

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

BRAZIL

**“ALAGOAS PLUS DIGITAL” PROGRAM
DIGITAL TRANSFORMATION OF THE GOVERNMENT OF THE
STATE OF ALAGOAS
(BR-L1565)**

**FOURTH INDIVIDUAL OPERATION UNDER THE CONDITIONAL CREDIT LINE
FOR INVESTMENT PROJECTS (CCLIP)
FOR THE “BRAZIL PLUS DIGITAL” PROGRAM
(BR-00010)**

LOAN PROPOSAL

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ABBREVIATIONS

ABEP	Associação Brasileira de Empresas de Pesquisa
BPM	Business Process Management
CCLIP	Conditional Credit Line for Investment Projects
CGE	Controladoria Geral do Estado [Office of the State Comptroller General]
IT	Information technologies
NCDs	Chronic, noncommunicable diseases
PCU	Program coordination unit
PGE	Procuradoria Geral do Estado [Office of the State Attorney General]
RPA	Robotic process automation
SAIN	Secretaria de Assuntos Internacionais [Department of International Affairs]
SEDUC	Secretaria de Estado de Educação [Department of Education]
SEPLAG	Secretaria de Estado do Planejamento, Gestão e Patrimônio [Planning, Management, and Assets Department]
SESAU	Secretaria de Estado da Saúde [Department of Health]
SOC	Security operations center
SUS	Sistema Único de Saúde [Unified Health System]

PROJECT SUMMARY
BRAZIL
“ALAGOAS PLUS DIGITAL” PROGRAM
DIGITAL TRANSFORMATION OF THE GOVERNMENT OF THE STATE OF ALAGOAS
(BR-L1565)

FOURTH 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 Alagoas			Amortization period:	24.5 years
Guarantor:			Disbursement period:	5 years
Federative Republic of Brazil			Grace period:	6 years ^(b)
Executing agency:			Interest rate:	SOFR-based
The borrower, acting through the Planning, Management, and Assets Department (SEPLAG)			Credit fee:	^(c)
Source:	Amount (US\$)	%	Inspection and supervision fee:	^(c)
IDB (Ordinary Capital):	15,000,000	60	Weighted average life:	15.25 years
Local contribution:	10,000,000	40	Approval currency:	U.S. dollar
Total:	25,000,000	100		
Project at a Glance				
Program objective/description: The general objective of the program is to make strides toward the digital transformation of the Government of the State of Alagoas to help improve interactions with the public by increasing satisfaction with public services and reducing costs for individuals in the use of public services. The specific objectives are to: (i) make the government's digital transformation more effective through digital capacity building; (ii) expand access to digital public services, with particular emphasis on the education and health sectors; and (iii) make the delivery of public services more efficient through digital transformation. This program is the fourth individual loan operation under the Conditional Credit Line for Investment Projects (CCLIP) for the “Brazil Plus Digital” program (CCLIP BR-O0010) approved by the Board of Executive Directors through Resolution DE-23/21.				
Special contractual conditions precedent to the first disbursement of the loan proceeds: The executing agency will submit to the Bank evidence of: (i) the publication in the official gazette of the State of Alagoas of the administrative decree (<i>Portaria</i>) bringing into effect the program Operating Regulations , under the terms agreed upon with the Bank; (ii) the publication in the official gazette of the State of Alagoas of the legal instrument enabling the creation of the Program Coordination Unit (PCU) and appointment of its General Coordinator and staff, under the terms agreed upon with the Bank; and (iii) the signing and entry into effect of a legal instrument enabling cooperation between SEPLAG, the Department of Education (SEDUC), and the Department of Health (SESAU), under the terms agreed upon with the Bank (paragraph 3.5).				
Exceptions to Bank policies: None.				
Strategic Alignment				
Challenges:^(d)	SI <input checked="" type="checkbox"/>	PI <input checked="" type="checkbox"/>	EI <input type="checkbox"/>	
Crosscutting themes:^(e)	GE <input checked="" type="checkbox"/> and DI <input checked="" 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 fourth individual loan operation under the Conditional Credit Line for Investment Projects (CCLIP) for the “Brazil Plus Digital” program (CCLIP [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 CCLIP pursuant to the applicable 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 Department of International Affairs (SAIN).
- 1.2 The CCLIP is for up to US\$1 billion to be allocated over a 10-year drawdown period. It has three resource allocation channels and is structured around four sectors. One of the allocation channels is subnational,² under which the borrowers are states, municípios, or the Federal District, with borrowing capacity as dictated by prevailing federal government rules, which request loans for programs that promote the digital transformation of Brazil aligned with 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 operation is the third individual operation in the e-government sector and the second executed by the executive branch of a State.
- 1.3 **Macroeconomic context.** Brazil’s GDP experienced a contraction of 4.1% in 2020 as a result of the COVID-19 pandemic. In 2021, there was an economic recovery with GDP growth of 4.6%. Market expectations for 2022 and 2023 point to growth below the country’s potential, of 0.7% and 1.0%, respectively.³
- 1.4 **COVID-19 and e-government policy in Brazil.** The federal government is ranked among the top 20 countries worldwide on the United Nations Online Service Index (2020),⁴ and is ranked seventh out of 198 countries in the World Bank’s GovTech Maturity Index (2021),⁵ with more than 74% of its procedures digitalized, yielding significant savings, and more than 110 million people (about 52% of the population) have an account on the [gov.br](#) one-stop portal. At the

¹ Resolution DE-23/21.

² The other channels are with: (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 [Central Bank of Brazil – Focus report, May 2022](#).

⁴ [United Nations \(2020\)](#). For more information on this and the other analytical works cited in this document, see [optional link 5](#).

⁵ [World Bank \(2021\)](#).

state level, only 4% of services were digitalized as of 2019, and only 31% of states reported that the service most frequently used by the public in the past year was fully available online.⁶ 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 since 2020. For example, in 2021, Rio Grande do Sul offered 61% of its services in digital format, Bahia and São Paulo 25%, and other states, like Ceará, 7%, showing a wide range of digital maturity.⁷ These advances in digitalization in Brazil took place in a context of a population that is connected and adapted to the digital world. On a survey conducted between October and December 2020, 86% of respondents said they had little difficulty adjusting to the digital world. In addition, in the second half of 2020, two of the 10 activities most frequently performed online were public services (requests for social benefits and documents).⁸

2. Background and context of Alagoas

- 1.5 **Macroeconomic and socioeconomic context.** The state of Alagoas, in Brazil's Northeast region, was home to 3.35 million people in 2020. The state's per capita GDP is approximately half of the national per capita GDP, which puts it at 24th out of the 27 federative units. Alagoas has the lowest human development score of all the federative units. The state has an indigenous population of 14,509,⁹ as well as Quilombola communities¹⁰ consisting of approximately 6,889 families.¹¹ Alagoas has improved its fiscal position significantly in recent years. Its payment capacity has increased from a "D" rating in 2015 to a "B" rating in late 2021, which makes it eligible for external financing.¹² In addition, its tax receipts increased 21.71% (in nominal terms) in 2021 and 14.44% in the first four months of 2022, driven by a recovery in economic activity and higher inflation. At present, Alagoas has one of the best public-investment-to-net-revenue ratios out of all of Brazil's states (ranked second).
- 1.6 **The COVID-19 pandemic.** In Alagoas, as in the rest of the region, the relevance and importance of digital technologies have grown exponentially because of the COVID-19 pandemic. Connectivity and new technologies have been critical in continuing and expanding public service delivery during the restriction on in-person services.¹³ However, not all sectors have been able to achieve progress

⁶ [Regional Center for Studies on the Development of the Information Society \(2020\)](#).

⁷ These statistics are in line with the results of a recent diagnostic assessment ([ABEP, 2021](#)), in which only one state quality at the "optimal" level, which eight were classified as "very good," eight as "good," 10 as "fair," and one "poor."

⁸ [IDB \(2021\)](#).

⁹ [State of Alagoas \(2017\)](#).

¹⁰ Quilombos are communities established by previously enslaved people. Typically, they are made up of Afro-descendant or indigenous residents.

¹¹ [State of Alagoas \(2015\)](#).

