

PUBLIC

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BRAZIL

**PROFISCO – PIAUÍ
STATE OF PIAUÍ FISCAL MANAGEMENT DEVELOPMENT AND
IMPROVEMENT PROJECT (PRODAF/PI)**

(PROFISCO/PI BR-L1238)

**INDIVIDUAL OPERATION UNDER THE CONDITIONAL CREDIT LINE FOR
INVESTMENT PROJECTS (CCLIP) FOR THE PROGRAM TO SUPPORT
MANAGEMENT AND INTEGRATION OF TAX ADMINISTRATIONS IN BRAZIL
(PROFISCO)**

(BR-X1005)

LOAN PROPOSAL

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ELECTRONIC LINKS	
REQUIRED	
1.	Annual work plan - 18 months IDBdocs2052259
2.	Monitoring and evaluation system IDBdocs2052265
3.	Procurement Plan - 18 months (itemized table) IDBdocs2067192
OPTIONAL	
1.	Summary matrix of fiscal management problems - diagnostic assessment IDBdocs2052286
2.	Project financial analysis IDBdocs2052315
3.	Institutional agreement and project execution mechanism IDBdocs2052317
4.	State law authorizing undertaking the loan operation IDBdocs2089089 IDBdocs2089065
5.	Order establishing the Project Coordination Unit (PCU/PI) IDBdocs2052355
6.	Report on fiscal management in the State of Piauí IDBdocs2052362
7.	Frame of reference for the PROFISCO CCLIP approved by the Brazilian government (vPOD) IDBdocs2052266
8.	Operating Regulations for the PROFISCO CCLIP and Annexes IDBdocs2052275
9.	Table of Indicators IDBdocs2052272
10.	Environmental Classification and Safeguards IDBdocs2198770

ABBREVIATIONS

AWP	Annual work plan
BNB	Banco do Nordeste do Brasil
CCLIP	Conditional credit line for investment projects
CEF	Caixa Econômica Federal
CGE	Controladoria Geral do Estado [Office of the State Comptroller General]
ESAF	Escola de Administração Fazendária do Ministério da Fazenda [Brazilian Ministry of Finance School of Public Finance Administration]
FECOP	Fondo Estatal de Combate a la Pobreza [State Antipoverty Fund]
IBRD	International Bank for Reconstruction and Development
ICMS	Imposto sobre Operações relativas à Circulação de Mercadorias e à Prestação de Serviços de Transporte Interestadual e Intermunicipal e de Comunicação [tax on merchandise circulation and the provision of interstate and intermunicipal transport and communication services]
INSS	Instituto Nacional do Seguridade Social [National Social Security Institute]
IPVA	Imposto sobre a Propriedade de Veículos Automotores [tax on vehicle ownership]
IRRF	Federal income tax withholding
ITCMD	Imposto sobre Transmissão Causa Mortis e por Doação [Inheritance and gifts tax]
LIBOR	London Interbank Offered Rate
LRF	Fiscal Accountability Act
NF-e	Nota Fiscal Eletrônica [Electronic tax invoice]
PCU	Project Coordination Unit
PGE	Procuradoria Geral do Estado [Office of the State Attorney General]
PGFN/SRF	Procuradoria-Geral da Fazenda Nacional/Secretaria da Receita Federal
PROFISCO	Program to Support Management and Integration of Tax Administrations in Brazil
R\$	Brazilian reais
SEFAZ/PI	Secretaria da Fazenda do Estado do Piauí [Piauí State Finance Department]
SEPLAN	Secretaria de Planejamento [Department of Planning]
SIAFEM	Sistema Integrado de Administração Financeira para Estados e Municípios [Integrated State and Municipal Financial Management System]
SIAT	Sistema Integrado de Administração Tributária [Integrated Tax Administration System]
SPED	Sistema Público de Escrituração Digital [Digital Public Accounting System]
UNDP	United Nations Development Program

PROJECT SUMMARY

BRAZIL

PROFISCO – PIAUÍ

STATE OF PIAUÍ FISCAL MANAGEMENT DEVELOPMENT AND IMPROVEMENT PROJECT (PRODAF/PI)

(PROFISCO/PI BR-L1238)

INDIVIDUAL OPERATION UNDER THE CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS (CCLIP) FOR
THE PROGRAM TO SUPPORT MANAGEMENT AND INTEGRATION OF TAX ADMINISTRATIONS IN BRAZIL
(PROFISCO)
(BR-X1005)

Financial Terms and Conditions			
Borrower: State of Piauí		Amortization period:	20 years
Guarantor: Federative Republic of Brazil		Grace period:	4 years
Executing agency: State of Piauí, through the State Department of Finance (SEFAZ/PI).		Disbursement period:	4 years
Source	Amount	Inspection and supervision fee:	*
IDB (Ordinary Capital)	US\$16,951,000	Interest rate:	LIBOR
Local	US\$1,787,000	Credit fee:	*
Total	US\$18,738,000	Currency:	U.S. dollars from the Single Currency Facility of the Ordinary Capital
Project at a glance			
Objectives and description:			
Objective: The project's general objective is to make fiscal management in the State of Piauí more efficient and transparent, with a view to (i) improving strategic planning tools; (ii) increasing the state's own revenue; (iii) making control of public spending more efficient and effective, and (iv) providing better services to citizens.			
Description: The project includes four components and their respective subcomponents:			
1. Integrated strategic management: (i) organizational strengthening and improved strategic management; and (ii) national and international interagency cooperation.			
2. Tax administration and tax litigation: (i) more efficient and effective tax administration; (ii) better management of the taxpayer registry and implementation of the Digital Public Accounting System (SPED); and (iii) more efficient and effective management of tax litigation.			
3. Financial and asset management and internal oversight: (i) more efficient and effective financial management; and (ii) improved internal oversight and audit mechanisms.			
4. Management of strategic resources: (i) improved mechanisms for transparency and communication with society; (ii) modernization of technology management and improvement of internal and external services; (iii) more effective human resources management; and (iv) strengthening of knowledge management.			
Special contractual conditions:			
As a condition precedent to the first disbursement of funds, the borrower will present evidence to the Bank for verification that: (i) the Operating Regulations have entered into force (see paragraph 3.8); and (ii) the SEFAZ/PI permanent bidding committee has been restructured, and at least one official responsible for tendering has been designated (see paragraph 2.6).			

