



Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 24-Oct-2016 | Report No: PIDISDSC17979



BASIC INFORMATION

A. Basic Project Data

Country Argentina	Project ID P159929	Parent Project ID (if any)	Project Name Integrated Habitat and Housing Project (P159929)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date Jan 12, 2017	Estimated Board Date Feb 27, 2017	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice
Lending Instrument Investment Project Financing	Borrower(s) Republic of Argentina	Implementing Agency Secretaria de Vivienda y Habitat	

Financing (in USD Million)

Financing Source	Amount
Borrower	6.00
International Bank for Reconstruction and Development	200.00
Total Project Cost	206.00

Environmental Assessment Category

B-Partial Assessment

Concept Review Decision

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

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B. Introduction and Context

Country Context

1. **After taking office in December 2015, the new Argentine Government moved with significant speed to implement reforms.** The Government has rapidly implemented various macroeconomic reforms and initiated a program of structural reforms. These include inter alia (a) the elimination of export taxes on major crops, beef, and most industrial manufacturing products and the reduction by 5 percent of export taxes on soy; (b) unification of the exchange rate, effectively ending most foreign exchange restrictions; (c) moving from a system of discretionary to automatically provided import licenses in line with World Trade Organization procedures; (d) resolution of the dispute with holdout creditors; and (e) measures to enhance public transparency and accountability. In addition, the National Institute for Statistics launched a new inflation index and improved the overall quality of statistics. Electricity tariffs and transport fees were increased to



reduce subsidies, while protecting low-income users with a social tariff. Broader efforts to reduce energy subsidies (which account for a large portion of fiscal deficit) are under way.

2. **Economic activity is estimated to have contracted in 2016, but growth is expected in 2017.** Economic activity is estimated to have contracted by 2.3 percent¹ during 2016, taking a toll on labor markets, where 92,000² formal private sector jobs were lost since October 2015 (1.5 percent of total employment). However, the economic contraction has been decelerating during the second semester of 2016 and economic growth is expected in 2017 (+2.7 percent³) on the assumption that the positive impact of recent policy changes kicks in and the global economy recovers. The median estimate for inflation for 2016 is 40 percent⁴, mostly due to currency depreciation and the reduction of energy and transport subsidies. However, inflation has decelerated since August 2016. The central government primary deficit in 2016 was in line with the target established (-4.8 percent). Fiscal consolidation in 2017 will be more gradual than originally planned due to increased social spending, including the adjustment of pension transfers.

3. **The Argentine Government has made important steps to address the key macroeconomic imbalances with the objective of creating an environment conducive to economic growth and employment creation.** Argentina offers many opportunities in a weak global environment, and there is a strong interest from foreign investors and firms. Going forward, Argentina aims to continue building a growth enabling policy framework to enhance credibility and support broad based growth and quality employment. In particular, the following policies will be important to permanently reduce inflation and put Argentina on a sustainable growth path: (a) increase public spending efficiency as well as its efficacy and reduce the fiscal deficit in line with government targets; (b) continue fostering the credibility of the Central Bank so that monetary policy can further anchor inflation expectations; (c) strengthen competitiveness and productivity through an improved business environment and investments in infrastructure and increasing competition in markets and improving the regulatory framework in sectors; (d) continue strengthening the credibility of official statistics; and (e) continue improving the provision of public goods (including transportation, health, and education) and reducing regional disparities.

4. **A decade of falling poverty and inequality trends, started to slow down in 2012 and eventually reversed in the last four years.** While the poverty rate (measured at \$4-a-day) had more than halved between 2006 and 2013 –from 24 to 10.8 percent, by the second quarter of 2016, 13.2 percent of Argentines were poor (measured at \$4-a-day). Similarly, extreme poverty (measured at \$2.5-a-day) had fallen to 4.4 percent in 2013 but then reached 5.1 percent of the total population in 2016. Income inequality, which had fallen from a high level of 0.48 of the Gini coefficient to 0.42 by 2012, also increased, albeit mildly, and now stands at 0.43. These recent trends are the result of a decline in real income of the bottom forty percent of the population (and to a larger extent than for the rest of the population). Until 2012, incomes of the bottom forty grew twice as fast as for the population as a whole. After having suspended poverty measurement in 2014, Argentina’s National Statistics Office (INDEC) resumed measuring and publishing poverty data in September 2016. According to the new national poverty line, 32.2 percent of Argentina’s population lives in poverty today

¹ Source: World Bank Group. 2017. *Global Economic Prospects, January 2017 Weak Investment in Uncertain Times*. Washington, DC: World Bank. doi:10.1596/978-1-4648-1016-9.

