

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PARAGUAY

INTEGRATED CITIZEN SECURITY MANAGEMENT PROGRAM

(PR-L1077)

LOAN PROPOSAL

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CONTENTS

PROJECT SUMMARY

I.	DESCRIPTION AND RESULTS MONITORING	1
A.	Background, problem addressed, and rationale.....	1
B.	Objective, components, and cost	8
C.	Key results indicators.....	10
II.	FINANCING STRUCTURE AND MAIN RISKS.....	11
A.	Financing instruments	11
B.	Environmental and social risks	11
C.	Fiduciary risks	12
D.	Other key issues and risks	12
III.	IMPLEMENTATION AND ACTION PLAN	13
A.	Summary of implementation arrangements.....	13
B.	Monitoring and evaluation arrangements	15

ANNEXES	
Annex I	Summary Development Effectiveness Matrix (DEM)
Annex II	Results Matrix
Annex III	Fiduciary Agreements and Requirements

ELECTRONIC LINKS
<p>REQUIRED</p> <ol style="list-style-type: none"> 1. Multiyear execution plan http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38907955 2. Monitoring and evaluation plan http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38915045 3. Environmental and Social Management Report (ESMR) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38923944 4. Procurement plan http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38907929 <p>OPTIONAL</p> <ol style="list-style-type: none"> 1. Economic analysis <ol style="list-style-type: none"> a. http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38907997 b. http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38921352 2. Empirical evidence on the effectiveness of the multisystemic therapy (MST) methodology http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39082986 3. Vertical logic and empirical evidence: Relationship between problems, causal factors, and program objectives and components http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39086129 4. Institutional Capacity Assessment Report for the Ministry of the Interior http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38921354 5. Itemized budget http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38921351 6. Support to strengthen the National Observatory for Citizen Security and Coexistence (ONSCC) http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38921353 7. Domestic violence prevention in the Integrated Citizen Security Management Program http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38921348 8. Environmental and social analysis http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38898985 9. Analysis of the situation of at-risk youth and juvenile offenders – Paraguay http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38921355 10. Diagnostic assessment of the infrastructure of community police stations and forensic labs http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38921356 11. Execution of Program for Job Training and Values-based Education through Sports http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38921357

12. Diagnostic assessment of Paraguay's National Police with a view to modernizing the institution's technology infrastructure and human resources
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38921358>
13. Victimization survey form
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38916787>
14. Domestic violence survey questionnaire
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38916709>
15. Framework agreement for international cooperation between the Municipality of Asunción and the Ministry for Women
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38914263>
16. Minutes of the audit for the Criminal Investigation Laboratory
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=38902978>
17. Major crimes in the 91 police districts in Asunción and the Central Department
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39041492>
18. Lessons learned and approach of program PR-L1077
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39048043>
19. Safeguard Screening Form for classification of projects (SSF)
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39161977>

ABBREVIATIONS

DC	Direct contracting
DEM	Development Effectiveness Matrix
DGEEC	Dirección General de Estadística, Encuestas y Censos [Statistics, Surveys, and Census Bureau]
ENS	Estrategia Nacional de Seguridad Ciudadana [National Strategy for Citizen Security]
ENSC	Encuesta Nacional de Seguridad Ciudadana [National Survey on Citizen Security]
EVIF	Encuesta Nacional de Violencia Intrafamiliar [National Survey on Domestic Violence]
GDP	Gross domestic product
ICAS	Institutional Capacity Assessment System
ICB	International competitive bidding
LCS	Least-cost selection
MST	Multisystemic therapy
NCB	National competitive bidding
PEU	Program execution unit
PIS	Police information system
ONSCC	Observatorio Nacional de la Seguridad y Convivencia Ciudadana [National Observatory for Citizen Security and Coexistence]
QCBS	Quality- and cost-based selection
SNIP	National Public Investment System
UNODC	United Nations Office on Drugs and Crime
WAL	Weighted average life

PROJECT SUMMARY

PARAGUAY INTEGRATED CITIZEN SECURITY MANAGEMENT PROGRAM (PR-L1077)

Financial Terms and Conditions					
Borrower: Republic of Paraguay Executing agency: Ministry of the Interior		Flexible Financing Facility*			
		Amortization period:		25 years	
		Original weighted average life (WAL):		15.25 years**	
		Disbursement period:		4.5 years	
Source	Amount%	Grace period:		4.9 years	
IDB (Ordinary Capital)	US\$20 million	Inspection and supervision fee:		***	
		Interest rate:		LIBOR-based	
Total	US\$20 million	Credit fee:		***	
		Currency:		U.S. dollars from the Ordinary Capital	
Project at a Glance					
Project objective/description: The general objective of the program is to contribute to a reduction in crime (homicides, robberies and domestic violence), particularly in Asunción and the Central Department. The specific objectives are: (i) to improve the design of public policies so they are evidence-based; (ii) to enhance the National Police’s effectiveness in crime prevention and criminal investigation; (iii) to reduce the victimization of women due to domestic violence; and (iv) to reduce the juvenile delinquency rate.					
Special contractual conditions precedent to the first disbursement. As special contractual conditions precedent to the first disbursement, the borrower and/or executing agency will present evidence of the following to the Bank’s satisfaction: (i) that the executing agency has created the program execution unit and appointed its members; and (ii) that the executing agency has presented the initial program report with the updated execution instruments such as the multiyear execution plan, annual work plan, procurement plan, results matrix, and risk matrix (see paragraph 3.9).					
Special contractual conditions for execution. As special contractual conditions for execution, the borrower will present the following to the Bank’s satisfaction: (i) current evidence of title to the property on which the Criminal Investigation Laboratory will be built; (ii) evidence of the physical space needed to set up the center for domestic violence offenders; (iii) the fiduciary manual for the operation, as a special condition precedent to the second disbursement; (iv) prior to the call for tenders for the design of the Criminal Investigation Laboratory, delivery of evidence to the Bank of the inclusion in the bid documents of a waste treatment system at the Criminal Investigation Laboratory to handle both sewage and liquid waste from lab operations; and (v) copies of the interagency agreements signed with other institutions for execution of the pilot activities with at-risk youth (see paragraph 3.10).					
Exceptions to Bank policies: None					
Project qualifies as:		SEQ [X]	PTI [X]	Sector [X]	Geographic [] Headcount [X]

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

** The WAL may be less, depending on the actual signature date of the loan contract.

*** The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with applicable policies.

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and rationale

- 1.1 Paraguay lies in the heart of South America, occupying 406,752 square kilometers of land, and is home to 6,709,730 people. Despite positive economic performance in recent years—its GDP grew 4.9% annually between 2004 and 2013—the country faces challenges that include high rates of unemployment, poverty, income gaps, and especially crime and violence.
- 1.2 An analysis of crime statistics for the country points to a rising crime trend according to police records.¹ The total crime rate per 100,000 inhabitants increased by 17% between 2006 and 2012, from 892 to 1,040 incidents per 100,000 inhabitants. The statistics by type of crime show mixed trends. For example, the homicide rate fell by 32% between 2006 and 2013, from 12.3 to 8.4 homicides per 100,000 inhabitants, positioning Paraguay among the countries with the lowest rates in the region in 2013 (average rate for Latin America and the Caribbean was 23.3 homicides per 100,000 inhabitants in 2012) but higher than the global average (6.2).² However, robbery,³ which is the most prevalent crime in the country (30% of all crimes reported), has risen steeply, climbing by 44%, from nearly 70 incidents per 100,000 inhabitants in 2006 to 100 incidents in 2013. The prevalence of robberies is also reflected in victimization rates: 2.4% of survey respondents reported being a victim of an aggravated robbery in the previous 12 months.⁴ There is also a high rate of domestic violence.⁵ There is also a high rate of domestic violence. Although police records point to a relatively low rate of domestic violence in 2012 (17 incidents per 100,000 inhabitants), this type of crime is highly underreported. The domestic violence victimization rate was 20%. In terms of perceptions, 78% of the population believes they will likely be the victim of a crime in the future, and 30% report feeling afraid to walk alone in their city or place of residence (ENSC, 2011).
- 1.3 Geographically disaggregated crime data shows a concentration of crime in Asunción and the Central Department. These areas are home to 41% of the country's population, and according to police records, concentrate 50% of crimes

¹ Crime data from National Police administrative records was used for all crimes; to calculate crime rates, population data from Statistics, Surveys, and Census Bureau (DGEEC) yearbooks for 2006-2012 was used.

² Global Study on Homicide, United Nations Office on Drugs and Crime (UNODC), 2013.

³ Robbery is used to refer to aggravated theft. This includes all the categories registered by the National Police: robbery and aggravated robbery of property, motor vehicles, and motorcycles.

⁴ Second National Survey on Citizen Security (ENSC), September 2011, DGEEC. This refers to aggravated robbery. In urban areas, the percentage of victims of aggravated robbery is 3.4%. For the various types of robbery, national victimization rates are: 1.4% for right-of-passage bribes, 2.8% for home burglary, and 5.5% for animal rustling.

