

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

BRAZIL

**PROGRAM TO STRENGTHEN THE UNIFIED SOCIAL ASSISTANCE
SYSTEM – FORTSUAS**

(BR-L1299)

LOAN PROPOSAL

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Required	
1.	Annual Work Plan (AWP) (Plan of activities for the first disbursement and the first 18 months of implementation) http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=36388402
2.	Operation monitoring and evaluation arrangements http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=36375924
3.	Full procurement plan http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36388412
4.	Environmental and Social Management Report (ESMR) http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=36379423
Optional	
1.	Unified Social Assistance System (SUAS) financing – Technical report http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=36388572
2.	Opportunities for better integration of SUAS information systems http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=36351279
3.	Social Assistance Referral Center (CRAS) selection criteria http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=36379461
4.	Economic analysis http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=36379481

ABBREVIATIONS

AECI	Assessoria Especial de Controle Interno [Special Internal Control Agency]
AWP	Annual Work Plan
BPC	Benefício de Prestação Continuada [Continuous benefit]
BSM	Brasil Sem Miséria [Brazil without misery]
CEBRAP	Centro Brasileiro de Análise e Planejamento [Brazilian Analysis and Planning Center]
CGU	Controladoria-Geral da União [Comptroller General of the Union]
CIB	Comissão Intergestores Bipartite [Bipartite Inter-managerial Commission]
CIT	Comissão Intergestores Tripartite [Tripartite Inter-managerial Commission comprised of SUAS managers from the three levels of government]
COFIEIX	Comissão de Financiamentos Externos [External Financing Commission]
CRAS	Centro de Referência de Assistência Social [Social Assistance Referral Center]
CREAS	Centro de Referência Especializado de Assistência Social [Specialized Social Assistance Referral Center]
DPI	Diretoria de Projetos Internacionais [International Projects Directorate]
ENAP	Escola Nacional de Administração Pública [National School of Public Administration]
ENSP	Escola Nacional de Saúde Pública [National School of Public Health]
ERM	Eligibility Review Monitoring
FNAS	Fundo Nacional de Assistência Social [National Social Assistance Fund]
IBGE	Instituto Brasileiro de Geografia e Estatística [Brazilian Institute of Geography and Statistics]
IC	Individual consultant
ICB	International competitive bidding
IGD	Índice de Gestão Descentralizada [Decentralized management index]
IPEA	Instituto de Pesquisa Econômica Aplicada [Institute for Applied Economic Research]
LOAS	Lei Orgânica da Assistência Social [Social Assistance Act]
MDS	Ministry of Social Development and Fight Against Hunger
NCB	National competitive bidding
PAEFI	Serviço de Proteção e Atendimento Especializado a Famílias e Indivíduos [Specialized Family and Individual Protection and Services Program]
PAIF	Serviço de Proteção e Atendimento Integral à Família [Comprehensive Family Protection and Services Program]
PBF	Programa Bolsa Família [Family Subsidy Program]
PSB	Proteção Social Básica [Basic Social Protection]
PSE	Proteção Social Especial [Special Social Protection]
QCBS	Quality- and cost-based selection
SAA	Subsecretaria de Administração [Administration Branch]
SAGI	Secretaria de Avaliação e Gestão da Informação [Information Evaluation and Management Department]

SFC	Secretaria Federal de Controle Interno [Federal Internal Control Department]
SFCI	Secretaria Federal de Controle Interno [Federal Internal Control Department]
SIAFI	Sistema Integrado de Administração Financeira do Governo Federal [Federal Government Integrated Financial Management System]
SIAIN	Sistema de Acompanhamento de Acordos Internacionais [International Agreements Monitoring System]
SNAS	Secretaria Nacional de Assistência Social [National Social Assistance Department]
SPOA	Subsecretaria de Planejamento, Orçamento e Administração [Planning, Budget, and Administration Branch]
SUAS	Sistema Único de Assistência Social [Unified Social Assistance System]

PROJECT SUMMARY

BRAZIL

PROGRAM TO STRENGTHEN THE UNIFIED SOCIAL ASSISTANCE SYSTEM – FORTSUAS (BR-L1299)

Financial Terms and Conditions ¹				
Borrower: Federative Republic of Brazil Executing agency: Federative Republic of Brazil, through the Ministry of Social Development and Fight against Hunger (MDS)			Amortization period:	25 years
			Grace period:	6 years
			Disbursement period:	6 years
Source	Amount US\$ million	%	Interest rate:	LIBOR-based
IDB (OC)	66.0	68	Inspection and supervision fee:	*
Local	31.7	32		
Other cofinancing	0.0		Credit fee:	*
Total	97.7	100	Currency:	U.S. dollars from the Ordinary Capital's Single Currency Facility
Project at a Glance				
Project objective: The program's general objective is to improve the quality of social assistance services provided by the service units of the Unified Social Assistance System (SUAS), by strengthening the institutional capacity of the Ministry of Social Development and Fight against Hunger (MDS) in its role as system manager and regulator, and by expanding and improving the supply of SUAS services.				
Conditions precedent to the first disbursement: Evidence will be provided that the program's Operating Regulations have entered into force (paragraph 3.8).				
Special execution conditions: (i) Within 12 months of the signing of the contract, the executing agency will submit a detailed quasi-experimental evaluation proposal (paragraph 1.28), to the Bank's satisfaction; (ii) Within six months of the signing of the contract, the executing agency will submit an operational plan for program support to the Bank (paragraph 1.29); (iii) The transfer of resources from the local contribution to any entity participating in program implementation is subject to the execution of contracts, pursuant to national legislation and under terms that are satisfactory to the Bank (paragraph 3.2); (iv) The executing agency will submit to the Bank—for information purposes and possible remarks on the subject—any contract for financial intermediation of resource transfers to the municípios (paragraph 3.3).				
Other special contractual conditions: The deadline for the physical start of the works will be three years (paragraph 2.1).				
Exceptions to Bank policies: None				
Project consistent with the Country Strategy:			Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Project qualifies as:	SEQ <input checked="" type="checkbox"/>	PTI <input checked="" type="checkbox"/>	Sector <input type="checkbox"/>	Geographic <input checked="" type="checkbox"/> Headcount <input type="checkbox"/>

* The credit fee and 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 provisions of the Bank's policy on lending rate methodology for Ordinary Capital loans. In no case will the credit fee exceed 0.75% or the inspection and supervision fee exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, rationale

- 1.1 **Expansion of social spending and poverty reduction in Brazil.** Poverty in Brazil retreated significantly during the 2000s, declining from 35% in 2003 to 24.1% in 2008. This was the outcome of a combination of policies promoting economic growth with job creation, the recovery of minimum wage levels, and expanded coverage of programs targeting the poorest population groups. There has also been a sustained increase in federal government social assistance spending, which grew by 255% in real terms from R\$11.2 billion in 2002 to R\$39.8 billion in 2010.¹ This growth is related mainly to the expansion of conditional cash transfers, particularly through the Continuous Benefits Scheme (BPC)² and the *Bolsa Família* family subsidy program (PBF).³ It was also supported by an expansion of the network of units and services provided by the Unified Social Assistance System (SUAS), where expenditure grew by 100% in the same period.
- 1.2 Nonetheless, the scale of poverty remains worrying. The Brazilian Institute of Geography and Statistics (IBGE) has identified the population group living in conditions of extreme poverty, based on preliminary data from the 2010 census; and those figures were used as a basis for defining actions given priority by the recently launched national plan to overcome extreme poverty – *Brasil Sem Miséria* (BSM) [Brazil without misery].⁴ The census reports a total of 16,270,000 people living in extreme poverty, representing 8.5% of the total population;⁵ most of them (71%) are Afro-descendants living in the North and Northeast regions (75%), with rural areas affected proportionately more. In urban and rural areas alike, half of those living in extreme poverty are no more than 19 years old; and children of up to 14 account for two out of every five extremely poor people nationwide.
- 1.3 **The drive to improve the quality of services for the poorest.** The new administrator has made a commitment to review and improve the supply of

¹ MDS. Technical Note - *Financiamento da Assistência Social no Brasil* [Financing of social assistance in Brazil]. Brasília: MDS, 2010.

