

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

BRAZIL

**PROGRAM OF INTEGRATED PUBLIC POLICIES
FOR FORTALEZA YOUTH**

(BR-L1122)

LOAN PROPOSAL

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Analysis of program costs and economic, financial, and institutional feasibility	
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Draft Operating Regulations	
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Program institutional, economic, and fiscal sustainability analysis	
http://idbdocs.iadb.org/WSDocs/getDocument.aspx?DOCNUM=1412339	
Organizational chart	
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ABBREVIATIONS

CSO	Civil society organization
CUCA	Urban Cultural, Arts, Science, and Sports Center
FMG	Fortaleza Municipal Government
LIBOR	London Interbank Offered Rate
LRR	Loan Review Report
MIS	Management information system
NGO	Nongovernmental organization
NPV	Net present value
PMU	Program management unit
PNJ	National Policy on Youth
POPFOR	Pre-Vestibular Universitário Popular [Program to Prepare Public Secondary School Graduates for University Entrance Examinations]
PROINFOR	Programa de Prática Profissional em Informática para Jovens [Computer Training Program for Youth]
ProJovem	Programa Nacional de Inclusão de Jovens [National Program for the Inclusion of Youth]
RES	Regional Executive Secretariat

PROJECT SUMMARY

BRAZIL PROGRAM OF INTEGRATED PUBLIC POLICIES FOR FORTALEZA YOUTH (BR-L1122)

Financial Terms and Conditions			
Borrower: Municipality of Fortaleza		Amortization period:	25 years
Guarantor: Federative Republic of Brazil		Grace period:	5 years
Executing agency: Municipality of Fortaleza		Disbursement period:	5 years
Source	Amount (US\$ million)	Inspection and supervision fee:	*
IDB (Ordinary Capital)	33.066	Interest rate:	LIBOR
Local	33.066	Credit fee:	*
Total	66.132	Currency:	U.S. dollars from the Single Currency Facility
Project at a glance			
Project objective and description:			
The goal of the program is to build the capacity of the Municipality of Fortaleza to formulate and implement policies and programs for youth in accordance with National Policy on Youth guidelines (integral development, enhancement of quality of life, and respect for human rights and cultural diversity). The program has two components: (i) institution-strengthening; and (ii) development of new social technologies for working with youth.			
Special contractual conditions:			
(1) Conditions precedent to the first disbursement: (i) entry into force of the program Operating Regulations (paragraph 2.2); (ii) submission, for the Bank's no objection, of the model management contract to be concluded between the Municipality and the civil society organization that will manage the Urban Cultural, Arts, Science, and Sports Centers (CUCAs) under component 2 (paragraph 2.2). (2) Condition precedent to disbursement of resources to finance the operation of each CUCA: evidence that the technical teams, who will be responsible for program activities, are being contracted (paragraph 2.2).			
Exceptions to Bank policies:			
None.			
Project qualifies as:	SEQ [X]	PTI [X]	Sector [] Geographic [X] Headcount []
The activities are designed to address the needs of the youth population, the vast majority of whom come from the city's low-income families. The Urban Cultural, Arts, Science, and Sports Centers will be installed in the areas of the city with high concentrations of low-income and vulnerable families. This is also the case for the activities to be financed through innovative projects.			

* 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. Frame of reference, problem addressed, and rationale

- 1.1 Upon taking office in 2005 Fortaleza's municipal government, whose mayor was re-elected to a second term that began in January 2009, has established youth as one of the priority thematic areas for municipal policies and programs. Accordingly, in 2007 it requested support from the Bank for what will be the first intersectoral municipal investment program in Brazil focusing exclusively on the population ages 15 to 29. The activities to be financed are consistent with the guidelines of the National Policy on Youth (PNJ), adopted by the National Congress in June 2005.¹
- 1.2 The policy is based on three strategic elements: (i) an investment program—the Programa Nacional de Inclusão de Jovens: Educação, Qualificação e Ação Comunitária [National Program for the Inclusion of Youth: Education, Qualification, and Community Action] (ProJovem); (ii) an institutional forum—the National Department of Youth (SNJ)—which coordinates intersectoral policies and actions at different levels of government; and (iii) a forum for State/civil society linkage—the National Council on Youth—with participation by governmental and civil society players, to discuss, formulate, and reach consensus on policies and actions to be promoted and implemented to meet the needs of this age group. It also complements efforts at the federal level to support local governments in serving that population with programs and actions under the social welfare system—the Single Welfare System² and multisectoral initiatives such as ProJovem.
- 1.3 The Municipality of Fortaleza promptly addressed these guidelines by forming a Youth Coordination Office, directly under the Office of the Mayor, responsible for implementation of ProJovem³ and for municipal and intergovernmental sectoral linkage. The Coordination Office is also responsible for coordinating and financing some small-scale programs of nongovernmental organizations especially for youth, such as Pre-Vestibular Universitário Popular [Program to Prepare Secondary School Graduates for University Entrance Examinations] (POPFOR) and the Programa de Prática Profissional em Informática para Jovens [Computer Training Program for Youth] (PROINFOR). The municipality is also implementing a Youth Front Program, which provides internship opportunities in municipal departments for recent secondary school graduates.
- 1.4 **The issue of youth in Brazil.** A 2005⁴ study conducted by the World Bank based on interviews of a sample of youth ages 15 to 24 in three metropolitan areas in Brazil found that the young people, who had recently entered or were about to enter the working world—would do so in generally unfavorable conditions. This segment of the population, especially those living in urban and metropolitan areas and those

¹ Law 11129, of 30 June 2005.

² Ministry of Social Development and the Fight against Hunger (MDS).

³ http://www.planalto.gov.br/secgeral/frame_juventude.htm and <http://www.projovem.gov.br/2008>.

⁴ World Bank: Jovens em Situação de Risco no Brasil (2005).

from low-income families, are highly likely to adopt risk behaviors: dropping out of school and/or having weaker school performance, leading to difficulties entering the job market; intergenerational transmission of poverty; sexual activity resulting in early pregnancy or sexually transmitted disease; high drug use; and higher incidence of violent or criminal behavior.

