sometimes present. Although the SPV has a proven methodological and operational track record only with more limited interventions, its past experience is considered sufficient to minimize institutional risks. In addition, supervision will be "flexible and frequent", based on annual evaluations that will allow timely corrective measures to be taken. If necessary, particularly difficult settlements can be replaced by others more suitable for intervention.

2. CSO sustainability

- 4.40 The fact that these agencies are dependent on donated funding poses a risk to the sustainability of some of the activities financed under the program. To minimize this risk, CSOs will be encouraged to put themselves on a self-financing basis, by developing their own sources of revenue and raising funds from business and philanthropic sources.

Argentina
Rosario Habitat Program
Logical Framework

Objectives	Indicators	Means of Verification	Assumptions
Goal			
phenomenon of squatter improve living standards for ulated settlements within the by assisting their physical and on into the formal city.	<ul style="list-style-type: none"> More than 80% of target population is satisfied with the physical, environmental and social changes brought about by the project. 	<ul style="list-style-type: none"> Comparative studies of the total population in the settlements, at the beginning and end of the intervention Official statistics and specific evaluation studies. Opinion surveys of beneficiaries (EEU report) 	<ul style="list-style-type: none"> Steady funding is provided for Rosario's Strategic Plan.
Objectives			
the housing for families in d settlements and help to bridge divide.	<ul style="list-style-type: none"> 80% of beneficiary families feel that their housing situation has improved. 	<ul style="list-style-type: none"> EEU report 	<ul style="list-style-type: none"> The municipal counterpart for the program is forthcoming. There is proper coordination among municipal, provincial and national policies.
when mutual support networks by beneficiaries in efforts to their habitat.	<ul style="list-style-type: none"> 50% of beneficiaries see improved linkages and greater community or mutual support efforts to improve housing. 	<ul style="list-style-type: none"> EEU neighborhood survey. 	
n and reinforce social services or at-risk groups in the s, and take measures to improve oyment and income-generating	<ul style="list-style-type: none"> 50% of families feel that the coverage of social services has been maintained or improved by the program. 50% of families believe the program has improved the employment and income generation prospects of the target population. 	<ul style="list-style-type: none"> Report from the Municipal Social Welfare Department. Report from the municipal Employment Directorate. EEU neighborhood survey. 	
policies to provide decent r low-income families excluded ousing market and improve the d capacity of the SPV and other nvolved in the program.	<ul style="list-style-type: none"> The City of Rosario has improved its capacity to design housing policies. 	<ul style="list-style-type: none"> EEU report. 	
Urbanization	<ul style="list-style-type: none"> All target settlements are integrated into the urban fabric and 6,600 families have access to basic infrastructure, services, community facilities and better housing 	<ul style="list-style-type: none"> EEU report. 	<ul style="list-style-type: none"> For purposes of subdivision competent agencies understand the program. Coordination among municipal departments can be verified. Families can afford the cost of services and improvement to

Objectives	Indicators	Means of Verification	Assumptions
<p>g and restructuring the urban</p> <p>structure and community</p> <p>ation (running water, sanitary orm sewers).</p> <p>electricity, gas.</p> <p>d sidewalks improved and th trees.</p> <p>ty facilities and green spaces.</p> <p>ental protection and trash facilities.</p> <p>alternatives for relocated families ing, compensation or purchase gs).</p> <p>ousing for families remaining in led settlement.</p> <p>to promote participation by n project management:</p> <p>ory planning workshop;</p> <p>ment and operation of the mixed g commission;</p> <p>ties for beneficiaries to e in major project decisions.</p>	<ul style="list-style-type: none"> • 100% of urban development projects have been approved by the competent agencies. • 100% of families have running water and sewer connections. The neighborhood has storm sewers. All services are functioning adequately. • 100% of families have properly functioning electricity and gas service. The neighborhood is adequately lit. • 100% of streets and sidewalks are passable and have sufficient tree cover. • 100% of the required facilities have been constructed. • The required environmental protection works and measures have been completed. • 100% of trash collection facilities have been installed. • 100% of relocated families have received acceptable housing under the program. • 100% of relocated families have released the space they occupied. • 100% of families not relocated have functional sanitation. • Participatory planning workshop conducted. • The Mixed Project Monitoring Commission has been constituted and is meeting regularly to supervise the plan. • 70% of residents are participating in: 	<ul style="list-style-type: none"> • Urban development plans approved by the competent agencies and on file with the SPV. • Housing transfer deeds. • Deeds for the transfer of infrastructure facilities to agencies responsible for their operation and maintenance. • Housing transfer deeds. • Deeds for the transfer of infrastructure facilities to agencies responsible for their operation and maintenance. • Reports of the Public Works and Public Services Departments of Rosario. • Deeds for the transfer of infrastructure facilities to agencies responsible for their operation and maintenance. • Deeds for the transfer of infrastructure facilities to agencies responsible for their operation and maintenance. • Reports of the General Directorate of Environmental Services of Rosario. • Housing transfer deeds. • Reports from the SPV social branch. • Project managers' reports. • Works acceptance certificates. • Project managers' reports. • Operating plan designed in the workshop. • Act of establishment of the mixed monitoring commission and minutes of meetings. • Minutes of assemblies. 	

