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BRAZIL

**PROJECT ESTADO PRESENTE: CITIZEN SECURITY IN
ESPÍRITO SANTO**

(BR-L1387)

LOAN PROPOSAL

This document was prepared by the project team consisting of Dino Capriolo (ICS/CBR), Project Team Leader; Gustavo Beliz (ICS/CUR); Javier Urra (ICS/CBR); Nathalie Alvarado (IFD/ICS); Cristina Celeste Marzo (LEG/SGO); Marcelo Pérez Alfaro (EDU/CBR); Santiago Schneider (FMP/CBR); Marilia Santos (FMP/CBR); César Leyva (CSC/CBR); Guilherme Sedlacek (SPD/SDV); Tiago Cordeiro (Consultant ICS/CBR); Luana Ozemela (SCL/GDI); Blanca Torrico (IFD/ICS); and Renato Sergio de Lima (Consultant). Andrés Restrepo and Arnaldo Posadas (IFD/ICS); Claudete Camarano (ICS/CBR); and Ariel Zaltsman (IFD/IFD) made comments on the document.

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ABBREVIATIONS

| | |
|---------|---|
| AWP | Annual work plan |
| CAPS-AD | Centro de Atenção Psicossocial a Dependentes de Álcool e Drogas [Alcohol and Drug Dependency Assistance Center] |
| CC | Centro de Cidadania [Citizenship Center] |
| ESMP | Environmental and Social Management Plan |
| ESMR | Environmental and Social Management Report |
| FFF | Flexible Financing Facility |
| FOCIS | Fórum Comunitário de Segurança [Community Security Forum] |
| GDP | Gross domestic product |
| GEAC | Gerência de Estatística e Análise Criminal da SESP [SESP Crime Statistics and Analysis Division] |
| HDI | Human Development Index |
| IASES | Instituto de Atendimento Sócio-educativo do Espírito Santo [Espírito Santo Socioeducational Service Institute] |
| IBGE | Brazilian Institute of Geography and Statistics |
| IRR | Internal rate of return |
| IVJ-V | Índice de Vulnerabilidade Juvenil à Violência [Juvenile violence vulnerability index] |
| MEP | Monitoring and evaluation plan |
| MIF | Multilateral Investment Fund |
| MJ | Ministério de Justiça do Governo Federal [Federal Ministry of Justice] |
| MP | Ministério Público [Public Prosecution Department] |
| NPC | Núcleo de Polícia Comunitária [Community Policing Unit] |
| OVE | Office of Evaluation and Oversight |
| PC | Polícia Civil [Civil Police] |
| PEP | Program execution plan |
| PM | Polícia Militar [Military Police] |
| PMU | Program management unit |
| PTC | Perícia Técnico-Científica [Technical-scientific testing] |
| RMGV | Região Metropolitana de Grande Vitória [Greater Vitória Metropolitan Region] |
| SBC | Special bidding committee |
| SEAE | Secretaria de Estado Extraordinária de Ações Estratégicas [State Special Strategic Actions Department] |
| SEG | Secretaria de Governo do Estado [State Office of Internal Affairs] |
| SESP | Secretaria de Estado de Segurança Pública e Defesa Social [State Public Security and Social Defense Department] |
| UNODC | United Nations Office on Drugs and Crime |

PROJECT SUMMARY

BRAZIL

PROJECT ESTADO PRESENTE: CITIZEN SECURITY IN ESPÍRITO SANTO (BR-L1387)

| Financial Terms and Conditions | | | | | |
|--|----------------------|----------|---|--|----------------|
| Borrower: State of Espírito Santo, guaranteed by the Federative Republic of Brazil. | | | Flexible Financing Facility (FFF)* | | |
| | | | Amortization period: | 24 years | |
| Executing agency: State of Espírito Santo through the State Office of Internal Affairs (SEG). | | | Weighted-average life: | 15.25 years** | |
| | | | Original disbursement period: | 5 years | |
| Source | Amount (US\$) | % | Grace period: | 114 months** | |
| IDB (OC/FFF) | 56.0 million | 80 | Inspection and supervision fee: | *** | |
| Local | 14.0 million | 20 | Interest rate: | LIBOR-based | |
| Total | 70.0 million | 100 | Credit fee: | *** | |
| | | | Currency: | U.S. dollars from the Bank's Ordinary Capital (OC) | |
| Project at a Glance | | | | | |
| Objective: The program's general objective is to help reduce the high rates of violent crime (homicides and robberies) in eight municípios of Espírito Santo. Its specific objectives are to: (i) improve the effectiveness of the civil police (PC) and military police (PM) in controlling and investigating violent crime; (ii) increase social inclusion opportunities focused on 15-24 year-olds prone to violence; and (iii) reduce recidivism rates among juvenile offenders. | | | | | |
| Special contractual conditions precedent to the first disbursement: The executing agency will present evidence that: (i) the program management unit (PMU) has been set up in the State Office of Internal Affairs (SEG), its staff appointed, and a special bidding committee (SBC) formed (paragraph 3.1); (ii) the program's Operating Regulations have been placed in effect by the executing agency, with the Bank's prior no objection (paragraph 3.3); and (iii) cooperation agreements between the executing agency and the state entities participating in the program have been signed and published in the Official Gazette (paragraph 3.2). | | | | | |
| Special execution conditions: (i) before contracting the works to be undertaken as part of the program (Integrated Technical-Scientific Research Center; Citizenship Center, and two Alcohol and Drug Dependency Assistance Centers (CAPS-AD)): (a) evidence will be provided of legal possession of the necessary land, and the environmental and social management plans (ESMPs) will be submitted to the Bank; and (b) cooperation agreements with the municípios of Vila Velha, Cariacica, and Guarapari will have entered into force; (ii) the 565 police officers operating in the 14 community policing units will have been assigned, prior to purchasing the logistic support equipment needed to implement those units; and (iii) within six months of signing the loan contract, the state will provide evidence of having implemented the program's financial system (paragraph 3.8). | | | | | |
| Exceptions to Bank policies: None | | | | | |
| Project qualifies as: | | SEQ [X] | PTI [X] | Sector [X] | Geographic [] |
| | | | | | Headcount [X] |

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

** Both the weighted average life and the grace period may be shorter, depending 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 accordance with the applicable policies.

I. DESCRIPTION AND RESULTS MONITORING

A. Background

- 1.1 The state of Espírito Santo is located in Brazil's Southeast region and occupies an area of 46,078 km², with a population of 3.5 million distributed across 78 municípios. Its economy was Brazil's eleventh largest in 2011 and contributed 2.4% of national gross domestic product (GDP) (R\$97.693 billion).
- 1.2 Over the last decade, the state's socioeconomic indicators, such as GDP growth, the reduction of poverty and indigence, and the Human Development Index (HDI) have improved significantly.¹ Nonetheless, this progress stands in contrast to the high crime rates prevailing in the state, as reflected in homicide rates per 100,000 inhabitants that have been well above the national average and those of other states in the Southeast.² The Espírito Santo homicide rate in 2011 was 48.2 per 100,000 inhabitants, compared to 27.1 in Brazil as a whole and 19.9 in the Southeast.³ Historically, Espírito Santo has had homicide rates of around twice the national average, and in 2011 it posted the country's second highest rate for the fifth consecutive year (Violence Map 2013; State Public Security and Social Defense Department (SESP)).
- 1.3 The panorama of violence is even worse when one considers the trend of the homicide rate among 15-24 year-olds (referred to as youth in this document), who account for the largest proportion of victims.⁴ From 2000 to 2011, the youth homicide rate in Espírito Santo rose by 38%, from 83.9 to 106.3 per 100,000. This is a worrying trend when set against a 1.3% increase in the national average youth homicide rate, which rose from 51.4 per 100,000 in 2000 to 53.5 in 2011, or the 50% reduction in the rate in the Southeast, which fell from 75.5 to 38.0. In Espírito Santo, 90.8% (608) of all youth victims in 2011 were men, and 9.2% (62) were women, the majority Afro-descendants (93%) (Violence Map 2013 and SESP).
- 1.4 In terms of the perception of violence, the first National Survey of Victimization conducted in Brazil (Federal Ministry of Justice (MJ), 2013) shows that 64.9% of the Brazilian population fears becoming a homicide victim; 59.6% have little trust

¹ From 2002 to 2010 GDP growth in Espírito Santo (5.1%) outpaced the rate for Brazil as a whole (4.0%). In 2010, Espírito Santo had the country's sixth largest per capita GDP; and in 2008 it was the seventh highest ranked state in Brazil's HDI ratings at 0.80 (Source: Brazilian Institute of Geography and Statistics (IBGE)).

² Homicide is the indicator most widely used to represent levels of violence, since it constitutes the most serious and publicly visible violent act, and tends to be reflected more accurately in the figures on violent crime. A rate of 30 homicides per 100,000 inhabitants is comparable to the effect caused by a civil war.

³ The Ministry of Health (MS) and SESP show that between 2000 and 2011, the homicide rate in Espírito Santo rose by 3.0%, from 46.8 per 100,000 to 48.2; whereas in Brazil as a whole it rose by 1.5% (from 26.7 to 27.1); and in the Southeast it dropped by 45.6% (from 36.6 to 19.9). The regional rate for Latin America and the Caribbean in 2011 was 26.3.

⁴ The 15-24 year-old age group represents 18% (636,120) of the total population of Espírito Santo (IBGE, 2010).

in the police; and just 58.1% of users of police services in Espírito Santo were satisfied with police performance. The level of under-reporting in Espírito Santo stands at 82%, compared to 80.1% nationally.