¹² [Boletim de Finanças dos Entes Subnacionais \(2020\)](#).

¹³ The State of Alagoas suspended in-person services at its Public Service Center for five months in 2020 and then moved to an appointment-only model ([Digital Transformation Group of States and the Federal District, 2021](#)).

along these lines. The education sector is one such example: estimates indicate that educational exclusion will increase 12% in Brazil due to the crisis.¹⁴

- 1.7 **E-government in Alagoas.** At present, the relative level of development of the State's e-government is rated medium, with Alagoas 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, seeing as online transactions cost 5% of what in-person transactions cost.¹⁶ However, some strides have been made: for example, Alagoas is one of only six Brazilian states that have public-private consultation mechanisms for digital transformation policies.¹⁷
- 1.8 On the demand side, the residents of Alagoas are ready to use more and better digital services. On a survey conducted by the IDB in October 2020, 84% of respondents said they were either already adjusted to the digital world or had little or no trouble adapting (near the country average of 86%) (paragraph 1.4). In addition, 96% of respondents said they had Internet access on their cellular device, while 89% said they had Wi-Fi at home (both above the national average).¹⁸
- 1.9 Nevertheless, only 48% of the residents of Alagoas said they were satisfied or very satisfied with the state government's digital services, which is below average for Brazil and for the Northeast region (both 53%) and below the state with the strongest performance (69%). In all, 43% said they had encountered difficulties using digital services.¹⁹ Furthermore, there is a low level of trust among the public that the state government will protect personal data (47%). While no gender gaps have been identified in terms of connectivity or adapting to the digital world,²⁰ an analysis of users of the Alagoas digital platform found that women (53%) seek out digital public services more than men (47%).²¹ In Brazil, women spend twice as much time as men on household work and unpaid tasks.²² Therefore, expanding digital public service offerings (used more by women) would help reduce their workload ([optional link 3](#)).
- 1.10 The same survey found that the residents of Alagoas identify education (20%) and health (37%) as the two areas that should be given priority in the state government's efforts to expand digital services.²³ Unlike other federative units, Alagoas has serious shortcomings in digital service delivery in these sectors, and its sector performance indicators are below average for Brazil and for the Northeast region (paragraphs 1.11, 1.12, 1.14, and 1.17).

¹⁴ [IDB \(2020a\)](#). Because of its lower per capita income and human development impact, Alagoas is expected to be more adversely affected than the average for Brazil.

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

¹⁶ [IDB \(2018\)](#).

¹⁷ [IDB \(2021a\)](#).

¹⁸ [IDB \(2021b\)](#).

¹⁹ Idem.

²⁰ [IDEIA \(2020\)](#).

²¹ Source: Planning, Management, and Assets Department (SEPLAG).

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

²³ [IDEIA \(2020\)](#).

- 1.11 **Education and digitalization in Alagoas.** In Brazil, the federal government, the States, and the municípios share responsibility²⁴ for education. In Alagoas, the state education network, which focuses on secondary education (students age 15 to 17), has approximately 315 schools, 12,000 teachers, and 175,000 students.²⁵ Alagoas is struggling to improve secondary education completion rates among young people 19 and younger (47.4% in 2019, with a 12.5% increase since 2012, compared to 57.7%, with a 16.5% increase in the Northeast region²⁶) and student learning outcomes. In 2019, 21% of secondary school students had satisfactory learning outcomes in Portuguese (ranked seventh among the nine states in the Northeast region and below the national average of 31%), while only 2% had satisfactory outcomes in math (last in the Northeast region and below the national average of 5%²⁷). These indicators are expected to deteriorate further due to the impact of the COVID-19 pandemic.²⁸
- 1.12 Regarding the use of new education technologies, in 2018 Brazil adopted a [National Core Curriculum Framework](#), which states that “[digital culture](#)” is one of the 10 general competencies students are expected to develop. With the onset of the pandemic, Alagoas, and Brazil (like all countries worldwide), had to use digital education models, which brought new challenges and gaps. In terms of connectivity (defined as schools having a computer lab with Internet access), the data show a diversity gap between indigenous/Quilombola schools and non-indigenous/non-Quilombola schools (28% versus 73%, respectively²⁹). There is also a diversity gap in terms of the percentage of indigenous/Quilombola schools that do not have any computers for student use (55%) versus the percentage of non-Indigenous/non-Quilombola schools that do not have any computers for student use (18%). As a result, the average number of students per computer is 110 at non-indigenous/non-Quilombola schools versus 218 at indigenous/Quilombola schools.³⁰ Schools in the Alagoas state network do not offer an online enrollment option (which is available in six of the 27 federative units), nor is there any way to consult grade and attendance information online (which is possible in 17 of the 27 federative units).³¹
- 1.13 **Health and digitalization in Alagoas.** As for the health sector, States are responsible for local management of the Unified Health System (SUS),³² promote the integration of services across regions, and also act as additional health

²⁴ Municipalities are typically responsible for early childhood education (children 5 or younger) and primary education (children age 6 to 9). States and municipalities share responsibility for lower secondary education (children age 10 to 14), while States are responsible for upper secondary education (students age 15 to 17) ([Constitution of Brazil](#)).

²⁵ [QEdu](#).

²⁶ [Anuário Brasileiro da Educação Básica 2020](#).

²⁷ [QEdu](#).

²⁸ [IDB \(2021c\)](#).

²⁹ Department of Education (SEDUC) ([optional link 6](#)).

³⁰ The benchmark rate in Brazil is 29 students per computer. While the figures for the system as a whole are a matter of concern, conditions at indigenous/Quilombola schools are nearly twice as bad as those at other schools ([optional link 3](#) and [optional link 6](#)).

³¹ [ABEP \(2021\)](#).

³² [Castro, M. et al. \(2019\)](#).

service providers.³³ Alagoas, like other Brazilian states, has struggled to respond to the challenges of the epidemiological transition, an aging population, the uptick in chronic, noncommunicable diseases (NCDs), and increasing demand for public health care and for more accessible, higher quality health services. The state has an NCD mortality rate of 141 per 100,000 population, above the Brazilian average (121). In addition, there are gaps in access to SUS services: 29% of those who seek medical attention cannot obtain care on their first try, versus 22% for the Northeast region.³⁴ NCDs affect women (55%) more than men in Brazil.³⁵ More women (79%) than men (63%) seek medical services in Alagoas. However, men (74%) are more likely to access medical services on their first try than women (70%),³⁶ which means there is a gap in access to health services ([optional link 3](#)).

- 1.14 To address these challenges, the potential results in Brazil's digital health strategy under the SUS framework³⁷ include the delivery of solutions at the primary level of care, significant cost reductions, the posting of health care professionals in hard-to-reach areas, more agile care, and the optimization of system resources. Despite this, only 8 of the 27 federative units offered telehealth services as of May 2021.³⁸
- 1.15 The overall problem the program will address is the satisfaction and efficiency gaps in the delivery of public services by the Government of Alagoas. The following paragraphs discuss the specific problems and their drivers.
- 1.16 **Gaps in the use of information technologies (IT) for government management.** These gaps are driven by: (i) poor digital governance, with regulatory gaps for organizing the digital transformation, a lack of strategic management and cybersecurity tools,³⁹ and ineffective data governance arrangements; (ii) limited digital transformation, data management,⁴⁰ cybersecurity,⁴¹ and data protection capabilities;⁴² (iii) an IT infrastructure that, for the most part (80%), will be left without technical support or become obsolete by

³³ [Department of Health, Administrative Decree 95 of 2001](#).

³⁴ [Brazilian Institute for Geography and Statistics \(2019\)](#).

³⁵ Idem.

³⁶ Idem.

³⁷ Available at the [Department of Health](#).

³⁸ [ABEP \(2021\)](#). Alagoas did not offer this service.

³⁹ The Government of the State of Alagoas does not have a e-government strategy or any cybersecurity protocols. [IDB \(2021a\)](#).

⁴⁰ SEPLAG has a team of six people working on the [Alagoas em Dados](#) data platform, but they do not have any trained counterparts at sector ministries, nor do they have licenses for tools needed for effective use of the platform.

⁴¹ Only five of the 27 federative units have teams working on this full time ([IDB, 2021a](#)).

