

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

BRAZIL

**OPPORTUNITIES AND RIGHTS PROGRAM OF THE STATE OF
RIO GRANDE DO SUL**

(BR-L1343)

LOAN PROPOSAL

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4.	Environmental and Social Management Report (ESMR) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=37085946
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ABBREVIATIONS

ALV	Município de Alvorada [Município of Alvorada]
AWP	Annual work plan
CIEE	Centro de Integração Empresa-Escola [Business-School Integration Center]
ESMP	Environmental and social management plan
FASE	Fundação de Atendimento Socioeducativo [Socioeducational Service Foundation]
FPV	Fundação Parceiros Voluntários [Volunteer Partnerships Foundation]
HDI	Human development index
IBGE	Instituto Brasileiro de Geografia e Estatística [Brazilian Geography and Statistics Institute]
IRR	Internal rate of return
IVJ-V	Índice da Vulnerabilidade Juvenil à Violência [Index of youth vulnerability to violence]
LIBOR	London Interbank Offered Rate
M&E	Monitoring and evaluation
PEP	Program execution plan
POA	Município de Porto Alegre [Município of Porto Alegre]
POD	Programa de Oportunidades e Direitos [Opportunities and Rights Program]
RS	Estado de Rio Grande do Sul [State of Rio Grande do Sul]
RSNAPAZ	Programa Rio Grande do Sul em Paz [“Rio Grande do Sul in peace” program]
SGD	Sistema de Garantia de Direitos [Rights guarantee system]
SINASE	Sistema Nacional de Atendimento Socioeducativo [National Socioeducational Service System]
SJDH-RS	Secretaria de Justiça e Direitos Humanos do Estado de Rio Grande do Sul [Rio Grande do Sul Justice and Human Rights Department]
SSP-RS	Secretaria de Segurança Pública do Estado de Rio Grande do Sul [Rio Grande do Sul State Public Security Department]
TCT	Technical cooperation agreement
UNODC	United Nations Office on Drugs and Crime
VIA	Município de Viamão [Município of Viamão]

PROJECT SUMMARY

OPPORTUNITIES AND RIGHTS PROGRAM OF THE STATE OF RIO GRANDE DO SUL (BR-L1343)

Financial Terms and Conditions					
Borrower: State of Rio Grande do Sul (RS) Guarantor: Federative Republic of Brazil			Flexible Financing Facility*		
			Amortization period:	25 years	
Executing agency: Justice and Human Rights Department (SJDH-RS)			Weighted average life:	Maximum 15.25 years **	
			Original disbursement period:	5 years	
Source	Amount (US\$)	%	Grace period:	66 months	
			Inspection and supervision fee:	***	
IDB (Ordinary Capital/Flexible Financing Facility)	50.0 million	89	Interest rate:	LIBOR-based	
Local	6.0 million	11	Credit fee:	***	
Total	56.0 million	100	Currency of approval:	United States dollars from the Bank’s Ordinary Capital	
Project at a Glance					
Objective: The program’s general objective is to help reduce rates of violent crime among young people ages 15 to 24 in the cities of Alvorada, Porto Alegre, and Viamão in the State of Rio Grande do Sul, through an integrated approach to risk factors, combined with geographic and population-specific targeting of the program’s actions. The specific objectives are to: (i) improve participation by at-risk adolescents and youth in the education system and labor market; (ii) increase the effectiveness of local policing; (iii) reduce the rate of recidivism among youth offenders; and (iv) improve the coordination of crime prevention and control services targeting young people at high risk.					
Special contractual conditions precedent to the first disbursement: (i) presentation of evidence of the formal creation of the Project Office within the SJDH-RS structure and appointment of the project’s general coordinator (paragraph 3.1); (ii) presentation of the instrument creating the Special Bidding Committee (paragraph 3.1); (iii) appointment of the General Counsel to analyze program processes (paragraph 3.1); (iv) signature of the technical cooperation agreement (TCT) between the SJDH-RS and the SSP-RS (paragraph 3.2); and (v) presentation of the program Operating Regulations and the model TCT to be signed with the participating municípios (paragraph 3.4).					
Special execution conditions: (i) evidence of legal possession of the land and comprehensive fulfillment of the Environmental and Social Management Plan (ESMP) before contracting the work to be done in the Opportunities and Rights Program (POD)-Youth centers, Socioeducational Service Foundation (FASE) Centers, and community policing bases; (ii) signature of the terms of cooperation with the municípios for the activities of the POD-Youth centers; and (iii) contracting and/or assignment of staff to operate the POD-Youth centers, the FASE Centers, and the citizen public security community policing bases before the final payment to the contractor (paragraph 3.8).					
Exceptions to Bank policies: None.					
Procurements: Project procurement will be undertaken pursuant to the Bank’s policies (documents GN-2349-9 and GN-2350-9).					
Project qualifies as:	SEQ <input type="checkbox"/>	PTI <input checked="" type="checkbox"/>	Sector <input checked="" type="checkbox"/>	Geographic <input type="checkbox"/>	Headcount <input type="checkbox"/>

* Under the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, and currency and interest rate conversions, subject in all cases to the final amortization date and the original weighted average life (WAL). When considering such requests, the Bank will take market conditions into account, along with operational and risk-management considerations.

** The original weighted average life will be determined on the date the loan contract is signed.

*** 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 the accordance with the applicable provisions of the Bank's policy on lending rate methodology for Ordinary Capital loans.

I. DESCRIPTION AND RESULTS MONITORING

A. Background¹

- 1.1 The State of Rio Grande do Sul (RS) is located in Brazil's southern region and has an area of 281,748 km², equivalent to 3% of the total area of the country. The state has a population of 10.6 million, 6% of Brazil's total, and it is divided politically into 496 municípios.
- 1.2 Over the last decade, Rio Grande do Sul has improved its socioeconomic indicators, measured by growth of gross domestic product (GDP),² reduction of poverty and indigence, and an improvement in the human development index (HDI)³. Nonetheless, this development contrasts with an increase in crime rates in the state. Whereas, historically, Rio Grande do Sul has had homicide rates below the Brazilian average, over the last decade there has been a substantial increase in the level of crime and violence, which has generated concern among the population and made this a priority on the state's action agenda. The most recent survey of perceptions of violence and confidence in institutions, conducted in 2010 by the Institute for Applied Economic Research for the five regions of Brazil, shows that in the South 69.9% of the population felt considerable fear of being a victim of homicide, and 68.6% did not trust the police.⁴
- 1.3 In relation to homicide rates in the state, information published by the Ministry of Health shows an 18.4% increase in homicides per 100,000 inhabitants between 2000 and 2010, with the rate rising from 16.3 to 19.3.⁵ This increase is substantial compared with the reduction in the average homicide rate for Brazil as a whole, which was 1.9% during the same period, dropping from 26.7 to 26.2 homicides per 100,000 inhabitants. Among 15-24 year-olds (referred to as "youth" or "young people" in this document), the situation is even more worrying. Ministry of Health data show that the homicide rate in this group rose by 21.2% over the last decade, from 29.2 to 35.4, compared to a slight (1.9%), increase in the

¹ This section includes information and data from the following sources: (i) 2011 and 2012 Violence Map: Sangari Institute and Ministry of Justice; (ii) 2010 and 2011 Yearbooks of the Brazilian Public Security Forum; (iii) the Ministry of Health; (iv) Instituto Brasileiro de Geografia e Estatística [Brazilian Geography and Statistics Institute] (IBGE): 2010 Population and Housing Census; (v) SSP-RS; and (vi) SJDH-RS.

² In 2010 the state's economy was Brazil's fourth largest, contributing 6.6% of national GDP (R\$228.289 billion).

³ Rio Grande do Sul was one of the top 10 states in Brazil's HDI ranking in 2008, with an index of 0.870, placing fifth after the Federal District, Santa Catarina, São Paulo, and Rio de Janeiro.

⁴ Levels of fear of being a victim of homicide in the South region of Brazil, where the states of Rio Grande do Sul, Paraná and Santa Catarina are located, although high, are below the average of the other regions of the country: Center-West region 75.0%; Northeast region 85.8%; North region 78.4%; and Southeast 78.4% (see http://www.ipea.gov.br/portal/images/stories/PDFs/SIPS/sips_segurancap_2010.pdf).

⁵ Although not the only indicator used to determine levels of violence in the city, state, or country, the homicide rate is the most widely used because it is the most serious and most publicly visible violent act, and is more accurately reflected in figures on violent crime. A rate of 30 per 100,000 inhabitants is comparable to the impact of a civil war. Brazil has the ninth highest homicide rate in Latin America and the Caribbean of 26.2 homicides per 100,000 inhabitants. The average homicide rate in the region is 26.3 per 100,000.

average youth homicide rate throughout Brazil from 51.4 to 52.4.⁶ Of the total number of victims in 2010, 93.7% were men, and 6.3% women.

1.4 In Rio Grande do Sul, young people are not only the population group most likely

to be victims of violence; they also include the main perpetrators of crime. According to figures published by the Rio Grande do Sul State Public Security Department (SSP-RS) for 2010, homicides committed by young people in the state's

Table I-1: Trend of the number, rate, and share of homicides in the cities of ALV-POA-VIA in the State of RS 2000-2010

Population / Share	Homicides	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
RS	#	1662	1848	1906	1900	1963	2015	1964	2174	2367	2229	2061
RS: 15-24	#	533	604	664	626	716	697	641	751	737	683	619
RS	Rate	16.3	17.9	18.3	18.1	18.5	18.6	17.9	19.6	21.8	20.7	19.3
RS: 15-25	Rate	29.2	32.7	35.6	33.3	37.7	35.9	32.6	39.7	40.4	38.3	35.4
ALV-POA-VIA	#	551	504	582	566	642	670	574	802	834	716	647
ALV-POA-VIA: 15-24	#	222	179	240	215	267	278	220	327	274	266	247
ALV-POA-VIA	Rate	33.6	33.0	35.0	35.3	41.8	38.2	29.7	45.4	50.9	43.5	40.5
ALV-POA-VIA: 15-24	Rate	68.8	66.5	82.9	67.3	98.0	85.2	68.5	105.5	96.5	92.4	88.8
Share of total homicides	%	33%	27%	31%	30%	33%	33%	29%	37%	35%	32%	31%
Share of youth homicides	%	42%	30%	36%	34%	37%	40%	34%	44%	37%	39%	40%

Source: Ministry of Health: SIM/SUS/MS

most violent municípios—Alvorada (ALV), Porto Alegre (POA), and Viamão (VIA)—accounted for 54% of crimes for which the perpetrators were identified. In 2010, Rio Grande do Sul became the state with the sixth highest rate of adolescent offenders in Brazil. Of the 17,703 young people completing socioeducational measures throughout the country, 4.9% (860 adolescents) were in Rio Grande do Sul, representing 82.2 per 100,000 inhabitants.