² In March 2011, the PBF benefited 11.3 million families, while the BPC reached another 3.2 million adults or persons with disabilities.

³ Soares, S., R. P. Ribas, and F. V. Soares (2006). *Cash Transfer Programmes in Brazil: Impacts on Inequality and Poverty*. IPEA. Brasília; and Soares, F., R. Ribas and R. Osório (2010). “Evaluating the Impact of Brazil’s Bolsa Família: Cash Transfer Programs in Comparative Perspective”. *Latin American Research Review* - Volume 45, Number 2, pp. 173-190.

⁴ The proposal consists of raising personal incomes and improving well-being, by ensuring effective access to better-quality services, a minimum income level guaranteed through subsidies, and improved individual employability conditions to raise earned incomes. All of this is expected to increase capacities and opportunities to help these families to escape extreme poverty.

⁵ As Brazil does not have an officially defined extreme poverty line, the federal government chose a R\$70 monthly per capita income threshold as one of its tools for identifying the target public for the *Brasil Sem Miséria* program, which produced an estimate of 16.2 million extremely poor people.

- programs and services that comprise the social protection and assistance networks. Existing policies and programs will be strengthened and several innovations will be made as part of a major coordination effort at the federal, state, and municipal levels. The BSM provides a framework for inter-sector coordination that mainly combines social assistance, food and nutritional security, health, education, housing, income, and employment creation actions. The aim is to remedy the coverage deficit and make the programs more efficient through better distribution.
- 1.4 In this scenario, the National Social Assistance Policy and its Unified Social Assistance System (SUAS), through its basic and special social protection services, play a key role in the strategy for identifying and caring for extremely poor families; not only because of its networks' broad geographic coverage but also through the competencies and functions of their centers to diagnose, refer, and support families. Thus, the creation of parallel structures is not justified but the strengthening and expansion of those networks is.
 - 1.5 **The Unified Social Assistance System in Brazil.** The SUAS is an important part of the State response to inequality, poverty, and vulnerability in Brazil. Created in the 1988 Constitution and through the Social Assistance Act (LOAS) of 1993, the SUAS defines competencies and responsibilities at the federal, state, and municipal government levels; it also organizes the supply of social assistance services, and specifies social participation and control mechanisms. In this framework, the Ministry of Social Development and Fight Against Hunger (MDS) fulfills a coordinating and regulatory mandate, in addition to serving as the system's main source of financing, either directly (as in the case of the PBF and BPC), or through transfers to the states and municipalities, to finance the implementation of SUAS network units and service delivery.
 - 1.6 The SUAS network encompasses the following: (i) basic social protection (PSB), of a preventive nature, with a view to strengthening family and community ties through services provided in social assistance referral centers (CRASs). Services are also provided by other entities to which the beneficiaries are referred, for which the CRASs implement the Comprehensive Family Protection and Services Program (PAIF), which serves as the main structural hub of the entire network; and (ii) Special Social Protection (PSE), which undertakes remedial work, of medium or high complexity, differentiated by the type of problem involved. The Specialized Social Assistance Referral Centers (CREASs) are the key PSE units.
 - 1.7 For an idea of the scales involved in the system, in July 2010, 94% of the country's municípios were already equipped to manage the SUAS at some level, while all the states, committed to implementing local and regional social assistance systems, had signed agreements to enhance the application of its policies. Today the SUAS has just over 7,000 CRASs, which are the main facility responsible for PSB activities, and about 1,800 CREASs—the public entities responsible for special social protection. In addition, over 50 million people (including all PBF and PBC beneficiaries) receive noncontributory benefits. According to the MDS, about 2.7 million families were supported through the PAIF in 2010.

- 1.8 **The main weaknesses of the CRASSs.** Despite their recent implementation, the network of care and the services provided by the SUAS have been expanding rapidly (from 3,428 to 6,801 CRASSs in six years). Nonetheless, three important points should be noted: (i) this expansion is relative, because neither the existing centers nor the services they provide cover the potential demand from eligible families and individuals; (ii) despite its growth, state supply is largely based on the 9,398 nonprofit nongovernmental organizations hired by the municípios to provide services to SUAS beneficiaries; and (iii) one of the negative externalities of the rapid expansion of the SUAS is inadequate training of its human resources, because thus far training opportunities have only been occasional and unstructured. This has generated quality disparities between centers, thereby reducing the efficiency and effectiveness of the services provided to the public.
- 1.9 The implementation process has also been inadequately planned, which, together with the weak institutional capacity of most municípios, has generated large disparities between the different CRASSs. A review of the main indicators used in the 2010 SUAS census, shows that: (i) most CRASSs are located in areas with a high concentration of people living in situations of vulnerability; (ii) at least three in every five consultations responded to by the centers involved the poorest families who had already been registered and incorporated into the PBF; (iii) one in every two consultations involved families experiencing some degree of food insecurity; and (iv) half of all cases involved eligible families that have not been incorporated into cash transfer programs. All of this shows that the SUAS network is a highly valuable institutional resource as an articulating hub of the BSM's intersector actions, and for strengthening the actions of the MDS, taking services to additional population groups and thus helping to break the intergenerational transmission of poverty. Nonetheless, nearly half the centers do not have adequate equipment for their operations; over 30% of the CRASSs do not conduct social diagnostic studies of their territories; and half of the service units do not provide specific services for young people—even though they are the second highest reason the population turns to the centers, after PBF beneficiaries. The above is compounded by a lack of methodologies and quality and cost parameters, and the absence of protocols for service delivery. This results in low response capability, an inability to identify the professional skills needed to implement the services, and a glaring disparity in relation to private sector providers, because there is no framework governing their action at par with the SUAS state network.
- 1.10 In 2008 the MDS conducted a study to assess the implementation and management status of the PAIF and CRASSs nationally, with a view to making recommendations for regulatory improvement along with methodological and operational guidelines. The main conclusions of the study⁶ reveal major structural constraints on the operation of the program, including unsuitable physical spaces, lack of equipment,

⁶ “*Estudo Quali-Quantitativo sobre o Programa de Atenção Integral à Família – PAIF*” [Qualitative-quantitative study of the PAIF program]. Ministry of Development and Fight against Hunger. Consórcio Gesaworld S.A. and Via Pública. Brasília, 2010.

and inadequate human resources. These limitations related to management constraints, such as a shortage of financial resources, inadequate integration with the social assistance network, poor intersector articulation, and ignorance of methodologies and information to perform diagnostic studies. From the standpoint of user satisfaction, the evaluation highlighted two important indicators: firstly, 70.9% of users mentioned the warm welcome they received at the centers as the main feature of their experience in the CRASs; and this was the reason for not assigning a lower mark to the services they actually received there. Secondly, 43.2% of users mentioned the failure to resolve their problem or the inadequateness of the services or courses provided, as the main negative feature of the experience, and the main reason for not awarding a higher score when rating the service.

- 1.11 The key recommendations generated in that study to improve the program were: in terms of infrastructure and equipment, to promote improvements in the physical space of the units (expansion, upgrade, or replacement); improve the provision of equipment and materials in adequate conditions to build up the PAIF service units; and provide adequate means of transport to undertake home visits and active search for families locally. In terms of human resources, the recommendation was not only to increase the number of technical personnel but to promote training for teams, coordinators, and managers of the social assistance network on PAIF and CRAS services, their methodologies, and guidelines for working with families (including the PBF and BPC). In relation to the services as such, the recommendations highlighted the need to set standards for service methodologies and the exchange of information between departments, making use of the referral and counter-referral system effective. The development and dissemination of working methodologies was also recommended.
- 1.12 Lastly, with the aim of contributing to the “territorialization” of the social assistance policy pursuant to the guidelines contained in the National Assistance Plan and the SUAS, the MDS performed a study in 2011⁷ that analyzed the critical processes of the model, the connections between programs, and the main dynamics of the territorial operation of the social assistance networks. The key conclusion reached by the study is that the different programs function in a very atomized way, without the minimum connections needed to make the model’s referral and counter-referral mechanism effective. This is a major factor preventing its policies from gaining ground in terms of population and territories, resulting primarily in poor articulation between the PBF, BPC, and the rest of the social assistance network, and very weak articulation with other service units such as schools and health centers.

