

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

CHILE

PROGRAM FOR THE URBAN INTEGRATION OF INFORMAL SETTLEMENTS

(CH-L1163 - CH-J0001)

LOAN AND GRANT PROPOSAL

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ABBREVIATIONS

CNC	National Campamentos Cadastral Survey
DIFIN	Division of Finance
DIPRES	Budget Office of the Ministry of Finance
DLI	Disbursement-linked indicator
DPH	Division of Housing Policy of the Ministry of Housing and Urban Development
GPE	Government Program Evaluations
GRF	IDB Grant Facility
ICAS	Institutional Capacity Assessment System
IDB	Inter-American Development Bank
INE	National Statistics Unit
LBR	Loan based on results
LGBTQ+	Lesbian, gay, bisexual, transgender, queer or questioning, and others
MIDESO	Ministry of Social Development
MINVU	Ministry of Housing and Urban Development
MMA	Ministry of Environment
PCU	Program coordination unit
SEREMÍAS	Regional Ministerial Secretariats
UF	Unidad de fomento
US\$	United States dollars

PROJECT SUMMARY
CHILE
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Financial Terms and Conditions				
Borrower:		Flexible Financing Facility ^(a)		Nonreimbursable financing (GRF)
Republic of Chile		Amortization period:	14 years	N/A
Executing agency:		Disbursement period:	4 years	
Ministry of Housing and Urban Development (MINVU) through the Division of Housing Policy (DPH) and the Division of Finance (DIFIN)		Grace period:	5.5 years ^(b)	N/A
		Interest rate:	LIBOR-based	N/A
Source	Amount (US\$)	Credit fee:	^(c)	N/A
IDB (Ordinary Capital) – CH-L1163:	100,000,000	Inspection and supervision fee:	^(c)	N/A
IDB (GRF) – CH-J0001: ^(d)	20,000,000	Weighted average life:	9.75 years	N/A
Total:	120,000,000	Approval currency:	United States dollars	
Project at a Glance				
Project objective/description: The general objective of the program is to help reduce the number of Chilean and migrant households living in informal settlements. The specific objectives are to support the Chilean government to ensure that the Campamentos Program achieves the following results: (i) strengthened capacity to prevent the emergence of new informal settlements and the expansion and resettlement of existing ones in areas of climate risk; (ii) enhanced capacity of the Campamentos Program to efficiently facilitate urban integration and improve the environs and habitability of households residing in the informal settlements; and (iii) enhanced capacity of the Campamentos Program to coordinate actions across sectors, fostering the social and economic inclusion of both Chilean households and migrant households that are formalized or in the process of formalization.				
Special contractual conditions precedent to the first disbursement of the loan: (i) the designation of the program coordination unit (PCU), its coordinator, and the specialists responsible for the fiduciary, environmental, and social aspects of the program; (ii) the approval of the program Operating Regulations in accordance with a draft previously agreed upon with the Bank; and (iii) the contracting of a consulting firm or individual consultant to conduct external verification of the results, in accordance with the terms of reference previously agreed upon with the Bank (paragraph 3.5).				
Exceptions to Bank policies: None				
Strategic Alignment				
Challenges: ^(e)	SI <input checked="" type="checkbox"/>	PI <input type="checkbox"/>	EI <input checked="" type="checkbox"/>	
Crosscutting themes: ^(f)	GE <input checked="" type="checkbox"/> and DI <input checked="" type="checkbox"/>	CC <input checked="" type="checkbox"/> and ES <input checked="" type="checkbox"/>	IC <input checked="" type="checkbox"/>	

- (a) Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency, interest rate, commodity, and catastrophe protection conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.
- (b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.
- (c) The credit fee and the inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable policies.
- (d) Nonreimbursable financing. The IDB Grant Facility (GRF) is the IDB's nonreimbursable facility. In accordance with document GN-2947-6, the IDB's financing structure for this operation includes a combination of a maximum of 20% nonreimbursable resources (GRF) and 80% reimbursable resources (Ordinary Capital). Resources from the GRF will be disbursed simultaneously and proportionally with the resources from the Ordinary Capital loan (Pari passu disbursement requirement, paragraph 5.2).
- (e) SI (Social Inclusion and Equality); PI (Productivity and Innovation); y EI (Economic Integration).
- (f) GE (Gender Equality) and DI (Diversity); CC (Climate Change) and ES (Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and rationale

- 1.1 **Background.** Chile is one of the most urbanized countries in Latin America, with more than 87% of the population residing in urban areas.¹ The country faces housing deficits due to a lack of affordable housing for low-income groups. Informal settlements, known in Chile as campamentos,² along with self-builds, typify housing for the population not served by the formal market. Campamentos are characterized by their lack of basic services and quality public spaces and by the low quality of housing, which are considered essential elements for socio-urban integration and human wellbeing. They are typically located in outlying areas and built on land that is residual, contaminated, or exposed to natural or climate risks. They are not developed as part of municipal planning, and the land tenure of their residents is precarious. These informal settlements constitute a challenge in Chile's efforts to achieve its development objectives, decarbonize its cities, and manage its climate and environmental risks.
- 1.2 The Chilean government has conducted a National Campamentos Cadastral Survey since 2011 (CNC).³ In 2019, the CNC revealed an unprecedented increase in the number of households living in campamentos. Between 2011 and 2019, the number of campamento households increased by 74%⁴ and the number of campamentos rose by 22%.⁵ In 2019, the CNC recorded a total of 802 campamentos with 47,050 households. Some estimates indicate that there are currently around 1,000 campamentos with 66,000 households living in precarious conditions, partly due to COVID-19 (see Map 1).
- 1.3 In 2011, MINVU established the Campamentos Program to improve the living conditions of campamento residents using two instruments: (i) the in-situ urbanization of informal settlements (rehabilitation); and (ii) the relocation of families to other areas when they live in settlements affected by risks that cannot be mitigated (resettlement).

¹ 2017 Census, National Statistics Institute (INE).

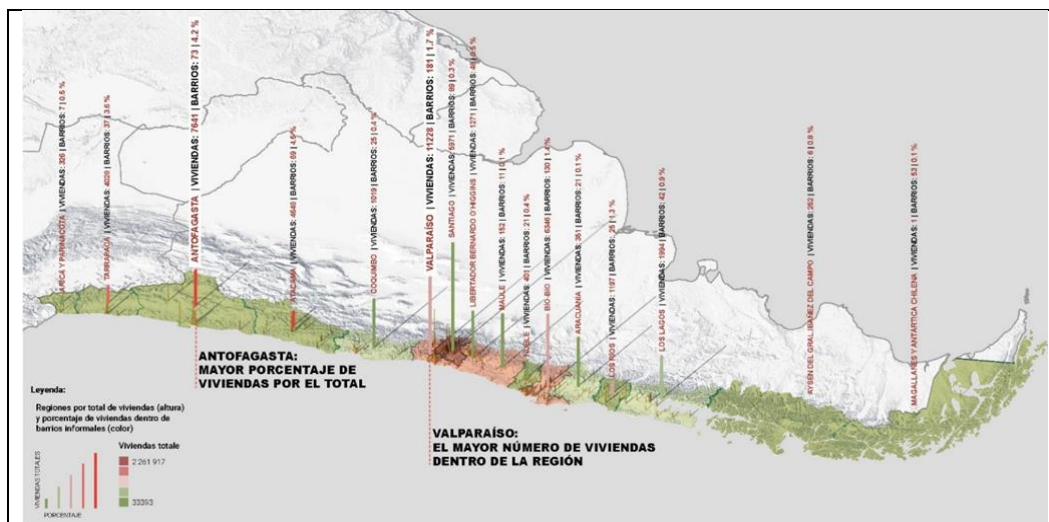
² According to MINVU, a campamento is a precarious human settlement of eight or more households where land tenure is irregular, at least one basic service is lacking, and the dwellings form a social territorial unit. They are characterized by their lack of socio-urban integration. At the urban level, they are not part of land use planning, and land tenure is precarious, which adversely affects the quality of life of the residents.

³ To date, the CNC has only been conducted twice, in 2011 and 2019.

⁴ Cadastral survey, 2019.

⁵ Tarapacá (576%) and Antofagasta (182%) stand out according to 2011 data from MINVU.

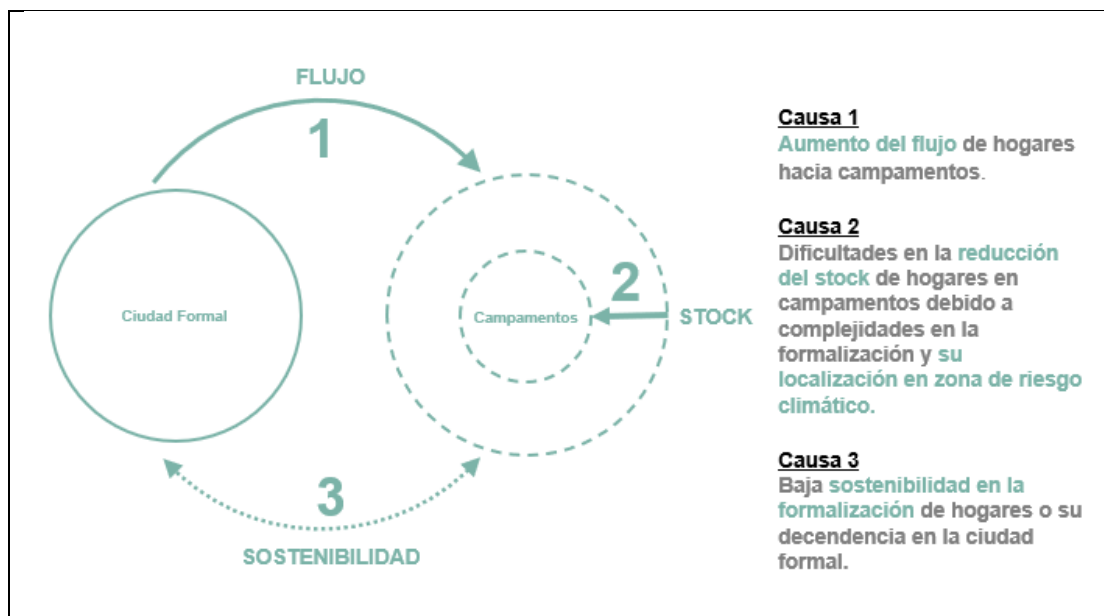
Map 1. Visualization of the CNC by region



Source: Housing and Urban Development Division (CSD/HUD).

- 1.4 **Problem.** As shown in Figure 1, there has been a significant increase in the number of Chilean and migrant households residing in campamentos. There are three principal causes: (i) increase in the flow of households to the campamentos; (ii) difficulties in reducing the existing number of households in campamentos; and (iii) barriers to socio-urban inclusion (see [optional link 3](#)).

Figure 1. Diagram of the problem and its causes



Source: Housing and Urban Development Division (CSD/HUD).

- 1.5 **Cause 1.** Economic, legal, or financial barriers to the formal housing market have led to an increase in the flow of households to campamentos. The main reason why a family moves to a campamento is that they are unable to earn enough income to gain access to formal housing solutions. In addition, the natural growth of the dense population that lives in the formal city intensifies the flow of households to campamentos.⁶ Although the country has housing options that could halt the flow to campamentos, many households do not have ready access to these options⁷ (see [optional link 10](#)).
- 1.6 The sustained increase in migrant flows, plus migrants' high level of vulnerability (see [optional link 6](#)),⁸ has driven up the number of households in campamentos. In December 2019, the migrant population in Chile had reached 1,492,522 people, a 19% increase from 2018. The proportion of the migrant population relative to the total population has increased more in Chile than in any other country in Latin America and the Caribbean. Between 2016 and 2019, the foreign-born population as a percentage of the total went from 2.15% to 8%. The predominant foreign-born community is Venezuelan (455,494 migrants), which grew 58% between 2018 and 2019, surpassing the Haitian community. Foreign migrants make up 27% of campamento residents,⁹ and the percentage of foreign heads of household in campamentos (men and women) increased from 1.2% to 30% between 2011 and 2019.¹⁰ In accordance with the laws and regulations on migration, regularized migrants can obtain housing subsidies, but asymmetries in information on how to access basic and social services make it hard for them to take advantage of these benefits (see Map 2).¹¹
- 1.7 Evaluations by the Campamentos Program have demonstrated a need for strategies to prevent the emergence of new campamentos and to avoid the resettlement of formalized campamentos or their expansion.¹² The barriers to access to the formal housing market are higher for households led by women, whether Chilean nationals or migrants. Women in general face more constraints than men in areas such as education, income generation, and social benefits, which makes it harder to access formal housing, whether rental or subsidized, due to lower savings capacity. They are also vulnerable to situations of intrafamily violence.¹³ Under Chile's current programs, being a victim of

⁶ MINVU (2019). CNC, 2019.

