

TC Document

I. Basic Information for TC

▪ Country/Region:	BRAZIL
▪ TC Name:	Public sector digital transformation and cybersecurity capabilities
▪ TC Number:	BR-T1534
▪ Team Leader/Members:	Lafuente, Mariano (IFD/ICS) Team Leader; Paz Gonzalez, Santiago (IFD/ICS) Alternate Team Leader; Avila, Krysia A (LEG/SGO); De Freitas Severino, Ligia (CSC/GBR); Laura Rodriguez Hernandez (IFD/ICS); Miente Kunigami, Arturo (IFD/ICS); Pareja Glass, Alejandro (IFD/ICS); Porrua Vigon, Miguel Angel (IFD/ICS); Rojas Gonzalez, Sonia Amalia (IFD/ICS) Krysia A (LEG/SGO); De Freitas Severino, Ligia (CSC/GBR); Laura Rodriguez Hernandez (IFD/ICS); Miente Kunigami, Arturo (IFD/ICS); Pareja Glass, Alejandro (IFD/ICS); Porrua Vigon, Miguel Angel (IFD/ICS); Rojas Gonzalez, Sonia Amalia (IFD/ICS)
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	N/A
▪ Date of TC Abstract authorization:	09 Sep 2022. -- Donor Approval Notice: January 27, 2023
▪ Beneficiary:	Federal Republic of Brazil (Federal, State and Municipal governments)
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Japan Special Fund(JSF)
▪ IDB Funding Requested:	US\$500,000.00
▪ Local counterpart funding, if any:	US\$56,000 US\$0
▪ Disbursement period (which includes Execution period):	30 months
▪ Required start date:	March 15, 2023
▪ Types of consultants:	Individual, Firms
▪ Prepared by Unit:	IFD/ICS-Innovation in Citizen Services Division
▪ Unit of Disbursement Responsibility:	CSC/GBR-Country Office Brazil
▪ TC included in Country Strategy (y/n):	Y
▪ TC included in CPD (y/n):	Y
▪ Alignment to the Update to the Institutional Strategy 2020-2023:	Gender equality; Institutional capacity and rule of law; Productivity and innovation

II. Objectives and Justification of the TC

- 2.1 **Objective.** The objective of the TC is to support Brazil's public sector digital transformation and cybersecurity capabilities at the federal, state and local levels.
- 2.2 In 2018, the Federal Government approved the Brazilian Digital Transformation Strategy¹, a comprehensive public policy for the digital transformation of the economy, government, and society. Subsequently, and under this framework, it approved a digital government strategy for the period 2020-2022² (later extended to December 2023), and a cybersecurity strategy 2020-2023³, among other key strategic documents.

¹ Federal Decree 9.319 of March 21, 2018.

² Federal Decree 10.332 of April 28, 2020

³ Federal Decree 10.222 of February 5, 2020.

- 2.3 Brazil's population is ready for more and better digital services. A 2021 study by IDB⁴ found that 87% of the population reported having WiFi at home and 95% through their cell phone. It also showed that 86% of the population felt adapted to the digital world and 60% preferred digital channels for public services. Also, 53% of digital public services users were satisfied with the services, compared to 85% for private sector digital services.
- 2.4 Brazil is a regional leader in digital government – specially in digital services at the federal level⁵ – and important progress has been made at the state level, although with important differences among its states (digitalization of services ranges from over 65% to less than 5%). Municipalities have even wider differences between champions like the City of São Paulo and the great majority of its 5,570 municipalities where basic digital government capabilities are starting to be implemented. Therefore, critical challenges subsist at the subnational level.
- 2.5 In terms of cybersecurity, Brazil is the second country with highest number of cyberattacks in Latin America and the Caribbean (31 billion per year), and its size and advanced level of digitalization of public services increases even more its exposure to these attacks (Fortinet, 2022). Brazil also has a deficit of 441.000 cybersecurity professionals (WEF, 2021). These challenges are exacerbated at the state-level: as of March 2021, 60% of states did not have a full-time cybersecurity team, and 77% did not have protocols in place in case of cybersecurity emergencies⁶. At the local level, over 80% of the 29 municipalities which completed the self-diagnostic at the Plataforma Rede Gov.Br Platform (9 of them state capitals) were in the initial maturity stage for cybersecurity, out of four possible levels⁷.
- 2.6 Despite the progress made since 2016 to 2022, Brazil also has other challenges in the digital government field. In 2023, the legal framework requires the Federal Government – through the governing body, the Secretariat for Digital Government within the Ministry of Management and Innovation – to prepare a National Digital Government Strategy for the three levels of government for the first time, as well as a new cybersecurity strategy. In addition, Brazil could benefit from expanding the use of new technologies (for example, artificial intelligence), enhancing data governance and strategies, increasing the pool of digital talent for the public sector, and enhancing public servants' digital capabilities, among other. The challenges at the state and local level also include more basic issues such as digital governance, strategic frameworks and tools, and actual implementation of digital strategies including service-delivery sectors.
- 2.7 **Bank's Value added.** The Bank will provide cutting edge technical assistance to Brazil's Federal, State and Local levels on digital government and cybersecurity through specialized consultants, cooperation with government officials from Japan and other advanced governments on this area, as well as Bank specialists. Also, the Bank will support Brazil's Federal Government in promoting an intergovernmental dialogue