⁴² Just 7% of public servants at the departments of the Alagoas state government involved in the program said they were certified in digital transformation, while 72% said they had not received any training on digital matters in the last year. Source: SEPLAG (2021), Survey of 1,105 public servants working at SEDUC, SESA, and SEPLAG. Furthermore, the Government of the State of Alagoas does not have a full-time cybersecurity team, and the level of incidents it processes is very low (90 in 2020, while Uruguay, whose population is similar to Alagoas, processed 2,500 incidents per year in 2019). (Sources: [IDB, 2021a](#), and SEPLAG).

late 2021; (iv) scant automation of the 293 administrative processes (despite implementation of the digital file since 2017) and limited systems integration; and (v) a lack of digital solutions, particularly in the education sector,⁴³ in which corporate management is analog and mainly uses paper and spreadsheets or a patchwork of digital tools.

- 1.17 **Gaps in access to digital public services.** Online public services are mostly informational. Only 9% of transactions are fully digital, and none were designed for mobile technology, the channel most used by the public to access the Internet. There are also deficits in the availability of digital services in priority sectors. None of the 45 education services are online, and just one of 711 health services is online,⁴⁴ which generates inefficiencies in terms of cost and time in the delivery of those services. Tools to gauge user satisfaction are nonexistent, which makes it impossible to better tailor the services offered to the public's needs. The service portal and public service center also do not have enough features, among other challenges. Alagoas has significant gaps in terms of the use of new technologies to deliver education services: (i) the State does not have a proposal for how to develop technology at schools; (ii) there are no high-quality digital education resources, nor is there a unified platform for centralizing and managing those resources; and (iii) digital infrastructure and teachers' skills pose challenges to effective technology use.
- 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. Therefore, increased digitalization promotes such benefits as a more efficient public sector and savings for society.⁴⁵ The reduction in the time taken to deliver transactional public services is one of the main drivers of higher public satisfaction.⁴⁶ Guided technology use, adequate equipment and connectivity,⁴⁷ and properly trained teachers⁴⁸ are all a must if new technologies are to be used effectively in the education sector. The use of maker technologies encourages women to participate in science and technology degree programs⁴⁹ and can also help students develop socioemotional skills,⁵⁰ which is another challenge in the National Core Curriculum Framework. In health, the Community Preventive Services Task Force of the Centers for Disease Control and Prevention of the

⁴³ Processes such as school enrollment, attendance and grade tracking, human resource management, transportation management, and school lunch programs. Out of a sample of 957 public servants from SEDUC, 45% said SEDUC's work culture was not very digital (a patchwork of systems with little automation) or 0% digital (management with spreadsheets and paper). Source: SEPLAG (2021). Management system processes have, for the most part, been preliminarily classified as uneven, the lowest level on the IDB's Education Management and Information System methodology.

⁴⁴ [Digital Alagoas Panel \(2022\)](#).

⁴⁵ [IDB \(2018\)](#).

⁴⁶ IDB ([2016](#) and [2020](#)), Simplifying Lives.

⁴⁷ [IDB \(2014\)](#).

⁴⁸ [Orlov et al. \(2021\)](#).

⁴⁹ [Intel \(2014\)](#).

⁵⁰ [Ponczek, V. P., and C. Pinto \(2017\)](#).

United States recommends several telehealth interventions⁵¹ to reduce chronic disease risk factors and manage chronic disease conditions in patients, including cardiovascular disease, hypertension, diabetes, renal disease, and obesity. A comprehensive review of the scientific literature indicates that the use of telehealth interventions can improve patients' adherence to treatment regimes, clinical results (such as blood pressure checks), and dietary behavior (such as eating more fruits and vegetables and reducing sodium intake⁵²).

- 1.19 **Legal, institutional, and strategic framework.** One of the strategic priorities of the Government of Alagoas is to make strides toward the digital transformation of the public sector. This goal has taken on even more importance with the COVID-19 pandemic and the approval of the E-Government Act, which covers all three levels of government in Brazil and has objectives aligned with the State's strategy.⁵³ The "E-Government, Transparency, and Bureaucracy Reduction" program under the "Institutional Management" focus area of the 2020-2023 Multiyear Plan seeks to implement actions that will lead to the State making more public services available to the public online.⁵⁴ SEPLAG is the apex agency for e-government⁵⁵ and is responsible for spearheading digital transformation initiatives in the sectors, including education and health, in coordination and working in conjunction with the respective sector ministries.
- 1.20 **The Bank's experience in the country and lessons learned.** The Bank has extensive experience in digital investments in the Brazilian public sector to improve management (e.g., in social security systems, transparency, public asset management, and the justice sector⁵⁶) and to modernize public finances, including e-invoicing.⁵⁷ The Bank also has conducted extensive and recent analytical studies in the areas covered by this operation.⁵⁸ Examples of lessons learned from those programs that have been explicitly factored into this operation include: (i) digital transformation policies should be coordinated across the levels of government under the framework of the E-Government Act (paragraph 1.29); (ii) the definition of expected program targets should figure in successful experiences in other states, and tools to comparatively evaluate states should be used (Annex II-Results Matrix); and (iii) the digitalization of administrative processes should be combined with the digitalization of public service delivery processes (paragraph 1.30).

⁵¹ Telehealth refers to the off-site delivery of health care and education using electronic and telecommunications technologies.

⁵² [Gandhi, S. et al \(2017\)](#); [McLean, G. et al \(2016\)](#); [Thakkar, J., et al \(2016\)](#); and [Kelly, J.T. et al \(2016\)](#).

⁵³ [Law 14,129](#).

⁵⁴ [2020-2023 Multiyear Plan](#).

⁵⁵ SEPLAG has also played a leadership role at the national level, leading the [Brazilian State Government Digital Transformation Group](#) from its establishment in 2019 until 2021.

⁵⁶ Loan [2791/OC-BR](#) (for US\$10 million, approved in 2012), loan [2919/OC-BR](#), (US\$18 million, 2013), loan [2580/OC-BR](#) (US\$15 million, 2011), all three closed, and loan [5248/OC-BR](#) (US\$28 million, 2021, in execution with 17% disbursed), respectively.

⁵⁷ [Program to Support the Management and Integration of Finance Administrations in Brazil \(PROFISCO I, CCLIP BR-X1005\)](#) (US\$500 million, 2008), and [Fiscal Management Modernization Program in Brazil \(PROFISCO II, CCLIP BR-X1039\)](#) (US\$900 million, 2017).

⁵⁸ [Optional link 5](#).

- 1.21 **The Bank's experience in the region and lessons learned.** This program will draw on the Bank's experience in public sector digital transformation projects, both with cross-sector projects and with education and health projects, such as: the Program for Improvement of Public Services and State-Citizen Interaction (loan [3625/OC-UR](#), approved in 2015), Generation C: Consolidating Educational Innovations for 21st Century Skills and Competencies (loan [4290/OC-UR](#), approved in 2017), and the E-Government Management Program in the Health Sector (loan [UR-X1009](#), approved in 2013) in Uruguay; the Panama Online Program (loan [3683/OC-PN](#), approved in 2016) in Panama; and the Project to Improve and Expand Support Services for National Service Delivery to Citizens and Enterprises (loan [4399/OC-PE](#), approved in 2017) in Peru. The Bank's analytical work in the area of e-government is also far-reaching.⁵⁹ In addition, specifically in the area of education, the IDB has published: (i) a book on the opportunities and challenges of education technologies;⁶⁰ (ii) a guide for evaluating and planning improvements to education ministries' management systems and processes;⁶¹ and (iii) a framework for education management monitoring and evaluation systems,⁶² including a tool for evaluating the quality of digital processes and systems (technical cooperation operation [ATN/OC-16379-RG](#), for US\$500,000 for research and dissemination, approved in 2017). Lessons learned incorporated into this program include: (i) build capacity at the executing agency through ad hoc specialized advisory engagements that help successfully implement complex technological outputs (paragraphs 1.29, 2.5c, and 3.1); (ii) keep program design flexible so it can more nimbly adapt to the technological changes that may occur during execution (paragraph 1.29); (iii) ensure that service enhancements have a multichannel approach, including both digital and in-person services, in order to serve the entire population (paragraph 1.30); (iv) provide teachers with ongoing professional development in the use of the specific technologies to be implemented under the project (paragraph 1.31); and (v) support change management activities for obstacles to the introduction of digital transformation and modernization processes (paragraph 1.31).
- 1.22 **Complementarity with other IDB operations.** This program will complement the Fiscal Management Modernization Project for the State of Alagoas (PROFISCO II AL, loan [5344/OC-BR](#), approved in 2021 for US\$36 million, pending signature), which will finance activities to improve and digitalize financial and tax management processes. That operation will benefit from the enhancement and automation of crosscutting processes and the one-stop digital services portal financed by the "Alagoas Plus Digital" program. The program will also seek synergies with other e-government programs supporting state governments under the "Brazil Plus Digital" program (CCLIP [BR-O0010](#)), including the Ceará Plus Digital program (loan [5516/OC-BR](#), approved in 2022 for US\$31 million, pending signature) and São Paulo Plus Digital, currently in preparation, and with the Education for the Future of the State of Paraná program (loan [5402/OC-BR](#), approved in 2021 for US\$90 million, pending