⁷ Only 15.8% of those who use the services of the Department of Housing and Urban Development were satisfied with their most recent experience. The Rent Subsidy System is not completely digitized and comprehensive, which generates rent calculation and payment status errors, sometimes leading to tenant evictions.

⁸ The vulnerability profile of the migrant population is detailed in this link, which describes the additional barriers to city access that migrants experience ([optional link 6](#)).

⁹ MINVU (2019). CNC 2019.

¹⁰ The regions with the highest percentage of foreign heads of household by campamentos are Tarapacá (65%), Arica and Parinacota (56%), Atacama (45%), Magallanes (29%), and the Metropolitan Region (21%).

¹¹ Between 2015 and 2019, 2.2% of housing subsidies were allocated to foreigners. Source: Acceso a la vivienda y condiciones de habitabilidad de la población migrante en Chile, Informe N3, February 2020.

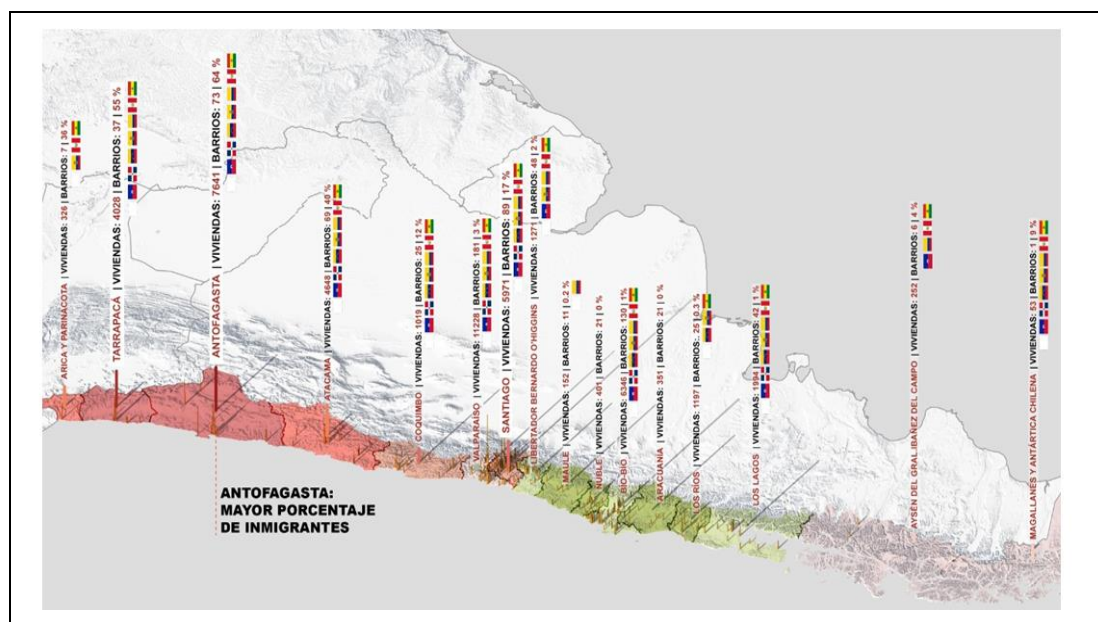
¹² Ex ante assessment conducted by MIDESO in 2019-2020.

¹³ Budget Office (DIPRES), 2019. EPG: Evaluation of the Campamentos Program.

intrafamily violence is not considered to be a condition of vulnerability that confers priority in access to housing solutions (see [optional link 4](#)).

- 1.8 **Cause 2.** It is hard to reduce the number of households that currently live in informal settlements because the formalization process is complex.¹⁴ It takes a long time to formalize households (6.6 years on average). For example, during the time it takes for the Campamentos Program to formalize two households, three new ones move into the campamento. Some of the principal causes are: (i) the location of campamentos in areas of high environmental risk, which makes mitigation measures more complex; (ii) the need to coordinate the organization of families and limited social support across public institutions; (iii) the slow process of providing basic services and establishing land tenure; and (iv) the lack of housing solutions jointly developed with the private sector to make housing subsidies a reality (see [optional link 9](#)).
- 1.9 To cite an example, of all beneficiaries in 2018, just 19% received this support. Meanwhile, 40% of households do not receive solutions outside the campamento even though they intend to apply for a housing subsidy.

Map 2. Migrant population in campamentos throughout the country



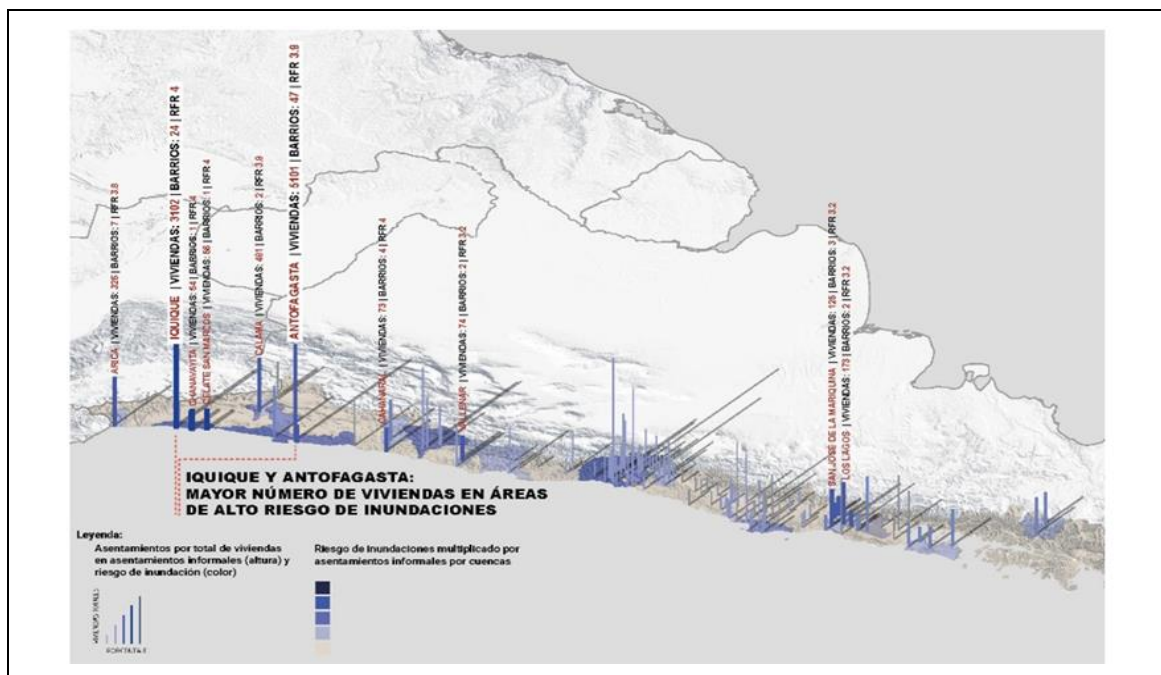
Source: Housing and Urban Development Division (CSD/HUD).

- 1.10 The campamentos are located in areas with few urban amenities and are frequently subject to conditions and regulations that make them hard to regularize, such as precarious terrain in fringe areas exposed to environmental risks and natural disasters that is considered unsuitable for urban expansion. The 2019 CNC identified 214 campamentos in risk areas (27%). The country is

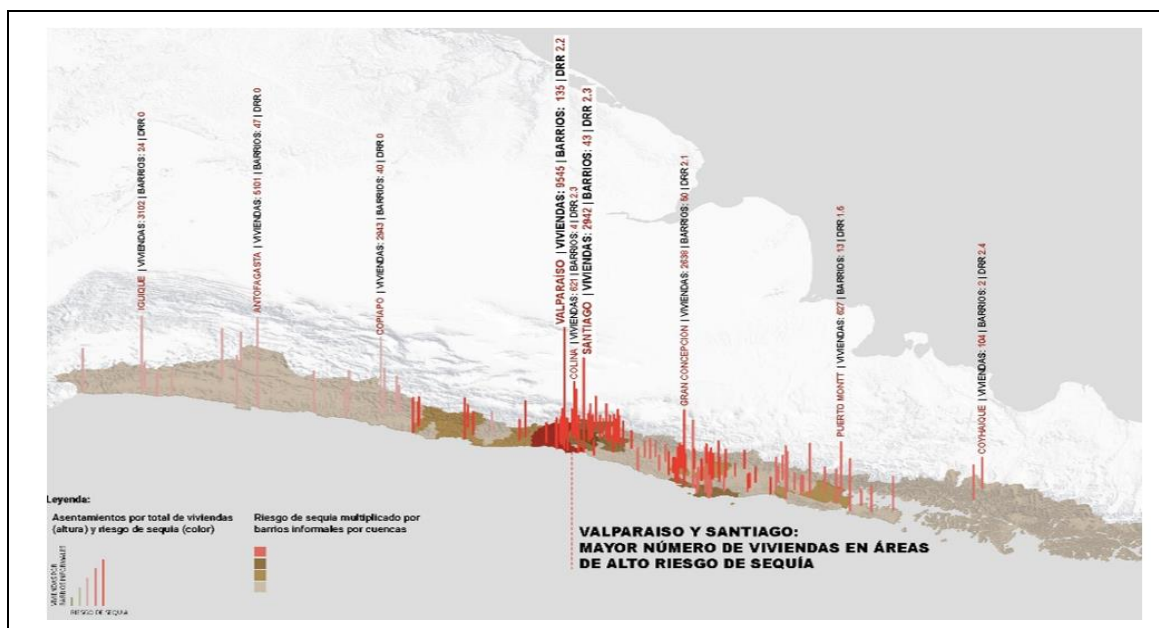
¹⁴ The average cost per family is UF930 (US\$37,600) to provide a new dwelling and UF550 (US\$22,300) for in-situ rehabilitation. Ex ante assessment conducted by MIDESO in 2019-2020.

expected to continue receiving intraregional migrants, which, in addition to its elevated vulnerability to climate change, will increase the climate risk profile of the population living in campamentos. The Campamentos Program lacks mechanisms for updated, standardized, and disaggregated information on at-risk households with mitigation and adaptation measures that enable formalization or the availability of land to relocate the families when rehabilitation is not possible (see [optional link 7](#) and [optional link 8](#)).

Map 3. Campamentos at risk of flooding



Map 4. Campamentos at risk of fire driven by drought



Source: Prepared by the authors based on the 2019 cadastral survey.

- 1.11 In terms of basic services, just 62% of households have piped water supply with a faucet inside the dwelling;¹⁵ the remaining 38% do not have a water supply system and must instead transport their water manually.¹⁶ Only 23% of households have sewage systems using absorbent wells. The rest dispose of sewage in drains that feed into direct disposal systems like gullies, marshes, or streets, contributing to contamination. Roughly 54% of households get their electricity from the public grid but do not have meters. Just 24% have their own meter.¹⁷ Approximately 11.6% of households do not have hot water.¹⁸ In terms of gender, diversity, and vulnerability, lack of essential services impacts the quality of life of women, children, and older adults as the individuals primarily responsible for these daily tasks in the home.¹⁹ The campamentos also have low Internet connectivity rates, widening the digital divide.²⁰ The extended time frame required by the Campamentos Program to provide these essential services delays closure of the informal settlements.
- 1.12 Households in the campamentos live in precarious, self-built homes with tenure insecurity and high levels of crowding.²¹ They do not meet the minimum

¹⁵ MINVU (2019). CNC 2019.

¹⁶ Idem.

¹⁷ MINVU (2019). CNC 2019.

¹⁸ INE (2017) VIII Survey of Family Budgets.

¹⁹ IDB and MINVU, 2020. Results from a workshop on modernizing MINVU and strengthening the Campamentos Program.

²⁰ [IX Survey of Internet Access and Use, Telecommunications Division.](#)

²¹ MINVU (2019). CNC 2019.

standards of habitability and sustainability. The Campamentos Program does not have the right tools to improve housing stock and create a larger supply of housing solutions (see [optional link 3](#)).²²

- 1.13 **Residential Public Utilities Policy.** In Chile, the use of public goods and services to produce and distribute water and collect and dispose of wastewater is governed under Law 382, the General Sanitation Services Law. One of the principles of the legal framework is the setting of efficient rates that enable the operators to finance themselves, so that sanitation companies in Chile have been able to recover operations and maintenance costs with a high margin. Municipalities, with resources transferred from MINVU, are responsible for tendering and overseeing works related to water and sanitation. In terms of water quality, companies must comply with the Water Quality Standard, NCH 409, which lists the technical standards that sanitation companies must meet. The inspection authority in this area is the Superintendency of Sanitation Services (see [optional link 3](#)).
- 1.14 **Cause 3.** There are barriers to the socio-urban inclusion of formalized households, which makes it difficult to break the intergenerational cycle of poverty and threatens their permanence in the formal city. Multidimensional poverty among households that live in campamentos is 16.6% higher than the average for poor households in the country.²³ Lack of social security, as a determining indicator of multidimensional poverty, is 44.5% in the campamentos due to high levels of labor informality.²⁴ This problem is related to low levels of schooling, which makes it harder to find a job. Multidimensional poverty is more serious in migrant households, even though their average educational attainment is higher than that of Chilean nationals (49% with secondary school versus 33%).²⁵
- 1.15 **Gender.** In the campamentos, 55% of households are led by a woman²⁶ (a percentage that increases to 66% among foreign households).²⁷ Women also make up the majority of single-parent households (35%) and two-parent nuclear households with children (26%).²⁸ This vulnerable group usually falls within the first three quintiles with a per capita family income between UF168,366 and UF106,214.²⁹ Women also face specific barriers and inequalities such as through gender-based violence, unpaid work, the burden of care, and difficulties joining the labor force. The most prevalent forms of gender-based violence nationally are psychological (20.2%), sexual (2.8%), and physical (3.7%).³⁰ Women

²² MINVU (2019). CNC 2019.