² Source: *Ministerio de Trabajo, Empleo y Seguridad Social*

³ Source: World Bank Group. 2017. *Global Economic Prospects, January 2017 Weak Investment in Uncertain Times*. Washington, DC: World Bank. doi:10.1596/978-1-4648-1016-9.

⁴ Source: *Banco Central de la República Argentina*. 2016. *Resultados del Relevamiento de Expectativas de Mercado (REM)*, December 2016.



Sectoral and Institutional Context

Housing has a direct effect on the economies and welfare of Argentine cities. Adequate supply and good quality of housing and its urban environment have the potential to produce positive externalities such as more economical and efficient use of valuable urban land. Access to housing in and around central areas may increase economic productivity by enabling concentration of people and productive activities. By contrast, housing shortages, affordability issues, and limited mortgage lending may drive households—especially low-income households—to relocate to peri-urban areas or even slums, exacerbating sprawl affecting cities' ability to take advantage of agglomeration economies. At the same time, inadequate infrastructure, services, and connectivity can deepen the socioeconomic divide between the core and peri-urban areas by limiting access to quality urban services, schools, health care, and jobs for peri-urban residents and thereby promoting social exclusion.

The Argentinian housing sector has been experiencing difficulties for well over a decade; a trend that has worsened in recent years: slums continue to increase, housing deficit has stagnated, and access to housing finance is virtually nonexistent. Around 230,000 households are formed every year in the country, yet the formal market is only able to produce around 190,000 units annually; a situation that exacerbates the housing deficit which already affects around 29 percent of total households. Almost two thirds of the overall deficit is qualitative, yet the quantitative deficit has been increasing at a higher rate in recent years (44 percent) mostly because this deficit is more sensitive to adverse macroeconomic conditions. As it usually occurs, the lower income households have been particularly affected. Access to housing finance has declined in Argentina for almost all income segments and the total mortgage portfolio as a proportion of GDP has steadily declined (reached only 0.6 percent in 2015 compared to 4 percent in the early 2000s)⁵. Moreover, only 12 percent of bank's transactions are related to housing finance and only 2.3 percent of borrowers in the financial system were mortgage borrowers. The sector is dominated by public banks who account for over 80 percent of mortgage transactions and there is no participation of non-banking lenders in the market. The lack of funding for long-term mortgages and medium-term loans for housing developers, together with the increase in house and land prices, has significantly reduced access and affordability of housing. Recent studies on housing affordability nationwide suggest that only 10 to 20 percent of the population would have access to housing through traditional financing in the current market conditions.

This situation is exacerbated in large urban centers who additionally receive domestic and international migration (particularly the Greater Buenos Aires Metropolitan Region-GBA) further increasing housing demand and prices thereby fostering the proliferation of slums. Approximately 18 percent of the population lives in slums (*villas* and *asentamientos urbanos*). Of particular concern is that approximately 24 percent of these slums are less than 10 years old, suggesting a trend that contrasts with other countries in the Region, which have managed to increase housing supply and contain slum proliferation, notably Colombia.