⁷ “*Articulação do Programa Bolsa Família (PBF) e do Benefício de Prestação Continuada (BPC) com os serviços oferecidos pelo Sistema Único de Assistência Social (SUAS), especialmente os ofertados nos CRAS e CREAS, em espaços metropolitanos de pobreza e vulnerabilidade*” [Articulation of the Bolsa Família program (PBF) and the Continuous Benefit (BPC) Program with the services provided by the Unified Social Assistance System, particularly those available at the CRASs and CREASs in poor and vulnerable metropolitan zones]. Ministry of Development and Fight against Hunger (MDS). Brazilian Analysis and Planning Center (CEBRAP). Brasília, 2011.

- 1.13 The study argues that although spatial articulation between the beneficiaries and services is a necessary condition for public policy to be adequately implemented, this is not guaranteed merely by the location of the service units and their physical proximity to the most vulnerable population. Instead it requires the creation of conditions to make that articulation operational and render the system's operating protocols effective. In this regard, the study indicates that, along with the weakness of the protocols in guiding decisions on the involvement of actors and referral of beneficiaries, the most critical factor most affecting this absence of articulation is the lack of knowledge among CRAS and CREAS professionals of the operational guidelines defined by the policy. On this point, there are two types of recommendations: update the operational protocols to enable the technical staff of the units to make better decisions and achieve greater response capability; and design training strategies for the professionals working in the centers, to ensure that they have the information needed to take action and make referrals.
- 1.14 **The challenges facing the SUAS in fulfilling the BSM mandate.** The CRASs represent one of the most important gateways for the programs encompassed by *Brasil Sem Miséria*. As the plan aims to reach the most vulnerable and excluded families, its key measures include an active search strategy by local teams of professionals, who, from their respective areas of action, will be instructed to locate and register prioritized families, and include them in the program. These networks will also be required to identify existing services and the need for new actions to give this population effective access to the social assistance network. The active search strategy, which is a cornerstone of the BSM model, includes household visits, cross-referencing of the databases available in various entities, and local registries generated for the purpose. Raising the skills of public sector managers to provide services to population groups living in extreme poverty is seen as a basic condition for making the strategy operational.
- 1.15 But what is the scenario? According to the census data,⁸ if providing support to families⁹ and managing networks locally are considered the main CRAS activities, only 17.69% seem to be achieving the targets set in this area, owing mainly to the management capacity of the teams and their level of understanding of PAIF objectives. Although the proportion of CRASs that do not provide family support is

⁸ MDS. Social Assistance Department “*O CRAS que temos, o CRAS que queremos*” [The CRASs we’ve got, and the CRASs we want]. *Volume 1. Orientações Técnicas* [Technical Guidelines] “*Metas de Desenvolvimento dos CRAS Período 2010/2011*” [CRAS development targets for the period 2010/2011] Brasília, 2011.

⁹ According to the SUAS regulations, providing family support is a technically skilled process, undertaken by a high-level professional. It involves continued and planned interventions to deal with family vulnerabilities and risks, where the professionals and families jointly set the objectives to be achieved in terms of well-being and effective exercise of rights. For further details see: Comissão Intergestores Tripartite. *Artigo 20 do Protocolo de Gestão Integrada de Serviços, Benefícios e Transferências de Renda no âmbito do Sistema Único de Assistência Social - SUAS* [Article 20 of the protocol on the integrated management of services, benefits, and cash transfers within the Unified Social Assistance System (SUAS)] (*Resolution 07 of 10 September 2009*). Brasília, MDS: 2009.

- negligible, this tends to occur in units where there is no coordinator responsible for organization and management of the service.
- 1.16 The same data show that nearly one in every five CRASs fails to provide priority support for families that do not satisfy the *Bolsa Família* conditions; and here again, the explanation relates to management capacity shortcomings. The situation is particularly critical in terms of the variable “priority support for families that include beneficiaries of continuous benefits and other potential benefits”, because these are highly vulnerable families (mainly owing to the presence of children who are not in school, and elderly or disabled persons), for whom this may be the only service they can access. According to the census, nearly half of all CRASs do not undertake this activity.
 - 1.17 All of the above is clearly corroborated by the large number of CRASs that do not undertake local management activities: practically three in every five centers do not fulfill this function, which is crucial for sustaining all the other activities and an enabling condition for the referral and counter-referral system that the centers are required to coordinate. Although nearly all CRASs claim to maintain some relation with the public units of the basic social protection network, in most cases this is informal and unsystematic, and does not provide people with effective access to the services of the social assistance network.
 - 1.18 **The SUAS strengthening proposal.** In view of the above, the MDS has concluded that the challenges it faces require a policy to strengthen its social assistance system, including the following: (i) deficiencies in the physical infrastructure of the CRASs and CREASs; (ii) weaknesses in the competencies and skills of SUAS professionals stemming from insufficient or ineffective education and training; (iii) lack of systemization of information on mechanisms, instruments, and methodologies for management and delivery of system services; (iv) nonexistence of practical mechanisms to integrate social programs and services, service protocols, and indicators of the effectiveness of social assistance services; and (v) nonexistence of a regulatory framework governing the actions of nongovernmental organizations linked to the SUAS.
 - 1.19 System strengthening is an essential condition for upholding the social assistance entitlements of the country’s poor and vulnerable, particularly in the context of the demanding targets of the *Brasil Sem Miséria* plan. With that aim in mind, the government has included among its priorities a number of measures aimed at strengthening the SUAS. These range from infrastructure expansion and improvement, training, human resource skill development, and improvement of service methodologies, to improvement of the regulatory framework governing private social assistance services, and the incorporation of standards for quality of services provided in the centers.
 - 1.20 This operation is aligned with the Bank’s updated Country Strategy with Brazil (document GN-2570) and is included in the 2011 Operational Program (document GN-2617). Its strategic objectives include support for SUAS strengthening and the

reduction of quality gaps in the care services provided in the CRASs and CREASs. The operation is also in line with the *Report on the Ninth General Increase in the Resources of the Inter-American Development Bank* (GCI-9), contributing to the expected output “Individuals receiving targeted anti-poverty program.” It is also consistent with the objectives and priorities of the Bank’s Social Policy Strategy promoting equality and productivity (document GN-2241-1).

B. Objectives, components, and cost

- 1.21 **Project objectives.** The program seeks to improve the quality of the social assistance services provided by SUAS service units, by strengthening the institutional capacity of the MDS as system manager and regulator, and expanding and improving the supply of SUAS services, in order to contribute to protecting families and individuals in situations of vulnerability and/or social risk.
- 1.22 **Component 1: Expansion and improvement of CRAS infrastructure conditions.** This component aims to expand the supply of services provided by the SUAS service network at the local level, by constructing approximately 230 new CRASs. Although these will be built according to the architectural standards adopted by the MDS, the centers offer high innovation potential in terms of the possibility of converging the program’s components towards an integrated management model. This option also provides high value added to the program by enabling the MDS to monitor and track outcomes and thus generate evidence on the best practices and models for intervention with families, linked to services organized on the basis of high quality standards.
- 1.23 The MDS presented an initial proposal on eligibility criteria to be used in selecting municípios where the CRASs will be located: (i) a CRAS development index (DI)¹⁰ rating of average or insufficient in the physical infrastructure dimension; (ii) premises for the CRAS to operate from, either rented or assigned; and (iii) a CRAS DI rating of at least “average” in the human resources dimension. Within this universe, the geographic distribution of extremely poor families would be used as a prioritization criteria, with the municípios in each region being ranked according to their extreme poverty rate and the number of people living in extreme poverty.
- 1.24 **Component 2: Training and education of SUAS workers.** This component involves the development of a diverse supply of training and education alternatives, with the aim of upgrading the network of services available locally. The proposal is based on a number of principles that will be used to structure training paths that seek to link knowledge to the practices of professional and technical personnel—in other words, training to develop skills that apply to the work process for the operation of the SUAS. The course modalities to be offered include: (i) distance-based refresher courses on basic SUAS methodology (32,000 professional staff);

¹⁰ The CRAS development index is a synthetic indicator used by the MDS to evaluate several aspects of the performance of the centers in terms of infrastructure, activities undertaken, and human resources.

