

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

BRAZIL

**PROGRAM FOR DIGITAL TRANSFORMATION OF THE GOVERNMENT OF THE
STATE OF CEARÁ (“CEARÁ PLUS DIGITAL” PROGRAM)**

(BR-L1564)

**THIRD INDIVIDUAL OPERATION UNDER THE CONDITIONAL CREDIT LINE FOR
INVESTMENT PROJECTS (CCLIP) FOR THE
“BRAZIL PLUS DIGITAL” PROGRAM**

(BR-O0010)

LOAN PROPOSAL

This document was prepared by the project team consisting of: Mariano Lafuente (IFD/ICS), Project Team Leader; Alejandro Pareja (IFD/ICS), Luis Guillermo Alarcón (IFD/CMF), and Vanderleia Radaelli (IFD/CTI), Alternate Project Team Leaders; Miguel Porrúa, Santiago Paz, José Luis Hernández, Rodrigo Serrano, Katia Rivera, Robert Pantzer (IFD/ICS); Rafael Cavazzoni Lima (IFD/CMF); Michael Hennessy, Nathalia Pufal (IFD/CTI); Aloisio Lopes, Marco Buttazzoni (CSD/CCS); Mauricio Tapia (VPS/ESG); José Luiz Rossi, Tiago Cordeiro (CSC/CBR); Carlos Carpizo, David Salazar (VPC/FMP); Gastón Pierri (SPD/SDV); Krysia Ávila (LEG/SGO); Fátima Cartaxo, Juan Eberhard, Flávio Galvão, Tiago Prado, and Denisse Wolfenzon (Consultants). The team would like to thank Arturo Mueente and Ariel Nowersztern (IFD/ICS) for their valuable comments.

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ABBREVIATIONS

| | |
|--------|--|
| ABEP | Associação Brasileira de Empresas de Pesquisa [Brazilian Association of Research Companies] |
| AFS | Audited financial statements |
| AWP | Annual work plan |
| CCLIP | Conditional credit line for investment projects |
| CDC | Cinturão Digital do Ceará [Ceará Digital Belt] |
| CGE | Controladoria e Ouvidoria Geral do Estado do Ceará [Office of the Comptroller General and Ombudsman General of the State of Ceará] |
| CNMP | Conselho Nacional do Ministério Público [National Council of the Public Prosecutor's Office] |
| ETICE | Empresa de Tecnologia da Informação do Ceará [Ceará Information Technology Corporation] |
| IBGE | Instituto Brasileiro de Geografia y Estadística [Brazilian Institute of Geography and Statistics] |
| ICT | Information and communication technologies |
| IRR | Internal rate of return |
| IT | Information technology |
| MPCE | Ministério Público do Estado do Ceará [Public Prosecutor's Office of the State of Ceará] |
| PGE | Procuradoria Geral do Estado [Office of the State Attorney General] |
| PMU | Program management unit |
| SAIN | Secretaria de Assuntos Internacionais [International Affairs Department], Ministry of Economy |
| SEFAZ | Secretaria da Fazenda do Estado do Ceará [Finance Department of the State of Ceará] |
| SEPLAG | Secretaria do Planejamento e Gestão [Planning and Management Department] |
| TCE/CE | Tribunal de Contas do Estado do Ceará [Audit Office of the State of Ceará] |

PROJECT SUMMARY

BRAZIL PROGRAM FOR DIGITAL TRANSFORMATION OF THE GOVERNMENT OF THE STATE OF CEARÁ “CEARÁ PLUS DIGITAL” PROGRAM (BR-L1564)

THIRD INDIVIDUAL OPERATION UNDER THE CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS (CCLIP) FOR THE “BRAZIL PLUS DIGITAL” PROGRAM (BR-O0010)

| Financial Terms and Conditions | | | | |
|--|--|----------|--|--|
| Borrower: | | | Flexible Financing Facility^(a) | |
| State of Ceará | | | Amortization period: | 25 years |
| Guarantor: | | | Disbursement period: | 5 years |
| Federative Republic of Brazil | | | Grace period: | 5.5 years ^(b) |
| Executing agency: | | | Interest rate: | SOFR-based |
| The Borrower, acting through the Planning and Management Department (SEPLAG) | | | Credit fee: | (c) |
| Source: | Amount (US\$) | % | Inspection and supervision fee: | (c) |
| IDB (Ordinary Capital): | 31 million | 80% | Weighted average life: | 15.25 years |
| Local: | 7.75 million | 20% | | |
| Total: | 38.75 million | 100% | Currency of approval: | U.S. dollar |
| Project at a Glance | | | | |
| Program objective/description: The general development objective of the program is to make gains in the digital transformation of the Government of the State of Ceará, so as to increase satisfaction and generate savings for citizens in the use of public services. The specific development objectives are to: (i) expand access to digital public services; (ii) make public management more effective through digital transformation; (iii) make public management more efficient through digital transformation; and (iv) enhance digital connectivity. To achieve these objectives, the program is structured into four components. This is the third individual loan operation under the conditional credit line for investment projects (CCLIP) for the “Brazil Plus Digital” Program (BR-O0010), approved by the Board of Executive Directors under Resolution DE-23/21. | | | | |
| Special contractual conditions precedent to the first disbursement of the financing: The executing agency will provide the Bank with evidence that: (i) the decree creating the program management unit (PMU) and appointing its coordinator has been published in the Official Gazette of the State of Ceará on the terms agreed upon with the Bank; (ii) the program Operating Regulations have entered into force on the terms agreed upon with the Bank; and (iii) an appropriate legal instrument of cooperation has been signed and has entered into force, on the terms agreed upon with the Bank, between SEPLAG and each of the participating institutions and beneficiaries of the program: Public Prosecutor’s Office of the State of Ceará (MPCE), Ceará Information Technology Corporation (ETICE), and Office of the Comptroller General and Ombudsman General of the State of Ceará (CGE) (see paragraph 3.5). | | | | |
| Exceptions to Bank policy: None. | | | | |
| Strategic Alignment | | | | |
| Challenges:^(d) | SI <input type="checkbox"/> | | PI <input checked="" type="checkbox"/> | EI <input type="checkbox"/> |
| Crosscutting themes:^(e) | GE <input checked="" type="checkbox"/> and DI <input type="checkbox"/> | | CC <input checked="" type="checkbox"/> and ES <input type="checkbox"/> | IC <input checked="" type="checkbox"/> |

(a) Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency, interest rate, commodity, and catastrophe protection conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

(b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.

(c) The credit fee and 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 applicable policies.

(d) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

(e) GE (Gender Equity) and DI (Diversity); CC (Climate Change) and ES (Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and rationale

1. Background and context of Brazil

- 1.1 This is the third individual loan operation under the conditional credit line for investment projects (CCLIP) for the “Brazil Plus Digital” Program (BR-O0010), approved by the Board of Executive Directors on 7 April 2021, along with the first individual operation (loan 5248/OC-BR for US\$28 million).¹ The objective of the CCLIP, which is structured as a Multisector Modality II under the Bank’s CCLIP policy (document GN-2246-13) is to contribute to Brazil’s digital transformation by: (i) enhancing digital connectivity (coverage and quality); (ii) increasing adoption of new technologies in the productive sector; (iii) enhancing public services through the implementation of new technologies; and (iv) improving the country’s performance in necessary crosscutting factors for digital transformation. The liaison institution is the Ministry of Economy’s International Affairs Department (SAIN).
- 1.2 The CCLIP will be for up to US\$1 billion, to be allocated over a drawdown period of 10 years with three resource allocation channels structured around four sectors. One of its channels is subnational,² with the Federal District, states, or municípios that have borrowing capacity under the requirements of the federal government acting as borrowers and requesting loans for programs contributing to Brazil’s digital transformation in one or more of the sectors covered by the CCLIP. These sectors are: (i) e-infrastructure; (ii) e-economy; (iii) e-government; and (iv) supporting factors. This is the third operation under the CCLIP, the third in e-government, and the second to be executed by a state executive branch.
- 1.3 **Macroeconomic context.** The Brazilian economy recovered in 2021. Brazil’s GDP grew 4.6% that year, above the prepandemic level. After peaking in April 2021, the country’s deadliest month of the pandemic, Brazil has seen a decline in new cases and deaths caused by the pandemic. The central bank’s Focus survey signals GDP growth of 0.49% in 2022 and 1.43% in 2023.
- 1.4 **COVID-19 and e-government policy in Brazil.** The federal government ranks among the top 20 countries worldwide on the United Nations Online Services Index (2020),³ and seventh out of 198 countries in the world on the World Bank GovTech Maturity Index (2021):⁴ over 72% of its procedures are digitalized, yielding significant savings, and more than 100 million people have an account on the gov.br one-stop portal. At the state level, in 2019 only 4% of services were digitalized, and only 31% of the states reported that the service most frequently

¹ Resolution DE-23/21.

² The other channels are: (i) the Federative Republic of Brazil, for digital transformation programs in one or more of the sectors covered by the CCLIP; and (ii) national or regional development banks that increase the capillarity and scaling of financing through subloans to subnational entities or small and medium-sized enterprises for specific investments contributing to the country’s digital transformation and aligned with one or more of the sectors covered by the CCLIP.

³ [United Nations \(2020\)](#). For more information on this and the other analytical works cited in this document, see [optional link 5](#).