As elsewhere, Argentinian slums reflect growing inequality within cities, in terms of access to basic infrastructure and services, public amenities and social indicators. Typically, slums lack access to water and sanitation (at the plot or even at the block level), and when it exists there are important issues with quality. In 2010, 1 in 4 households lack access to the water network and 1 in 2 households lack access to both water and sanitation networks. The likelihood of not having waste collection services is 5 times higher for residents in slums and 40% of slum households are three blocks away or less from an open dumpsite⁶. Child obesity in slums is close to 40% and infant mortality is 25% higher than the national average. Residents of precarious urban settlements are more likely to have less education; and, if they find a job, it is likely to be in the informal sector. Violent death of teenagers is three times the national average and the incidence of tuberculosis is four times the national average. Finally, households living precarious urban settlements also lack social and community services, including health care, day care for children, green areas, schools and sports and community centers. In these conditions, the efforts of the authorities to reduce school drop-outs, youth crime, unemployment and drug abuse are severely limited. Only one third of adults aged 25 or more living in slums has completed high school, compared to three quarters nationally. This lack of access to these services reinforces the vicious cycle of poverty and inequality, leads to social divisions, and prevents households to be fully included in the formal economy.

The proposed project aims at improving the living conditions in existing precarious urban settlements, while at the same time advancing policies to prevent new and expanding slums, by gradually increasing access to affordable formal housing. This two-pronged approach will, in the long term, address the unmet demand for affordable housing that causes slum formation (*the flow*), while in the short term it will tackle the needs of those currently living in slums (*the stock*). On April 2016, the *Macri* administration announced the new housing policy for Argentina under the "Plan Integral de Vivienda y Habitat", which encompasses strategies to address both flow and stock issues affecting the housing sector, and that would be fully consistent with the approach proposed under the Project. Some of the targets of the National Plan, which plans investments for

⁵ In comparison, this ratio is 4.5 percent in Colombia, 11 percent in Mexico and 20 percent in Chile.

⁶ Urban Solid Waste Management Diagnostic in the 31 main Argentine Urban Agglomerations, World Bank (2015).



USD 7 billion between 2016-2019, include: (i) 120,000 new houses built and 250,000 jobs created through the new housing construction program; (ii) 456,000 microcredits for housing improvements; (iii) 175,000 credit subsidies under the new indexation program and denominated in *Unidades de Vivienda* (UVIs); (iv) 300,000 property titles through a collaboration between the national government and the local Housing Institutes; and (v) 505 habitat improvement initiatives⁷ including the urbanization of 280 informal settlements and cross-sectorial interventions in 225 vulnerable areas.

Stimulating the development of a sustainable, private sector led, affordable housing sector will be critical to gradually reduce the prevalence of slums. Until early 2016 all national-level housing government programs had focused mostly on: (i) provision of government-led supply of housing units, and/or (ii) provision of interest rate subsidies for housing acquisition or construction. These programs had important shortcomings⁸ and have been phased out. The government's new "*Plan Integral de Vivienda y Habitat*" includes, for the first time, a demand-side up-front subsidy program that will substitute the former government's interest-rate subsidy. The new program follows the standard design of up-front subsidy programs introduced in Chile and now prevalent throughout Latin America, which has a strong track-record of implementation. The new scheme, to be operated by the Social Security Administration (*Administración Nacional de Seguridad Social, ANSES*)⁹, would provide a lump-sum amount to eligible households¹⁰ to improve affordability for the purchase of a housing unit. The subsidy would be linked to household savings and to a market-interest rate loan from a financial sector institution (private or public), taking advantage of the recent legislation that allows for indexation¹¹.

In addition to the targets of the National Plan, the Habitat and Human Development Secretariat has developed a new National Habitat Plan that expands its portfolio of solutions for households in need. The leveraging the lessons learned under the National Neighborhood Improvement Program (*Programa de Mejoramiento de Barrios, PROMEBBA*) carried out in partnership with the Inter-American Development Bank (IADB). Included in this new plan is the Secretariat's original mandate to formalize property in informal settlements along with making investments in urban infrastructure in slums, and financing schemes for home purchases and improvements. According to the Secretariat's plans, the State will decrease its role significantly in constructing new housing units to encourage private sector players – banks as well as construction companies – to become more active players in the housing market.