- 1.5 **Map of crime, and geographic and population-group concentration.** The urban centers of the Greater Vitória Metropolitan Region (RMGV), along with two outlying municípios, have been the main centers of violent crime (homicide and robbery) and report the highest juvenile violence vulnerability indexes (IVJ-V).⁵ SESP data for the three-year period 2011-2013, show that eight of the state's 78 municípios—six in the RMGV: Cariacica, Guarapari, Serra, Viana, Vila Velha, and Vitória; and two elsewhere in the state: Linhares and São Mateus—display the following characteristics: (i) they jointly accounted for 72.8% of all homicides; (ii) they were the scene of 80.0% of all youth homicides; and (iii) they were home to 55% of the state's total and youth populations. [Optional electronic link 13](#) compares the trends of homicides (number and rate), and the share of the eight municípios in the total number of homicides in the state. In 2013, while the homicide rates for the total and youth population of Espírito Santo were 43.3 and 98.9 per 100,000, respectively, in the eight municípios, the corresponding rates were 56.6 and 144.3.
- 1.6 Other types of crime in Espírito Santo are also concentrated both geographically and by age group. SESP data for 2011-2013 show that the same eight municípios were the scenes of: (i) 75% of all robberies; (ii) 64% of crimes involving the illegal use and possession of drugs; (iii) 72% of drug trafficking crimes; and (iv) 41% of crimes involving the illegal possession of weapons.⁶ Moreover, in the same period, in the eight municípios, young people were identified as responsible for: (i) 89% of robberies in which the perpetrators were identified; (ii) 95% of crimes involving the possession of drugs; (iii) 94% of drug trafficking offenses; and (iv) 93% of crimes involving illegal possession of weapons. Lastly, in 2013, 60% of all young offenders serving socioeducational detention measures in Espírito Santo came from these municípios (338 out of 570, Source: Espírito Santo Socioeducational Service Institute (IASSES)).

B. The problem and its causes

- 1.7 The key problem facing Espírito Santo is the high rate of violent crimes geographically concentrated in eight of its 78 municípios and among 15-24 year-olds, mainly Afro-descendants, given the heavy presence of these communities in

⁵ The IVJ-V index is constructed by weighting indicators of: mortality from homicide, mortality from traffic accidents, attendance at school and work, poverty, and inequality.

⁶ In 2013, Espírito Santo recorded a total of: 19,911 robberies; 4,185 drug-use offenses; 5,551 drug-trafficking offenses, and 4,066 cases of illegal possession of weapons (Source: SESP/GEAC).

the areas in question.⁷ The main factors underlying these high rates of violent crime are:

- 1.8 **Limited police capacity to control and investigate crime.** According to the diagnostic study on the productivity of homicide investigations in Brazil (MJ, 2012), 14.76% of investigations in Espírito Santo (2,384 out of 16,148) were completed and referred by the civil police (PC) to the Public Prosecution Department (MP). Of these, just 15.72% (375) resulted in charges being brought against the alleged perpetrators by the MP. This means that in the four years following the crime in question, of every 10 completed investigations sent to the MP by the PC, only two resulted in charges being brought. Moreover, the homicide rate in 2013 reached a level of 56.6 for the population at large and 81.6 among the Afro-descendant population,⁸ compared to rates of 144.3 for youth generally and 197.3 among Afro-descendent youth; and the reported robbery rate was 834.0. The factors explaining this problem are as follows:
- a. Shortcomings in the collection of evidence, the chain of custody, analysis, and integration of the work of entities participating in the criminal investigation. In Espírito Santo there are fewer than two investigators per 100,000 inhabitants, compared to an average of 5.3 in Brazil as a whole; and most of these (162) do not have specialized training in the required areas: criminology, legal medicine, identification, and laboratory.⁹ There are no instruments and protocols to facilitate the collection, recording, and follow-up of evidence.¹⁰ There are insufficient physical spaces for Technical-Scientific Testing (PTC) services to operate effectively and efficiently. The PTC service is distributed in two buildings that are inadequate and leased from other entities, resulting in risks of accident, manipulation of evidence, and delays in response times (PTC/PC, 2014 and MJ, 2012).
 - b. Lack of unified strategic and operational coordination and planning between the military police (PM), which has 7,917 officers, and the PC (which has 2,045) to operate jointly on the ground. Duplication of effort results in a

⁷ According to the IBGE, in 2013, Afro-descendants represented 60% of the total Espírito Santo population and 65% of young people. The corresponding shares in the eight municípios were 62% and 65%, respectively; and in the urban areas where the program would concentrate its activities, the figures were 70.8% (266,662 out of 376,494) and 73% (51,900 out of 71,008 young people).

⁸ An analysis of the determinants of violence in the program's areas found that violence (measured by the homicide rate) is not explained by the victims' race/color, but by the conditions of socioeconomic vulnerability in which he or she lives. A t-test shows that the hypothesis that the race/color parameter is zero cannot be ruled out (OESOCIAIS, Rosalém et al., 2014).

⁹ Over the last three years, 11,000 weapons have been confiscated; but owing to a lack of trained ballistics experts, only 30% of the necessary ballistics tests were properly conducted in a timely manner. The lack of a ballistics databank restricts investigative capacity. There are also shortcomings in the way the findings are prepared, particularly in relation to crime scene analysis (PC, 2014).

¹⁰ The PTC does not have an integrated system for managing findings that would make it possible to monitor the testing process from the start of a test through to the issuance and submission of the findings (PTC/PC report, 2014).

failure to coordinate joint action in response to the criminal acts being addressed, owing to the lack of standardized operating procedures for collaboration on the ground, or performance appraisal mechanisms that encourage cooperative work and use shared indicators (State Special Strategic Actions Department (SEAE), 2014).

- c. Shortage of trained human resources and a lack of incentives for community policing, focused on problem solving. Although Espírito Santo was one of the first states to implement the community policing model, interactive policing, in 1994: (i) the structure of policing operations on the ground has made it more difficult to implement in full;¹¹ (ii) training courses have not attained the coverage or thematic depth needed to be effective;¹² and (iii) there is resistance to further expansion of the community policing model, mainly owing to the shortage of staff trained in the public security democratization process.¹³ As a result, just 36.8% of victims report robberies to the police (33.7% in the case of Afro-descendants).
 - d. Little community collaboration with police work on the ground. Although 153 Interactive Community Security Councils have been created to support community policing work, just 52 were active in 2010, and of those, only 22 (14%) were meeting on a monthly basis, since the coverage of the community policing program was reduced from 52 to 22 urban centers (Espírito Santo PM: Restructuring of interactive policing, 2012).
- 1.9 **Weak supply of public services to support socially excluded youth vulnerable to violence.** The program's eight beneficiary municípios¹⁴ suffer from a shortage of services and physical spaces for social containment and support for young people's development (sport, culture, recreation, remedial education, and job training courses).¹⁵ Factors that explain the increase in youth crime include the following:
- a. Poor school performance as indicated by high grade failure, dropout, and age-grade distortion rates. Of all 15-24 year-olds, 46% have not completed the basic school cycle. In 2010-2011, age-grade distortion, school failure, and

¹¹ The community policing model has not been fully implemented: (i) sufficient staff was not assigned for communication between the population and the police; (ii) policing actions have not been targeted on solving problems; and (iii) there is no recognition that security should be jointly produced with society.

¹² There are currently only 190 police officers trained for community patrolling, and few of these have an in-depth mastery of many of the skills needed to efficiently implement the community policing model, such as: (i) mechanisms for discussing priority problems with the population; (ii) flexibility in the way the police approach the various community problems to be addressed; (iii) initiatives to gain the population's collaboration; and (iv) proactive and early participation to serve the community.

¹³ Given the limited number of officers, the police have focused on responding rapidly to crime and on using force to maintain law and order, to the detriment of crime prevention (PM, 2012).

¹⁴ The eight municípios display the worst IVJ-V indices, the average of which is 17% above the average for the 283 Brazilian municípios that have over 100,000 inhabitants (MJ, 2010).

¹⁵ The eight municípios obtained a weighting of 4 out of 10 points in the presence of these mechanisms and services (SEAE, 2010).

dropout rates in the middle school cycle for the eight municípios (27.9, 17.6, and 7.9, respectively) were 10%, 22%, and 13% higher than the corresponding statewide rates (25.1, 13.7, and 7.0). In Espírito Santo, young people who drop out of school are more likely to get involved in criminal activities: in 2013, 82% of young offenders attending socioeducational centers in Espírito Santo had not completed the basic school cycle (IASSES 2013).

- b. Low levels of youth employability. In 2011, just 48.7% of all young people in the program's municípios, and only 41.2% of their Afro-descendent youth, were working (IBGE, 2011). The low employability rate is explained by a lack of job skills and low levels of schooling.
- c. Growing use of drugs and alcohol, which, in conjunction with access to firearms, has resulted in a significant rise in the level of violence and crime, since these factors predispose young people towards violent behavior (Phil and Peterson, 1993).¹⁶ Between 2009 and 2013 crimes related to the possession and trafficking of drugs and illegal possession of weapons in the eight municípios grew by 82%, 87%, and 45%, respectively (SESP/GEAC).¹⁷

1.10 **High recidivism rate among adolescent offenders.** The problem is the high rate of recidivism among young offenders: an estimated 48.8% of young people who are discharged from IASSES social rehabilitation centers get sent back there to serve a new term within less than one year. IASSES is responsible for the resocialization of adolescent offenders up to 18 years of age.¹⁸ The factors that explain this problem are:

- a. The IASSES service provision model is limited with poorly diversified supply, and a high unit cost (R\$3,234.04, equivalent to five times the monthly minimum wage). In particular: (i) the content of the services provided by IASSES does not take account of the causes of the young person's detention and his/her specific treatment needs, particularly if he or she is alcohol and/or drug dependent;¹⁹ (ii) there is a shortage of trained socioeducators, because

¹⁶ The evidence suggests that when two or more of such risk factors coincide, the chances of crime increase substantially (H. Grants, John Jay College, 2013). There is a positive correlation between the incidence of alcoholism and the homicide rate (Londoño, 1996). A compilation of five studies on homicides showed that between 47% and 68% of the perpetrators had consumed alcoholic beverages and other chemical substances (Pernanen, 1995). It has been shown that the possession of a firearm increases the risk of death by 2.7 times (Kellerman et al., 1993).

¹⁷ In 2012, young people were responsible for 96% of crimes involving the illegal possession of weapons (1,018 out of 1,056).