⁵⁹ For example, [Wait No More \(2018\)](#), Cybersecurity ([2016](#) and [2020](#)), and Simplifying Lives ([2016](#) and [2020](#)).

⁶⁰ [IDB \(2020d\)](#).

⁶¹ [IDB \(2021e\)](#).

⁶² [IDB \(2019\)](#).

signature), which will support investments in digitalization of education management, digital infrastructure, and connectivity for state schools.

- 1.23 **Associated technical-cooperation operations.** Two technical cooperation operations have been approved: (i) operation [ATN/OC-17993-BR](#) (US\$300,000, for client support, approved in 2020), whose objective is to support Brazil's public sector digital transformation efforts at the federal and subnational levels for better public service delivery; and (ii) operation [ATN/OC-18716-BR](#) (US\$250,000, for operational support, approved in 2021) to support implementation of this and other programs under the e-government focus area of the CCLIP for the "Brazil Plus Digital" program.
- 1.24 **Strategic alignment.** This operation is consistent with the second Update to the Institutional Strategy (document AB-3190-2) and aligned with the development challenges of: (i) productivity and innovation, through the use of new technologies to enhance services; and (ii) social inclusion and equality, in that it improves the quality of education services for all children and increases access to health care services. The program is also aligned with the crosscutting themes of: (i) institutional capacity and rule of law, by increasing the efficiency and effectiveness of the public sector and enhancing transparency and accountability through greater digitalization and automation of processes and services; (ii) gender equity, by facilitating access to and use of digital public services targeting or related to women and by increasing women's access to NCD health services; and diversity, by expanding Internet access for students at indigenous/Quilombola schools (paragraph 1.26); and (iii) climate change. Approximately 8.72% of the operation's resources are invested in climate change mitigation activities, according to the [joint methodology of the multilateral development banks](#), as those funds will be used to procure energy-efficient IT equipment⁶³ ([optional link 4](#)). These resources contribute to the IDB's target for climate-related financing (30% of approvals by volume each year). In addition, the program will contribute to the Corporate Results Framework 2020-2030 (document GN-2727-12) through the following indicators: (i) beneficiaries receiving health services; and (ii) agencies with strengthened digital technology and managerial capacity.
- 1.25 The program is also aligned with the Sector Strategy on Institutions for Growth and Social Welfare (document GN-2587-2) through its public sector management and finance component. It is consistent with the following sector framework documents: (i) Skills Development (document GN-3012-1), through its action area of leveraging the use of technology to increase equitable access to skills development opportunities and improve the efficiency of skill development systems; and (ii) Health (document GN-2735-11), through its objective of improving the productivity and quality of health care services (the strengthening of preventive health care activities and chronic disease management is one of the actions needed to address this challenge⁶⁴). Furthermore, the operation is aligned with the IDB Group Country Strategy with Brazil 2019-2022 (document GN-2973) through the strategic objectives of: (i) promoting e-government and digital solutions to

⁶³ Equipment with more efficient electricity use, identified with seals such as Procel A Class or Energy Star, consume less energy than similar equipment without those seals.

⁶⁴ The sector strategy also emphasizes the incorporation of digital health and information technologies.

foster transparency, accountability, and efficiency in delivering public services to citizens and enterprises; (ii) building a more effective government; and (iii) improving management and the quality of spending and infrastructure in the health and education sectors. It also contributes to the Country Strategy's crosscutting issues of innovation and digital transformation, gender and diversity, and climate change. The program is also aligned with the IDB's Vision 2025 (document AB-3266) in terms of the promotion of the digital economy, especially in the area of digitalization of the public sector, and the strengthening of good governance and institutions to achieve sustainable and inclusive economic growth. Lastly, the operation is included in the 2022 Operational Program (document GN-3087).

- 1.26 **Gender and diversity considerations.** Pursuant to the Operational Policy on Gender Equality in Development (Operational Policy OP-761, document GN-2531-10) and the Gender Action Plan for Operations 2020-2021 (document GN-2531-19), particularly the “digital governance” line of action (offer online options with a gender perspective to save women’s costs in travel and time and promote gender-responsive e-governance by enhancing women’s online access to public services, with a specific focus on women’s access to digital public services in the response to COVID-19), the operation will finance: (i) preparation of a diagnostic assessment and work program that identifies the in-person public services most used by women to make their digitalization a priority (paragraph 1.30); (ii) investments to enhance the connectivity of the school community through digital infrastructure (connections and equipment for connectivity) for indigenous and Quilombola schools (paragraph 1.31); and (iii) expansion of access to public services for NCD care through a module on the digital health platform specifically designed for women (paragraph 1.31).
- 1.27 **Technological innovation considerations.** This operation involves the execution of projects with innovative components, including: (i) development of a data governance model for the entire State; (ii) integration of the federal government’s digital identity verification services; (iii) adoption of cloud solutions (less common in the public sector); (iv) establishment of a security operations center (SOC) for cybersecurity; and (v) mass implementation of robotic process automation (RPA), a simplification methodology based on machine learning, which will also be used to improve public services.

B. Objectives, components, and cost

- 1.28 **Objective of the second individual operation under the CCLIP.** The general objective of the program is to make strides toward the digital transformation of the Government of the State of Alagoas to help improve interactions with the public by increasing satisfaction with public services and reducing costs for individuals in the use of public services. The specific objectives are to: (i) make the government’s digital transformation more effective through digital capacity building; (ii) expand access to digital public services, with particular emphasis on the education and health sectors; and (iii) make the delivery of public services more efficient through digital transformation. To achieve these objectives, the program is structured into three components.

- 1.29 **Component 1. Governance, digital capabilities, and cybersecurity (IDB: US\$5.7 million; local contribution: US\$0; total: US\$5.7 million).** The objective of this component is to strengthen digital capabilities and governance, including in cybersecurity. Financing will be provided for support measures including: (i) improvements to the digital governance framework, including preparation of digital transformation, cybersecurity, and data strategies; (ii) implementation of a strategic information platform for decision-making and public policy management support; (iii) strengthening the digital capabilities of public servants at SEPLAG; (iv) rollout of an SOC; and (v) modernization of IT infrastructure and development of public cloud solutions.⁶⁵
- 1.30 **Component 2. Digital services (IDB: US\$5.3 million; local contribution: US\$0; total: US\$5.3 million).** The objective of this component is to make strides toward the digital transformation of administrative processes and public services. Financing will be provided for support measures including: (i) enhancements to and automation of administrative processes, including the use of new technologies such as artificial intelligence;⁶⁶ (ii) strengthening of the digital public service and public engagement platform by expanding digital services and adding new features;⁶⁷ and (iii) a diagnostic assessment of the in-person services most used by women and an action plan to make digitalization of those services a priority.⁶⁸
- 1.31 **Component 3. Digital education and health (IDB: US\$3 million; local contribution: US\$10 million; total: US\$13 million).** The objective of this component is to make strides toward the digital transformation of management and service delivery in the education and health sectors. Financing will be provided for support measures including: (i) implementation of the digital transformation of education management, including the strengthening of the digital capabilities of the public servants working as sector administrators; (ii) improvements to digital education services (including digital platforms, virtual classes, and teacher training); (iii) efforts to expand the connectivity of the school community by providing digital infrastructure (connection equipment and services and access equipment, such as computers and tablets);⁶⁹ (iv) implementation of digital solutions for proactive, preventive public health engagement;⁷⁰

⁶⁵ 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. A digital investment sustainability strategy will also be explicitly included for output (v). Procurement of equipment will include energy efficiency requirements, such as an Energy Star seal or equivalent.