Relationship to CPF

The project supports the World Bank's twin goals of reducing poverty and increasing shared prosperity by promoting inclusive urban growth, economic development and improved access to services that reduce the vulnerability of the urban poor. The project is also aligned with the Government priorities reflected in the Argentina Country Partnership Strategy (CPS) FY15-18: sustaining social gains achieved in recent years and expanding social inclusion in an efficient and sustainable manner, while mitigating the risks to vulnerable groups of economic downturns and external shocks. The CPS introduces a number of gradual shifts on where and how the WBG will engage, which include: (i) a more comprehensive development approach to urbanization; (ii) advisory and knowledge services bundled into programmatic and multi-year engagements; and (iii) an increased share of WBG financing directed to low-income geographic areas.

Specifically, the project is related to two of the CPS' broad themes: (i) Employment Creation in Firms and Farms; (ii) Availability of Assets for People and Households. In the first case, the relevant Results Area that will be affected by the Project is "Supporting agglomeration economies' reach low-income areas. In the second case, the relevant Results Areas that will be affected by the Project are "Increasing access to electricity, safe drinking water, and sanitation and services for the bottom 40 percent in low-income provinces and areas" and "Improving employability of Argentina's youth".

⁷ Through the existing *Habitat Programs* funded by the government, the IADB, the CAF and the FONPLATA (Fondo Financiero para el desarrollo de la Cuenca de La Plata).

⁸ Some of the shortcomings of previous government programs included: (i) very limited financial sustainability, (ii) regressive nature as they provide a higher subsidy to higher income earners, (iii) poor targeting, (iv) inability to leverage private sector participation, and (iii) inability to respond to market demand.

⁹ ANSES is a decentralized agency under the jurisdiction of the Ministry of Labor and Social Security. ANSES is the principal administrator of social security and key social benefits in Argentina, including family and childhood subsidies and unemployment insurance. Between 2012 and early 2016 ANSES implemented, in association with the *Ministerio de Economía y Finanzas Públicas* and the *Banco Hipotecario*, the PROCREAR national program (*Programa de Crédito Argentino del Bicentenario para la Vivienda Única Familiar*), which provided subsidized mortgage loans to eligible beneficiaries for housing acquisition or construction.

¹⁰ The program will have clear operational rules and a scoring system to select beneficiaries who have to earn between 2 and 4 minimum wages.

¹¹ The UVIs is a unit of account established by an executive order of the Central Bank to finance and purchase housing. The original value is established as \$14.053 estimated to be 1/1000 of the average cost of building 1m² in Buenos Aires, Córdoba, Rosario, Salta y zona del Litoral (Santa Fe de la Vera Cruz-Paraná) (population weighted). The value of the UVIs announced by the Central Bank adjusts daily based on the CER (CPI) to be calculated by INDEC.



The project will build on the most recent analytical work under the Agglomeration economies and resilience PA (P153198), which aims to: (i) improve the understanding of opportunities and challenges associated with urban agglomerations in Argentina; and (ii) strengthen the capacity to formulate policies and implement programs that improve the performance of urban agglomerations at the national, provincial and local.

C. Proposed Development Objective(s)

The proposed Project's development objective is to: (i) increase access to formal housing for eligible households; and (ii) improve living conditions for households in selected precarious urban settlements.

Key Results (From PCN)

The key PDO level results indicator for the proposed project are the following:

- (i) Number of low-income households provided with improved living conditions in precarious urban settlements.
- (ii) Number of low-income households provided with improved access to formal housing.

The Core Sector Indicators to be included are (number of):

- (i) People in urban areas provided with access to "Improved Water Sources" under the project.
- (ii) People in urban areas provided with access to "Improved Sanitation" under the project.
- (iii) People in urban areas provided with access to all-season roads within a 500-meter range under the project.
- (iv) People in urban areas provided with access to regular solid waste collection under the project.
- (v) People in urban areas provided with access to electricity under the project by household connections.

D. Concept Description

The proposed Project will support integrated urban improvement interventions in selected settlements in five largest urban agglomerations in Argentina (Buenos Aires, Cordoba, Mendoza, Rosario, and San Miguel Tucuman) and a pilot project for the first-demand driven up-front subsidy Program in the country. Together with the Metropolitan Buenos Aires Urban Transformation Project (P159843), this project supports the Government's comprehensive housing and habitat program (*Plan Integral de Vivienda y Habitat*).