⁴ [World Bank \(2021\)](#).

used by their citizens in the past year was fully available online.⁵ As in the other countries of the region, the COVID-19 crisis accelerated the digital transformation of the public sector in Brazil. Restrictions on in-person service spurred further digitalization of services in the states, buoyed by a population that is connected and adapted to the digital world. On a survey conducted between October and December 2020, 41% of respondents said they had little or no difficulty adjusting to the digital world, while 45% said they had already adjusted prior to the onset of the crisis. In the second half of 2020, two of the 10 activities most frequently performed online were public services (requests for social benefits and documents).⁶ Despite the advancements in e-government at the federal level, Brazilian states vary widely in terms of maturity level, with most states in the North and Northeast regions rated “fair” in a recent study.⁷

2. Background and context of Ceará

- 1.5 **Socioeconomic and macroeconomic context.** The State of Ceará is located in the northeast region of Brazil, which is the poorest with the most challenging social indicators. Ceará had 9.24 million inhabitants in 2020. Its GDP per capita is below the national average (19th out of the 27 federative units). The state’s fiscal position is positive and stable, and its creditworthiness has been rated “B” since the rating began to be used in 2016, so it has been continuously eligible for external financing.⁸ Ceará currently has the highest ratio of public investment to net revenue of any state in the country. In 2021, the state’s economy grew 4.21%, compared with 2020. Growth of around 3% is expected for 2022, higher than the country’s expected growth of 0.49%.⁹ In fiscal terms, in 2021, the state has seen a 21.7% increase in tax revenue intake (in nominal terms), reflecting stronger economic activity and rising inflation.
- 1.6 **The COVID-19 pandemic.** In Ceará, as in the rest of the region, the relevance and importance of digital technologies has grown exponentially as a result of the COVID-19 pandemic. Connectivity and new technologies have been critical in the continuity and expansion of public service delivery amid restrictions on in-person services and the health crisis. As in-person services were interrupted in 2020,¹⁰ the state created the CearáApp, chiefly to offer online health services, but later expanded to include other services.
- 1.7 **Legal, institutional, and strategic framework.** The strategic priorities of the Government of Ceará are to make progress on the digital transformation of the public sector and improve the quality and coverage of connectivity for its citizens. Both objectives have become even more important with the COVID-19 crisis and,

⁵ [Regional Center for Studies on the Development of the Information Society, acting under the auspices of the United Nations Educational, Scientific, and Cultural Organization \(UNESCO\) \(2020\).](#)

⁶ [IDB \(2021\).](#)

⁷ [Associação Brasileira de Entidades Estaduais de TIC \[Brazilian Association of State ICT Entities\] \(2021\).](#) The study rates maturity levels as “excellent,” “very good,” “good,” “fair,” and “poor.”

⁸ [Boletim de Finanças dos Entes Subnacionais \(2021\).](#)

⁹ [Focus Bulletin of the central bank \(March 2022\).](#)

¹⁰ The [Vapt-Vupt](#) in-person service centers, operated under public-private partnerships, saw a 60% decline in the number of services provided between 2019 and 2020.

in the case of e-government, the federal government's recent passage of the e-Government Law.¹¹ The "Ceará e-Government" and "Ceará Strategic Information and Communication Technology" programs, part of the Multiyear Plan 2020-2023, are led by the Planning and Management Department (SEPLAG). These programs have the following objectives: (i) the digital transformation of the government with initiatives to expand digital public service offerings, interoperability of government data, and promotion of societal oversight and engagement; and (ii) expanded access to quality information and digital services, utilizing new technologies and promoting socioeconomic development statewide through information and communication technology (ICT).¹² SEPLAG also chairs, coordinates, and acts as executive secretariat of both the ICT Council¹³ and its technical advisory body, the ICT Governance Committee.¹⁴ The ICT Supreme Council's mandate is to deliberate on strategies, guidelines, policies, programs, and strategic crossover projects in ICT for the state public administration, as well as to arrange the budget and financial resources and make decisions to ensure the implementation of e-government actions. The ICT Governance Committee's mandate is to promote better ICT governance, together with the other components of the model, by defining, evaluating, and submitting government ICT strategies and policies the ICT Supreme Council for consideration.

- 1.8 **e-Government in Ceará.** At present, the relative level of the state's e-government development is rated medium, with Ceará ranked 17th out of 27 on the Brazilian State e-government index in 2021 (with a score of 49.75 out of 100).¹⁵ This keeps the state from tapping its efficiency potential, since online transactions cost 5% of what in-person transactions cost.¹⁶ However, some strides have been made: Ceará is one of only two states with a strategy for contracting cloud services, one of six states in Brazil with a Chief Data Science Officer, one of seven states that reported using artificial intelligence solutions to improve public services, and one of ten states with an e-government strategy in preparation or approved.¹⁷
- 1.9 In 2021, the state made progress on three key e-governance milestones: (i) preparation of the e-government strategy; (ii) approval of the Information and Communication Security Policy,¹⁸ since further digitalization will bring about an increase in cyberattack surface exposure, which must be managed effectively to

¹¹ [Federal Law 14129](#) of 29 March 2021.

¹² [Multiyear Plan 2020-2023](#).

¹³ [Law 16921](#) (2019). Members are secretaries and senior officeholders of the state governor's executive office, SEPLAG, finance ministry, Office of the Comptroller General and Ombudsman General of the State of Ceará (CGE); Science, Technology and Higher Education; Economic Development and Labor; Office of the State Attorney General (PGE); and Ceará Information Technology Corporation (ETICE).

¹⁴ Members are all ICT managers of state government agencies.

¹⁵ [Brazilian Association of Research Companies \(ABEP\) \(2021\)](#). This index is one factor in the state competitiveness ranking.

¹⁶ [IDB \(2018\)](#).

¹⁷ [IDB \(2021a\)](#). The strategy is in preparation with approval expected in 2022.

¹⁸ [Decree 34100](#).

maintain an acceptable level of risk; and (iii) joining the gov.br network, making the commitment to follow federal government guidelines on digital public service offerings and to make integrated progress (including the use of unique digital identity).

- 1.10 On the demand side, the residents of Ceará are ready to use more and better digital services. On a survey conducted by the IDB in October 2020, 79% of respondents said they were already adapted to the digital world or had little or no trouble doing so (slightly below the country average of 86%). In addition, 95% said they had Internet access on their cellular device, and 91% over Wi-Fi at home (both above the national average).¹⁹
- 1.11 Nevertheless, only 52% of the citizens of Ceará said they were satisfied or very satisfied with the state government's digital services, which is near the average for Brazil and for the Northeast region (both 53%) but below the state with the strongest performance (69%). Additionally, 42% said they had encountered difficulties using digital services, with ample room for improvement compared to the best-performing state (24%).²⁰ There is also a low level of trust among citizens that the state government will protect personal data (43%, near the national average of 40%). Furthermore, although no gender gaps have been identified in terms of connectivity or adapting to the digital world,²¹ in Brazil women spend twice as much time as men on household work and unpaid tasks,²² so expanding digital public service offerings (used more by women) would help reduce their workload ([optional link 3](#)).
- 1.12 **Connectivity in Ceará.** Given its geostrategic location, Ceará is an important hub for underwater fiberoptic cables linking Brazil with Africa, Europe, and the Americas. By the end of 2021, an expected total of 18 cables will be located in Fortaleza, the state capital.²³ This is a major attraction for digital investments and has prompted several operators to establish distribution points in Ceará, which also generates private investments from data center companies and providers of cloud services. The Ceará Digital Belt (known by its Portuguese-language acronym, CDC), created in 2007 and operated by ETICE,²⁴ expanded connectivity coverage and quality in the state, especially outside the capital. This initiative increased the percentage of households with a fixed broadband connection from 6% that year to 40% in 2020, while nationwide that percentage increased from 15.5% to 51%.²⁵
- 1.13 **Digital transformation of the Public Prosecutor's Office of the State of Ceará (MPCE).** The MPCE is a permanent institution with administrative and financial autonomy, functional independence, and a mandate to defend the legal

¹⁹ [IDB \(2021b\)](#). Survey of a representative sample of Ceará's population in October 2020. Respondent-reported responses, which may differ from official connectivity statistics (see paragraph 1.17).

²⁰ Idem.

²¹ [IDEIA \(2020\)](#).

²² [Economic Commission for Latin America and the Caribbean \(ECLAC\) \(2017\)](#).

²³ [State of Ceará](#).

²⁴ State Law 15018 of 4 October 2011.

²⁵ [National Telecommunications Agency \(2021\)](#).

order, the democratic system, and the interests of society and the individual.²⁶ One of the MPCE's two institutional objectives is to improve the efficiency and effectiveness of its operations through digital transformation.²⁷ One challenge it faces in achieving this is the small number of staff for core activities in comparison to the population served (nine out of 10 states in the Northeast), hence the objective of further automating operations. Although the MPCE has made progress in computerizing some processes since 2017 and in purchasing a modular data center, it still does not use artificial intelligence solutions, and productivity indicators are low. A recent report of the National Council of the Public Prosecutor's Office (CNMP) with comparative data from the federative units for 2019 showed that Ceará had the country's second lowest rate of civil investigations completed versus initiated with 4.97%, compared to a national average of 111.9% (reflecting more cases completed than initiated in the period in the majority of states).²⁸

- 1.14 The overall problem the program will address is the satisfaction and efficiency gaps in the delivery of public services by the Government of Ceará. The following paragraphs discuss the specific problems and their drivers.
- 1.15 **Gaps in the availability of digital public services.** Online public services are mostly informational. Only 7% of transactions are fully digital, 12% partially digital, and 81% can be completed only in person.²⁹ In addition, digital services are fragmented across different applications and websites with separate usernames and passwords at each state public institution, making access a hassle. State government tools to gauge user satisfaction are nonexistent, making it difficult to better tailor services to citizen needs, and the service portal and citizen service centers are not integrated, among other challenges.
- 1.16 **Gaps in the use of information technologies for government operations.** These gaps are driven by: (i) a poor data governance framework; (ii) limited capabilities in digital transformation³⁰ (including gender gaps),³¹ as well as in cybersecurity,³² new technologies (such as artificial intelligence), and data

²⁶ Supplemental Law 72 of 12 December 2008.

²⁷ [Strategic Plan 2016-2021](#). The [Multiyear Plan 2020-2023](#) includes the operations automation program.

²⁸ [CNMP \(2020\)](#).

²⁹ SEPLAG (2021).

³⁰ On average, 14.33% of the civil servants at Ceará institutions involved in the program reported certification in digital transformation, and 72.5% reported not having received training on digital subjects in the past year. Source: SEPLAG (2021), Survey of 600 civil servants at SEPLAG, CGE, ETICE, and MPCE. Ceará also has no cybersecurity operations center, protocols, or dedicated team. (Sources: [IDB \(2021a\)](#) and SEPLAG).