Table 1: Greatest adolescent concerns in Fortaleza, in percentages

Problem	%	Men (%)	Women (%)	Age 15 to 18	Age 19 to 24	Age 25 to 29
Unemployment	31.05	31.50	30.57	22.18	36.41	33.20
Security/violence	14.04	14.12	13.98	12.43	13.67	16.21
Family	12.79	11.88	13.64	17.40	11.52	9.68
Education	8.80	8.75	8.86	13.19	7.37	6.13
Economic crisis	8.45	7.75	9.09	6.69*	8.91	9.68

Source: Analysis based on the “Portraits of Fortaleza Youth” survey.

* For the group ages 15 to 18, personal matters are more important than the economic crisis, accounting for 7.07% of the replies.

- 1.5 According to data from the most recent census and the Annual National Household Survey,⁵ over 40% of Fortaleza’s 721,000 young people live in families with incomes of under half the minimum monthly per capita wage and nearly two-thirds do not work. Close to 40% of youths ages 18 to 29 have less than eight years of schooling and 16% of young people ages 15 to 17 are not in school. Additionally, in a survey of a sample of youth from the municipality,⁶ the lack of space for communal activities for youth is identified as an additional factor contributing to the high incidence of risk behavior among young people, with a negative impact on their development and high costs to society in general.
- 1.6 **Program rationale.** Applying to Fortaleza the same method proposed by the World Bank study, net present value cost estimates at 2007 prices have been prepared for the next 20 years of the incidence of risk behavior among the city’s youth and the estimated benefits under different scenarios based on the percentage by which such incidence is reduced. It was concluded that the proposed program would benefit the city’s youth far in excess of its costs (paragraph 1.11).⁷ It is expected to have significant direct economic benefits (paragraph 1.12) by lowering costs associated with risk behaviors that will be addressed by the program. In

⁵ 2006 Annual National Household Survey—Fortaleza metropolitan region data. Fortaleza, the state capital, accounts for over 70% of the population of the metropolitan area, and the trends identified for the metropolitan area are, in general, indicative of the situation in the municipality of the capital.

⁶ See the study Retratos de la Juventud de Fortaleza [Portrait of Fortaleza Youth], Alda, E. and Verner, D., (2005): Youth at Risk, Social Exclusion and Intergenerational poverty dynamics: a new survey instrument with application to Brazil.

⁷ See Faria, Luiz Claudio, Análisis institucional, económico y de sostenibilidad fiscal del Programa [Institutional, economic, and fiscal sustainability analysis of the program].

addition to its direct benefits, the program is expected to help in the medium and long term to bridge the social and economic gaps separating poor from non-poor youth in the municipality, strengthening social capital, and reducing the likelihood of intergenerational transmission of poverty.

- 1.7 The interventions to be financed were selected based on the needs, interests, and expectations expressed by the municipality's youth and the experiences now being implemented on a smaller scale in the municipality. They also draw on lessons learned from government agencies and civil society organizations, and studies on at-risk youth in Brazil, as well as the Bank's experience with programs for youth.⁸ The project's design takes into consideration the following factors: (i) comprehensive services for youth; (ii) the heterogeneity of their personal experiences; (iii) promotion of their active involvement in defining and operating programs and services; (iv) the importance of an organized institutional framework, backed by a youth promotion public policy under which the defined services are offered; (v) targeting interventions to reduce the incidence of risk factors; prevent dropping out of school and underachievement; prevent drug use, early pregnancy, and sexually transmitted diseases; and promote the socialization of youth and improve their self-esteem; and (vi) encouragement of youth participation in extracurricular and recreational activities that promote life skills, peaceful dispute resolution, and citizen participation.

B. Objectives

- 1.8 The program's general objective is to improve the capacity of the Municipality of Fortaleza to formulate and implement policies and programs for youth in accordance with the PNJ's guidelines. Its specific objectives are to: (i) improve the existing supply of training, cultural, sports, and recreational programs and facilities that promote the integral development of youth, especially those at risk; and (ii) create opportunities for these young people to improve their levels of schooling and to promote the acquisition of basic job and social skills to help them enter and remain in the job market.

C. Components

1. Component 1: Institution-strengthening (US\$2,316,000)

- 1.9 This component will support the building of the municipality's institutional capacity to address the challenges laid out in the PNJ in three areas: public policy, communications, and monitoring and evaluation. It will provide financing to engage consulting services to formulate sectoral plans; design specific promotional activities; train experts in the program management unit (PMU), the Youth Coordination Office; and the municipal departments associated with the program,

⁸ Promotion of Youth Entrepreneurship in Colombia (MIF/ATN/586-CO); Capacitação Solidária: Job Skills Training of Urban Youth (ATN/MH-6211-BR); Capacitação Solidária: Training of At-Risk Youth (ATN/SF-6345-BR); Youth Employment: Technologies in the Workplace Program (ATN/MH-7513-RG); and Youth Risk Factors Prevention Program in Bogota (ATN/JO-10752-CO).

and to conduct the seminars and hold the technical meetings required to build the municipality's institutional capacity in the area of youth.

- a. **Public policy.** Consulting services will be engaged to conduct studies and research and to prepare and implement training plans for specialists from the Youth Coordination Office and other municipal agencies directly responsible for actions aimed at the program's target population. The activities to be financed also include intersectoral seminars, offices, and conferences promoting the coordination of different levels of government and the strengthening of civil society organizations responsible for monitoring and oversight of the specific mandates of public agencies serving youth.
- b. **Communications.** This component will provide financing for services to develop and implement a communications plan to involve different sectors, social groups, and agencies in education and awareness campaigns and in overseeing governmental agencies and nongovernmental organizations involved in serving at-risk youth.
- c. **Monitoring and evaluation.** This component will provide financing to engage consulting services to design and implement the management information system (MIS), and design and conduct surveys of beneficiaries for program monitoring and evaluation, including specific studies, evaluations, and analysis for preparing the monitoring report 18 months into the program, as well as the final program evaluation.