1.5 **Homicide map, geographic and population-group concentration.** The state homicide map tends to coincide with the map of social, economic, and cultural exclusion, strengthening the perverse relationship between violence, poverty, and inequality.⁷ Justice Ministry data identify three municípios: ALV, POA, and VIA, with the highest indices of youth vulnerability to violence (IVJ-V) in the state. According to this methodology, these three municípios rank 78th, 120th, and 150th nationally.⁸ These municípios, which are home to 17% of the Rio Grande do Sul population, account for 31% of all homicides in the state, and 40% of homicides associated with youth (Ministry of Health data). The youth homicide rates in ALV, POA, and VIA were 112, 80, and 74, respectively, in 2010. When the average youth homicide rate in these municípios is compared with the rate in the rest of the population (nonyouth) the youth victimization rate is 2.2 times

⁶ Although the concentration of homicide victims in the youth age bracket is not exclusive to Rio Grande do Sul, the increases seen in this state contrast with falling rates in São Paulo (75.9%), Rio de Janeiro (49.9%), and Pernambuco (22.7%).

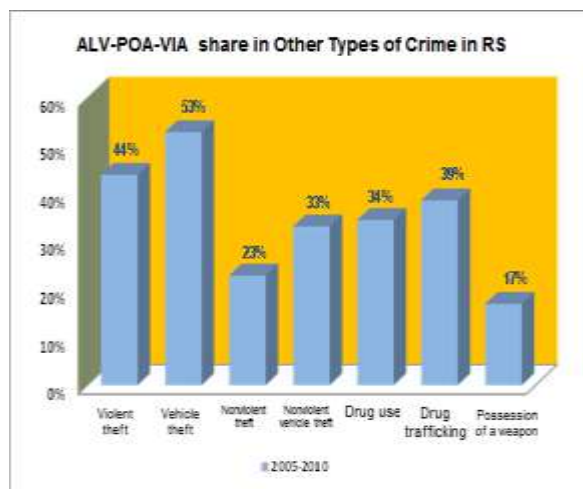
⁷ See the Bank's technical note on Citizen Security in Brazil: Contributions to Sector Dialogue (document GN-2662-1).

⁸ The methodology used to assess youth vulnerability is the IVJ-V, which uses a weighted average of the following indicators: (i) mortality due to homicide; (ii) mortality from traffic accidents; and (iii) school and work attendance, poverty, and inequality. Brazil has a total of 5,564 municípios, of which 266 have over 100,000 inhabitants.

higher.⁹ In addition, in ALV, POA, and VIA the Afrodescendant youth victimization rate is 1.2 times higher than the rate for young whites. In terms of family demographic structure, there is an over-representation of single-parent households led by women—18.3% compared to the state average of 14.4%. Table I-1 compares the trend of the homicide rate for the state as a whole with the rates for the three municípios.

- 1.6 Geographic and population-group concentration can be seen in other types of crimes in Rio Grande do Sul. SSP-RS data for the period 2005-2010 on the trend of other types of violent crime show that ALV-POA-VIA were home to: 44% of all robberies; 53% of vehicle theft; 39% of drug trafficking offenses; and 34% of all crimes associated with drug use, as shown in the attached chart. SSP-RS data also show that, as with homicides, the youth population is responsible for a substantial 62% share of thefts for which a perpetrator has been identified in the three municípios.

- 1.7 In response to the high homicide rates, the state government has adopted specific measures to increase public services in municípios with high crime rates. At the request of the Governor, neighborhoods were identified in those municípios as territories of peace, and all state departments were instructed to prioritize them. The SSP-RS, through the “RS in peace” program (RSNAPAZ), has increased the number of police officers and launched a process to implement a community policing program. The SJDH-RS, acting through the Opportunities and Rights Program (POD), has forged cooperation agreements with civil society organizations that have experience in working with young people in the territories. Through those agreements, the SJDH-RS is launching youth violence social prevention programs, facilitating the hiring of professional experts (educators, psychologists, and teachers), to increase the supply of public services in sports, culture, and citizenship training. A cooperation agreement has been signed with the School-Business Integration Center (CIEE) to implement technical-professional training for young people and link them to the labor market, in firms participating in the Young Apprentice Program.¹⁰



⁹ According to data published by the IBGE from the 2010 Census, there are 1.8 million inhabitants in ALV, POA, and VIA, which include 296,677 young people ages 15 to 24 (16.5% of the total).

¹⁰ The Youth Apprentice Program is regulated by the Federal Learning Law and Regulatory Decree 5598, which promotes corporate social responsibility among firms enabling them to hire young apprentices ages 14 to 24.

B. The problem and its causes

- 1.8 The main problem to be addressed by the program is the high rate of violent crimes in Rio Grande do Sul, in which there is heavy geographic concentration and a direct relation between the growth of crime and youth participation, in terms of the number of victims and perpetrators. The main factors are as follows:

a. High level of social marginality among youth.

The high rates of school dropout, grade repetition, and school failure, together with a lack of vocational training for young people

explains their low level of employability; and this encourages them to take part in informal, low paid, and high-risk activities. Data from the Ministry of Education shows that the cities where youth violence and crime is concentrated (ALV-POA-VIA) have the worst school indicators. These three cities in 2010 displayed considerably higher rates than those of the state and country as a whole in terms of age-series distortion, grade repetition, and the highest percentage of secondary school students studying at night, as shown in Table I-2.

**Table I-2 : Comparative Secondary School Performance – 2012
Indicators and rates in ALV-POA-VIA, Rio Grande do Sul, and BRAZIL**

	Distortion Age-series	Grade repetition	Dropout	% Students on night shift
ALV-POA-VIA	40.5	22.8	11.7	45.9
Rio Grande do Sul	30.5	19.9	11.0	29.6
Brazil	34.5	12.5	10.3	34.7

Source: Ministry of Education, Todos Pela Educação, IBGE.

The link between dropout and/or school failure and a likelihood of slipping into criminal activities is correlated, since of the 31,383 prison system inmates, of whom 56% are under 30 years of age, 63% did not complete basic education. Of the total number of adolescent offenders ages 15 to 21 (880 in June 2012), 85% had not completed their basic education. Moreover, according to data published by the Brazilian Geography and Statistics Institute (IBGE), young people from the Porto Alegre Metropolitan region, where ALV-POA-VIA are located, accounted for 17.9% of the state's economically active population in 2011. These young people represented 43.2% (38,000) of the total number of unemployed.¹¹ There are few spaces for healthy recreation (sport, culture, and leisure) and social support for young people who are neither studying nor working, young people who returned to the communities after having completed a socioeducational measure, and young people in other risk and exclusion situations in ALV-POA-VIA.¹² Rates of crime involving the trafficking and illegal use of narcotics increased in ALV-POA-VIA between 2009 and 2010, by

¹¹ Statistics for 2009-2011 show that youth accounted for 42% of all unemployed persons in Rio Grande do Sul.

¹² A needs assessment performed by the SJDH in 2012 found that there are currently no spheres that combine integrated education, values training and job training services for young people; and it also noted that there was a waiting list for nongovernmental organizations offering certain specific services.

19% and 24%, respectively, to reach levels of 57.2 and 93.4 per 100,000 inhabitants.

- b. Ineffective policing to prevent and control crime early.** This is due to problems in the recording of criminal data by the civil and military police, owing to low capacity and poor accuracy in transcribing criminal acts, which complicates their subsequent analysis to identify the perpetrators, causes, and patterns of crime.¹³ For this reason, just 52.9% (342) of homicides had their perpetrators identified by the civil police in 2010. In cases where the civil police identified the perpetrator and subsequently referred this for analysis by the Public Ministry as part of the judicial process, 83% of cases were shelved owing to a lack of evidence. The police have information on the number and types of crimes, but at the local level, the quality of the information included in the Policing Incident Bulletins (complaints) is incomplete, late, fragmented, and heterogeneous, which prevents it from being used for criminal investigation or for defining crime prevention strategies.¹⁴ Moreover, the police do not have skilled personnel with adequate training to analyze crime risk, to target police actions on resolving community problems, and deploying police officers on the basis of greater proximity to the community, particularly youth. The policing strategy in Rio Grande do Sul has been characterized as reactive, because the actions of the civil and military police in the territories are not planned or coordinated.
- c. High recidivism rates among adolescent offenders.**¹⁵ According to data from the Socioeducational Service Foundation (FASE), the organization in Rio Grande do Sul responsible for implementing the socioeducational measures imposed by the courts on adolescent offenders, over the last four years the average number of readmissions of adolescents was 36%, measured as the percentage of adolescents who returned to the system after fulfilling a socioeducational measure the previous year. This is due to the inadequate functioning of the FASE centers and the high rate of drug addiction, low commitment, and poor monitoring of adolescents when they leave.

¹³ The military police, which despite its name fulfills strictly civil functions, with responsibility for preserving order and enforcing the law, and the civil police, which is responsible for investigative work, operate on the ground without any coordination. Joint, coordinated action in the areas where crime is concentrated is not a priority.

¹⁴ A rigorous assessment of the integration of the Public Security Management Integration Program, which draws on experience from information exchanges, coordination and integration of civil and military police actions in the state of Minas Gerais, finds that this program has contributed to a 24% reduction in property crimes, and 13% in personal crimes (Soares, 2010. *Organization and Information in the Fight against Crime: An Evaluation of the Integration of Police Forces in the State of Minas Gerais, Brazil*).

¹⁵ Judicial procedures involving adolescents in Brazil are specified in the Rights Guarantee System (SGD) which encompasses all the principles and standards governing the policy on dealing with children and adolescents, whose action is promoted by public authorities in its three spheres (union, states, federal district and municípios). The SGD has various subsystems including one that deals with adolescents in conflict with the law as from the trial process, and application and execution of socioeducational measures. This specific subsystem is known as the National Socioeducational Service System (SINASE).