⁵ Domestic violence includes acts of physical and psychological abuse in the family, against both men and women. Data from the National Survey on Domestic Violence (EVIF), 2013.

and 60% of robberies nationwide.⁶ The robbery rate increased by about 40% between 2006 and 2013 in this area, with rates approaching 147.2 incidents per 100,000 inhabitants in 2013. These statistics coincide with the latest victimization data, which indicate that the most common crimes are concentrated in this area.⁷ In particular, the most affected neighborhoods correspond to police districts 6, 7, and 12 (Asunción) and 1 and 2 (Central Department). These districts (of the 92 in Asunción and the Central Department) are where 20% of crimes occur, and the robbery rate, in particular, is 377.4 incidents per 100,000 inhabitants, which is twice the rate for Asunción and the Central Department.⁸

- 1.4 To address this situation, the Paraguayan government has pursued several actions, including: (i) developing the National Strategy for Citizen Security (ENS) 2013-2016; (ii) creating the National Observatory for Citizen Security and Coexistence (ONSCC);⁹ (iii) conducting the first and second National Survey on Citizen Security (ENSC); (iv) expanding the ranks of the police force to 335 police officers per 100,000 inhabitants;¹⁰ (v) improving police training programs, including in human rights, police ethics, protocols for preventing and handling domestic violence, and community policing; (vi) establishing “911”¹¹ emergency service and the “137” hotline for domestic violence; (vii) procuring technology such as video surveillance cameras for the metropolitan area; (viii) deploying community policing pilots in Asunción and the Central Department; and (ix) developing, at the Ministry for Women, the National Program for the Prevention and Comprehensive Care for Women, Girls, and Adolescents in Situations of Violence (2010-2015) and expanding public prevention and victim support services.¹²
- 1.5 **The problem and its causes.** The central problem is the high rate of crime (homicides, robberies, and domestic violence) concentrated in Asunción and the

⁶ The homicide rate was 3.66 incidents per 100,000 inhabitants in 2013, representing 10% of total homicides nationwide. Although the incidence and share of homicides is relatively low, the homicide rate increased by 23% in Asunción and by 12% in the Central Department between 2012 and 2013.

⁷ The victimization rate is higher in Asunción and the Central Department than for the rest of the country for all crimes included in the ENSC 2011 (corruption, robbery, theft, and assault). The total victimization rate (including all crimes) is 36.2% in Asunción, followed by 26.7% in the Central Department, while for the rest of urban Paraguay, it is 20.6%, and for the rest of rural Paraguay, it is 15.8% (national total: 23.1%).

⁸ In particular, the motor vehicle theft rate in 2013 was 191.1 per 100,000 inhabitants in these five police districts.

⁹ This observatory is a management tool for centralizing, organizing, analyzing, and disseminating security statistics taken from various information records from the National Police, Public Prosecutor's Office, Ministry of Health, Ministry for Women, and the Ministry of Justice. It is also responsible for preparing analytical studies on the main security challenges that inform decision-making.

¹⁰ This rate places Paraguay slightly above the international average, which is 300.

¹¹ “911” logs complaints in real time (receiving approximately 7,000 calls daily) and is linked with the police stations. To provide an integrated response, other institutions are gradually being incorporated into the system, including: Ministry of Health, Fire Service, Ministry for Women, Secretariat for Children and Adolescents, and the municipalities.

¹² Five service centers, two safe houses, the “137” line, and six domestic violence units in the National Police.

Central Department. Among the causal factors explaining this situation, the following have been identified:

- 1.6 **Lack of evidence-based public policies on citizen security.**¹³ The ONSCC, as the primary institution at the national level that consolidates and analyzes crime data, has weaknesses that impede the formulation of citizen security policies based on empirical evidence due to the following factors: (i) limited technological and technical capacity to produce and analyze data, as well as to ensure quality control in record-keeping;¹⁴ (ii) lack of coordination of information from different records;¹⁵ (iii) lack of integration between the “911” emergency call system and the “137” hotline to consolidate information on domestic violence;¹⁶ and (iv) methodological and frequency limitations of victimization surveys.¹⁷
- 1.7 **High number of unregistered complaints and low confidence in the police.** According to ONSCC data, of 12 criminal complaints filed in one police district, only one appears in the records of the National Police’s Department of Statistics.¹⁸ This is due to its weak technical and technological capacity to ensure collection of crime data and the proper registering of complaints. In addition, confidence in the police is low, as seen in the low rate of complaints filed (only 22% of victims file a complaint with the National Police, and only 11% do so in the case of domestic violence incidents)¹⁹ and strong public dissatisfaction with police patrols. According to the 2011 ENSC, 61% of the population evaluate police performance as “very poor and quite poor,” and 75% indicate that the police “should patrol more often or do not patrol.” The reasons for this are as follows: (i) lack of capacity in crime forecasting and data analysis, limiting the effectiveness of the use of police resources and their deployment at the territorial level to respond to community problems;²⁰ (ii) limited specialization of personnel;²¹ (iii) insufficient

¹³ Paraguay does not have a consolidated observatory for generating reliable, timely information that would enable decision makers to analyze the citizen security situation (Moya, 2013).

¹⁴ Record-keeping methods and files are inadequate; different and unrelated classifications and systems limit data traceability (Moya, 2013).

¹⁵ At present, the ONSCC works mainly with police information, but work is needed to integrate other records (see footnote 9). Most institutions are still lagging in the area of data processing (National Strategy for Citizen Security (ENS), 2013-2016).

¹⁶ The “911” emergency and “137” domestic violence lines are not connected. A full 90% of domestic violence calls to “911” are not police emergencies and should be automatically forwarded to the “137” domestic violence support hotline at the Ministry for Women.

¹⁷ The latest surveys were conducted in 2008 and 2010. There are differences in sampling design and formulation of questions, which makes comparisons difficult.

¹⁸ Source: ONSCC, Ministry of the Interior, 2013.

¹⁹ Source: Ministry of the Interior, 2011, for all complaints, and the Ministry for Women, 2013, for domestic violence.

²⁰ There is a quadrant patrol system in Asunción’s police districts that is limited in terms of number of vehicles and planning: it is not based on scientific crime predictive analysis criteria (Perry et al., 2013) or community policing protocols (Vinzant and Crothers, 1994).

²¹ There is a course on community policing in the police training program, but only 400 of 26,000 officers have received training in that area, and they are not assigned to the districts that report applying it.

accountability mechanisms;²² and (iv) inadequate infrastructure for receiving and serving the public.²³

- 1.8 **Low effectiveness in clearing crimes.**²⁴ According to National Police statistics, the percentage of total crimes cleared has remained around 50% annually since 2006. The clearance rate for homicides and robberies is even lower: in 2013, just 23.1% of robberies and 33.4% of homicides were cleared.²⁵ This problem is explained in part by the absence and/or limitations in: (i) infrastructure and equipment for effectively conducting criminal and forensic investigations;²⁶ (ii) specialized education and training by police personnel;²⁷ and (iii) standardization of concepts, protocols, and systems for handling evidence.²⁸
- 1.9 **High incidence of youth as perpetrators.** Young people up to 29 years of age and especially under 18 years of age are a group with a high rate of perpetration of the most common crimes. Young people, including minors, were the main perpetrators of robberies in 2010. In 48% of cases of safe-passage bribes,²⁹ the perpetrators were between 17 and 20 years old, and in 26%, they were less than 16 years old.³⁰ According to the National Penitentiary Census (2013), the most common age of the incarcerated population is 22 years old, and their skill level is very low: 16% cannot read or write, and 36% have not completed elementary school. This is important data, inasmuch as it identifies possible factors associated with juvenile delinquency, and there are no programs to serve at-risk youth.³¹ Furthermore, the inefficiency of the juvenile criminal justice system (94% of incarcerated adolescents are being held for trial, which is to say they have not been sentenced)³² and the absence of alternative programs for young offenders³³

²² According to the Second ENSC, the National Police heads the list of public institutions identified as perpetrators of corruption (37%).

²³ Technology, equipment, and infrastructure gaps and insufficient venues for filing domestic violence complaints (Prades, 2014; Schulmeister, 2014).

²⁴ Criminal complaints are considered cleared when the National Police have identified the implicated parties and referred the case to the Public Prosecutor's Office.

²⁵ In Asunción and the Central Department, 24.1% of robberies and 50.5% of homicides were cleared in 2013.

²⁶ The National Police's Criminal Investigation Laboratory lacks the equipment and secure conditions needed for handling and preserving evidence, a situation that was exacerbated by a fire in 2010 that destroyed the building. For example, it does not have DNA sequencing equipment or a system for tagging evidence with unique identification numbers, nor are standard protocols in place (Schulmeister, 2014; Prades, 2014).

²⁷ In the National Police, 6.25% of officers (1,625 of a total of 26,000) are investigators, for a ratio of one for every 4,180 inhabitants (the international standard is one for every 1,800 inhabitants).

²⁸ National Police personnel do not have clear manuals on procedures (Schulmeister, 2014).

²⁹ Payment is demanded in exchange for permission to pass through or conduct an activity in an area.

³⁰ Source: ENSC, 2011.

³¹ Analysis of the situation of at-risk youth and juvenile offenders (Pantoja, 2014).

³² ENS 2013-2016, with data from the Office of the Deputy Ministry of Justice, 2009.

³³ ENS 2013-2016. Section entitled "Modernization of criminal prosecution."

promote the criminological effects of incarceration.³⁴ It is estimated that 35% become repeat offenders.