2. Component 2: Development of new social technologies for working with young people (US\$55,154,000)

- 1.10 The objective of this component is to make available new services or expand existing cultural, entertainment, and sports services, vocational training and instruction and microcredit now provided by NGOs on a small scale for young adults of either gender ages 15 to 29, preferably from low-income segments, through two mechanisms:

- a. ***Urban Cultural, Arts, Science and Sports Centers (CUCAs).*** The component will provide financing to build, procure, and install facilities and hire educators to operate up to six CUCAs in neighborhoods in the municipality's six administrative areas with high concentrations of low-income persons. The following will be implemented in the CUCAs: (i) modular refresher training courses (with certification), for technical and job training for youth in audiovisual arts, cultural activities (photography, video and television production, theater and music); and sports (instructors and support for different types of sports); (ii) offices and specific courses to promote social and educational inclusion through cultural, sports, and recreational activities; (iii) units for special complementary social inclusion activities, prevention of risk behaviors, promotion of youth engagement, basic social skills, and self-esteem by means of, *inter alia*, health, environmental, and citizenship events, seminars, offices, and promotional campaigns. Cultural programming of

exhibits, cinema and theater, libraries and areas for social gatherings will reach a wider audience, potentially reaching 400,000 visits per year.

- b. *Innovative projects.* The component will also provide financing for activities to support innovative projects addressing demands of specific segments of the population. Program resources will finance the following activities, among other things: (i) ***Abrindo espaços*** [*Creating spaces*]: engaging specialized services for project preparation and the construction of small sports and recreational areas in poor neighborhoods with high concentrations of youth and vulnerable populations; (ii) ***POPFOR*** [*Program to Prepare Public Secondary School Graduates for University Entrance Examinations*]: engaging specialized services to prepare low-income youth who have completed public secondary education for university entrance examinations; (iii) ***PROINFOR*** [*Computer Training Program for Youth*]: selecting and contracting agencies and NGOs specialized in digital inclusion activities to train youth in the use of computer tools; (iv) ***ProJovem*** [*National Program for the Inclusion of Youth*]: specific ProJovem activities and complementary actions that enable ProJovem beneficiaries to take part in vocational training activities in CUCAs; (v) ***CredJovem Solidário***: engaging services to support activities to promote youth ventures, by providing training, financial incentives, and institutional support for youth ages 16 to 29 in developing productive, commercial, or service activities without jeopardizing their school attendance. A breakdown of these activities is included in the program Operating Regulations.

D. Costs

- 1.11 The table below summarizes the program's costs and financing structure:

Category	IDB	Local	Total	%
1. Component 1: Building institutional capacity	1,882,000	434,000	2,316,000	3.5
1.1 Program management information system	500,000	-	500,000	0.8
1.2 Mass communications	680,000	434,000	1,114,000	1.7
1.3 Monitoring and evaluation	702,000	-	702,000	1.0
2. Component 2: Development of new social technologies	29,954,000	25,200,000	55,154,000	83.4
2.1 Urban Cultural, Arts, Science and Sports Centers (CUCAs)	24,470,000	12,200,000	36,670,000	55.4
2.1.1 Civil works	13,500,000	5,200,000	18,700,000	28.3
2.1.2 Equipment	100,000	4,000,000	4,100,000	6.1
2.1.3 CUCA operation and maintenance	10,870,000	3,000,000	13,870,000	21.0
2.2 Innovative projects	5,484,000	13,000,000	18,484,000	28.0
3. Associated costs	1,230,000	1,660,000	2,890,000	4.4
3.1 PMU management	190,000	1,660,000	1,850,000	2.8
3.2 External audits	170,000	-	170,000	0.3
3.3 Contingencies	870,000	-	870,000	1.3
4. Financial costs	-	5,772,000	5,772,000	8.7
4.1 Interest (5%)	-	5,557,000	5,557,000	8.4
4.2 Credit fee (0.25%)	-	215,000	215,000	0.3
4.3 Inspection and supervision (0.0%)	-	-	-	0.0
TOTAL	33,066,000	33,066,000	66,132,000	100.0

E. Key outcome indicators

- 1.12 The program's monitoring and evaluation system will compile information on monitoring and impact indicators. The impact indicators include: (i) improved response by municipal authorities to youth demand for comprehensive public policies; and (ii) a drop in some of the main indicators of youth vulnerability. Anticipated outcomes are: (i) an increase of at least 10% in the municipality's public budget for youth policies and programs; (ii) strengthened municipal capacity to design programs and activities for this population segment; (iii) at least 60% of youth satisfied with municipal programs and policies; (iv) a drop of at least 10% in indicators of unplanned pregnancies, unemployment, and dropping out of school by youth ages 14 to 24, and increased participation in recreational and community activities.

F. Technical, economic, and social feasibility

- 1.13 The technical feasibility of the projects to build the CUCAs is based on two final engineering projects submitted to the Bank. The first center to be built in Fortaleza's Regional Executive Secretariat I (RES I) has received the Bank's no objection, was bid out, and the works were just recently completed and the facilities inaugurated on 10 September 2009. The executing agency will request retroactive reimbursement from the loan (paragraph 2.2). The CUCA in RES V will be

financed with local counterpart resources, and works are slated to begin in January 2010. At this time, the third works project to be financed by the program is under review: the CUCA for RES VI. The program's economic and social feasibility was analyzed based on the "costs avoided" method.⁹ If the program generates a 3.5% drop in the incidence of youth engaged in risk behaviors, the program would have direct economic benefits of approximately US\$173.6 million and economic costs of approximately US\$166.4 million over a 20-year period, including the operating and maintenance costs of the six CUCAs. As a result, the program's estimated net present value (NPV) is US\$7.2 million, resulting in a cost-benefit ratio of 1.04 and an internal rate of return of 14.34%. Additionally, if account is taken of a 5% drop in the incidence of youth risk behavior, the estimated NPV would be US\$79.04 million, with a rate of return of 35.45% and a cost-benefit ratio of 1.47.