³¹ For women this percentage was 12%, versus 16% for men. Similarly, there is a fairly pronounced gender gap when measuring the perception that women civil servants have of their own digital skills: 40% of women and 61% of men answered that they consider their digital skills to be "fairly developed" and "very developed" ([optional link 3](#)). No gaps in certification or self-assessment were identified for Afro-descendants. Source: SEPLAG (2021), Survey of 600 civil servants at SEPLAG, CGE, ETICE, and MPCE.

³² The State was able to detect and manage 330 incidents per year at the 64 state agencies, a very small number compared to other governments. Uruguay, with a population more than two times smaller than Ceará's, processed 2,500 incidents annually in 2019.

protection; (iii) little automation of administrative processes, with documentation managed partially on paper;³³ (iv) fragmented database systems without interoperability; (v) high degree of obsolescence in connectivity hardware³⁴ and network saturation; and (vi) insufficient digital solutions, particularly at the MPCE, where corporate operations are analog.

- 1.17 **Gaps in connectivity.** According to data from [Crowdsourcing for Digital Connectivity](#), there were 1,877,917 people in areas without broadband service coverage in the State of Ceará in 2020, equivalent to 20.4% of the population. The identified gap in fixed coverage was 1,436,123 people, only 3.1% of whom can afford to pay the average price of the fixed subscription, whereas the gap in mobile coverage is 1,744,437 people (equivalent to 18.8% of the population), 48% of whom can afford to pay the average price of the mobile subscription. Specifically, the availability³⁵ of the CDC network, which provides services to state government agencies, has deteriorated significantly due to the obsolescence of the equipment supporting it ([optional link 6](#)).
- 1.18 **Empirical evidence.** The literature shows that digital public services are faster (74% on average), cheaper to provide (costing between 1.5% and 5% of what in-person transactions cost), and less prone to corruption, so greater digitalization promotes such benefits as a more efficient public sector and savings for society.³⁶ Taking less time to deliver transactional public services is also one of the main drivers of higher citizen satisfaction.³⁷ In Argentina, the Bank-supported PROMETEA system, which uses artificial intelligence based on decision trees developed through process standardization and data normalization at the national prosecutor's office, allowed for the automatic drafting of court rulings and significantly reduced the duration of judicial processes.³⁸
- 1.19 **The Bank's experience in the country and lessons learned.** The Bank has extensive experience in digital investments in Brazil's public sector to improve management (e.g., in social protection, transparency, public asset management, and justice)³⁹ and to modernize public finances in Brazil, including electronic invoices.⁴⁰ The Bank also has conducted extensive, recent analytical work in the areas covered by this operation.⁴¹ Examples of lessons learned from those

³³ In a study of 19 states in 2019, only four did not have an electronic document management system, one of them being Ceará. The Unified Integrated Electronic Processing System only began to be implemented in July 2021, with its first modules and a partial implementation. Source: [SEPLAG](#).

³⁴ Ninety percent of the assets have been discontinued by the manufacturer, and the transmission and access equipment is more than 12 years old (maximum life 10 years). Source: ETICE.

³⁵ Network availability is measured as an annual percentage of minutes in operation. The CDC currently reports availability of 98.39%, lower than [private operators](#) (99.99%) and [public operators](#) (99.86%) (National Network of Education and Research), both nationwide, for 2021.

³⁶ [IDB \(2018\)](#).

³⁷ IDB ([2016](#) and [2020](#)), Simplifying Lives.

³⁸ [Estevez et al. \(2020\)](#).

³⁹ Loans [2791/OC-BR](#) (US\$10 million, approved in 2012), [2919/OC-BR](#) (US\$18 million, 2013), [2580/OC-BR](#) (US\$15 million, 2011), and [5248/OC-BR](#) (US\$28 million, 2021), respectively.

⁴⁰ [PROFISCO I](#) (US\$500 million, 2008) and [PROFISCO II](#) (US\$900 million, 2017).

⁴¹ [Optional link 5](#).

programs specifically incorporated into this operation include: (i) digital transformation policies should be coordinated across levels of government, in this case under the e-Government Law (see paragraph 1.7); (ii) the program's expected targets should reflect success stories in other states, as well as the use of tools for comparative evaluation among states (see Results Matrix); (iii) the digitalization of administrative processes should be combined with processes for delivering services to citizens (see paragraphs 1.29, 1.30, and 1.32).

- 1.20 **The Bank's experience in the region and lessons learned.** This program will draw on the Bank's experience with public sector digital transformation projects, including: the Program for Improvement of Public Services and State-Citizen Interaction (loan 3625/OC-UR) in Uruguay; the Panama Online Program (loan 3683/OC-PN) in Panama; and the Project to Improve and Expand Support Services for National Service Delivery to Citizens and Enterprises (loan 4399/OC-PE) in Peru. The Bank's analytical work in the area of e-government is also extensive.⁴² Lessons learned incorporated into this program include: (i) strengthening the executing agency's digital capabilities through specific specialized advisory services, to successfully implement complex technology outputs (see paragraphs 1.29, 2.5.a, and 3.1); (ii) maintaining a flexible design to adapt more readily to any technological changes during execution (see paragraph 1.29); (iii) ensuring an omnichannel approach to service improvement, to reach the entire population, including online and in-person services (see paragraph 1.29); and (iv) supporting change management activities in view of the difficulties in introducing digital transformation and modernization processes (see paragraph 1.30).
- 1.21 **Complementarity with IDB operations.** The program will be complemented by two Bank programs promoting digitalization in the State of Ceará that have strong synergies, especially with the activities led by the MPCE (see paragraph 1.32): (i) Program for the Modernization of the Judicial Branch of the State of Ceará (PROMOJUD) (loan [5248/OC-BR](#) for US\$28 million, approved in 2021), which finances activities for the digital transformation of justice in Ceará; and (ii) Ceará State Integrated Violence Prevention and Reduction Program (PREVIO) (loan [5237/OC-BR](#) for US\$52 million, approved in 2021), which finances digitalization and modernization activities at the Department of Public Security and others. The program will also be complemented by the Fiscal Management Modernization Program for the State of Ceará (PROFISCO II-CE) (loan [4436/OC-BR](#) for US\$70 million, approved in 2017), which will finance a consolidated system of tax consultations and enforcement proceedings for adjudicated tax debt programs, including Ceará Plus Digital. In addition, synergies will be pursued with other e-government programs supporting state governments under the "Brazil Plus Digital" CCLIP (BR-O0010), such as Alagoas Plus Digital, now in preparation.

⁴² For example, [Wait No More \(2018\)](#), Cybersecurity ([2016](#) and [2020](#)), Simplifying Lives ([2016](#) and [2020](#)), [Digital Transformation and Public Employment: The Future of Government Work \(2021\)](#), and others.

- 1.22 **Associated technical-cooperation operations.** Two technical-cooperation operations have been approved: (i) [ATN/OC-17993-BR](#) (for US\$300,000, client support, approved in 2020), which supports Brazil's public sector digital transformation efforts at the federal and subnational levels for better public service delivery and contributed to the program design; and (ii) [ATN/OC-18716-BR](#) (for US\$250,000, operational support, approved in 2021), which supports the implementation of this and other programs under the e-government focus area of the “Brazil Plus Digital” CCLIP.
- 1.23 **Strategic alignment.** The operation is consistent with the second Update to the Institutional Strategy (document AB-3190-2) and is aligned with the challenge of productivity and innovation through the use of new technologies to enhance public services (see paragraph 1.26). The program is also aligned with the crosscutting themes of: (i) institutional capacity and rule of law, by making the public sector more efficient and effective and improving transparency and accountability through greater digitalization and automation of processes and services; (ii) gender equality, by addressing the digital divide through training to develop the digital skills of women in the civil service; and (iii) climate change, by contributing to the reduction of greenhouse gas emissions through: (a) the purchase of more energy efficient equipment;⁴³ and (b) the reduction of emissions from transportation and paper use through the digitalization of public services and construction of the innovation center with energy and water efficiency measures ([optional link 4](#)). According to the [joint methodology of the multilateral development banks](#), an estimated 49.69% of the operation's resources are invested in climate change mitigation activities. These resources contribute to the IDB climate finance target (30% of the volume of annual approvals). The program will also contribute to the Corporate Results Framework 2020-2023 (document GN-2727-12) through the indicator for “agencies with strengthened digital technology and managerial capacity.”
- 1.24 The program is also aligned with the Sector Strategy: Institutions for Growth and Social Welfare (document GN-2587-2) under its public sector management and finance component and is consistent with the Innovation, Science and Technology Sector Framework Document (document [GN-2791-8](#)) under its dimension of success that the region's economies become able to take full advantage of the potential of the digital economy. Additionally, the operation is aligned with the IDB Group Country Strategy with Brazil 2019-2022 (document GN-2973) through its strategic objectives to: (i) promote e-government and digital solutions to foster transparency, accountability, and efficiency in delivering public services to citizens and enterprises; and (ii) build a more effective government. It also contributes to the country strategy's crosscutting themes of innovation and digital transformation, gender equality and diversity, and climate change. Lastly, the operation is included in the 2022 Operational Program Report (document GN-3087).

⁴³ More electricity-efficient equipment, identified with seals such as Procel A Class or Energy Star, consume less energy than similar equipment without those certifications.

- 1.25 **Gender and diversity considerations.** Pursuant to the Operational Policy on Gender Equality in Development (Operational Policy OP-761, document GN-2531-10) and the Update to the Gender Action Plan for Operations 2020-2021 (document GN-2531-19),⁴⁴ financing will be provided for a digital skills development program for women in the civil service, to help close the identified gap (see paragraph 1.16).
- 1.26 **Technological innovation considerations.** This operation involves the execution of projects with innovative components, including: (i) implementation of a single sign-on identification and authentication system for efficiency gains in digital identity management and higher-quality service (see paragraph 1.29); (ii) implementation of electronic payments (see paragraph 1.29); (iii) implementation of innovative cybersecurity policies and solutions, including a Cybersecurity Operations Center (see paragraph 1.30); (iv) implementation of big data as part of a new data governance (see paragraph 1.30); (v) implementation of a Government Innovation Center (see paragraph 1.30); (vi) cloud solutions (see paragraphs 1.29, 1.30, and 1.32); and (vii) incorporation of artificial intelligence into MPCE core operations processes (see paragraph 1.32).
- 1.27 **Compliance with the Public Utilities Policy.** The program complies with the objectives, principles, and conditions established in the Public Utilities Policy (document [GN-2716-6](#)), since it will improve the quality of the data transmission services provided by the CDC network, creating the conditions, in turn, for private fixed broadband operators to improve the quality of their services or venture into new coverage areas. In addition, strengthening CDC network management supports the development of broadband technology that provides access to cost-effective solutions, increasing efficiency in network operation, improving the maintenance of assets, and optimizing their use by offering them to the market under the existing regulations applicable to wholesale telecommunications services, issued by Brazil's National Telecommunications Agency⁴⁵ (see [optional link 9](#)).