- 1.10 **High incidence of domestic violence against women.** The 2013 domestic violence survey revealed that 24% of women and 15% of men surveyed had suffered physical or psychological violence over the previous 12 months. Of the women, 19% were victimized more than once during that period. The same survey found that in 53% of the cases, the husband or male partner was identified as the perpetrator, and only 12% of the victims reported the abuse. The phenomenon seems to be gaining visibility.³⁵ Nevertheless, the following problems have been observed: (i) low quality of intake services for women victims;³⁶ (ii) inadequate services for treating men who perpetrate domestic violence against women;³⁷ (iii) weak provision of services in rural areas;³⁸ and (iv) little awareness about the problem.³⁹
- 1.11 **Rationale and intervention strategy.** The program aims to address institutional aspects related to the intervention capacities of the entities responsible for citizen security, helping them become more effective at what they do. This intervention strategy is consistent with the ENS 2013-2016. Two lines of intervention are proposed: (i) actions to improve the capacity of the Ministry of the Interior and the National Police to manage crime data and conduct criminal investigations effectively; and (ii) preventive actions with an emphasis on high crime areas and vulnerable populations (young people and women).
- 1.12 The first line of intervention is derived from the pressing need to address the most critical challenges identified as obstacles to the institutional management of citizen security.⁴⁰ The program seeks to improve the availability and quality of ONSCC information on crime and violence at the Ministry of the Interior, starting with proper recording of data, as well as its compilation, processing, and analysis. This will be paired with action to strengthen the technical skills of personnel and platforms for integrating and coordinating the different data sources, leading to the development of better diagnostics and analysis of causes and consequences to more effectively target and address the various crime dynamics. At the same time, there are plans to improve the generation of crime data through three victimization surveys: two on citizen security and one on domestic violence.

³⁴ A systematic review of 29 experimental studies in the United States concluded that the processing of minors through the criminal justice system is associated with an average increase of between 5% and 6% in the prevalence of crime (Petrosino and Guckenburg, 2010).

³⁵ Calls to the “137” help line for female victims of domestic violence increased by 73% between 2012 and 2013.

³⁶ Of women who reported abuse, 39% described the response of the National Police as “poor or very poor” (EVIF, 2013).

³⁷ There is only one program, a privately funded initiative for violence prevention and rehabilitation for men. See Heikel (2014).

³⁸ Domestic violence programs primarily target urban areas (Heikel, 2014).

³⁹ According to the 2013 EVIF, 26% of victims felt responsible for the abuse they suffered.

⁴⁰ On the importance of security information systems, see Dammert, L., F. Ruz, and F. Salazar, 2008; World Development Report, World Bank, 2011; and Global Study on Crime, UNODC, 2011.

These surveys are a complementary source of data that looks at the various levels of victimization, filing of complaints and reasons for declining to do so, perceptions of insecurity, and assessments of the responsible public entities. In addition, the improvements in information are expected to have a positive impact on the effectiveness of crime prevention, inasmuch as it will be easier to identify and characterize victims and perpetrators.⁴¹ With respect to criminal investigation, the program will provide support to the National Police, specifically helping its Criminal Investigation Laboratory to modernize infrastructure and equipment (for DNA analysis and facial and voice recognition, etc.) and provide specialized training to prevent, investigate, and clear crimes.

- 1.13 The program's second line of intervention calls for developing a set of actions for the targeted prevention of crime and violence, including activities to generate knowledge to measure the effectiveness of some interventions that could be replicated at a larger scale. First, the program will improve the National Police's effectiveness in preventing and tackling crime in close coordination with the public, building trust in the communities.⁴² In particular, the program will strengthen the community policing model⁴³ currently under development. Integrated activities will be carried out in five police districts in Asunción and the Central Department⁴⁴ characterized by high crime rates. To this end, the program will support upgrades in the districts' infrastructure and equipment, thus improving the standard of service provided to the public, especially in cases of domestic violence. In addition, the program will strengthen the technical skills of police personnel to conduct crime data analysis and mapping, for the tactical allocation of resources. This also includes a pilot initiative with predictive software.⁴⁵ By improving the equipment and technical capacity of the police, as well as strengthening police relations with the community, the idea is to make patrol operations more strategic and effective, targeting hot spots based on evidence, and increase the perception of security and confidence in the police. Second, the program will provide support for the Ministry for Women to improve services for victims of domestic violence against women. In particular, there are plans to improve the technical skills of police personnel in the Specialized Service Units of the National Police for proper intake and referral of cases to the system (Ministry for Women Service Centers, Police Districts, Justice of the Peace Courts, and Public Prosecutor's Office). In addition, a treatment center will be

⁴¹ Global Study on Homicide (UNODC, 2013).

⁴² Corbacho, Ruiz, and Philipp (2012) find that the higher the levels of insecurity, the less inclined citizens are to value the work of the police and collaborate with them.

⁴³ Community policing consists of an organizational change and shift in decision-making on the delivery of police services in close coordination with the citizenry (Skolnick and Bayley, 1998).

⁴⁴ Police districts 6, 7, and 12 in Asunción, and 1 and 2 in the Central Department. Selection criteria: (i) crime rates in these districts are above the average rates in all jurisdictions of Asunción and the Central Department; (ii) these districts are among the top six with the largest number of robberies and thefts, including of motor vehicles and motorcycles; and (iii) they are in the top third with the highest number of domestic violence incidents against women registered by the National Police.

⁴⁵ Predictive policing software feeds data from National Police records into mathematical models to indicate the areas where a certain type of crime is most likely to occur.

established for domestic violence offenders, in order to bring about behavioral changes in perpetrators, as well as in the norms and beliefs that lead to violence against women. This also includes a pilot program to re-educate men who commit domestic violence against women. There are plans to proactively engage civil society to increase its participation in the prevention of domestic violence and the protection of women victims.⁴⁶ Lastly, given the high rate of delinquency among minors and young adults (see paragraph 1.9), as well as the lack of evidence on the effectiveness of programs serving this vulnerable population, the program will include two pilot projects targeting at-risk youth and juvenile offenders. The first will target minors between the ages of 14 and 17 who have high/moderate risk profiles, offering them multisystemic therapy (MST)⁴⁷ as an alternative measure.⁴⁸ The second will target young adults between the ages of 18 and 25, expanding their job placement opportunities⁴⁹ by improving their cognitive and noncognitive skills.

- 1.14 **Safeguards for police activities.** As provided in the Operational Guidelines for Program Design and Execution in the Area of Civic Coexistence and Public Safety (document GN-2535-1), for activities related to the police, the program has provided for the support of specialized entities such as the Organization of American States and the United Nations Office on Drugs and Crime (UNODC). This aims to guarantee rigorous technical monitoring to improve: (i) police accountability and integrity; (ii) the reporting mechanism; (iii) citizen control; and (iv) respect for human rights.⁵⁰
- 1.15 **Strategic alignment.** The operation is consistent with the Bank's Country Strategy with Paraguay 2014-2018 (document GN-2769), contributes to one of the priority areas on public management, relating to "efficient and comprehensive management of citizen security agencies, with priority to reducing domestic violence against women ..." (paragraphs 3.30, 3.32, 3.34, and 3.35), and is included in the 2014 Operational Program Report update (document GN-2756-2). In addition, the program will contribute to the lending priorities of the Ninth General Increase in the Resources of the Inter-American Development Bank (document AB-2764), especially with respect to small and vulnerable countries and poverty reduction; as well as with the sector priority of institutions for growth

⁴⁶ The participation of civil society in community initiatives has proven to be effective in the prevention and control of domestic violence and the provision of services to female victims (Larraín, 2007).

⁴⁷ MST is a type of family and community therapy based on the hypothesis that changes in young people's social ecology can reduce antisocial behavior (Sawyer and Borduin, 2011).

⁴⁸ The minimum punishable age is 14 years.

⁴⁹ This pilot will build on the advances of the Program to Support Job Placement (loan 2660/OC-PR), which focuses on improving the skill set of youth in situations of vulnerability, and will draw on innovative projects such as the Multilateral Investment Fund's "A Ganar" program.

⁵⁰ Citizens may exercise better control over police activity through the online publication of data on their actions and outcomes (monitored by the ONSCC). The Organization of American States, UNODC, and other international agencies have regional programs on integrity and respect for human rights in police forces that will help orient the design and monitoring of the activities in this regard planned under component II (a.iii). The costs of these activities will be considered in the corresponding agreements to be signed.

and social welfare. The expected result will be cities that benefit from citizen security programs with the goal of reducing the homicide rate per 100,000 inhabitants. It will also help address domestic violence against women, gender equality, and the regional targets. The operation is also aligned with the Sector Strategy on Institutions for Growth and Social Welfare (document GN-2587-2), particularly in terms of improving the enabling environment for growth and social welfare as a way to reduce insecurity and violence; the Emerging and Sustainable Cities Initiative (document GN-2652-5); and the Citizen Security and Justice Sector Framework Document (document GN-2771).

- 1.16 **Bank interventions and lessons learned** (see [optional electronic link 19](#)). In the program design, consideration has been given to the Operational Guidelines for Program Design and Execution in the Area of Civic Coexistence and Public Safety (document GN-2535-1), the Gender Action Plan 2014-2016 (document GN-2531-14), the Technical Note on Violence Prevention in the Integrated Citizen Security Management Program ([optional electronic link 20](#)), and the lessons learned by the Bank in the sector.⁵¹ In general: (i) consider mechanisms for effective coordination; (ii) include activities to modernize the police force and make it more efficient, transparent, and more closely allied with the people it serves; (iii) develop information systems for the police to engage in preventive and coordinated action with other public services; and (iv) take diversity and gender into consideration. The lessons learned from experience in other projects (loans 1123/SF-HO, 1115/SF-HO, 1096/OC-UR, 1344/OC-JA, and 1762/OC-PN) and applied in the preparation of this operation include the need for central, strategic leadership to coordinate stakeholders (in this case, the Ministry of the Interior), high-level technical advisory support for program design (technical cooperation for the action on the ONSCC, support from the laboratory of Colombia's Office of the Attorney General for the design of the new Criminal Investigation Laboratory, international experts for the programs for women and children), and the strategic planning of activities to fulfill the execution timeline.

B. Objective, components, and cost

- 1.17 **Objective.** The general objective of the program is to contribute to a reduction in crime (homicides, robberies, and domestic violence), particularly in Asunción and the Central Department. The specific objectives are: (i) to improve the design of public policies so they are evidence-based; (ii) to enhance the National Police's effectiveness in crime prevention and criminal investigation; (iii) to reduce the victimization of women due to domestic violence; and (iv) to reduce the juvenile delinquency rate.