Exceptions to Bank policies:

The application of national procurement laws is requested (see paragraph 2.3), together with the use of direct contracting as explained in paragraphs 2.7 and 2.8.

Project qualifies as: Not applicable. SEQ [] PTI [] Sector [] Geographic [] Headcount []

* The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable provisions of the Bank's policy on lending rate methodology for Ordinary Capital loans. In no case will the credit fee exceed 0.75% or the inspection and supervision fee exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, rationale

- 1.1 This operation is part of the conditional credit line for investment projects (CCLIP) for the Program to Support the Management and Integration of Tax Administrations in Brazil (PROFISCO) (operation BR-X1005), which was approved by the Bank's Board of Executive Directors through Resolution DE-132/08 of 5 November 2008.
- 1.2 **Socioeconomic considerations.** The State of Piauí, one of the Brazil's 27 federal units, is located in the northeast region of Brazil, with an area of 252,378 square kilometers. Its population was estimated at three million in 2007, with 64.13% living in urban areas and 35.87% in rural areas. In 2008, the State of Piauí accounted for 0.70% (9.3 billion reais (R\$)) of Brazil's total gross domestic product (R\$2.9 trillion). The main components of the state economy are: (i) services, 58.99%; (ii) commerce, 18.70%; (iii) industry, 12.80%; and (iv) agriculture, 9.51%.
- 1.3 **Fiscal considerations.** The State of Piauí complies with the government's commitments under the Fiscal Accountability Act (LRF), and its public accounts maintain a balanced fiscal position. In 2007 and 2008 it performed as follows:

Table 1.1: Primary balance (in R\$)

Category	2007	2008	% change
Primary income (I)	3,462,905,674	4,251,118,429	22.76
Primary expenditure (II)	3,276,946,786	3,942,266,461	20.30
Primary balance (I-II)	185,958,888	308,851,968	66.09
Target pursuant to the Budget Guidelines Act	223,059,000	311,976,000	39.86

Source: LRF Reports.

- 1.4 State revenue (after deductions) had a nominal increase of 23.43% from 2007 to 2008, as shown in Table 1.2:

Table 1.2: Revenue collected (in R\$)

Economic category	2007	%	2008	%	% change
Current revenue	4,145,536,491	97.50	5,162,217,133	97.97	24.52
Taxes	1,387,852,006	33.48	1,660,118,329	32.16	19.62
Contributions and assessments	193,662,504	4.67	226,425,574	4.39	16.92
From assets	26,040,165	0.63	49,153,053	0.95	88.76
Services	26,618,291	0.64	20,940,551	0.41	(21.33)
Current transfers	2,212,824,197	53.38	2,818,989,518	54.61	27.39
Other current revenue	75,100,825	1.81	136,640,204	2.65	11.87
Intra-budgetary revenue	223,438,503	5.39	249,949,904	4.84	100.00
Capital revenue	106,500,238	2.50	107,211,593	2.03	0.67
Credit operations	9,791,188	9.19	17,704,992	16.51	80.83
Disposal of property	479,137	0.45	1,196,350	1.12	149.69
Amortization of loans	586,530	0.55	771,067	0.72	31.46

Capital transfers	95,400,008	89.58	87,539,184	81.65	(8.24)
Other capital revenue	243,375	0.23	0	-	(100.00)
Total revenue	4,252,036,729	100	5,269,428,726	100	23.93
Deductions from current revenue	(752,633,264)	-	(950,076,362)	-	-
Revenue after deductions	3,499,403,465	100.00	4,319,352,364	100.00	23.43

Source: Integrated State and Municipal Financial Management System (SIAFEM).

- 1.5 Tax revenue posted a nominal increase of 19.62% over fiscal year 2007, as shown in Table 1.3:

Table 1.3: Tax revenue (in R\$)

Breakdown	2007	%	2008	%	% change
Taxes	1,325,342,377	95.50	1,586,773,050	95.58	19.73
ICMS	1,150,587,896	82.90	1,350,685,066	81.36	17.39
Additional ICMS-FECOP	20,274,109	1.46	48,890,266	2.94	141.15
IPVA	63,051,916	4.54	76,399,002	4.60	21.17
IRRF	89,063,093	6.42	107,324,848	6.46	20.50
ITCMD	2,365,363	0.17	3,473,868	0.21	46.86
Fees	62,509,630	4.50	73,345,279	4.42	17.33
TOTAL	1,387,852,007	100	1,660,118,329	100	19.62

- 1.6 Expenditures executed in fiscal year 2008 showed a nominal increase of 16.14% over the previous year. Table 1.4 provides a breakdown of expenditures:

Table 1.4: Expenditures executed (in R\$)

Economic category	2007	%	2008	%	% change
Current expenditures	3,273,734,748	86.80	3,622,808,733	82.70	10.66
Personnel	1,520,502,190	40.31	1,649,923,126	37.67	8.51
Debt service and interest	259,366,440	6.88	216,208,874	4.94	-16.64
Other current expenditures	1,493,866,118	39.61	1,756,676,733	40.10	17.59
Capital expenditures	497,876,340	13.20	757,665,757	17.30	52.18
Investments	216,789,973	5.75	432,528,585	9.87	99.52
Financial investments	45,788,504	1.21	103,138,018	2.35	125.25
Amortization of debt	235,297,863	6.24	221,999,154	5.07	-5.65
TOTAL EXPENDITURES	3,771,611,088	100	4,380,474,490	100	16.14

Source: SIAFEM.