¹⁸ According to the MJ, in 2011 Espírito Santo had the fourth-largest proportion of adolescents serving detention (150.2 internees per 100,000 young people of 12 to 18 years of age, compared to an average of 92.4 among all Brazilian states). In 2013, IASSES dealt with 993 young people, of whom 4% were women and 96% men. In 2013, 94% of young people entering the system were Afro-descendants, and 6% were white.

¹⁹ In 2013, the distribution of offenses committed by young people was: robbery 35%; drug trafficking 27%; homicide 7%; and possession of weapons 7%.

they are hired on a temporary hiring basis and have a high turnover rate;²⁰ (iii) individual treatment plans (PIAs) for each young offender are similar and do not take account of their cognitive and assimilation capacities; (iv) job training activities are limited and offer few employment opportunities; (v) weak links are maintained with the families of the young people detained, and coordination with local networks and the labor market to facilitate their social rehabilitation is fragile; and (vi) IASES units do not have mechanisms to guarantee safety, either of the detainees or of the staff.

- b. Inadequate services to support the social rehabilitation of young people discharged from the socioeducational centers. IASES has 14 service units: six for internment, five for provisional internment, and three operating under a semi-free regime. None of these units monitors the young people discharged (200 individuals per year), which makes their family, social, educational, and productive rehabilitation more difficult, and makes them vulnerable to renewed involvement in criminal practices.

- 1.11 In response to this situation, in 2011 the state government, through the SEAE, launched a comprehensive plan entitled “Estado Presente” [The State at Your Side], the aim of which is to reduce the state’s homicide rate to the 2000-2011 national average (27.0) by late 2018. The plan has two pillars of intervention—police protection and social protection—and includes investments in security, health, education, professional training, urban development, sport, culture, and justice services (Strategy to Confront Lethal Violence). The program with the Bank is part of the plan and represents 23% of the total amount of US\$300 million. Since 2011, the plan has succeeded in lowering the Espírito Santo homicide rate by 10% (from 48.2 per 100,000 in 2011 to 43.3 in 2013).

C. Rationale and intervention strategy

- 1.12 **Intervention strategy.** The program will address the factors that contribute to the high rates of violent crime prevailing in Espírito Santo, and the institutional aspects that could improve the effectiveness and intervention capacity of agencies responsible for public security in the state, on a comprehensive basis.²¹ The program includes interventions that have proven successful in other regions of

²⁰ Personnel shortages are as follows: 18 psychologists, 16 social assistants, 12 teachers, and 590 agents. In 2013, the government developed a career structure for 938 employees and launched a competitive process to meet these requirements in the period 2015-2019.

²¹ The program’s [Vertical logic matrix](#) shows the correspondence between problems, causal factors, and program objectives and components. The [Empirical Evidence Matrix](#) contains impact estimates.

Brazil, founded on three pillars:²² (i) police effectiveness in preventing, controlling, and dissuading crime; (ii) early social prevention of violence for young people living in socially vulnerable conditions; and (iii) the social rehabilitation of adolescent offenders.

- 1.13 Actions in the first pillar are premised on the state government's conviction that to achieve results in controlling and dissuading crime, a new citizen security management paradigm is needed, moving from a rigid command and control culture to a modern culture of results-based management that is transparent and has broad citizen participation. Espírito Santo has promoted closer relations and coordination between police forces by reorganizing the territorial boundaries within which they operate in clusters of neighborhoods with social conditions that make them vulnerable to violence. As the progress made with this new management model needs to be consolidated, support will be given to: (i) development of a results-based planning and integrated citizen security management model;²³ (ii) implementation of a community policing model to improve services for citizens on the ground;²⁴ (iii) strengthening of work processes in technical-scientific testing to support criminal investigation;²⁵ and (iv) promotion of citizen participation in local public security management, by creating and strengthening *Fóruns Comunitários de Segurança* [Community Security Forums] (FOCIS) to make it possible to coordinate community policing tasks with the citizenship centers (CCs).

²² The design of this program drew on lessons learned and best practices identified in programs implemented in other Brazilian cities: (i) the “*Fica Vivo*” [Stay alive] program implemented in Belo Horizonte, using a comprehensive approach, included community policing activities and the provision of culture, sport, and leisure services for young people. According to the program's quasi-experimental evaluation, its attributable impact included a 69% reduction in the number of homicides (Beato Filho CC. “Impact of Staying Alive Program in a community in BH.” *Rev. Salud Pública*. 2010; 44(3)); (ii) the experience in Guayubiras, city of Canoas (Rio Grande do Sul) as a territory of peace/ National Public Security with Citizenship Program (PRONASCI), which applied a comprehensive approach that included youth services in community centers, similar to those envisaged in this program, and brought about an 86% reduction in youth homicide rates from 2009 to 2011 (Canoas Public Security Observatory, September 2011); and (iii) the Diadema security program, an experience selected in the good practices contest sponsored by Dubai in 2006 (<http://habitat.aq.upm.es/bpal/onu06/bp1310.html>), which included the same community policing model as proposed for Espírito Santo, integrating the work of the PM and PC in the community areas. This achieved an 85% reduction in homicides among 16-20 year-olds, and a 44% reduction in the number of adolescents in juvenile detention centers between 2001 and 2005. The experiences mentioned are relevant to this program because they involve the same socioeconomic context, including the proportion of young Afro-descendants and levels of vulnerability to violence, as measured by poverty and education levels.

²³ Empirical evidence shows that policing is more effective when: (i) interventions are planned and targeted on areas where crime is concentrated (Sherman, L. and Rogan D., 1995, and Weisburd, 2012).

²⁴ Empirical evidence shows that policing is more effective when it is closer to the community and targeted on resolving problems (Herman Goldstein 2001-2012 and Araya, 2011).

²⁵ Empirical evidence shows that policing is more effective when best practices in criminal investigation processes and technological modernization of police work are applied simultaneously (Garicao, L. & Heato, 2010). The use of tools such as “Predictive Policing” helped reduce crime in the city of Los Angeles by 13% after four months of implementation (<http://www.predpol.com/results/>).

- 1.14 The second pillar aims to expand and improve the supply of public services for the early social prevention of violence among young people living in vulnerable conditions. Support will be provided for second-tier actions to reduce young people's exposure to risky circumstances and behaviors, generating opportunities for them to use their time productively.²⁶ The program includes: (i) financing for activities to make it possible to set up a network of 15 CCs, which will provide youth violence prevention services in the eight municípios;²⁷ and (ii) the strengthening of information services and referrals for assistance to alcohol- and drug-dependent persons.
- 1.15 The CCs will be youth-friendly community-based public spaces offering: (i) activities targeting the education system to help persuade young people to stay in school, and accelerated courses to complete the basic education cycle for those who are outside the school system;²⁸ (ii) sport, culture, and recreation, strengthening the promotion of citizen coexistence, conflict resolution, and other sociocognitive skills; (iii) civic training, stressing gender equality, diversity, nonviolent communication, ethnic and racial identity, responsible maternity and paternity, and community service; and (iv) employability, connecting young people to the Youth Apprentice Program. The young people participating in the CCs will be recruited by feeder systems.²⁹ Youth training and labor market integration activities will be developed in conjunction with the private sector.

²⁶ The program will replicate successful experiences in implementing a range of socioeducational services targeting young people and their family context, with interagency collaboration that has proven its effectiveness: (i) in Jamaica and the United States, strengthening of socioemotional skills among young people (Guerra, Meeks-Gardner, and Walker; and Botvin, 1995); and (ii) in Brazil, the *Fica Vivo* program mentioned above. This program also seeks replicate successful training experiences among young people and their labor market integration: (i) in the United States, youth training programs, experimental evaluation by Schochet, Burghardt, and McConnell, 2008; and the Job Corps program, which reduced delinquency, cut the unemployment rate by 16%, and raised income by 12%; and (ii) Sergio Urzúa and Esteban Puentes, IDB, SCL-LMK, December 2010, which concludes that private-sector participation is a crucial element in improving such programs' success.

²⁷ The following criteria were used to select the municípios: presence of high rates of youth violence, homicide and robbery; preponderance of a structure of single-parent households; and local areas offering potential for activities in crosscutting networks of state departments and municipal networks. The program will reach 93 neighborhoods corresponding to 14 clusters in the eight municípios.

²⁸ The acceleration courses being proposed in the program follow the recommendations made in the evaluation performed by Wendy Cunningham, et al., World Bank, 2008, to implement remedial education in flexible schedules appropriate for the needs of at-risk youth. Those authors conclude that receiving this school certification is essential for entering the labor force. The study by Heloisa Luck and Marta Parente, entitled *Using Accelerated Learning to Correct Student Flows: The case of Paraná*, concludes that these acceleration programs are effective in reducing the age-series distortion, decreasing school dropout rates, and re-engaging students with the formal education system.

²⁹ The beneficiary selection criteria are high levels of social vulnerability with a focus on young people who have not completed basic education, including those at risk of dropping out of school; young people discharged from IASES centers; those fulfilling socioeducational terms under free and semi-free regimes; those referred by public schools and youth social service networks in the local area or by the municípios.

- 1.16 The program's third pillar will strengthen the system of social rehabilitation for adolescent offenders (tertiary prevention) to enable them to reintegrate into their nuclear family and community with expanded life choices and a lower chance of recidivism. Support will be provided for the improvements that Espírito Santo is implementing in IASES, and the coverage and quality of the services provided by the service units will be enhanced. The program will make it possible to: (a) improve the performance of IASES with new results-based management tools, in addition to a continuous training plan for staff and a new service model tailored to the needs of each adolescent;³⁰ (b) improve procedures and strengthen the security of both the adolescents and the socioeducators;³¹ (c) create a follow-up service for young people discharged from IASES; and (d) involve the private sector in youth job training.
- 1.17 As the program will be supporting community policing activities in accordance with the Bank's Operational Guidelines for Program Design and Execution in the Area of Civic Coexistence and Public Safety (document GN-2535-1), mechanisms for citizen control and internal oversight of the PM have been incorporated from the outset of program design and will be maintained during its execution. The executing agency is expected to sign a cooperation agreement with the United Nations Office on Drugs and Crime (UNODC) using program funds, to strengthen the internal control capacities of the state police service, and thus ensure that police performance abides by legal precepts, standards, and procedures of conduct. In addition, the strengthening of the FOCIS will allow for social oversight of police performance in the communities, with periodic recommendations reflected in monthly minutes.