The performance of the FASE centers has been impaired by the lack of space and inadequate physical infrastructure for internment, leading to overcrowding and making it impossible to fulfill their pedagogic socioeducational service project.¹⁶ In addition, FASE does not have an effective service delivery model and has a limited range of poorly diversified actions, low qualifications and an inadequate ratio between professional staff and adolescents receiving services.¹⁷ On this point, most of the individual service plans are standardized in terms of their institutional response and do not target their actions on the characteristics of the young person in question, the characteristics and origin of the crime, the risks of recidivism, and the potential to ascertain the young person's social, family, and emotional background, which reduces the effectiveness of the programs. FASE does not have a strategic plan that defines short-, medium-, and long-term objectives and targets, to guide and organize the work plan for its 23 centers, specifying and identifying each one's contributions to institutional achievement and defining metrics for evaluating performance. There is a need to strengthen administrative and financial management, since its operating and maintenance costs are considered high. The average service cost per adolescent in FASE was 9.4 times the minimum wage in 2012. Lastly, FASE has recently implemented a promising program for supporting adolescents who have finished the program, but will need additional resources for its monitoring and evaluation, as well as better incentives for adolescents to participate in it, since it is voluntary. The treatment of addictions, and the commitment of adolescents who have finished the program to continue with the process of change is another challenge, since about 80% of adolescents going through FASE have been drug users (FASE 2012).

- d. Lack of coordination among state agencies to implement an integrated supply of crime prevention and control services that are territorially focused and targeted at the highest risk age group.** The civil and military police, which depend on the state government, operate independently of municipal government, and their actions do not always coincide with the latter's security objectives and priorities. In communities where the police are eliminating the presence of groups involved in illicit activities, social assistance and prevention services financed by the federal and municipal governments need to be provided immediately and efficiently in the territory, which does not always happen. There is an absence of mechanisms for strategic planning and implementation of integrated work plans of state institutions focused on the territory and on the target youth population. There

¹⁶ As of 1 June 2012, the 23 FASE centers, which have a capacity of 736 places (437 in units in the capital and 299 in units elsewhere in the state), was overpopulated by 144 people, since they were serving 880 adolescents, 19.5% over capacity.

¹⁷ FASE has 1,351 active workers, which is an excess supply of workers looking after security (socioeducators/monitors, nearly 700) to the detriment of technical staff needed to provide more personalized monitoring.

is no institution responsible for spearheading a coordinated response among prevention services, access to justice, and crime control in the territory that incorporates the community. The institutional capacity assessment ([optional electronic link 5](#)) identifies the institutions and their roles in crime prevention and control in Rio Grande do Sul.

C. Rationale and intervention strategy

- 1.9 **Intervention strategy.** Tackling youth violence and effectively lowering the crime rate needs to be based on precise identification of the factors that promote it, as well as those that suppress it. In Rio Grande do Sul, violence and crime are concentrated in areas where the state social prevention and control services are most absent. Accordingly, the program will aim to increase the state presence, coordinating actions between the various spheres of government, the private sector, and civil society, by adopting an integrated approach to the program, proposing geographic targeting of investments in the territories with the highest crime rates (three of the state's 496 municípios), and targeting interventions on specific population groups in the segment with the highest levels of youth victimization.¹⁸
- 1.10 The integrated approach will consist of multidisciplinary actions that are a coordinated between the different spheres of government and their critical links (social prevention, situational, control, rehabilitation, and reintegration). This stems from lessons learned in violence prevention programs implemented in cities where youth have been the main victims: Belo Horizonte, Diadema, and Canoas.¹⁹ The types of actions envisaged are as follows: (i) integrated socioeducational actions aimed at early social prevention of violence, strongly targeting at-risk youth and young offenders; and (ii) local policing aimed at solving problems and backed by adequate delinquency and crime data. For that purpose, coordinated action between SJDH-RS, SSP-RS, and the municipal governments will be strategic.

¹⁸ Component 1 will benefit 60,555 young people ages 15 to 24 from the six neighborhoods being covered in the program's municípios. This represents 20% of the total youth population in the three municípios (ALV, POA, and VIA). The program will help reduce the youth homicide rate by 15%, which means a reduction of 37 homicides in the six neighborhoods, decreasing from 68 to 31 (54%), and a reduction in the youth share of homicides in the three municípios from 40% to 34% in the state.

¹⁹ The "Staying Alive" program, which comprehensively addresses conditions of violence and youth crime, implemented in communities that are highly vulnerable to violence, such as those to be targeted in the program, has been implemented in the Pedras locality of the city of Belo Horizonte, characterized by high homicide rates, focused on the population ages 12 to 24. This program in line with the quasiexperimental evaluation had an attributable impact, reducing the number of homicides by 69% (Beato Filho CC. "[Impact of Staying Alive Program in a Community in BH.](#)" *Saúde Pública*. 2010; 44, 3). The Diadema Security Program, which won the good practices contest sponsored by Dubai in 2006, showed that it had achieved an 85% drop in homicides among young people ages 16 to 20, and a 44% decrease in the number of adolescents sent to juvenile detention centers between 2001 and 2005. The experience in the Guayubiras neighborhood, city of Canoas (RS), as a territory of peace/PRONASCI, through the implementation of comprehensive projects, achieved an 86% reduction in homicide rates among young people between 2009 and 2011 (Canoas Public Security Observatory, September 2011).

- 1.11 From a social prevention standpoint, the program aims to support second-tier interventions (on the most vulnerable and at-risk population), and third-tier actions (targeting the population in conflict with criminal law). The program will specifically help: (i) reduce the exposure of young people to risky situations or behavior, by generating opportunities for the productive use of their time, which has proven effective in reducing levels of violence and criminality.²⁰ On this point, the program includes the creation of six youth centers, referred to as Opportunities and Rights Centers for young people (POD-Youth centers), to be implemented in six neighborhoods in the selected municípios (1 in ALV, 4 in POA; and 1 in VIA);²¹ and (ii) improve services for reintegrating adolescent offenders, making sure that FASE centers fulfill the requirements set by the National Socioeducational Service System (SINASE) and that the adolescents have an opportunity to develop an authentic experience for reconstructing their life plan, completing at least basic education, obtaining work experience, and strengthening their family and community bonds.
- 1.12 The POD-Youth centers will consist of public and community spaces offering a range of activities to support training and social inclusion of young people through: (i) school attendance, setting up and strengthening training units/programs;²² (ii) sports, culture, and recreation, strengthening the promotion of harmonious citizen coexistence, dispute settlement, and sociocognitive skills; (iii) civic training through courses and seminars stressing gender equality, diversity, nonviolent communication, ethnic and racial identity, responsible parenthood, and community service; (iv) employability, connecting young people to the Young Apprentice Program;²³ and (v) youth advocates in the Generation Movement.²⁴ The young people for the POD-Youth centers will be recruited by feeder systems, receiving

²⁰ Creating opportunities for the productive use of young people's time has proven effective in reducing violence and crime. Empirical evidence exists in this regard: (i) Chile - Lengthening school time, quasiexperimental evaluation by Kruger and Berhelon 2010; (ii) United States - Youth training programs, experimental evaluation by Schochet, Burghardt, and McConnell, 2008; and (iii) Jamaica and the United States - Strengthening of the socioemotional skills of young people through talks and courses for young people and their parents (Guerra, Meeks-Gardner and Walker; and Botvin, 1995).

²¹ The neighborhood selection criteria are: presence of high rates of violence, homicide and juvenile theft (both as victims and perpetrators); high levels of social vulnerability (percentage of young people ages 15 to 24 who have not completed their basic education); preponderance of single-parent households; population with a representative Afro-Brazilian proportion (at least 20% of the total) and RSNAPAZ territories with the potential to work in crosscutting networks of state departments and municipal networks.

²² Includes basic literacy training, completing basic and secondary school cycles through: accelerated classes, television-based courses for young people (with a methodology established in the last eight years in several Brazilian states), and youth and adult education courses (Education of young people and adults of the Education Department) and the CIEE.

²³ The SJDH-RS guaranteed places in the apprentice program for young people from the POD centers, who will receive scholarships.

²⁴ The program includes the creation of a team of young advocates for the culture of peace model. The team will disseminate and support youth participation in the centers, using the selection process defined in the program's Operating Regulations.

- those: (i) who completed the FASE program; (ii) who are completing socioeducational measures; (iii) from public schools in the program's target territories (including those at risk of dropout, and those with aggressive behavior); and (iv) referred by juvenile social service networks in the territory and by the município, including the Guardianship Council, paying special attention to recruiting Afrodescendant youth.
- 1.13 In the case of FASE centers, the proposed actions will aim to achieve the best results from their institutional performance, providing them with: (i) physical resources (construction of three new centers to develop pedagogic projects and ensure territorial decentralization); (ii) technical resources (human resource training to improve implementation of the pedagogic proposal);²⁵ and (iii) modern management, monitoring, and evaluation tools (strategic planning systems, work processes that add value, financial management systems, integrated cost management, monitoring, control and evaluation). All of these efforts will be aimed at implementing a new methodology for treating the cognitive-behavioral conduct of adolescent offenders, which has proven effective in reducing recidivism. For this purpose, FASE services will be organized based on the characteristics of the adolescents, in each case considering the following: (i) the risk of recidivism; (ii) the characteristics of the origin of the crime committed; and (iii) the young offender's potential to learn.²⁶
- 1.14 From the policing standpoint, professional training will be provided to police officers on problem solving tasks and implementation of the community policing model with special emphasis on vulnerable youth. The police officers trained will then be assigned to functions in the six community bases to be implemented under the program, which will allow for joint work between the civil police, military police, and the Municipal Guard in a single physical space where operational tasks will be coordinated around common objectives. In view of empirical evidence on the importance of addressing the social and cultural context for implementing this type of experience, consideration will be given to the RSNAPAZ community policing model, which consists of a practical approach to work based on quality indicators and targeted on solving the community's problems.²⁷ At the same time, with the local police, the criminal investigation training process will be strengthened, training officers in: (i) collection and analysis of criminal data; (ii) deployment of police officers for prevention based on crime maps; and (iii) the

²⁵ Given the shortage of professional resources, FASE is currently embarked on a selection process to hire 400 professional workers (social workers, psychologists, teachers, lawyers, and technical coordinators), through a competitive tender based on résumés and skills.