⁴ IDB (2021)

⁵ As of January 2023, 87% of approximately 4,800 services were available 100% digital, and 143 million citizens had registered to use them in the platform gov.br (SGD, 2023). Brazil also ranked #2 among 198 countries in the World Bank's GovTech Maturity Index (2022), and #14 in the United Nations' Online Services Sub-Index (2022).

⁶ IDB (2021a).

⁷ IDB (2023).

with the State and Municipal levels, through State and Municipal networks with whom the Bank has ongoing partnerships and dialogue.

- 2.8 **Relationship with the Bank's program in Brazil.** Since 2020, in addition to four loans ([5248/OC-BR](#), [5516/OC-BR](#), [5575/OC-BR](#) and [5579/OC-BR](#)) to three state level governments (Ceará, Alagoas and São Paulo) in the context of the conditional credit line for investment projects "Brazil More Digital" (BR-O0010), the Bank has been a critical partner in digital government through technical cooperation projects, bringing high-level just in time technical assistance to promote actionable and concrete projects. These include: (i) support to the Federal Government in cybersecurity and in data governance, including an action plan for the design of a CSIRT, a center of excellence and training on cybersecurity for staff at the Digital Government Secretariat ([ATN/OC-19252-BR](#)); (ii) support to all 27 state-level governments, through technical assistance initiatives with the Digital Transformation Group for State-level governments (GTD), through studies, webinars and promoting collaboration as its main partner ([ATN/OC-17993-BR](#)); and (iii) support to over 125 municipalities under "Rede Gov.Br Platform" for Municipalities, in partnership with the Federal Government ([ATN/OC-18-697-BR](#)). All these TCs have been fully executed or committed.
- 2.9 **Strategic alignment.** The TC is consistent with the Bank's Update to the Institutional Strategy (AB-3190-2) and is aligned to the challenges of: (i) Productivity and Innovation, by new technologies to enhance public service delivery; (ii) Institutional capacity and rule of law, contributing to increase the public sector's effectiveness and efficiency and enhancing transparency and accountability through digitalization and automation of processes and services; and (iii) Gender Equality, through reducing the gap of cybersecurity capabilities of women in the public sector. In addition, the TC is aligned to the IDB Group's current Country Strategy with Brazil for the period 2019-2022 (GN-2973) through its strategic objective of using e-government and digital solutions to promote transparency, accountability and efficiency, enhancing public services for citizens and firms. Finally, all requirements set forth in Japan Special Fund's Operational Guidelines are met. Among them, the TC supports policy and strategy formulation/implementation activities. Following the Guidance Note on Visibility of Japan, the project team will promote the visibility and local awareness of the JSF in recipient countries.

III. Description of activities/components and budget

- 3.1 **Component 1. Digital Transformation and Cybersecurity at the Federal Level (US\$200,000).** This will include the following technical assistance activities: **Digital Transformation:** (1.1) preparation of Brazil's first National Digital Government Strategy, including the three levels of government; (1.2) implementation of a new citizen survey on digital transformation, with a representative sample at the national level; and (1.3) cutting-edge issues, such as data governance and management, use of new technologies, etc. **Cybersecurity:** (1.4) preparation of the new cybersecurity strategy, (1.5) technical assistance on operational issues and training for public servants, prioritizing women, and including the development of an online course in Portuguese available for public servants from all levels of government. These activities will be implemented through international and local consultancies. Support from Japanese agencies such as the National center of Incident readiness and Strategy for Cybersecurity (NISC) and Japan Advanced Institute of Science and Technology (JAIST) will be prioritized during implementation.

- 3.2 **Component 2. Digital Transformation and Cybersecurity at the State and Local levels (US\$356,000).** This will include the following technical assistance activities: **Digital Transformation:** (2.1) Support to State-level governments for structuring digital transformation investment loans; (2.2) Support to Brazil's State-level Digital Transformation Group (GTD) for implementation of research projects; (2.3) Support to GTD to consolidate a community of practice (coordination support and travel costs of State level government officials within Brazil for two GTD meetings); (2.4) Implementation of citizen survey on digital transformation, with representative samples at the state level; and (2.5) Support to Municipalities, through enhancement and maintenance of platform Rede Gov.Br and other activities through municipal associations. **Cybersecurity:** (2.6) Support to prioritized State-level SOC's, including policy, technology, and operational aspects; and (2.7) technical assistance to municipalities and municipal associations to develop a basic cybersecurity toolkit. These activities will be implemented through international and local consultancies. Support from Japanese agencies such as NISC, JAIST and Japan's Digital Agency (which led the expansion of digital transformation to the municipal level) will be prioritized during implementation.