³⁰ The program will implement theoretical and empirical findings that suggest the effectiveness of preparing specific "assessment" strategies for dealing with the young offender, including the development of tools appropriate for the type of offense in question, and management of the security of young offenders in various detention centers. Robert D. Hoge, Ph.D., Nancy G. Guerra, Paul Boxer, *Treating the Juvenile Offender*, New York: 2008. IASES will organize its range of services taking the following into account: (i) the risk of recidivism; (ii) the characteristics of the origin of the crime committed; and (iii) the young person's learning potential. Quasi-experimental tests on the methodology for treating the cognitive-conduct behavior 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). In Europe, 32 programs providing individual psychological support for young people reduced recidivism rates by 12% (Redondo, Sánchez-M., and Garrido, 1999).

³¹ The Bank will target its support on improving social rehabilitation services, by ensuring that the centers' internal control and management systems are strong and regularly scrutinized by the MP, pursuant to the law; and it will also finance the implementation of video monitoring in IASES units.

- 1.18 **Synergy with the private sector.** The private sector is expected to participate in IASES units to contribute to job training and in the CCs, with sport and job training activities.³²
- 1.19 **Alignment.** The Country Strategy with Brazil 2012-2014 (document GN-2662-1) includes the objective of promoting the development of sustainable cities, by prioritizing actions to address the growing problem of violence and insecurity in the country. The program responds to this mandate and is also consistent with the Bank's lending program priority of poverty reduction and equity enhancement defined in the Report on the Ninth General Increase in the Resources of the Inter-American Development Bank (GCI-9) (document AB-2764). Its interventions in the eight municípios will also contribute to the regional targets for: (i) the proportion of 15-19 year-olds who complete ninth grade; (ii) the proportion of formal jobs in total employment; and (iii) the number of homicides per 100,000 inhabitants.
- 1.20 **The Bank's interventions and lessons learned.** The design of the program has taken account of the operational guidelines (document GN-2535-1), the sector conceptual framework, lessons learned from the Bank's decade of work in the region, and the most recent thematic evaluation by the Office of Evaluation and Oversight (OVE) in January 2014. Specifically: (i) to include effective coordination mechanisms, since addressing the multifaceted and heterogeneous phenomenon of violence requires multiple time-limited and thematic interventions (paragraphs 3.1 and 3.2); (ii) to include activities to modernize the police force, turning it into an efficient institution that provides better service to its community, close to citizens and subject to public scrutiny (paragraph 1.22 (ii) and (v)); (iii) to develop information systems that deploy preventive police actions coordinated with the public services network (paragraph 1.22 (i)); (iv) to target the interventions (paragraphs 1.7 and 1.12); and (v) to apply a simplified execution plan (paragraph 3.1).

D. Objectives and components

- 1.21 The program's general objective is to help reduce the high rates of violent crime (homicides and robberies) prevailing in eight municípios of Espírito Santo.³³ Its specific objectives are to: (i) improve the effectiveness of the PC and PM in controlling and investigating violent crime; (ii) increase social inclusion opportunities with a focus on 15-24 year-olds prone to violence; and (iii) reduce

³² In line of the Bank's previous experiences, in the case of Rio de Janeiro, it is estimated that firms contribute US\$1 million per center, which represents supplementary funding, since the program outcome does not depend on such contributions. The design of the program took account of the promising experiences of the Multilateral Investment Fund (MIF) identified in the 2013 OVE evaluation report on young people's integration into the job market: (i) early work experience serves as motivation for engaging in the youth labor market; and (ii) ensuring that sustainability mechanisms are provided for. Support for evaluating the labor component is being coordinated with the MIF.

³³ The municípios are: Cariacica, Guarapari, Linhares, São Mateus, Serra, Viana, Vila Velha, and Vitória. They were chosen for their high rates of violent crime and youth vulnerability to violence.

recidivism rates among juvenile offenders. The program includes three components.

- 1.22 **Component 1. More effective policing for the prevention, control, and investigation of crime (US\$28.0 million).**³⁴ The objective of this component is to improve the institutional and operating capacity of security agencies (SESP, PM, PC, and PTC) by: (i) implementing an integrated results-based public security planning and management model, including the modernization of information technologies on crime, and support for crime analysis and investigation; (ii) training and awareness raising among police officers for managing and preventing conflicts and forging relations with the community, particularly the youth population;³⁵ (iii) forming 14 community policing units (NPCs);³⁶ (iv) building a center to accommodate the state's PTC; (v) creating and/or strengthening 14 FOCIS;³⁷ and (vi) verifying the adequate functioning of internal and social controls for the police in the project areas and training the human resources and training the human resources of the public security institutions' correctional bodies.
- 1.23 **Component 2. Social prevention of youth violence (US\$28.0 million).**³⁸ This component aims to prevent criminal activity among young people and improve their social integration opportunities, by: (i) setting up a network of juvenile violence prevention services, involving the construction, equipping, and operation of the citizenship center (CC) in Terra Vermelha and the implementation of another 14 CCs to be run by civil society organizations. These will provide services relating to sports, culture, recreation, dispute resolution methods, promotion of a culture of peace, work training, and remedial education;³⁹ (ii) expanding the coverage of services provided by the CAPS-AD; (iii) increasing the supply of, and opportunities

³⁴ Empirical evidence shows that policing is more effective when: (i) interventions are planned and targeted on areas where crime is concentrated (Sherman, L. and Rogan, D., 1995 and Weisburd, 2012); (ii) community policing is implemented with a view to resolving problems (Herman Goldstein, 2001-2012 and Araya, 2011); and (iii) best practices in criminal investigation processes and technological modernization of police work are applied simultaneously (Garicao, L. and Heato, 2010).

³⁵ Community policing courses will include content on racial/ethnic awareness for PM officers in order to reach those who will be engaged in community policing actions, ensuring that their skills include adequate modalities for relating with youth and Afro-descendent populations.

³⁶ Each community policing unit (NPC) will have: PM officers, patrols, mobile posts, motorcycles, bicycles, and communication equipment to implement the community policing model (565 police officers and 843 items of equipment/property).

³⁷ The objective of the FOCIS will be to prioritize the demands for police security services, identifying local priorities; and they will operate as a mechanism for monitoring the extent to which the PM is meeting demands for better services, through their monthly records (minutes).

³⁸ Empirical evidence shows that levels of youth violence and crime can be reduced by creating opportunities for young people to use their time productively: (i) Chile, lengthening of school hours (Kruger and Berhelon, 2010); (ii) United States, youth training (Schochet, Burghardt, and McConnell, 2008); and (iii) Jamaica and United States, strengthening young people's socioemotional skills (Guerra, M. Gardner, and Walker; and Botvin, 1995).

³⁹ The accelerated education model enables young people to complete the basic cycle in a year and a half and will be executed by the State Education Department.

for, youth training and labor market integration in conjunction with the private sector, taking gender and racial context into account; and (iv) implementing actions targeting the education system to encourage young people to stay in school and complete the basic and middle school cycles.⁴⁰

- 1.24 **Component 3. Modernization of the social rehabilitation process (US\$10.6 million).** The objective of this component is to reduce criminal recidivism among young people by: (i) improving the supply of services for detained adolescents,⁴¹ including: (a) modernization of the system for management, monitoring, and performance assessment of the IASES centers; (b) implementing a video-monitoring system; (c) implementing a continuous training plan for IASES staff; and (d) implementing a service model adapted to the characteristics of the offense committed and the physical and cognitive capacity of the young person in question, with the following services: accelerated and literacy school activities; work training; sports, culture, recreation, conflict resolution methods, and promotion of a culture of peace; and (ii) a system to support the rehabilitation of young people discharged from the centers (implementation of a social inclusion and assistance center).
- 1.25 The program's management and administration costs (US\$3.4 million) will include: (i) consulting services to support the program management unit (PMU) staff; (ii) seminars on best practices for management; (iii) a monitoring and evaluation system; and (iv) a communication and dissemination strategy.

E. Key results indicators

- 1.26 **Results.** The program will be evaluated in terms of the change in crime in the beneficiary communities, measured by indicators such as: (i) the homicide and robbery rates; (ii) indicators of police effectiveness (percentage of homicides and robberies solved and percentage of investigations that lead to charges being brought); (iii) indicator for social prevention (proportion of FOCIS recommendations implemented by the PM); (iv) indicators for the CCs (proportion of young people completing basic education; proportion of young people with some work experience); and (v) IASES re-entry rate (young people who are sent back to IASES centers within one year of being discharged) (see Annex II).

⁴⁰ The program will finance the expansion of the parental coordinators program implemented in Espírito Santo with promising results and assistance from the ITAU Social Foundation, which finances social assistants who operate in public schools and coordinate the family, the student, and teachers. The program was implemented in 33 public schools in 2013 and has obtained the following results: (i) a 61% increase in school attendance; (ii) a 67% improvement in school performance; and (iii) a 58% improvement in behavior.

⁴¹ Youth recidivism rates can be reduced through treatment that targets psychocognitive skills (Lipsey, M., Landenberger, N.A., Wilson, S.J., 2007). In Europe, 32 individual psychological assistance programs reduced recidivism by 12% (Redondo, Sánchez, and Garrido, 1999).

F. Economic assessment

- 1.27 **Cost-benefit evaluation.** This analysis estimated the social benefits of the project in terms of the average number of crimes prevented per beneficiary in the program's eight municipios, thanks to increased crime control and investigation capacities, better social prevention capacity, and improved rehabilitation and social reintegration practices for young offenders. The ex ante evaluation of the benefits suggests a positive net present value of US\$347.0 million (considering the total investment program of US\$70.0 million), thereby making the project viable. The internal rate of return (IRR) is 188% over five years, which is above the 12% discount rate (the project's opportunity cost); and it is 196% over 10 years, again confirming the project's viability. A sensitivity analysis was performed for each of the three components individually, using even more conservative assumptions, and the IRR is still above 12%. The program displays a very positive cash flow, calculated under a conservative scenario, within the 10 years following the initial investment in 2014. The estimated benefit-cost ratio is roughly 3.14, which means a return (savings generated by the reduction of crime and violence) of US\$3.14 on every dollar invested.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Costs and financing

- 2.1 The total cost of the program is US\$70.0 million, of which US\$56.0 million will be financed from the Bank's Ordinary Capital and US\$14.0 million from the local contribution. The consolidated budget is shown in Table II-1 (see the itemized budget in [optional link 4](#)).