²⁶ Quasiexperimental tests on the methodology for treating the cognitive- behavioral conduct of young and adult offenders have proven effective in reducing recidivism by an average of 53% (Lipsey, M., Landenberger, N.A., Wilson, S.J., 2007). A similar methodology is to be used by the program.

²⁷ The term "problem-oriented approach" is taken from Goldstein, H. (1979). *Improving Policing: A Problem-oriented Approach*. *Crime and Delinquency*. Being closer to the community is not an end in itself, but a means to solve problems by targeting their causes rather than isolated offenses.

- preservation of evidence, to provide conditions for increasing the rate of solving crimes and discouraging them from being committed.²⁸
- 1.15 As the program will be supporting the development of local community policing activities, to ensure the existence of an adequate structure for inspecting police performance, the executing agency will use program resources to sign a cooperation agreement with United Nations Office on Drugs and Crime (UNODC). Based on its broad knowledge of the subject and international experience, UNODC will strengthen the internal and external oversight mechanisms of the police forces, monitor implementation of the mechanisms for supervising police activity in the program area, and certify that police performance is consistent with the principles set forth under the law ([see optional electronic link 13](#)).
- 1.16 **Synergy with the private sector.** Private sector firms have been consulted about their interest in contributing to financing sports and vocational activities in addition to those envisaged for the youth beneficiaries. This interest is expected to be maintained and be realized during the life of the program.²⁹ The project bore in mind the experience from the MIF operation (Free digital education project for job market inclusion – ATN/ME/13356-BR) with the private sector, supporting job placement for young people.
- 1.17 **Alignment.** The Bank's country strategy with Brazil for 2012-2014 (document GN-2662-1) makes a priority of addressing the growing problem of violence and insecurity in the country. This program will support poverty reduction and enhanced social equity, in accordance with the Ninth General Increase in the Resources of the Bank (GCI-9). It will also help reduce the region's homicide rates (document AB-2764, Annex I, pp. 12 and 13).
- 1.18 **The Bank's interventions and lessons learned.** For the design and execution of the program, account has been taken of the Operational Guidelines for Program Design and Execution in the Area of Civic Coexistence and Public Safety (document GN-2535-1), and the conceptual framework for the Bank's work in the sector and lessons learned from its work in the region, as follows: (i) include effective coordination mechanisms, since addressing the multifaceted and heterogeneous problem of violence requires multiple stopgap and thematic

²⁸ When measures to enhance criminal investigation and the technological modernization of police work are applied simultaneously (as will be done in Rio Grande do Sul), the literature reports more effective police work in terms of solving crimes against property and violent crime. Garicano, L. and Heaton, P. (2010), "Information Technology, Organization, and Productivity in the Public Sector: Evidence from Police Departments." *Journal of Labor Economics*, Vol. 28, No. 1, pp. 167-201. Criminal analysis and work in hotspots also provides evidence that can be applied to Rio Grande do Sul in: Clarke, Ronald & Eck, John (2008), "Análisis delictivo para la resolución de problemas en 60 pequeños pasos" [Criminal analysis for solving problems in 60 small steps], *Center for Problem Oriented Policing*, Department of Justice, 2008; and Blanco, Javiera (2011), *Evaluación sobre Plan Cuadrante de Carabineros y de la Policía Nacional de Colombia* [Evaluation of the framework plan for the Carabineros and National Police of Colombia], Citizen Peace Foundation.

²⁹ Based on previous experiences working with the Bank, in the case of the state of Rio de Janeiro, it is estimated that firms will contribute around US\$1 million per center.

interventions (paragraph 1.23 (iv)); (ii) include activities to modernize the police force, making it an efficient institution that provides better service to its community, close to citizens, and subject to public scrutiny (paragraphs 1.21(i) and (iii)); and (iii) develop information systems that make it possible to deploy preventive police action that is articulated with the public services network in the local area in question (paragraphs 1.21(i) and (ii)).

D. Objectives and components

- 1.19 The program's general objective is to help reduce the high rates of violent crime among young people ages 15 to 24 in the cities of ALV, POA, and VIA in Rio Grande do Sul, by comprehensively addressing risk and geographic factors, combined with population-specific targeting of the interventions.³⁰ The specific objectives are to: (i) improve participation by at-risk adolescents and youth in the education system and labor market; (ii) increase the effectiveness of local policing; (iii) reduce the rate of recidivism among youth offenders; and (iv) improve the coordination of crime prevention and control services targeting young people at high risk. The program has the following components:³¹
- 1.20 **Component 1. Social and situational prevention of violence (US\$18.6 million).** The objective of this component is to expand the supply of social services and empower vulnerable youth, providing them with opportunities for socioeducational, labor and physical development, through: (i) the construction and implementation of six POD-Youth centers to expand the supply of socioeducational, job training, sports, values promotion, and culture of peace services; (ii) creation and/or strengthening of discussion and participation forums for monitoring and public policy proposals in each of the POD-Youth Centers, involving individuals, corporate entities, and/or civil society organizations;³² (iii) implementation of actions with the socioeducational system, promoting reductions in leaving school, pursuing the completion of basic education and increased schooling for young people, including teacher training; (iv) implementation of actions targeting the labor market, training and linking young people to firms in their first job experience; (v) contracting of young advocates for the program; and (vi) remodeling physical spaces to provide accessibility to the program for the disabled.
- 1.21 **Component 2. Police effectiveness (US\$6 million).** The aim of this component is to improve police capacity to implement effective actions to prevent and control crime and offer safer spaces for community coexistence, through: (i) training and

³⁰ Violent crimes are defined as homicide, attempted homicide, and robbery.

³¹ The proposed actions coincide with the areas identified for citizen security programs and the Bank's prevention policies (document GN-2535). [Optional electronic link 4](#) contains a table relating the problems to be addressed, the causal factors, their origin, and the program's objectives and components.

³² There are four forums set up in the neighborhoods of Lomba do Pinheiro, Restinga, Santa Teresa, and Rubén Berta in POA. They do not, however, have methodologies and work systems that improve the performance of the social networks they aim to articulate. The current program will strengthen these forums and create two new ones in the neighborhoods of Umbu in the município of ALV, and Villa Augusta in VIA.

awareness-raising among police officers based on a vision of citizen public security for relating with the community, particularly young people, referring them to services in the social network;³³ (ii) modernization of information technologies for analysis and integrated management of community policing; continuing training of police officers in crime analysis and improving police records; and procurement of geo-referencing tools; (iii) construction of six citizen public security community bases for joint action between the civil police, military police, and Municipal Guard, bringing police officers closer to the community and strengthening bonds of trust; and (iv) verification of the adequate functioning of internal and social oversight of police forces in the program's territories and training of staff in the citizen public security and FASE oversight bodies.

1.22 Component 3. Modernization of the resocialization process (US\$25 million).

The objective of this component is to improve socioeducational service for adolescent offenders, through: (i) the construction of three new socioeducational residential centers and remodeling of the Padre Cacique building in Porto Alegre for vocational training of young people; and (ii) improvement of socioeducational care for adolescents in FASE, including: (a) design and implementation of a continuing training plan for civil servants in implementing the SINASE; (b) actions to strengthen the link between the adolescents and their families and community of origin; (c) monitoring of the individual progress of adolescents (educational, psychosocial, and health); (d) video monitoring systems in FASE units; and (e) modernization of FASE management systems.

1.23 Component 4. Institutional strengthening (US\$3.2 million). The aim of this component is to strengthen the SJDH-RS, creating an effective mechanism for coordination among the entities participating in the program,³⁴ through: (i) design and implementation of a strategic plan and work plans for social prevention of violence in the program area; (ii) design and implementation of a system for managing cases and monitoring the program's activities and outputs; (iii) development of a system for monitoring services to protect the rights of the youth served; and (iv) development of a mechanism for articulation, coordination, information, and consultation between the SJDH-RS and the participating municipal prefectures, civil society organizations, and beneficiaries.

E. Key indicators of the Results Matrix

1.24 Results Matrix. At the end of the program, results will be evaluated in terms of changes in the youth crime scenario in the targeted communities, measured through indicators such as: (i) the rates of homicide and theft among young people; (ii) indicators for the POD-Youth centers (proportion of young people that complete

³³ The courses will be based on the Manual on Community Policing and for Building Safety, prepared by the Violence Studies Unit of the University of São Paulo, together with the Ministry of Justice and the National Human Rights Department. It includes steps from implementing community policing through to progress and obstacles in its implementation www.nevusp.org/downloads/down247.pdf.

³⁴ Specifically the military police, civil police, SSP-RS, and SJDH-RS.

the basic education cycle; middle school dropout rate in reference schools of the centers' communities; proportion of young people who have work experience); (iii) indicators of policing effectiveness in the areas covered by the program (homicides solved after one year and referred to the Public Ministry; homicides solved and referred to the Public Ministry and not shelved; records of theft in which the perpetrator is identified within one year and referred to the Public Ministry); (iv) recidivism rate among youth offenders; and (v) an indicator of community social prevention (rate of fulfillment of recommendations made in the monthly minutes of community meetings on police performance).

F. Economic evaluation

- 1.25 **Cost-benefit evaluation.** This analysis estimated the project's social benefits in terms of the average number of crimes prevented per beneficiary in ALV, POA, and VIA, owing to improvements in social prevention capacity, increased capacities for the control and investigation of crime, and improved practices for the rehabilitation and resocialization of young offenders. The ex ante evaluation of the benefits shows that the net present value is positive to the extent of US\$84 million (considering the program's total investment of US\$56 million), which makes the project viable. The internal rate of return (IRR) is 16% in five years, which is higher than the discount rate, the project's opportunity cost, and 53% in 10 years, which indicates viability. Sensitivity analysis was performed individually for each of the four components, using even more conservative assumptions, and the IRR is even higher at 12%. The program cash flow, calculated in a conservative scenario, is highly positive during the 10 years from the first investment in 2013. The estimated cost-benefit ratio is roughly 2.21, which indicates a return of US\$2.21 for every dollar invested (i.e. savings obtained by reducing delinquency and violence).

II. FINANCING STRUCTURE AND MAIN RISKS

A. Cost and financing

- 2.1 The total cost of the program is US\$56 million, of which US\$50 million (89%) will be financed by the Bank, and US\$6 million (11%) will be financed with a local contribution. The consolidated budget per component is shown in Table II-1 and in the [Itemized budget](#). The expense categories include procurement of goods, works, services, and consulting services. The loan proceeds will cover all costs inherent to the program.