B. Objectives, components, and cost

- 1.28 **Objective of the third individual operation under the CCLIP.** The general development objective of the program is to make gains in the digital transformation of the Government of the State of Ceará, so as to increase satisfaction and generate savings for citizens in the use of public services. The specific development objectives are to: (i) expand access to digital public services; (ii) make public management more effective through digital transformation; (iii) make public management more efficient through digital transformation; and (iv) enhance digital connectivity. To achieve these objectives, the program is structured into four components.

⁴⁴ Digital governance line of action: offer online options with a gender lens to promote gender-responsive e-governance by enhancing women's access to online public services.

⁴⁵ Reference offer for the wholesale market for high-capacity data transmission links and reference offer for the wholesale market for data interconnection between municípios, as part of the General Plan for Economic Competition Goals, <https://www.gov.br/anatel/pt-br/regulado/competicao/mercados-de-atacado>.

- 1.29 **Component 1. Digital transformation of public services (IDB: US\$8.3 million; Local: US\$0. Total: US\$8.3 million).** This component will contribute to automating and expanding digital public service offerings and improving their quality. It will finance support for activities including: (i) digitalization and automation of public services, offering them on a single service portal with a single sign-on solution and including the ability to make payments in a digital environment; (ii) implementation of a multichannel citizen services platform, integrated into the digital services portal;⁴⁶ and (iii) expansion of the channels for transparency and societal oversight and engagement, to improve digital services.⁴⁷
- 1.30 **Component 2. Digital transformation of public management (IDB: US\$7.4 million; Local: US\$6.2 million. Total: US\$13.6 million).** This component will contribute to streamlining the delivery of public services, provide greater effectiveness and efficiency in public management, and satisfy citizen demands. It will finance support for activities including: (i) implementation of an interoperability platform, improved data use and protection through big data solutions, and assistance to executive branch institutions in adapting to the Data Protection Law;⁴⁸ (ii) strengthening of digital governance through support for the implementation of digital transformation and cybersecurity strategies, including a new Cybersecurity Operations Center; (iii) implementation of a Government Innovation Center, including construction, design of a business and sustainability model, and support for its first few years of operation;⁴⁹ (iv) digital skills development for civil servants, including redesign of job descriptions and qualifications and design, implementation, and evaluation of a training strategy; (v) implementation of a digital skills development program for women in the civil service; (vi) improvement, digitalization, and automation of corporate processes, including effective implementation of the document management system and integrated human resources management system; and (vii) design and implementation of a change management strategy.⁵⁰
- 1.31 **Component 3. Digital infrastructure and connectivity (IDB: US\$5.8 million; Local: US\$0. Total: US\$5.8 million).** This component will contribute to enhancing digital connectivity. It will finance support for activities including:

⁴⁶ Including improvements to the CearáApp, as well as installation of a smart virtual assistant (chatbot). For all technologically complex program procurements, financing will be provided for specialized technical support for preparation of technical specifications, evaluation of vendor proposals, and output quality control.

⁴⁷ This output will be led by, and will benefit, the CGE.

⁴⁸ Federal Law 13709 of 14 August 2018, with language from Federal Law 13853 of 2019.

⁴⁹ Construction of the center will include a green building certification, including energy and water efficiency measures and use of rainwater.

⁵⁰ Supporting Component 1 and 2 activities.

(i) improvement of the digital infrastructure for connectivity;⁵¹ and
(ii) strengthening of Ceará Digital Belt (CDC) management.⁵²

- 1.32 **Component 4. Digital transformation of the MPCE (IDB: US\$8.5 million; Local: US\$1.5 million. Total: US\$10 million).** This component will contribute to the digital transformation of the MPCE, to make it more effective and efficient. It will finance support for activities including: (i) strengthening and modernization of the MPCE's strategic and innovation management;⁵³ (ii) modernization of the institution's information and communication technology infrastructure, cybersecurity, and connectivity;⁵⁴ and (iii) modernization of the management of core and support activities of the MPCE.⁵⁵
- 1.33 **Administration expenses (IDB: US\$1.1 million; Local: US\$0. Total: US\$1.1 million).** Financing will be provided for administration, evaluation, and audit costs.
- 1.34 The eligible expenditures to be financed by the program include specialized consulting services, as well as goods and nonconsulting services (e.g., purchase of hardware, software, and training).
- 1.35 **Beneficiaries.** The direct beneficiaries of this program will be citizens and businesses with Internet access using the services of the State of Ceará, whose satisfaction will improve as digital public services become more available and more efficient, including time savings and lower costs. By current calculations, approximately 6.5 million people in Ceará have Internet access on their cellular

⁵¹ Improvement in digital connectivity refers specifically to renovation of the data traffic infrastructure of the CDC network, which is obsolete. The renovation will make it possible to increase the network's capacity, support new services, and improve network availability. The infrastructure will consist of backbone, distribution, and aggregation nodes and links for the transmission of information using dense wavelength division multiplexing technology, including the corresponding network management systems. The infrastructure will be owned by the state and operated by ETICE. Information technology hardware purchases under this and other components will include energy-efficiency requirements.

⁵² Training will be financed for ETICE personnel to better identify technology and service trends, so that they can anticipate the technical requirements to be supported by the CDC, timely plan for improvements, corrections, and updates to the infrastructure and the capabilities and services provided by the CDC network, and improve overall operational performance. The program to strengthen CDC operations, which will be worked out with ETICE at program start with the agreement of the IDB, will include classroom and hands-on training, development of planning, management, and operation systems and processes, and support for their implementation in the CDC.

⁵³ Including, among other activities: consulting services for redesign of the MPCE governance model, design and implementation of an innovation and change management program, and development of a digital skills program for the MPCE.

⁵⁴ Including, among other activities: development of the MPCE's IT infrastructure plan and modernization of its hardware and systems and cloud services for data storage expansion; development of a cybersecurity plan, systems and solutions for cybersecurity and data protection, and cybersecurity training for MPCE civil servants; and connectivity and video and audio communication equipment.

⁵⁵ Including, among other activities: implementation of process-driven management; development and implementation of data analysis programs, systems integration, and business intelligence dashboards; implementation of artificial intelligence solutions; systems to further automate mission-critical task management; integration of MPCE service and data platforms; systems, tools, and licenses for use of administrative support systems for management and training in the use of digital tools for MPCE civil servants in their core and supporting areas.

device (95% of the population over age 16), and there are 570,000 businesses.⁵⁶ The state's civil servants—especially SEPLAG, CGE, MPCE, and ETICE—will also benefit from strengthening their digital skills. The public institutions of the State of Ceará—especially the MPCE—will benefit from greater effectiveness and efficiency in the delivery of their services, as a result of greater digitalization and better connectivity.

C. Key results indicators

- 1.36 **Expected impact and outcomes.** Achievement of the program's general development objective will be measured through the increase in citizen satisfaction with the digital public services offered by the State of Ceará, the smaller percentage of individuals reporting difficulties in using those services, and the savings to society generated through the digitalization of public services. The indicators that will be used to measure achievement of the program's specific development objectives include: (i) larger percentage of public services available in 100% digital format; (ii) improvement in the digital service delivery index; (iii) improved digital skills of civil servants at prioritized institutions, including gaps closed for women in the civil service; (iv) increased detection and management of cybersecurity incidents; (v) fewer days to complete core procedures of the MPCE; (vi) greater efficiency in the management of internal processes through digitalization; and (vii) improved availability, capacity, occupancy, and efficiency of the digital connectivity network.
- 1.37 **Economic analysis.** A cost-benefit analysis was performed to determine the internal rate of return associated with the program and its economic viability. The program's main quantifiable benefits will be along the following dimensions: (i) decrease in the cost to citizens from greater digitalization of services; (ii) decrease in the cost of cyberattacks (savings from processing fewer serious incidents as a result of detecting and handling them before they become serious); (iii) decrease in the cost to the State from greater digitalization of services and processes; (iv) decrease in the annual operating cost of the digital connectivity network; (v) savings associated with improvements in the speed of processing investigations by the MPCE. The evaluation concluded that the program's benefits outweigh its costs, even when a conservative benefits rate is applied and not all potential sources of benefits are considered. In the base case scenario, the project has a net present value of approximately US\$62.2 million and an internal rate of return of 57%. All assumptions were construed as conservatively as possible with all benefits beginning in year 2 or later. Several sensitivity analyses were done, assuming significantly lower values. In all the analyses, the internal rate of return exceeded 40% ([optional link 1](#)).

⁵⁶ Sources: Brazilian Institute of Geography and Statistics (IBGE) (2021) and Econodata (2021).

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 **Source and use of funds.** This program will be structured as a specific investment loan, which is justified by the fact that its activities are clearly defined. The total cost of the program will be US\$38.75 million. Of that amount, US\$31 million (80%) will be financed from the Bank's Ordinary Capital resources, and the local contribution will be US\$7.75 million (20%).