Table II-1: Program Cost (US\$ million)

| COMPONENT | IDB | LOCAL | TOTAL | % |
|--|-------------|-------------|-------------|------------|
| 1. More effective policing for the prevention, control, and investigation of crime | 20.6 | 7.4 | 28.0 | 40.0 |
| 2. Social prevention of youth violence | 25.0 | 3.0 | 28.0 | 40.0 |
| 3. Modernization of the social rehabilitation process | 7.0 | 3.6 | 10.6 | 15.1 |
| Program administration, monitoring, and evaluation | 3.4 | - | 3.4 | 4.9 |
| TOTAL | 56.0 | 14.0 | 70.0 | 100 |

B. Environmental and social safeguard risks

- 2.2 The program was classified as a category "B" operation, according to the Bank's Environment and Safeguards Compliance Policy (Operational Policy OP-703). The recommendations and fulfillment of the environmental and social safeguard guidelines were taken into account in the [Environmental and Social Management Report](#) (ESMR) and the [Environmental and Social Management Plan](#) (ESMP). As indicated in those two documents, the operation's potential recurrent environmental

impacts will be of low intensity, localized, short-lived, and limited to the works' execution phase, since this involves small-scale construction works in urban areas which are easy to control and mitigate through specific work procedures. The program will generate positive social impacts by directly benefiting communities in the eight municipios (376,494 people) and young people (54,290) subject to high levels of socioeconomic vulnerability.

C. Fiduciary and development risks

- 2.3 Fiduciary risk was analyzed using the Institutional Capacity Assessment System (ICAS) methodology. The program has a medium risk level. It was found that the executing agency will need to provide training for the PMU team in the Bank's procurement procedures and policies, and set up a special bidding committee (SBC) to expedite procurement processes. The risk management workshop also identified nine risks. Of these, one was rated "high" and eight "medium." The high risk relates to a potential lack of control over police actions in the program's areas. The mitigating measures identified include the signing of an agreement between the executing agency and the UNODC, to certify adequate police performance and the implementation of FOCIS to supervise police action. Reputation risk was also evaluated and considered mitigable (paragraph 1.14); see [optional link 5](#) and [optional link 8](#).

III. IMPLEMENTATION AND PLAN OF ACTION

A. Borrower and executing agency

- 3.1 The executing agency will be the State Office of Internal Affairs (SEG), which will set up a PMU that will be responsible with the Bank for the preparation, management, and monitoring of the program's actions. The SEAE will be responsible for the operation's institutional and technical coordination, operating from within the SEG structure.⁴² The PMU will be created through a specific regulatory instrument and will be made up of a multidisciplinary team, under the coordination of the SEAE.⁴³ An SBC will be set up within the administrative structure of the SEG. **Evidence that the PMU has been set up within the SEG and its staff appointed, and that the SBC has been created, will be conditions precedent to the first disbursement.**
- 3.2 Given the program's crosscutting nature, the PMU will receive support and commitment from the participating organizations, to ensure the sustainability of the investments and works maintenance and operation expenses (State Departments of

⁴² The SEAE, created in 2011, coordinates the actions and results of the "*Estado Presente*" program, in order to reduce indicators of crime and consolidate results-based participatory governance.

⁴³ The PMU will consist of: (i) a general coordinator; (ii) a technical coordination unit with three subcoordination units; (iii) an administration and financial management coordination unit with two subcoordination units: one for financial management and another for planning, monitoring, and evaluation; and (iv) a procurement coordination unit with a subcoordination unit for purchasing and contract management.

Health, Education, Public Security and Social Defense, the Espírito Santo Public Works Institute, and IASES). **The signing and publication in the Official Gazette of the cooperation agreements between the executing agency and the state entities participating in the program will be a condition precedent to the first disbursement.**

- 3.3 **Program Operating Regulations.** The program's Operating Regulations will contain details of its execution arrangements and interagency coordination mechanisms, specifying functions and responsibilities. **The entry into effect of the Operating Regulations by the executing agency, with the Bank's prior no objection, will be a condition precedent to the first disbursement.**
- 3.4 **Program execution plan (PEP).** The implementation of the program's activities will be programmed through the PEP and their annual review, as detailed in the respective annual work plans (AWPs). The [PEP](#) contains details equivalent to the AWP for each year of execution.
- 3.5 **Retroactive financing and recognition of expenditures.** Eligible expenditures incurred before the loan approval date can be financed retroactively and recognized as a charge against the loan for up to US\$5 million (9%), and as a charge against local contribution for up to US\$2.8 million (20%) to cover payments for consulting services to prepare detailed designs of the works and systems development, provided they have fulfilled requirements substantially analogous to those established in the loan contract. Such expenditures will have been incurred on or after 1 November 2013, the project profile approval date, but in no case more than 18 months prior to the loan approval date.
- 3.6 **Fiduciary agreements and requirements.** The fiduciary agreements and requirements reflect the guidelines on financial management and procurement execution that will be applied for program execution. The agreements have been based on the analysis of the fiduciary context of the country and executing agency (Annex III).
- 3.7 **Procurement plan.** The program's [procurement plan](#) will be undertaken in accordance with the policies set forth in documents GN-2349-9 and GN-2350-9 and will specify: (i) the contracts for works, goods, and consulting services required for 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 provides for direct contracting of the UNODC throughout the execution period for an amount of up to US\$250,000, for the purpose of strengthening the internal and social control mechanisms for the police service (document GN-2350-9, paragraph 3.10 d.).⁴⁴

⁴⁴ The UNODC is recognized internationally for its work in combating drugs and crime. Direct contracting of this agency is justified by its experience, which will be extremely valuable for strengthening the internal control mechanisms in police institutions. <http://www.unodc.org/southerncone/>. The UNODC is already working with the Bank in another program (operation BR-L1331; loan 3137/OC-BR).

- 3.8 **Special execution conditions:** (i) Before contracting the works to be undertaken as part of the program (Integrated PTC center; CC and CAPS-AD): (a) evidence will be provided of legal possession of the land, and the ESMPs will be submitted to the Bank; and (b) cooperation agreements with the municípios of Vila Velha, Cariacica, and Guarapari will have entered into force; (ii) the 565 police officers operating in the 14 community policing units will have been assigned, prior to purchasing the logistical support equipment needed to implement those units; and (iii) within six months after signing the loan contract, the state will provide evidence of having implemented the program's financial system.
- 3.9 **External audit.** Annual financial statements will be filed, having been audited by the Bank-certified State Audit Office (Tribunal de Contas do Estado) and/or by a firm of independent auditors.
- 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 to monitor the program,: (i) the Results Matrix; (ii) the [PEP](#); (iii) the [Monitoring and evaluation plan](#) (MEP); (iv) the [Procurement plan](#); (v) the [ESMR](#); (vi) the [Itemized budget](#); (vii) the risk management matrix ; (viii) the disbursement plan ; and (ix) the progress monitoring report (PMR).
- 3.11 **Evaluation.** The Results Matrix and the MEP will be used to evaluate the program, and four evaluations and two surveys will be conducted: (i) an evaluation of the program's impact on youth involvement in violent crime; (ii) an evaluation of the impact of the prevention components; (iii) a "before and after" evaluation of the effectiveness of community policing; (iv) an ex post economic evaluation of the program using the same methodology employed in the ex ante evaluation (cost-benefit); and (v) two victimization surveys, one at the start and the other at the end of the program.

| 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 | i) Share of youth ages 15 to 19 who complete ninth grade, ii) Share of formal employment in total employment, and iii) Homicides per 100,000 inhabitants. | | |
| Bank Output Contribution (as defined in Results Framework of IDB-9) | i) Individuals receiving targeted anti-poverty programs (Afro-descendants), ii) Cities benefited with citizen security projects. | | |
| 2. Country Strategy Development Objectives | Aligned | | |
| Country Strategy Results Matrix | GN-2662-1 | Reduce levels of violence and criminality among the youth population (15 to 24 years of age), guaranteeing individual rights and freedoms. | |
| 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 |
| | 9.5 | | 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 | 9.0 | 33.33% | 10 |
| 5.1 Monitoring Mechanisms | 1.5 | | |
| 5.2 Evaluation Plan | 7.5 | | |
| 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: External Control. Procurement: Contracting individual consultant. | |
| Non-Fiduciary | | | |
| The IDB's involvement promotes improvements of the intended beneficiaries and/or public sector entity in the following dimensions: | | | |
| Gender Equality | | | |
| Labor | Yes | The program seeks to create formal first job opportunities for youth at risk due to violence, and also to create job opportunities for youth in detention centers. | |
| 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 program proposes two impact evaluations. One of them assesses the community policing component that incorporates the participation of the community and relevant stakeholders to identify priority areas for action, as well as to monitor and evaluate police performance in territories under a model of policing oriented to problem solving. For the other evaluation, as part of the effort to provide job opportunities in the private sector for youth at risk, the project proposes to conduct a randomized experiment by providing internships in industrial centers. | |

The main problems contributing to the situation of high rate of violent crimes (homicides and robberies) in the context of the 8 municipalities of Espirito Santo are identified. The determinants of the main problems are identified and quantified. However, the POD does not clearly quantify how much of the main problems can be explained by the determinants of the problems identified. The project's vertical logic is clear and well specified. The project presents adequate evidence of internal and external validity of the proposed solutions.

While the Results Matrix included in the POD contains all the required elements for the monitoring of the project, some of the outputs included in the Results Matrix Annex cannot be clearly identified in the Annex of Detailed Cost Estimates.

The program includes a satisfactory monitoring and evaluation plan. The project has identified and adequately addressed the M&E and data availability requirements for project monitoring. The program proposes two impact evaluations: a) an evaluation of the community policing component; and b) a randomized experiment of the provision of "Internships in Industrial Centers", as part of the effort to provide job opportunities for youth at risk in the private sector.