⁵¹ Aprendiendo de la experiencia operativa de proyectos de seguridad ciudadana en Centroamérica [Learning from the operational experience of citizen security projects in Central America] (Inter-American Development Bank, 2013); The Implementation Challenge: Lessons from Five Citizen Security Projects (OVE, document RE-456); The IDB's Response to Key Challenges in Citizen Security (document RE-455-1); and the Citizen Security and Justice Sector Framework Document (document GN-2771-2).

- 1.18 **Component I. Capacity-building for effective management of crime data and criminal investigations (US\$10,315,154).**⁵² This component is designed to strengthen the Ministry of the Interior and the National Police,⁵³ through the following activities: (i) improvement of technical capacity for the collection, processing, quality control, and analysis of crime data; (ii) integration of databases and crime records from the various primary sources of crime data;⁵⁴ (iii) implementation of a master registry of information on domestic violence and integration of the “137” hotline with the “911” service; (iv) methodological review and production of two surveys on victimization and perceptions and a survey on domestic violence; (v) specialized training for 1,000 police investigators and certification of protocols; and (vi) modernization of the infrastructure and equipment of the National Police’s Crime Division⁵⁵ and its Criminal Investigation Laboratory, including construction of its new building.
- 1.19 **Component II. Strengthening of efficiency for crime prevention (US\$9,683,846).**⁵⁶ This component calls for the following activities:
- a. Strengthen the capacity of the National Police to prevent and tackle crime at the local level, through financing for the following activities in the five selected police districts (see paragraph 1.13): (i) training for 1,000 police officers in community policing (victim services, community relations, and patrols) and information management (registry and use of data, tactical analysis, and crime forecasting);⁵⁷ (ii) organizational reengineering (remodeling and equipment), including refurbishment of areas for victims of domestic violence; (iii) design and implementation of police tools for accountability (integrity manuals, training, access to online information); and (iv) procurement and adaptation of predictive software.⁵⁸

⁵² This corresponds to the “Project to improve the physical and technology infrastructure of the Criminal Investigation Laboratory and National Observatory for Citizen Security and Coexistence; and capacity building for the management of citizen security, information analysis, and criminal investigation at the national level” of Paraguay’s National Public Investment System (SNIP). The administrative expenses for the entire program will be covered under this component.

⁵³ Garicano and Heaton (2010) find that in the United States reforms integrating technology and technical capacity reduce the crime rate by 5%.

⁵⁴ There are information systems or “observatories” in the region that aggregate crime data from various sources to inform decision-making on policy in the sector: Chile’s National System of Crime Data, Plataforma México, and Brazil’s National Statistics System.

⁵⁵ Garicano and Heaton (2010) find that in the United States reforms integrating technology and technical capacity increase the case clearance rate by 15% (originally it was 22%).

⁵⁶ This corresponds to the SNIP’s “Comprehensive program to prevent violence against women and young people in Asunción and the Central Department.”

⁵⁷ Colombia’s “National Plan of Community Policing by Quadrants” produced a 22% reduction in homicides in the eight cities where it was implemented (Mejía et al., 2013).

⁵⁸ The use of predictive policing tools helped reduce crime by 13% in Los Angeles over a four-month period following implementation (<http://www.predpol.com/results/>).

- b. Improve services for women victims of domestic violence,⁵⁹ with financing for the following: (i) establishment of a treatment center for domestic violence offenders,⁶⁰ including implementation of a pilot intervention to reeducate male perpetrators;⁶¹ (ii) training for National Police personnel and units specialized in domestic violence; (iii) targeted interventions through competitive processes aimed at reducing domestic violence against women, by civil society organizations; and (iv) awareness campaigns.
- c. Reduce the juvenile delinquency rate through pilot projects to generate knowledge on the effectiveness of the interventions. This entails design and implementation of the following pilot projects targeting minors and young adults: multisystemic therapy (MST)⁶² for young people between the ages of 14 and 17 identified as having high/moderate criminal risk profiles, including an experimental impact evaluation and a job placement pilot for at-risk youth between the ages of 18 and 25.⁶³

C. Key results indicators

- 1.20 **Expected outcomes.** The main expected impact of this program will be a reduction in violent crime (robberies, domestic violence, and homicides) in Asunción and the Central Department. This will be achieved based on the following outcomes, the indicators for which are described in the Results Matrix (Annex II): (i) increased evidence-based public policies; (ii) improved management of crime data and criminal investigations; (iii) enhanced effectiveness of crime prevention in five police districts with high crime rates; (iv) reduced victimization of women due to domestic violence; and (v) reduced delinquency rate among youth participating in the pilot programs.
- 1.21 **Beneficiaries.** The direct beneficiaries will be: (i) the Ministry of the Interior and the National Police, which will benefit from training and upgraded equipment and infrastructure; (ii) the population of the five police districts subject to intervention in Asunción and the Central Department, who will benefit from lower victimization rates following preventive community policing; (iii) women victims of domestic violence, who will benefit from improved services; and (iv) domestic violence offenders, through the treatment center. In addition, the program will benefit participating at-risk youth or juvenile offenders in the criminal justice system (from 14 to 25 years of age). Indirectly, the general public will benefit from improved management at national institutions and lower crime rates.

⁵⁹ These interventions are consistent with the evidence on their benefits. See Bennet et al., 2004: 24% reduction in domestic violence; Felson et al., 2005: 13% reduction in revictimization. See diagnostic assessment.

⁶⁰ The Ministry for Women, in agreement with the Municipality of Asunción, will be responsible for operation and maintenance of the center.

⁶¹ Echeburua et al. (2009): 70.5% of offenders who completed similar treatment in Spain did not reoffend.

⁶² Several authors have identified a reduction of between 43% and 72% in the recidivism rate among young people treated with MST (Borduin et al., 1999, 2009; Henggeler et al., 1992, 1993, 1997).

⁶³ Attanasio et al. (2011) found that the vocational training program for young people in situations of high vulnerability increases their likelihood of finding a job by 5%.

- 1.22 **Cost-benefit analysis.** This analysis calculated the cost-benefit ratio for the program as a whole at US\$3.68 in the base case scenario. This means that the program is expected to recover US\$3.68 for every dollar invested (discount rate: 12%). The social internal rate of return is 38%, a weighted average of the respective rates for each component. Component I has the higher return rate, inasmuch as any sizeable reduction in crime in Paraguay, given its high costs, will generate major benefits. Within component II, interventions to reduce the juvenile delinquency rate generate greater returns in all scenarios. Even in the most conservative scenario, a social internal rate of return of 27% is expected, which means that the program will generate returns for society even in unfavorable scenarios.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 The total cost of the program is US\$20 million, to be financed in its entirety by the Bank with resources from the Ordinary Capital. Table 1 summarizes the budget by component. The itemized budget can be found in [optional electronic link 6](#).

Table 1: Program costs (US\$)⁶⁴

COMPONENT	IDB	%
Component I	10,316,154	5.6
Activities and outputs	9,526,142	47.6
Program administration	790,012	4
• Program execution unit	381,500	1.8
• Audits	60,000	0.30
• Evaluation (final and ex post cost-benefit analysis)	120,000	0.6
• Contingencies	228,512	1.2
Component II	9,683,846	48.4
Total	20,000,000	100.00

B. Environmental and social risks

- 2.2 In accordance with the directives set out in the Bank's Environment and Safeguards Compliance Policy (Operational Policy OP-703), the program has been classified as

⁶⁴ Includes local taxes. All administrative expenses for the program are covered under component I.

a category “B” operation, as social and environmental impacts are deemed to be local in scope and effective mitigation measures have been established.⁶⁵

C. **Fiduciary risks**

- 2.3 **Fiduciary risks and mitigating measures.** The program is considered to present a medium risk. As part of the design of the operation, a risk management exercise was conducted following the Bank’s methodology, with participation by the entities involved. The [risk matrix for the program](#) contains a detailed analysis of the risks and the respective mitigation plan (to be revised annually). The main fiduciary risk was identified as potential noncompliance with contractual requirements that could delay execution and affect program targets due to lack of familiarity with the Bank’s procurement policies (which could lead to nonfulfillment of the conditions and clauses of the loan contract). To mitigate these risks, the following recommendation was made: create a program execution unit with a team of experts in planning, monitoring, financial administration, and procurement. In addition, an operating manual and training on fiduciary topics for its personnel will be developed.

D. **Other key issues and risks**

- 2.4 Other risks were identified: public management and governance risks, particularly related to the lack of information-sharing between institutions linked to the ONSCC; macroeconomic and fiscal sustainability risks, particularly the availability of resources for the sustainability of the ONSCC and the Criminal Investigation Laboratory; and reputational risks associated with the public’s lack of trust in the National Police. All identified risks have a corresponding mitigation plan and budget (as applicable) and are included as activities in the multiyear execution plan (see [required electronic link 2](#) and [optional electronic link 4](#)). Only one was considered high: the risk that “the police districts do not make effective use of the police information system (PIS).” This system supports decision-making on police activities and physical distribution in the district. Four actions are envisaged to mitigate this risk: (i) design of procedure manuals for PIS management, structure, and sanctions; (ii) presentation of the project to the managers of the police districts covered under this project, with the presence of the highest police authorities; (iii) appointment of a project team of police bodies to determine and oversee the technical requirements of the PIS and its implementation in the districts; and (iv) training of users on the topic of community policing.
- 2.5 **Sustainability.** The benefits mentioned in the economic analysis have been calculated for the life of the program only. The government plans to continue implementing the program activities, and inasmuch as they are consistent with its

⁶⁵ These impacts are related to traffic management during construction of the Criminal Investigation Laboratory and handling of solid and liquid waste once it opens. To address them, an environmental and social analysis and an [environmental and social management report](#) were prepared, establishing measures for mitigating the identified impacts, in accordance with the directives of policy OP-703 for category “B” operations, and a public hearing on the matter was held in Luque, the future site of the building, with participation by the authorities and members of civil society. There were no objections to construction of the building. The participants felt that the project would benefit the community (see [optional electronic link 17](#)).

