

## TC Document

### I. Basic Information for TC

▪ Country/Region:	BRAZIL
▪ TC Name:	Support to Public Policy Convergence to OECD Practices
▪ TC Number:	BR-T1523
▪ Team Leader/Members:	Lafuente, Mariano (IFD/ICS) Team Leader; Cavazzoni Lima, Rafael (IFD/CMF) Alternate Team Leader; Brakarz, Barbara (CSD/CCS); Cardoso Araujo, Petala (CSC/GBR); Farias, Pedro Cesar L. (IFD/ICS); Hennessey, Michael P. (IFD/CTI); Katia Rivera (IFD/ICS); Maria Cristina Mac Dowell (IFD/FMM); Martinez Fritscher, Andre Carlos (IFD/FMM); Orlando Lima (IFD/CMF); Pioreck, Guilherme C. (INT/TIN); Rojas Gonzalez, Sonia Amalia (IFD/ICS); Rossi Junior, Jose Luiz (CSC/GBR); Verissimo Da Silva, Carolina (LEG/SGO) Brakarz, Barbara (CSD/CCS); Cardoso Araujo, Petala (CSC/GBR); Farias, Pedro Cesar L. (IFD/ICS); Hennessey, Michael P. (IFD/CTI); Katia Rivera (IFD/ICS); Maria Cristina Mac Dowell (IFD/FMM); Martinez Fritscher, Andre Carlos (IFD/FMM); Orlando Lima (IFD/CMF); Pioreck, Guilherme C. (INT/TIN); Rojas Gonzalez, Sonia Amalia (IFD/ICS); Rossi Junior, Jose Luiz (CSC/GBR); Verissimo Da Silva, Carolina (LEG/SGO)
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	
▪ Date of TC Abstract authorization:	22 Apr 2022
▪ Beneficiary:	The Federative Republic of Brazil, through the Ministry of the Economy (Secretariat of International Affairs)
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC SDP Window 2 - Institutions(W2C)
▪ IDB Funding Requested:	US\$200,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	30 months
▪ Required start date:	July 1, 2022
▪ Types of consultants:	Firms and individuals
▪ Prepared by Unit:	IFD/ICS-Innovation in Citizen Services Division
▪ Unit of Disbursement Responsibility:	CSC/GBR-Country Office Brazil
▪ TC included in Country Strategy (y/n):	Y
▪ TC included in CPD (y/n):	Y
▪ Alignment to the Update to the Institutional Strategy 2020-2023:	Social inclusion and equality; Productivity and innovation; Economic integration; Institutional capacity and rule of law

### II. Objectives and Justification of the TC

- 2.1 Brazil has been engaging with OECD since 1996. In 2007, Brazil was invited to an enhanced engagement with the OECD, subsequently referred to as Key Partnership. Over the years, Brazil has executed in partnership with OECD more than 30 peer reviews and studies, leading to important reforms. In 2017, Brazil presented its application for OECD membership, and, in January 2022, Brazil received the official invitation from OECD to start the formal accession process.

- 2.2 The 2017 Framework for Consideration of Prospective Members brings a set of requirements to objectively assess the readiness of a country to start the formal accession process. As of January 2022, Brazil was already very advanced and adhered to almost all established criteria. Out of the 251 instruments and policies that reflect the shared values, vision and priorities of the OECD as adopted by all members by consensus, Brazil had already complied with 103 of them. It represents the country with the greatest number of adhered instruments before becoming a member of the organization.
- 2.3 OECD's instruments are in line with principles and values like: (i) support sustainable economic growth, end poverty and leave no one behind, in line with Agenda 2030 and the Sustainable Development Goals; (ii) protect the environment and improve the lives and prospects of everyone, inside and outside the OECD; (iii) the value of open, trading, competitive, sustainable and transparent market economies; (iv) the need of whole-of-economy policy measures aligned with the goals of the Paris Agreement and in particular the goal of achieving global net-zero greenhouse gas emissions by 2050 through deep emissions enabled by public and private investments; (v) the importance for each country to adopt and fully implement public policies in line with its climate goals, including reversing and halting biodiversity loss and deforestation as agreed during COP26 in Glasgow, and taking effective actions to translate this to the ground; (vi) the importance of international collaboration to work for an inclusive digital economy; (vii) the importance of strengthening rules-based multilateral trading system with the World Trade Organization at its center, opposition to economic coercion, the levelling of the international playing field through increased competition, better integration of Small and Medium Enterprises (SMEs) into global value chains and the dismantlement of unnecessary barriers to the international trade, which benefits consumers and promotes economic growth and innovation; and (viii) the importance of investing in quality infrastructure in a transparent, accountable and inclusive way.
- 2.4 In the beginning of the accession process, Brazil will prepare an initial memorandum, which is a document that brings the country's position to each of the 251 OECD legal instruments in force, pointing any initial reservation. The OECD will prepare an Accession Roadmap, with the different reviews needed under each of its 34 thematic committees. These reviews will make recommendations for convergence to OECD's practices. In addition to the government's key role leading the process, participation from the society is also an important element, including the private sector, trade unions, academic institutions and think tanks, among others.
- 2.5 The Ministry of the Economy is responsible for approximately 180 instruments (71% of the total), some of which run across different policy areas and special secretariats. Within the Ministry, the Secretariat for International Affairs (SAIN) is the technical unit in charge of coordinating the process. Therefore, the Ministry and, more specifically, SAIN, will have a critical role in the preparation of Brazil's initial memorandum and on ensuring the delivery of the action plan to comply with the Accession Road Map, a significant institutional effort expected to take place in the next three or more years based on recent experiences supported by the IDB in Colombia and Costa Rica.
- 2.6 **IDB's added value.** The Bank has in place and has concluded over time many studies in the different areas of public policy in Brazil, in line with the practices recommended by the OECD. Therefore, it has an important role to play together with other international organizations in supporting the Brazilian government on its efforts to converge its public policies to OECD standards.