Table II-1 – Program cost (US\$ thousands)

COMPONENT	IDB	LOCAL	TOTAL	%
1. Social and situational prevention of violence	14,700	3,900	18,600	33
2. Police effectiveness	4,800	1,200	6,000	11
3. Modernization of the resocialization process	24,500	500	25,000	44
4. Institutional strengthening	3,200		3,200	6
Program management, monitoring and evaluation	2,800	400	3,200	6
PROGRAM TOTAL	50,000	6,000	56,000	100%

B. Environmental and social risks

- 2.2 The program was classified as a category “B” operation, and the recommendations and fulfillment of environmental and social safeguard directives were recorded in the [Environmental and Social Management Report](#) and the [Environmental and Social Management Plans \(ESMPs\)](#). These documents identify the program’s potential environmental impacts, which will be of low intensity, localized, short-term, and restricted to the works execution phase, since the activities involve construction, expansion, and remodeling of small-scale civil works in urban areas where they can be readily controlled and mitigated through specific works procedures. The program will have positive social impacts since the beneficiaries will be young people and communities in areas with high rates of social marginality and indices of crime and violence in Rio Grande do Sul.

C. Fiduciary risks

- 2.3 Fiduciary risk was analyzed using the Institutional Capacity Assessment System (ICAS) methodology for the executing agencies of Bank projects. The results obtained showed that the SJDH-RS has the institutional capacity to manage program activities. During the design phase, a risk management workshop was also held with the beneficiary entities. Of the nine risks identified, one was rated “high” and eight were rated “medium.” The high risk relates to potential delays in procurement processes. The mitigating measures identified include: contracting of a procurement specialist; formation of a Special Bidding Committee; and the appointment of a General Counsel and attorney for the Project Office.³⁵ The project team has reviewed and evaluated the program’s reputational risk and considers it mitigable (see paragraph 1.15 and [optional electronic link 13](#)).

III. IMPLEMENTATION AND ACTION PLAN

A. Borrower and executing agency

- 3.1 The executing agency will be the borrower, acting through the SJDH-RS. The program’s administrative and financial execution will be the responsibility of SJDH-RS, which will set up a Project Office to coordinate the general functioning of the program and articulation with the Bank. The SSP-RS will be responsible for technical execution of Component 2 and will participate in defining and managing processes relating to the evaluation and selection of bids for the procurement of works, goods, and services. **As special conditions precedent to the first disbursement, evidence will be provided that the Project Office has been formally set up in the SJDH-RS structure, that the project’s general**

³⁵ The program’s risk, evaluation, and mitigation matrices contain a breakdown of the program’s risk analysis and respective mitigation plan, including, for each risk identified with a medium or high rating, the budget assigned for its implementation, the start and finish dates, and the indicator to measure its fulfillment. These documents will be reviewed annually.

- coordinator has been appointed, that the instrument creating the Special Bidding Committee has been presented, and that the General Counsel to analyze program processes has been appointed.**³⁶
- 3.2 For the purposes of coordination between the SJDH-RS and the SSP-RS, a TCT will be established, and the SSP-RS will appoint a general coordinator to the SJDH-RS Project Office. Each program output will have an output manager responsible for supervision and implementation of related activities, and coordination with the respective technical areas involved. **Signature of the TCT between the SJDH-RS and SSP-RS will be a special contractual condition precedent to the first disbursement.**
- 3.3 **Retroactive financing and recognition of expenditures.** Eligible expenditures made prior to the loan approval date can be financed retroactively and recognized against the financing for up to US\$200,000, and against the local contribution for up to US\$1.2 million (20% of the local contribution) to cover fees and expenses incurred with consulting services to prepare the works' final designs.³⁷
- 3.4 **Program Operating Regulations.** The Operating Regulations will contain details on the program's execution mechanism and interagency coordination mechanisms specifying functions and responsibilities. **The presentation of the program's Operating Regulations and the model TCT to be signed by the participating municipios will be a special contractual condition precedent to the first disbursement.**
- 3.5 **Program execution plan (PEP).** Implementation of program activities will follow programming implemented through the PEP and its annual review, which will be set out in the annual work plans (AWPs). The PEP contains the detail equivalent to the AWPs for each of the five years of program implementation.
- 3.6 The **fiduciary agreements and requirements** contain the guidelines on financial management and procurement implementation to be applied during execution.
- 3.7 **Procurement plan.** The procurement plan contains a breakdown of program procurements to be undertaken pursuant to the Bank's policies set forth in documents GN-2349-9 and GN-2350-9 specifying the following: (i) contracts for works, goods, and consulting services required to implement the program; (ii) the methods proposed for procuring goods and selecting consultants; and (iii) the procedures applied by the Bank to review procurement processes. The program's procurement plan envisages direct contracting for the program execution period of

³⁶ The Project Office will operate with support from the SJDH line units for administrative and financial management, and it will be established to coordinate the multi-agency work required for the program, streamline procurement and contracting processes, monitor outputs, and facilitate the evaluation of results. The Project Office will have a program coordinator and the following key staff: (i) an administrative-financial specialist; (ii) a procurement specialist; and (iii) a monitoring and evaluation specialist. These staff will work in coordination with career staff from the technical and administrative areas of the SJDH-RS and SSP-RS.

³⁷ These expenses will be incurred during the 18 months prior to the loan approval date.

- the Fundação Parceiros Voluntários [Volunteer Partners Foundation] (FPV) for US\$1.1 million, and of UNODC for up to US\$250,000, to support execution of the volunteer and community action program in schools, and for strengthening mechanisms for external and internal police oversight, respectively.³⁸
- 3.8 **Special execution conditions:** (i) evidence of legal possession of the land and comprehensive fulfillment of the Environmental and Social Management Plan (ESMP) before contracting the works planned for the POD-Youth centers, Socioeducational Service Foundation (FASE) Centers, and community policing bases; (ii) signature of the TCTs with the municípios for the activities of the POD-Youth centers (see paragraph 1.12); and (iii) contracting and/or assignment of staff to operate the POD-Youth centers, the FASE Centers, and the citizen public security community policing bases before the final payment to the contractor.
- 3.9 **External audit.** Annual audited financial statements will be presented by the State Audit Office, which is certified by the Bank.
- B. Summary of program monitoring and evaluation arrangements**
- 3.10 **Monitoring by the executing agency and the Bank.** The executing agency will use the following documents: results matrix, PEP, monitoring and evaluation (M&E) plan, procurement plan, environmental and social impact assessment, itemized budget, risk management matrix, disbursements plan, and progress monitoring report. The M&E specialist, whose functions are outlined in the M&E plan, will prepare semiannual status reports for review by the Bank.
- 3.11 **Evaluation.** The results matrix and the specifications contained in the [M&E](#) plan will be used. Four evaluations will be conducted: (i) evaluation of the program's impact on participation by young people ages 15 to 24 in violent crimes; (ii) evaluation of the impact of the prevention components; (iii) before and after evaluation of the effectiveness of community policing; and (iv) ex post economic evaluation of the program using the same methodology applied for the ex ante economic evaluation.

³⁸ Direct contracting of FPV is justified by its unique experience of exceptional value in providing the necessary services. In terms of technical advantages, it has been recognized for its school-based community action program “*Tribos nas Trilhas da Cidadania*” that has made it possible to link students and teachers with their communities, to keep students in school: 1,500 schools participated in the program between 2003 and 2010. Accordingly, the FPV is considered best qualified for this task (www.parceirosvoluntarios.org.br). UNODC is in the specialized United Nations agency recognized internationally for its work in the fight against drugs and crime, for which direct contracting is justified by its value added in programs to strengthen control mechanisms among actors involved in the prevention and control of crime and strengthening of systems to operate more effectively <http://www.unodc.org/southerncone/>.

Development Effectiveness Matrix				
Summary				
I. Strategic Alignment				
1. IDB Strategic Development Objectives		Aligned		
Lending Program		Lending for poverty reduction and equity enhancement.		
Regional Development Goals		Homicides per 100,000 inhabitants.		
Bank Output Contribution (as defined in Results Framework of IDB-9)		Cities benefited with citizen security projects.		
2. Country Strategy Development Objectives		Aligned		
Country Strategy Results Matrix		GN-2662-1	(i) Improve the effectiveness of the implementation of crime prevention programs and violence to the youth of 15 to 24 years old in 12 cities, and (ii) Enhance the effectiveness of public spending on security.	
Country Program Results Matrix		GN-2756	The intervention is included in the 2014 Country Program Document.	
Relevance of this project to country development challenges (If not aligned to country strategy or country program)				
II. Development Outcomes - Evaluability		Highly Evaluable	Weight	Maximum Score
		9.1		10
3. Evidence-based Assessment & Solution		9.4	33.33%	10
3.1 Program Diagnosis		2.4		
3.2 Proposed Interventions or Solutions		4.0		
3.3 Results Matrix Quality		3.0		
4. Ex ante Economic Analysis		10.0	33.33%	10
4.1 The program has an ERR/NPV, a Cost-Effectiveness Analysis or a General Economic Analysis		4.0		
4.2 Identified and Quantified Benefits		1.5		
4.3 Identified and Quantified Costs		1.5		
4.4 Reasonable Assumptions		1.5		
4.5 Sensitivity Analysis		1.5		
5. Monitoring and Evaluation		7.9	33.33%	10
5.1 Monitoring Mechanisms		2.5		
5.2 Evaluation Plan		5.4		
III. Risks & Mitigation Monitoring Matrix				
Overall risks rate = magnitude of risks*likelihood		Medium		
Identified risks have been rated for magnitude and likelihood		Yes		
Mitigation measures have been identified for major risks		Yes		
Mitigation measures have indicators for tracking their implementation		Yes		
Environmental & social risk classification		B		
IV. IDB's Role - Additionality				
The project relies on the use of country systems				
Fiduciary (VPC/PDP Criteria)		Yes	Financial Management: Budget, Treasury, and Accounting and Reporting.	
Non-Fiduciary				
The IDB's involvement promotes improvements of the intended beneficiaries and/or public sector entity in the following dimensions:				
Gender Equality				
Labor				
Environment				
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project				
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan		Yes	The impact evaluation of the project will generate evidence on the effectiveness of this type of intervention.	