²³ Basauri, A. (2016). *Estimación de la pobreza multidimensional en campamentos*. Revista CIS, 21:11-45.

²⁴ MINVU (2019). CNC, 2019.

²⁵ Blyde et al. The Profiles of Immigrants in Latin America and the Caribbean: A Focus on Economic Integration. Inter-American Development Bank, June 2020.

²⁶ MINVU (2019). CNC 2019.

²⁷ Idem.

²⁸ Idem.

²⁹ *Quiero mi Beca Chile* <http://quieromibeca.com/chile/deciles-de-ingreso-en-chile/>.

³⁰ MINVU (2019). CNC 2019.

dedicate 41 hours per week to unpaid work compared with 18 hours for men.³¹ Minor children make up roughly 33% of the population in campamentos,³² which increases women's burden of care. This causes "time poverty,"³³ which reaches 20% compared with men's 2%, lowering women's prospects of joining the formal labor market (see [optional link 5](#)).³⁴

- 1.16 **Diversity.** Currently 7% of households in the campamentos have at least one member with reduced mobility, 49% adults and 39% older adults.³⁵ In terms of housing access for people with disabilities, nationally, 20.2% of households living in poverty have at least one member with a disability.³⁶ Lesbian, gay, bisexual, transgender, queer or questioning (LGBTQ+) people are up against larger gaps in integration and poverty. Although data on this topic is scarce, the 2017 CASEN Survey determined that the multidimensional poverty level among these groups was 15% for the gay and lesbian population, 19.9% for bisexual individuals, and 23.8% for those who define their sexual orientation as "other."³⁷ Lastly, 9% of households in the campamentos have an indigenous head of household (most of whom are women), and this group is concentrated in regions like Los Lagos (38%), Aysén (38%), and La Araucanía (24%).³⁸ According to the Ministry of Social Development, 30.8% of the indigenous population nationally lives in poverty, compared with 19.9% of the non-indigenous population (see [optional link 5](#)).³⁹
- 1.17 **Climate change.** Of the 802 campamentos in the CNC, 111 are at high risk or very high risk of flooding and 474 are at risk of drought.⁴⁰ Chile's high level of urbanization and the high percentage of greenhouse gas emissions produced directly by the energy sector spotlight the importance of decarbonizing the cities. Therefore, formalizing neighborhoods, integrating them into urban mobility systems, and providing eco-efficient housing solutions with thermal insulation and electric heating and cooking systems are key (see [optional link 7](#)).^{41, 42}

³¹ Institución Educativa SEK (2021). *Las mujeres destinan al trabajo de cuidados más del doble de horas que los hombres en Chile*.

³² MINVU (2019). CNC 2019.

³³ The "time poverty threshold" term coined by Sato, A. and Barriga, F. (2021) is defined as one and a half legal workdays in Chile, i.e., 67.5 hours of work per week. This means that if a person does more than 67.5 hours of paid and/or unpaid work per week, that person would be "time poor."

³⁴ Sato, A., Barriga, F. (2021) *Pobreza de tiempo y desigualdad: la reproducción del capital desde una perspectiva feminista*. Fundación SOL.

³⁵ Demographic profile, 2019 National Campamentos Cadastral Survey, MINVU Chile.

³⁶ Idem.

³⁷ National Socioeconomic Survey (CASEN), 2017.

³⁸ MINVU (2019). CNC 2019.

³⁹ SINIA, 2020. Ministry of the Environment.

⁴⁰ Vera, Doherty, Sordi & Ramirez. (2021). *Atlas de Riesgos y Cambio Climático*. Inter-American Development Bank.

⁴¹ OLADE. (2020). The Economic Landscape in LAC.

⁴² MMA. (2020). *Cuarto Informe bienal de actualización sobre Cambio climático*. Santiago, Chile: Ministry of Environment. Government of Chile.

- 1.18 In terms of health, the precarious living conditions promote the incidence of preventable illnesses.⁴³ The lack of quality urban services means that low-income households in informal settlements are more exposed to underlying health conditions⁴⁴ and more vulnerable to COVID-19, which also affects their ability to generate income.⁴⁵
- 1.19 **Mechanisms for cross-sector coordination must be improved.** The Campamentos Program has limited resources for coordinating with other sectors to tackle the challenges faced by campamento residents. Fully 40% of households do not feel prepared to move from the campamentos to their permanent housing,⁴⁶ meaning that support and coordination for social integration from the State needs to be improved.
- 1.20 **Opportunities for improvement.** The main recommendations for improvement that have been identified are:⁴⁷ (i) strengthen the social support⁴⁸ process to accelerate the process of integrating households into the formal city; (ii) develop tools to gather information that will facilitate planning of resources,⁴⁹ control, and traceability;⁵⁰ (iii) develop indicators to measure improvements in living conditions and the quality of goods and services delivered; and (iv) establish strategies to prevent the emergence of new settlements.⁵¹ Additionally, a crosscutting challenge for MINVU that affects the management of this program is the limited sharing of information between systems and programs, which makes it hard to evolve the current catalogue of digital services offered to citizens.
- 1.21 **Theory of change.** Aligned with recommendations from the Campamentos Program evaluations, the Bank's support will focus on reducing the number of households residing in campamentos. To this end, interventions will be carried out that target the causes identified for the increase in households residing in campamentos: (i) preventing and controlling the emergence of new campamentos through actions intended to reduce the flow of households from

⁴³ Bilal, Usama; Alazraqui, Marcio; Caiaffa, Waleska; López-Olmedo, Nancy; Martínez-Folgar, Kevin; Miranda, J. Jaime; Rodríguez, Daniel; Vives, Alejandra; and Diez Roux, Ana. (2019). Inequalities in life expectancy in six large Latin American cities from the SALURBAL study: an ecological analysis. *The Lancet Planetary Health*. 3. 10.1016/S2542-5196(19)30235-9.

⁴⁴ Braveman, Paula, and Laura Gottlieb. The social determinants of health: it's time to consider the causes of the causes. *Public health reports* (Washington, D.C.: 1974) vol. 129 Suppl 2, Suppl 2 (2014): 19-31. doi:10.1177/00333549141291S206.

⁴⁵ Weekly record - Housing Policy Division, MINVU.

⁴⁶ MINVU (2019). CNC 2019.

⁴⁷ The Campamentos Program has three recent evaluations from the Chilean government that point out opportunities for improvement. The first was the Government Programs Evaluation (GPE) in 2018-2019 conducted by DIPRES, which measured the efficacy, quality, economy, efficiency, and implementation of the program. The second was the consultation carried out by the Government Laboratory in 2019, which assessed the execution times and costs of the cadastral survey. The third was the ex ante reformulation by MIDESO in 2019-2020.

⁴⁸ Ex ante assessment conducted by MIDESO in 2019-2020.

⁴⁹ For example, in 2018-2019, the GPE indicated that the program lacked a way to measure average costs per campamento closure/family and intervention times.

⁵⁰ Government Laboratory (2019).

⁵¹ Ex ante assessment conducted by MIDESO in 2019-2020.

the formal city to campamentos; (ii) strengthening and accelerating the process of reducing the number of households in campamentos through urbanization (rehabilitation) and/or relocation for families living on land that is vulnerable and exposed to climate risk; and (iii) improving the capacity of the Campamentos Program to deliver cross-sector responses. The detailed vertical logic and theory of change can be found at [optional link 13](#) and [optional link 14](#).

1.22 Experience in the region. The Bank has extensive experience working with informal settlements. Its comprehensive neighborhood improvement programs have traversed a learning curve, and more comprehensive solutions have been adopted, promoting interventions whose objective is the socio-urban inclusion of these households with the rest of the city. Some of the main programs are: in Argentina, PROMEBA (CCLIP AR-X1004), the Urban Integration and Social and Educational Inclusion Program in the Autonomous City of Buenos Aires (AR-O0005), and Energy Efficiency and Renewable Energy in Low-Income Housing (GRT/FM-15083-AR), with lessons in new sustainable technologies for housing and public spaces; in Uruguay, the Irregular Settlements Program (CCLIP UR-X1009); in Brazil, the Nova Baixada Program (1037/OC-BR) and the Joinville Environmental Revitalization Program (1909/OC-BR); in Bolivia, the Neighborhood Improvement Multiphase Program (2082/BL-BO); in Paraguay, Improvement of Housing and Habitat (3538/OC-PR) and the Housing and Rehabilitation Program for Bañado Sur in Asunción (Tacumbú Neighborhood) (4700/OC-PR); in Colombia, the Urban Development Zona Oriental de Bogotá (CO0025), the District of Baranquilla, Upgrading Informal Settlements Program (ATN/JC-11973-CO and ATN/JF-11972-CO), the Socio-Urban Integration of Migrants in Colombian Cities Program (GRT/ER-17925-CO), and others; and in Ecuador, the Multiphase Program for Municipal Modernization and Comprehensive Neighborhood Upgrading in Quito, Phase I (1740/OC-EC). In addition, the preparation of this operation in Chile has been coordinated with activities from technical cooperation operations ATN/OC-18138-RG, Urban Resiliency and COVID-19 Emergency Response and Recovery in Informal Settlements, and ATN/OC-18445-RG, Cities on the Day After: Local Observatories for Natural, Humanitarian, and Health Disasters in Latin American and Caribbean Cities. The program also benefits from the lessons learned from seven operations already designed by the Bank with the recently created migration initiative. It will also work together with IDB Lab to incorporate technology and artificial intelligence solutions to identify, prioritize, and monitor interventions, and with IDB Invest on aspects related to building a more robust registry of housing solution providers.

1.23 Lessons learned. The main lessons learned are as follows: (i) interventions should be designed and approached in an integrated manner; (ii) actions should be coordinated with others outside the neighborhood itself; (iii) the coordination of physical investments (in infrastructure, services, community facilities, accessibility, environmental quality, and public space), are just one part of the universe of necessary actions, albeit an essential one for enabling a leap in quality in the urban condition of the neighborhood and environs; (iv) community participation in decisions helps strengthen local organization and better targets the use of public resources; (v) working in multidisciplinary teams in the field (before, during, and after works) ensures an integrative approach in the physical region in question and creates an effective environment for coordination and

cooperation with residents; (vi) actions to strengthen coordination mechanisms between different levels of government administration (national, regional, local) are essential, as are efforts to strengthen each specific level to achieve the necessary complementarity with other public policies; (vii) the way in which management strategies are designed and deployed is important to shorten intervention times; and (viii) correct program design depends largely on the availability of an information system with a broad base of rigorous data that allows for comprehensive analysis.⁵²

- 1.24 The need to integrate interventions is supported by international evidence and reflected in the Urban Development and Housing Sector Framework Document (document GN-2732-11), which responds to the basic principles for developing sector programs and policies, such as interventions that are: (i) multisectoral, comprehensive for the entire geographical area, and designed to the specific characteristics of the area; (ii) in the environment, public finances, and urban governance sectors; and (iii) citizen-centered, improving quality of life and inclusion in productive activities for the most vulnerable. It also maintains that the evaluations without causal attribution of the neighborhood improvement programs are positive in terms of access to and coverage of basic services, health, education, satisfaction with living conditions and safety, and home valuation. Two key problems identified in the implementation of the neighborhood improvement programs are: (i) the long period of time that elapses between the point of decision to proceed with the intervention and point of completion, which creates problems around expectations in the community; and (ii) after the intervention, cases of low sustainability in habitat improvements, especially in environmental terms, due to a stagnation of social capital in the communities, which promotes informality and limits access to social services.
- 1.25 **Strategic alignment.** The program is consistent with the Second Update to the Institutional Strategy 2020-2023 (document AB-3190-2). It aligns with the development challenges of: (i) social inclusion and equality, inasmuch as it will integrate families that live in an informal setting with a gender and diversity approach; and (ii) economic integration, inasmuch as it will add value to Chile's interventions in the framework of the regional challenge sparked by growing migrant flows. It also aligns with the crosscutting themes of: (i) gender equality and diversity, by generating actions that prioritize the promotion of ethnic groups, LGBTQ+, and gender within the campamentos, in order to close identified gaps; and (ii) climate change and environmental sustainability, by working in precarious areas with climate risk and promoting eco-efficient living solutions as a form of resilience aligned with the country's priority areas. The operation is also aligned with climate change, through investments in urban development and risk reduction management. In accordance with the [multilateral development banks' joint methodology on climate finance](#), 72.8% of IDB financing for this operation results in climate change mitigation or adaptation (see [optional link 7](#)). These resources contribute to the IDB's climate finance target (30% of the volume of annual approvals) and (iii) institutional capacity and rule of law by strengthening

⁵² The lessons learned have been synthesized based on an analysis of sector documents focused on the evaluations and analysis of neighborhood improvement programs (see [optional link 12](#)).