In order to achieve its objectives, the Project's activities include:

Component 1: Improvement of living conditions in precarious urban settlements in Argentina (USD 150 million).

This component would support integrated urban improvement interventions in precarious settlements in the 5 largest urban agglomerations in Argentina ((Buenos Aires, Tucuman, Cordoba, Mendoza and Rosario), where 71% of the marginal areas in the country are located. The Project will target precarious urban settlements of medium-density and regular urban pattern¹². Complementarily the Metropolitan Buenos Aires Urban



Transformation Project (P159843) will focus its interventions in selected precarious urban settlements of high density and regular urban pattern¹³.

Component 1 will build extensively upon the successful experience of existing urban improvement programs currently implemented by the Secretary of Housing and Habitat (SHH), notably the PROMEBA Project¹⁴.

Although using the existing PROMEBA implementation and monitoring platform, the project design will include innovative aspects which are expected to significantly strengthen the potential transformative effect of the interventions, including:

- (i) The project will spatially target the largest agglomerations in Argentina in an effort to foster agglomeration economies and economies of scale.
- (ii) The diagnostic exercise of the neighborhood that will be carried out prior to the intervention will place strong emphasis on identifying potential activities that can better link the precarious settlements with jobs and markets (for example connectivity or skills development).
- (iii) Infrastructure provision will include household connections. Previously these were excluded since they were considered to be investments in "private property", yet leaving the existing qualitative deficit virtually unchanged, and
- (iv) The scope and design of the interventions will be done jointly by the national and subnational governments along with the communities, but execution of the works will be done directly by the SHH to avoid lengthy delays (which are typical in the projects that are executed jointly by the national and the subnational levels).

Specifically, this component would finance:

- (i) Basic urban infrastructure including water supply & sanitation, drainage, electricity, gas, public lighting, paved roads and public and/or green spaces.
- (ii) Basic services infrastructure, including targeted investments in connective infrastructure and the provision of social services related infrastructure (education, health, culture) to improve the physical and social integration between the neighborhoods and their surrounding urban environment.
- (iii) Social interventions to increase skills and access to jobs for the population in the selected neighborhood.

This component will be implemented by the SHH, within the Ministry of Interior, Public Works and Housing.

Component 2: Increased access to housing for lower and medium income segments (USD 50 million).

This component will finance a pilot intervention to support the first nation-wide demand-driven housing subsidy program in Argentina¹⁵. The subsidy program will provide a lump-sum amount to eligible households (the program is in the process of developing the operational rules and full eligibility criteria) earning between 2 and 4 minimum wages to improve affordability to purchase a new or existing housing unit. As per the international best-practice, beneficiary households have to contribute with a pre-defined savings amount and the subsidy will be linked to a market-rate loan from a financial sector institution (private or public) taking advantage of the recent legislation that allows for indexation.

The subsidy program will be implemented by ANSES given that this institution has: (i) a team of experts with experience in the implementation of a demand-side subsidy program in the City of Buenos Aires (*Ciudad Autonoma de Buenos Aires, CABA*), and (ii) the systems and operational platform in place to screen beneficiaries for eligibility. This component is designed as a pilot program for which full roll-out is expected to take time as it will largely depend on Banks's appetite for the new indexation mechanism as well as the need to set-up operational systems both in the financial institutions and in the implementation agency.

Component 3: Strengthening the Secretary of Housing and Habitat and their counterparts at the local level. (Borrower contribution)

This component will finance technical assistance for the SHH and ANSES. Preliminarily, the following areas have been identified: (i) Capacity building to strengthen integrated urban planning and urban management instruments, (ii) Technical assistance on housing subsidy design and implementation, (iii) Technical assistance on the design and implementation of housing market monitoring systems, (iv) Technical assistance for the evaluation of the existing national-level housing programs and their ability to better address the housing needs, and (iv) Capacity building for provincial housing institutions and local governments.