ENS, these activities could be scaled up with government resources provided they are evaluated as effective.

III. IMPLEMENTATION AND ACTION PLAN

A. Summary of implementation arrangements

- 3.1 **Borrower and executing agency.** The borrower will be the Republic of Paraguay, and the executing agency will be the Ministry of the Interior.
- 3.2 The Ministry of the Interior will be responsible for program execution, for which it will draw on its various administrative units and a program execution unit (PEU). The PEU will be based on the unit that has been responsible for implementing operation ATN/JF-11908-PR and will be strengthened with professionals from the Ministry of the Interior for coordination and technical execution of the components; and with experts in the areas of planning and monitoring, finance, and procurement, funded with program resources. The Works Division of the Ministry of the Interior will support execution of the works (changes to the central building and refurbishment of police stations). As needed, the Ministry of the Interior will hire specialized consultants to supplement the program execution unit's capacity in areas such as determining the technical specifications of the Criminal Investigation Laboratory and the bid evaluation system. The administrative units of the Ministry of the Interior will provide support to help the PEU comply with its fiduciary responsibilities and audit reports, as well as support for the evaluations discussed in paragraph 3.12 (see [monitoring and evaluation plan](#)).
- 3.3 **Interagency coordination.** The ONSCC and the National Police are under the hierarchical, administrative, and functional jurisdiction of the Ministry of the Interior. Moreover, there is a cooperation agreement between the Ministry of the Interior and the Ministry for Women. In the areas of the program related to the Ministry for Women, its staff will provide technical support to the Ministry of the Interior for the design and monitoring of the activities to be contracted by the Ministry of the Interior. For the pilot interventions, the Ministry of the Interior will establish cooperation agreements with the pertinent institutions, particularly: the Judiciary, the National Secretariat for Children and Adolescents, the National Youth Secretariat, and the Ministry of Labor, Employment, and Social Security.
- 3.4 The Ministry of the Interior plans to directly contract the organization Multisystemic Therapy Services (MST) for the MST pilot, in accordance with the Bank's procurement policies, specifically paragraph 3.10(d) of document GN-2350-9. MST has proven successful at reducing the recidivism rate among similar target groups in other countries (see empirical evidence on its effectiveness in [optional electronic link 2](#)), and has been implemented by this organization, which is the owner of the MST license.
- 3.5 An assessment was conducted for the Ministry of the Interior, as the executing agency for the program, using the [Institutional Capacity Assessment System](#). The conclusion was that the Ministry has achieved a "medium" level of capacity development, with a "medium" risk level (see optional electronic link 4). To

mitigate this risk, the following recommendations were made: prepare a functional organizational chart and a fiduciary manual, draft job descriptions, implement an information system, and update the risk matrix every year.

- 3.6 **Fiduciary agreements and requirements.** The fiduciary agreements and requirements establish the framework for financial management and planning, as well as for supervision and execution of procurement to be applied during program execution. Annex III includes the structure of technical and fiduciary supervision and the frequency and minimum content of monitoring reports. The implementation of the activities will follow a schedule set out in the [multiyear execution plan](#), which contains a detailed timetable for the entire program. The execution plan will be revised annually and reflected in the respective annual work plan.
- 3.7 **Works, goods, and consulting and nonconsulting services.** Items financed in whole or in part with Bank resources will be procured in accordance with the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-9) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-9). The [procurement plan](#) contains an itemized list of procurement to be undertaken during program execution, as well as the applicable Bank procedures for their review.
- 3.8 **Audits.** External audit services will be provided in accordance with the fiduciary agreements and requirements. Within 120 days after the close of the fiscal year, the executing agency will present the audited consolidated annual financial statements to the Bank.
- 3.9 **Special contractual conditions precedent to the first disbursement.** As special contractual conditions precedent to the first disbursement, the borrower and/or executing agency will present evidence of the following to the Bank's satisfaction: (i) that the executing agency has created the program execution unit and appointed its members; and (ii) that the executing agency has presented the initial program report with the updated execution instruments such as the multiyear execution plan, annual work plan, procurement plan, results matrix, and risk matrix.
- 3.10 **Special contractual conditions for execution.** As special contractual conditions for execution, the borrower will present the following to the Bank's satisfaction: (i) current evidence of title to the property on which the Criminal Investigation Laboratory will be built; (ii) evidence of the physical space needed to set up the center for domestic violence offenders; (iii) the fiduciary manual for the operation, as a special condition precedent to the second disbursement; (iv) prior to the call for tenders for the design of the Criminal Investigation Laboratory, delivery of evidence to the Bank of the inclusion in the bid documents for each tender of a waste treatment system at the Criminal Investigation Laboratory to handle both sewage and liquid waste from lab operations; and (v) copies of the interagency agreements signed with other institutions for execution of the pilot activities with at-risk youth.

B. Monitoring and evaluation arrangements

- 3.11 **Monitoring by the executing agency and the Bank.** For program monitoring, the Ministry of the Interior and the Bank have agreed to use the results matrix, multiyear execution plan, annual work plan, progress monitoring report, and all specific agreements and documents on data collection instruments set out in the monitoring and evaluation plan.⁶⁶
- 3.12 **Evaluation.** The Results Matrix and the monitoring and evaluation plan will be used. The impact and outcome indicators will be evaluated using a “before and after” methodology. An experimental impact evaluation will be conducted for the MST pilot to measure its impact on the juvenile delinquency rate. A final evaluation of the program will include the ex post economic evaluation using the same methodology applied for the ex ante economic evaluation. A midterm evaluation will be conducted two and a half years after the effective date of the loan contract, or when 50% of the loan proceeds have been disbursed (whichever occurs first); and there will be a final program evaluation when 95% of the loan proceeds have been disbursed.

⁶⁶ The PEU will prepare semiannual progress reports for review by the Bank. In addition, at least one joint monitoring meeting per year will be held by the executing agency and the Bank to discuss: (i) the status of activities identified in the annual work plan; (ii) the level of fulfillment of the indicators established in the Results Matrix; (iii) the annual work plan for the subsequent year; and (iv) the procurement plan for the subsequent 12 months and possible modifications to the budget by component. The executing agency will maintain a monitoring and evaluation system, based on which it will prepare reports for delivery to the Bank. Data will also be used from the administrative records indicated in the Results Matrix and from the two victimization surveys and the domestic violence survey to be conducted under the program. The program execution unit will have a specialist to monitor its activities.

Development Effectiveness Matrix				
Summary				
I. Strategic Alignment				
1. IDB Strategic Development Objectives		Aligned		
Lending Program	(i) Lending to small and vulnerable countries and (ii) Lending for poverty reduction and equity enhancement.			
Regional Development Goals	(i) Share of formal employment in total employment and (ii) Homicides per 100,000 inhabitants.			
Bank Output Contribution (as defined in Results Framework of IDB-9)	(i) Individuals benefited from programs to promote higher labor market productivity and (ii) Cities benefited with citizen security projects.			
2. Country Strategy Development Objectives		Aligned		
Country Strategy Results Matrix	GN-2769	To reduce the levels of violence and crime.		
Country Program Results Matrix	GN-2756-2	The intervention is included in the 2014 Operational Program.		
Relevance of this project to country development challenges (If not aligned to country strategy or country program)				
II. Development Outcomes - Evaluability		Evaluable	Weight	Maximum Score
		8.7		10
3. Evidence-based Assessment & Solution		9.0	33.33%	10
3.1 Program Diagnosis		2.4		
3.2 Proposed Interventions or Solutions		3.6		
3.3 Results Matrix Quality		3.0		
4. Ex ante Economic Analysis		7.0	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		0.0		
4.3 Identified and Quantified Costs		1.5		
4.4 Reasonable Assumptions		0.0		
4.5 Sensitivity Analysis		1.5		
5. Monitoring and Evaluation		10.0	33.33%	10
5.1 Monitoring Mechanisms		2.5		
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: (i) Budget and (ii) Treasury. Procurement: (i) Information system, (ii) Shopping method and (iii) Use of national bidding sub-system.		
Non-Fiduciary				
The IDB's involvement promotes improvements of the intended beneficiaries and/or public sector entity in the following dimensions:				
Gender Equality				
Labor				
Environment	Yes	The program improves the conditions of the work environment of LIC whose new building will be built on the highest standards of environmental care.		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	In 2010 the TC "PR-T1084" was approved: Institutional innovation in public safety to promote social cohesion and competitiveness", in order to support the country in the design, implementation and monitoring of a National Strategy for Public Safety.		
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 project includes an experimental evaluation of the pilot Multisystemic Therapy (MTS) program. MST is a treatment at the family and community level based on the hypothesis that changes in the social ecology of youth can reduce youth antisocial behavior. The program is focused on the treatment of youth at high risk of reoffending.		

The main problems contributing to the high rate of crimes (homicides, robberies and VIF) concentrated in Asuncion and DC have been identified. The determinants of the main problems have also been identified and quantified. However, the POD has not adequately quantified how much of the main problems can be explained by the determinants of the problems identified. The vertical logic is clear and well specified. The project presents adequate evidence of internal validity of the proposed solutions. However no evidence of external validity is provided.