MINVU's institutional and instrumental capacities. The program will also contribute to the Corporate Results Framework 2020-2023 (document GN-2727-12).

- 1.26 The program is aligned with the IDB Group Country Strategy with Chile (2019-2022) (document GN-2946) inasmuch as it responds to the challenges of cities and urban planning, and with the priority area of improving the quality of life for the population, and under the strategic objectives of simplifying government procedures for the public and improving the urban environment. In addition, it is consistent with the Urban Development and Housing Sector Framework Document (document GN-2732-11) in three of its four lines of action, in particular overcoming structural social exclusion to improve informal neighborhoods and promote access to adequate housing, increase disaster and climate change resilience, and promote good urban governance, as well as manage data and encourage citizen participation. It is also consistent with the objectives of IDB's Grant Facility by supporting countries with large and sudden interregional migration flows (documents GN-2947-6, AB-3199-6, AB-3199). It is consistent, too, with the Gender and Diversity Sector Framework Document (document GN-2800-8) inasmuch as it prioritizes the allocation of rent subsidies for women heads of household, people with disabilities, households with LGBTQ+ members, and indigenous peoples, as well as universally accessible housing. Finally, this operation supports Sustainable Development Goal 11 by promoting adequate, safe, and affordable housing.

B. Objectives, components, and cost⁵³

- 1.27 The general objective of the program is to help reduce the number of Chilean and migrant households living in informal settlements.⁵⁴ The specific objectives are to support the Chilean government to ensure that the Campamentos Program achieves the following results: (i) strengthened capacity to prevent the emergence of new informal settlements and the expansion and resettlement of existing ones in areas of climate risk; (ii) enhanced capacity of the Campamentos Program to efficiently facilitate urban integration and improve the environs and habitability of households residing in the informal settlements; and (iii) enhanced capacity of the Campamentos Program to coordinate actions across sectors, fostering the social and economic inclusion of both Chilean and migrant households that are formalized or in the process of formalization.⁵⁵

⁵³ The costs of the program components do not entail any budgetary additionality because they are part of the actions that MINVU is already currently undertaking. The technical cooperation resources that are being prepared will help improve and modernize the Campamentos Program's actions.

⁵⁴ Formalized migrant households or migrant households in the process of formalization are those that, having regular migration status, are beneficiaries or meet the eligibility criteria to be beneficiaries of the Campamentos Program.

⁵⁵ A series of prioritization criteria have been identified to promote inclusion and oversight of sustainability, climate change, diversity, gender, and migration criteria, which will be applied to different program activities as applicable. The survey that will update the cadastral survey data will include factors that allow the Campamentos Program criteria to be identified and measured for the various program activities. The detailed prioritization system will be developed in the program Operation Regulations.

- 1.28 **Component 1. Prevention of the emergence of new campamentos and precarious areas (US\$34.00 million: IDB (OC) US\$28.32 million; IDB (GRF) US\$5.68 million).** As an expected outcome, this component will reduce the number of new campamentos or the resettlement or expansion of existing ones, particularly in climate risk zones. As verification for this outcome, outputs associated with the following activities may be recognized: (i) a biannual National Campamentos Cadastral Survey (CNC) using new technologies that help identify risks related to disaster, vulnerable populations, and climate change adaptation; (ii) the implementation of a system to periodically monitor growth of the campamentos and identify areas susceptible to occupation and climate risk conditions; (iii) the allocation of rent subsidies for families that are doubled up and/or overcrowded at risk of settling in campamentos and for the regularized migrant population, prioritizing the diverse populations identified⁵⁶ and climate change, to be used for housing that meets the sustainability standards defined in the [program Operating Regulation](#);⁵⁷ (iv) the development of a procedure to strategically prioritize areas susceptible to occupation in the form of campamentos that enables early intervention and incorporates climate and social risk criteria; (v) early interventions to contain emerging micro-campamentos,⁵⁸ prioritizing those in areas of risk through the financing of socioeconomic assessments and social support for families, including rental subsidies;⁵⁹ and (vi) the design and implementation of urban infrastructure projects and works to decommission the sites of former campamentos and micro-campamentos. These interventions will be prioritized based on the climate impact chains recognized by the Chilean government in the Ministry of the Environment's ArClim tool⁶⁰ or other tools recognized by the Chilean government.⁶¹ These works will be developed taking into consideration climate criteria, a gender lens, universally accessible design, and sociocultural relevance.
- 1.29 **Component 2. Efficient socio-urban integration of households residing in campamentos (US\$76.82 million: IDB (OC) US\$64.02 million; IDB (GRF) US\$12.80 million).** As an expected outcome, this component will improve living conditions and accelerate the urban integration of Chilean and migrant

⁵⁶ Due to the limited information in previous instruments, this operation will focus on collecting gender and diversity data to inform and prioritize inclusive decision-making.

⁵⁷ The rent subsidies for families who are doubled up and/or overcrowded and susceptible to settling in campamentos and migrants in the process of socioeconomic insertion will use socioeconomic criteria, such as income level and household makeup/characteristics and will benefit the population of families exposed to climate risks using the MMA tool ArClim. Due to the limited information in previous instruments, this operation will focus on collecting gender and diversity data to inform and prioritize inclusive decision-making.

⁵⁸ Micro-campamentos are informal settlements consisting of fewer than 25 households.

⁵⁹ Priority criteria for early intervention areas: (i) risk from natural disasters; (ii) pressure on natural ecosystems; and (iii) anthropogenic risks-effects of infrastructure.

⁶⁰ ArClim is the Atlas of Climate Risks for Chile, a project of Chile's Ministry of Environment, developed by the Center for Resilience and Climate Research (CR2) and the Center for Global Change (CCG) at the Catholic University of Chile. See <https://arclim.mma.gob.cl/>.

⁶¹ The [program Operating Regulations](#) will include green/sustainable building criteria and design parameters that the public space works resulting from the intervention must follow, such as safe spaces with good lighting that are inviting to minors and women.

households living in the campamentos. As verification for this outcome, financing will be provided for outputs associated with the following activities: (i) a purchasing model to fund a land bank with a high territorial wellbeing index and criteria to reduce climate risk for the provision of housing solutions for families in precarious circumstances, implementation of the system for selecting and purchasing land not exposed to the effects of climate change; (ii) a procedure for the strategic prioritization of campamentos for intervention, incorporating social risk (gender and diversity) and climate change criteria;⁶² (iii) improvements in the process and quality of relocation services with housing solutions for Chilean and regularized migrant households; (iv) improvements in the process and quality of rehabilitation services with housing solutions for Chilean and migrant households; (v) a national registry of housing solution providers that offer products and services with a positive climate impact; (vi) urban works and housing subsidies that enable formalization through the relocation of campamentos in risk areas and/or in-situ rehabilitation of campamentos by offering eco-efficient housing solutions and urban infrastructure;⁶³ (vii) improvements to online support for users of MINVU services, especially for beneficiaries of the rent subsidy system; (viii) planning and monitoring systems to track investments through the design of the system, development of the platform, and the launch of production; and (ix) regional field teams to provide technical and social support, especially for obtaining housing in the market and transitioning to formality.⁶⁴

- 1.30 **Component 3. Social inclusion of households from targeted campamentos (US\$8.18 million: IDB (OC) US\$6.83 million; IDB (GRF) US\$1.35 million).** As an expected outcome, this component will reduce barriers to social inclusion for households from the campamentos that are formalized or in the process of formalizing, through the coordination of multisector responses that foster comprehensive support via various State programs. As verification for this outcome, outputs associated will the following activities may be recognized: (i) the development of an interministerial round table for coordination of work in precarious areas and financing instruments, such as leverage for cross-sector interventions; (ii) the creation of socio-urban inclusion assessments that systematically include considerations of gender and diversity, climate risk, and migration by each campamento subject to intervention; (iii) socio-urban inclusion plans by neighborhood subject to intervention, aimed at employment access; (iv) a monitoring and information system for tracking households' social and

⁶² Due to the limited information in previous instruments, this operation will focus on collecting gender and diversity data to inform and prioritize decision-making.

⁶³ The eco-efficiency standards follow MINVU's sustainability guidelines, and its execution mechanism is laid out in the [program Operating Regulations](#).

⁶⁴ The system for prioritizing the campamentos to be treated includes the following criteria: (i) natural disaster risk; (ii) pressure on natural ecosystems; (iii) anthropogenic risks-effects of infrastructure; (iv) minimum living standards; (v) social characteristics, including single-parent households headed by women, indigenous households, migrant households, households that meet diversity criteria, and those where cases of interfamily violence and gender-based violence have been recorded; (vi) size; and (vii) age of the campamento. These criteria are associated with the information that will be included in the CNC.

economic trajectories and their access to employment; and (v) support teams in the regions trained in crosscutting, intersectoral topics.

- 1.31 **Administration and management costs (IDB) (OC) (US\$1 million: IDB (OC) US\$0.83 million; IDB (GRF) US\$0.17 million).** Operating expenses for the current Campamentos Program include team salaries, office expenses, travel, and other related expenses, provided that these are part of the activities associated with achieving the outcomes and are necessary to achieve the program's development objectives.⁶⁵

C. Impact and outcome indicators

- 1.32 Program impacts will be measured using specific indicators, such as: (i) the reduction in the number of new campamentos or the resettlement or expansion of existing ones; (ii) the integration of Chilean and migrant families that live in campamentos into the formal city; and (iii) the reduction of barriers to the urban, social, and economic inclusion of Chilean and migrant families from the campamentos (see [optional link 11](#)).
- 1.33 The disbursement-linked outcome indicators (DLI) are listed by component in Table 1.

Table 1: Disbursement-linked outcome indicators

Table 11: Disbursement-linked Outcome Indicators						
Outcome indicators	Unit of measure	Target				Total
		Year 1	Year 2	Year 3	Year 4	
Component 1. Prevention of the emergence of new campamentos and precarious areas. To prevent the emergence of new campamentos and the expansion and resettlement of existing ones.						
Indicator 1. Households at risk of living in campamentos that receive rent subsidies that are allocated through prioritization of climate change, gender, and/or migration	# of households that receive subsidies (Chilean)	660	660	660	660	2,640
	# of households that receive subsidies (migrant)					
Component 2. Efficient socio-urban integration of households residing in campamentos. To enhance the capacity of MINVU's Campamentos Program to efficiently formalize campamentos.						
Indicator 2. Households living in campamentos with a high degree of complexity ⁶⁶ for formalization that receive a sustainable housing solution ⁶⁷ within 6 years of when	# of households with a solution (Chilean)	235	267	311	367	1,180
	# of households with a solution					

⁶⁵ The specific criteria for identifying these expenses will be detailed in the program Operating Regulations in accordance with the Bank's policy on eligible expenditures (document GN-2331-5).

⁶⁶ High-complexity campamentos are those with more than 100 households.

⁶⁷ A sustainable housing solution is one that meets building codes and rules and regulations in force.

Table 1: Disbursement-linked outcome indicators

Outcome indicators	Unit of measure	Target				Total
		Year 1	Year 2	Year 3	Year 4	
the campamento is prioritized for intervention. ⁶⁸	(migrant)					
Indicator 3. Households living in campamentos with a low degree of complexity ⁶⁹ for formalization that have received a sustainable housing solution within 4 years of when the campamento is prioritized for intervention. ⁷⁰	# of households with a solution (Chilean)	638	715	876	1,011	3,240
	# of households with a solution (migrant)					
Component 3. Social inclusion of households from targeted campamentos. To advance the social and economic inclusion of Chilean and migrant households that are formalized or in the formalization process.						
Indicator 4. Targeted campamentos that have been recorded in the cadaster and prioritized for intervention, with diagnostic assessments and socio-urban inclusion plans with a focus on gender, climate change, diversity, and access to employment.	# of targeted campamentos	30	30	30	30	120
	# of targeted campamentos where migrants are more than 30% of the population					

- 1.34 **Cost effectiveness assessment.** As part of the economic evaluation of the program (see [optional link 1](#)), a cost-efficiency analysis was done for several alternative interventions. The methodology that was used is based on measuring the efficiency gains in Campamentos Program investments that are generated by the program. Improving project selection and reducing cost overruns and delays in project implementation (immobilization of resources) will create greater efficiency. To obtain a composite measure that would make comparing alternative interventions possible, an indicator was developed that considered the efficiencies created as well as their costs. The cost effectiveness indicator shows that all the intervention alternatives are cost efficient. However, the alternative represented by the collective investment of all actions is the most cost efficient, though it has the lowest cost effectiveness indicator. The sensitivity analyses show that the program benefits hold even in scenarios that are less favorable than expected.
- 1.35 **Beneficiaries.** The beneficiaries of this operation will be Chilean and regularized migrant households registered in the CNC or its partial updates. The program is expected to directly benefit 3,570 Chilean households and 715 migrant households. Reflecting the diversity of migrant individuals, families, and

⁶⁸ The purpose of the program is to improve the formalization processes. Therefore, an incremental impact in the pace of formalization is expected, which will impact the duration of the formalization processes in progress.