This is an investment loan for the Brazilian government. It will be funded with resources from the Bank's ordinary capital by US\$ 50 million and by the local counterpart with US\$ 6 million.

The program's goal is to reduce violent crime rates among the youths from 15 to 24 years old in the cities of Alvorada (ALV), Porto Alegre (POA) and Viamão (VIA) in RS, by using an integral approach of risk factors, and the demographic and geographic targeting of interventions. The specific objectives are: i) improving the integration of young people at risk to the educational system and the labor market; ii) increasing the effectiveness of the police at the local level; iii) reducing the recidivism rate of young people in conflict with the law, and iv) improving the coordination of services for crime prevention and control for the age group at the highest risk. The project has a reasonable diagnosis that identifies the main gaps and clearly quantifies them. The justification of the intervention's effectiveness in other or similar contexts is adequate. The results are correctly defined and all indicators are SMART. In most cases the objectives are realistic and the products are also clearly defined.

General monitoring mechanisms have been defined and there is a budget for this activity. A quasi-experimental evaluation will be undertaken to evaluate its results with an evaluation plan and the main activities to be performed. An economic analysis was performed for some of its components, with properly quantified costs and benefits. Most assumptions are clearly stated and reasonably justified.

The program has identified the risks as well as all required mitigation measures. Indicators for the mitigation measures are identified.

RESULTS MATRIX

The general objective is to help reduce rates of violent crime among young people ages 15 to 24 in the cities of Alvorada (ALV), Porto Alegre (POA), and Viamão (VIA) in the State of Rio Grande do Sul (RS), through an integrated approach to risk factors, combined with geographic and population-specific targeting of the program's actions. The specific objectives are to: (i) improve participation by at-risk adolescents and youth in the education system and labor market; (ii) increase the effectiveness of local policing; (iii) reduce the rate of recidivism among youth offenders; and (iv) improve the coordination of crime prevention and control services targeting young people at high risk.

EXPECTED IMPACT

Indicators	Unit of measurement	Baseline		Intermediate measurements						Targets		Source/ Means of verification	Comments
		Value	Year	Value	Year	Value	Year	Value	Year	Value	Year		
EXPECTED IMPACT Reduce rates of violent crime among adolescents and young people ages 15 to 24 in ALV-POA-VIA in Rio Grande do Sul													
1. Homicides among young people ages 15 to 24 in ALV-POA-VIA	Rate	88.8	2010			84	2015			75.5	2017	Ministry of Health: Datasus. Ministry of Justice: National Public Security Information System (SINESP)	This and other indicators will be monitored as part of program implementation.
2. Homicides committed by young people ages 15 to 24 in ALV-POA-VIA	Percentage	54	2010			52	2015			44	2017	Rio Grande do Sul State Public Security Department (SSP-RS) through DEC/DGEO reports	Proportion of total homicides with perpetrators identified. The proportion relates to the number of homicides committed by identified youths ages 15 to 24. In 2010 the total number of homicides was 289.
3. Thefts committed by young people ages 15 to 24 in ALV-POA-VIA	Percentage	62	2010			56	2015			50	2017	SSP-RS through DEC/DGEO reports	The proportion refers to thefts committed by identified youths ages 15 to 24. In 2010 there were a total of 1,602 acts of theft.

EXPECTED OUTCOMES

Indicators	Unit of measurement	Baseline		Intermediate measurements						Targets		Source/ Means of verification	Comments
		Value	Year	Value	Year	Value	Year	Value	Year	Value	Year		
EXPECTED OUTCOME 1: More effective reintegration of at-risk youth in the education system and labor market													
O.1.1 Secondary school dropout in ALV-POA-VIA	Percentage	11.7	2010			11.5	2015			10.3	2017	Ministry of Education and Culture (MEC) / National Education Research Institute (INEP) indicators posted on the “ <i>Todos pela Educação</i> ” [Everyone for education] website	The “ <i>Todos pela Educação</i> ” website periodically posts indicators of secondary school dropout. See: www.todospelaeducacao.org.br
O.1.2 Young people ages 15 to 24 who have not completed basic education in the program’s areas ALV-POA-VIA	Percentage	30%	2010			29%	2015			24%	2017	Justice and Human Rights Department (SJDH) victimization survey	The baseline was obtained from 2010 census data published by the Brazilian Geography and Statistics Institute (IBGE), which will be adjusted with surveys performed at the start and end of the program. The territories covered by the program encompass 42% of all young people who have not completed basic education in the municípios (48,180), covering 50% of them with the interventions.
O.1.3 Unemployment among young people ages 15 to 24 in ALV-POA-VIA	Rate	28.2	2011			25.0	2015			18.5	2017	IBGE	

EXPECTED OUTCOMES

Indicators	Unit of measurement	Baseline		Intermediate measurements						Targets		Source/ Means of verification	Comments
		Value	Year	Value	Year	Value	Year	Value	Year	Value	Year		
EXPECTED OUTCOME 2: More effective local policing													
O.2.1 Homicides solved after one year and sent to the Public Ministry in ALV-POA-VIA	Rate	52.9	2010			55	2015			60	2017	Ministry of Health: Datasus; SSP-RS through DEC/DGEO reports	The term “homicide solved” means the perpetrator is identified. In 2010, 647 homicides were recorded of which 342 were solved and sent to the Public Ministry. The baseline data corresponds to a sample of RS municípios. Data for the three municípios will be obtained from the civil police information system.
O.2.2. Homicides referred by the police, with perpetrator identified, to the Public Ministry and not shelved in ALV-POA-VIA	Rate	17	2010			22	2015			30	2017	Diagnostic of homicide investigations in Brazil 2012. Ministry of Justice. SSP-RS through DEC/DGEO reports. Ministry of Health: Datasus	A case is considered filed by the Public Ministry when it becomes a judicial complaint. In 2010, 342 cases of homicides were sent to the Public Ministry by the police, of which 58 were filed as cases. The baseline figure corresponds to Rio Grande do Sul.
O.2.3 Annual records of theft in which the perpetrator is identified and referred to the Public Ministry in ALV-POA-VIA	Rate	8.3	2010			11	2015			15	2017	SSP-RS through DEC/DGEO reports	In 2010, there were 19,186 acts of theft, of which 1,602 had their perpetrators identified.

EXPECTED OUTCOMES

Indicators	Unit of measurement	Baseline		Intermediate measurements						Targets		Source/ Means of verification	Comments
		Value	Year	Value	Year	Value	Year	Value	Year	Value	Year		
EXPECTED OUTCOME 3: Lower recidivism rate among youth (adolescent) offenders													
O.3. Rate of recidivism among adolescents exiting the Socioeducational Service Foundation (FASE)	Rate	36.0	2010			32				25.0	2017	FASE data	
EXPECTED OUTCOME 4: Better coordination of crime prevention and control services targeting at-risk youth													
O.4 SJDH formulates public policies for prevention of youth violence using data obtained from the integrated system of the various crime prevention and control services	Number	0	2012							2	2017	SJDH-RS	New policies are formulated, taking into account the results of multidisciplinary work, coordinated and articulated by the various entities that undertake activities in the territories and share information in an integrated system. The monitoring and evaluation (M&E) annex includes subcriteria for deciding whether or not the prevention policy was based on empirical evidence.

INTERMEDIATE OUTCOMES

Indicators	Unit of measurement	Baseline		Intermediate measurements						Targets		Source/ Means of verification	Comments
		Value	Year	Value	Year	Value	Year	Value	Year	Value	Year		
INTERMEDIATE OUTCOME 1: Better integration of young people in the education system and labor market													
O.1.1 Young people currently in secondary school who do not drop out, in areas where the teachers are trained.	Number	0	2010			12,960	2015			32,400	2017	SJDH	For young people who have not yet dropped out of school. The target will be achieved by training 216 teachers per year. Each teacher will work with 30 students on average, per year, with the goal of none of them dropping out of school.
O.1.2 Young people who complete the basic education cycle through the acceleration program (basic literacy	Number	0	2010			12,000	2015			24,000	2017	SJDH	For young people who have already dropped out of school. 1,000 young people participate per center as from the second year.
O.1.3 Young people covered by the program undertake their first formal work experience	Number	0	2010			25,800	2015			51,000	2017	SJDH	The beneficiaries are at-risk youth whose work experience makes them less likely to become involved in criminal activities. To facilitate entry into the labor market, 2,000 young people per center fulfill their apprenticeship experience in firms per year as from the second year, and 600 in FASE during the first year. The experience will be developed as part of the Young Apprentice Program.

INTERMEDIATE OUTCOMES

Indicators	Unit of measurement	Baseline		Intermediate measurements						Targets		Source/ Means of verification	Comments
		Value	Year	Value	Year	Value	Year	Value	Year	Value	Year		
INTERMEDIATE OUTCOME 2: More effective local policing													
O.2.1 Fulfillment of recommendations made by community meetings on police performance in the program’s territories	Percentage	0	2010			100	2015			100	2017	Project Office (OP)-SJDH	Evidence that the police have effectively implemented the recommendations made in the minutes of monthly coordination meetings with the community.
INTERMEDIATE OUTCOME 3: More effective process of resocialization of adolescent offenders													
3.1. Young people ages 15 to 21 who were in the FASE for at least one year, who complete the basic education cycle	Percentage	15	2010			70	2015			100	2017	FASE	There are 880 adolescents 15% of whom have completed basic education. Young people enter FASE up to 18 years of age, but can complete measures up to 21 years of age.
3.2 Young people ages 15 to 21 who were in the FASE, who complete the young apprentice training course	Percentage	0	2010			60	2015			80	2017	FASE	The program does not yet exist.

INTERMEDIATE OUTCOMES

Indicators	Unit of measurement	Baseline		Intermediate measurements						Targets		Source/ Means of verification	Comments
		Value	Year	Value	Year	Value	Year	Value	Year	Value	Year		
INTERMEDIATE OUTCOME 4: Better articulation of crime prevention and control services targeting the highest-risk age group													
4. Information on occurrences of crime and violence and prevention services for young people, integrated across the program’s territories, available online and being used	System	0	2010			1	2015				2017	SJDH	The verification method will be through online access to the SDH-RS website and reports from the integrated system making it possible to evaluate the availability of the integrated database. Integration refers to the SJDH, FASE, and SSP information systems, as well as the services provided by each of these entities under the program.