II. FINANCING STRUCTURE AND PRINCIPAL RISKS

A. Financing instruments

- 2.1 The Fortaleza Municipal Government (FMG) will open a separate bank account to manage loan proceeds. The project management unit (PMU) will maintain proper financial and accounting records of program resources. Those funds are expected to be disbursed as indicated in the table below:

Program Disbursement Schedule (in US\$ millions)

Source	Year	Year	Year	Year	Year	Total	%
	1	2	3	4	5		
IDB	11.000	8.066	6.000	4.000	4.000	33.066	50%
Local	6.666	6.600	6.600	6.600	6.600	33.066	50%
Total	17.666	14.666	12.600	10.600	10.600	66.132	100%
% year	27%	22%	19%	16%	16%	100%	

- 2.2 *Special contractual conditions.* Conditions precedent to the first disbursement of the loan and execution conditions for the program components:

- a. Conditions precedent to the first disbursement of the loan:
 (i) **entry into force of the program Operating Regulations;**
 (ii) **submission for the Bank's no objection of the model management contract to be concluded between the Municipality and the civil society**

⁹ In the "without project" scenario, the costs generated by risk behavior (dropping out of school, early pregnancy, alcohol abuse, and drug abuse are equivalent, after 20 years, at 2007 prices, to 11.7% of the GDP of Fortaleza. In the "with project" scenario, the incidence of such behavior is reduced (damage avoided), and the project's associated costs are 9.3% of GDP, meaning that the project will generate savings of 2.4% of municipal GDP. Faria, Luiz Claudio, Análisis institucional, económico y de sostenibilidad fiscal del Programa [Program institutional, economic, and fiscal sustainability analysis].

organization that will manage the Urban Cultural, Arts, Science, and Sports Centers (CUCAs) under component 2.

- b. Conditions precedent to the disbursement of loan resources for the operation of each CUCA: **Evidence that the technical teams are being contracted that will head up the planned activities.**
 - c. Recognition of expenditures against the financing and counterpart contribution. The executing agency requested recognition of expenditures for up to US\$6.3 million from the loan and US\$7.6 million from the counterpart contribution for expenditures made. Those expenditures are consistent with the program's objective and were made during the 18 months prior to approval of the loan by the Board of Executive Directors and subsequent to the project's entry into the Bank's pipeline and are in accordance with principles consistent with the Bank's procurement policies.
- 2.3 *Revolving fund.* The executing agency requested that the revolving fund for the program be 10% of the financing amount, because the works for the CUCA in Regional Executive Secretariat VI are expected to unfold at the same pace as those for the first CUCA and also in parallel with other major categories of expenditures, such as contracting services (CSO and NGOs) to run the different program-financed facilities and activities.
- 2.4 *External audits.* During program execution, each year the PMU will submit the program's financial statements audited by an independent firm of chartered accountants acceptable to the Bank, hired in accordance with the Bank's policies and based on terms of reference agreed on in advance with the Bank.

B. Environmental and social risks

- 2.5 In accordance with the Bank's Environment and Safeguards Compliance Policy (OP-703), the operation was classified as Category C. The program is expected to have positive social and environmental impacts. The only adverse environmental impacts would be local, temporary, and small-scale, stemming from construction of the CUCAs. During program preparation, the Municipality of Fortaleza's procedures and practices were reviewed for the execution and supervision of small-scale works and their impacts, and it was confirmed that they were consistent with Bank policy. The program's design and its Operating Regulations include the mechanisms and instruments required to ensure the application of this policy.

C. Risks and other relevant considerations

- 2.6 During the preparation of this operation (2007-2008), the Project Risk Analysis exercise was conducted. The evaluation indicated moderate fiduciary and operational risk. The results confirmed the conclusions of the analysis of the Municipality's institutional capacity to manage the social policies and programs targeting youth, conducted as part of program preparation.
- 2.7 The Municipality has assigned high priority to this program and the program budget is included in the Fortaleza Multiyear Plan (2006-2009), prepared in a participatory

manner and adopted by the Municipal Legislative Chamber; it is also included in the Multiyear Plan for the following period (2010-2013), which has already been submitted for approval. The risks identified are associated with bureaucratic procedures, the decision-making structure, and the team's relative inexperience in matters of procurement and financial management of operations with external resources. These risks are being mitigated during program preparation through a training plan on social program management which is being carried out in partnership with the National Department of Youth. This training, as well as discussing routine program management matters, promotes leadership by young professionals responsible for the implementation of youth policies. Training activities have also been conducted on specific topics, such as procurement, during program preparation. The enlargement of the PMU's technical team and the formation of a special bidding committee for the program are also adequate risk mitigation measures for increasing efficiency in managing the operation in accordance with the government's and the Bank's technical and financial requirements.

- 2.8 **Intersectoral coordination.** One risk to be considered is that the institutional analysis of the different departments has pointed to a need for intersectoral coordination to be improved if the program is to achieve the expected outcomes. These departments and agencies are also involved in program preparation and execution, and the Municipality's Institution-strengthening Plan includes defining and implementing instruments and mechanisms to optimize the intersectoral coordination capacity of the Youth Coordination Office and the response capacity of the sectoral departments and agencies involved.
- 2.9 **Program dimensioning.** If each young person in the city were to participate in only one activity financed by the program, an estimated 16% of Fortaleza's youth would be served through the program's regular structured activities, a figure that could reach 60% for non-structured activities (fairs, weekend cultural/sports/artistic programs, promotional and awareness campaigns, etc.).
- 2.10 The initial request was for program financing to build six CUCAs—one in each of Fortaleza's regional executive secretariats—to be located in the highest-need areas. The devaluation of the dollar and the costs of two of the sample's projects (including final engineering designs and the centers' operating and maintenance costs)¹⁰ indicate that program resources will be insufficient to achieve these targets.
- 2.11 In order to maximize the objectives originally established, more cost-efficient engineering solutions will be sought for the next projects and an in-depth review will be made of engineering project and operating and maintenance costs,

¹⁰ There is a difference of some 16% between the exchange rate at the time the letter of request was sent to the Federal Commission for External Financing (COFIEX) and the exchange rate at the time the analysis mission was conducted; that figure would be 25% if account is taken of the exchange rate at the time the Proposal for Operation Development (POD) was distributed to the Quality and Risk Review Committee (QRR). This trend is not expected to reverse in the short or medium term.

identifying the areas where greater investment cost-effectiveness may be achieved. This aspect will be reviewed during the evaluation in month 18, which will yield the Loan Review Report (LRR).