⁶⁹ Low-complexity campamentos are those that have fewer than 100 households.

⁷⁰ Idem, footnote 68.

households who live in campamentos in Chile, migrant households are defined as those whose head of household is a nationality other than Chilean.⁷¹ There are migrant households that have higher levels of vulnerability and will be a priority⁷² for the program, including single-parent households, female-led households, minors and dependents, persons with reduced mobility and older adults, and others. In addition, these households may be comprised entirely of migrants or may also have Chilean nationals, as in the case of children and adolescents born in Chile to foreign-born parents. Priority will be given to households located in risk areas, such as: landslides, drought, flooding, and projections in terms of climate change scenarios.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 **Amount and disbursement schedule.** The program has been designed as a results-based operation for an amount of US\$120 million, which will be financed by a loan based on results (LBR) for up to US\$100 million from the Bank's Ordinary Capital and by nonreimbursable financing of US\$20 million from the Grant Facility (GRF) to support countries that are receiving large and sudden flows of intraregional migrants.
- 2.2 **Justification for a loan based on results.** The proposed program meets the requirements for an LBR according to the Proposal to Establish the Bank's Sovereign Guaranteed Loan Based on Results (document GN-2869-1) and its Guidelines for Processing Sovereign Guaranteed Loans Based on Results (document GN-2869-3), inasmuch as: (i) it will help an existing government program to deliver results by financing its expenditure framework; (ii) it will improve the Campamentos Program by financing activities that optimize the planning of modules on the Ministry of Housing and Urban Development's digital platforms with resources from the technical cooperation in preparation CH-T1259, principally those such as: (a) the development of systems to periodically monitor the growth of the campamentos, tools for early detection of land susceptible to occupation, and methods to prioritize precarious neighborhoods located in risk areas for intervention; (b) the development and implementation of the National Campamentos Cadastral Survey with criteria for gender and diversity, climate change, and migration;⁷³ (c) the design of a work plan and development of pilots with eco-efficient and environmental criteria and trainings for builders on ecological design and green infrastructure, energy efficiency, and reduction of contaminants during the construction phase, etc.; (d) the development of an index for purchasing high-quality land, a study to identify gaps, and redesign of the Campamentos Program's intervention plan and socio-urban inclusion plan with criteria for gender and diversity, migration, and climate change; (e) the design and development of

⁷¹ These households may be made up entirely of migrants or have members with Chilean nationality, such as children and adolescents born in Chilean territory of foreign parents.

⁷² The prioritization criteria for climate change risk and gender and diversity are included in the [program Operations Regulation](#).

⁷³ Survey in preparation, CNC.

team training workshops on topics such as environmental risk and climate change, materials and inputs for the development of activities, and interministerial round tables; and (f) the creation of a cost-efficient method to implement the campamento survey and its first implementation; (iii) it will promote use of the executing agency's fiduciary systems, which, in Chile's case, were promptly validated for use; and (iv) it will reduce the number of households living in campamentos through the development of effective intervention mechanisms and institutional strengthening.

- 2.3 Justification for the use of resources from the Migration Facility (GRF).** The program meets the five eligibility criteria for access to resources from the IDB Grant Facility for migration defined in the Operational Guidelines for the Use of Resources from the IDB Grant Facility to Support Countries with Large and Sudden Intraregional Migration Inflows (document GN-2947-6). For criterion 1, Chile has received a number of cross-border intraregional migrants in the last three years that surpasses 0.5% of its total population. For criterion 2, the operation clearly identifies the magnitude of the problem it seeks to solve and justifies the relationship between compliance with criterion 1 and the need for investment, as described in paragraphs 1.4 to 1.12. Regarding criterion 3, this program is in line with the thematic area of intervention of access to basic services and benefits for the migrant population, as well as for their host communities. For criterion 4, the beneficiaries of the operation are migrants and host communities as defined in paragraph 1.35. Lastly, the operation will be considered in the Bank's programming with Chile, inasmuch as a formal request was received from the country through the Budget Office for access to the resources in the Bank's Migration Facility. The request was considered and found to be in line with the country strategy (2019-2022), as is mentioned in paragraph 1.25. Therefore, it meets criterion 5. The budget by component and financing source is shown in Table 2. The scheduled disbursements (Table 3) are consistent with the nature of the planned activities, the pace of implementation, and the achievement of results, as well as the capacity of the executing agency and subexecuting agencies to manage specific projects. Disbursements of the proceeds from the Grant Facility and from the investment loans from the Ordinary Capital will be carried out in accordance with the *pari passu* requirement. The disbursement period is four years, adjusted according to the financing needs determined with the government and based on execution deadlines that were technically assessed in relation to the Campamentos Program's previous experience in the country and the Bank's experience with other operations.

Table 2. Budget by component and source of financing (US\$ millions)

Components	IDB		Total	%
	OC	GRF		
Component 1. Prevention of the emergence of new campamentos and precarious areas	28.32	5.68	34.00	28.30
Component 2. Efficient socio-urban integration of households residing in campamentos	64.02	12.80	76.82	64.08
Component 3. Social inclusion of households from targeted campamentos	6.83	1.35	8.18	6.82
Program administration and management costs*	0.83	0.17	1.00	0.83
Total	100.00	20.00	120.00	100

In the matrix of indicators for disbursements, these are included in indicators 2 and 3.

Table 3. Schedule and tranches of program disbursements (US\$ millions)

DLI	Disbursement Year 1		Disbursement Year 2		Disbursement Year 3		Disbursement Year 4		Cumulative disbursement by project completion		
	OC	IG	OC	IG	OC	IG	OC	IG	Total DLI	OC	IG
Indicator 1	7.08	1.42	7.08	1.42	7.08	1.42	7.08	1.42	34.00	28.32	5.68
Indicator 2	6.47	1.29	7.33	1.47	8.54	1.71	10.08	2.02	38.91	32.42	6.49
Indicator 3	6.39	1.28	7.15	1.43	8.77	1.75	10.12	2.02	38.91	32.43	6.48
Indicator 4	1.70	0.33	1.71	0.34	1.71	0.34	1.71	0.34	8.18	6.83	1.35
Disbursement per year	21.64	4.32	23.27	4.66	26.10	5.22	28.99	5.80	120.00	100.00	20.00

B. Environmental and social risks

- 2.4 Because the program is financed through an LBR, Chile's socio-environmental management systems will apply during its implementation. Following Directive B.16 of the IDB Environment and Safeguards Compliance Policy (document OP-703), an [equivalence and acceptability assessment of the national systems with respect to those safeguards](#) was performed (see [optional link 11](#)), and an action plan was created with measures to reduce identified gaps and appropriately manage the program's socio-environmental risks and impacts. The largest gap with respect to social issues comes from the fact that the Campamentos Program does not consider the potential effects of relation on the livelihoods of people whose source of income depends on the location of the campamentos, with the subsequent risk of impoverishment. Measures to mitigate this gap are described in the action plan. Environmentally, there is a gap with respect to the management of contaminated soil, as the country does not have an applicable regulation, necessitating the development and implementation of an action protocol for the presence of contaminated soil in program projects as part of an environmental management manual. The program has a moderate disaster risk, although its interventions are designed to reduce this risk.

- 2.5 Because it is an LBR, the project is classified using the B.13 category and may not finance any activities classified under Category “A” according to OP-703. Thus, disbursement indicators 2 and 3—regarding the number of households living in campamentos that receive a sustainable housing solution—indicate that expenditures incurred for the following will be not eligible for financing: (i) the provision of housing solutions on land that is located within critical natural habitats, within cultural sites, or zones with a high potential for the discovery of archaeological or paleontological findings, or in indigenous territories or communities or lands claimed by indigenous peoples without the prior consent of these people; and (ii) the provision of relocation housing solutions that entail a significant risk of impoverishment or deterioration in the living conditions of relocated persons. This last risk will be determined by the impoverishment risk analysis, which must be conducted for every relocation process.⁷⁴ Any improvements that are identified will be incorporated into the program Operating Regulations (see [optional link 2](#)).
- 2.6 **Institutional capacity.** The Institutional Capacity Assessment System (ICAS) was used to analyze the executing agency’s institutional capacity, and it was confirmed that MINVU has high capacity to implement the Campamentos Project and achieve the objectives of the LBR. However, among the ICAS findings, the following actions were identified: (i) implement a method to track activities and measure progress toward outcomes; (ii) strengthen the team on financial and interagency aspects of MINVU to ensure proper program implementation through Bank-supported training and designation of a financial manager for the program with experience with the State Financial Management Information System (SIGFE); (iii) strengthen the procedures and methodology for tracking and monitoring the transfer of resources and accountability for subnational divisions (iv) incorporate into the program Operating Regulations a diagram of institutional relationships with descriptions of the coordination mechanisms between different departments, a list with the number of people assigned to the program, and formal procedures for activities related to financial management and additional technical activities financed by the IDB where they do not already exist; and (v) design an action plan for environmental and social impact management. In coordination with the Office of Institutional Integrity, it was agreed that the monitoring and social auditing and interagency coordination mechanisms of the program would be strengthened. The Bank will also support the training of the fiduciary team to be designated by MINVU.⁷⁵

C. Other key issues and risks

- 2.7 **Risks.** In accordance with the Framework for Risk Management in Projects with Sovereign Guarantees (OP-1519-5) and its Guidelines (OP-1699-3), the risks of the operation were assessed, and the following medium-high level risks were

⁷⁴ Workshops were held with the central and regional MINVU teams in March 2021 to get inputs for the Action Plan. A virtual focus group was held in May with program stakeholders, including leaders of campamentos that received interventions and social organizations with a focus on housing, migration, gender, and more. The final Equivalence Assessment and Action Plan, along with the meeting report, will be published on the Bank’s website.

⁷⁵ None of these activities entails budgetary additionality for MINVU. Actions that require resources will be financed with resources from technical cooperation CH-T1259.

- identified: regarding social risk (i) have a communication plan in place to mitigate the risk that the population living in the campamentos and the migrant population might reject the program actions (through CH-T1259); regarding planning (ii) provide appropriate social support for families to mitigate the risks associated with the formalization process and the new responsibilities of maintaining a home; and (iii) monitor the delivery of outputs and outcomes to prevent delays in processing disbursement requests.
- 2.8 The actions identified to mitigate each of these risks are as follows: (i) create a communication plan so that central and regional levels understand the program information; (ii) support families in the process of urban integration; and (iii) implement a monitoring and follow-up program using technical cooperation resources.
- 2.9 Among the risks that are specific to the migrant beneficiary population, the following were identified: (i) for the migrant population that lives in campamentos, a key consideration is the reform of current immigration laws linked to the new Migration and Foreigners Act and its regulations;⁷⁶ and (ii) social sustainability risks refer to transitory situations and legislative changes that affect the way that migrant households and Chilean households with migrant members are integrated into the Campamentos Program as the target and beneficiary population for the intervention.
- 2.10 The following measures will mitigate these risks: (i) inclusion of variables related to migration status, groups targeted for protection, and family reunification when delivering a housing solution; (ii) technical reinforcement and training on migrant issues for field teams providing technical and social support and for support teams on crosscutting issues; (iii) better coordination between the Campamentos Program and the new institutional framework to promote the law of the National Migration Service and Policy Council; (iv) incorporation of migration policy criteria into the multidimensional socio-urban integration diagnostic assessments and plans; and (v) consideration of migration trajectories and the complexities of the regularization process for the vulnerable migrant population during the creation of the monitoring and information system.
- 2.11 **Sustainability.** The proposed interventions help with the strategies that the government is deploying to reduce the number of households living in the campamentos, ensuring their sustainability. Program resources also represent approximately 30% of the resources that the country has budgeted to intervene in the campamentos, which guarantees its financial sustainability. Finally, the lessons learned that have been incorporated into the program design mean that the resources will be managed efficiently to achieve long-term results.