- (ii) social counselor course (3,500 professionals); (iii) specialization course in SUAS management (1,295 professionals); and (iv) professional master's in social policy (75 professionals). In addition, and to generate greater institutional capacity in the MDS itself, a distance education unit will be created, to make it possible in the future to consolidate a sustainable institutional strategy for network-based knowledge formation and dissemination. The main challenge of this component will be to innovate in terms of knowledge production and dissemination, in line with the methodologies and protocols to be produced under Components 3 and 4.
- 1.25 **Component 3: Improvement of SUAS services management quality and service model.** This is a cornerstone of the project, and its objective is to improve the service capacity of the centers by implementing a comprehensive model for dealing with vulnerable families. Actions will include the computerization of service records, updating of referral and counter-referral protocols, and the development and implementation of regulations and protocols governing the private social assistance network.
- 1.26 As well as working simultaneously and on a complementary basis to develop regulations, technical guidelines, management protocols, and information systems, implementation of the component will include wide-ranging social dialogue with actors to persuade professional teams to adhere to national referral standards around which the project's innovations can be introduced. As it encompasses many complex domains, the work will be prioritized around the six most important protocols of the system;¹¹ and actions will be planned for the production, validation, and dissemination of contents, as well as support for and monitoring of the adoption of the new guidelines and protocols to be implemented during the first four years of the project.
- 1.27 The viability of this component is related to the possibility of strengthening the support and technical assistance function for working with the states, municípios, and Federal District. This function is part of the component's general strategy, particularly in the strategy for supporting the 230 model CRASs. The project's overall technical and operational coordination strategy will take this component as its main directive, in close coordination with the training and education of workers, which in turn will be supported by the component on the production and dissemination of social assistance data.
- 1.28 **Component 4: Production and dissemination of social assistance data.** The objective of this component is to contribute to knowledge development in areas that will be crucial for the SUAS operation, and to an improvement of its mechanisms for record-keeping and information processing and use. The component includes the production and analysis of data to support and evaluate the implementation and

¹¹ (i) Comprehensive Family Services Program (PAIF); (ii) Specialized Family and Individual Protection and Services Program (PAEFI); (iii) Specialized service for street-dwellers; (iv) Intersector protocol for providing services for adult street-dwellers; (v) Active search, master registry, and social oversight; and (vi) Referral and counterreferral between the PBF and PSE.

impact of the project. Studies will be conducted to evaluate the graduates of the training and education courses, service quality, and the perceptions of users of social assistance services. Studies and information surveys aimed at supporting the other components are also considered. The second subcomponent on studies regarding the social assistance economy will make it possible to explore an area on which little knowledge has been accrued in the country. The following studies will be conducted, among others: (i) the relationship between social assistance services and local economies; (ii) the cost-effectiveness of institutional services for dependent persons; (iii) the costs of the social assistance services and the viability of current financing mechanisms; (iv) analysis of the social assistance and social security budget in terms of financing standards; and (v) the financing of the private network of social assistance services. It has been agreed, as a special condition of execution, that, within the first 12 months of program execution, the executing agency will submit a detailed proposal for the quasi-experimental evaluation to be undertaken on three levels: services (CRASs), workers, and households.

- 1.29 **Component 5: Project management and monitoring.** This component will support the operation of the other components, through technical and organizational actions to integrate critical processes. The activities and products to be developed include designing an operational plan for project monitoring. As a special condition for the execution of this component, the executing agency will present the operational plan for project monitoring, to the Bank's satisfaction, within six months after the signing of the loan contract.
- 1.30 **Cost and financing.** The total cost of the program is US\$97.7 million, of which US\$66 million (68%) will be financed by the Bank, and US\$31.7 million (32%) will be financed through local counterpart funding, as per the following table.¹² The program has a consultation letter approved by the External Financing Commission (COFIEX): Resolution No. 1213, of 10 December 2010.

¹² The interest and other financial charges will be paid by the borrower with its own resources outside the project.

Categories	Source of financing (in US\$000)		Total	% of total
	IDB	Counterpart		
Percentage	67.6%	32.4%	100.0%	
1 - Expansion and improvement of SUAS service infrastructure conditions	483	31,700	32,183	33%
1.1 – Works	–	31,700	31,700	
1.2 – Technical assistance and supervision	483	–	483	
2 – Training and education of SUAS workers	30,123	–	30,123	30.8%
3 - Improvement of SUAS services management quality and service model	18,396	–	18,396	18.8%
4 – Production and dissemination of social assistance data	11,350	–	11,350	11.6%
5 – Project management and monitoring	5,648	–	5,648	5.8%
GRAND TOTAL	66,000	31,700	97,700	100.0%

* **Note:** The budget includes up to US\$2,208 for impact evaluation, and is estimated on the basis of preliminary potential calculations (see Monitoring and Evaluation Arrangements).

C. Key Indicators of the Results Framework

- 1.31 The Results Framework defines the indicators to be used to monitor and evaluate the outcomes of the program and its components over the six-year execution period. An ex ante economic analysis found that the strengthening and expansion of the SUAS and its services will have the potential to increase family income through the direct benefits of transfers and, in the longer term, through access to education, health, and housing policies (see Economic Analysis). The following table summarizes the rationale and lists the key indicators:

Key indicators	Frequency of measurement and source	Rationale for selecting the indicator
Percentage of services provided in the CRASs to families living in extreme poverty.	Annual. National system for registering access to and use of services	This indicator shows the centers' coverage of families living in extreme poverty. This information is currently not available, and is also related to the purpose of the <i>Brasil Sem Miséria</i> plan to raise this proportion by actively searching for more vulnerable families.
Percentage of families living in extreme poverty supported by the PAIF.	Annual. National system for registering access to and use of services	This shows the coverage of the specialized family support service in the higher vulnerability segment. This information is currently not available owing to shortcomings in the records and disparity of criteria for allocating this resource.
Degree of assimilation of training content	Two measurements. Ex ante and ex post objective test with participants.	This indicator uses an objective instrument and comparative criterion to measure the degree of learning achieved by the worker with respect to the course contents.
Percentage of municípios with a decentralized management index (IGD) above 0.6.	SUAS Web. Annual. National system for registering access to and use of services	This indicator measures the improvement of SUAS management at the municipal level. The combined effects of the actions undertaken by the different components should affect the behavior of this indicator, which also enjoys a high level of institutionalization and supports decision-making.
Percentage of CRASs with information on the number of families supported	Annual. National system for registering access to and use of services	The lack of information on actual beneficiaries of support services is the main indicator of system weaknesses. If the CRASs have this information it means that they are applying standards, keeping systematic records, and reporting effective coverage. This means that they have management capacities close to the benchmark, and that system capacity to account for its interventions is increasing.

II. FINANCING STRUCTURE AND RISKS

A. Financing instruments

- 2.1 The investment loan, funded from Ordinary Capital resources, will be subject to the following conditions: (i) LIBOR-based interest rate (ii) 25-year amortization period; (iii) three-year deadline for the physical start of works; and (iv) six-year disbursement and grace periods.