Component 4: Project Management (Borrower contribution)

This component will finance project management, monitoring and evaluation of project results including: (a) carrying out the Project audits; (b) conducting outreach campaigns to dissemination of the Project; (c) carrying out mid-term and impact evaluation surveys in order to evaluate the Project's impacts; (d) technical support on procurement, safeguards and financial management requirements, including the hiring of the PIU's staff; and (e) financing Operating Costs.

SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

Activities under Component 1 will be executed in Buenos Aires (AMBA), Tucumán (AMT), Córdoba (AMC), Mendoza (AMM) and Rosario (AMR). No environmentally sensitive natural habitats or areas are present that could be directly affected by the interventions. No known or suspected archeological sites have been documented. The AMBA is a flat plain, naturally subject to heavy rain and flooding from rivers and streams, which belong to the most important watersheds: Reconquista, Matanza-Riachuelo and Luján, all tributaries of the La Plata River System. These are highly modified by human interventions and subject to pollution. The AMT extends in a transition zone, between the San Javier Hills in the west and the Salí River, in the eastern plain. The Salí River goes through the area from north to south, subject to pollution, extraction of aggregates and river flooding along its banks. Urbanization trends have been predominantly to the west and north in the foothills of San Javier Hills, with the associated risk of flooding and landslides. Also the trend has been towards the south, with geo-mechanical limitations (silt and clay, anthropogenic fillings, water-tables close to surface), where natural shallow topographic areas are subject to flooding, and surface and underground water contamination. The area is also subject to air pollution episodes due to the industrial activity (sugar production). The AMC extends from the Córdoba Hills in the west towards the eastern pampeana and chaqueña flat plains. There are two important river basins (Suquía/Primero and Xanaes/Segundo) that go through the area, which are subject to erosion processes and cyclical flooding, due to deforestation processes in the upper areas in the Hills. The AMM is located in the irrigation oasis of the Province. The urban pattern is present towards the foothills of the Andes in the west, with the associated risk of landslides and seismicity due to geological faults. All the area presents limitations in water availability due to the desert nature of the Province, air pollution and soil desertification. The AMR extends over a gently undulating area crossed by multiple rivers and streams tributaries of the Paraná River, which is the natural limit on the east. The north-south axis is denser, mainly towards the Port of Rosario, which is the most important one for the agricultural production to reach international waters. Over the west the land use varies between rural and small urban areas.

B. Borrower's Institutional Capacity for Safeguard Policies

Activities from Component 1 will be executed by the Secretary of Housing and Habitat within the Ministry of Interior, Public Works and Housing. The Secretariat has a strong track-record of implementing urban upgrading projects



financed by multilateral organizations such as PROSOFA (I and II), PROMEBA (I, II and III), and ROSARIO HABITAT. It also has experience implementing similar projects with other sources of funding such as FONAVI, Fed Reactivacion, Fed Solidaridad, Fed Vivir Mejor, Fed Construccion, Fed Emergencia, PROPASA, PROMHIB and Caritas. The PIU will leverage this previous experience in managing the project.

The project Implementation Unit for Component 2 has not been defined yet. Once it is confirmed, the Bank team will carry out a capacity assessment accordingly.

C. Environmental and Social Safeguards Specialists on the Team

Santiago Scialabba, Tuuli Johanna Bernardini, Carlos Alberto Molina Prieto

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>This Policy should be triggered since the activities in the Project are expected to involve environmental and social impacts (both positive and adverse) in the area of influence of the five locations targeted for Activities of Component 1.</p> <p>The proposed Project will provide relevant benefits to low-income inhabitants of the biggest metropolitan areas of Argentina. In particular, the proposed project aims at improving the living conditions in existing precarious urban settlements / low income neighborhoods, while at the same time advancing policies to prevent new and expanding slums, by gradually increasing access to affordable formal housing.</p> <p>At this stage, there is limited available information on the proposed basic infrastructure interventions (which would comprise water supply & sanitation, drainage, electricity, gas, public lighting, paved roads and public and/or green spaces; housing construction is not included among the foreseen civil works). However, given the nature of these potential physical interventions and the targeted areas, small-to-medium scale works are expected with associated potential adverse environmental and social impacts reduced to the site-specific areas of influence of the works that can be managed through routine/standard mitigations measures. These impacts are not expected to be irreversible, diverse, significant, and unprecedented or in environmentally</p>



sensitive areas, thus the project is considered Category B.