- 1.7 Debt service payments in fiscal year 2008 had a nominal increase of 16.58% over the previous year. Table 1.5 below presents a breakdown of consolidated debt service by lender:

Table 1.5: Consolidated debt service (in R\$)

Lender	2007	%	2008	%	% change
National Treasury	328,831,017	87.48	386,870,309	88.28	17.65
IBRD	22,901,076	6.09	22,941,152	5.24	0.17
INSS	14,637,349	3.89	18,721,256	4.27	27.90
CEF	7,513,843	2.00	7,618,276	1.74	1.39
BNB	1,875,313	0.50	1,884,582	0.43	0.49
PGFN/SRF	139,417	0.04	172,454	0.04	23.70
TOTAL	375,898,015	100	438,208,029	100	16.58

Source: Public Debt Management Office.

- 1.8 **Institutional considerations.** The three institutions responsible for fiscal management in the State of Piauí are: (i) the Piauí State Department of Finance (SEFAZ/PI), responsible for collecting taxes accrued, for which it formulates and executes economic and tax policy; administers taxation; directs and coordinates collection, control, and inspection activities relating to taxes and other state revenue; and manages the state's finances and accounts through the Superintendency of Revenue and the Superintendency of Expenditures, respectively; (ii) the Procuradoria Geral do Estado [Office of the State Attorney General] (PGE), which is responsible for judicial proceedings; and (iii) the Contraladoria Geral do Estado [Office of the State Comptroller General] (CGE), which is responsible for internal oversight.
- 1.9 **Human resources.** SEFAZ/PI has a staff of 1,625 consisting of 154 state finance senior tax auditors; 49 mid-level assistant state finance tax auditors; 1,382 mid-level state finance specialists; 17 senior state treasury analysts; and 25 mid-level state treasury assistant analysts. In addition, it employs 538 temporary tax administration workers.
- 1.10 **Functions.** SEFAZ/PI's institutional responsibilities are focused on: (i) tax administration, including institutional planning and development functions, planning and control of fiscal actions, control of movement of goods, inspection of establishments, taxation, taxpayer services and assistance, tax litigation before administrative tribunals, and information technology and security; (ii) expenditure management, including programming and managing expenditure programs, control of public debt, and accounting controls; and (iii) financial management, including financial and budget execution, personnel management, and departmental administration.
- 1.11 **Organizational structure.** To carry out its functions, SEFAZ/PI is divided into the Superintendency of Revenue and the Superintendency of Expenditures. The Superintendency of Revenue consists of: (i) a tax administration unit; (ii) an inspection unit; (iii) 44 tax stations; (iv) an information technology and security unit; (v) a public service unit; and (vi) 76 public service offices. The

Superintendency of Expenditures consists of a financial management unit and an accounting control unit.

1.12 **Recent progress.** Significant progress was made between 1997 and 2008 in the area of fiscal management, the result of a comprehensive institutional development and strengthening process financed largely with Bank resources under the National Fiscal Administration Program for the Brazilian States (PNAFE) (BR-0171, loan 980/OC-BR, US\$500 million). The progress is described below by area of management:

- a. **Administrative management:** (i) initial steps toward instilling a culture of strategic planning in the various areas of SEFAZ/PI; (ii) implementation of a target evaluation system (SAM); (iii) implementation of a fiscal education program; (iv) physical and functional adaptations of the public finance units; and (v) redesign of SEFAZ/PI's organizational processes.
- b. **Tax administration:** (i) launch of the Sistema Integrado de Administração Tributária [Integrated Tax Administration System] (SIAT) and the SEFAZ/PI portal; (ii) implementation of a new financial-tax declaration, replacing the multiple declarations previously used; (iii) replacement of fixed tax stations by mobile inspections and establishment of the Gerência de Suporte à Ação Fiscal [Fiscal Action Support Office] (GESAF); (iv) organization of inspections based on economic segment; (v) creation of the Corpo de Julgadores [panel of judges] (COJUL) to serve as the court of first instance for administrative proceedings; (vi) reduction of the time required to issue tax assessments from 30 to 5 business days; (vii) automation of collection processes; (viii) publication of tax opinions on the Internet; (ix) physical and technological upgrade of public service units; and (x) implementation of virtual taxpayer assistance services and a tax enforcement corps and creation of a taxpayer assistance unit.
- c. **Financial and asset management and internal oversight:** (i) implementation of the Integrated State and Municipal Financial Management System (SIAFEM); and (ii) creation of the CGE within the governor's office.
- d. **Management of strategic resources:** (i) implementation of the personnel training and development policy; and (ii) creation of the Escola de Administração Fazendária do Ministério da Fazenda [Brazilian Ministry of Finance School of Public Finance Administration] (ESAF).

1.13 **Future challenges.**¹ Despite the significant progress made, specific areas continue to require support to address the following problems:

- a. **Administrative management.** SEFAZ/PI's actions are out of step with its mission, which impacts its management performance and impedes the

¹ The technical reference "Matrix of problems, causes, solutions, and outcomes" describes each of the four issues identified in this section.

production of quality information for decision-making. The chief causes of this problem are: (i) lack of consolidation of a strategic planning culture; (ii) lack of methodologies, information, and tools to support activities related to economic-fiscal studies; (iii) incomplete and possibly dissociated approach to planning and budget, in which operational matters take precedence over more important strategic issues; (iv) insufficient leveraging of solutions devised by other states due to lack of participation in opportunities to exchange experiences; and (v) insufficient knowledge of internal communications issues.