B. Environmental and social risks and safeguards

- 2.2 At its meeting of 26 April 2011, the Eligibility Review Monitoring (ERM) gave the operation a “B” rating, in view of the construction of the CRASs, which are small-scale house-sized social service offices. During preparation of the operation, however, the number of program works was cut by over half, from 500 to 230 CRASs; and alteration works initially envisaged were eliminated. Nonetheless, the ERM recommendations were fully adopted and management measures are summarized in the Environmental and Social Management Report. Given the scale of the program’s works, any environmental impacts can be expected to be temporary, localized, and small-scale, limited to works execution. They can be mitigated through the specific works environmental control measures envisaged in the *“Manual of instructions, guidelines, and operational procedures for contracting and implementing SNAS programs and actions”* and in the “CRAS descriptive report”, included in the program’s Operating Regulations. Involuntary resettlement is not anticipated and, as defined in OP-710, the eligibility criterion for building a CRAS requires a vacant property.
- 2.3 From the standpoint of vulnerability to disasters consistent with policy OP-704, in the analysis of the engineering design and documentation relating to the CRASs, a município that requests a CRAS must show the Caixa Econômica Federal that the work will not be located in disaster-prone areas. The executing agency will present a semiannual works supervision report to the Bank, analyzing the compliance of program works with environmental legislation, including an analysis on their location in safe areas.
- 2.4 The program will have positive gender impacts, since most of the CRAS user-population consists of women seeking some benefit or service provided by the SUAS. In particular, the CRASs are responsible for preventing situations of violence or the breakdown of family and community ties. The work to advance and empower women done in the PAIF enables women to gain access to other social programs and policies with potential impact on their income, employment status, and social participation.

C. Fiduciary risks

- 2.5 The MDS underwent an institutional capacity assessment via the ICAS and project risk management, and it was rated medium-risk. Financial risks include: (i) a possible budgetary shortfall in relation to the project’s cost, arising from potential

price increases on the domestic market and an unforeseen devaluation of the dollar internationally. As a mitigating action, the executing agency will monitor continuously, to be in a position to take any necessary steps in time; (ii) a mismatch in the provision of counterpart funding and demonstration of investment *pari passu* through the FNAS. Disbursement requests will be subject to temporary withholding at 5%, as a provision against transfers that do not result in satisfactory works; (iii) the project's information system (SIAIN) is not yet integrated with the central system (SIAFI), so accounting data have to be entered manually. The MDS is working to overcome this weakness, either by adapting and improving the SIAIN, or by implementing a new solution; and (iv) in relation to procurements: insufficient staff in the MDS for new activities, including project management and the implementation of procurement, selection, and contracting processes. This risk will be mitigated by assigning specialized staff in strategic technical areas of the MDS, as well as technical staff for management, to be contracted using program funds. The Bank will also provide intensive training for Executive Secretariat staff.

D. Other risks

- 2.6 There is a risk of implementation delays in certain program actions, arising from the sector's organizational dynamic, which requires participation by various (governmental and association) actors and consensus to be reached between them. The MDS will communicate and disseminate the program's actions widely among SUAS managers, allowing for implementation updates in the CITs and CIBs and the sector's social oversight councils. The distance education strategy to be used for the training has the risk of high participant dropout, resulting in low rates of worker certification. The MDS will encourage senior managers to promote participation and maintain a monitoring presence on the ground to reduce dropout.

III. IMPLEMENTATION AND PLAN OF ACTION

A. Summary of implementation arrangements

- 3.1 **Executing agency.** The executing agency will be the Federative Republic of Brazil acting through the MDS, via its Executive Secretariat, with responsibility for coordinating, planning, monitoring, and executing activities related to projects financed with external resources. The strategic coordination and technical management of program actions will be the responsibility of a management committee. The latter will be set up by the Executive Secretariat, which will chair it. It will be comprised of representatives from the departments involved in the technical implementation of program actions, as described in the program's Operating Regulations.
- 3.2 **Implementation arrangements.** The MDS Executive Secretariat will coordinate the management committee and the departments and branches involved, and will be responsible for fiduciary management of the operation's execution. The program will be audited by the Federal Internal Control Department (SFC) of the Comptroller General of the Union (CGU). It was agreed that the transfer of local

contribution resources to any entity participating in program implementation will be subject to the execution of contracts, pursuant to national legislation and under terms that are satisfactory to the Bank.

- 3.3 **Execution of component 1 (CRAS works).** Investments related to the construction of CRASs in the municípios will be executed by the National Social Assistance Fund (FNAS) of the MDS, which is legally responsible for the decentralization of resources to other federative entities in the context of the SUAS and, in the case of this project, to the municípios, through the MDS's authorized financial institution, which will ensure that the contracting requirements are fully observed, including quality considerations and CRAS accessibility criteria (See [Works execution flow](#)). A special condition of execution was established whereby the executing agency will submit to the Bank—for information purposes and possible comment on the subject—any contract for financial intermediation of resource transfers to the municípios.

- 3.4 **Disbursements and execution period.** The estimated disbursement schedule is shown in the following table.

	Year I	Year II	Year III	Year IV	Year V	Year VI	Total (US\$)	%
IDB	7.8	12.2	13.9	18.1	8.7	5.3	66.0	68
Counterpart	-	8.2	11.7	11.7	-	-	31.7	32
TOTAL	7.8	20.4	25.6	29.8	8.7	5.3	97.7	100%
%	8%	21%	26%	30%	9%	5%	100%	

- 3.5 **Procurement.** The procurement of goods, works, and consulting services will abide by the Bank's policies, as set out in documents GN-2349-9 and GN-2350-9, both dated March 2011. Given the analysis of the executing agency's capacity, the first two procurement processes under each modality using the loan proceeds will be reviewed ex ante. Subsequently, all processes will be reviewed ex post, except for direct procurement and contracts for over US\$5 million.
- 3.6 **Advances of funds.** Program disbursements can be made through advances of funds, based on the financial programming planned by the executing agency and presented to the Bank. The Executive Secretariat will present the disbursement request to the Bank, together with a financial plan of expenses relating to the activities of the annual work plan (AWP) and a projected cash flow for the 180 days following each calendar six-month period.
- 3.7 **Financing and retroactive recognition of expenses.** The Bank may recognize up to US\$4 million against the financing, and up to US\$9.3 million against the local counterpart funding, to reimburse expenses incurred up to 18 months before the date of approval of this operation by the Bank's Board of Executive Directors, but not prior to the date on which the project profile for this operation was approved by the Bank's Management. This will make it possible to start training and education actions, and the works, and begin preparing the evaluation and management

support. These procedures are consistent with the Bank's policies on the recognition of prior expenses (OP-504).

- 3.8 **Special condition.** A condition precedent to the first disbursement is that the program's Operating Regulations under terms satisfactory to the Bank have been approved, and are in force.

B. Summary of results monitoring measures

- 3.9 The Executive Secretariat will submit semiannual progress reports to the Bank, indicating the progress achieved in each component and the program's overall performance, based on the indicators agreed upon in the Results Framework. The collection and analysis of data for the production of indicators, and computerized tools to keep the databases up-to-date, will be the technical responsibility of the Information Evaluation and Management Department (SAGI). In general, the indicators were obtained from existing systems being used by the MDS—specifically the SUAS census, SUAS WEB, the master registry (*Cadúnico*)—supplemented by data on the services provided to families, obtained from the National Register of Access to and Use of Services. Semiannual status reports will be related to the targets planned in the AWP.
- 3.10 **Evaluation.** Given the innovative nature of the actions, an external entity will conduct a quasi-experimental evaluation of the project, as described in the monitoring and evaluation arrangements, with a view to answering two key questions: (i) what impact does the comprehensive strengthening of the system have on the quality and quantity of services provided by the CRASs; and (ii) what impact do one or more modalities of training for SUAS workers have on their knowledge and practice in providing services. To answer these questions, the evaluation will set up two treatment groups and a comparison group. The first group involves infrastructure improvements, staff training, and management improvements (Components 1, 2, and 3); the second group will not include infrastructure improvements (Components 2 and 3); and the third group will be formed from CRASs that do not receive direct program support. The evaluation, and hence the comparison between these groups, will be used to document the results and impacts of one or more of the program's components on services subject to different intervention models, thereby generating evidence of the factors affecting their performance. The design of the evaluation proposed by the program will provide many elements for program evaluability.