The results matrix is adequately constructed and contains all of its required elements for monitoring the project. The program includes an economic analysis. However the economic analysis only partially identifies and quantifies the benefits of the project.

The program includes a satisfactory monitoring and evaluation plan (MEP). The project has identified and adequately addressed the M&E and data availability required for monitoring the project. The program proposes one impact evaluation: a randomized experiment for the provision of "Multisystemic Therapy (MST)", as part of the effort to assess the effectiveness of interventions to reduce juvenile antisocial behavior for youth people at high risk of recidivism.

The Program's overall risk rated Medium. Of the seven risks identified, one was classified as high: the police station does not make effective use of police information system. Mitigation measures were identified with appropriate monitoring indicators.

RESULTS MATRIX

Program objective: The general objective of the program is to contribute to a reduction in violent crime (homicides, robberies, and domestic violence), particularly in Asunción and the Central Department. The specific objectives are: (i) to improve the design of public policies so they are evidence-based; (ii) to enhance the National Police's effectiveness in crime prevention and criminal investigation; (iii) to reduce the victimization of women due to domestic violence; and (iv) to reduce the juvenile delinquency rate.

EXPECTED IMPACT

Indicators	Unit of measure	Baseline		Target		Source / Means of verification	Observations
		Value	Year	Value	Year		
Expected impact: Reduction in violent crime (robberies, domestic violence, and homicides) in Asunción and the Central Department							
1. Total annual homicides in Asunción and the Central Department ¹	Rate per 100,000 inhabitants	3.66	2013	3.27	2019	Source: National Police/DGEEC Means: DGEEC statistical yearbook	Homicides entered into the administrative records of the National Police. All willful homicides are considered. The 2013 rate will be recalculated when official population data for 2013 for Asunción and the Central Department becomes available. The initial calculation uses official population estimates for 2012 (DGEEC 2012 yearbook), applying the same variation observed between 2011 and 2012.
2. Total annual robberies in Asunción and the Central Department ²	Rate per 100,000 inhabitants	147.2	2013	143.93	2019	Source: National Police/DGEEC Means: DGEEC statistical yearbook	Robberies entered into the administrative records of the National Police. This includes all types of robbery recorded by the National Police (robbery: simple and aggravated robbery of property, of motor vehicles, and of motorcycles, and resulting in death or serious injury). On population, see the indicator for impact 1.
3. Women 18 years or older victims of domestic violence in the previous 12 months in Asunción and the Central Department ³	Percentage of women surveyed	24.0	2013	18.24	2019	Source: Ministry for Women Means: Domestic violence survey	The 2013 value corresponds to the domestic violence survey, which defines domestic violence as any act of physical or psychological violence perpetrated in the family within the previous 12 months. The second round of the survey will be administered in 2019 as part of the project (see output 1.5).

¹ Garicano and Haeton (2010). 5% reduction (estimating the impact of combined information and investigation improvements on crime reduction). The target is calculated by taking, as the baseline, the trend in the homicide rate over the past five years (average annual increase), to which the percentage established by evidence (5%) is added and adjusted by the percentage of the population potentially benefited by the program (20% of the total population).

² Garicano and Haeton (2010). 5% reduction (estimating the impact of combined information and investigation improvements on crime reduction). The target is calculated by taking, as the baseline, the trend in the robbery rate over the past five years (average annual increase), to which the percentage established by evidence (5%) is added and adjusted by the percentage of the population potentially benefited by the program (20% of the total population).

³ Bennet, Riger et al (2004). The final target is consistent with evidence suggesting a 24% reduction in domestic violence.

EXPECTED OUTCOMES

Indicators		Unit of measure	Baseline		Target		Source / Means of verification	Observations
			Value	Year	Value	Year		
Expected outcome 1.1 - Increased evidence-based public policies								
O.1.1.1	Evidence-based public policies finalized and adopted	Number of policies	0	2013	2	2019	Source: Ministry of the Interior Means: ONSCC reports	The baseline is zero, as public policies in the area of citizen security are not evidence-based. ⁴ The number of public policies adopted will be measured based on reports in the area of analysis of the ONSCC.
Expected outcome 1.2: Improved management of crime data and criminal investigations								
O.1.2.1.	Homicides committed the previous year in Asunción and the Central Department cleared within 12 months following the crime ⁵	Percentage	50.5	2013	52.80	2019	Source: National Police Means: DGEEC statistical yearbook	Cleared homicides are defined as those in which the National Police has identified the implicated parties and referred the case to the Public Prosecutor’s Office. All willful homicides are considered. The baseline is provisionally calculated as the percentage of cleared homicides this year divided by the total number of homicides recorded this year. This indicator will be updated at project start-up.
O.1.2.2.	Robberies committed the previous year in Asunción and the Central Department cleared within 12 months following the crime ⁶	Percentage	24.1	2013	25.75	2019	Source: National Police/ DGEEC Means: DGEEC statistical yearbook	All categories of robbery are considered (see observation for the impact 2 indicator). The baseline is provisionally calculated as the percentage of cleared robberies this year divided by the total number of robberies recorded this year. This indicator will be updated at project start-up.

⁴ Paraguay does not have a consolidated observatory for generating reliable, timely information that would enable decision makers to analyze the citizen security situation (Moya, 2013)

⁵ Garicano and Heaton (2010): In the United States, reforms integrating technology and technical capacity have been found to produce a relative increase of 15% in the case clearance rate (22%). The target is calculated by taking, as the baseline, the trend in the homicide case clearance rate over the past five years (average annual increase), to which the percentage established by evidence (15%) is added and adjusted by the percentage of the population potentially benefited by the program (20% of the total population).

⁶ Garicano and Heaton (2010): In the United States, reforms integrating technology and technical capacity have been found to produce a relative increase of 15% in the case clearance rate (22%). The target is calculated by taking, as the baseline, the trend in the robbery case clearance rate over the past five years (average annual increase), to which the percentage established by evidence (15%) is added and adjusted by the percentage of the population potentially benefited by the program (20% of the total population).

Indicators	Unit of measure	Baseline		Target		Source / Means of verification	Observations
		Value	Year	Value	Year		
Expected outcome 2.1: Enhanced effectiveness of crime prevention in five police districts with high crime rates							
O.2.1.1. Annual robberies in the five intervened police districts. Victims 18 years or older ⁷	Rate per 100,000 inhabitants	377.4	2013	294.37	2019	Source: National Police/ DGEEC Means: Special request of National Police and DGEEC through the program execution unit	The five intervened police districts are: 1 and 2 in the Central Department and 6, 7, and 12 in Asunción. The current value will be recalculated when updated population data is received from the police districts and a final estimate from the National Police is received on the total number of robberies in those areas. (Provisionally, a National Police estimate of robberies in 2013 and a population estimate for the neighborhoods served by each station, based on 2002 census data, were used, to which the variation for Asunción and the Central Department was applied according to the location of each police district.)
O.2.1.2. Annual motor vehicle thefts in the five intervened police districts. Victims 18 years or older ⁸	Rate per 100,000 inhabitants	191.1	2013	166.26	2019	Source: National Police/ DGEEC Means: Special request of National Police and DGEEC through the program execution unit	The five intervened police districts are: 1 and 2 in the Central Department and 6, 7, and 12 in Asunción. The current value will be recalculated when updated population data is received from the police districts and a final estimate from the National Police is received on the total number of motor vehicle thefts in those areas. (Provisionally, a National Police estimate of thefts in 2013 and a population estimate for the neighborhoods served by each station, based on 2002 census data, were used, to which the variation for Asunción and the Central Department was applied according to the location of each police district.)
Expected outcome 2.2: Reduced victimization of women due to domestic violence							
O.2.2.1. Women 18 years or older revictimized by domestic violence in the previous 12 months in Asunción and the Central Department ⁹	Percentage of women surveyed	19.0	2013	16.61	2019	Source: Ministry for Women Means: Domestic violence survey	“Revictimized” means women who were victimized more than once by the same person. The baseline provisionally incorporates victims who were victimized more than once in the previous 12 months. This question will be included in the 2019 domestic violence survey, and the baseline estimate will be adjusted in accordance with microdata from the 2013 survey.

⁷ Mejía et al, 2013. Community policing by quadrants resulted in a 22% reduction in crime in the eight participating cities in Colombia.

⁸ The use of predictive policing tools helped reduce crime by 13% in Los Angeles over a four-month period following implementation (<http://www.predpol.com/results/>).

⁹ Felson et al., 2005: 13% reduction in the revictimization rate.

Indicators	Unit of measure	Baseline		Target		Source / Means of verification	Observations
		Value	Year	Value	Year		
O.2.2.2. Percentage of women victims of domestic violence who report the violence to the police	Percentage	10	2013	20	2019	Source: Ministry for Women Means: Domestic violence survey	The baseline comes from the respective question in the domestic violence survey.
Expected outcome 2.3: Reduced delinquency rate among youth participating in the pilot programs							
O.2.3.1. Recidivism rate among young people between the ages of 14 and 17 within 12 months following their completion of the MST program ¹⁰	Percentage of young people completing the program	35	2013	19.95	2019	Source: Ministry of Justice Means: Annual reports requested by the program execution unit	Those cases in which the program graduates are not arrested by the National Police for any type of crime in the 12 months following their completion of the program will be considered. The estimate for the impact indicator corresponds to the experimental impact evaluation (see 2.1.5 in the output matrix). The baseline corresponds to recidivism data for young people between the ages of 18 and 22 from the 2013 Penitentiary Census.
O.2.3.2. Young people between the ages of 18 and 25 who participate in the life skills program and have a formal job 12 months after completing the program ¹¹	Percentage	0	2013	5%	2019	Source: Program execution unit Means: Pilot program monitoring report	The authorities recognize “that job opportunities for individuals with a criminal record are scarce and institutions do not intervene once they are released from prison.” (<i>Diario Paraguay</i> , 18 January 2011).