Objectives	Indicators	Means of Verification	Assumptions
ion of social networks in old neighborhoods.	<ul style="list-style-type: none"> • Urban planning consensus. • Selection of new locale. • Lot selection for each family. • Consensus on how to improve dwellings. • Consensus on final subdivision plan. • Target groups undertake more independent initiatives 	<ul style="list-style-type: none"> • EEU-conducted survey of beneficiaries between six and nine months after project completion. 	
ation of property title.	<ul style="list-style-type: none"> • 100% of families have deeds of property transfer. • 80% of beneficiaries appreciate the legal security offered by their title. 	<ul style="list-style-type: none"> • Property transfer deeds. • Reports of the Social Branch of the Public Housing Service. • EEU reports • EEU reports. 	
ensive care for children and ts and their families	<ul style="list-style-type: none"> • At least 50% of target families have benefited from at least one component activity. 		<ul style="list-style-type: none"> • Coordination among municipal departments can be verified
motor stimulation for children o five.	<ul style="list-style-type: none"> • At least 75% of the 1,300 children helped by the Crecer centers achieve satisfactory motor, linguistic, adaptive and emotional development. 	<ul style="list-style-type: none"> • Reports of the Social Welfare Department • EEU reports. 	
ication for children aged	<ul style="list-style-type: none"> • At least 75% of children helped have returned to school. • At least 90% of the 1,300 children aged two to five who have received psychomotor stimulation enjoy satisfactory nutritional health. 	<ul style="list-style-type: none"> • Reports of the Social Welfare Department. • Reports of the Social Welfare Department. 	
d production	<ul style="list-style-type: none"> • At least 50% of target families have received instruction and inputs for home food production. • At least 75% of these families keep successful family or collective gardens. 	<ul style="list-style-type: none"> • Reports of the Social Welfare Department. 	
n.	<ul style="list-style-type: none"> • At least 70% of target families have taken part at least once in recreational activities sponsored or promoted by the Center. 	<ul style="list-style-type: none"> • Reports of the Social Welfare Department. 	
ounseling.	<ul style="list-style-type: none"> • At least 70% of undernourished children from extremely poor families who have not attended the Crecer Center are included in the nutritional upgrade program • At least 75% of persons without papers have completed or initiated the process of obtaining them. 	<ul style="list-style-type: none"> • Reports of the Social Welfare Department. 	