⁶⁶ Streamlining and digitalization of crosscutting administrative processes using such tools as business process management (BPM) and RPA.

⁶⁷ Streamlining and digitalization of service delivery processes, including improvements to public service, mainly through tools like citizen relationship management, BPM, RPA, single sign-on, and chatbot.

⁶⁸ [Optional link 3.](#)

⁶⁹ All schools were surveyed to assess the quality of the school's connection and of the equipment available to students. Of the 315 schools, 165 need better quality connections or equipment for Internet access. In addition to those 165 schools, priority will be given to all indigenous and/or Quilombola schools (18 schools) with a view to closing existing gaps. For more information, see [optional link 6.](#)

⁷⁰ Treatment of NCDs.

(v) implementation of a preventive health care module for women with NCDs; and (vi) design and implementation of a change management strategy.⁷¹

- 1.32 **Administration (IDB: US\$1 million; local contribution: US\$0; total: US\$1 million).** Financing will be provided for administration, evaluation, and audit costs.
- 1.33 Expenses eligible for program financing will include specialized consulting engagements and procurement of goods and nonconsulting services (e.g., equipment, software, and training).
- 1.34 **Beneficiaries.** The direct program beneficiaries will be the individuals (approximately 50% of the population) and companies that use the services offered by the State of Alagoas, whose user satisfaction will increase thanks to efficiency gains in services provided, including time savings and cost reductions. In addition, 175,000 students (including 3,182 students from 18 indigenous/Quilombola schools) will benefit from greater connectivity and better teaching thanks to the incorporation of new technologies. Users of the Alagoas public health system who have NCDs will also benefit from expanded access to and higher quality of services. Lastly, the public servants of the State of Alagoas will benefit from digital capacity building.

C. Key results indicators

- 1.35 **Expected impact and outcomes.** Achievement of the program's general development objective will be measured through the increase in public satisfaction with the digital public services offered by the State of Alagoas, the decrease in the percentage of individuals who report difficulties in using those services, and the savings to society generated from the digitalization of public services. The indicators that will be used to measure achievement of the specific program objectives include: (i) the strengthening of digital capabilities among public servants at SEPLAG, including in cybersecurity, and of capabilities for digital service delivery; (ii) the improvement in service offerings and expansion of the use of digital services, with more services available 100% online and more visits to the service portal; emphasis will be placed on the education sector (users who check school attendance and grades, schools whose Internet connectivity is good enough for instructional activities, and indigenous/Quilombola schools that provide students access to computer labs with Internet connectivity) and the health sector (focused on the number of NCD patients with monthly digital checkups); and (iii) efficiency gains in service delivery.
- 1.36 **Economic analysis.** A cost-benefit analysis was performed to determine the program's internal rate of return and economic viability. The program's most important quantifiable benefits will materialize in five distinct dimensions: (i) the decrease in the cost of cyberattacks (savings from processing fewer severe incidents as a result of detecting and processing incidents before they become severe); (ii) the decrease in the cost to the public stemming from greater digitalization of services; (iii) the decrease in the cost to the State stemming from greater digitalization of services; (iv) efficiency gains in the delivery of education services, thanks to the digitalization of education management; and (v) savings

⁷¹ The strategy will support activities from all three components.

associated with telehealth services for NCDs. The evaluation found that the program's benefits outweigh its costs, even when a conservative benefits rate is applied and not all potential sources of benefits are factored in. In the base case scenario, the project has a net present value of approximately US\$16.4 million and an internal rate of return of 33%. In other words, there is a return of US\$1.84 for each dollar spent. All assumptions were developed as conservatively as possible, with benefits beginning in Year 2 or later. Several sensitivity analyses were prepared, in which the assumed values were lowered significantly. In all scenarios, the internal rate of return exceeded 13% ([optional link 1](#)).

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 **Source and use of proceeds.** This program will be structured as a specific investment loan, which is justified by the fact that the program's activities are clearly defined. The total cost will be US\$25 million, with US\$15 million (60%) financed from the Bank's Ordinary Capital resources and a local contribution of US\$10 million (40%).

Table 1. Estimated program costs (in thousands of U.S. dollars)*

Component	IDB	Local	Total	%
Component 1. Governance, digital capabilities, and cybersecurity	5,673	-	5,673	22.7
1.1 Digital transformation, cybersecurity, and data strategies	240	-	240	1.0
1.2 Strategic information platform	973	-	973	3.9
1.3 Digital capacity-building for public servants at SEPLAG	730	-	730	2.9
1.4 SOC	1,175	-	1,175	4.7
1.5 IT infrastructure modernization	2,555	-	2,555	10.2
Component 2. Digital services	5,327	-	5,327	21.3
2.1 Automation of administrative processes	2,377	-	2,377	9.5
2.2 Strengthening of the digital public services platform	2,869	-	2,869	11.8
2.3 Diagnostic assessment and action plan for digitalizing the services most used by women	80	-	80	0.3
Component 3. Digital education and health	2,960	10,000	12,960	51.8
3.1 Implementation of the digital transformation of education management	48	1,467	1,515	6.1
3.2 Improvements to digital education services	-	2,312	2,312	9.2
3.3 Enhancements to school community connectivity	-	6,221	6,221	24.9
3.4 Digital solutions for proactive, preventive public health engagement	2,612	-	2,612	10.8
3.5 Preventive health module for women with NCDs	200	-	-	0.8
3.6 Change management	100	-	100	0.4
Administration, evaluation, and audits	1,040	-	1,040	4.2
Total	15,000	10,000	25,000	100

* Amounts at the output level are indicative and are not binding.

- 2.2 The proceeds will be disbursed over a five-year period as described in Table 2. The execution period was determined based on the average time required to design and implement the activities proposed for the program.

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

Source	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IDB	1.7	3.6	3.9	4.2	1.6	15.0
Local	1.1	2.4	2.6	2.8	1.1	10.0
Total	2.8	6.0	6.5	7.0	2.7	25.0
% per year	11.2	24.0	26.0	28.0	10.8	100.0

B. Environmental and social risks

- 2.3 **Environmental classification.** Pursuant to the Bank's Environment and Safeguards Compliance Policy (document GN-2208-20, Operational Policy OP-703), this operation was classified as a category "C" operation. The program will not finance any physical infrastructure components, so no environmental or social risks are anticipated.

C. Fiduciary risks

- 2.4 **Human resources.** The project team has identified a medium-high risk in that there could be delays to the program's early procurements because SEPLAG staff members lack experience with IDB procurement policies, which could cause delays in program execution. The mitigation measures are as follows: (i) training in IDB procurement policies will be provided to SEPLAG staff; and (ii) two individual consultants will be hired to support the program coordination unit (PCU) for the entire course of the program.

D. Other key issues and risks

- 2.5 During the design phase, the project team also identified one high risk and two medium-high risks:
- Political landscape.** Political and technical priorities, as well as the teams involved in the program, could change due to the change in State authorities that will take place during program execution. This could delay program execution up to six months (high risk). To mitigate this risk, the program will be included in the government transition plan and annual strategic plans, priority will be given to career public servants when appointing staff to the program team, and technical notes will be prepared for the most strategic outputs.
 - Governance system.** Difficulties in inter-agency coordination for program execution could generate delays in outputs that involve actors outside SEPLAG, which could delay program execution (medium-high risk). To mitigate this risk, interagency participation will be included in the final design of the [program Operating Regulations](#), the project team has developed the execution arrangements so that only one agency will execute IDB resources, and the signing of a legal instrument enabling cooperation between SEDUC,

SESAU, and SEPLAG prior to the launch of program activities has been included as a special contractual condition precedent for execution, so as to establish the parties' responsibilities in execution of the respective activities (paragraph 3.5).