Table 1. Estimated program costs (US\$000s)*

| Component | IDB | Local | Total | % |
|--|---------------|--------------|---------------|-------------|
| Component 1. Digital transformation of public services | 8,250 | - | 8,250 | 22% |
| 1.1 Public services, digitalized and automated | 5,632 | - | 5,632 | 15% |
| 1.2 Integrated, multichannel citizen services platform, implemented | 1,815 | - | 1,815 | 5% |
| 1.3 Channels for transparency and societal oversight and engagement, to improve digital services, expanded | 803 | - | 803 | 2% |
| Component 2. Digital transformation of public management | 7,400 | 6,200 | 13,600 | 35% |
| 2.1 Interoperability and data use and protection, improved | 2,013 | - | 2,013 | 5% |
| 2.2 Digital transformation and cybersecurity strategies, implemented | 1,321 | - | 1,321 | 3% |
| 2.3 Government Innovation Center, implemented | 800 | 3,813 | 4,613 | 12% |
| 2.4 Digital skills, developed | 785 | - | 785 | 2% |
| 2.5 Digital skills development program for women in the civil service, implemented | 289 | - | 289 | 1% |
| 2.6 Corporate processes, improved, automated, and digitalized | 1,692 | 2,387 | 4,079 | 11% |
| 2.7 Change management strategy, designed and implemented | 500 | - | 500 | 1% |
| Component 3. Digital infrastructure and connectivity | 5,800 | - | 5,800 | 15% |
| 3.1 Digital infrastructure for connectivity, improved | 5,000 | - | 5,000 | 13% |
| 3.2 Ceará Digital Belt management, strengthened | 800 | - | 800 | 2% |
| Component 4. Digital transformation of the MPCE | 8,450 | 1,550 | 10,000 | 26% |
| 4.1 Strategic and innovation management, strengthened | 818 | - | 818 | 2% |
| 4.2 Information and communication technology infrastructure, cybersecurity, and connectivity, improved | 2,964 | 1,550 | 4,514 | 12% |
| 4.3 Core and support activities of the MPCE, modernized | 4,668 | - | 4,668 | 12% |
| Administration, evaluation, and audit | 1,100 | - | 1,100 | 3% |
| Total | 31,000 | 7,750 | 38,750 | 100% |

* Amounts at the output level are indicative and nonbinding.

- 2.2 Resources will be disbursed over a five-year period, as shown in Table 2. The execution period is based on the average time taken to design and implement the program's proposed activities.

Table 2. Tentative disbursement schedule (US\$ millions)

| Source: | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
|-------------------|---------------|---------------|---------------|---------------|---------------|--------------|
| IDB | 3.1 | 9.0 | 9.8 | 6.4 | 2.7 | 31.0 |
| Local | 1.2 | 1.8 | 1.6 | 1.8 | 1.3 | 7.7 |
| Total | 4.3 | 10.8 | 11.4 | 8.2 | 4.0 | 38.7 |
| % per year | 11.0 | 28.2 | 29.4 | 20.9 | 10.5 | 100.0 |

B. Environmental and social safeguard risks

- 2.3 Pursuant to the Bank's Environment and Safeguards Compliance Policy (document GN-2208-20, Operational Policy OP-703), this operation was classified as category "C" because it is expected to cause only minor, local, and short-term negative environmental and social impacts associated with typical construction and occupational safety and health impacts, including impacts related to the generation of dust, noise, solid waste management, effluents, etc. during the construction of a building for the government innovation center in the São João do Tauape area under Component 2 on existing land owned by the State of Ceará, now used as a parking lot. The interventions will not involve demolition, expropriation, or resettlement. To mitigate the potential socioenvironmental risks and impacts, the program management unit (PMU) will implement an environmental and social management plan, the general outline of which will be included in the program [Operating Regulations](#). No environmental and social evaluation or public consultation is required since this is a category "C" operation.

C. Fiduciary risks

- 2.4 **Human resources.** A medium-high risk has been identified that, since several different institutions will be involved in the procurement flows, the pace of procurement could be negatively affected by the responsiveness of those institutions, which could delay execution of the program. The mitigation measures are as follows: (i) designate focal points at participating institutions and train them on IDB fiduciary policies; and (ii) engage legal support for the PMU.

D. Other key risks and issues

- 2.5 Two additional medium-high risks were identified in the design phase:
- a. **Human resources.** Since staff at the institutions involved in the program have insufficient experience in the purchase of complex technology outputs, the wrong products may be delivered or they may be below standard, which could keep the projected targets in the Results Matrix from being met. To mitigate this risk, part of the resources of these products would be allocated for the hiring of technical consultants.

- b. **Governance system.** Difficulties in interagency coordination for program preparation and/or execution may lead to duplication or lack of integration among the developed outputs, which could keep the projected targets in the Results Matrix from being met. To mitigate this risk, an appropriate legal instrument of cooperation will be signed among the participating institutions.
- 2.6 **Program sustainability.** The program investments and results are expected to be sustainable, mainly due to: (i) efficiency gains, with savings in excess of the investments made ([optional link 1](#)); (ii) the technology investment sustainability strategy (see paragraphs 2.7); (iii) the strengthening of the digital skills of career civil servants at SEPLAG, ETICE, CGE, and MPCE.
- 2.7 **Sustainability of technology and cybersecurity investments.** The program will maximize the sustainability of its technology investments by: (i) purchasing technology investments on a staggered basis, which will extend maintenance contracts on equipment and solutions; (ii) using cloud-based services, which will circumvent the obsolescence of storage equipment; (iii) prioritizing open-source software solutions, which, in combination with the modernization of job descriptions and improved digital skills of Ceará state government staff, particularly in its IT area, will increase buy-in and pave the way for future enhancements; and (iv) the Cybersecurity Operations Center will bring about a significant increase in the number of permanent staff dedicated to these tasks along with a specialization program.
- 2.8 **Sustainability of investments in connectivity.** The increased availability and capacity of the digital connectivity backbone's links will retain and even attract new users, both public and private, to the Ceará Digital Belt (CDC), making the CDC network more sustainable. This improved sustainability, combined with an increase in network management efficiency due to the implementation of larger links in a simpler architecture, will result in a lower cost of moving information to the interior of the state. ETICE will continue contracting services to support the management, maintenance, and development of the CDC, including service-level agreements, 24/7 service with statewide coverage, a customer service center, resident technical and management teams at ETICE headquarters, and systematic training in the technologies used in the CDC. The equipment will have a five-year warranty. After this period, ETICE will analyze the growth of network traffic and determine whether the equipment is compatible with needs. Based on this diagnostic assessment, the warranty will be renewed, or the equipment will be replaced.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Borrower, guarantor, and executing agency.** The borrower will be the State of Ceará, and the Federative Republic of Brazil will be the guarantor of the financial obligations of the loan.⁵⁷ The executing agency will be the State of Ceará, acting

⁵⁷ See [Resolution 35](#), issued by the External Financing Commission on 25 October 2021, authorizing preparation of this operation.

through the Planning and Management Department (SEPLAG). The institutional capacity analysis found that SEPLAG has the necessary capacity to manage the actions to be carried out under this operation.⁵⁸ Although SEPLAG has past experience in executing operations with international agencies, it was determined that the executing agency will mainly need to strengthen its capabilities for: (i) project management; (ii) procurement management and financial management; and (iii) technical quality management (for complex technology outputs). To do so: (i) a program management unit (PMU) will be established within SEPLAG's institutional structure, staffed by career civil servants on a full- or part-time basis, including a monitoring and oversight manager (see paragraph 3.2); (ii) the PMU will be trained in Bank procurement and financial management policies and procedures and will be supported by two procurement advisers (see paragraph 2.4) and one financial management consultant (all three will work full-time on the program) (see paragraph 3.2); and (iii) the PMU will be supported by specialized technical staff in the preparation of terms of reference and quality control for complex technology outputs (see paragraphs 1.20, 1.29, and 2.5).

- 3.2 **Program execution, administration, and coordination mechanisms.** The PMU will report administratively to the senior authority of the executing agency and will be responsible for program management, including planning, monitoring, financial management, procurement, and coordination of evaluation and audit activity. The PMU will consist of the following core team dedicated exclusively to the program: general coordinator, administrative and financial manager, procurement manager, and monitoring and oversight manager.⁵⁹ It will also have two procurement advisers,⁶⁰ a financial management adviser, a legal adviser, and two component supervisors, all full-time.⁶¹ For administrative aspects of execution, the PMU will support the project leads (SEPLAG, CGE, ETICE, and MPCE staff) with technical managers responsible for each program output.
- 3.3 **Interagency coordination mechanisms.** Given the crosscutting nature of the program, SEPLAG and the PMU will have the technical support and commitment of the other institutions participating in the program, including the CGE, ETICE, and MCPE. These agencies will provide technical support to the executing agency in their respective areas for: (i) preparation of studies, designs, technical specifications, terms of reference, and other activities required for bidding processes; (ii) support for contract management and technical quality control for deliverables; and (iii) operation and maintenance of the procured goods and services. This support will be formalized in an appropriate legal instrument on the terms agreed upon with the IDB, including information exchange and integration

⁵⁸ Of 55 conditions analyzed: 16 were identified as strengths, 17 as areas for improvement, 18 as weaknesses that needed strengthening, and 4 as inapplicable.

⁵⁹ These roles will be performed by civil servants.

⁶⁰ With experience in multilateral development bank policies.

⁶¹ These advisers and supervisors will be financed with the loan proceeds.

mechanisms (see paragraph 3.5).⁶² The participating agencies will work in a coordinated manner under SEPLAG's leadership, and interoperability will be encouraged across systems and between digital tools. Additionally, the digital governance framework will be strengthened with implementation support for the digital transformation strategy (see paragraph 1.30), including aspects of coordination for cross-sector outputs such as the citizen services platform (see paragraph 1.29) and interoperability (see paragraph 1.30).