Development Effectiveness Matrix			
Summary			
I. Strategic Alignment			
1. IDB Strategic Development Objectives	Aligned		
Lending Program	Lending for poverty reduction and equity enhancement.		
Regional Development Goals	Reduce extreme poverty rate.		
Bank Output Contribution (as defined in Results Framework of IDB-9)	The intervention contributes to Bank outputs: i) Individuals (all, indigenous, afro-descendant) receiving targeted anti-poverty programs, and ii) Municipal or other sub-national governments supported.		
2. Country Strategy Development Objectives	Aligned		
Country Strategy Results Matrix			
Country Program Results Matrix	GN-2617	The project is included in the 2011 Country Program Document.	
Relevance of this project to country development challenges (If not aligned to country strategy or country program)			
II. Development Outcomes - Evaluability	Highly Evaluable	Weight	Maximum Score
	8.8		10
3. Evidence-based Assessment & Solution	6.2	25%	10
4. Ex ante Economic Analysis	10.0	25%	10
5. Monitoring and Evaluation	9.1	25%	10
6. Risks & Mitigation Monitoring Matrix	10.0	25%	10
Overall risks rate = magnitude of risks*likelihood		Medium	
Environmental & social risk classification		B	
III. IDB's Role - Additionality			
The project relies on the use of country systems (VPC/PDP criteria)	Yes	The project relies on the use of Financial Management and Procurement Systems.	
The project uses another country system different from the ones above for implementing the program			
The IDB's involvement promotes improvements of the intended beneficiaries and/or public sector entity in the following dimensions:			
Gender Equality			
Labor			
Environment			
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			
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan.	Yes	A quasi experimental evaluation will answer: What is the impact of CRAS strengthening on the quantity and quality of services, the level of support to poor and vulnerable families, and user satisfaction? What is the impact of training modalities to social workers on their knowledge and performance.	

This is an investment loan to Brazil financed with ordinary capital, aligned to the program to reduce poverty and enhance equity that aims at reducing the extreme poverty rate. It will also impact on the number of families receiving anti-poverty programs. The project is included in the 2011 Country Program Document and is aligned with the strategic objectives defined by the country and the Bank.

The document has a comprehensive diagnosis of the SUAS and its service centers (CRAS and CREAS) that shows their relevance in the context of the Brasil sem Miséria policy. The main causes of the weakness of the SUAS centers were identified as well as the need to strengthen them. The stated objective is well defined and the proposed interventions are directly linked to the identified causes.

The results matrix adequately defines impact and outcome indicators at different stages. The project has a well structured economic analysis, and adequate monitoring and evaluation arrangements. The M/E plan will allow verifying that results are met as well as the impact of the CRAS on poverty, using both administrative and primary data, and combining quantitative methods with quality indicators. The risk matrix is complete and includes indicators for the proposed mitigation measures.

Results Framework

Project objective	The program's general objective is to improve the quality of social assistance services provided by the service units of the Unified Social Assistance System (SUAS), by strengthening the institutional capacity of the Ministry of Social Development and Fight against Hunger (MDS) in its role as system manager and regulator, and by expanding and improving the supply of network services across the country, thus helping to protect families and individuals in situations of vulnerability and/or social risk.
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Impact indicators	Base level	Target
Percentage of users with an “objectivized perception” ¹ of “Satisfactory” in relation to the quality of the social assistance services provided.		To be defined using data compiled for the baseline.
Percentage of extremely poor families supported by the PAIF.		25% increase by 2017.
Percentage of families prioritized by <i>Brazil Sem Miséria</i> receiving services in the CRASs who start to receive BPC.		20% increase by 2018.
Final outcome indicators	Base level (year)	Target (year)
Percentage of services provided in the CRASs to families living in extreme poverty.		15% increase by 2017.
Index of conformity of social assistance services provided by the CRASs according to regulated standards and procedures.		60%
Percentage of municípios with a decentralized management index (IGD) above 0.6.		25% increase by 2017.
Intermediate outcome indicators	Base level (year)	Target (year)
Percentage of CRASs with infrastructure rated as sufficient or better.	0 (standard being updated)	100% by 2017.
Degree of assimilation of training contents (two objective ex ante and ex post tests with graduating participants).	0	50% by 2017.
% of professional staff registered in the course on SUAS methodology passed with certification.		80%
No. of municípios that receive publications of research undertaken.	0	5,200 municípios by 2017.

¹ “Objectivized perception”: term used in the Information Evaluation and Management Department (SAGI) of the MDS to refer to the evaluation made by users of the quality of social assistance services, based on the key attributes defined in SUAS regulatory standards, namely usefulness, synchronization, cordiality, and response capability. The evaluation is based on a standardized scale of satisfaction in relation to those diverse requirements.

	Base level	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Target	Comments
Component 1. Expansion and improvement of CRAS infrastructure conditions									
Outputs									
No. of CRASs built according to architectural standards.	0	0	10	50	90	160	230	230	
Component 2. Training and qualification of SUAS workers									
Outputs									
Number of workers trained.	0	0	5600	12,000	18,000	26,000	30,000	30,000	
No. of workers completing the technical course on social orientation guidance.	0	0	0	500	1,600	1,000	400	3,500	Cumulative target
No. of professional workers trained in the specialization course on SUAS management.	0	0	0	300	500	495	0	1,295	Cumulative target
Component 3. Improvement of the SUAS services management quality and service model									
Outputs									
Percentage of social assistance entities registered	0	0	15%	30%	50%	70%	90%	90%	Cumulative target
Percentage of CRASs that have information on families supported.	0	15%	30%	50%	70%	80%	95%	95%	Cumulative target
No. of protocols agreed upon in the SUAS.	0	0	1	2	4	5	6	6	Cumulative target
No. of centers using the computerized beneficiary registration system implemented by the SUAS.	0	0	0	0	1,200	2,100	3,200	3,200	Cumulative target
Component 4. Production and dissemination of social assistance data									
Outputs									
No. of multimedia publications disseminating social assistance data and analysis.	0	2	1,200	2,500	3,200	4,565	5,565	5,565	Cumulative target
No. of research reports and monitoring processes.	0	0	1	2	3	4	5	5	Cumulative target
No. of studies of the social assistance economy published and disseminated.	0	0	0	1	0	0	2	2	Cumulative target

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Country:	Brazil
Project number:	BR-L1299
Name:	Program to Strengthen the Unified Social Assistance System (SUAS) in Brazil
Executing agency:	Ministry of Social Development and Fight against Hunger (MDS)
Prepared by:	José Luis Vázquez (financial specialist) and Marília Santos (procurement specialist)

I. EXECUTIVE SUMMARY

Fiduciary management was evaluated based on an institutional analysis of the executing agency, a risk workshop held with staff from all participating entities, and several meetings held with the project team and key MDS personnel. Account has also been taken of the Bank's experience working with similar projects at the federal government level.

In view of the evaluation made of the executing agency, fiduciary agreements have been prepared for both procurement and financial management, which will be applied for the implementation of the project.

The fiduciary agreements have also taken account of the country's fiduciary context and that of the executing agency, the most important aspects of which are summarized below.

II. FIDUCIARY CONTEXT OF THE COUNTRY

Brazil has robust national fiduciary systems that allow for and enable effective management of administrative, financial, control, and procurement processes, upholding principles of transparency, economy, and efficiency. Nonetheless, these systems need continuous strengthening to take into account the new fiduciary needs. Accordingly, the Bank's fiduciary strategy with Brazil is geared toward progressive and sustainable use of the country's fiduciary systems.

The Bank has been working with the federal government with a view to the latter's Integrated Financial Management System (SIAFI) being used for financial and accounting management and to generate reports on the operations undertaken with the Bank. Another important point is that the Federal Internal Control Department (SFCI) oversees all credit operations undertaken with the federal government. Lastly, the third aspect is related to the gradual increase by the Bank in the use of national public procurement systems,

predominantly COMPRASNET (an electronic Dutch auction system operated by the federal government).

III. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

The program's executing agency will be the Ministry of Social Development and Fight against Hunger (MDS), acting through its Executive Secretariat's International Projects Directorate (DPI), which is responsible for coordinating, planning, monitoring, and executing activities related to projects financed with external resources. The strategic coordination and technical management of the program's actions will be the responsibility of the Management Committee, consisting of representatives from: (i) the National Social Assistance Department (SNAS); (ii) the Information Evaluation and Management Department (SAGI); and (iii) the Executive Secretariat, as the chair.