- b. **Tax administration.** Potential revenue sources remain untapped, making it difficult for the State to meet the demand for services. The main causes are: (i) difficulty in consulting and disseminating state tax laws set out in different legal instruments; (ii) foregone revenue from the Imposto sobre Operações relativas à Circulação de Mercadorias [tax on merchandise circulation] (ICMS) due to difficulties in implementing control of merchandise in transit; (iii) difficulty in managing tax credit authorizations, since weak controls allow taxpayers to improperly claim tax credits; (iv) high tax evasion rate due to taxpayers' perception of low risk; (v) poor audit quality and performance due to lack of established audit procedures and outdated guides; (vi) weaknesses in the planning tools used to identify taxpayers to be audited; (vii) loss of revenue due to unavailability of timely information on vehicle registrations; (viii) loss of competitive standing with respect to other states in attracting new businesses; (ix) technical difficulty and high cost of inspecting accounting records; and (x) low recovery rate for tax claims recorded as outstanding debt.
- c. **Financial and asset management and internal oversight.** There are difficulties in financial and asset management that create distortions in budget execution and compromise the quality of public expenditure. This situation is due to: (i) financial controls carried out manually, increasing workloads and reducing the reliability of data; (ii) lack of information on the amounts of *precatórios*—debt settlement bonds; (iii) lack of information on the cost of SEFAZ/PI products; (iv) inconsistencies in financial programming in terms of time and availability of funds, resulting in cash flow problems; (v) difficulty in evaluating the efficiency and effectiveness of public expenditures; and (vi) loss of revenue due to weak management controls over contracts and agreements concluded by the State.
- d. **Management of strategic resources.** Technological and physical infrastructure and personnel management mechanisms are inadequate to meet SEFAZ/PI's new internal and external demands. The main causes of this are: (i) ineffective execution of the fiscal education program; (ii) inadequate physical and technological infrastructure to deliver services to taxpayers; (iii) lack of standardization of information and communications technology (ICT) tools, such as methodologies, platforms, telecommunications, equipment, and databases; (iv) inadequate information security; (v) problems

in providing taxpayer services via Internet; (vi) dependence on the Receita Federal [Federal Revenue Service] to authorize issuance of the Nota Fiscal Eletrônica [electronic tax invoice] (NF-e); (vii) lack of digital certification capabilities, preventing exchange of information with other entities; (viii) difficulties in providing training at stations and offices located far from the capital; (ix) difficulties sanctioning inappropriate personal or professional conduct due to a lack of regulatory instruments and structure; (x) lack of institutional culture within SEFAZ/PI in regard to personnel performance evaluations; and (xi) scattering of knowledge and lack of mechanisms to preserve and leverage it in various internal and external tax administration areas.

B. Objective, components, and costs

- 1.14 The project's general objective is to make fiscal management in the State of Piauí more efficient and transparent, with a view to (i) improving strategic planning tools, (ii) increasing the state's own revenue; (iii) making control of state public spending more efficient and effective, and (iv) providing better services to citizens. The project will finance structured outputs in four components and their respective subcomponents:
- 1.15 **Component I – Integrated strategic management (US\$909,940).** This component will include the following subcomponents and respective outputs:
- a. **Organizational improvement and better strategic management.** This subcomponent will finance the implementation of: (i) a strategic planning model;² (ii) an economic-fiscal studies management model for SEFAZ/PI and the Department of Planning (SEPLAN); and (iii) a systematic budget planning and preparation process integrated with the state budget and financial execution system.
 - b. **National and international interagency cooperation.** This subcomponent will finance the implementation of: (i) a knowledge and exchange program; and (ii) an internal communications management model.
- 1.16 **Component II – Tax administration and tax litigation (US\$6,499,786).** This component will include the following subcomponents and outputs:
- a. **More efficient and effective tax management.** This subcomponent will finance: (i) the adoption of a model for monitoring and control of goods in transit and adaptation of physical inspection posts; (ii) the implementation of a model for monitoring accumulated tax claims within the SIAT; (iii) the implementation of a fiscal intelligence model; (iv) the adoption of a model for inspecting facilities; (v) the adoption of a fiscal action planning model (data warehouse); and (vi) the implementation of a collection system for the

² The model includes, for all outputs financed, a diagnostic assessment of the current situation; a proposed alternative business model with the respective procedures; a supporting information system; the adaptation of equipment and technology; and personnel training.

Imposto sobre a Propriedade de Veículos Automotores [tax on vehicle ownership] (IPVA) and the ICMS.

- b. **Better management of the taxpayer registry and implementation of the Digital Public Accounting System (SPED).** This subcomponent will finance the implementation of: (i) the Synchronized Registry; and (ii) the Digital Public Accounting System.
- c. **More efficient and effective management of tax litigation.** This subcomponent will finance the implementation of a methodology to improve effectiveness in recovering tax claims and optimize administrative procedures.

1.17 **Component III – Financial and asset management and internal oversight (US\$2,104,738).** This component will include the following subcomponents and outputs:

- a. **More efficient and effective financial management.** This subcomponent will finance the implementation of: (i) a public debt management model; (ii) a government bond management model; (iii) a cost accounting model including the new national chart of accounts in the state; (iv) a budget and financial execution model, including integration with payroll; and (v) a management model for contracts and agreements signed by the public administration.
- b. **Improved internal oversight and audit mechanisms.** This subcomponent will finance the implementation of an internal oversight management model.