- 3.4 **Program Operating Regulations.** The program [Operating Regulations](#) will provide detailed information on program execution, including at least: (i) the program's organizational framework; (ii) PMU responsibilities; (iii) mechanisms for program coordination and interagency coordination; (iv) the framework for programming, monitoring, and evaluation of results; (v) guidelines for financial, audit, and procurement processes; and (vi) financial management rules.
- 3.5 **Special contractual conditions precedent to the first disbursement of the financing. The executing agency will provide the Bank with evidence that: (i) the decree creating the program management unit (PMU) and appointing its coordinator has been published in the Official Gazette of the State of Ceará on the terms agreed upon with the Bank; (ii) the program [Operating Regulations](#) have entered into force on the terms agreed upon with the Bank; and (iii) an appropriate legal instrument of cooperation has been signed and has entered into force, on the terms agreed upon with the Bank, between SEPLAG and each of the participating institutions and beneficiaries of the program: MPCE, ETICE, and CGE, to define the authority and responsibilities related to execution of the program activities, the outputs of which are intended for each one of them.**
- 3.6 **Procurement of works, goods and nonconsulting services, and consulting services.** The procurements financed with loan proceeds will be conducted in accordance with Bank policies: Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-15) and Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-15).
- 3.7 **Single-source selection.** Under policy documents GN-2349-15 and GN-2350-15, single-source selection of ETICE is expected for certain activities in Components 1, 2, and 4 related to technical and strategic assistance in information technology development. The estimated amount of the contract is US\$18.9 million. Single-source selection is justified, given ETICE's unique and exceptional nature as a government information technology development company (See Annex III, section III). Pursuant to the Hub Law (State Law 16727 of 26 December 2018), ETICE may subcontract prequalified private companies

⁶² At the technical level, output 1.3 will have a project leader from the CGE, outputs 3.1 and 3.2 will have a project leader from ETICE, and Component 4 outputs will have a project leader from the MPCE, who will support the PMU at SEPLAG.

to provide such services with simplified procedures.⁶³ The services provided by ETICE will be unrelated to the Component 3 activities to improve digital connectivity, for which ETICE is a beneficiary of the program.

- 3.8 **Retroactive financing and recognition of expenditures.** The program anticipates retroactive financing of up to US\$6.2 million (20% of the proposed loan amount), and recognition of up to US\$1.55 million against the local contribution (20% of the estimated local contribution amount), in eligible expenditures under Components 1, 2, 3, and 4 for goods, nonconsulting services, and consulting services incurred by the borrower prior to the loan approval date, provided that requirements substantially similar to those established in the loan contract have been met. This amount will help the borrower support critical early activities for timelier program execution. Such eligible expenditures must have been incurred on or after the official start date of the operation (1 November 2021)⁶⁴ but shall not under any circumstances include expenditures incurred more than 18 months prior to the loan approval date.
- 3.9 **Advance of funds.** Disbursements will be in the form of advances of funds based on the program's actual liquidity needs for up to six months. For advances subsequent to the first, justification must be provided for at least 80% of the total previously advanced funds pending justification. The loan proceeds will be administered by the executing agency through a bank account used exclusively for receiving and managing the program resources, as established in the Financial Management Guidelines for IDB-financed Projects (document OP-273-12).
- 3.10 **Audits.** The program's financial statements will be audited annually by an independent audit firm acceptable to the Bank, which will be engaged by the executing agency. The Audit Office of the State of Ceará (TCE/CE) will also be eligible to audit the program financial statements. The audited financial statements will be delivered to the Bank within 120 days after the close of each fiscal year of the entity, in accordance with the procedures and terms of reference previously agreed upon with the Bank. The program's final audited financial statements will be delivered within 120 days after the date of the last disbursement of the loan proceeds.

B. Summary of arrangements for monitoring results

- 3.11 **Monitoring by the executing agency.** Monitoring by the executing agency will be based on: (i) the Results Matrix; (ii) the program's [multiyear execution plan](#); (iii) the [annual work plan](#); (iv) the [monitoring and evaluation plan](#); (v) the [procurement plan](#); (vi) the program risk management matrix; (vii) the progress monitoring report; (viii) the six-monthly progress reports; and (ix) the program audited financial statements. The PMU will prepare consolidated six-monthly status reports for review by the Bank, delivered within 60 days after the close of

⁶³ In November 2021, there were 24 prequalified companies for cloud services, utilizing Amazon Web Services, Century Link, Google, IBM, Microsoft, and Oracle cloud technologies. Any company can apply for such prequalification at this [link](#).

⁶⁴ Registered in the Convergence system.

each six-month period. To ensure smooth execution, the PMU will also deliver the update of the [multiyear execution plan](#), [annual work plan](#), and [procurement plan](#) to the Bank by 30 November of each year.

- 3.12 **Evaluation.** The program will be evaluated in accordance with the annual targets and indicators for the outcomes and outputs in the Results Matrix. The program [Operating Regulations](#) and [monitoring and evaluation plan](#) call for an independent midterm evaluation and a final evaluation. The borrower will prepare and deliver a midterm evaluation report to the Bank within 90 days after the date on which 50% of the loan proceeds have been disbursed, or after 36 months of program execution, whichever occurs first. It will also deliver a final evaluation report to the Bank, as input for the program completion report, within 90 days after the date on which 95% of the loan proceeds have been disbursed.
- 3.13 **Impact evaluation.** To generate knowledge on the effectiveness of specific projects in the area of digital services, an impact evaluation will be done using the difference-in-differences model to measure citizen satisfaction and the change in demand for digital services due to digitalization, taking the services that will continue to be in-person as the control group (see the [monitoring and evaluation plan](#)). This type of impact evaluation will allow causal attribution of the program benefits.

IV. ELIGIBILITY CRITERIA

- 4.1 This is the third individual operation in the e-government sector under the “Brazil Plus Digital” CCLIP (BR-O0010), the second in the subnational allocation channel to be executed by an executive branch, and the first with SEPLAG as the executing agency. As such, it meets all the eligibility criteria of the Bank’s CCLIP policy (document GN-2246-13, section III) and the corresponding operational guidelines (document OP-1622-3, section III.B). Regarding the CCLIP: (i) its objectives are among the priorities set in the IDB Group Country Strategy with Brazil 2019-2022 (document GN-2973) (see paragraph 1.28); and (ii) the International Affairs Department (SAIN), as the liaison institution, is authorized to coordinate and monitor the overall operational program for all sectors covered by the CCLIP. In addition, regarding the individual operation: (i) a full institutional capacity analysis of the executing agency found that it possesses the necessary execution capacity and identified the areas in need of strengthening for effective implementation of the program (see paragraph 3.1), as well as the potential risks (see paragraphs 2.4 and 2.5); (ii) this operation’s objectives contribute to the CCLIP’s multisector objectives, since they contribute to improving public services through the implementation of new technologies, as well as to improving connectivity (see paragraph 1.28); (iii) the operation is included in the e-government sector under the CCLIP, since it promotes the digital transformation of the public sector (see paragraph 1.2); and (iv) the operation includes the actions to be completed in the areas for improvement identified in the institutional capacity assessment of the executing agency, related principally to project management, financial and procurement management, and technical quality management (for complex technology outputs) (see paragraph 3.1).

| Development Effectiveness Matrix | | |
|--|--|---|
| Summary | | BR-L1564 |
| I. Corporate and Country Priorities | | |
| Section 1. IDB Group Strategic Priorities and CRF Indicators | | |
| Development Challenges & Cross-cutting Issues | -Productivity and Innovation -Gender Equality and Diversity -Climate Change -Institutional Capacity and the Rule of Law | |
| CRF Level 2 Indicators: IDB Group Contributions to Development Results | -Agencies with strengthened digital technology and managerial capacity (#) | |
| 2. Country Development Objectives | | |
| Country Strategy Results Matrix | GN-2973 | Promote e-government and digital solutions to foster transparency, accountability, and efficiency in delivering public services to citizens and enterprise. Build a more effective government. |
| Country Program Results Matrix | GN-3087 | The intervention is included in the 2022 Operational Program. |
| Relevance of this project to country development challenges (If not aligned to country strategy or country program) | | |
| II. Development Outcomes - Evaluability | | Evaluable |
| 3. Evidence-based Assessment & Solution | | 8.8 |
| 3.1 Program Diagnosis | | 1.9 |
| 3.2 Proposed Interventions or Solutions | | 3.5 |
| 3.3 Results Matrix Quality | | 3.4 |
| 4. Ex ante Economic Analysis | | 7.5 |
| 4.1 Program has an ERR/NPV, or key outcomes identified for CEA | | 1.5 |
| 4.2 Identified and Quantified Benefits and Costs | | 3.0 |
| 4.3 Reasonable Assumptions | | 0.0 |
| 4.4 Sensitivity Analysis | | 2.0 |
| 4.5 Consistency with results matrix | | 1.0 |
| 5. Monitoring and Evaluation | | 9.5 |
| 5.1 Monitoring Mechanisms | | 4.0 |
| 5.2 Evaluation Plan | | 5.5 |
| III. Risks & Mitigation Monitoring Matrix | | |
| Overall risks rate = magnitude of risks*likelihood | | Medium Low |
| Environmental & social risk classification | | C |
| IV. IDB's Role - Additionality | | |
| The project relies on the use of country systems | | |
| Fiduciary (VPC/FMP Criteria) | Yes | Financial Management: Budget, Treasury, Accounting and Reporting, Internal Audit. Procurement: Information System, Price Comparison. |
| Non-Fiduciary | | |
| The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions: | | |
| Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project | Yes | The following TCs have been approved: ATN/OC-17993-BR , whose objective is to support the digital transformation efforts of the Brazilian public sector at the federal and subnational levels for a better delivery of public services, and ATN/OC-18716-BR, to support the implementation of this and other programs of the Digital Government pillar under CCLIP Brasil Mais Digital. |

The general objective of the program is to advance in the digital transformation of the Government of the State of Ceará to increase satisfaction and savings for the citizen in the use of public services. The specific objectives are: (i) expanding access to digital public services; (ii) improving the effectiveness of public management through digital transformation; (iii) improving the efficiency of public management through digital transformation, and (iv) improving digital connectivity. This project is the third individual loan operation under the Conditional Credit Line for Investment Projects (CLIPP)-Brazil Mais Digital (BR-00010) approved by the Board of Executive Directors through Resolution DE-23/21. The CLIPP identifies a diagnosis based on gaps in the use of IT Information Technologies as well as connectivity gaps (availability, capacity and efficiency). The loan proposal for the third operation presents a solid assessment of the problem based on availability gaps in digital transformation and connectivity coverage, as well as efficiency in the delivery of digital public services. This is especially relevant given the current situation of COVID-19 that is still affecting Brazil and the State of Ceará, considering the urgent need to increase the digital public services available to the population, particularly in terms of access to social benefits.