Since specific physical interventions (sub-projects) will be determined during Project implementation, the PIU for Component 1 will develop an Environmental and Management Framework (ESMF) to set forth the mechanisms it will conduct for EA of sub-projects (once they are determined) according to legislation and the World Bank Safeguards Policies.

In addition, the PIU will carry out a thorough Social Assessment at the overall Project-level in order to forecast the impact the completed project will have and identify the potential risks it poses to citizens and other inhabitants in the different urban areas, particularly the poor and other vulnerable residents of informal settlements in the project areas. The assessment should also propose ways a sub-project might be designed differently (to maximize benefits and mitigate risks). The assessment will include an evaluation of any existing institutional grievance and redress mechanism to ensure not only that Project affected people are meaningfully consulted and informed about the Project risks and benefits, but also that an avenue exists to raise concerns and/or complaints as well as feedback about any Project-related activity. Based on the assessment, social scoping should identify key issues that need to be addressed further and on which dimensions. In each case, an action plan will be prepared based on the findings and recommendations of the social assessment to ensure that issues identified are adequately addressed in the project design and implementation. The action plan will also allow the Project to have a better targeting and to inform operational decisions, procedures and definitions. The SA will incorporate a wide gender perspective (i.e. incorporating a brief analysis on sexual orientation, gender identity and development) to inform the design and implementation of both Components. Same information will be also used to assess specific barriers to access to markets and places for persons with disabilities, LGBTI community, migrants of indigenous descent, etc.



Activities in Component 2 include only subsidies for acquisition of housing units and therefore do not include subsidies for housing construction or renovation. Hence, there are no likely environmental or social risks associated to this component.

Consultations will be developed with relevant stakeholders in the 5 different locations during Project preparation, based on the experience of the PROMEBA team.

The Bank Team will make a capacity assessment of the PIU during project preparation. The analysis will include not only the PIU at the national level, but also the PIUs at the provincial level, once the agglomerates where the project will be implemented have been defined.

Natural Habitats OP/BP 4.04

No

This Policy should not be triggered since Project interventions will be in urban areas where land has already been converted. The Project does not require the significant conversion of natural habitats or critical natural habitats and will not take place in protected areas or ecologically sensitive sites. However, analysis of potential impacts on non-critical natural habitats should be included as part of the EA processes. The Project will not support housing construction / expansion, but only neighborhood improvement with basic services in areas already transformed, with a defined urban pattern. There will not be housing expansion in peri-urban areas where mixed rural and urban land uses may coexist.

Forests OP/BP 4.36

No

This Policy should not be triggered since Project interventions will be in urban areas where land has already been converted. There are no forests areas nor forest-dependent communities that could be affected, or significantly converted/impacted due to the activities conducted with the Project, and the Project will not involve changes in the management of forests because it does not involve any forest activity. The Project does not support housing construction / expansion, but only neighborhood improvement with basic services in areas already transformed, with a defined urban pattern. There will not be housing expansion in peri-urban areas where mixed rural and urban land uses may coexist.