- 2.12 The studies have shown the program's economic feasibility. The Fortaleza Municipal Government has demonstrated its adequate financial management of budgetary execution, fully meeting the requirements established in the Fiscal Responsibility Act. The analysis of the FMG's financial sustainability, conducted based on budgetary execution projections for the 2008-2017 period indicates that it has the financial capacity to assume the commitments arising from loan operation contracts now being negotiated and to contribute the required counterpart resources.
- 2.13 In addition, since the operation and maintenance of the CUCAs requires the allocation of substantial budgetary resources, they will be implemented based on a timetable that ensures their long-term fiscal sustainability. As part of the evaluation activities conducted to prepare the LRR in month 18, the Municipality's financial and fiscal projections will be updated to include the impact on the municipal budget of the operation of the CUCA facilities now built and in operation.

III. MANAGEMENT AND EXECUTION PLAN

A. Summary of the organization of implementation

- 3.1 The borrower is the Municipality of Fortaleza and the guarantor of the financial obligations under the loan is the Federative Republic of Brazil. The program is included in the Municipality's budgetary structure and the Municipality's existing systems will be utilized to oversee execution. The executing agency is the Fortaleza Municipal Government. Program execution is the responsibility of the Mayor's Office,¹¹ through the Program Management Unit, for matters of a technical nature. The PMU will work in close coordination with the Youth Coordination Office and the Municipal Departments and other municipal agencies and entities involved in program execution, as laid out in the program Operating Regulations.
- 3.2 **Execution cycle.** The program is governed by Operating Regulations, which outline each intervention's stages of execution, and contain, among other things: (i) the financial, technical, social, and environmental terms and conditions to be observed during program execution; (ii) the eligibility criteria for the planned investments; (iii) the functions and responsibilities of the PMU and the other entities involved in program execution; and (iv) procedures for procurement and for disbursement of loan proceeds.
- 3.3 **CUCA management.** For running the CUCAs, the borrower will sign a management contract with a civil society organization (CSO) formed for that purpose, in accordance with federal and municipal legal requirements. This CSO (a private non-profit corporation, established by public instrument and governed by its

¹¹ The PMU was formally established by Decree 12.225 of 31 July 2007, and subsequently altered by Decree 12.252 of 6 September 2007.

own articles of incorporation) and its contracting are provided for in federal legislation, and Fortaleza municipal legislation, Law 9.637 of 15 May 1998, which enables public authorities to contract CSOs, contain provisions on the procedure for entities to qualify as CSOs, and create, respectively, national and municipal publicity programs.

- 3.4 The instrument that will link the Fortaleza Municipal Government (through the PMU) and Instituto CUCA, pursuant to that same legislation, is a performance-based management contract defining the powers, responsibilities, and obligations of each, and establishing the performance targets for the services offered, the terms of the leaders' commitment to the agreed targets, and linking management terms to management success. The CSO's management will be supervised by an Administrative and Fiscal Council, and its operation, as well as oversight of implementation of the management contract, will be subject to internal and external controls through the Municipality's Public Ministry, Prosecutor General's Office, Auditing Office, and Office of the Comptroller General. In addition to these controls, periodic financial and procedural audits will also be conducted by an independent firm (see Organizational chart).
- 3.5 Program resources will finance the hiring of specialized services and the procurement of the goods required to conduct the training, sports, cultural, and social activities planned for the CUCAs and laid out each year in the management contract concluded between the Municipality and the CSO. The permanent material procured with program resources for the operation of the centers will become part of the Municipality's assets.
- 3.6 Using a civil society organization will make the program more nimble in implementing CUCA activities which, by the unique nature of their actions (in the field of art and culture) and the high degree of innovation of the activities to be carried out, require that decision-making processes and mechanisms be based on principles of flexibility, transparency, and managing for results. The selection of the CSO model for managing the centers is based on different recent experiences in Brazil, primarily in the health and cultural facility areas, which have shown that this is an efficient way to manage facilities and services. Its aim is to ensure the State and civil society of control and remuneration based on results and the quality of services provided based on a results management model that is part of the country's systems.

B. Procurement

- 3.7 Program goods, works, and consulting services will be procured in accordance with Bank policies (documents GN-2349-7 and GN-2350-7 of July 2006). Goods and related services whose estimated cost is US\$500,000 or above will be procured using international competitive bidding (ICB). Goods and related services for an estimated cost between US\$100,000 and US\$500,000 will be procured using national competitive bidding (NCB), and goods and related services whose estimated cost is under US\$100,000 may be procured using price comparison.

International advertising will be required for selecting consulting services whose estimated cost is US\$200,000 and above. Shortlists of consulting firms for works with an estimated cost of under US\$500,000 may comprise entirely national consultants.

- 3.8 Based on the analysis of the executing agency's capacity to manage procurements, in project year one, all procurement processes, regardless of their amounts, will be subject to ex ante review by the Bank. Based on the findings of these reviews, the Bank may decide to authorize ex post review of consulting services engaged for amounts under US\$200,000 equivalent and goods procured for amounts under US\$500,000 equivalent.
- 3.9 The Bank may recognize as eligible for financing the following procurement methods established in federal legislation: (i) e-procurement (*pregão eletrônico*), utilizing Banco do Brasil's ComprasNet system or the Licitações-e system for common goods whose estimated cost is US\$500,000 or less; (ii) official price list for goods whose estimated cost is US\$500,000 or less, provided the list has received the Bank's no objection; and (iii) on-site bidding for common goods whose estimated cost is US\$30,000 or less. The Bank may eliminate the option of using one or more of the methods described here at any time during program execution.