The Program's overall risk rating is Medium. Of the nine risks identified, one was classified as High: the lack of control of law enforcement personnel in the territories of the program. Mitigation measures were identified with appropriate monitoring indicators.

RESULTS MATRIX

Project Objective: The program's general objective is to help reduce the high rates of violent crime (homicides and robberies) in eight municípios of Espírito Santo. Its specific objectives are to: (i) improve the effectiveness of the civil police (PC) and military police (PM) in controlling and investigating violent crime; (ii) increase social inclusion opportunities with a focus on 15-24 year-olds prone to violence; and (iii) reduce recidivism rates among juvenile offenders.

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: Help reduce rates of violent crime (homicides and robberies) in eight municípios of Espírito Santo. | | | | | | | | | | | | | |
| 1. Homicides in the eight municípios. | Rate per 100,000 inhabitants | 56.6 | 2013 | | | | 2016 | | | 35.6 | 2018 | State Special Strategic Actions Department (SEAE) State Public Security and Social Defense Department (SESP) | The rate is calculated on the basis of 1,122 homicides in a total population of 1,982,105. The rates projection for 2018 takes account of the declining trend observed over three years and assumes a conservative impact of 20%, given the proposed intervention and the results achieved in other programs: the attributable impact of the <i>Fica Vivo</i> [Stay Alive] program was a 69% reduction in the number of homicides. |
| 2. Homicides among Afro-descendants (<i>pardos</i> and <i>pretos</i> per the Brazilian census) in the eight municípios. | Rate per 100,000 inhabitants | 81.7 | 2013 | | | | 2016 | | | 47.0 | 2018 | SEAE SESP | In 2013, there were 1,228,905 Afro-descendants, of whom 1,004 were homicide victims. The rates projection for 2018 takes account of the declining trend observed over three years and assumes a conservative impact of 20%, given the proposed intervention and the results achieved with the evidence identified for indicator 1. |
| 3. Robberies in the eight municípios. | Rate per 100,000 inhabitants | 834.0 | 2013 | | | | 2016 | | | 668.0 | 2018 | SEAE SESP | The number of robberies reported in 2013 was 16,525 in a population of 1,982,105. The rate reduction target is 20%, based on the community policing and prevention programs. The IGESP integrated public security management program has contributed to a 24% drop in property crimes, thereby regaining the rate recorded in 2011. |

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 | | |
| Specific objective 1: Enhance the effectiveness of the PC and the PM in controlling and investigating violent crime in eight Espírito Santo municípios. | | | | | | | | | | | | | |
| R.1.1 Homicides among young people of 15-24 years of age in the eight municípios. | Rate per 100,000 inhabitants | 144.2 | 2013 | | | | 2017 | | | 97.1 | 2019 | SEAE SESP | The rate was calculated on the basis of 514 homicides in a total population of 356,210. The rates projection for 2018 takes account of the downward trend observed over three years and assumes a conservative impact of 30%, given the interventions proposed and the results achieved in other programs: <i>Fica Vivo</i> obtained a 69% reduction in the number of homicides; the <i>Diadema</i> program generated an 85% reduction in homicides among young people of 16-20 years of age. |
| R.1.2 Homicides among Afro-descendent youth of 15-24 years of age in the eight municípios. | Rate per 100,000 inhabitants | 197.3 | | | | | | | | 120.6 | 2019 | SEAE SESP | In 2013, there were 231,536 Afro-descendants of 15-24 years of age. Of these, 472 were homicide victims. The rates projection for 2018 takes account of the downward trend observed over three years and assumes a conservative impact of 30%, given the proposed interventions and results achieved in other programs: <i>Fica Vivo</i> and <i>Diadema</i> . |
| R.1.3 Homicides in Espírito Santo successfully investigated within one year and sent to the Public Prosecution Department (MP). | Percentage | 46 | 2012 | | | | 2017 | | | 66 | 2019 | SEAE SESP | In 2012, a total of 1,474 homicides were recorded, of which 675 were solved and referred to the MP. The proposed target is consistent with the performance of the civil police (PC) in fulfilling the objectives of federal program target 2 (solving 55% of open crimes committed before 2008) and with other international programs: Garicao, L. & Heaton, P (2010), whose impact in resolving crimes against property and violent crimes was 2.31% and 9.36%, respectively. |

| | | | | | | | | | | | | | |
|--|------------|-----|------|--|--|--|------|--|--|------|------|--------------|---|
| R.1.4. Homicides in Espírito Santo referred by the police to the MP with charges brought. | Percentage | 2.2 | 2013 | | | | 2017 | | | 8.0 | 2019 | SEAE SESP | A total of 80 charges were brought in relation to 3,610 investigations in the period 2008-2009. The target is two percentage points above the Brazilian average, given the improvement in the quality of the investigations. This target is consistent with the PC's performance in fulfilling the objectives of federal program target 2 (bringing charges in 6% of unresolved crimes committed before 2008) and with the evidence of indicator R.1.3. |
| R.1.5 Reported robberies in the eight municípios in which the perpetrator is identified within one year and sent to the MP | Percentage | 4.3 | 2012 | | | | 2017 | | | 11.1 | 2019 | SEAE SESP | In 2012, of the 15,016 robberies recorded, the perpetrators were identified in just 648. The target takes account of the rising trend observed in the last two years, of 2.8% between 2010 and 2012, which would lead to a target of 10% in 2019, and assumes an additional conservative impact of 10%, given the proposed interventions and the results achieved in other programs, Tuffin et al. (2006), which reduced crime by 4%. |
| Specific objective 2: Increase social inclusion opportunities with a focus on 15-24 year-olds prone to violence. | | | | | | | | | | | | | |
| R.2.1 Young people of 15-20 years of age attending the middle school cycle in the previous year who dropped out of school in the eight municípios. | Rate | 7.9 | 2011 | | | | 2017 | | | 5.7 | 2019 | SEAE | The middle school dropout rate in the period 2005-2012 fell by 3.5 percentage points (p.p.), or by 0.5% per year. This trend suggests that in 2019 the dropout rate will reach the level of 5.9%. The projection took account of the marginal impact of a 0.2 reduction as a result of the program, which is consistent with international evidence (DuBois et al., 2002) that suggests an impact of 0.18 on the outcome variable. |
| R.2.2 Young people of 15-24 years of age without the basic school cycle completed in the eight municípios. | Rate | 46 | 2011 | | | | 2017 | | | 39 | 2019 | SEAE | In 2011 there were 160,920 out of 345,327 young people of 15-24 years of age, who had not completed the basic school cycle. The program will assist 23,179 of this universe in the municípios. |

| | | | | | | | | | | | | | |
|---|------------|------|------|--|--|--|------|--|--|------|------|----------------|--|
| R.2.3 Young people of 15-24 years of age in the eight municípios who are working. | Percentage | 48.7 | 2011 | | | | 2017 | | | 64 | 2019 | SEAE | Of the 160,920 young people without the basic school cycle completed, 78,368 were working in 2011. The program's impact will put a further 24,500 young people in the labor market. |
| R.2.4 Young Afro-descendants of 15-24 years of age in the eight municípios who are working. | Percentage | 41.2 | | | | | 2017 | | | 56.5 | 2019 | SEAE SESP | In 2010, 53,734 young Afro-descendants were working. It is expected that 19,845 young Afro-descendants will enter the labor market. |
| R.2.5. Robberies in the eight municípios perpetrated by a young person of 15-24 years of age. | Percentage | 96 | 2012 | | | | 2017 | | | 77 | 2019 | SEAE SESP | The baseline of 96% corresponds to 622 young people associated with 648 cases of robbery in which the perpetrator was identified. The participation rate assumes a 20% success rate as a result of the prevention programs. This result is consistent with evidence that points to an 83% reduction (Smith, B., 1993). |
| Specific objective 3: Reduce recidivism rates among juvenile offenders. | | | | | | | | | | | | | |
| R.3.1 Young people discharged in the previous year who re-enter the Espírito Santo Socioeducational Service Institute (IASSES) centers to serve another term. | Rate | 48.8 | 2013 | | | | 2017 | | | 38 | 2019 | SEAE IASSES | There were 62 young people under 17 years of age serving detention terms. Of these, 30 returned to serve a new detention term in 2013. The 20% reduction target is consistent with international evidence that suggests a 53% reduction. Lipsey et al. (2007). |

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 | | |
| Specific objective 1: Enhance the effectiveness of the civil police and military police in controlling and investigating violent crime. | | | | | | | | | | | | | |
| R.I.1.1 Security recommendations made by the security forums implemented by the military police (PM). | Percentage | 0 | 2010 | | | | 2017 | | | 80 | 2019 | SEAE SESP | These recommendations will be monitored on a monthly basis. |
| R.I.1.2. PC investigations that fulfill the quality standard checklist. | Percentage | 2.2 | 2010 | | | | 2017 | | | 34 | 2019 | SEAE SESP | A checklist will be adopted on the basis of a federal government proposal. The baseline and target have been calculated from completed investigations that satisfy a quality standard and result in charges being brought. |
| R.I.1.3. Victims in the eight municípios who report robberies to the police. | Percentage | 36.8 | 2012 | | | | 2017 | | | 43.7 | 2019 | SEAE SESP | The target was estimated so as to attain the Brazilian average. |
| R.I.1.4 Afro-descendent victims in the eight municípios who report robberies to the police | Percentage | 33.7 | 2012 | | | | 2017 | | | 43.7 | 2119 | SEAE SESP | The target was estimated so as to attain the Brazilian average. |
| R.I.1.5 Offenses associated with the possession of firearms, perpetrated by young people of 15-24 years of age in the eight municípios. | Percentage | 96 | 2012 | | | | 2017 | | | 77 | 2019 | SEAE SESP | In view of the stable trend over the last two years, the program is expected to have a 20% impact. |
| Specific objective 2: Increase social inclusion opportunities with a focus on 15-24 year-olds prone to violence. | | | | | | | | | | | | | |
| R.I.2.1 Young people who complete the basic school cycle, through the acceleration program (literacy skills) at the citizenship centers. | Rate | 15 | 2012 | | | | 2017 | | | 60 | 2019 | SEAE | In 2012, 9,633 young people successfully completed the basic school cycle, and at the end of the program the success rate will be 60% (17,400) |