- c. **Human resources.** Since SEPLAG staff does not have prior experience in procurements of complex technological goods, the delivered goods may be unsuitable or inadequate, which could lead to a failure to achieve the targets set out in the Results Matrix (medium-high risk). To mitigate this risk, it was agreed that the outputs requiring specialized technical assistance would be identified prior to the launch of program execution and consultants would be hired to support those procurements (paragraph 1.29).
- 2.6 **Program sustainability.** The program investments and results should 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 (paragraphs 1.29 and 2.7); and (iii) the efforts to build the digital capabilities of career public servants at SEPLAG, SEDUC, and SESAU.
- 2.7 **Sustainability of technology and cybersecurity investments.** The program will maximize the sustainability of its technological investments by: (i) staggering procurements of technology investments, which will extend equipment and solutions maintenance contracts; (ii) using cloud services, which ensures that storage equipment will not become obsolete; (iii) giving priority to free software solutions, which, combined with the modernization of job profiles and the increase of digital skills among public servants working for the State of Alagoas, especially in its IT area, will allow for greater buy-in and adjustments moving forward; and (iv) the SOC will entail a significant increase in the number of permanent staff members working on these areas, as well as a specialization program.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Borrower and executing agency.** The borrower will be the State of Alagoas, and the Federative Republic of Brazil will be the guarantor of the financial obligations under the loan.⁷² The executing agency will be the State of Alagoas, acting through SEPLAG. The institutional capacity assessment found that SEPLAG has the capacity to manage the activities to be carried out under this operation.⁷³ Given that this is its first operation with the Bank, it was determined that the executing agency will mainly need to strengthen its capacity for: (i) project management; (ii) procurement and financial management; and (iii) technical quality management (for complex technology outputs). To that end: (i) a program coordination unit (PCU) will be established within SEPLAG's institutional structure and will be staffed by career civil servants who will work on the program full or part time (paragraph 3.2); (ii) the PCU will be trained in the

⁷² See [Resolution 12](#) issued by the Commission of External Financing on 29 April 2021, which authorized preparation of this operation.

⁷³ In all, 55 areas were analyzed: 16 were identified as strengths, 24 as opportunities for improvement, 14 as weaknesses that required strengthening, and one did not apply.

Bank's procurement and financial management policies and procedures and will enlist the support of two procurement consultants with experience with Bank policies (paragraph 2.4) and one financial management consultant (all three will work on the program full time) (paragraph 3.2); and (iii) in the preparation of terms of reference and quality control for complex technological outputs, the PCU will be supported by specialized technicians (paragraphs 1.21, 1.29 and 2.5c).

- 3.2 **Program execution, administration, and coordination mechanisms.** The PCU will be administratively attached to the SEPLAG Secretary (direct reporting) and will be responsible for program coordination, to include planning, monitoring, financial management, procurement, and coordination of evaluations and audits. The PCU will consist of the following core team, who will work on the program full time: a General Coordinator, and a Deputy Technical Coordinator, both of whom will be members of SEPLAG's permanent staff. It will also be staffed by a Deputy Financial/Administrative Coordinator, a Deputy Monitoring and Evaluation Coordinator, a Procurement Advisor, and a member of the standing bid committee, (permanent SEPLAG staff members who will work on the program part time), and full-time consultants (two procurement consultants and one financial management consultant). For administrative matters, the PCU will support the project leads (all SEPLAG staff members) with technicians responsible for each program output (see the [program Operating Regulations](#) for more detail).
- 3.3 **Interagency coordination mechanism.** Given the cross-sector nature of the program, SEPLAG will serve as the interagency coordinator at the strategic level. To ensure an effective program execution that promotes the sustainability of the investments, SEPLAG and the PCU will secure commitments and technical support from other institutions involved in the program, including SEDUC, SESAU, the PGE, and the Process Management and Modernization Agency (attached to SEPLAG). These agencies will provide technical support to the executing agency in their respective fields for: (i) preparation of studies, projects, 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 goods and services procured. This support will be formalized with SEDUC and SESAU in a suitable legal instrument under the terms agreed upon with the Bank, including information exchange and integration mechanisms (paragraph 3.5). At the technical level, all Component 3 outputs will have project co-leaders from SEDUC or SESAU, who will support the SEPLAG project leader. The participating agencies will work in a coordinated fashion under SEPLAG's leadership, and interoperability across systems and between digital tools will be encouraged. Approval and publication of the digital transformation strategy (paragraph 1.29), one of the first program outputs, will strengthen the digital governance framework, including matters related to coordination for cross-sector outputs such as the public service platform (paragraph 1.30).
- 3.4 The [program Operating Regulations](#) will discuss program execution and will include, at minimum: (i) the program's organizational framework; (ii) the PCU's responsibilities; (iii) mechanisms for program and interagency coordination; (iv) the framework for programming, monitoring, and results evaluation;

- (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 loan proceeds.** The executing agency will submit to the Bank evidence of: (i) the publication in the official gazette of the State of Alagoas of the administrative decree (*Portaria*) bringing into effect the [program Operating Regulations](#), under the terms agreed upon with the Bank (paragraph 3.4), so that the guidelines, procedures, and coordination mechanisms to be followed by the executing agency for successful program execution will be established; (ii) the publication in the official gazette of the State of Alagoas of the legal instrument enabling the creation of the PCU and appointment of its General Coordinator and staff, under the terms agreed upon with the Bank (paragraph 3.2), to ensure program quality and comprehensiveness; and (iii) the signing and entry into force of a legal instrument enabling cooperation between SEPLAG, SEDUC, and SESAU, under the terms agreed upon with the Bank, so as to establish the parties' responsibilities in execution of the respective activities.
- 3.6 **Procurement of works, goods, nonconsulting services, and consulting services.** Procurements financed with loan proceeds will be conducted in accordance with Bank policies: Policies for the Procurement of Works and Goods 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 **Retroactive financing and recognition of expenditures.** The program anticipates up to US\$3 million (20% of the proposed loan amount) in retroactive financing for eligible expenditures under Components 1 (digital infrastructure), Component 2 (all outputs), and Component 3 (outputs related to education), and recognition against the local contribution of up to US\$2 million (20% of the estimated amount of the local contribution) for eligible expenditures under Component 3 (outputs related to education), 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 project profile approval date (27 May 2021) but shall not under any circumstances include expenditures incurred more than 18 months prior to the loan approval date.
- 3.8 **Advance of funds.** Disbursements will be made in the form of advances of funds based on the program's actual liquidity needs for up to six months. Advances after the first will require supporting documentation to have been provided for at least 80% of the total of the previous advances pending justification. The loan proceeds will be administered by the executing agency through an exclusive bank account for receiving and managing program resources, as established in the Financial Management Guidelines for IDB-financed Projects (document OP-273-12).
- 3.9 **Audits.** The program's financial statements will be audited annually by a Bank-acceptable independent audit firm, which will be engaged by the executing agency. The audited financial statements will be submitted to the Bank within

120 days after the close of each of the agency's fiscal years, in accordance with the procedures and terms of reference previously agreed upon with the Bank. The program's final audited financial statements will be submitted within 120 days after the date of the last disbursement.

B. Summary of arrangements for monitoring results

- 3.10 **Monitoring by the executing agency.** Monitoring by the executing agency will be guided by: (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 semiannual progress reports; and (ix) the program's audited financial statements. The PCU will prepare consolidated semiannual progress reports for review by the Bank, which it will submit within 30 days after the close of each six-month period.
- 3.11 **Evaluation.** The project will be evaluated against the annual targets and outcome and output indicators set out in the Results Matrix. The [program Operating Regulations](#) and the [monitoring and evaluation plan](#) call for independent midterm and final evaluations. The borrower will prepare a midterm evaluation report and submit it to the Bank within 90 days after the date on which 50% of the loan proceeds have been disbursed or 36 months into program execution, whichever occurs first. It will also submit a final evaluation to the Bank, which will be used as an input for the program closing report, within 90 days after 95% of the loan proceeds have been disbursed.
- 3.12 **Impact evaluation.** To generate knowledge on the effectiveness of specific projects in the area of digital services, an impact evaluation using a differences in differences model will be conducted to measure public satisfaction and the change in demand for digital services due to digitalization, using services that will continue to be in-person as the control group ([monitoring and evaluation plan](#)). This type of impact evaluation will help attribute the causes of the program benefits.