⁷⁶ At present, the new Migration and Foreigners Law has been approved by the Congress, but it is not yet in effect as its implementing regulations have not been issued.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Borrower and executing agency.** The borrower is the Republic of Chile, and the executing agency will be the Ministry of Housing and Urban Development (MINVU), acting through the Division of Housing Policy (DPH) and the Division of Finance (DIFIN). The DPH will be responsible for coordination, planning, monitoring, technical management, and collaboration with the Regional Ministerial Secretariats (SEREMÍAS) that represent MINVU in the regions, and/or with the municipal governments that will be able to act as subexecuting agencies. DIFIN will be responsible for financial administration of the program using the validated country systems. The Campamentos Program will have a program coordination unit (PCU) within the DPH. The execution mechanism will be described in the [program Operating Regulations](#)).
- 3.2 **Disbursements.** The program calls for a total of four disbursements over the program's four-year disbursement period. Each disbursement will take place once the fulfillment of the targets planned for each of the five indicators has been verified (see Annex II. Results Matrix. Disbursement indicators). Verification of fulfillment of the targets will be performed by an independent verification entity, either a firm or a consultant, which will: (i) issue a technical opinion about the accuracy, reliability, and consistency of the information corresponding to the results; and (ii) determine the value of the established results indicators in each disbursement tranche, making calculations when automated independent reports do not exist. The grant proceeds will be disbursed simultaneously and proportionally to the loan proceeds. Each disbursement will be subject to this independent verification, in accordance with the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-15).
- 3.3 **Disbursement procedure.** (i) The PCU will prepare a progress report on program execution and the results indicators used for disbursement, as mentioned in the previous paragraph; (ii) the PCU will send that report for external verification by the independent verification entity, which will analyze the fulfillment of the results based on the protocols set out in the monitoring and evaluation plan ([required link 1](#)); (iii) the independent verification entity will confirm fulfillment of the results in accordance with the objectives mentioned in the previous paragraph and in the time frame agreed upon in the terms of reference; and (iv) once fulfillment of the disbursement results has been verified, the PCU will send the corresponding disbursement request to the Bank. The Bank may make the disbursement to the account indicated by the borrower, if and when the external verification shows that the value of the corresponding indicators is equal to or greater than the set target. If it is lower, a disbursement may be made in proportion to the degree of fulfillment. Undisbursed balances may be reprogrammed in subsequent disbursements.
- 3.4 **Requirements for the independent verification entity.** The firm or individual that is hired should have experience monitoring and evaluating projects, managing results indicators, and evaluating the reliability of information sources and the methods used to produce them. The terms of reference for this

assignment will be previously agreed upon with the Bank, and the resources for this assignment will come from the technical cooperation operation to support the operation (CH-T1259, in preparation) and from the supervision resources for the Bank operation.

- 3.5 The following will be **special contractual conditions precedent to the first disbursement of the loan: (i) the designation of the program coordination unit (PCU), its coordinator, and the specialists responsible for the fiduciary, environmental, and social aspects of the program; (ii) the approval of the program Operating Regulations in accordance with a draft previously agreed upon with the Bank; and (iii) the contracting of a consulting firm or individual consultant to conduct the external verification of the results, in accordance with the terms of reference previously agreed upon with the Bank.** These conditions have been established to ensure proper execution of the operation.
- 3.6 **Program Operating Regulations.** This document will describe the mechanisms for execution of the operation, such as: (i) the program's organizational chart; (ii) the technical and operational arrangements for its execution; (iii) the mechanism for programming, monitoring, and evaluation of results; and (iv) the detailed description of the results indicators and the verification protocols. The program Operating Regulations (see [optional link 2](#)) include the criteria for the external verification of program results. It also sets out the strategic lines of action of the Housing and Urban Development Division, established in the Gender Action Plan for Operations 2020-2021 (document GN-2531-19), on housing, as it supports and expands the supply of housing services for women, and habitat, as it promotes safe and inclusive spaces for women.
- 3.7 **Retroactive financing of results.** The Bank may retroactively recognize as a charge against the loan, results attained by the borrower relating to indicators 2, 3, and 4 (see Table 1, paragraph 1.33) between the project profile approval date (17 March 2021) and the date on which the loan becomes eligible, for an amount of up to US\$18 million (15% of the program amount), provided that the expenditures related to fulfillment of these results are eligible within the project and can be attributed to fulfillment of the corresponding development results, which will be subject to an independent external evaluation.
- 3.8 **GRF resources.** Resources for the program from the IDB Grant Facility will be disbursed simultaneously and proportionally with the loan proceeds (*pari passu* requirement) in accordance with the IDB Grant Facility documents: Support for Countries with Large and Sudden Intraregional Migration Flows (document AB-3199) and the Operational Guidelines for the Use of Resources from the IDB Grant Facility to Support Countries with Large and Sudden Intraregional Migration Flows (document GN-2947-6).
- 3.9 **Audits.** The external audit will be conducted by a firm of independent auditors acceptable to the Bank, including the Office of the Comptroller General of the Republic. Within 120 days following the close of the executing agency's fiscal year, throughout the disbursement period for the loan, the executing agency will submit the audited financial statements for the program to the Bank, in accordance with the terms of reference agreed upon with the Bank. The final report will be submitted within 120 days from the date stipulated for the last loan

disbursement. The executing agency, acting through MINVU's Division of Administration and Finance, will prepare the audited financial statements. The final audited financial statements will include a reconciliation of the potential discrepancies between the actual expenditures made under the program and the amounts disbursed.

B. Summary of arrangements for monitoring results

- 3.10 **Arrangements for monitoring.** The executing agency and the Bank have agreed on a verification protocol for each disbursement-linked indicator (DLI) in Annex II that includes its definition, what qualifies as fulfilled, its timeframe and sources, semiannual progress reports, and supervision visits. The MINVU will send the IDB a follow-up report within 60 days after the end of each six-month calendar period. The monitoring and evaluation plan ([required link 1](#)) provides more detail.
- 3.11 **Arrangements for evaluating results.** The evaluation of results associated with the specific objectives will be conducted using a before-and-after analysis. In addition, an experimental impact evaluation is being designed based on a random assignment of the intervention in a group of campamentos. This design seeks to establish a causal identification of the program's effects. An evaluation of multiple treatments is planned, comparing households that are relocated to a permanent housing solution with those that accept the rent subsidy and those that remain in a campamento. It will use data from the Cadastral Survey (CNC 2011, 2019, and 2021), supplemented by the Household Registry of the Ministry of Social Development of the Government of Chile.⁷⁷

⁷⁷ An evaluation of multiple treatments is being designed, and it identifies the following groups: (i) T1 = households that want to relocate to a permanent housing solution and actually do so (after a random process); (ii) T2 = households that want to relocate to permanent housing solution but are unable to (after a random process); (iii) T3 = households that want to accept the rent subsidy and opt for a temporary housing solution; and (iv) control = households that do not accept the rent subsidy and remain in the campamento.

Development Effectiveness Matrix		
Summary		CH-L1163
I. Corporate and Country Priorities		
Section 1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Issues	-Social Inclusion and Equality -Economic Integration -Gender Equality and Diversity -Climate Change -Institutional Capacity and the Rule of Law	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	-Beneficiaries of initiatives that support migrants and their host communities (#)	
2. Country Development Objectives		
Country Strategy Results Matrix	GN-2946	Increase the quality of life of the population.
Country Program Results Matrix		The intervention is not included in the 2021 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		7.9
3.1 Program Diagnosis		2.5
3.2 Proposed Interventions or Solutions		1.6
3.3 Results Matrix Quality		3.8
4. Ex ante Economic Analysis		9.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		2.0
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		2.0
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		0.0
5. Monitoring and Evaluation		9.5
5.1 Monitoring Mechanisms		4.0
5.2 Evaluation Plan		5.5
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium Low
Environmental & social risk classification		B.13
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, Accounting and Reporting, External Control, Internal Audit. Procurement: Information System, Price Comparison, Contracting Individual Consultant, National Public Bidding.
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	CH-T1259

The general objective of the program is to contribute to the reduction of national and migrant households residing in informal settlements. The specific objectives are: (i) strengthen the capacities of the Programa de Campamentos (PC) to prevent the formation of new informal settlements, and the expansion and repopulation of existing informal settlements in places of risk climate; (ii) improve the capacities of the PC to facilitate urban integration, improve the environment and the habitability of households resident in informal settlements in an efficient manner; and (iii) improve the capacities of the PC to articulate actions in an intersectoral manner, promoting the social and economic inclusion of formalized or in process of formalization national and migrant households.

The project presents a complete diagnosis, with a precise description, and with data for migrant households, of the increase in the flow of households to informal settlements, the habitability conditions of the existing informal settlements, and the integration of the inhabitants of the informal settlements to the formal city. The results matrix includes indicators measuring achievement of the specific objectives, the indicators are SMART and have means of verification. Some of the targets will be determined during the Start-Up Plan workshop.

The economic analysis of the project was carried out through a cost-efficiency analysis (CEA) for various intervention alternatives. The analysis concludes that the greatest efficiency will be generated by combining the improvements in the selection of projects, the reduction of cost overruns and delays in their execution. Each alternative is more cost-efficient than the situation without a project. The CEA has reasonable assumptions and has an adequate sensitivity analysis.

The project includes a monitoring and evaluation plan that is in line with the Bank's standards. The effectiveness of the proposed intervention will be measured using a before and after methodology. The monitoring mechanisms for the disbursement linked indicators have a defined verification protocol and sources.

RESULTS MATRIX

Project objective:	The general objective of the program and the nonreimbursable investment resources (GRF) is to help reduce the number of Chilean and migrant households living in informal settlements. The specific objectives are to support the Chilean government to ensure that the Campamentos Program achieves the following results: (i) strengthened capacity to prevent the emergence of new informal settlements and the expansion and resettlement of existing ones in areas of climate risk; (ii) enhanced capacity of the Campamentos Program to efficiently facilitate urban integration and improve the environs and habitability of households residing in the informal settlements; and (iii) enhanced capacity of the Campamentos Program to coordinate actions across sectors, fostering the social and economic inclusion of both Chilean households and migrant households that are formalized or in the process of formalization.
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Specific Project Objectives

Indicators	Unit of measure	Base-line	Year 1	Year 2	Year 3	Year 4	Project completion	Means of verification	Disbursement indicator	Comments
Component 1: Prevention of the emergence of new campamentos and precarious areas										
To prevent the emergence of new campamentos and the expansion and resettlement of existing ones										
Indicator 1.1. Households at risk of living in campamentos that receive rent subsidies that are allocated through prioritization of climate change, gender, and/or migration	# of households that receive subsidies (Chilean)	0	560	560	560	560	2,240	Verification that the deposits have been made into bank accounts and the prioritization criteria have been followed	Yes	Successfully allocated rent subsidies are those that are awarded successfully to the beneficiary and made public through an official resolution. The prioritization criteria are defined in the program Operating Regulations. Parameters to complement the criteria regarding number of families in a household and determine a household's risk of moving to a campamento will be established during the eligibility stage with resources from the technical cooperation. Priority will be given to families located in regions that are highly exposed to climate change based on the criteria and scenarios in ArClim from the Ministry of the Environment.
	# of households that receive subsidies (migrant*)	0	100	100	100	100	400	Verification that the deposits have been made into bank accounts and the prioritization criteria have been followed	Yes	(*) A migrant household is defined as any household with a member who is a regularized migrant or in the process of becoming regularized.

Indicators	Unit of measure	Base-line	Year 1	Year 2	Year 3	Year 4	Project completion	Means of verification	Disbursement indicator	Comments
Indicator 1.2. Households headed by women out of the total number of households that receive rent subsidies that are allocated ¹	# of households headed by women that receive subsidies / # of households that receive subsidies	0	10	15	20	25	70	Verification that the deposits have been made into bank accounts and the prioritization criteria have been followed	No	Household headed by a woman means that a woman, regardless of marital status, exercises the role of head of household (single person or multi person) and/or is emotionally, economically, and social responsible, on a permanent basis, for minor children, whether they are her own or belong to others.
Indicator 1.3. Households with members with a disability out of the total number of households that receive rent subsidies that are allocated	% of subsidies to persons with disabilities	0						Verification that the deposits have been made into bank accounts and the prioritization criteria have been followed	No	Person with a disability is defined as a person who has physical, mental, intellectual, or sensory deficits. The targets will be set at the startup workshop.
Indicator 1.4. Households with members of the LGBTQI community out of the total number of households that receive rent subsidies that are allocated	% of households with members of the LGBTQI community	0						Verification that the deposits have been made into bank accounts and the prioritization criteria have been followed	No	Member of the LGBTQI community means a person who is lesbian, gay, bisexual, transgender, queer or intersex. The targets will be set at the startup workshop.

¹ The disaggregated diversity targets will be constructed using a baseline that will be included in the cadastral survey and defined at the startup workshop. See the optional link with information about the cadastral survey.