¹⁰ Borduin et al., 1999, 2009; Henggeler et al., 1992, 1993, 1997. Several authors have identified a reduction of between 43% and 72% in the recidivism rate among young people treated with MST.

¹¹ Attanasio et al. (2011) found that the vocational training program for young people in situations of high vulnerability increases their likelihood of finding a job by 5%.

OUTPUTS¹²

Output	Estimated cost per output (O) US\$	Unit of measure	Base line 2014	Year										Target
				1		2		3		4		5		
				O	US\$	O	US\$	O	US\$	O	US\$	O	US\$	
Component I: Capacity-building for effective management of crime data and criminal investigations														
Expected outcome 1: Improved management of crime data and criminal investigations														
1.1. Data collection, analysis, and distribution system installed at the Observatory ¹³	936,200	number of systems	0	0	66,440	0	102,246	1	74,587	0	182,920	0	510,007	1
1.2. Personnel trained and certified in data collection, processing, quality control, and analysis	175,080	number of personnel	0	0	0	5	63,180	10	87,900	5	24,000	0	0	20
1.3. Interface of the “137” hotline for women integrated with the National Police’s Intranet	237,939	number of interfaces	0		35,691		47,588	1	118,970		23,794		11,897	1
1.4. National victimization survey implemented and analyzed	600,000	number of surveys	0	1	300,000							1	300,000	2
1.5. National domestic violence survey implemented and analyzed	270,000	number of surveys	0									1	270,000	1
1.6. Criminal investigators certified in scientific criminal investigation and working at the Criminal Investigation Laboratory	74,000	number of investigators	0	460	34,000	540	40,000							1,000
1.7. Criminal Investigation Laboratory built	2,729,199	number of laboratory	0		27,292		54,584		272,920		1,610,22	1	764,176	1
1.8. Criminal Investigation Laboratory equipment system developed	4,503,724	number of systems	0		1,125,931	1	1,576,303		900,745		450,372		450,372	1
Administrative expenses ¹⁴	790,012													
Component II: Strengthening of efficiency for crime prevention														
Expected outcome 2.1: Enhanced effectiveness of crime prevention in five police districts with high crime rates														
2.1.1. Police officers certified in community policing	290,834	number of police officers	0		14,542	200	43,625	400	116,333	200	58,167	200	58,167	1,000

¹² See source and means of verification in the complete results matrix included in the Monitoring and Evaluation Plan.¹³ This output includes the integration of the databases and records of the Ministry of the Interior, with the exception of the “137” interface.¹⁴ Administrative expenses for the entire program are covered under component I.

2.1.3. Manual of police integrity developed and approved ¹⁵	100,000	number of manuals	0		10,000	1	25,000		25,000		20,000		20,000	1
2.1.3. Model police stations refurbished ¹⁶	5,703,457	number of police stations	0		57,035	1	1,140,691	2	1,996,214	2	1,996,206		513,311	5
2.1.4. Predictive software developed and installed	350,000	number of software	0		50,000	1	150,000		50,000		50,000		50,000	1
2.1.5. Analytical studies on citizen security conducted	150,000	number of analytical studies	0		52,500		15,000		15,000		15,000	3	52,500	4
Expected outcome 2.2: Reduced victimization of women due to domestic violence														
2.2.1. Police officers certified in domestic violence prevention and response	54,607	number of police officers	0	0	8,191	100	13,652	100	13,652	100	13,652	0	5,461	300
2.2.2. Offenders completing treatment at the domestic violence center	440,798	number of offenders	0	22	88,160	22	88,160	22	88,160	22	88,160	22	88,160	110
2.2.3. Selected domestic violence prevention projects (among civil society organizations) implemented	120,000	number of selected projects	0	1	24,000	1	24,000	1	24,000	1	24,000	1	24,000	5
2.2.4. Awareness campaigns to combat domestic violence against women designed and implemented	160,000	number of campaigns	0			1	80,000			1	80,000			2
Expected outcome 2.3: Reduced delinquency rate among youth participating in the pilot programs														
2.3.1. Young people between the ages of 14 and 17 completing treatment in MST therapy	1,677,100	number of young people	0	42	335,420	84	670,840	84	670,840					210
2.3.2. Young people between the ages of 18 and 25 completing the life and job skills program	637,050	number of young people	0	105	212,350	105	212,350	105	212,350					315
Total cost of program	20,000,000													

¹⁵ The means of verification will be the semiannual reports from the Ministry of the Interior's Planning Division, which will be validated by the external international organization engaged for this purpose (see paragraph 1.15 in the loan proposal).

¹⁶ Refurbished means infrastructure upgrades and functional reorganization.

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Country: Paraguay
Project number: PR-L1077
Name: Integrated Citizen Security Management Program
Executing agency: Ministry of the Interior, Republic of Paraguay
Fiduciary team: Alberto de Egea and Mariano Perales

I. EXECUTIVE SUMMARY

- 1.1 The institutional assessment for fiduciary management of the project was conducted based on: (i) the fiduciary context of the country; (ii) the results of the fiduciary risk evaluation and project risk management workshop; (iii) the analysis of the Ministry of the Interior that was conducted using the Institutional Capacity Assessment System (ICAS); (iv) working meetings with the project team; and (v) meetings with personnel from the various areas of the Ministry of the Interior. As a result of this assessment, the fiduciary agreements for procurement and financial management to be applied for project execution have been prepared.

II. FIDUCIARY CONTEXT OF THE COUNTRY

- 2.1 Generally, the country systems for financial management have a medium level of development. For purposes of executing Bank-financed projects, they should be supplemented in the areas of specific financial reports and external control, through auxiliary accounting systems and the intervention of the Office of the Comptroller General in project audits or the contracting of Bank-eligible private audit firms. Financial control tools such as the Integrated Financial Management System, the Accounting System, and other subsystems enable the executing agency to process payment transfers to goods and services providers through the Central Bank. By integrating these systems, the Integrated Financial Management System could generate audited financial statements for the program or project in the near future, and in the meantime the function is supported on parallel systems.
- 2.2 In terms of the country systems for public procurement, in addition to the Public Contracting Information System, which has already been fully deployed for Bank operations, Paraguay's electronic reverse auction and competitive bidding subsystems will be used for the amounts and categories established in the agreement on use of these subsystems, signed by the country and the Bank on 17 June 2014.

III. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

- 3.1 The executing agency for the program will be the Ministry of the Interior,¹ acting through a program execution unit. The Ministry of the Interior is an agency of the central government of Paraguay. It has approximately 300 staff between the offices of two deputy ministers, for Internal Security and for Political Affairs.²
- 3.2 The ICAS assessment applied to the program yielded a score of 61.71%, equivalent to a “medium” level of capacity development. The associated risk level was found to be “medium,” which requires the implementation of priority measures as soon as possible. These measures will translate into substantial improvements in capacity and should be implemented prior to project start-up or early on in the execution period. Consequently, the ICAS report identifies early mitigation measures that the Ministry should adopt in order to manage the project in accordance with Bank requirements.

IV. FIDUCIARY RISK EVALUATION

A. Financial management

- 4.1 With respect to the ICAS, for Control Capacity, the institution received a score of 50%, the lowest in the matrix, which involves the Internal Control System and the External Control System.
- 4.2 With respect to the risk matrix for the project, delays in financial processes has been identified as a medium risk, and corresponding mitigation actions have been established.

B. Procurement management

- 4.3 For the Goods and Services Management System, the ICAS returned a score of 75.86%, equivalent to a medium level of development and a medium risk level. In addition, in the risk matrix, delays in procurement processes was identified as a medium risk, for which corresponding mitigation measures have also been identified.

V. CONSIDERATIONS FOR THE SPECIAL CONDITIONS OF THE CONTRACT

- 5.1 In order to expedite negotiation of the contract by the project team and mainly the Legal Department, the agreements and requirements that should be considered in the special conditions are indicated below.

¹ The Ministry has existed in its present form since 1940, and its organization and functions are regulated by Decree 21917/03, as partially amended by Decree 1811/09.

² The first contains the Police, Intelligence, and Citizen Security Policy Divisions, as well as the Center for Planning and Control. The second has the Departmental and Municipal Governments, Interagency Relations, Migration, Population, Civic Participation, and Human Rights Divisions.

- 5.2 Execution will require as conditions precedent to disbursement of the loan proceeds:
- a. Within the first six months of execution, the program execution unit will be created, and all executing agency units involved in procurement will have, in addition to the minimum personnel needed to operate, adequate physical space, with the furnishings needed to perform their functions and adequate technology infrastructure for efficient management of procurement and payment processes.
 - b. Once the program execution unit has been created and prior to the second disbursement, the executing agency will submit to the Bank for approval a brief fiduciary manual of functions and procedures setting out the procedures that the program execution unit should follow for efficient procurement and financial management, payments, records, and controls needed for efficient execution of the operation.

VI. FIDUCIARY AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

- 6.1 The procurement policies that apply to this loan are those set out in documents GN-2349-9 and GN-2350-9. The Bank's Board of Executive Directors approved (document GN-2538-11) use of the country's electronic reverse auction and competitive bidding subsystems, in the Paraguayan Public Contracting System (Law 2051/03). The use of other country systems approved subsequent to project approval will be automatic and so indicated in the procurement plan.