- 2.7 **Strategic alignment.** The TC is consistent with the second Update to the Institutional Strategy (document AB-3190-2) and is aligned with the challenges of Productivity and Innovation, Social Inclusion and Equality, and Economic Integration, through supporting the adoption of policies and good practices that contribute directly towards these objectives. In particular, with the areas of emphasis of: (i) promoting technology and innovation, and (ii) Strengthening the IDB Group's Work on the Cross-cutting Issues of the Updated Institutional Strategy. 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; and (ii) Climate Change. 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 greater economic competitiveness; (ii) increase the role of the private sector by improving the quality of the business environment; (iii) promote trade liberalization; (iv) reform the structure of public expenditure and improve the public investment system; (v) promote e-government and digital solutions to foster transparency, accountability, and efficiency in delivering public services to citizens and enterprises; and (vi) build a more effective government.
- 2.8 The TC is also aligned to the Strategic Program for Development Financed with Ordinary Capital (GN-2819-14), which includes among its expected results: (i) to strengthen institutional and policy quality as well as service delivery and policy implementation, to improve public sector management and promote private sector development, and (ii) to leverage digital transformation to promote more effective, efficient, and transparent governments, better and more equal opportunities for citizens, and more productive and innovative firms. Finally, the TC is also aligned to IDB's Vision 2025 (AB-3266), through its strategic opportunities of digital economy, support to SMEs; gender equity, diversity, and inclusion; and climate change and environmental sustainability; and its medium-term objectives of reactivating the productive sector, promoting social progress, and strengthening good governance and institutions.
- 2.9 **Contribution to IDB's operational program.** This TC will contribute to the Bank operational program by providing cutting-edge technical assistance on critical public policy areas for the Government of Brazil. This support is expected to contribute to the design and approval of policy reforms which may need further technical assistance, at a higher scale, to be implemented at the national and/or subnational level, leading to possible lending operations by the Bank. The TC will also complement a series of TC projects and technical assistance being undertaken by the Bank with the Ministry of the Economy.<sup>1</sup>
- 2.10 **The objective of this technical cooperation (TC) is to support the Ministry of the Economy's (ME) efforts to adopt good practices from Organization for Economic Cooperation and Development (OECD) member countries on critical public policies which are under the ME's institutional mandate, to accelerate the accession process to OECD.** The TC aims to achieve its objective by: (i) providing technical assistance to identify the main gaps and to address them through studies, policy notes and proposals in prioritized policy areas under ME's institutional mandate; (ii) disseminating knowledge and promoting engagement of relevant stakeholders on these efforts through workshops and webinars; and (iii) strengthening ME's Secretariat

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<sup>1</sup> For example: [BR-T1495](#) (2021), [BR-T1487](#) (2021), [BR-T1481](#) (2021), [BR-T1446](#) (2020), [BR-T1442](#) (2020), in addition to the study on Benchmarking of the Ministry of the Economy Macroprocesses (2022).

of International Affairs institutional capacity for coordination and adoption of these good practices.