The proposed solutions focus on improvements in the supply and quality of digital public services, speeding up delivery, efficiency and effectiveness in the demand for public services, as well as improving digital and connectivity infrastructure, and modernizing key agencies. They are appropriate to respond to the problems identified and their contributing factors. The results matrix (RM) is consistent with the vertical logic of the project. The result indicators are appropriately defined to measure the achievements of the program and the fulfillment of its specific development objectives. All impact indicators are aligned with the general development objective.

The economic analysis (cost-benefit) of the operation is appropriate, with reasonable assumptions for this type of project, and also with appropriate sensitivity analysis. It is based on the benefits of lower economic costs for citizens due to the reduction of cyberattacks, savings associated with improvements in processing speed and reduction of time for citizens in accessing digital services, among others, which shows a net present value positive in the central scenario, as well as under various conditions included in the sensitivity analysis. The monitoring and evaluation plan includes an impact evaluation that will seek to close knowledge gaps in the variation of the demand for digital services due to their digitization and citizen satisfaction. For this purpose, a quasi-experimental design will be implemented using the differences-in-differences method. All baseline variables were based on administrative data. The rest of the indicators will be measured by the before and after method. Monitoring and evaluation activities will be carried out by the Secretariat for Planning, Management, and Heritage (SEPLAG) of the State of Ceará, in coordination with the Bank.

RESULTS MATRIX

| | |
|---------------------------|--|
| Project objective: | The specific development objectives of this operation are to: (i) expand access to digital public services; (ii) make public management more effective through digital transformation; (iii) make public management more efficient through digital transformation; and (iv) enhance digital connectivity. Achieving these objectives will contribute to the general development objective of making gains in the digital transformation of the Government of the State of Ceará, so as to increase satisfaction and generate savings for citizens in the use of public services. |
|---------------------------|--|

GENERAL DEVELOPMENT OBJECTIVE

| Indicators | Unit of measure | Baseline | Baseline year | Expected year achieved | Target | Means of verification | Comments |
|--|---------------------|----------|---------------|------------------------|--------|---|--|
| General development objective: Make gains in the digital transformation of the Government of the State of Ceará, so as to increase satisfaction and generate savings for citizens in the use of public services | | | | | | | |
| Satisfaction of the citizens of Ceará with digital public service offerings. | Percentage of users | 52 | 2020 | 2026 | 69 | IDB (2021) . The survey will be conducted again in 2026 | The variables related to “very satisfied” and “satisfied” users will be used. The target is the score received by the federative unit with the strongest performance in 2020 (Acre). |
| Citizens reporting difficulties using the digital public services of the State of Ceará. | Percentage of users | 41.5 | 2020 | 2026 | 24 | | The target is the score received by the federative unit with the strongest performance in 2020 (Federal District). |
| Savings to society generated from the digitalization of public services under the “Ceará Plus Digital” program | US\$ millions | 0 | 2020 | 2026 | 8.8 | SEPLAG | See the Economic analysis for the methodology. |

SPECIFIC DEVELOPMENT OBJECTIVES

| Indicators | Unit of measure | Baseline | Baseline year | Year 1 | Year 2 | Year 3 | Year 4 | Final target | Means of verification | Comments |
|---|------------------------|----------|---------------|--------|--------|--------|--------|--------------|-----------------------|---|
| Specific development objective 1: Expand access to digital public services | | | | | | | | | | |
| Public services 100% available online | Percentage of services | 7 | 2020 | 7 | 10 | 15 | 20 | 25 | SEPLAG | Target: Number of digital services in advanced federative unit (Bahia) was 25%. |

| Indicators | Unit of measure | Baseline | Baseline year | Year 1 | Year 2 | Year 3 | Year 4 | Final target | Means of verification | Comments |
|---|-------------------------------------|----------|---------------|--------|--------|--------|--------|--------------|--|---|
| Capabilities for offering digital public services (on a scale of 0 to 45) | Digital capabilities score | 11/45 | 2020 | 11/45 | 11/45 | 20/45 | 28/45 | 36/45 | ABEP-TIC information and communication technology report | Index of capabilities for offering digital public services, Dimension 1. |
| Specific development objective 2: Make public management more effective through digital transformation | | | | | | | | | | |
| Digital capabilities of active civil servants at prioritized institutions | Percentage of active civil servants | 14.3 | 2021 | 14 | 20 | 25 | 30 | 30 | SEPLAG digital capabilities survey | Pro-gender indicator. Question: Are you certified in digital transformation or in the use of new technologies in the public sector? Institutions: SEPLAG, CGE, ETICE, and MPCE. |
| | Women | 12.1 | | | | | | 30 | | |
| | Men | 16.5 | | | | | | 30 | | |
| Cybersecurity incidents detected and managed | Number of incidents | 330 | 2020 | 500 | 750 | 1,000 | 1,500 | 1,500 | SEPLAG | Uruguay, with a population two times smaller than Ceará, processed 2,500 incidents annually in 2019. |
| Specific development objective 3: Make public management more efficient through digital transformation | | | | | | | | | | |
| Delivery times of key MPCE services in the last two years: | Average days to complete processes | 270 | 2020-2021 | | | | | 240 | MPCE | Includes: public civil investigations and criminal investigation proceedings. |
| Civil investigations Criminal investigations | | 231 | | | | | | 200 | | |

| Indicators | Unit of measure | Baseline | Baseline year | Year 1 | Year 2 | Year 3 | Year 4 | Final target | Means of verification | Comments |
|---|---|--------------------------------|---------------|--------|--------|--------|--------|--------------|--|--|
| Annual savings from digitalization of processes | Million reais (R\$) | 10.8 | 2021 | 10.8 | 15.6 | 20.3 | 25.1 | 29.8 | SEPLAG | Baseline: Tramita System of SEFAZ. The program will finance the improvement and expansion of the Unified Integrated Electronic Processing System. See the Economic analysis for the methodology. |
| Specific development objective 4: Enhance digital connectivity | | | | | | | | | | |
| Ceará Digital Belt backbone availability | Percentage average annual availability | 98.39 | 2020 | 98.39 | 98.79 | 99.19 | 99.59 | 99.99 | Ceará Information Technology Corporation (ETICE) | |
| Ceará Digital Belt backbone capacity | Number of links and capacities | 50 links equivalent to 10 Gbps | 2020 | 50 | 80 | 160 | 320 | 400 | | Illuminated links on the backbone ring. |
| Efficiency in operating cost of backbone network transmission links | Operating expense per Mbps in R\$/month | 0.22 | 2020 | 0.22 | 0.18 | 0.16 | 0.13 | 0.11 | | Efficiency gain in operating cost of Ceará Digital Belt backbone transport systems. |

OUTPUTS

| Outputs | Unit of measure | Baseline | Baseline year | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Final target | Means of verification | Comments |
|--|-----------------|----------|---------------|--------|--------|--------|--------|--------|--------------|---|--|
| Component 1: Digital transformation of public services | | | | | | | | | | | |
| 1.1 Public services, digitalized and automated | Report | 0 | 2021 | 1 | 1 | 1 | 1 | 1 | 5 | PMU report. For the platform, evidence of progress in its use by users. | The reports will discuss the progress made each year. The digitization of public services is expected to deliver a reduction in greenhouse |
| 1.2 Integrated, multichannel citizen service platform, implemented | Platform | 0 | 2021 | - | - | - | 1 | - | 1 | | |

| Outputs | Unit of measure | Baseline | Baseline year | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Final target | Means of verification | Comments |
|--|-----------------|----------|---------------|--------|--------|--------|--------|--------|--------------|---|--|
| 1.3 Channels for transparency and societal oversight and engagement, to improve digital services, expanded | Report | 0 | 2021 | 1 | 1 | 1 | 1 | 1 | 5 | | gas emissions of x tCO2/year. |
| Component 2: Digital transformation of public management | | | | | | | | | | | |
| 2.1 Interoperability and data use and protection, improved | Platform | 0 | 2021 | - | - | - | 1 | - | 1 | PMU report. For the platform, evidence of progress in its use by users. | |
| 2.2 Digital transformation and cybersecurity strategies, implemented | Report | 0 | 2021 | 1 | 1 | 1 | 1 | 1 | 5 | | |
| 2.3 Government Innovation Center, implemented, including efficiency and sustainability measures | Center | 0 | 2021 | - | - | - | - | 1 | 1 | | The final report on execution will include information on the efficiency and sustainability measures incorporated into construction. |
| 2.4 Digital skills, developed | Report | 0 | 2021 | 1 | 1 | 1 | 1 | 1 | 5 | | |
| 2.5 Digital skills development program for women in the civil service, implemented | Program | 0 | 2021 | - | 1 | - | 1 | - | 2 | | Pro-gender indicator |
| 2.6 Corporate processes, improved, automated, and digitalized | Report | 0 | 2021 | 1 | 1 | 1 | 1 | 1 | 5 | | |
| 2.7 Change management strategy, designed and implemented | Report | 0 | 2021 | 1 | 1 | 1 | 1 | 1 | 5 | | |
| Component 3: Digital infrastructure and connectivity | | | | | | | | | | | |
| 3.1 Digital infrastructure for connectivity, improved and energy-efficient | Report | 0 | 2021 | 1 | 1 | 1 | 1 | 1 | 5 | PMU report | The reports will discuss the progress made each year and include |

| Outputs | Unit of measure | Baseline | Baseline year | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Final target | Means of verification | Comments |
|---|-----------------|----------|---------------|--------|--------|--------|--------|--------|--------------|-----------------------|--|
| 3.2 Ceará Digital Belt management, strengthened | Report | 0 | 2021 | 1 | 1 | 1 | 1 | 1 | 5 | | information on the purchase of equipment with energy-efficient labeling. |
| Component 4: Digital transformation of the MPCE | | | | | | | | | | | |
| 4.1 Strategic and innovation management, strengthened | Report | 0 | 2021 | 1 | 1 | 1 | 1 | 1 | 5 | PMU report | The reports will discuss the progress made each year and, for output 4.2, include information on the purchase of equipment with energy-efficient labeling. |
| 4.2 Information and communication technology infrastructure, cybersecurity, and connectivity, improved and energy-efficient | Report | 0 | 2021 | 1 | 1 | 1 | 1 | 1 | 5 | | |
| 4.3 Core and support activities of the MPCE, modernized | Report | 0 | 2021 | 1 | 1 | 1 | 1 | 1 | 5 | | |