A. Procurement execution

- 6.2 **Procurement of works, goods, and nonconsulting services.** The procurement of works, goods, and nonconsulting services³ subject to international competitive bidding (ICB) will be executed using the standard bidding documents issued by the Bank. Procurement subject to national competitive bidding (NCB) will be executed using the national bidding documents agreed upon with the Bank. The sector specialist for the project will be responsible for reviewing the technical specifications for procurement during the preparation of selection processes. Initially, direct contracting will be used in application of the exception indicated in paragraph 3.6(c) of the Bank's respective procurement policy.⁴
- 6.3 **Selection and contracting of consultants.** Consulting contracts generated under the project will be executed using the standard request for proposals issued by or agreed upon with the Bank. The sector specialist for the project will be responsible for reviewing the terms of reference for the contracting of consulting services. The Ministry of the Interior plans to directly contract the organization MST Services, holder of the MST license, for the MST pilot. This organization is especially qualified for this activity. Not only does it have the license, it has extensive

³ Policies for the Procurement of Goods and Works Financed by the Bank (document GN-2349-9), paragraph 1.1: Nonconsulting services are treated as goods.

⁴ Policies for the Procurement of Goods and Works Financed by the Bank (document GN-2349-9), paragraph 3.6: Direct contracting should be duly justified.

- experience in applying this type of intervention, with demonstrated effectiveness in reducing the recidivism rate among similar target groups in other countries.⁵
- a. **Selection of individual consultants.** There are no plans to directly contract individual consultants.
 - b. **Training.** Two training processes are planned as nonconsulting services, with a total cost of US\$154,000.
 - c. **Use of country system.** In accordance with document GN-2538 of October 2013, the use of the electronic reverse auction and competitive bidding subsystems of the Paraguayan Public Contracting System in Bank-financed operations will apply:
 - (i) To all goods and nonconsulting services contracts subject to use of the electronic reverse auction as provided in the Public Contracting System of Paraguay, for amounts below the threshold established by the Bank for use of the shopping method for common goods (US\$250,000).
 - (ii) To all works contracts for amounts below the threshold established by the Bank for use of the price comparison method for uncommon works (US\$250,000), and goods and nonconsulting services contracts up to the amount established by the Bank for use of the shopping method for uncommon goods and services (US\$50,000).
 - (iii) Contracts for amounts equal to or greater than the aforementioned thresholds will be governed by Bank policies (document GN-2349-9).
- 6.4 Section 1 of the Bank's Policies (document GN-2349-9) will remain applicable to all contracts regardless of amount or procurement method. Any system or subsystem that is subsequently approved will apply to the operation. The procurement plan for the operation and updates thereto will indicate which procurement processes will be executed using the approved country systems. In the event that the Bank approves another system or subsystem, it will be applicable to the operation, in accordance with the provisions of the loan contract.
- 6.5 **Recurring expenses.** Expenses related to office leases, vehicle rentals for supervision work, public utilities and communications, translations, bank fees, office supplies, advertising or notices, photocopies, mail, etc. will be financed by the project from the annual budget approved by the Bank and will follow the procedures of the executing agency, in accordance with Law 2051 on Public Contracting, which have been reviewed and accepted by the Bank provided they do not violate the basic principles of competition, efficiency, and economy. However, operation costs do not include the wages of government employees.⁶

⁵ Policy for the Selection and Contracting of Consulting Services (document GN-2350-9), paragraph 3.10(d) and subsequent paragraphs: Single-source selection should be duly justified.

⁶ As an exception, financing will be provided for incremental personnel costs incurred by the executing agency when these are specifically related to project execution (document [GN-2331-5](#), Annex I, 1.7. C.c.1.22).

6.6 **Advance procurement / Retroactive Financing.** None.

6.7 **National preference.** None.

1. Table of thresholds for international competitive bidding and international short list (US\$ thousands)

Method	ICB - works	ICB - goods and nonconsulting services	International shortlist - consulting services
Threshold	3,000,000	250,000	200,000

2. Main procurement processes

Activity	Selection method ⁷	Estimated date of notice/invitation	Estimated amount US\$ 000
Goods			
Equipment for the operational test environment for the integrated system of the Criminal Investigation Laboratory	ICB	6 August 2015	312
Equipment for the laboratory's operational activities	ICB	15 November 2018	3,920
Technology equipment for providing service in the five police districts	ICB	28 September 2017	1,760
Patrol vehicles for the police districts (30 units)	ICB	28 September 2017	1,172
Works			
New building for the Criminal Investigation Laboratory with basic furnishings	NCB	15 May 2015	2,245
Refurbishment of five police stations	NCB	26 May 2017	2,250
Firms⁸			
Master information system for the Observatory	QCBS	10 July 2015	215
Designs for construction of the Criminal Investigation Laboratory	QCBS	24 February 2016	245
National survey on domestic violence	LCS	5 April 2016	270
Protocol and procedural manuals for the Criminal Investigation Laboratory	QCBS	3 June 2019	326
Procurement of knowledge for MST	DC	N/A	744
Designs for refurbishment of five police stations	QCBS	4 May 2016	248
Call for Employability Program	LCS	9 May 2016	395
Licenses and implementation of the predictive policing information system	QCBS	10 July 2015	350
Individuals			
42 individual consultants	3 CVs	Between May 2015 and August 2018	2,340

⁷ If the procurement is through the National System, it should be indicated under "Selection method."

⁸ For consulting services, the shortlist will comprise firms of various nationalities. See paragraph 2.6 of the Policy for the Selection and Contracting of Consulting Services (document GN-2350-9).

- 6.8 **Procurement supervision.** All procurement and/or contracting processes governed by the procurement policies set out in documents GN-2349-9 and GN-2350-9 will be reviewed ex ante by the Bank, taking into account the government's position on the matter. Supervision of all procurement and/or contracting processes governed by the electronic reverse auction and competitive bidding subsystems of the Public Contracting System of Paraguay (document GN-2538-11) will be conducted through the country system. Supervision may be supplemented by the project audits.
- 6.9 **Special provisions.** No special provisions are expected other than those indicated in paragraph 5.2 of this annex.
- 6.10 **Records and files.** For preparing and filing project reports, the forms and procedures that have been agreed upon and will be described in the Fiduciary Manual of Functions and Procedures for the project should be used.

VII. FIDUCIARY AGREEMENTS AND REQUIREMENTS FOR FINANCIAL EXECUTION

A. Programming and budget

- 7.1 The Ministry of the Interior will centralize execution activities through a program execution unit, which will receive logistical support from the other units of the Ministry. The Administration and Finances Division will handle budget programming, administration, and execution under the zero-based budgeting system.

B. Accounting and information systems

- 7.2 **Accounting.** Accrual basis accounting will be the standard. However, for projects partially financed by the Bank, the cash method will be used. The Integrated Financial Management System is the primary system used to process budget and accounting transactions and is connected to an accounting subsystem, which along with other subsystems makes it possible to download information and prepare reports accessible to the Bank and other financing sources, the "Integrated System for Invoices, Disbursements, and Accounting."
- 7.3 **Information systems.** The executing agency has various internal and external information systems, but the fact that they are not integrated means it takes longer to prepare and issue reports. Despite this, the Ministry of the Interior has been fulfilling its responsibilities. Support is needed to integrate its reporting systems to enable it to integrate the planning and execution tools.

C. Disbursements and cash flow

- 7.4 Disbursements will be processed through advances of funds, which will be corroborated through the presentation of a financial plan itemized by month for a six-month period and another longer one, in order to determine the real demand of the program based on the multiyear execution plan, the annual work plan, and the procurement plan. The second and subsequent disbursements will be subject to justification of 80% of the advance, or a smaller percentage as provided by the policy in force during program execution. The financial plan will be coordinated in advance with the technical unit and adjusted to reflect the actual time required for

procurement and disbursement processes. To strengthen the internal audit plan and better monitor project supervision by that area, support will be provided in the form of an audit expert, to be financed with program resources.

D. Internal control and internal audit

- 7.5 In the area of internal control, it was agreed that periodic reports would be made to the Bank on the implementation status of the National Standardized Mechanism for Internal Control at the Ministry of the Interior. In the event that this mechanism is not applied, the Ministry will demonstrate that the Internal Audit Unit has been strengthened under a short-term plan to guarantee that control is in place and being actively exercised in aspects related to project execution.

E. External control and reports

- 7.6 The executing agency, through the program execution unit, will present annual program audit reports to be prepared by the Office of the Comptroller General or a firm of independent auditors acceptable to the Bank, in accordance with the terms of reference previously agreed upon by the Bank.

F. Financial supervision plan

- 7.7 Financial supervision will be provided in three ways: (i) the first through control of disbursement reports and review visits; (ii) the second through on-site supervision visits scheduled by the Bank; and (iii) through financial information from financial statements and execution reports.

G. Execution mechanism

- 7.8 The program execution unit created by the Ministry of the Interior will be responsible for: (i) coordinating all activities related to the project; (ii) preparing physical-financial status reports; (iii) presenting no objection and loan disbursement requests and keeping accounting records that will serve as the primary source for the preparation of such requests and any financial reporting; (iv) installing and maintaining a control system to guarantee the proper use and safeguarding of resources as well as maintaining the documentary record of transactions; and (v) preparing and updating the initial project report, the annual work plans, the semiannual monitoring reports, the evaluation reports, and the project completion report, prior to presenting them to the Bank. The program execution unit will be responsible for timely fulfillment of the clauses and agreements set out in the loan contract and activities related to the project.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/___

Paraguay. Loan ___/OC-PR to the Republic of Paraguay
Integrated Citizen Security Management Program

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 Republic of Paraguay, as Borrower, for the purpose of granting it a financing to cooperate in the execution the Integrated Citizen Security Management Program. Such financing will be for an amount of up to US\$20,000,000 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 ___ _____ 20__)