C. Monitoring and evaluation

- 3.10 The Fortaleza Municipal Government decided to conduct a final evaluation of program outcomes, to include targets met, service delivery processes, and all aspects related to satisfaction of the direct beneficiaries and the population of the municipality. An impact assessment will also be made utilizing control and treatment groups, with a double difference estimator based on management information on participants and non-participants. This information will be compiled from the program itself. This may be supplemented by a specific survey of a sample of the two groups, approximating and measuring the effects on these young people and their families, before and after the program. The control group may comprise a sample of unmet demand in each CUCA and/or comparisons may be made of communities with and without CUCAs.
- 3.11 Program monitoring and evaluation will be the responsibility of a specific unit created within the PMU for that purpose. Its capacity will be built during year one by continuing the work of two specialized consultants hired by the Bank during the operation's design. Program resources would also be used to hire three additional consultants in the first six months to: (i) coordinate the monitoring and evaluation unit; (ii) finalize the management information system module; and (iii) design and conduct an evaluation at the outset,¹² one 18 months after the loan contract takes

¹² Although the program has baseline information for the direct impact indicators constructed from secondary sources, it was considered extremely useful to obtain more precise information by conducting a survey of beneficiaries. When the results of said first survey are available, the baseline and corresponding targets will be reviewed to adjust them, if required. The same survey will be conducted at the end of program execution.

effect (for the Loan Review Report), and a final evaluation when 95% of financing resources have been disbursed.

- 3.12 The management information system—for which bidding documents are being prepared—will contain data on the institutional capacity of the different authorities involved, especially the Youth Coordination Office, the Municipal Council on Youth, the service providers to be hired, and the beneficiaries. Annex II, Results Framework, also includes the Summary of monitoring and evaluation arrangements.

D. Significant post-approval design activities

- 3.13 There are no significant post-approval design activities. Project year one will be important for the institution-strengthening and training activities for the PMU and the other municipal agencies involved in program execution, monitoring, and evaluation and for consolidating the execution mechanisms, which include, among other things: the management contract between Instituto CUCA-CSO and the Municipality of Fortaleza.

RESULTS FRAMEWORK FOR THE PROGRAM OF INTEGRATED PUBLIC POLICIES FOR FORTALEZA YOUTH MATRIX OF INDICATORS				
PROGRAM OBJECTIVE	Building the municipal government's capacity to formulate and implement policies and programs for youth in accordance with National Policy on Youth guidelines—integral development, enhancement of quality of life, and respect for human rights and cultural diversity.			
OUTCOME INDICATORS	BASELINE 2009	INTERMEDIATE TARGET 2011	FINAL TARGET 2014	COMMENTS: SOURCE OF DATA/ PARTY RESPONSIBLE
% of unplanned pregnancies (ages 15 to 29)	70%	5% reduction	-10%: 63%	The program will replicate the 2006 study conducted by the Mayor's Office—Portraits of Fortaleza Youth—which was aimed at learning about, identifying, and mapping the city's youth population, the programs and services available to young people, and their life expectancy. Secondary data will also be used from administrative records from the municipal departments of health, education, and social welfare, the Children and Family Foundation, the economic development department, and the program beneficiary registration form—all the information relevant for program monitoring and evaluation will form the Management Information System (MIS) (see the summary of monitoring and evaluation arrangements—electronic link).
% unemployment (ages 15 to 29)	42.1%		-10%: 37.89%	
% school dropouts (ages 15 to 24)	42.9%	5% reduction	-10%: 38.61%	
% not participating in community activities (ages 15 to 24)	77.6%	10% reduction	-20%: 62.1%	
Lack of participation in recreational, sports, and cultural activities	60.3%	10% reduction	-20%: 48%	

COMPONENT I: INSTITUTION-STRENGTHENING								
OUTPUTS	Base	Year 1 2010	Year 2 2011	Year 3 2012	Year 4 2013	Year 5 2014	Cumulative target	Sources of data and parties responsible
Public Policy								
Final formulation of the Municipal Plan on Youth 2008–2018 by the Youth Coordination Office and the Municipal Council on Youth			August					Minutes of the municipal conference; Youth Coordination Office; Semiannual program progress reports, PMU
Training								
Greater knowledge among educators of the Municipal and National Policies on Youth			500	500	500	500	2,000 training sessions completed 100% of educators trained	Administrative records and participant surveys; PMU
Training of Municipal Youth Council members on the Program of Integrated Public Policies for Youth		30		30		30	90 training sessions completed 100% of Council members trained	Administrative records and participant surveys; PMU
Monitoring and evaluation								
Management information system adjusted and established to address the needs of the Program of Integrated Public Policies for Youth		August						Bidding and contracting by the PMU
Evaluation of outcomes and review of targets			2	2	2	2	8	Half-yearly meetings; PMU
Surveys and evaluation studies performed		August		August		January		

Communications								
Opinion poll		30% of the population has knowledge of Prefecture programs for youth	40% of the population has knowledge of Prefecture programs for youth	60% of the population has knowledge of Prefecture programs for youth	80% of the population has knowledge of Prefecture programs for youth	80% of the population has knowledge of Prefecture programs for youth	80% of the population has knowledge of Prefecture programs for youth	
		Year 1	Year 2	Year 3	Year 4	Year 5	Cumulative target	
Intermediate outcome				100% of youth beneficiaries registered in the Single Roster				Social Welfare Department (SEMAS) Coordinator and PMU
Establishment of the Single Roster of municipal programs implemented by the Youth Coordination Office		June						SEMAS Single Roster Coordination Office and the PMU