IV. Indicative Budget

- 4.1 The TC's total budget is US\$550,000. A total of US\$500,000 will be financed by the Japan Special Fund and US\$56,000 will be the counterpart's contribution.

Indicative Budget

Activity/Component	Description	IDB/Fund Funding	Counterpart Funding	Total Funding
1. Digital Transformation and Cybersecurity at the Federal Level	Individual consultants, Firms	US\$200,000	-	US\$200,000
2. Digital Transformation and Cybersecurity at the State and Local levels	Individual consultants, Firms, Travel (public servants)	US\$300,000	US\$56,000	US\$356,000
Total		US\$500,000	US\$56,000	US\$556,000

- 4.2 **Sustainability.** The TC's products will contribute directly with the development of digital transformation and cybersecurity capabilities of permanent public servants from the three levels of government. In addition, the TC will support the formulation of policies and strategies for which there is a legal mandate for their approval and implementation. Therefore, the products expect to be sustainable and scaled with local budget resources as well as investment loans.
- 4.3 **Supervision.** The sector specialist responsible for TC execution is based in Brazil's Country Office (CSC/CBR) and will be supported by digital government and cybersecurity specialists based in Washington as well as administrative staff at CSC/CBR. No transactional budget resources will be required for supervision. Annual monitoring reports and a final report will be prepared evaluating the TC's results, in the context of the Bank's monitoring and evaluation cycle for TCs.

V. Executing agency and execution structure

- 5.1 Following the beneficiary's request (Secretariat for Digital Government, as of January 1st 2023, within the Ministry of Management and Innovation, see Annex I) the Bank, through the Brazil Country Office (CSC/CBR), will execute the TC, in close coordination with the Federal Government's Secretariat for Digital Government. CSC/CBR has extensive experience in the implementation of state modernization technical cooperations, with successful results (2.8). Following the Bank's Policy for Technical Cooperation (GN-2470-2) and its corresponding Operating Guidelines (OP-619-4) (Annex II), the Bank's execution is justified to ensure achieving the TC's results, considering the potential number of beneficiaries (Federal Government, GTD, individual state-level governments, and municipal governments). The Bank's execution will also allow for a more dynamic and timely technical assistance, considering the administrative requirements and times for procurement processes by the Federal and State-level governments in Brazil.
- 5.2 The activities to be executed through this TC have been included in the Procurement Plan (Annex IV), and will be executed following the policies and procedures applicable to Bank-Executed Operations (BEO): (a) individual consultants will be hired in accordance with the AM-650 Administrative Manual 'Complementary Workforce'; (b) the procurement process for consulting firms will follow the Bank's Policy for the Selection and Contracting of Consulting Firms for Bank-executed Operational Work (GN-2765-4) and the related Operational Guidelines (OP-1155-4) for hiring consulting services of intellectual nature; and (c) the procurement of non-consultant services will follow the Bank's Corporate Procurement Policy (GN-2303-28). The initial procurement plan provides information on the contracts foreseen and their applicable monitoring and contracting methods. The firm "Macroplan Prospectiva, Estratégia & Gestão S/S Ltda" is expected to be hired through single source selection for product 2.5. This is justified under the Bank's Policy (GN-2765-4) because the services to be provided must match existing methodology, specification, or must rely on expertise, information or data analysis acquired through previous work for the Bank. The firm has developed the platform Rede Gov.Br for the Bank, financed with technical cooperation [ATN/OC-18-697-BR](#) (¶2.8).

VI. Major issues

- 6.1 The following main risks were identified: (1) technical assistance demand by state or municipal governments could exceed TC's resources, and (2) consultancies financed for different subnational governments could lead to duplication of efforts and therefore a suboptimal use of the TC's scarce resources. These will be mitigated through: (1) consolidation and prioritization of demand through GTD (for the state governments) and the Federal Government's subnational network Rede Gov.Br (for municipalities); and (2) in coordination with the Federal Government and GTD: (i) support interventions with a strategic perspective that are pioneer and that can be easily adapted to support other states and municipalities, and (ii) consolidate the communities of practice at the state and municipal level as spaces for sharing experiences and solutions (for example, using webinars and platforms to share information between governments).

VII. Exceptions to Bank policy

- 7.1 There are no exceptions to the Bank Policy.

VIII. Environmental and Social Strategy

- 8.1 According to the Environmental and Safeguards Compliance Policy (OP-703), this TC has been classified as Category “C”. The latter ratifies a negative minimum or inexistent environmental, social and/or cultural impact; therefore, no environmental assessment studies or consultations are required for Category “C” operations.

Required Annexes:

[Request from the Client - BR-T1534](#)

[Results Matrix - BR-T1534](#)

[Terms of Reference - BR-T1534](#)

[Procurement Plan - BR-T1534](#)