The SNAS and SAGI will be responsible for the technical execution of program actions. The DPI, supported by the Planning, Budget, and Administration Branch (SPOA) and the Administration Branch (SAA) will be the executing agency in relation to the Bank. Two SAA staff will be assigned to the DPI, to serve on the Special Bidding Commission that will be created to support the program's bidding, selection, and contracting processes.

As this is a state and federal project, it is subject to the national laws that govern public administration, including the Fiscal Responsibility Law. MDS internal control is maintained by the Special Internal Control Agency (AECI), which reports directly to the Office of the Minister. The AECI technically reports to the Office of the Comptroller General of the Union (CGU), which staffs it.

The DPI will preferably consist of employees drawn from the MDS payroll, consisting of a general coordinator, a planning and budget coordinator, and an administrative support coordinator. There will also be technical coordinators of the SNAS and SAGI areas responsible for implementing the actions proposed in the program.

The DPI will be responsible for coordination between the Management Committee and the departments and branches involved and for fiduciary management of the operation's implementation, including preparation of the budget, processing of the authorization and recognition of expenses, and the respective payments to be made directly by the MDS. Those under component 1, relating to SUAS infrastructure improvement works, will be channeled through the National Social Assistance Fund (FNAS) of the MDS. Contracts monitoring, support for procurement processes, disbursement of funds and rendering of accounts, preparation of financial reports, preparation of disbursement requests, and the presentation of information for audits. The investments to be undertaken in the context of Component 1—Improvement of SUAS service infrastructure—will abide by current fund operating processes, including the transfer of resources via the *Caixa Econômica Federal*, and will be executed through the FNAS. To compile the information in the context of the program's financial and accounting information system (SIAIN), the DPI will adapt the systems as necessary to maintain records and generate consolidated reports.

IV. FIDUCIARY RISK EVALUATION AND MITIGATION MEASURES

The risk assessment identified the following risks: (i) **Outdated and poorly integrated resource management systems.** The DPI's SIAN is technologically obsolete and is not connected to the central register (SIAFI), which means financial and accounting data have to be retyped and entered manually. Moreover, part of the present operation's investments will be implemented through fund-to-fund transfers from the FNAS to the municípios. These circumstances could generate inconsistencies in the program's financial accounting records. To mitigate that risk, program funds will be provided to update and integrate the SIAN system with that of the FNAS and SIAFI (with electronically links, if feasible); (ii) **Insufficient MDS staff for new activities, including project management and the implementation of procurement, selection, and contracting processes.** This risk will be mitigated through intensive training programs for DPI staff and efforts to solve the problem of allocating staff and making it available to the MDS together with the Ministry of Planning, Budget, and Management (MP). In addition, program resources have been earmarked to hire technical personnel and specialists to support program implementation.

V. CONSIDERATIONS FOR THE SPECIAL CONDITIONS OF THE CONTRACT

- (a) **Conditions precedent to the first disbursement:** n.a.
- (b) **Exchange rate:** Prior to the negotiation mission, the borrower will inform the Bank of the exchange rate option chosen.

VI. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

1. Implementation of procurement processes

- (a) **Procurement of works, goods, and nonconsulting services:** The procurement of works, goods, and services financed wholly or partly with Bank resources will be conducted in accordance with the Policies for the Procurement of Goods and Works Financed by the Bank (document GN-2349-9), March 2011 version. The international competitive bidding (ICB) procedure will be used for the procurement of goods and services with an estimated cost of over US\$5 million; the national competitive bidding (NCB) modality may be used when the estimated cost is no more than US\$5 million; and the shopping method may be used when the cost is under US\$100,000.

The Bank may also recognize the following procurement modalities provided for in national legislation (Law 10.520/2002, the Electronic Auction Law) as a charge against the loan proceeds: (i) reverse electronic auction, using systems approved by the Bank for the procurement of off-the-shelf goods and services, with an estimated cost of no more than US\$5 million; (ii) registered price list (*acta de registro de preços*), for the procurement of off-the-shelf goods and services with an estimated cost of no more than US\$5 million, for which registration has previously been accepted by the Bank; and (iii) reverse physical auctions, for the procurement of off-the-shelf goods and services with an estimated cost of below US\$100,000. The Bank may revoke the option of using

one or more of the modalities described in this paragraph at any time during the program execution period.

- (b) Selection and contracting of consulting services:** The selection and contracting of consulting services financed wholly or partly with Bank resources will be conducted according to the Policies for the Selection and Contracting of Consultants (document GN-2350-9), March 2011 version. For the selection and contracting of consulting services for an estimated cost of more than US\$200,000, international publicity will be required through the online United Nations Development Business (UNDB). For work costing less than US\$1 million, the consulting firm shortlists may consist wholly of firms of national consultants.
- (c) Individual consultant selection:** Individual consultants to be financed wholly or partly with Bank resources will be selected and contracted pursuant to section 5 of the Policies for the Selection and Contracting of Consultants Financed by the Bank (document GN-2350-9). Individual consultants will be selected on the basis of their qualifications to undertake the work, comparing the qualifications of at least three candidates. If the situation requires, advertisements may be placed in local or international press inviting qualified consultants to submit their résumés.
- (d) Advance procurement and retroactive financing:** The Bank may recognize up to US\$4 million against the financing and up to US\$9.3 million against the local counterpart funding, to reimburse expenses incurred by the executing agency in implementing actions during the 18 months prior to the approval of this operation by the Bank's Board of Executive Directors, and from that date and until contract signing. These procedures are consistent with the Bank's policy on expense recognition, retroactive financing, and advance procurement (OP-504).
- (e) Direct contracting:** Within the program, the loan proceeds will be used to directly contract the National School of Public Administration (ENAP) for tutoring and supervision of distance-education courses; and the National School of Public Health (ENSP) to implement the professional master's course on development and public policies, for an estimated amount of roughly US\$1.3 million.

2. Table of thresholds (US\$000): The table below shows the thresholds for each contracting method and expenditure category.

Works			Goods ¹			Consulting services	
ICB	NCB	Shopping	ICB	NCB	Shopping	International publicity	Shortlist 100% National
≥ 25,000,000	< 25,000,000 and ≥ 500,000	< 500,000	≥ 5,000,000	< 500,000 and ≥ 100,000	< 100,000	≥ 200,000	< 1,000,000

3. Main procurement processes: The program's main procurements are set out in the procurement plan — Appendix 1 of this document.

No.	Description of contract	Procurement method	Source		Dates		Estimated amount
			IDB (%)	Local (%)	Publication	Contract	
	WORKS						
	Component 1 - Expansion and improvement of SUAS infrastructure conditions						9,500,000
1	CRAS Type I	Works	0%	100%	Mar -12	Dec -13	5,750,000
2	CRAS Type II	Works	0%	100%	Mar -12	Dec -13	3,750,000
	GOODS						
	Component 2 – Training and education of SUAS workers						937,500
1	Procurement of technological infrastructure for the delivery of distance training courses	NCB	100%	0%	Jan-13	Dec -13	937,500
	Component 3 - Improvement of the SUAS services management quality & service model						101,250
2	Procurement of application servers	Shopping	100%	0%	Mar-12	Jun-12	101,250
	SERVICES (NON CONSULTING)						
	Component 2 - Training and education of SUAS workers						1,015,625
1	Selection and contracting of an event management firm to hold five regional seminars and one national seminar to systemize the basic SUAS methodology	Electronic auction	100%	0%	Mar-12	Dec-12	328,125
2	Selection and contracting of a graphics firm to print instructional materials for distance-based refresher courses	Electronic auction	100%	0%	Jan-13	Dec-13	687,500
	Component 3 - Improvement of the SUAS services management quality & service model						6,112,500
3	Selection and contracting of a graphics firm to print 3 million manuals for distribution to 10,000 CRAS and CREAS units	Electronic auction	100%	0%	Mar-12	Dec-12	4,050,000
4	Selection and contracting of a specialized firm to develop the national system to register/identify families being supported in the CRASs	NCB	100%	0%	Mar-12	Dec-13	1,125,000
5	Activities providing technical support to states and municípios for the implementation of protocols and manuals, and regulation for private networks (Consultoria PJ)	NCB	100%	0%	Jan-13	Dec-13	600,000
6	Selection and contracting of a specialized firm to keep the SUAS network (computerized systems) up to date, with a view to producing subsidiary data on project activities	NCB	100%	0%	Jan-13	Dec-14	337,500
	TRAINING						
	Component 2 - Training and education of SUAS workers						4,252,500
1	Contracting of a specialized institution to start teaching and supervising distance-based refresher courses	NCB	100%	0%	Jan-13	Dec-16	1,471,250
2	Selection and contracting of a teaching institution to start training of 100 education coordinators and teachers	NCB	100%	0%	Jan-13	Dec-13	437,500
3	Selection and contracting of a teaching institution to start implementation of the social guidance technical course (3,500 students)	NCB	100%	0%	Jan-13	Dec-13	637,500
4	Selection and contracting of a financial institution to manage the process of awarding support scholarships to workers taking the technical course (3,500 students)	Financial institution	100%	0%	Jan-13	Dec-13	393,750

¹ Including nonconsulting services.