IV. ELIGIBILITY CRITERIA

- 4.1 This is the fourth individual operation under the "Brazil Plus Digital" program (CCLIP BR-O0010) in the e-government sector, the first in the subnational allocation channel executed by an executive branch, and the first with SEPLAG as the executing agency. As such, it meets all the eligibility criteria set out in the Bank's CCLIP policy (document GN-2246-13, section III) and the corresponding operational guidelines (document OP-1622-3, section III.B). With regard to the CCLIP: (i) its objectives are within the priorities defined in the IDB Group Country Strategy with Brazil 2019-2022 (document GN-2973) (paragraph 1.25); and (ii) the liaison agency, SAIN, is authorized to coordinate and monitor the general operational program of all the sectors included under the CCLIP. In addition, with regard to the individual operation: (i) a thorough institutional capacity analysis of the executing agency was performed, which found that it has execution capacity and identified areas that need to be strengthened for effective program implementation (paragraph 3.1) and potential risks (paragraphs 2.4 and 2.5); (ii) the operation's objectives contribute to the achievement of the CCLIP's multisector objectives, since they help improve public services through the

implementation of new technologies (paragraph 1.28); (iii) the operation is included in the CCLIP's e-government sector since it promotes the digital transformation of the public sector (paragraph 1.2); and (iv) the operation includes activities to be carried out in the areas needing improvement identified by the institutional capacity assessment of the executing agency, mainly concerning the executing agency's institutional capacity for project management, financial and procurement management, and technical quality management (for complex technological outputs) (paragraph 3.1).

Development Effectiveness Matrix		
Summary		BR-L1565
I. Corporate and Country Priorities		
Section 1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Issues	-Social Inclusion and Equality -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	-Beneficiaries receiving health services (#) -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 enterprises. Build a more effective government. Improve management and the quality of spending and infrastructure in the health and education sectors.
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		9.4
3.1 Program Diagnosis		1.9
3.2 Proposed Interventions or Solutions		3.5
3.3 Results Matrix Quality		4.0
4. Ex ante Economic Analysis		9.0
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		2.5
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		0.0
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	Two TC have been approved: ATN/OC-17993-BR (2020) supports digital transformation efforts in Brazil's public sector at the federal and subnational levels; and ATN/OC-18716-BR (2021) which supports the implementation of this and other programs under the Digital Government sector of the CCLIP Brasil Mais Digital.

CLIPP Evaluability Note (BR-00010) Brasil Mais Digital. BR-L1565 Digital Transformation Program of the Government of the State of Alagoas.

The general objective of the program is to advance in the digital transformation of the Government of the State of Alagoas to contribute to a better relationship with the citizen, through the increase of satisfaction with the public services and the reduction of costs for the citizen in the use of public services. The specific objectives are: (i) improving government effectiveness in digital transformation by increasing digital capabilities; (ii) expanding access to digital public services, with a special focus on the education and health sectors; and (iii) increasing efficiency in service delivery through digital transformation. This project is the second individual loan operation under the Conditional Credit Line for Investment Projects (CCLIP) - Brasil Más Digital (BR-00010) approved by the Board of Executive Directors through Resolution DE-23/21

The CLIPP identifies a diagnosis based on gaps in connectivity (coverage and quality), technological adoption in the productive sector and the government, digital skills and cybersecurity. The loan proposal of the second operation has presented a solid assessment of the problem based on effectiveness gaps in digital transformation, access to digital services, and 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 Alagoas, taking into account the urgent need to increase the digital public services available to the population, particularly in terms of access to services of education and health. The proposed solutions focus on improvements in governance, digital capabilities and cybersecurity, process automation, functionalities and diagnostics of digital services, particularly in the area of health and education. They are appropriate to respond to the identified problems and their contributing factors. The results matrix (MR) is consistent with the vertical logic of the project. Outcome 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 overall development objective.

The economic analysis (cost-benefit) of the operation is appropriate, with reasonable and adequate assumptions for this type of project, and also with reasonable sensitivity analyzes. It is based on the benefits of lowering economic costs for citizens due to the reduction of cyberattacks and less time for citizens in accessing digital services, among others, showing a positive net present value 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 in demand for digital services due to its digitization and citizen satisfaction. For this purpose, a quasi-experimental design will be implemented using the difference-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) in coordination with the Bank.

RESULTS MATRIX

Project objective:	The specific objectives of this operation are to: (i) make the government's digital transformation more effective through digital capacity building; (ii) expand access to digital public services, with particular emphasis on the education and health sectors; and (iii) make the delivery of public services more efficient through digital transformation. The general objective of the program is to make strides toward the digital transformation of the Government of the State of Alagoas to help improve interactions with the public by increasing satisfaction with public services and reducing costs for individuals in the use of public services.
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GENERAL DEVELOPMENT OBJECTIVE

Indicator	Unit of measure	Baseline value	Baseline year	Expected year achieved	Target	Means of verification	Comments
General development objective: Make strides toward the digital transformation of the Government of the State of Alagoas to help improve interactions with the public by increasing satisfaction with public services and reducing costs for individuals in the use of public services.							
Satisfaction with digital public service offerings among the residents of Alagoas.	Percentage of users	48.0%	2020	2026	69.0%	IDB (2021) . The survey will be conducted again in 2026.	The values for “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).
Individuals who report difficulties using public services provided by the State of Alagoas.	Percentage of users	42.9%	2020	2026	24.0%		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 “Alagoas Plus Digital” program.	US\$ millions	0	2020	2026	10.84	Planning, Management, and Assets Department (SEPLAG)	See the Economic Analysis for the methodology.

SPECIFIC DEVELOPMENT OBJECTIVES

Indicator	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Final target	Means of verification	Comments
Specific development objective 1: Make the government's digital transformation more effective through digital capacity building										
Digital capabilities of public servants at SEPLAG	Percentage of staff members	8.74%	2021	8.74%	15%	20%	25%	30%	Digital capabilities survey - SEPLAG	Question: Are you certified in digital transformation or in the use of new technologies in the public sector?
Cybersecurity incidents processed	Number of incidents	90	2020	90	90	300	500	1,000	SEPLAG	
Capabilities for digital service delivery (on a scale of 0 to 45)	Digital capability score	13.5/45	2020	13.5/45	13.5/45	20/45	28/45	36/45	Associação Brasileira de Empresas de Pesquisa (ABEP) Communication and Information Technology Report	Capabilities for delivery index -Dimension 1
Specific development objective 2: Expand access to digital public services, with particular emphasis on the education and health sectors										
Digital service offerings (on a scale of 0 to 45)	Digital service offerings score	27/45	2020	27/45	27/45	30/45	33/45	36/45	ABEP Communication and Information Technology Report	Digital service offerings index - Dimension 2
Visits to the Alagoas digital public services platform	Millions of users	3.6	2021	3.0	3.8	4.6	5.2	6.0	SEPLAG (Digital Alagoas Panel)	
Registered users who schedule digital services using the website	Percentage of residents	22.2%	2020	22.2%	25%	30%	40%	50%	SEPLAG - Public Service Central	Individuals registered with the Digital Alagoas website who schedule services or carry out digital services using the website
Public services 100% available online	Percentage of services	9%	2022	7%	7%	12%	18%	25%	SEPLAG (Digital Alagoas Panel)	Target: Number of digital services offered by the most developed federative unit (Bahia)

Indicator	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Final target	Means of verification	Comments
Users who check grades and school attendance online	Percentage of users	0%	2020	0%	0%	30%	40%	50%	Department of Education (SEDUC)	Benchmarking: Performance by the most developed federative unit (Paraná).
Schools whose Internet connectivity is good enough for instructional activities	Percentage	45%	2021	45%	45%	50%	55%	60%		Connectivity of 100 kilobits per second per student (or better) – EducationSuperHighway .
Indigenous and Quilombola schools offering students computer labs with Internet access	Percentage	28%	2020	28%	28%	40%	55%	60%		Pro-diversity indicator. A total of 18 schools with 3,182 students.
Patients with chronic, noncommunicable diseases (NCDs) with monthly digital checkups	Number of patients	0	2020	0	0	5,000	15,000	35,000	SEPLAG	The monthly average for each year will be used.
Specific development objective 3: Make the delivery of public services more efficient through digital transformation										
Savings to the government from the digitalization of public services under the “Alagoas Plus Digital” program	US\$ millions	0	2021	-	-	0.66	1.46	4.50	SEPLAG	Cumulative savings. See the Economic Analysis for the methodology.