COMPONENT II: DEVELOPMENT OF NEW SOCIAL TECHNOLOGIES								
Outputs	Base	Year 1 2010	Year 2 2011	Year 3 2012	Year 4 2013	Year 5 2014	Cumulative target ¹	Sources of data and parties responsible
CUCA/services	0	347,710	424,250	424,250	424,250	424,250	2,044,710	MIS/PMU
Innovative projects								
POPFOR	–	2,800	2,900	2,900	1,300	1,300	11,200	MIS/PMU
CredJovem	141	225	270	312	370	401	1,578	MIS/PMU
Protagonismo Juvenil	–	900	1,080	1,080	720	720	4,500	MIS/PMU
Abrindo espaços	–	300	300	300	–	–	900	MIS/PMU
ProInfor	1,440	1,495	1,495	1,495	1,495	–	5,980	MIS/PMU
ProJovem	4,446	6,000	6,000	6,000	6,000	–	24,000	MIS/PMU
Community sports	–	1,200	1,200	1,200	1,200	1,200	6,000	MIS/PMU
Agente Jovem	1,650	1,650	1,650	1,650	1,650	–	6,600	MIS/PMU
Health campaign		500	250	250	–	–	1,000	MIS/PMU
Adolescente cidadão	300	300	300	300	300	–	1,200	MIS/PMU
Youth Fronts	–	–	400	450	500	550	1,900	MIS/PMU

¹ All targets defined are service targets. In some cases, one youth may receive more than one service.

PROGRAM OF INTEGRATED PUBLIC POLICIES FOR FORTALEZA YOUTH (BR-L1122)
SUMMARY PROCUREMENT PLAN

Description of contract and estimated procurement cost	Procurement method	Review (ex ante or ex post)	Source of financing and percentage		Prequalification (Yes/No)	Estimated dates		Status (pending, in process, awarded, cancelled)	Comments
			IDB %	Local / Other %		Publication of specific procurement notice	Completion of contract		
1. Works <ul style="list-style-type: none"> Work 01 Construction (CUCA I) Estimated cost: R\$11,500,000 Work 02 Construction sports facilities Estimated cost: R\$501,500 Work 03 Construction (CUCA V) Estimated cost: R\$11,500,000 Work 04 Construction (CUCA VI) Estimated cost: R\$12,800,000 	NCB	EX ANTE	90%	10%	NO	1st half 2008	2nd half 2009	Awarded	
	PC	EX ANTE	100%	-	NO	1st half 2010	1st half 2011	In process	
	NCB	EX POST	-	100%	NO	2nd half 2008	2nd half 2009	Awarded	
	NCB	EX ANTE	100%	-	NO	2nd half 2010	2nd half 2011	In process	
2. Goods <ul style="list-style-type: none"> Good 01 Procurement of computer equipment (PMU, Ag.Jov., Adol.Cid., CredJovem, Fr.Juv) Estimated cost: R\$450,000 Good 02 Procurement of furniture (PMU and CUCA) Estimated cost: R\$49,000 	PC	EX ANTE	100%	-	NO	1st half 2010	1st half 2011	Pending	
	PC	EX ANTE	100%	-	NO	1st half 2010	1st half 2011	Pending	

Description of contract and estimated procurement cost	Procurement method	Review (ex ante or ex post)	Source of financing and percentage		Prequalification (Yes/No)	Estimated dates		Status (pending, in process, awarded, cancelled)	Comments
			IDB %	Local / Other %		Publication of specific procurement notice	Completion of contract		
<ul style="list-style-type: none"> • Good 03 Procurement of electronic devices (PMU) Estimated cost: R\$5,000 	PC	EX ANTE	100%	-	NO	1st half 2010	1st half 2011	Pending	
<ul style="list-style-type: none"> • Good 04 Procurement of audiovisual equipment (CUCA) Estimated cost: R\$3,500,000 	NCB	EX POST	-	100%	NO	1st half 2008	1st half 2009	Awarded	
<ul style="list-style-type: none"> • Good 05 Procurement of computer equipment (CUCA I) Estimated cost: R\$100,000 	PC	EX POST	-	100%	NO	1st half 2009	2nd half 2009	Awarded	
<ul style="list-style-type: none"> • Good 06 Procurement of computer equipment (CUCA V and VI) Estimated cost: R\$100,000 	PC	EX POST	-	100%	NO	1st half 2010	1st half 2011	Pending	
<ul style="list-style-type: none"> • Good 07 Procurement of furniture and air conditioning equipment (CUCA) Estimated cost: R\$300,000 	PC	EX POST	-	100%	NO	1st half 2009	2nd half 2009	Awarded	
<ul style="list-style-type: none"> • Good 08 Procurement of furniture and air conditioning equipment (CUCA V and VI) Estimated cost: R\$500,000 	PC	EX POST	-	100%	NO	1st half 2010	1st half 2011	In preparation	
<ul style="list-style-type: none"> • Good 09 Procurement of electronic devices (CUCA I) Estimated cost: R\$150,000 	PC	EX POST	-	100%	NO	1st half 2009	2nd half 2009	Awarded	

Description of contract and estimated procurement cost	Procurement method	Review (ex ante or ex post)	Source of financing and percentage		Prequalification (Yes/No)	Estimated dates		Status (pending, in process, awarded, cancelled)	Comments
			IDB %	Local / Other %		Publication of specific procurement notice	Completion of contract		
<ul style="list-style-type: none"> • Good 10 Procurement of computer programs for program management Estimated cost: R\$1,000,000 	NCB	EX ANTE	100%	-	NO	1st half 2010	1st half 2010	Pending	
<ul style="list-style-type: none"> • Good 11 Procurement of shirts to be distributed (innovative projects) Estimated cost: R\$32,271 	PC	EX ANTE	100%	-	NO	1st half 2010	1st half 2010	Pending	
<ul style="list-style-type: none"> • Good 12 Procurement of transportation vouchers for distribution (innovative projects) Estimated cost: R\$201,984 	PC	EX ANTE	100%	-	NO	1st half 2010	1st half 2010	Pending	
<ul style="list-style-type: none"> • Good 13 Procurement/consumption (PMU) Estimated cost: R\$34,036 	PC	EX ANTE	100%	-	NO	1st half 2010	1st half 2010	Pending	
3. Consulting services <ul style="list-style-type: none"> • Consulting assignment 01 Selection of preparation courses for university entrance examination (6 lots) Estimated cost: R\$2,380,000 	QCBS	EX ANTE	75%	25%	NO	1st half 2010	1st half 2010	Pending	
<ul style="list-style-type: none"> • Consulting assignment 02 Selection of consulting services for communications plan Estimated cost: R\$1,261,979 	QCBS	EX ANTE	100%	-	NO	2nd half 2008	1st half 2009	Awarded	