Indicators	Unit of measure	Base-line	Year 1	Year 2	Year 3	Year 4	Project completion	Means of verification	Disbursement indicator	Comments
Indicator 1.5. Households with members from indigenous groups out of the total number of households that receive rent subsidies that are allocated	% of subsidies delivered to members of indigenous groups	0						Verification that the deposits have been made into bank accounts and the prioritization criteria have been followed	No	A member of an indigenous group is an individual who belongs to a group that is formally validated and recognized by CONADI. The targets will be set at the startup workshop.
Indicator 1.6. Micro-campamentos, prioritized by climate and gender risk, interrupted within 1 year of being identified and surveyed	# of interrupted micro-campamentos	0	0	10	10	10	30	Satellite imaging	No	An interrupted campamento is one that stops receiving households after the intervention process begins. The interruption process is detailed in the program Operating Regulations. Micro-campamentos are those with fewer than 20 households.
	# of interrupted micro-campamentos where migrants are more than 30% of the population	0	0	2	2	2	6	Satellite imaging. The migrant population will be verified using the cadastral survey.	No	An interrupted campamento is one that stops receiving households after the intervention process begins. The interruption process is detailed in the program Operating Regulations. Micro-campamentos are those with fewer than 20 households.
Indicator 1.7. Hectares exposed to climate risks that undergo restoration as a fraction of total hectares restored after the campamentos are closed	% of hectares	0	0	10	20	30	30	Satellite imaging and bidding documents for works	No	Restored hectares refers to interventions on land occupied by campamentos that prevent resettlement once households have been relocated as a result of the development of urban infrastructure (parks, plazas, etc.). A hectare is in the process of being restored when the bidding process for works begins. The project completion target is the same as the target for the last year of execution.
Component 2: Efficient socio-urban integration of households residing in campamentos										
To enhance the capacity of MINVU's Campamentos Program to efficiently formalize campamentos										
Indicator 2.1. Percentage of square meters of land with a high rate of territorial wellbeing and without climate risk incorporated into the land bank	% of square meters	0	10	20	30	40	40	Territorial wellbeing index	No	Land selection will be done using ArClim's climate projections, and the mechanism will be defined in the program Operating Regulations. The project completion target is the same as the target for the last year of execution. The specific parameters of the territorial wellbeing standard will be determined at the startup

Indicators	Unit of measure	Base-line	Year 1	Year 2	Year 3	Year 4	Project completion	Means of verification	Disbursement indicator	Comments
										workshop. The project will not finance the acquisition of land: (i) within critical natural habitats; (ii) within cultural sites or zones with a high potential for the discovery of archaeological or paleontological findings; (iii) that overlaps with indigenous communities or on lands claimed by indigenous peoples without the prior consent of these peoples.
Indicator 2.2 Number of households living in campamentos with a high degree of complexity for formalization that receive a sustainable housing solution outside an area of climate risk within 6 years of when the campamento is prioritized for intervention	# of households with a solution (Chilean)	220 (2020)	220	242	266	292	1,020	Audit of data procured through the closing report	Yes	High-complexity campamentos are those with more than 100 households. The definition of sustainable housing solution is included in the program Operating Regulations.
	# of households with a solution (migrant*)	15 (2020)	15	25	45	75	160	Audit of data procured through the closing report	Yes	These solutions are built on lands previously occupied by campamentos (urbanization) as well as on new land (relocation). The prioritization process begins with the launch of the cadastral survey, and its criteria are defined in the program Operating Regulations. The prioritization process begins with the cadastral survey, occurs at the campamento level, and will consider the climate scenarios defined in the ArClim tool. The specific criteria are defined in the program Operating Regulations. Expenditures incurred for the following will not be eligible for financing: (i) the provision of housing solutions on lands that are in critical natural habitats, in cultural sites, or zones with a high potential for the discovery of archaeological or paleontological findings, or in territories or communities that are indigenous or are claimed by indigenous peoples, without the prior consent of those people; and (ii) the provision of relocated housing solutions that entail a significant risk of impoverishment or deterioration in the living conditions of the relocated individuals. This risk will be determined by the impoverishment risk analysis, which will be conducted for all relocation processes.
Indicator 2.3. Number of households residing in campamentos with a low degree of complexity for formalization that receive a	# of households with a solution (Chilean)	605	605	665	766	804	2,840	Audit of data procured through the closing report	Yes	Low-complexity campamentos are those that have fewer than 100 households.

Indicators	Unit of measure	Base-line	Year 1	Year 2	Year 3	Year 4	Project completion	Means of verification	Disbursement indicator	Comments
sustainable housing solution outside an area of climate risk within 4 years of when the campamento is prioritized for intervention.	# of households with a solution (migrant*)	33 (2020)	33	50	110	207	400	Audit of data procured through the closing report	Yes	The rest of the definitions are the same as those in Indicator 2.1.
Indicator 2.4. Households that receive housing subsidies that are allocated through prioritization for households headed by a woman	% of rent subsidies to households headed by women	0	20	30	40	50	50	Closing report	No	Same definition as those in Indicator 1.2 The total target is equal to the target in the final year.
Indicator 2.5. Households with members with a disability out of the total number of households that receive rent subsidies that are allocated	% of subsidies to persons with disabilities ²	0						Closing report	No	Same definition as those in Indicator 1.3. The targets will be set at the startup workshop.
Indicator 2.6. Households with members of the LGBTQI community out of the total number of households that receive rent subsidies that are allocated	% to households with members of the LGBTQI community	0						Closing report	No	Same definition as those in Indicator 1.4. The targets will be set at the startup workshop.
Indicator 2.7. Households with members of indigenous groups out of the total number of households that receive rent subsidies that are allocated	% of subsidies given to members of indigenous groups	0						Closing report	No	Same definition as those in Indicator 1.5.
Indicator 2.8. Households that gain access to basic services of livability within 2 years of being prioritized for intervention	# of households (Chilean)	0	600	800	1,000	1,200	3,600	Habitability report indicating the date the intervention began and the date of access to service	No	Households with formal access to one or more basic services will be counted, specifically electricity, water, and sanitation. The prioritization process starts with the cadastral survey and happens at the campamento level.

² The disaggregated diversity targets will be constructed using a baseline that will be included in the cadastral survey and defined at the startup workshop. See the optional link with information about the cadastral survey.

Indicators	Unit of measure	Base-line	Year 1	Year 2	Year 3	Year 4	Project completion	Means of verification	Disbursement indicator	Comments
	# of households (migrant*)	0	120	160	200	240	720	Habitability report	No	
Indicator 2.9. Percentage of campamento program interventions added to and monitored using the physical-financial tracking system	%	0	0	30	50	100	100	Closing report	No	The project completion target is the same as the target for the last year of execution.
Component 3: Social inclusion of households from targeted campamentos										
To advance the social and economic inclusion of Chilean and migrant households that are formalized or in the formalization process										
Indicator 3.1. Targeted campamentos with diagnostic assessments and socio-urban inclusion plans with a focus on gender, climate change, diversity, and access to employment	# of targeted campamentos	0	25	25	25	25	100	Diagnostic report	Yes	All campamentos that are part of the MINVU Campamentos Program will be counted as targeted. The diagnostic assessments and inclusion plans have a focus on gender, diversity, and employment access. The total target is equal to the target in the final year.
	# of targeted campamentos where migrants are more than 30% of the population	0	5	5	5	5	20	Diagnostic report	Yes	
Indicator 3.2. Percentage of households incorporated into the planning and monitoring system that received support from one or more public programs other than MINVU as a result of implementation of the plan	% Chilean households	0	10	20	30	40	40	Cross-check of information from the Cadastral Survey and the Household Registry	No	The universe of programs to which households that are formalized and recognized by the program can access will be determined at the startup workshop. The survey and mechanisms for access to social services will be collected and developed with technical cooperation. All households that are part of a campamento that is prioritized for intervention by the MINVU Campamentos Program within the framework of this program are considered households that have been incorporated into the planning and monitoring system. The planning and monitoring system includes a focus on gender, diversity, and employment access. The total target is equal to the target in the final year.

Indicators	Unit of measure	Base-line	Year 1	Year 2	Year 3	Year 4	Project completion	Means of verification	Disbursement indicator	Comments
	% migrant households	0	10	20	30	40	40	Cross-check of information from the Cadastral Survey and the Household Registry	No	

Disbursement Indicator Matrix

	Baseline	Year 1			Year 2			Year 3			Year 4			End of project		
		Target	Associated amount (US\$ millions)		Target	Associated amount (US\$ millions)		Target	Associated amount (US\$ millions)		Target	Associated amount (US\$ millions)		Target	Associated amount (US\$ millions)	
			OC	IG		OC	IG		OC	IG		OC	IG		OC	IG
Indicator 1. Number of households at risk of living in campamentos that receive rent subsidies that are allocated through prioritization of climate change, gender, and/or migration	0	660	7.08	1.42	660	7.08	1.42	660	7.08	1.42	660	7.08	1.42	2,640	28.33	5.67
Indicator 2. Number of households living in campamentos with a high degree of complexity for formalization that have received a sustainable housing solution within 6 years of when the campamento is prioritized for intervention	235	235	6.46	1.29	267	7.33	1.47	311	8.54	1.71	367	10.08	2.02	1,180	32.42	6.48
Indicator 3. Number of households living in campamentos with a low degree of complexity for formalization that have received a sustainable housing solution within 4 years of when the campamento is prioritized for intervention	638	638	6.38	1.28	715	7.15	1.43	876	8.77	1.75	1,011	10.12	1.85	3,240	32.42	6.48
Indicator 4. Number of targeted campamentos that have been recorded in the cadaster and prioritized for intervention, with diagnostic assessments and socio-urban inclusion plans with a focus on gender, climate change, diversity, and access to employment	0	30	0.57	0.11	30	1.15	0.23	30	1.71	0.34	30	3.42	0.68	120	6.83	1.37

Disbursement Indicator Verification Protocol

	Definition/estimation methodology	Means of verification	Verifying entity	Verification protocol
Indicator 1. Number of households at risk of living in campamentos that receive rent subsidies that are allocated through prioritization of climate change, gender, and/or migration	Allocated subsidies are subsidies that are awarded successfully to a beneficiary through a direct allocation resolution signed by the minister or undersecretary of housing. The prioritization of climate change, gender, and/or migration criteria is a way to target the regional call for rent subsidies.	(i) Regional call for rent subsidies (ii) Direct allocation resolution from DS 52	Verifying consultant or firm	The verifying firm will review the inclusion of the targeting criteria in the call for rent subsidies. The firm will subsequently verify how many households received benefits under these targeting criteria through the direct allocation resolution, which identifies each beneficiary. It will also review a non-random sample of the beneficiaries. Considering the budget restrictions, the firm will attempt to reach the largest possible number of households with geographic representation. For the non-probabilistic sample, the five regions with the most campamentos prioritized for intervention will be considered, and within these campamentos, the sample must include a representative number of beneficiary households.
Indicator 2. Number of households living in campamentos with a high degree of complexity for formalization that receive a sustainable housing solution within 6 years of when the campamento is prioritized for intervention	High-complexity campamentos are those that have more than 100 households. Sustainable housing solution is defined as a solution that is not in a risk zone and meets the building codes approved by the Chilean government. The solution delivery time is the time that elapses between the intervention start date in the closing report on the campamentos and the closing date.	(i) Closing report (ii) National Campamento Cadastral Survey	Verifying consultant or firm	The verification protocol proposed for Indicator 1 of this table will be used.
Indicator 3. Number of households living in campamentos with a low degree of complexity for formalization that receive a sustainable housing solution within 4 years of when the campamento is prioritized for intervention	Low-complexity campamentos are those that have fewer than 100 households. Sustainable housing solution is defined as a solution that is not in a risk zone and meets the building codes approved by the Chilean government. The solution delivery time is the time that elapses between the intervention start date in the closing report on the campamentos and the closing date.	(i) Closing report (ii) National Campamento Cadastral Survey	Verifying consultant or firm	The verification protocol proposed for Indicator 1 of this table will be used.
Indicator 4. Percentage of targeted campamentos with diagnostic assessments and socio-urban inclusion plans with a focus on gender, climate change, diversity, and access to employment.	Socio-urban inclusion assessment means an assessment of each neighborhood that includes multidimensional indicators that are helpful for multisector coordination, with a focus on gender, diversity, and access to employment. The multidimensional indicators in the diagnostic assessment and plan will correspond to those in the program Operating Regulations.	(i) Socio-urban inclusion diagnostic assessment report (ii) Socio-urban inclusion plan	Verifying consultant or firm	The verifying firm will determine the existence of the socio-urban inclusion diagnostic assessment and plan and their consistency with the parameters for their preparation in the program Operating Regulations. It will verify in the campamento cadastral survey the % of the migrant population in each campamento to determine the beneficiary population.