No.	Description of contract	Procurement method	Source		Dates		Estimated amount
			IDB (%)	Local (%)	Publication	Contract	
5	Selection and contracting of a teaching institution to start implementing the professional master's course on development and public policies	DC-ENSP/ENAP	100%	0%	Jan-13	Dec-16	1,312,500
CONSULTING SERVICES							
Component 2 - Training and education of SUAS workers							1,380,000
1	Selection and contracting of six specialized consultants to identify, describe, and systemize the methods and techniques used in providing social assistance services	Individual consultant (IC)	100%	0%	Mar-12	Mar-13	300,000
2	Selection and contracting of five specialized consultants to start implementing distance-based refresher courses	IC	100%	0%	Jan-13	Dec-13	442,500
3	Selection and contracting of six specialized consultants to prepare instructional materials for the social guidance technical course	IC	100%	0%	Jan-13	Dec-13	637,500
Component 3 - Improvement of the SUAS services management quality & service model							1,810,106
4	Selection and contracting of 20 specialized consultants to perform studies and conduct discussions to prepare operational protocols and auxiliary technical instructions	IC	100%	0%	Mar-12	Mar-14	1,081,250
Component 4 - Production and dissemination of social assistance data							2,389,594
5	Selection and contracting of a specialized firm to apply questionnaires to evaluate the quality of services provided (users)	QCBS	100%	0%	Jan-13	Dec-13	1,500,000
6	Selection and contracting of a financial institution to manage the process of awarding research scholarships to undertake and promote studies on the social assistance economy	Research scholarships	100%	0%	Jan-13	Dec-13	889,594
Component 5 - Project management and monitoring							1,751,250
7	Selection and contracting of 17 specialized consultants to start project-related activities	IC	100%	0%	Mar-12	Dec-13	1,751,250

4. **Procurement supervision:** It has been agreed that the first two procurement or consultant selection processes, irrespective of amount, in each modality using the loan proceeds will be reviewed by the Bank ex ante. At the Bank's discretion, and subject to its analysis and opinion, the third and subsequent processes in each modality will be reviewed ex post, except for direct procurement and contracting and those exceeding the international bidding threshold assigned by the Bank to Brazil, according to the table included in point 2 above.
5. **Special provisions:** (i) The DPI will update the procurement plan annually or as requested by the Bank to reflect the project's real execution needs and the progress achieved; (ii) The COMPRASNET system will be used for goods procurement and to contract nonconsulting services.
6. **Records and files:** The program's records and files will comply with the following at least:
 - (a) The files will contain original documentation filed in chronological order, and will be sealed and sequentially numbered.
 - (b) The files must be kept in a secure room exclusive for that purpose, with restricted access.
 - (c) A file register must be kept.

VII. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

1. Programming and budget

The DPI will prepare the annual programming and budget of the external financing and counterpart funding, with support from the SPOA. The budget is operated under the federal government's integrated financial management system (SIAFI). The budget assigned to the program will be approved by the Planning Department of the Union, and will be reflected in the SIAFI, to carry-out the activities committed to under the program. The Bank will reimburse eligible project expenses according to the budget items defined and executed by the program. The 2012 Budget Law, which is currently at an advanced stage of processing, contains an earmark for the program (R\$17.16 million, equivalent to US\$10.66 million). This amount is considered consistent, in principle, with the proposed investment timetable.

2. Accounting and information systems

The project will use SIAFI, which affords transparency and specific controls for budget execution. This module can be used for project accounting. Accounts will be prepared on an accruals basis and in accordance with international accounting standards.

To monitor project execution and issue the required program information and financial statements, the current SIAIN will be developed or improved, to provide a computer system for the DPI to manage program resources. This will be integrated with the SIAFU, FNAS, and Caixa systems and will generate the information and financial statements required of the project, including basic financial statements (cash flow and cumulative investments).

3. Disbursements and cash flow

The project will use the federal treasury system. Expenditures will be subject to the budget and financial execution process, with data related to their formalization being recorded in the SIAFI, pursuant to the legal provisions applicable at each of the stages: commitment, liquidation, authorization, and payment. The federal treasury system uses the single account system to manage its financial obligations.

The program will operate in accordance with the Bank's disbursement modalities, including fund advances, based on the financial programming planned by the executing agency and submitted to the Bank.

The DPI will submit disbursement requests to the Bank, together with a financial plan of expenses by AWP activity, and the projected cash flow for the ensuing 180 days. Documentation verifying at least 80% of each disbursement will be submitted with the next disbursement request.

The DPI will present the project's initial financial plan to the Bank. This will include a disbursements schedule for the entire project and may be updated annually.

Disbursements will be processed with a preventative review of a copy of documents supporting payments and expenditures, until the project's integrated financial records and information system is implemented (SIAN or equivalent, SIAFI, Caixa, FNAS), after which it can switch to post review, subject to prior agreement with the Bank.

4. Internal control and internal audit

The control environment, audit activities, communication and information, and monitoring of the activities undertaken by the entity and the DPI are governed by national standards, based on CGU regulations. Internal control of the MDS is exercised by the AECI, attached directly to the Office of the Minister. The AECI technically reports to the CGU, which staffs it. According to information provided by the MDS, the AECI is starting to include management audits in its work plans. If discussed with the Bank, it would be possible to include support actions in the project framework, including monitoring of the program as a pilot scheme with the issuance of corresponding reports, particularly the established outcome indicators.

5. External control and reports

The project audit will be performed by the Federal Internal Control Department (SFCI) of the CGU, an entity recognized by the Bank, at no cost to the project.

6. Financial supervision plan

Please refer to the attached appendix.

7. Execution arrangements

The DPI, supported by the Planning, Budget, and Management (SPOA) and Administration (SAA) Departments for purposes of budget and procurement functions, will be the executing agency in relation to the Bank; and the SNAS and SAGI will be responsible for technical execution of the corresponding actions.

The DPI will be responsible for fiduciary management of the operation's execution, and for contracting and financial management of the project, including procurement processes, the provision of resources and payments, and the presentation of information for audit.

VIII. OTHER FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

The project will be financially executed directly by the federal government's SIAFI, pursuant to the Bank's acceptance guidelines on the use of national management systems, provided the personalization process for generating the reports and financial statements required of the project has been completed; or through the SIAN, or equivalent, integrated with the other information systems involved (SIAFI, Caixa, FNAS).

Attached:

Appendix I [Financial Supervision Plan](#)

Appendix II [Financial Supervision vs. Risk](#)

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/12

Brazil. Loan ___/OC-BR to the Federative Republic of Brazil
Program to Strengthen the Single Social Assistance System -
FORTSUAS

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 Federative Republic of Brazil, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the Program to Strengthen the Single Social Assistance System - FORTSUAS. Such financing will be for an amount of up to US\$66,000,000 from the Single Currency Facility of 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 ____)

LEG/SGO/CSC/IDBDOCS: 36483688
Pipeline No. BR-L1299