Pest Management OP 4.09	TBD	<p>There might be a possible need to develop pest management plans, particularly to approach the cleanup of rats' nests, if this is an activity within the sub-projects as part of resettlements and/or the urban upgrade works, which are not defined at this stage. This will be further analyzed during preparation.</p>
Physical Cultural Resources OP/BP 4.11	Yes	<p>This Policy should be triggered since the Project will involve basic infrastructure construction activities that may entail excavations, demolition, soil movements, so there is a potential of chance finds of physical cultural resources. As part of the EA processes, specific procedures to avoid impacting physical cultural resources in case of chance finds will be included in the environmental management instruments that the client will develop.</p>
Indigenous Peoples OP/BP 4.10	Yes	<p>This is a project in all regions of the country, and indigenous peoples are present in Argentina (about 2.5 percent of the population). Contrary to public belief, Argentina is a multicultural country with a notable presence of indigenous and afro-descendants populations, and the majority of these populations (more than 80 percent) live in urban areas.</p> <p>The primary objectives of triggering the Indigenous People's Policy are to ensure that: (i) indigenous people groups are afforded opportunities to participate in planning that affects them; (ii) opportunities to provide such groups with culturally appropriate benefits are considered; and (iii) any project impact that adversely affect them are avoided, or otherwise minimized and mitigated.</p> <p>Since specific location of works under Component 1 and criteria to be used to implement the subsidy program under Component 2 haven't been defined yet, the PIU will prepare an Indigenous Peoples Planning Framework, which will be consulted with key indigenous peoples stakeholders at the national level before Appraisal. Consultation process will be validated with INAI and CPI, and feedback obtained during consultations will be integrated into the final version of the instrument and the overall project design.</p>



The IPPF will be made public through the Government's and the Bank's websites. In addition, It will be included as an integral part of the Project's ESMF and the Operational Manual., by becoming an Annex of such documents.

The main objective of that IPPF is to set forth the adequate mechanisms to make sure that information is available and accessible; to guarantee free, prior and informed consultation and participation instances in a culturally appropriate manner for indigenous communities and organizations identified during the design and implementation of the Project.

In addition, once the works under Component 1 have been defined, the PIU will carry out a screening to ascertain if some of the urban population in the Project area fit the Bank's definition of indigenous peoples and mainly whether (i) they are living collectively within the beneficiaries neighborhoods; or (ii) they fall into the category of IPs that have lost collective attachment due to "forced severance" as per OP 4.10 i.e., their migration to the cities was a result of conflict, government resettlement programs, dispossession from their lands, natural calamities, or incorporation of these territories into an urban area. If IPs are present in the Project area, the PIU will prepare a specific Indigenous Peoples Plans (IPPs) to guide processes both in design and implementation phases of each sub-project, in order to protect indigenous peoples rights while minimizing any potential negative impact, and in particular, supporting the maximization of positive ones.

Finally, an additional IPP will be prepared to guide criteria to be used for the subsidy program under Component 2 in order to: (i) make sure that IPs are not excluded from the Program benefits; and (ii) look for ways to promote IPs access to the Program benefits.

IPPs will be prepared, consulted and disclosed before the beginning of any project activity.

This policy is triggered since sub-projects under Component 1 may imply involuntary resettlement of direct beneficiaries and other stakeholders.

Involuntary Resettlement OP/BP 4.12 Yes



Since specific location for works under this Component have not been defined yet, the client will prepare a Resettlement Policy Framework that would guide the preparation of specific Resettlement Action Plans for works that may imply Involuntary Resettlement.

In addition, TA activities under Component 3 on Strengthening the Secretary of Housing and Habitat and their counterparts at the local level will need to be consistent with the principles of OP 4.12 to avoid potential downstream impacts.

Safety of Dams OP/BP 4.37	No	This Policy should not be triggered since the activities in this Project will not imply the construction/rehabilitation of dams nor other intervention which rely on the services of existing dams.
Projects on International Waterways OP/BP 7.50	TBD	Activities would include water supply, sanitation and drainage infrastructure that might make use of water resources from international waterways and watersheds. During preparation further data will be requested and analyzed in order to have sufficient information to base the judgment to trigger or not this Policy.
Projects in Disputed Areas OP/BP 7.60	No	The Policy should not be triggered because the Project will not be implemented in areas known to involve disputed areas.

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Oct 31, 2016

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

Since detailed aspects of basic infrastructure interventions under Component 1 will be defined during Project implementation (i.e., specific sub-projects and locations within the target areas), an Environmental and Social Management Framework (ESMF), including an IPPF, an IPP and a RPF, will be developed by the counterpart to set forth the mechanisms regarding social and environmental safeguard management it will conduct for each intervention during Project implementation.

CONTACT POINT



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APPROVAL

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