1.18 **Component IV – Management of strategic resources (US\$7,835,212).** This component will include the following subcomponents and outputs:

- a. **Strengthened mechanisms for transparency and communication with society.** This subcomponent will finance the implementation of: (i) an expanded fiscal education program; and (ii) a pilot model for tax offices outside of the capital (regional offices).
- b. **Modernization of technology management and improvement of internal and external services.** This subcomponent will finance the implementation of: (i) an information and communications technology (ICT) master plan; (ii) a data and computer equipment security center; (iii) an internal and long-distance network infrastructure; and (iv) a digital certification model.
- c. **Better human resources management.** This subcomponent will finance the implementation of: (i) a professional development program for tax officials at the central and regional offices; (ii) an ethics management model for SEFAZ/PI officials; and (iii) a personnel performance evaluation model for SEFAZ/PI.
- d. **Strengthening of knowledge management.** This subcomponent will finance the implementation of a knowledge management model.

- 1.19 **Overall budget.** The total project cost is US\$18,738,000, of which US\$16,951,000 (90.46%) will be financed by the Bank and US\$1,787,000 (9.54%) will be from local counterpart funds, as shown in the overall budget presented in Table 1.6:³

Table 1.6 Overall budget for BR-L1238 – by source (in US\$)

CATEGORIES	IDB	Local	TOTAL	%
1- Project administration	59,797	1,226,839	1,286,636	6.87
1.1 Project management	0	91,728	91,728	0.48
1.2 Monitoring and evaluation	59,797	19,313	79,110	0.44
1.3 Project team	0	1,115,798	1,115,798	5.95
2- Direct costs	16,339,517	560,161	16,899,678	90.19
2.1 Integrated strategic management	909,940	0	909,940	4.86
2.2 Tax administration and tax litigation	6,285,323	214,463	6,499,786	34.69
2.3 Financial and asset management and internal oversight	2,104,738	0	2,104,738	11.23
2.4 Management of strategic resources	7,039,516	345,698	7,385,214	39.41
4 – Unallocated	551,686	0	551,686	2.94
TOTAL	16,951,000	1,787,000	18,738,000	100.00
PERCENT	90.46	9.54	100.00	-----

- 1.20 **Disbursement schedule.** Disbursements will be made over four years starting from the effective date of the loan contract, as shown in Table 1.7 below:

Table 1.7: Disbursement schedule (in US\$)

SOURCE	2010	2011	2012	2013	TOTAL	%
IDB	3,220,690	5,932,851	5,593,828	2,203,631	16,951,000	90.46
COUNTRY	339,529	625,450	589,710	232,311	1,787,000	9.54
TOTAL	3,560,219	6,558,301	6,183,538	2,435,942	18,738,000	100.00
%	19.00	35.00	33.00	13.00	100.00	---

- 1.21 **Financial analysis.** Due to the small amount involved in this operation, the project team conducted a simple comparative analysis of the incremental financial costs and benefits associated with implementing only two project outputs. The financial analysis considered the following factors: (i) increased revenue from improved monitoring of goods in transit; and (ii) savings resulting from the elimination of leases and payroll expenses. The following parameters were used: (i) a 10-year horizon; (ii) a discount rate of 12.5% per year; and (iii) a growth rate of 2.5% per year.
- 1.22 As shown in Table I of the project financial analysis ([see technical reference](#)), the project would produce cumulative net benefits on the order of US\$1.681 million (present value) in the first year of execution and US\$3.065 million five years after the end of execution (2018).

³ There are no budget line items for the credit fee or the inspection and supervision fee since they will be paid from the state's own funds.

C. Principal indicators in the results framework

- 1.23 The most important outcomes expected at the end of execution (2013) are: (i) 70% of planned inspection and collection actions will be based on economic-fiscal studies; (ii) an additional R\$11.69 million will be collected through tax posts for goods in transit; (iii) the average time required to register a new company will be reduced from 60 days to five; (iv) a minimum of 100 tax audits will be conducted electronically; (v) the recovery rate for tax and non-tax claims will be increased from 0.55% to 5%; (vi) the discrepancy between estimated values of government bonds and the prices paid will be cut from 105% to 10%; (vii) the number of discrepancies between programmed and actual expenditures will be reduced from 516 to 120; (viii) the amount of unjustified returns of federal transfers will be reduced from R\$6 million to R\$2 million; (ix) the time required for the principal regional offices to issue negative certifications will be reduced from five days to real time; (x) the completion rate for activities provided in SEFAZ/PI's action plan will increase from 50% to 100%; and (xi) the number of tax services offered via Internet will increase from five to 10.
- 1.24 At the state level, the project will contribute to: (i) a sustainable fiscal balance, strengthening the state economy; (ii) an increase in the state's investment capacity; and (iii) greater taxpayer/citizen satisfaction. At the national level, the project will: (i) facilitate interstate commerce; (ii) reduce tax evasion and fraud; (iii) improve the national tax system; and (iv) integrate the national and state tax administrations.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing, procurement, and contractual conditions

- 2.1 **Procurement.** The procurement of goods and technical services and the selection and contracting of consultants financed in whole or in part with funds from the operation will be conducted in accordance with the Policies for procurement of works and goods financed by the IDB (document GN-2349-7), the Policies for selection and contracting of consultants financed by the IDB (document GN-2350-7), and the provisions of the loan contract.
- 2.2 The executing agency may sign cooperation agreements with other organizations, entities, and branches of government with authority in areas relevant to the purpose of the project that facilitate complementary modernization actions. To this end, work plans will include activities compatible with the project components and subcomponents, to be executed according to the approach adopted by the Project Coordination Unit (PCU). Goods procured with project funds will become the property of the State, through SEFAZ/PI, and agreements for transfer of use will be signed where appropriate (PGE, CGE, SEPLAN) that include a record of the beneficiary agency's commitment to properly maintain the goods and services financed with loan proceeds.