### **III. Description of activities/components and budget**

- 3.1 **Component 1. Technical assistance for public policy convergence to OECD practices (US\$140,000).** The objective of this component is to provide technical assistance to identify the main gaps in policies and practices for OECD convergence, and support technical efforts to address them through studies, policy notes and proposals in prioritized policy areas under the ME's institutional mandate, through the following activities: (i) support for the preparation of the initial memorandum; (ii) technical studies in prioritized policy areas under the ME's institutional mandate, to identify recommendations and elaborate action plans for the adoption of OECD's good practices; and (iii) technical assistance to map and analyze technical work undertaken by IDB and other international organizations which can contribute to addressing the policy gaps.
- 3.2 Expected results include: (i) technical inputs for the initial memorandum delivered; (ii) annual reports on technical studies in prioritized policy areas, with action plans and recommendations, delivered; and (iii) analytical work by IDB and other international organizations and partner institutions mapped.
- 3.3 **Component 2. Workshops for dissemination and collaboration (US\$30,000).** The objective of this component is to disseminate knowledge and promote engagement of relevant stakeholders related to the convergence to OECD policies and practices, through the following activity: workshops to promote the participation of: (i) Brazil's private sector, universities, think tanks, trade unions, and (ii) OECD member countries' practitioners and experts on prioritized policy areas. The workshops will be organized per prioritized policy area (for example, trade, digital economy, green growth, public governance, tax policy, etc). The component is expected to finance interpretation and translation services and travel expenses.
- 3.4 Expected results include at least 5 workshops, with the participation of audiences from Brazil's civil society and practitioners from OECD member countries, organized (virtual or hybrid).
- 3.5 **Component 3. Institutional Strengthening of ME's Secretariat of International Affairs (SAIN) (US\$30,000).** The objective of this component is to strengthen SAIN's institutional capacity for the coordination and adoption of these good practices, through the following activity: technical assistance for the design and implementation of a delivery management model, to enhance planning, monitoring, and delivery capacities in SAIN, with a solutions-driven approach.
- 3.6 Expected results include the institutional capacity of SAIN for the coordination of the accession process within the Ministry of the Economy strengthened, through the implementation of a delivery management model.
- 3.7 The total budget of the TC is US\$200,000, and will be financed by the Window 2, Priority Area 3: Effective, Efficient and Transparent Institutions (W2C) of the Strategic Program for Development financed with Ordinary Capital (OC-SDP) and no local

counterpart is foreseeing. The following table summarizes the main activities and their cost.

**Indicative Budget  
(in US\$)**

<b>Activity/Component</b>	<b>Description</b>	<b>IDB/Fund Funding</b>	<b>Total Funding</b>
Component 1: Technical assistance for public policy convergence to OECD practices	Technical assistance consultancies, diagnostics, action plans	140,000	<b>140,000</b>
Component 2: Workshops for dissemination and collaboration	Trainings, workshops, webinars	30,000	<b>30,000</b>
Component 3: Institutional Strengthening of ME's Secretariat of International Affairs (SAIN)	Technical assistance consultancies	30,000	<b>30,000</b>
<b>Total US\$</b>		<b>200,000</b>	<b>200,000</b>

- 3.8 Supervision.** The sector specialist responsible for the execution of this TC is based in Brazil's Country Office. For all technical aspects, the team leader will be supported by the project team including several sector specialists in the policy areas covered by the TC, based both in Brazil and in Headquarters. For administrative aspects, CBR's TC management team will provide support as part of its regular activities. No additional costs in transactional budget are expected for execution. Annual monitoring reports and the final execution report will be prepared in the context of the Bank's TC monitoring and evaluation cycle.

#### **IV. Executing agency and execution structure**

- 4.1** Upon the beneficiary's request, the IDB, through the Innovation for Citizen Services Division (IFD/ICS), will execute this TC. The Bank's execution is justified because: (i) Compliance with internal requirements (signing of a formal technical cooperation agreement, which on average takes six months) would delay the execution of the TC, jeopardizing achievement of its objectives; and (ii) the requesting entity does not have the necessary technical, operational and institutional capacity to duly and timely execute the activities provided in the respective project. In addition, the Bank's execution is justified by the fact that most consultancies are expected to be international. The Bank's execution will allow for a rapid response and implementation of the activities, working with consultants and OECD practitioners that have led similar processes in other governments.
- 4.2** The Bank will be responsible for the selection and hire of the consulting services. All activities to be executed under this TC have been included in the Procurement Plan (see Annex II) and will be contracted in accordance with Bank policies as follows: (i) AM-650 for Individual consultants; (ii) GN-2765-4 and Guidelines

OP-1155-4 for Consulting Firms for services of an intellectual nature; and (iii) GN-2303-28 for logistics and other related services.

**V. Major issues**

- 5.1 The main risks are: (i) demand for technical assistance (Component 1), or for workshops (Component 2), may exceed existing TC resources; (ii) delays in execution in the context of a possible change of federal government authorities in 2023. These risks will be mitigated by: (i) prioritization by SAIN of the different activities under this project; and (ii) acceleration of the execution during the second semester in 2022, and preparation of an annual report on work done during 2022 (Component 1).

**VI. Exceptions to Bank policy**

- 6.1 There are no exceptions to Bank policy.

**VII. Environmental and Social Strategy**

- 7.1 This TC will not finance feasibility or pre-feasibility studies of investment projects or associated environmental and social studies; therefore, it does not have applicable requirements of the Bank's Environmental and Social Policy Framework (MPAS).

**Required Annexes:**

[Request from the Client - BR-T1523](#)

[Results Matrix - BR-T1523](#)

[Terms of Reference - BR-T1523](#)

[Procurement Plan - BR-T1523](#)