| | | | | | | | | | | | | | |
|---|------------|----|------|--|--|--|------|--|--|----|------|--------------|---|
| R.I.2.2. Young people incorporated into the workforce implemented from the citizenship centers. | Percentage | 0 | 2011 | | | | 2017 | | | 47 | 2019 | SEAE | Of the 52,500 young people who are beneficiaries of the CCs, 47% (24,500) are expected to enter the labor market. |
| R.I.2.3 Crimes involving drug consumption, perpetrated by young people between 15-24 years of age in the eight municipios. | Percentage | 95 | 2012 | | | | 2017 | | | 85 | 2019 | SEAE SESP | In view of the stable trend over the last two years, the program is expected to have a 10% impact. |
| R.I.2.4 Crimes involving drug trafficking perpetrated by young people between 15-24 years of age in the eight municipios. | Percentage | 93 | 2011 | | | | 2017 | | | 74 | 2019 | SEAE SESP | In view of the stable trend over the last two years, the program is expected to have a 20% impact |
| Specific objective 3: Reduce recidivism rates among juvenile offenders. | | | | | | | | | | | | | |
| R.I.3.1 Young people discharged the previous year from the IASES with the basic school cycle completed. | Percentage | 19 | 2011 | | | | 2017 | | | 55 | 2019 | IASES | The target has been calculated on the basis of the estimate of young people remaining in the IASES centers for at least one year. |
| R.I.3.2. Young people discharged from the IASES during the previous year who are working. | Percentage | 0 | 2011 | | | | 2017 | | | 29 | 2019 | IASES | 222 young people are discharged from the IASES annually. Of these, 65 (29%) are expected to enter the labor market. |
| R.I.3.3. Adolescents serving detention terms and semi-freedom with individual treatment plans (PIAs) designed and implemented according to the National Socioeducational Service System (SINASE). | Percentage | 0 | 2011 | | | | 2017 | | | 80 | 2019 | IASES | The baseline indicator is 0 because the PIAs pursuant to the SINASE have not yet been implemented. |

OUTPUTS

| Output | Unit of measurement | Baseline | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Target | Source | Comment |
|--|---------------------|----------|--------|--------|--------|--------|--------|--------|---|---------|
| <u>Component 1: More effective policing for the prevention, control, and investigation of crime.</u> | | | | | | | | | | |
| 1.1. Results-based public security planning and integrated management model implemented and operating. | Model | 0 | 1 | 3 | | | | 4 | SEAE SESP | |
| 1.2. Police officers trained in working with the community, human rights, and criminal analysis, using their newly acquired skills. | Police officers | 0 | 399 | 706 | 540 | 540 | 433 | 2,618 | SEAE SESP | |
| 1.3. Community policing units (NPCs) implemented and operating with trained police officers and adequate equipment for the execution of community policing functions. | Units | 0 | 7 | 7 | | | | 14 | SEAE SESP | |
| 1.4. Integrated technical-scientific testing center in Espírito Santo constructed, equipped, and operating. | Center | 0 | | 1 | | | | 1 | SEAE SESP | |
| 1.5. Community security forums in the program municípios strengthened and operating. | Forums | | 9 | 7 | | | | 16 | SEAE SESP | |
| 1.6. Semiannual certification of the adequate functioning of internal and external control of police services in the program's territories. | Certification | 0 | 2 | 2 | 2 | 2 | 2 | 10 | United Nations Office on Drugs and Crime (UNODC) SEAE | |
| <u>Component 2: Social prevention of youth violence</u> | | | | | | | | | | |
| 2.1 Creation of a network with 15 community centers providing juvenile violence prevention services in the program's territories, operating. | Network | 0 | 1 | | | | | 1 | SEAE | |
| 2.1.1 CC in Terra Vermelha constructed, equipped, and operating. | Center | 0 | | 1 | | | | 1 | SEAE | |
| 2.1.2. CC operating in the program's territories by contracted civil society organizations. | Centers | 0 | 14 | | | | | 14 | SEAE | |
| 2.1.3 Young people assisted with services relating to sports, culture, recreation, dispute resolution methods, and the promotion of a culture of peace and personal development. | Young people | 0 | 10,500 | 10,500 | 10,500 | 10,500 | 10,500 | 52,500 | SEAE Civil society organization of public interest (OSCIP) | |
| 2.1.4 Young people who benefit from the acceleration and literacy development school activities. | Young people | 5,549 | 5,800 | 5,800 | 5800 | 5,800 | 5,800 | 29,000 | SEAE | |
| 2.1.5 Young people who receive job training. | Young people | 1,086 | 4,900 | 4,900 | 4,900 | 4,900 | 4,900 | 24,500 | SEAE | |
| 2.1.6 Alcohol and Drug Dependency Assistance Centers (CAPS-AD) constructed, equipped, and operating. | Center | 6 | | 1 | 1 | | | 8 | SEAE | |

| Output | Unit of measurement | Baseline | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Target | Source | Comment |
|--|---------------------|----------|--------|--------|--------|--------|--------|--------|--------|---------|
| 2.1.7 Young people who receive scholarships acting as outreach workers in the CCs. | Young people | 0 | 350 | 350 | 350 | 350 | 350 | 1,750 | SEAE | |
| 2.1.8 System for the management, monitoring, and evaluation of the network implemented and operating. | System | 0 | 1 | | | | | 1 | SEAE | |
| 2.1.9 Young people and their families who receive support to remain in school. | Young people | 2,549 | 3,520 | 3,520 | 3,520 | 3,520 | 3,520 | 17,600 | SEAE | |
| <u>Component 3. Modernization of the social rehabilitation process</u> | | | | | | | | | | |
| 3.1 System of management, monitoring, and evaluation of the performance of the IASES centers, including video monitoring of the facilities, implemented and functioning. | System | 0 | 1 | | | | | 1 | IASES | |
| 3.2 Public employees working in the IASES centers trained. | Employees | | 185 | 185 | 185 | 185 | 198 | 925 | IASES | |
| 3.3 Service model for young offenders developed and implemented, involving the private sector in vocational training and reintegration of the young people receiving socioeducational support, and strengthening of links with their family and community of origin. | Model | 0 | 1 | | | | | 1 | IASES | |
| 3.3.1 Youth detainees provided with services involving sports, culture, recreation, dispute resolution methods, and promotion of a culture of peace and personal development. | Young people | | 870 | 870 | 870 | 870 | 870 | 4,350 | IASES | |
| 3.3.2 Youth detainees who benefit from school activities of acceleration and literacy development. | Young people | | 870 | 870 | 870 | 870 | 870 | 4,350 | IASES | |
| 3.3.3 Youth detainees who complete job training activities. | Young people | 428 | 515 | 620 | 745 | 870 | 870 | 3,620 | IASES | |
| 3.4 System of monitoring and support for the reintegration of young people discharged from the centers, developed and operating. | System | 0 | | | | | | 1 | IASES | |
| 3.4.1 Social care and inclusion center for young people discharged, equipped and operating. | Center | | | 1 | | | | 1 | IASES | |
| 3.4.2 Young people discharged from IASES who receive support in their reintegration process. | Young people | 0 | | 200 | 220 | 240 | 260 | 920 | IASES | |

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Country: Brazil
Name: Project Estado Presente: Citizen Security in Espírito Santo
Project number: BR-L1387
Prepared by: Santiago Schneider (Financial Management Specialist)
Marilia Santos (Procurement Specialist)

I. EXECUTIVE SUMMARY

- 1.1 The institutional assessment for the program's fiduciary management was based on: (i) the country's current fiduciary context; (ii) the results of the evaluation of the main fiduciary risks and the program risk management (PRM) workshop; (iii) the institutional capacity assessment (ICAS); and (iv) working meetings held with the project teams of the Bank, the State Office of Internal Affairs (SEG), the State Strategic Actions Department (SEAE), and other state government authorities. As result of this work, fiduciary agreements for program execution have been prepared for both procurement and financial management.

II. FIDUCIARY CONTEXT OF THE COUNTRY AND EXECUTING AGENCY

- 2.1 In the State of Espírito Santo, public-sector entities use the Integrated Public Finance Management System (SIGEFES)—a dynamic system that combines the Integrated Financial Management System for States and Municípios (SIAFEM), the Integrated Planning System (SIPLAN), and the multi-year planning system (SISPA), into a single environment. Public-sector entities use and adhere to the following country management support tools for the planning and organization of program actions: (i) the multi-year plan (PPA), which establishes guidelines, objectives, and targets for public administration; (ii) the Budgetary Procedures Law (LDO), which sets the government's budgetary guidelines; (iii) the Annual Budget Law (LOA), which estimates and establishes the public administration's expenditures for the current year; (iv) the Fiscal Responsibility Law, which sets limits on the public administration's spending; and (v) management support information systems (planning, accounting, and financial management).
- 2.2 In the case of procurement and contracting processes, public-sector entities in Espírito Santo are governed by the National Competitive Bidding Law (Law 8666/93). For the procurement of off-the-shelf goods and services, the entities use the Licitações-e online procurement system operated by Banco do Brasil, which has been evaluated and accepted by the Bank.

- 2.3 Entities are supervised by the State of Espírito Santo Audit Office (TCE/ES), which continuously monitors their financial processes and transactions, through daily tracking of the financial management systems and the Finance Department. External control is maintained by national oversight bodies, the Audit Office of the Union (TCU), the Office of the Comptroller General of the Union (CGU) through its Espírito Santo branch, and the state and federal Public Prosecution Departments (Ministério Público).
- 2.4 The SEG will serve as the program's executing agency, and the SEAE will be responsible for its institutional and technical coordination. The latter was created in 2011 to monitor and coordinate the actions and results of the Estado Presente [The State at Your Side] program, which aims to reduce indicators of crime and consolidate results-based democratic and participatory governance. For program execution, the SEG will set up a program management unit (PMU), which will be directly attached to the SEAE and be responsible together with the Bank for the preparation, management, and monitoring of the program's actions.