- 2.3 **National laws.** The borrower may apply national laws for procurements of works in amounts not to exceed US\$25 million per contract and for goods and nonconsulting services in amounts not to exceed US\$5 million per contract, provided they comply with the requirements established in the Bank's procurement policies, particularly with respect to: (i) origin of goods; (ii) nationality of suppliers; (iii) modification of purchase orders; (iv) prohibition on setting price ranges; and (v) publication in a national newspaper. The borrower must also indicate the option of applying national laws in the procurement plan.
- 2.4 **Technical cooperation and exchange.** The borrower may undertake national and international fiscal integration and cooperation activities, particularly in regard to exchanging technical and information solutions, transferring knowledge, and establishing thematic networks, and interagency cooperation.
- 2.5 **Advance contracting and retroactive financing.** The Bank may recognize up to US\$1 million from the loan and up to US\$1.1 million from the local counterpart contribution to reimburse expenses incurred by the borrower in preparing the project. Eligible expenditures will be limited to those paid within the 18 months preceding the Board of Executive Directors' approval of the operation, but no earlier than the date that Management approved the project profile (27 May 2009).⁴ The retroactive expenditures made by the State were aimed at ensuring superior quality for the project and moving it forward prior to approval. To that end, preinvestment activities were carried out, such as preliminary consulting assignments and equipment purchase orders, so that their availability would be synchronized with the project execution schedule and that a significant economic advantage can be obtained. These procedures are consistent with the provision of the policy governing retroactive financing (OP-504).
- 2.6 **Bank reviews.** The Bank will review procurement procedures, documents, bid evaluations, recommendations for contract award, and contracts to ensure the process is carried out in accordance with the agreed procedures established in the loan contract. The first three procurements of goods and nonconsulting services and the first three processes for selecting and contracting consulting firms financed in whole or in part with Bank resources will be subject to ex ante review, regardless of the contract amounts. Subsequently, with the Bank's agreement, ex post reviews will be used. Ex ante review will apply to international competitive bidding processes and direct contracting. In order to accelerate the bidding process, the SEFAZ/PI standing procurement committee will be restructured, and an individual responsible for project procurements will be designated. **Evidence that the SEFAZ/PI standing procurement committee has been restructured and at least one official responsible for procurement has been designated will be required as a special condition precedent to the first disbursement of the loan proceeds.**

⁴ The procurements to be considered for this purpose are detailed in the procurement plan and annual work plan for the first 18 months of project execution found in the technical files.

- 2.7 **Direct contracting.** In the context of the state project, direct contracting will be authorized to retain the services of the Brazilian Ministry of Finance School of Public Finance Administration (ESAF).⁵
- 2.8 **Specialized entity.** The borrower may directly contract the services of a specialized entity to provide technical support limited to the procurement of goods and selection of consulting firms or individual consultants to execute project activities, subject to the following conditions: (i) the Bank must approve the contract with the specialized entity in advance; (ii) the specialized entity must agree to apply the Bank's procurement policies and procedures; (iii) consulting assignments may not be contracted to carry out routine project execution activities; and (iv) if the specialized entity is the United Nations Development Programme (UNDP), the contract must comply with the provisions of the Letter of Agreement between the Bank and the UNDP signed on 20 June 2003.

B. Environmental and social safeguard risks

- 2.9 According to the Bank's Sustainable Finance Toolkit, the project was classified as category "C." This classification is consistent with the project team's assessment, since the operation involves institutional modernization of the Piauí State Finance Department. Therefore the project does not require an environmental and social strategy.

C. Fiduciary risks

- 2.10 **Lack of experience in procurements using Bank policies.** This risk will be mitigated by providing training in the Bank's procurement policies to the PCU and procurement officials in the agencies that sign cooperation agreements with SEFAZ/PI, and by adopting standardized documents.
- 2.11 **Lack of project management capacity.** This risk will be reduced through use of a systematized monitoring and evaluation process developed for the PROFISCO CCLIP, and through training of PCU personnel in project management and the use of execution and outcome indicators. To this end, the position of monitoring and evaluation advisor will be created within the PCU.

D. Other significant aspects and risks

- 2.12 **Potential restrictions on appropriating budget funds for the project.** This risk is considered negligible because the 2008-2011 multiyear plan and the state budget for fiscal year 2009 provide funding for the loan operation with the National Economic and Social Development Bank (BNDES) and the local counterpart contribution. Appropriations for the following years will be provided in the annual budgets for the period 2010-2012.
- 2.13 **Inadequate integration of fiscal management at the national level.** This risk will be reduced through the signature of the agreement with the State providing for the

⁵ At the time it approved the PROFISCO CCLIP, the Bank agreed to the direct contracting of ESAF for all projects financed under the CCLIP.