Outputs

Outputs	Unit of measurement	Baseline		Year				Target	Verification source
		Value	Year	1	2	3	4		
Component 1: Prevention of the emergence of new campamentos and precarious areas (US\$34.00 million)									
1.1 Biannual National Campamento Cadastral Survey (CNC) using new technologies that help identify risks related to disasters, vulnerable populations, and climate change adaptation.	#Cadastral survey	0	2020	1	0	1	0	2	Final cadastral survey report published.
1.2 System to periodically monitor growth of the campamentos and identify areas susceptible to occupation and climate risk conditions.	#System		2020	0	1	0	0	1	Progress report from the Housing Policy Division (DPH) of MINVU.
1.3 Rent subsidies for families that are doubled up and/or overcrowded at risk of settling in campamentos and for the regularized migrant population, prioritizing the diverse populations identified and climate change, to be used for housing that meets the sustainability standards defined in the program Operating Regulations.	#Number of subsidies		2020	660	660	660	660	2,640	Verification that the deposits have been made into bank accounts and the prioritization criteria have been followed.
1.4 Mechanism to strategically prioritize areas susceptible to occupation in the form of campamentos that enables early intervention and incorporates climate and social risk criteria.	#System		2020	0	1	0	0	1	Progress report from the DPH describing the functioning of the prioritization system.
1.5 Early interventions to contain emerging micro-campamentos, prioritizing those in climate risk areas.	#Number of interventions		2020	0	12	12	12	36	Progress report from the DPH.
1.6 Urban infrastructure and works to decommission the sites of closed campamentos and micro-campamentos in areas of climate risk.	#Number of infrastructure projects	0	2020	1	2	2	3	8	Progress report from the DPH with information from satellite imaging.
Component 2: Efficient socio-urban integration of households residing in campamentos (US\$76.82 million)									
2.1 Quality land bank to provide housing solutions with a high territorial wellbeing index.	#List	0	2020	0	1	0	0	1	Progress report from the DPH that includes the information needed to assess the quality of the acquired land.
2.2 Mechanism for strategically prioritizing campamentos for intervention, incorporating social risk (gender and diversity) and climate change criteria.	#System	0	2020	0	1	0	0	1	Progress report from the DPH about the installed system, including the mechanism and criteria for prioritization.
2.3 Relocation works (housing and closures) in the formalization of campamentos in risk areas using solutions based on sustainability, eco-efficiency, and climate change adaptation and mitigation criteria.	#Number of works	0	2020	12	12	12	12	48	Annual report from the DPH with initiated relocation projects.

Outputs	Unit of measurement	Baseline		Year				Target	Verification source
		Value	Year	1	2	3	4		
2.4 In situ rehabilitation works in the formalization of campamentos using solutions based on sustainability, eco-efficiency, and climate change adaptation and mitigation criteria.	#Number of works	0	2020	6	6	6	6	24	DPH report that includes habitability records.
2.5 Training and retention activities for a national registry of providers that offer products and services with environmental and climate impact, in order to promote sustainable public procurement.	#List	0	2020	0	1	0	0	1	DPH report that includes a list with a national registry of providers that is updated annually.
2.6 Online support system for beneficiaries of the rent subsidy system.	#System	0	2020	0	1	0	0	1	Report from the DPH about the installed system.
2.7 Primary habitability and enabling infrastructure solutions to obtain sustainable, eco-efficient living solutions.	#Number of solutions	0	2020	720	960	1,200	1,440	4,320	DPH report through habitability records.
2.8 Planning and monitoring system to track investments.	#System	0	2020	0	1	0	0	1	Report from MINVU's Office of Finance with a description of the system.
2.9 Regional field teams to provide technical and social support, especially for obtaining housing and transitioning to a new neighborhood.	#Number of teams formed	0	2020	0	16	0	0	16	Campamentos Program report with meeting minutes for each team.
Component 3: Social inclusion of households from targeted campamentos (US\$8.18 million)									
3.1 Round table for interministerial coordination.	#Number of round tables	0	2020	0	1	0	0	1	Campamentos Program report with meeting minutes.
3.2 Socio-urban inclusion assessments, with systematic inclusion of climate, gender, diversity, and migration criteria, by targeted campamento with a focus on migration, gender and diversity, and climate risk.	#Number of assessments			2	4	8	16	30	Campamentos Program report with an assessment per targeted campamento.
3.3 Socio-urban inclusion plans and cross-sector incentives by neighborhood based on the diagnostic assessment from 3.2.	#Number of plans			2	4	8	16	30	Campamentos Program report with an assessment per targeted campamento.
3.4 Monitoring and information system for tracking families' social and economic trajectories and their access to employment.	#System	0	2020	0	1	0	0	1	Campamentos Program report on payment for services.
3.5 National support teams trained in crosscutting, intersectoral issues.	#Number of teams trained	0	2020	0	16	0	0	16	Annual training meetings.

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Country: Chile **Division:** CSD/HUD **Project number:** CH-L1163 – CH-J0001 **Year:** 2021

Executing agency: Ministry of Housing and Urban Development (MINVU) through the Division of Housing Policy (DPH) and the Division of Finance (DIFIN)

Project name: Program for the Urban Integration of Informal Settlements

I. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

1. Use of country systems in the operation¹

<input checked="" type="checkbox"/> Budget	<input type="checkbox"/> Reports	<input checked="" type="checkbox"/> Information system	<input checked="" type="checkbox"/> National competitive bidding (NCB)
<input checked="" type="checkbox"/> Treasury	<input checked="" type="checkbox"/> Internal audit	<input checked="" type="checkbox"/> Shopping	<input type="checkbox"/> Others
<input checked="" type="checkbox"/> Accounting	<input checked="" type="checkbox"/> External control	<input checked="" type="checkbox"/> Individual consultants	<input type="checkbox"/> Others

2. Fiduciary execution mechanism

<input checked="" type="checkbox"/>	Co-executors / Sub-executors	The Regional Ministerial Secretariats (SEREMÍAS) and municipalities will be sub-executors of the program.
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3. Fiduciary capacity

Fiduciary capacity of the executing agency	<p>The executing agency will work within the Financial and Budget Administration System (SAFP), primarily using the State Financial Management Information System (SIGFE) for budgeting, accounting, and payments. There is also an internal audit unit supervised by the Office of the Comptroller General of the Republic (CGR). The Bank has determined that the country systems (budget, cash management, accounting, government internal audit (CAIGG) and external audit (CGR)) have a high level of development.</p> <p>The executing agency uses the ChileCompra System to manage procurement; the system is robust, modern, and efficient. The use of Chile's country procurement system for Bank-financed operations was approved in December 2011.</p> <p>The Institutional Capacity Assessment System (ICAS) determined that MINVU has sufficient institutional capacity to execute the Campamentos Program and achieve the objectives of the LBR. Nevertheless, some opportunities for improvement were identified, such as (i) strengthening the team regarding financial and interagency elements of MINVU to properly implement the program; (ii) strengthening monitoring and evaluation procedures and methodology for resource transfers and accountability to SEREMÍAS and municipalities; (iii) incorporating into the program Operating Regulations a diagram of institutional relationships with descriptions of the coordination mechanisms between different departments, a list with the number of people</p>
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¹ Any system or subsystem that is subsequently approved may be applicable to the operation, in accordance with the terms of its validation by the Bank.

	assigned to the program, and formal procedures for activities related to financial management and additional technical activities financed by the IDB where they do not already exist.
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4. Fiduciary risks and response to risk

Area (Financial management / procurement)	Risk	Level of risk	Risk response
Financial management	If the executing agency's understanding of the program's finances is not reinforced, it could cause delays in the reporting process at the central level and the collection of data for the audited financial statements that must be presented to the Bank each April.	High	<ul style="list-style-type: none"> ▪ Incorporate details of the financial requirements in the program Operating Requirements. ▪ Hire a financial manager for the program. ▪ The Bank should train the executing agency's financial team. ▪ Create a manual of financial procedures and provide it to all actors involved in the process.

5. Policies and guidelines applicable to the operation: Financial Management Guidelines for IDB-financed Projects (OP-273-12).
6. Exceptions to policies and guidelines: Not applicable.

II. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE LOAN CONTRACT

Special contractual conditions precedent to the first disbursement of the loan: the approval of the program Operating Regulations, in accordance with a draft previously agreed to with the Bank.
Exchange rate: For purposes of Article 4.09 of the General Conditions, the parties agree that the applicable exchange rate for determining the equivalence in dollars of payments made in the local currency of the country of the borrower will be the exchange rate in effect on the first business day of the month in which the respective payments are made to the contractor, provider, or beneficiary.
Audited financial statements: These must be submitted within 120 days following the close of each fiscal year and during the term for loan disbursements. The last report will be presented within 120 days following the stipulated date for the last loan disbursement and will include an assessment of potential discrepancies between the real costs of the program and the amounts disbursed. The terms of reference will be agreed upon with the Bank, and the independent auditors will be acceptable to the Bank.
Retroactive financing is anticipated for results previously obtained from actions undertaken between the project profile approval date (17 March 2021) and the date on which loan the becomes eligible, for up to US\$18 million, or 15% of the program amount.

III. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

☒	Programming and budget	The executing agency's budget is part of the Ministry of Housing and Urban Development and therefore part of the public sector budget, as established in the State Financial Administration Act (Legislative Decree 1263/75). The Ministry of Finance, acting through its Budget Office (DIPRES), is responsible for preparing the public sector budget. The executing agency uses the SIGFE for budget management and control. Due to the interrelationship of budget systems, loan operations have to be included in the public sector budget so their resources can be accessed (financing and local contribution). Therefore, execution should not be affected by difficulties associated with use of the budget system. However, all loan operations must be consistent with the spending framework of the public sector budget.
☒	Cash and disbursement management	For program execution, the executing agency will use proceeds from the loan amount, and then the reimbursement will be managed based on the program disbursement matrix, based on independent verification of the individual results achieved. Loan proceeds will be deposited in the U.S. dollar-denominated account that the General Treasury of the Republic maintains with the Central Bank, if and when the disbursement are associated with results and not in anticipation of expenses. Payments that originate with the program implementation will be made directly by the General Treasury of the Republic through the Fiscal Single Account. For these purposes, it must be ensured that the accounting system allows inflows and outflows to be tracked. There is no planned initial disbursement. The executing agency will not be required to submit a justification of expenses or documentation substantiating expenses incurred to achieve the results with the disbursement request. But the agency should maintain this documentation as part of its appropriate administrative, internal control, procurement, and accounting systems that ensure the timely issuance of the project's financial statements, which will be audited each year by the CGR.
☒	Accounting, information systems, and reporting	Although the CGR is responsible for public sector accounting and establishing the relevant principles and standards, the accounting is decentralized (the institutions record their accounting transactions and the CGR consolidates the services.) The program has a chart of accounts based on the public sector chart of accounts, which was established by the CGR under CGR Resolution 16 of 2015. All activities financed with local counterpart contributions or loans are recorded in the SIGFE as transactions for operations with international organizations. A program-specific budget may be made given that the program requires the accounting of inflows and outflows.
☒	Internal control and internal auditing	The internal control system relies on the organizational plan, strategic plans, and procedures approved by the General Government Internal Audit Council (CAIGG) with respect to administrative ethics and probity rules, under Law 20,285 on transparency and access to public information. The internal audit unit is directly overseen by the head of the Ministry. Annual plans are developed pursuant to the instructions of the CAIGG. The internal audit unit will monitor the observations made by the program's external auditors regarding internal control and validate the responses to those observations.

<input checked="" type="checkbox"/>	External control and financial reports	The executing agency will use independent auditors acceptable to the Bank, including the CGR. Within 120 days from the end of the executing agency's fiscal years during the disbursement period for the loan, the executing agency will submit to the Bank the program's audited financial statements, in accordance with the terms of reference agreed upon with the Bank. The final report will be submitted within 120 days after the date stipulated for the last disbursement of the loan. The executing agency, along with the Division of Administration and Finance, will prepare the project's financial statements. The final audited financial statements will include an analysis of the potential discrepancies between the program's actual costs and the amounts disbursed.
<input checked="" type="checkbox"/>	Financial supervision of the operation	The financial supervision plan includes participation in periodic monitoring sessions for the program's risk matrix and reviews of annual audit reports, which could require on-site visits to update information about internal institutional systems.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-____/21

Chile. Loan ____/OC-CH to the Republic of Chile. Program
for the Urban Integration of Informal Settlements

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 Republic of Chile, as borrower, for the purpose of granting it a financing to cooperate in the execution of the Program for the Urban Integration of Informal Settlements. Such financing will be for an amount of up to US\$100,000,000 from the Ordinary Capital resources of the Bank, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on ____ 2021)

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/21

Chile. Nonreimbursable Investment Financing ____/GR-CH to the Republic of Chile
Program for the Urban Integration of Informal Settlements

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, as Administrator of the IDB Grant Facility, hereinafter referred to as the "Account", to enter into such contract or contracts as may be necessary with the Republic of Chile, as beneficiary, for the purpose of granting it a nonreimbursable investment financing to cooperate in the execution of the Program for the Urban Integration of Informal Settlements. Such nonreimbursable investment financing will be for an amount of up to US\$20,000,000, which form part of the Account, and will be subject to the Terms and Financial Conditions and the Special Contractual Conditions in the Project Summary of the Nonreimbursable Financing Proposal.

(Adopted on ____ 2021)