III. FIDUCIARY RISK EVALUATION AND MITIGATION MEASURES

- 3.1 The results of the institutional assessment of the executing agency and the PRM workshop held during the analysis mission identified a medium fiduciary risk level. This mainly reflects potential execution backlogs resulting from delays in program operations, due to limited investment monitoring, weaknesses in program information, and/or technical/financial records, processes, account filing, and interagency coordination. To mitigate these risks, a number of strengthening measures affecting program implementation are being proposed, including: (i) the incorporation of a comprehensive project management system, which includes a financial management module for the PMU that fulfils the Bank's account filing requirements; (ii) strengthening of the executing agency's capacity to fulfill the Bank's fiduciary management and safeguard policies; (iii) strengthening of planning, monitoring, and supervision processes; and (iv) the appointment of PMU technical staff.
- 3.2 The mitigation plan for these risks will be implemented during loan preparation and in the context of fulfilling the contractual conditions precedent to the first disbursement and the special execution conditions.

IV. CONSIDERATIONS FOR THE SPECIAL CONDITIONS OF THE CONTRACT

- 4.1 The special contractual conditions precedent to the first disbursement are as follows:
1. Formation of the PMU within the SEG organizational structure, appointment of its staff, and creation of the Special Bidding Committee (SBC);
 2. Entry into effect of the program's Operating Regulations by the executing agency, with the Bank's prior no objection;

3. Signing and publication in the Official Gazette of the cooperation agreements between the executing agency and the state entities participating in the program.
- 4.2 The special execution conditions are as follows:
1. Before contracting the works to be completed under the program (integrated PTC center, CC, and CAPS-AD): (a) evidence of legal possession of the land and submission to the Bank of the environmental and social management plans; and (b) entry into effect of the cooperation agreements with the Municípios of Vila Velha, Cariacica, and Guarapari.
 2. Within six months from the loan contract signature date, the state will provide evidence of having implemented the program's financial system, in accordance with the Bank's requirements.
 3. Prior to the procurement of the logistical support equipment for implementation of the 14 community policing units under Component 1 of the program, the state will provide evidence that the 565 police officers who will work in these units have been assigned.

V. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

- 5.1 The fiduciary agreements and requirements for procurement establish the provisions applicable for the execution of all procurement planned under the project.
- 5.2 **Procurement execution.** Procurement processes will be conducted by the executing agency through the PMU. Works, goods, and nonconsulting services will be procured using the "Policies for the procurement of works and goods financed by the Inter-American Development Bank" (document GN-2349-9); and consultants will be selected and contracted using the "Policies for the selection and contracting of consultants financed by the Inter-American Development Bank" (document GN-2350-9), both of March 2011. Procurement processes will be reviewed by the Bank as indicated in the procurement plan (see required electronic link 3: [Procurement plan](#)).
- 5.3 **Procurement of works, goods, and nonconsulting services.** Contracts for works, goods, and nonconsulting services¹ generated under the project and subject to international competitive bidding (ICB) will be executed using the standard bidding documents (SBDs) issued by the Bank. Procurement subject to national competitive bidding (NCB) will be executed using country bidding documents agreed upon with the Bank (or satisfactory to the Bank, if not yet agreed upon). For procurement of technical goods or services, the Bank will accept Banco do Brasil's ComprasNet and Licitações-e online auction systems for use up to the ICB threshold.

¹ Under the Bank's procurement policies, nonconsulting services are treated as goods.

- 5.4 **Selection and contracting of consulting services.** Consulting service contracts generated under the project will be executed using the standard request for proposals issued by the Bank.
- 5.5 **Selection of individual consultants.** Individual consultants will be selected on the basis of their qualifications to do the work, based on comparison of the qualifications of at least three candidates. When circumstances so require, notices may be published in the local or international press, to obtain résumés of qualified consultants.
- 5.6 **Recognition of expenditures and retroactive financing.** The Bank will provide retroactive financing for up to US\$5 million (9%), charged against the loan proceeds, and will recognize local counterpart expenditures for up to US\$2.8 million (20%), to cover fees and expenses incurred on consulting services contracted to prepare detailed designs for works and to procure information systems. The expenses in question will have been incurred in the 18 months prior to the loan approval date, but after 1 November 2013 (the project profile approval date). To be eligible, they will abide by the Bank's contracting and procurement policies, or procedures that are substantially analogous thereto. Advance contracting is justified by the need and priority of this program for the SEG/SEAE, which have asked to begin activities under the execution plan in 2014. These provisions are governed by the policy set forth in document GN-2259-1.
- 5.7 **Direct contracting.** The procurement plan anticipates direct contracting, for the program execution period, of the United Nations Office on Drugs and Crime (UNODC) for an amount of up to US\$250,000, to assist in the strengthening of external and internal oversight mechanisms in the police services, pursuant to paragraph 3.10 (d) of the Policy for the selection and contracting of consultants (document GN-2350-9).²
- 5.8 **Thresholds for procurement processes.** The threshold for the use of ICB will be made available to the borrower or executing agency, as applicable, online at www.iadb.org/procurement. Below this threshold, the selection method will be determined according to the complexity and characteristics of the procurement, which will be reflected in the approved procurement plan.
- 5.9 **Recurring expenses.** These comprise the operating and maintenance expenses needed to implement the project during its useful life, including those relating to: communications, translations, office supplies, photocopies, mail, and other expenditures necessary for proper administration of the project, which are concentrated in the PMU. These expenses will be financed out of the loan proceeds within the annual budget approved by the Bank, and will follow the

² UNODC is a specialized agency of the United Nations, recognized internationally for its work in combating drugs and crime. Its direct contracting is justified by the value added it brings to programs that strengthen mechanisms for controlling agents involved in the prevention and control of crime and enable the respective systems to operate more effectively. <http://www.unodc.org/southerncone/>.

- PMU's administrative procedures. The latter will be reviewed by the Bank and accepted provided they do not violate the fundamental principles of economy, efficiency, competition, and transparency. Nonetheless, operating costs do not include the wages of currently active civil servants.
- 5.10 **National preference.** No national margins of preference will apply.
- 5.11 **Initial procurement plan.** The proposal to date is attached. The version eventually agreed upon may be updated during project execution, as circumstances require (see required electronic link 3: [Procurement plan](#)).
- 5.12 **Procurement supervision.** All ICB, direct contracting, and consulting service selections for estimated amounts in excess of US\$1 million will be subject to ex ante review, as indicated in the procurement plan. Given the project's characteristics and the executing agency's operational capacity, other procurement processes will be subject to annual ex post review. The Bank may alter the review modality indicated in the procurement plan in the light of the annual audit reviews.
- 5.13 **Records and files.** Records and files will be kept at the executing agency's offices and under appropriate security conditions.

VI. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

A. Programming and budget

- 6.1 The executing agency, through the PMU, will be responsible for planning the execution of activities as provided for in the Program Execution Plan (PEP), in the budgets, and in the annual work plan (AWP); and also for the program's budgetary and financial programming and execution of the respective monitoring activities. The budget assigned for program activities will be approved through the State Budget Law. The State of Espírito Santo uses planning tools such as the PPA and the LOA. The budget for program activities is part of the LOA.
- 6.2 The SEG/SEAE team will ensure that the budgetary resources for the program, both the loan from the Bank and the local contribution, are duly budgeted, and secured for annual execution, as per the operational programming. Project resources will be used in executing the state budget. These budgetary resources must be recorded in the year of execution as an external source in the SIGEFES integrated financial management system. The Budget Law will include the funds needed for execution of both the external loan and the local counterpart.

B. Accounting and information system

- 6.3 The executing agency uses the municipal and state financial systems that are mandatory for the financial management of public-sector entities. Accordingly, as of 2014, the executing agency will be using the SIGEFES, which is a dynamic system that integrates the SIAFEM, the SIPLAN, and the SISPA into a single environment.

- 6.4 All of the project's accounting and financial information will be recorded in SIGEFES. This system currently does not permit the automatic issuance of financial statements and project reports in dollars, and by investment categories, as required by the Bank. Accordingly, within six months from the loan contract signature date, the executing agency will provide evidence of having implemented a management and financial system that does make it possible to issue the program reports required by the Bank.

C. Disbursements and cash flow

- 6.5 The program will use the State of Espírito Santo's cash management system. Expenditures will be subject to the budgetary and financial execution process and will be duly recorded in the SIGEFES, which integrates the SIAFEM, the SIPLAN, and the SISPA into a single environment.
- 6.6 The funds used to pay expenses will be administered through an account that makes it possible to independently identify the sources of financing.
- 6.7 Disbursements will be made in U.S. dollars under the advance of funds modality. The Bank will release disbursements on the basis of a 180-day projection presented by the executing agency. For future advances, it will be necessary to account for at least 80% of previously advanced funds.
- 6.8 Expenditures deemed ineligible by the Bank must be repaid from local counterpart funding or other resources, as the Bank sees fit, depending on the nature of the ineligibility.

D. External control and reports

- 6.9 The program's financial statements and the eligibility of its expenses will be audited each year by an independent audit firm eligible for the Bank, or by the TCE, which has recently gained eligibility. Pursuant to the provisions of document OP-273-2, Financial Management Policy for IDB-financed Projects, the auditor/TCE will submit a report on the eligibility of program expenses, and conduct onsite physical inspection visits, in addition to the actions and reviews performed by the Bank. The program's audited financial statements will be submitted to the Bank annually no later than 120 days after the end the executing agency's fiscal year, pursuant to the procedures and terms of reference previously agreed upon with the Bank.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-____/14

Brazil. Loan ____/OC-BR to the State of Espírito Santo
Present State Project: Citizen Security in Espírito Santo

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the State of Espírito Santo, as Borrower, and with the Federative Republic of Brazil, as Guarantor, for the purpose of granting the former a financing to cooperate in the execution of the Present State Project: Citizen Security in Espírito Santo. Such financing will be for an amount of up to US\$56,000,000 from the Ordinary Capital resources of the Bank, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on ____ 2014)