OUTPUTS

Output	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
Component 1. Governance, digital capabilities, and cybersecurity											
1.1 Digital transformation, cybersecurity, and data strategies, published	Strategies	0	2021	-	1	2	-	-	3	Report from the program coordination unit (PCU)	
1.2 Strategic information and public policy management support platforms, operational	Software	0	2021	-	-	1	-	-	1		
1.3 Reports on implementation of improvements to SEPLAG public servants' digital capabilities, approved	Reports	0	2021	1	1	1	1	1	5		The reports will discuss the progress achieved each year.
1.4 Security Operations Center (SOC), operational	Software	0	2021	-	-	1	-	-	1		
1.5 Reports on modernization of the information technology (IT) infrastructure and public cloud solutions, approved	Reports	0	2021	1	1	1	1	1	5	PCU reports confirming the modernization of the IT infrastructure according to the technical specifications and energy efficiency requirements	The reports will discuss the progress achieved each year. The selection criteria will include procurement of equipment with national or international energy efficiency seals.

Output	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
Component 2. Digital services											
2.1 Reports on administrative process improvements and automation, approved	Reports	0	2021	1	1	1	1	1	5	PCU report	The report will discuss the progress made each year (see monitoring and evaluation plan).
2.2 Reports on the expansion of digital services, the addition of new features to the digital public service platform, and public engagement, approved	Reports	0	2021	1	1	1	1	1	5		
2.3 Diagnostic assessment of in-person public services most frequently used by women and action plan to digitalize those services, prepared	Reports	0	2021	-	1	-	-	-	1		Pro-gender indicator.
Component 3. Digital education and health											
3.1 Reports on the implementation of the digital transformation of education management, approved	Reports	0	2021	1	1	1	1	1	5	PCU report	The reports will discuss the progress achieved each year.
3.2 Reports on improvements to digital education services, approved	Reports	0	2021	1	1	1	1	1	5		
3.3 Reports on school community connectivity improvements, approved	Reports	0	2021	1	1	1	1	1	5		
3.4 Digital solutions for proactive, preventive public	Software	0	2021	-	-	1	-	-	1		

Output	Unit of measure	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
health engagement, implemented											
3.5 Preventive health care module for women with NCDs, implemented	Software	0	2021	-	-	1	-	-	1		Pro-gender indicator.
3.6 Reports on change management activities, approved	Reports	0	2021	1	1	1	1	1	5		The reports will discuss the progress achieved each year.

Country: Brazil

Division: IFD/ICS

Operation No.: BR-L1565

Year: 2022

FIDUCIARY AGREEMENTS AND REQUIREMENTS

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

Project name: “Alagoas Plus Digital” Program – Digital Transformation of the Government of the State of Alagoas. Fourth Individual Operation Under the Conditional Credit Line for Investment Projects (CCLIP) for the “Brazil Plus Digital” program

I. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

1. Use of country system in the project¹

<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"/>	Particular features of fiduciary execution	A program coordination unit (PCU) that reports directly to SEPLAG will conduct program execution and administration and will be responsible for planning, monitoring, financial management, and procurement activities, as well as for coordinating evaluation and audit activities.
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3. Fiduciary capacity

Fiduciary capacity of the executing agency	The institutional capacity assessment found that SEPLAG has the capacity required to manage the activities to be carried out under the individual operation.
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4. Fiduciary risks and risk response

Area	Risk	Risk level	Risk response
Human resources	Since SEPLAG staff members lack experience with IDB procurement policies, the program's early procurements could be delayed, which could cause delays in program execution.	Medium-high	(i) Provide training in IDB procurement policies to the SEPLAG team. (ii) Hire two individual consultants to support the PCU for the entire course of the program.

¹ Any subsequently approved system or subsystem may be applicable to the operation, in accordance with the terms of the Bank's validation.

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 LOAN CONTRACT

Exchange rate agreed upon with the executing agency for reporting: For advances of funds, the first-in, first-out exchange rate will be used. To determine the equivalence of expenditures to be reimbursed against the loan as well as the equivalence of expenditures incurred in the local currency as a charge against the local counterpart contribution, 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 eligible expenditures to the Bank.

Audited financial statements: During program execution, audited annual financial statements will be submitted within 120 days after the end of each fiscal year. The external audit of the program will be conducted by an outside firm acceptable to the Bank. The program’s final audited financial statements will be delivered within 120 days after the date of the last disbursement.

III. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

<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 procurement in question will be used for works, goods, and nonconsulting services procured in accordance with Bank policies (document GN-2349-15) and subject to international competitive bidding. The selection and contracting of consulting services will be in accordance with Bank policies (document GN-2350-15) using the Bank-issued standard request for proposals or the request form agreed upon between the executing agency and the Bank for the selection process in question.		
<input checked="" type="checkbox"/>	Advance procurement and retroactive financing	The program anticipates up to US\$3 million (20% of the proposed loan amount) in retroactive financing of eligible expenditures under Component 1 (digital infrastructure), component 2 (all outputs), and Component 3 (outputs related to education), and recognition against the local contribution of up to US\$2 million (20% of the estimated amount of the local contribution) for eligible expenditures under Component 3 (outputs related to education), 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 project profile approval date (27 May 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	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 (whether ex ante, ex post, or country system) 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:		
		Works	Goods/services	Consulting services
		N/A	US\$5,000,000	US\$1,000,000

Major procurements

Description	Selection method	Estimated date	Estimated amount (US\$)
Nonconsulting services			
Messaging solution for patient interactions	Country system	Q2 2023	1,156,129
Consulting firms			
Design and implementation of the strategic information platform	Quality and cost-based selection (QBCS)	Q2 2023	488,978

Click [here](#) to access the procurement plan.

IV. AGREEMENTS AND REQUIREMENTS FOR FINANCIAL MANAGEMENT

<input checked="" type="checkbox"/>	Programming and budget	SEPLAG's PCU will prepare the annual programming and budget for the program. The proposed annual budget for the program will be included in the State's Annual Budget Act, which will include the funds needed for timely execution of the loan proceeds and local counterpart resources.
<input checked="" type="checkbox"/>	Treasury and disbursement management	Disbursements will be made in U.S. 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. Advances after the first will require supporting documentation to have been provided for at least 80% of the total of the previous advances pending justification.
<input checked="" type="checkbox"/>	Accounting, information systems, and reporting	In the State of Alagoas, public agencies use the Integrated Financial Management System (SIAF), which integrates the State's financial, budget, and accounting management. The system can be audited and has sound security guidelines and access profiles. It also meets the Bank's requirements for controls. The program will develop an internal technological procedure for preparing the project's financial reports in U.S. dollars.
<input checked="" type="checkbox"/>	Internal control and internal audit	The State of Alagoas has an Office of the State Comptroller General (CGE), which is the agency responsible for internal control of the State public sector. The CGE carries out its mandate through its internal control and audit, public opinion, social control, and transparency offices.
<input checked="" type="checkbox"/>	External control and financial reports	A Bank-acceptable audit firm will conduct the external audit of the program. During program execution, audited annual financial statements will be submitted within 120 days after the end of each fiscal year. 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	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 conducted on an ongoing basis, by analyzing the disbursement requests from the executing agency. Annual in-person or virtual fiduciary supervision visits will also be conducted.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/22

Brazil. Loan ____/OC-BR to the State of Alagoas. Alagoas *Mais* Digital Program – Digital Transformation of the Government of the State of Alagoas. Fourth 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 Alagoas, 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 Alagoas *Mais* Digital Program – Digital Transformation of the Government of the State of Alagoas, which constitutes the fourth 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\$15,000,000, 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)