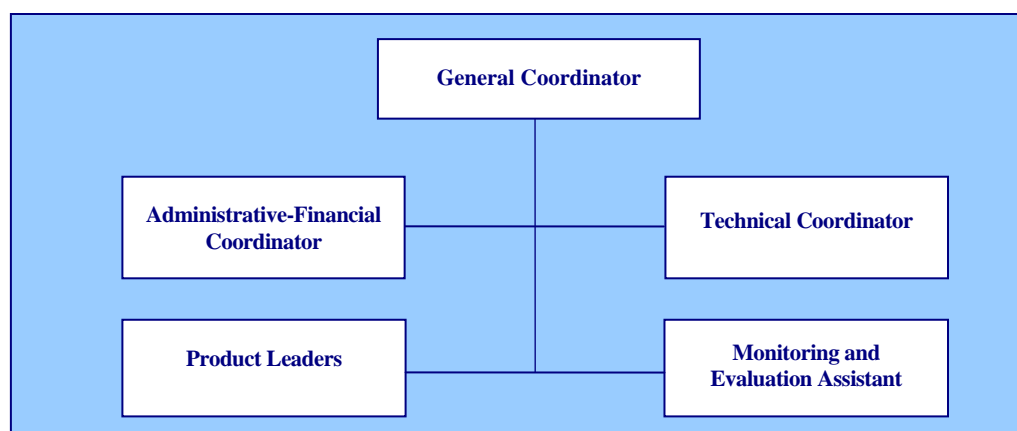
creation of a financial management committee as part of the Conselho Nacional de Política Fazendária [National Financial Policy Council] (CONFAZ) to promote exchange of technical experiences and solutions in the context of PROFISCO.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 The borrower will be the State of Piauí, with the Federative Republic of Brazil as guarantor of the financial obligations arising from the loan. The executing agency will be the State of Piauí, acting through the Piauí State Finance Department (SEFAZ/PI).
- 3.2 The Project Coordination Unit (PCU) created within the Office of the Secretary of SEFAZ/PI will be responsible for project execution. The PCU will consist of a general coordinator, a technical coordinator, an administrative-financial coordinator, and a monitoring and evaluation assistant, all of whom will be permanent employees of the State of Piauí. The PCU structure is illustrated below:

Figure 3.1: PCU Organizational Chart



- 3.3 In addition to the basic structure, the PCU will include product leaders designated in the legal instrument creating the PCU.⁶

B. Summary of monitoring arrangements

- 3.4 Project monitoring will be based on the activities programmed and financial and physical data on the outputs identified in the AWP, as well as on the descriptions of procurements provided in the procurement plan.
- 3.5 The project will be evaluated based on the targets, baseline, and annual output and outcome indicators in the results framework, which provides two levels of indicators related to the annual targets and the respective baseline: (i) Level 1,

⁶ The technical reference “[Institutional agreement and project execution mechanism](#)” provides the details on that session.

Outputs: at this level, the results framework must present a baseline and target, with corresponding annual values, for each output associated with a subcomponent and the respective component. Outputs will be evaluated at the frequency indicated in the table of indicators ([see technical reference](#)); and (ii) Level 2, Outcomes: at this level, the results framework must present a baseline and target, with corresponding annual values, for each outcome associated with a subcomponent and the respective component.

- 3.6 The evaluation of outcomes achieved by the subcomponents will consist of a joint analysis of progress in executing the outputs and outcomes associated with each subcomponent, as indicated in the results framework. These verifications will be conducted during preparation of the Loan Review Report and Project Completion Report.
- 3.7 Project planning, monitoring, and evaluation will be based on the following tools:
- 3.8 **Operating Regulations.** The project will be governed by Operating Regulations approved by the Bank as part of the PROFISCO CCLIP. They establish the general rules governing project execution and coordination of activities among the different areas involved. **The entry into force of the Operating Regulations will be a special condition precedent to the first disbursement of the loan proceeds.**
- 3.9 **Annual work plan (AWP) for the first 18 months.** The Bank has validated the AWP for the first 18 months presented by the borrower.
- 3.10 **Procurement plan for the first 18 months.** The purpose of this instrument is to present the proposed annual procurement plan to the Bank and provide information to the public on all procurements to be conducted during a given period of project execution, in accordance with the Bank's policies set forth in documents GN-2349-7 and GN-2350-7.
- 3.11 **Semiannual progress reports.** These reports will inform the Bank of outcomes achieved in executing the AWP and the procurement plan, for the purpose of monitoring project execution and requesting and releasing disbursements.
- 3.12 **Audited financial statements and semiannual reports of ex post reviews of procurements and disbursements.** These annual and semiannual reports will be issued by an independent audit firm acceptable to the Bank.

Annex I

This annex is confidential.

PROFISCO – PIAUÍ
STATE OF PIAUÍ FISCAL MANAGEMENT DEVELOPMENT AND IMPROVEMENT PROJECT (PRODAF/PI)
(BR-L1238)

INDIVIDUAL OPERATION UNDER THE CCLIP FOR THE PROGRAM TO SUPPORT MANAGEMENT AND INTEGRATION OF TAX ADMINISTRATIONS IN BRAZIL (PROFISCO)

(BR-X1005)

RESULTS MATRIX

Output/Outcome	Base	Year				Target
		2010	2011	2012	2013	
COMPONENT I: INTEGRATED STRATEGIC MANAGEMENT						
Subcomponent 1: ORGANIZATIONAL STRENGTHENING AND IMPROVED STRATEGIC MANAGEMENT						
Output						
Economic-fiscal studies management model implemented in the Piauí State Finance Department (SEFAZ/PI) and the Department of Planning (SEPLAN)	Revenue potential from the tax on merchandise circulation and the provision of interstate and intermunicipal transport and communication services (ICMS) is not known				Reporting tool provided in methodology for economic-fiscal studies generates report on potential state revenue	Reporting tool provided in methodology for economic-fiscal studies generates report on potential state revenue
Outcome						
Greater number of inspection and collection actions are planned on the basis of economic-fiscal studies	No inspection or collection actions are planned on the basis of economic-fiscal studies				Seventy percent of inspection and collection actions are planned on the basis of economic-fiscal studies	Seventy percent of inspection and collection actions are planned on the basis of economic-fiscal studies
COMPONENT II: TAX ADMINISTRATION AND TAX LITIGATION						
Subcomponent 3: MORE EFFICIENT AND EFFECTIVE TAX ADMINISTRATION						
Output						
Fiscal action planning model (data warehouse) implemented	Five hundred taxpayers are monitored				The Integrated Tax Administration System (SIAT) reports corroborate monitoring of at least 1,000	SIAT reports corroborate monitoring of at least 1,000 taxpayers