OUTPUTS

Output	Unit of measurement	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Target	Source	Comments
Component 1: Social and situational prevention of violence										
1.1. Opportunities and Rights Program (POD)-Youth centers constructed, equipped, and implemented with a supply of socioeducational, job training, and culture, sports and recreation services for young people ages 15 to 24.	Centers	0	3	3				6	OP-SJDH	6 youth centers: 1 in ALV; 4 in POA; and 1 in VIA to provide services to 12,000 young people per year as from the second year.
1.2. Schoolteachers in the territories trained in actions to ensure completion of the secondary school cycle.	Teachers	0	216	216	216	216	216	1,080	OP-SJDH	The target will be achieved by training 216 teachers per year.

OUTPUTS

Output	Unit of measurement	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Target	Source	Comments
1.3. Training program for young apprentices and first formal work experience	Programs	0	1	7	7	7	7	29	OP-SJDH	Seven training programs will be undertaken: 1 in the FASE centers and 6 in the PODs for 2,000 young people per center and 600 from FASE per year. The experience will be developed as part of the Young Apprentice Program.
1.4. Acceleration program to complete the basic education cycle	Programs	0	1	7	7	7	7	29	OP-SJDH	Seven programs will be implemented: 1 in the FASE centers and 6 in the PODs for 1,000 young people per center and 600 from FASE.
1.5. Scholarships for young people to act as youth center advocates	Scholarships	0	100	600	600	600	600	2,500	OP-SJDH	100 scholarships per center per year
1.6. Forums created to coordinate and manage social networks in serving young people ages 15 to 24 in the territory	Forums	0	6					6	OP-SJDH	Forums created and strengthened in each of the six communities
1.7. Public spaces redesigned to provide accessibility to physically disabled youth.	Spaces	0	1	1	1	1	2	6	OP-SJDH	6 public spaces redesigned to provide accessibility to public spaces for physically disabled youth from the community
Component 2: Police effectiveness										
2.1. Training for police officers who will work in community policing services in the program's areas (ALV-POA-VIA)	Police officers	0	300	300	300	300	300	1,500	SSP-RS and OP-SJDH	1,500 police officers trained
2.2. Management system for the police modernized and integrated, including training in its use and in crime analysis.	System	0		1				1	SSP-RS and OP-SJDH	Report produced by the system verifying the modernization of information technologies for intelligent analysis and integrated management of community

OUTPUTS

Output	Unit of measurement	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Target	Source	Comments
										policing, including the training of multipliers in crime analysis and classification to improve police records, and the procurement of georeferencing tools. The system will be operating as from the second year, including the training of agents to be in charge and the preparation of periodic analysis reports.
2.3. Community bases integrated with the military and civil police, municipal guard and community councils	Bases	0	2	4				6	SSP-RS and OP-SJDH	6 community bases: 4 in POA, 1 in ALV, and 1 in VIA.
2.4. Certification of the adequate functioning of internal oversight of the police in the program's territories	Certification	0	2	2	2	2	2	10	UNODC and OP-SJDH	Certification of compliance with legally established procedures.
Component 3: Modernization of the resocialization process										
3.1. Construction and implementation of new socioeducational centers and reform of the Padre Cacique training center in POA	Centers	23	1	2	1			27	FASE and OP-SJDH	3 new socioeducational centers for 120 adolescents and reform of the training center
3.2. Strategic planning system and integrated results-based administrative, budgetary, and financial management	System	0		1				1	FASE and OP-SJDH	1 system approved and implemented according to terms of reference produced in the design stage.
3.3. Training for FASE employees according to the gaps in the knowledge and skills needed for the design and implementation of the individual service plans	Employees	0	300	300	300	300		1,200	FASE and OP-SJDH	1,200 employees trained according to the diagnostic and training plan developed.
3.4. Processes for serving and monitoring the individual progress of adolescents strengthened, in terms of the design and implementation of the	Process	0		1				1	FASE and OP-SJDH	1 model designed, approved, and implemented.

OUTPUTS

Output	Unit of measurement	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Target	Source	Comments
individual service plans, collective plans, links with families and communities, evaluation of the adolescents' progress and monitoring of those exiting the system										
3.5. Video monitoring systems in FASE units	System	0		1				1	FASE and OP-SJDH	1 system implemented and in operation.
Component 4: Institutional strengthening										
4.1. Preparation of integrated strategic and operational plans for the prevention and control of violent crime in program areas	Plans	0	2	1	1	1	1	6	OP-SJDH	One strategic plan and five work plans, one for each year, prepared, including: strategic objectives, targets, and performance indicators. The plans will be available on the integrated e-governance website, developed for the program.
4.2. Preparation and implementation of a system of process management and monitoring of the program's activities and outputs	System	0	1					1	OP-SJDH	System in the SJDH for monitoring and implementation of the program, integrated website accessible by all mechanisms undertaking activities in the operation.
4.3. Preparation and implementation of a system to monitor youth rights protection services, by setting up a complaints center	System	0	1					1	OP-SJDH	System with indicators for the three cities included in the program, implemented on an integrated platform.
4.4. Seminars for articulation, coordination, and information and consultation between the program's participants	Seminars	0	4	4	4	4	4	20	OP-SJDH	Four technical seminars per year for coordination, presentation of reports, and consultations.

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Country: Brazil

Project number: BR-L1343

Name: Opportunities and Rights Program of the State of Rio Grande do Sul

Prepared by: Mónica Merlo and Marília Santos

I. EXECUTIVE SUMMARY

- 1.1 Fiduciary management was evaluated on the basis of meetings held with the Bank's project team and the executing agency team. Consideration was also given to the documents produced during preparation of the operation, as well as the discussions and outcome of the analysis mission, and the Bank's experience in working with similar projects at the federal, state, and municipal government levels. In view of the evaluation conducted on the executing agency, fiduciary agreements have been prepared for both procurement and financial management, which will be applied in program implementation.

II. THE COUNTRY'S FIDUCIARY CONTEXT

- 2.1 As is well known, Brazil has robust country fiduciary systems that allow sound management of administrative, financial, oversight, and procurement processes, fulfilling principles of transparency, economy, and efficiency. To continue strengthening these, the Bank has defined a fiduciary strategy with Brazil that calls for progressive, sustainable utilization of the country's fiduciary systems.
- 2.2 The Bank has been working with the three levels of government to ensure that existing management tools are used, to continue the strengthening process and simultaneously reduce transaction costs.
- 2.3 One such example are the protocols of agreements that have been and are being negotiated with external oversight bodies, such as the Federal Internal Oversight Department (SFCI); the Auditors General Offices of Bahia, the Federal District, Minas Gerais, Paraná, and Santa Catarina which are already eligible for auditing programs partly financed by the Bank; and the Auditors General Offices of the State of Ceará, and the Municipal Auditors General Offices of Ceará, Pernambuco, and Rio Grande do Sul. The latter is piloting two programs, one at the state level (PROFISCO) and the other at the municipal level (Passo Fundo).
- 2.4 Lastly, the Bank has significantly increased the use of country public procurement systems, mainly COMPRASNET (the online reverse auction system managed by

the federal government), *Licitações-e* of Banco do Brasil, and the State of São Paulo's online procurement exchange – BEC.

III. THE EXECUTING AGENCY'S FIDUCIARY CONTEXT

- 3.1 The program executing agency will be the Justice and Human Rights Department (SJDH), which will set up a Project Office to coordinate, plan, monitor, and implement project activities and actions financed by the Bank. It will also serve as the SJDH interlocutor for program implementation issues, both with the Bank and with other administration bodies (direct and indirect) that participate in program implementation and monitoring, such as the Public Security Department (SSP), the Planning Department (SEPLAG), the Finance Department (SEFAZ), the Socioeducational Service Foundation (FASE), and the Foundation for Public Policy Articulation and Development for High Skilled Disabled Persons (FADERS).
- 3.2 As this is a state project, it is governed by national laws that regulate public administration, including the Fiscal Responsibility Law. Procurement and contracting processes are governed by Law 8.666/93.
- 3.3 Given that the SJDH will have to fulfill the Bank's policies when implementing the program's procurement and contracting processes, it was agreed to create a Special Bidding Committee for that purpose within the Project Office. To implement the actions envisaged, the team will need to be strengthened and trained on the Bank's fiduciary policies, standards, and procedures. In relation to the upgrading and installation of the computerized system, the following should be noted: the State Public Finance System (FPE), which uses the (SQL) database in the Finance Department, and extracting DTS data from the system currently used for recording PROFISCO components, an online analytical processing (OLAP) cube will be used to generate reports by component and activity. In this way, the system will make it possible to implement controls and to generate the reports required by the Bank.
- 3.4 The executing agency, operating through the SJDH Project Office will interact with the other departments and institutions involved, and will be responsible for financial management of the operation's execution, including formulating the budget, processing authorizations and recognition of expenditures, and making the respective payments.

IV. FIDUCIARY RISK EVALUATION AND MITIGATION ACTIONS

- 4.1 The evaluation of risks inherent to program execution identified and considered the findings of the institutional capacity analysis on fiduciary issues, namely delays in execution owing to lack of knowledge of the Bank's procurement and financial management policies and procedures. Mitigation actions: (i) Creation of the program's Project Office and appointment of its staff; (ii) creation of a Special Bidding Committee within the SJDH; (iii) appointment of a SJDH General

- Counsel and specific attorney(s) to analyze the program's processes; (iv) provision of training activities for designated members of the implementation team; (v) preparation and institutionalization of program Operating Regulations, which will include flow charts of execution and the links between the various program participants; (vi) upgrading and installation of the computerized system to maintain records and generate the reports required by the Bank.
- 4.2 Bearing in mind that some of the program's activities will be implemented by other departments, such as the SSP, an accountability mechanism needs to be developed that fulfills the main rule of justifying 80% of expenses associated with previous funding advances before a new advance can be made. This will be done through action plans to be agreed upon among the respective executing agents and will be included in the Operating Regulations.