Country: Brazil **Division:** IFD/ICS **Operation number:** BR-L1564 **Year:** 2022

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Executing agency: The State of Ceará, acting through the Planning and Management Department (SEPLAG)

Operation name: Program for Digital Transformation of the Government of the State of Ceará ("Ceará Plus Digital" Program)

I. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

1. Use of country systems in the operation (any subsequently approved system or subsystem may be applicable to the operation, in accordance with the terms of the Bank's validation).

| | | | |
|--|--|--|---|
| <input checked="" type="checkbox"/> Budget | <input type="checkbox"/> Reports | <input checked="" type="checkbox"/> Information system | <input type="checkbox"/> National competitive bidding |
| <input checked="" type="checkbox"/> Treasury | <input checked="" type="checkbox"/> Internal audit | <input checked="" type="checkbox"/> Shopping | <input type="checkbox"/> Other |
| <input checked="" type="checkbox"/> Accounting | <input type="checkbox"/> External control | <input type="checkbox"/> Individual consultants | |

2. Fiduciary execution mechanism

| | | |
|-------------------------------------|---|---|
| <input checked="" type="checkbox"/> | Special features of fiduciary execution | <p>A program management unit (PMU) will be created within the structure of the Planning and Management Department (SEPLAG), reporting directly to the department's most senior authority. The PMU will be responsible for program management, including planning, monitoring, financial management, procurement, and coordination of evaluation and audit activity.</p> <p>The PMU will consist of the following core team dedicated exclusively to the program: coordinator, administrative and financial manager, procurement manager, and monitoring and oversight manager. It will also have two procurement advisers, a financial management adviser, a legal adviser, and two component supervisors, all full-time.</p> |
|-------------------------------------|---|---|

3. Fiduciary capacity

| | |
|--|--|
| Fiduciary capacity of the executing agency | The institutional capacity analysis found that SEPLAG has the necessary capacity to manage the actions to be carried out under this operation. |
|--|--|

4. Fiduciary risks and risk response

| Risk taxonomy | Risk | Risk level | Risk response |
|-----------------|---|-------------|--|
| Human resources | Since several different institutions will be involved in the procurement flows, the pace of procurement could be negatively affected by the responsiveness of those institutions, which could delay execution of the program. | Medium-high | (i) Designate focal points at participating institutions and train them on IDB fiduciary policies; and (ii) engage legal support for the PMU. |

5. Policies and guidelines applicable to the operation: Documents GN-2349-15 and GN-2350-15.

6. Exceptions to policies and guidelines: N/A.

II. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE CONTRACT

| |
|---|
| <p>Exchange rate agreed upon with the executing agency for accountability reporting. The exchange rate agreed upon with the executing agency to be used in accounting for advances of funds from the loan will be the internalization rate. To determine the equivalence of expenditures to be reimbursed against the loan, as well as the equivalence of expenditures incurred in local currency as a charge against the local counterpart, the agreed exchange rate will be the “buy” rate set by the Central Bank of Brazil on the day prior to the effective date of submission of the reimbursement request or justification of expenditures to the Bank.</p> |
| <p>Audited financial statements. During the program, audited annual financial statements will be delivered within 120 days after the close of each fiscal year. The external audit of the program will be conducted by an outside firm acceptable to the Bank or by the Audit Office of the State of Ceará (TCE/CE). The program's final audited financial statements will be delivered within 120 days after the date of the last disbursement.</p> |

III. PROCUREMENT EXECUTION AGREEMENTS AND REQUIREMENTS

| | | |
|-------------------------------------|-------------------|---|
| <input checked="" type="checkbox"/> | Bidding documents | The Bank's standard bidding documents or the documents agreed upon between the executing agency and the Bank for the specific procurement item will be used for works, goods, and nonconsulting services procured in accordance with the procurement policies (document GN-2349-15) and subject to international competitive bidding (ICB). The selection and contracting of consulting services will be in accordance with the corresponding policies (document GN-2350-15) using the standard request for proposals issued by the Bank or agreed upon between the executing agency and the Bank for the specific selection process. |
|-------------------------------------|-------------------|---|

| <input checked="" type="checkbox"/> | Direct contracting and single-source selection | The following single-source selection has been identified: Ceará Information Technology Corporation (ETICE) for the execution of activities and outputs in Components 1, 2, and 4. The estimated amount of the contract is US\$18.9 million. ETICE has a strategic partnership in place with the state to provide information technology services to the state government with a focus on actions to drive economic development. This proposed single-source selection is considered appropriate, given ETICE's unique nature and the advantages of standardization and continuity in the services it provides, pursuant to paragraphs 3.11(a) and (d) of policy document GN-2350-15 and paragraphs 3.7(a) and (b) of policy document GN-2349-15. The attached technical note expands on this justification (optional link 8). | | | | | | |
|-------------------------------------|--|--|-------|----------------|---------------------|----------------|---------------|---------------|
| <input checked="" type="checkbox"/> | Advance procurement and retroactive financing | The program anticipates retroactive financing of up to US\$6.2 million (20% of the proposed loan amount), and recognition of up to US\$1.55 million against the local contribution (20% of the estimated local contribution amount), in eligible expenditures under Components 1, 2, 3, and 4 for goods, nonconsulting services, and consulting services incurred by the borrower prior to the loan approval date, provided that requirements substantially similar to those established in the loan contract have been met. This amount will help the borrower support critical early activities for timelier program execution. Such eligible expenditures must have been incurred on or after the official start date of the operation (1 November 2021) but shall not under any circumstances include expenditures incurred more than 18 months prior to the loan approval date. | | | | | | |
| <input checked="" type="checkbox"/> | Procurement supervision | <p>The supervision method will be ex post, except in cases where ex ante supervision is warranted. For procurements executed using the country system, supervision will be conducted using the country supervision system. The supervision method will be determined for each procurement process. Ex post reviews will be conducted in accordance with the project supervision plan, subject to changes during execution. The thresholds for ex post review are as follows:</p> <table border="1"> <thead> <tr> <th>Works</th><th>Goods/Services</th><th>Consulting services</th></tr> </thead> <tbody> <tr> <td>US\$25 million</td><td>US\$5 million</td><td>US\$1 million</td></tr> </tbody> </table> | Works | Goods/Services | Consulting services | US\$25 million | US\$5 million | US\$1 million |
| Works | Goods/Services | Consulting services | | | | | | |
| US\$25 million | US\$5 million | US\$1 million | | | | | | |

Main procurements:

| Description | Selection method | Estimated date | Estimated amount (US\$000s) |
|--|-------------------------|----------------|-----------------------------|
| Works | | | |
| Construction of Innovation Center | NCB | 2023-II | 3,100 |
| Nonconsulting services | | | |
| Outputs and activities in Components 1, 2, and 4 | Single-source selection | 2023-I | 18,900 |
| Consulting firms | | | |
| Innovation Center | QCBS | 2025-I | 700 |
| Management system | QCBS | 2025-I | 800 |

To access the procurement plan, click [here](#).

IV. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

| | | |
|-------------------------------------|--|---|
| <input checked="" type="checkbox"/> | Programming and budget | The PMU will prepare the annual programming and the budget for the program in coordination with SEPLAG's Institutional Development and Planning Coordination Office. The proposed annual budget for the program will be included in the state's annual budget law, which will allocate the necessary funds for timely execution of the loan proceeds and local counterpart resources. |
| <input checked="" type="checkbox"/> | Treasury and disbursement management | Disbursements will be made in United States dollars in the form of advances of funds. The amount of funds advanced will be determined by a projection of financial execution for up to 180 days. For advances subsequent to the first, justification must be provided for at least 80% of the total previously advanced funds pending justification. The loan proceeds will be administered through a commercial bank account used exclusively for receiving and managing the loan proceeds. |
| <input checked="" type="checkbox"/> | Accounting, information systems, and reporting | SEPLAG will use the state's integrated financial management system (S2GPR) for budget execution, financial execution, and accounting of program activities. In addition, to generate program financial reports in U.S. dollars, the PMU will use the record system developed by the Finance Department of the State of Ceará (SEFAZ/CE) for execution of the second Program to Support the Management and Integration of Finance Administrations in Brazil (PROFISCO II) (loan 4436/OC-BR), which allows for financial reporting pursuant to Bank requirements. |
| <input checked="" type="checkbox"/> | Internal control and internal audit | During execution, the program may be subject to internal audit by the Internal Audit Coordination Office of the CGE, which heads the internal control system of the Government of the State of Ceará and is responsible for its implementation. |
| <input checked="" type="checkbox"/> | External control and financial reports | A Bank-acceptable audit firm or the TCE/CE will conduct the external audit of the program. During program execution, audited annual financial statements will be delivered within 120 days after the close of each fiscal period. The program's final audited financial statements will be delivered within 120 days after the date of the last disbursement. |
| <input checked="" type="checkbox"/> | Financial supervision of the operation | The operation requires ex post financial supervision of disbursements, relying primarily on the audited financial statements. Under the responsibility of the financial specialist, desk reviews will also be performed on an ongoing basis through review of the disbursement requests from the executing agency. Additionally, in-person or virtual fiduciary supervision visits will be carried out annually. |

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/22

Brazil. Loan ____/OC-BR to the State of Ceará. – Program for Digital Transformation of the Government of the State of Ceará (Ceará *Mais Digital* Program). Third Individual Operation under the Conditional Credit Line for Investment Projects (CCLIP) BR-O0010 – “*Brasil Mais Digital*”

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 State of Ceará, as Borrower, and with the Federative Republic of Brazil, as Guarantor, for the purpose of granting the former a financing aimed at cooperating in the execution of the Program for Digital Transformation of the Government of the State of Ceará (Ceará *Mais Digital* Program), which constitutes the third individual loan operation under the Conditional Credit Line for Investment Projects (CCLIP) BR-O0010 – “*Brasil Mais Digital*”, approved by Resolution DE-23/21 on 7 April 2021. Such financing will be for the amount of up to US\$31,000,000, from the resources of the Bank’s Ordinary Capital, 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 _____ 2022)