Description of contract and estimated procurement cost	Procurement method	Review (ex ante or ex post)	Source of financing and percentage		Prequalification (Yes/No)	Estimated dates		Status (pending, in process, awarded, cancelled)	Comments
			IDB %	Local / Other %		Publication of specific procurement notice	Completion of contract		
<ul style="list-style-type: none"> • Consulting assignment 03 Selection of consulting services for communications plan Estimated cost: R\$1,261,979. 	QCBS	EX ANTE	30%	70%	NO	1st half 2010	1st half 2010	Pending	
<ul style="list-style-type: none"> • Consulting assignment 04 Selection of youth health offices Estimated cost: R\$200,000 	QCBS	EX ANTE	100%	-	NO	1st half 2010	1st half 2010	Pending	
<ul style="list-style-type: none"> • Consulting assignment 05 Selection of entity to evaluate the projects of other entities Estimated cost: R\$50,000 	QCBS	EX ANTE	100%	-	NO	2nd half 2010	2nd half 2010	Pending	
<ul style="list-style-type: none"> • Consulting assignment 06 Selection of entity for staff training (PMU) Estimated cost: R\$425,000 	QCBS	EX ANTE	100%	-	NO	1st half 2010	1st half 2010	Pending	
<ul style="list-style-type: none"> • Consulting assignment 07 Selection of entity for engagement of educators (ProJovem-ABBIEN) Estimated cost: R\$6,257,047 	QCBS	EX POST	-	100%	NO	1st half 2009	2nd half 2010	Awarded	
<ul style="list-style-type: none"> • Consulting assignment 08 Selection of entity for project execution (specialized in communications) Estimated cost: R\$450,000 	QCBS	EX ANTE	75%	25%	NO	1st half 2010	1st half 2010	Pending	
<ul style="list-style-type: none"> • Consulting assignment 09 Selection of entity for training, instruction, and operational planning (CUCA) Estimated cost: R\$139,425 	QCBS	EX ANTE	100%	-	NO	2nd half 2010	2nd half 2010	Pending	

Description of contract and estimated procurement cost	Procurement method	Review (ex ante or ex post)	Source of financing and percentage		Prequalification (Yes/No)	Estimated dates		Status (pending, in process, awarded, cancelled)	Comments
			IDB %	Local / Other %		Publication of specific procurement notice	Completion of contract		
4. Nonconsulting services									
<ul style="list-style-type: none"> • Service 01 Car and motorcycle leasing (PMU) Estimated cost: R\$75,000 	QCBS	EX ANTE	100%	-	NO	1st half 2010	1st half 2010	Pending	
<ul style="list-style-type: none"> • Service 02 Selection of specialized labor entity – audits (PMU) Estimated cost: R\$302,820 	QCBS	EX ANTE	100%	-	YES	2nd half 2010	2nd half 2010	Pending	
<ul style="list-style-type: none"> • Service 03 Artistic awards for leadership project. Estimated cost: R\$539,965 	QBS	EX ANTE	80%	20%	NO	1st half 2010	1st half 2010	Pending	
<ul style="list-style-type: none"> • Service 04 Staff training, professional support and rating (innovative projects). Estimated cost: R\$1,255,408 	IC	EX POST	-	100%	NO	1st half 2010	1st half 2010	Pending	
<ul style="list-style-type: none"> • Service 05 Engagement of CSO (CUCA) Estimated cost: R\$7,550,140 	QCBS	EX ANTE	100%	-	NO	1st half 2010	1st half 2010	Pending	
<ul style="list-style-type: none"> • Service 06 Selection of entity to print quarterly newspaper (ProJovem) Estimated cost: R\$39,240 	QCBS	EX ANTE	100%	-	NO	2nd half 2010	2nd half 2010	Pending	
<ul style="list-style-type: none"> • Service 07 Selection of entity for community action (ProJovem) Estimated cost: R\$290,640 	QCBS	EX ANTE	100%	-	NO	2nd half 2010	2nd half 2010	Pending	

Description of contract and estimated procurement cost	Procurement method	Review (ex ante or ex post)	Source of financing and percentage		Prequalification (Yes/No)	Estimated dates		Status (pending, in process, awarded, cancelled)	Comments
			IDB %	Local / Other %		Publication of specific procurement notice	Completion of contract		
<ul style="list-style-type: none"> • Service 08 Engagement of professionals and scholarship payments (innovative projects) Estimated cost: R\$512,225 	IC	EX ANTE	20%	80%	NO	1st half 2010	1st half 2010	Pending	
<ul style="list-style-type: none"> • Service 09 Car leasing (CUCA) Estimated cost: R\$38,250 	QCBS	EX ANTE	100%	-	NO	2nd half 2010	2nd half 2010	Pending	
<ul style="list-style-type: none"> • Service 10 Selection of teaching, legal, and technology advisory services for communications (CUCA) Estimated cost: R\$127,500 	QCBS	EX ANTE	100%	-	NO	2nd half 2010	2nd half 2010	Pending	

ABBREVIATIONS:

PC: Price comparison
DC: Direct contracting
ICB: International competitive bidding
NCB: National competitive bidding
QCBS: Quality- and cost-based selection
QBS: Quality-based selection
IC: Individual consultant