Objectives	Indicators	Means of Verification	Assumptions
<p>education and employment opportunities for young people aged 15 to 24 who have not completed primary education.</p> <p>employment and income generation</p> <p>training, education and work experience in basic skills for youth aged 15 to 24 with primary education.</p> <p>support and startup of microenterprises, with technical assistance</p> <p>institutional strengthening</p> <p>design of urban planning and policy tools that increase the availability of affordable housing.</p> <p>design of instruments for managing the formation of squatter settlements.</p> <p>measuring indirect benefits and managing improvement charges.</p> <p>support for municipal technical teams.</p> <p>technical assistance to improve management in the SPV and community organizations.</p>	<ul style="list-style-type: none"> • 100% of residents requiring property transfer deeds have acquired them. • At least 90% of the 800 adolescents participating in the back-to-school program have completed it. • At least 50% of adolescents completing this program have returned to school. • 75% of youth aged 15 to 24, with primary education, participate in training activities. • Support provided for 450 microenterprises. • At least 90% of the 1,200 young beneficiaries have acquired new skills that will improve their employment prospects. • At least 50% of beneficiary families have increased their incomes by launching a microenterprise. • The City of Rosario has acquired tools for assessing housing issues and has staff properly trained to address them. • The City of Rosario has a policy paper outlining alternative strategies and draft regulations for consideration. • The City of Rosario has a policy paper outlining alternative strategies and draft regulations for consideration. • The City of Rosario has a policy paper outlining alternative strategies and draft regulations for consideration. • 150 officials and technicians trained. • The SPV has adopted new management tools. 	<ul style="list-style-type: none"> • Reports of the Social Welfare Department. • Certificate of studies • Report of the Employment Directorate of Rosario. • Report of the Employment Directorate of Rosario. • Report of the program monitoring team. • EEU reports. • Consultant's report. • Consultant's report. • Consultant's report. • Service contracts and reports from participating agencies. • Contracts for training services, equipment procurement. • Reports from participating organizations. 	<ul style="list-style-type: none"> • Coordination among municipal departments can be verified • The necessary information is being prepared for the studies. • At the end of the program, community organizations have acquired the capacity to mobilize funding.

Objectives	Indicators	Means of Verification	Assumptions
<p>communication.</p> <p>g and evaluation.</p>	<ul style="list-style-type: none"> • Participating community organizations have strengthened their project management capacities. • Direct and indirect beneficiaries have an adequate understanding of the program. • The Public Housing Service has supplemented its monitoring and evaluation system. 	<ul style="list-style-type: none"> • EEU report, based on a survey of direct and indirect beneficiaries • Report of the External Evaluation Unit. 	

ROSARIO HABITAT PROGRAM: TABLE OF FUNCTIONAL RESPONSIBILITIES

[illegible]

Actions		Strategic level (program)			Tactical level (project)	
		Executing Agency	Coordinating Unit (SPV + experts of SPS, SOP, SP, SSP, SPE, SH, DPA)	SPV	SPS Officer	SPE Officer
on to all residents		X	X	X	X	X
nmental monitoring		X	X	X	X	
Rule	Improvements schedule					
e final nt and or the new	Formulation of the final urban development project for the existing settlement	X	X	X		
ct land for		X		X		
or		X				
ct housing		X		X		
Phase: Physical interventions and social components						
ousing in hood		X		X		
nfrastructure borhood		X	X			
ds for w		X		X		
to the new		X	X	X		
	Cleanup of vacated lands	X		X		
	Opening of streets in the settlement	X		X		
	Construction of infrastructure in the settlement	X	X	X		
	Housing improvements in the settlement	X		X		
	Award of title deeds for families in the settlement	X		X		
Post-works phase						
at social and environmental education and components		X	X	X	X	X
ring and evaluation in accordance with the ed		X	X	X	X	X

PROCUREMENT PLAN

Principal Procurement Items	Financing		Type of Bidding	Year
	IDB (%)	Local (%)		
Infrastructure and Equipment (US\$57.6 million)	64	36	ICB (60%) LCB (40%)	2001-2004
Consulting Services (US\$13.7 million)	42	58	ICB (40%) LCB (60%)	2001-2003

PROPOSED RESOLUTION

ARGENTINA. LOAN ____/OC-AR TO THE NACIÓN ARGENTINA FOR THE ROSARIO HABITAT PROJECT – IRREGULAR SETTLEMENTS INTEGRAL RECOVERY PROGRAM

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Nación Argentina, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the Rosario Habitat Project – Irregular Settlements Integral Recovery Program. Such financing will be for the amount of up to US\$43,000,000, from the Single Currency Facility of the Ordinary Capital resources of the Bank, and will be subject to the "Special Contractual Conditions" and the "Financial Terms and Conditions" of the Executive Summary of the Loan Proposal.