V. CONSIDERATIONS FOR THE SPECIAL CONDITIONS OF THE CONTRACT

- 5.1 **Special contractual conditions precedent to the first disbursement:** (i) presentation of evidence of the formal creation of the Project Office within the SJDH-RS structure and appointment of the project's general coordinator; (ii) presentation of the instrument creating the Special Bidding Committee; (iii) appointment of the General Counsel to analyze program processes; (iv) signature of the technical cooperation agreement (TCT) between the SJDH-RS and the SSP-RS; and (v) presentation of the program Operating Regulations and the model TCT to be signed with the participating municípios.
- 5.2 **Audited financial statements:** As the State Auditor General's Office (TCE-RS) is embarked on an eligibility process with the Bank, and given that the first audit will take place in 2014, it is proposed that TCE-RS serve as the external auditor.
- 5.3 **Other financial management requirements:** Documentation supporting expenditures made will be reviewed ex post by the TCE-RS, and by a consultant appointed by the Bank.
- 5.4 **Exchange rate to be used:** As reported by the executing agency, the exchange rate corresponding to the day of payment of the expense will be used.

VI. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

Procurement and contracting execution

- 6.1 The fiduciary agreements and requirements on procurement establish provisions to be applied and observed when implementing all of the program's procurement and contracting processes:
- 6.2 **Procurement of works, goods, and nonconsulting services.** The procurement or contracting of works, goods, and services, financed wholly or partly with the proceeds of Bank financing, will be undertaken pursuant to the Policies for the Procurement of Works and Goods Financed by the Inter-American Development Bank (document GN-2349-9) of March 2011.

- 6.3 When the procurement or contracting of works, goods, and services has an estimated cost of US\$25 million or more, in the case of works, and US\$5 million in the case of goods and services, international competitive bidding (ICB) will be used, following the procedures set out in Section II of document GN-2349-9. When the estimated cost is less than US\$25 million for works, and US\$5 million for goods and services, national competitive bidding (NCB) may be used; and, when less than US\$500,000 in the case of works and US\$100,000 in the case of goods and services, the shopping method may be used, following the procedures specified in Section 3 of the aforementioned document.
- 6.4 The Bank may recognize the methods specified in Law 10.520/2002—the Online Auction Law—in processes whose estimated cost is below the threshold set for ICB, per contract, provided the requirements specified in the Bank’s procurement policies are respected, particularly in relation to: (i) the origin of the goods; (ii) the nationality of the suppliers; (iii) alteration of purchase orders; (iv) prohibition of price bands; and (v) advertising in a national newspaper.
- 6.5 To make use of the provisions of Law 10.520/2002, the following thresholds will be observed: (i) electronic auction, using systems approved by the Bank for the procurement of goods and services of common use, with an estimated cost equal to or less than US\$5 million; (ii) price registration instrument, for procurements of common goods with an estimated cost equal to or less than US\$5 million, and whose registration has been previously accepted by the Bank; and (iii) auction involving physical presence by the bidders, for procurements of goods and services of common use, with an estimated cost equal to or less than US\$100,000. The Bank may eliminate the use of one or more of the methods described in this paragraph at any time during program execution.
- 6.6 **Selection and contracting of consulting services.** Processes for the selection and contracting of consulting services under the program, to be financed wholly or partly with loan proceeds, will be undertaken pursuant to the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-9) of March 2011.
- 6.7 Consulting firms will be selected and contracted following the methods specified in Sections II (Quality- and cost-based selection, QCBS) and III (Other selection methods) of document GN-2350-9, on the basis of the guidelines and standards described in Section II—QCBS.
- 6.8 To implement contracting processes, the executing agency will form shortlists of six selected firms that meet the technical requirements set out in the invitation to express interest.
- 6.9 Shortlists for processes costing US\$1 million equivalent or less, per contract, may consist entirely of national consulting firms. When the estimated cost of the contract is US\$1 million or above, the shortlist will comprise six firms, with no more than two of the same nationality.

- 6.10 Irrespective of the selection method used, when the estimated cost of the contract is US\$200,000 or more, per procurement/contract, the invitation to express interest will be published in UNDB online (international advertising).
- 6.11 The selection and contracting of individual consultants financed wholly or partly from the loan proceeds will be undertaken pursuant to Section V—Selection and contracting of individual consultants—of document GN-2350-9.
- 6.12 **Retroactive financing and recognition of expenditures.** Eligible expenditures made prior to the loan approval date can be financed retroactively and recognized against the financing for up to US\$200,000, and against the local contribution for up to US\$1.2 million (20% of the local contribution) to cover fees and expenses incurred with consulting services to prepare the works' final designs.¹
- 6.13 **Domestic preference.** No margins of domestic preference will be applied.

Table of thresholds for Brazil (US\$)

Works			Goods			Consulting services	
International competitive bidding	National competitive bidding	Shopping	International competitive bidding	National competitive bidding	Shopping	International advertising consulting services	Shortlist 100% national
≥ 25,000,000	< 25,000,000 and ≥ 500,000	< 500,000	≥ 5,000,000	< 5,000,000 and ≥ 100,000	< 100,000	≥ 200,000	< 1,000,000

Main procurements

Activity	Type of bidding	Estimated date	Estimated amount (US\$)
Works			
Construction of three new socioeducational service centers (CASE)	NCB	Mar-2013	18,050,000
Goods			
Purchase of video monitoring equipment	NCB or online auction	Mar-2013	2,000,000
Consulting services (Firms)			
Contracting of strategic and operational plans and results-based management indicators	QBS	Mar-2013	650,000
Contracting of computerized system for process management	LCS	Mar-2013	500,000

¹ These expenses will be incurred in the 18 months prior to the loan approval date, but after 26 June 2012 (the date on which the project profile was approved).

- 6.14 **Procurement supervision.** By agreement with the team, it was decided that the processes defined in the procurement plan as financed wholly or partly by the Bank, and all processes with an estimated cost above the ICB and direct contracting thresholds, will be reviewed ex ante.
- 6.15 **Special provisions.** The program's procurement plan envisages direct contracting for the period of program implementation of: (i) the Volunteer Partners Foundation (FPV) for an amount of up to US\$1.1 million, to support the SJDH-RS in implementing the volunteer program and community actions in schools, and assist in methodological development of the POD-Youth centers;² and (ii) the UNODC for up to US\$250,000 to support the strengthening of mechanisms for internal and social oversight of the police. The borrower will update the procurement plan annually or according to program needs, but always covering the following 18 months of the implementation period.
- 6.16 The team verified the possibility of continuing works being developed by nongovernmental and civil society entities (for implementing socioeducational services, through direct contracting of the entities in question (ACM, CPCA, CESMAR, and Canta Brasil), in the format under which they are contracted today.
- 6.17 Procurement plan: The SJDH Project Office will present the updates made to the procurement plan for the following 18 months, for Bank review and approval annually, or as needed.
- 6.18 In the case of goods and nonconsulting service procurements undertaken pursuant to 10.520/2002—the Online Auction Law—the corresponding processes will use systems recognized by the Bank for that purpose, in this case COMPRASNET, *Licitações-e* of Banco do Brasil, or the BEC.
- 6.19 **Records and archives.** The program's records and archives will satisfy the following conditions at a minimum: (i) the records/processes will contain original documentation filed in chronological order; (ii) the record/archives will be maintained in a suitable environment destined for that purpose, with restricted access and security guaranteed by preventive measures such as a ban on smoking on the site, access restricted to authorized personnel, etc.; and (iii) a record will be kept of all documentation filed.

² Direct contracting of FPV is justified by its unique experience of exceptional value in providing the necessary services. In terms of technical advantages, it has been recognized for its schools-based community action programs "*Tribos nas Trilhas da Cidadania*," and because it has linked students and teachers with their communities, to keep students in school: 1,500 schools participated in the program between 2003 and 2010. Accordingly, FPV is considered best qualified for this task. In terms of institutional advantages, it has a wide-ranging roster of qualified professionals to undertake the program's activities, thus ensuring that the results and targets can be achieved (www.parceirosvoluntarios.org.br).

VII. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

- 7.1 **Budget.** The budget assigned to program activities will be approved by an appropriate legal instrument. The budget law being prepared for 2013 already includes the funds needed to implement both the external credit and local counterpart. The Bank will recognize the project's eligible expenditures according to the categories established and executed, and considered eligible under Operational Policy OP-540.
- 7.2 **Treasury.** The State of Rio Grande do Sul has preestablished routines for paying expenses. These start with the receipt of a request, followed by verification of the existence of budgetary funding, allocation of the expenditure, and payment.
- 7.3 **Accounting and information system.** As noted above, the adjusted State Public Finance System (FPE) will be used.
- 7.4 **Disbursements and cash flow.** The program will operate with funds advanced by the Bank to satisfy the project's real liquidity needs, according to procedures followed by the Bank.
- 7.5 Documentation in support of expenses incurred will be reviewed ex post by the TCE-RS and by a consultant appointed by the Bank.
- 7.6 For the purpose of accounting for the loan proceeds and local contribution, the following exchange rules will be considered when converting amounts paid in local currency into the currency of the operation: (i) the same exchange rate as used at the time of paying the expense, for IDB resources; and (ii) for reimbursement of expenditures charged against the loan and recognition of expenditures charged against the local counterpart contribution, the exchange rate prevailing on the day prior to the date on which the disbursement request is presented to the Bank.
- 7.7 Expenditures considered ineligible for financing by the Bank will be reimbursed from the local counterpart contribution or other resources, at the borrower's discretion, depending on the nature of the ineligibility.
- 7.8 **Internal oversight and internal audit.** Internal oversight will be maintained by the State Comptroller General and Auditor General's Office, and by the State Attorney General's Office.
- 7.9 **External oversight and reporting.** As the State Auditor General's Office (TCE-RS) is involved in an eligibility process with the Bank, and given that the first audit will take place in 2014, it is proposed that TCE-RS serve as the program's external auditor. In this regard, the SJDH Project Office will present the financial statements duly audited by the TCE-RS within 120 days of the end of the fiscal year. The contents of the reports and opinions to be issued will abide by the terms of reference prepared by the executing agency and accepted by the Bank, pursuant to current international audit standards and others, as well as procedures observed by the Bank.

7.10 Financial supervision plan (see annex).

7.11 **Execution mechanism.** The proposed program execution model will include the following:

7.12 *Strategic level:* Set up a strategic coordination committee chaired by the SJDH, with participation by a representative of the Office of the Governor and representatives from the municípios participating in the program. The purpose of this committee is to specify the program's priorities and coordinate with other participating agents, to determine the main activities to be included in the annual work plans (AWPs).

7.13 *Executive level:* The Project Office is responsible for: (i) planning program implementation based on the contractual frameworks defined in the loan contract signed with the Bank; and (ii) managing, monitoring, and evaluating fulfillment of the program's target and actions, among others.