Output/Outcome	Base	Year				Target
		2010	2011	2012	2013	
					taxpayers	
Outcome						
Tax posts generate increased revenue from goods in transit	Collections generated by tax posts total R\$116.9 million		R\$3.51 million increase	R\$7.02 million increase	R\$11.69 million increase	R\$11.69 million increase over the base year
Subcomponent 4: BETTER MANAGEMENT OF THE TAXPAYER REGISTRY AND IMPLEMENTATION OF THE DIGITAL PUBLIC ACCOUNTING SYSTEM (SPED)						
Outputs						
Implementation and maintenance of synchronized taxpayer registry	Companies file registrations manually	30 companies use SPED-Fiscal	No companies file registrations manually			No companies file registrations manually
Implementation of the SPED in the tax, accounting, and electronic tax invoice (NF-e) areas	14 companies participate in the SPED-Fiscal test		40 companies use SPED-Fiscal	50 companies use SPED-Fiscal	100 companies use SPED-Fiscal	100 companies use SPED-Fiscal
Outcomes						
Reduction in the average time required to register a new company	An average of 60 days required to register companies				Average time to register a company reduced to 5 days	Average registration time reduced to 5 days
More audits conducted electronically	No audits are conducted electronically				A minimum of 100 audits are conducted electronically	A minimum of 100 audits are conducted electronically
Subcomponent 5: MORE EFFICIENT AND EFFECTIVE MANAGEMENT OF TAX LITIGATION						
Output						
Systematic process implemented to increase effectiveness in recovering tax claims and optimize administrative routines at the Office of the State Attorney General (PGE)	Reports are prepared manually			System generates real-time reports		System generates management reports in real time
Outcome						
Increased recovery of tax and non-tax claims	Recovery rate for claims recorded as outstanding debt: 0.55%			Recovery rate: 2%	Recovery rate: 5%	Tax claims recovered: 5%
COMPONENT III: FINANCIAL AND ASSET MANAGEMENT AND INTERNAL OVERSIGHT						
Subcomponent 6: MORE EFFICIENT AND EFFECTIVE FINANCIAL MANAGEMENT						
Outputs						
Model of budget, financial, and	Management reports			Real-time		System generates real-time

Output/Outcome	Base	Year				Target
		2010	2011	2012	2013	
accounting execution operations	prepared manually			management report		management report identifying inconsistencies in financial programming and accounting
Implementation of internal oversight management model	33 internal oversight units in existence	52 internal oversight units in existence	72 internal oversight units in existence	92 internal oversight units in existence	112 internal oversight units in existence	112 internal oversight units in existence
Outcomes						
Reduction in discrepancy between the estimated value of government bonds and the price paid	Discrepancy of 105.33% between the estimated value of government bonds and the price paid				Discrepancy between the estimated value of government bonds and price paid reduced to 10%	Discrepancy between the estimated value of government bonds and price paid reduced to 10%
Fewer discrepancies between programmed and actual payments	516 discrepancies			258 discrepancies	120 discrepancies	Discrepancies between programmed and actual payments reduced from 516 to 120
Reduction in amount of federal transfers returned	An average of R\$6 million in federal transfers returned		Total reduced to R\$4 million	Total reduced to R\$3 million	Total reduced to R\$2 million	Total federal transfers returned reduced to R\$2 million or less
COMPONENT IV: MANAGEMENT OF STRATEGIC RESOURCES						
Subcomponent 8: IMPROVED MECHANISMS FOR TRANSPARENCY AND COMMUNICATION WITH SOCIETY						
Output						
Regional office service model upgraded and expanded	12 local offices (agências-pólo) in existence in 2008		17 local offices in existence	22 local offices in existence	35 local offices in existence	35 local offices in existence
Outcomes						
Reduction in time required by local offices to issue negative certifications	Five days required to issue negative certifications				Time required to issue negative certifications reduced from five days to real time	Issuance of negative certifications in real time
Higher completion rate for the activities in the action plan	50% of activities included in the action plan are accomplished			100% of activities included in the action plan are accomplished		Completion rate of activities provided in the action plan increased from 50% to 100%

Output/Outcome	Base	Year				Target
		2010	2011	2012	2013	
Subcomponent 9: MODERNIZATION OF TECHNOLOGY MANAGEMENT AND IMPROVEMENT OF INTERNAL AND EXTERNAL SERVICES						
Output						
Internal and long-distance network infrastructure adapted to SEFAZ/PI needs	52 links in existence in 2008, minimum speed 64 Kbps		57 links available	62 links available	75 links available	Number of links increased from 52 to 75 and minimum speed increased to 256 Kbps
Outcome						
Greater number of taxpayer services offered via the Internet	5 taxpayer services are offered via the Internet		7 services are offered	10 services are offered		The number of taxpayer services offered via the Internet is increased from 5 to 10
Notes: 1. The Matrix of Indicators shows the baseline values, the expected annual values, and targets for each indicator. 2. Outputs and outcomes are grouped together to facilitate monitoring of the respective component. 3. The right-hand column may be used to describe the outputs/outcomes or selection of the indicator or provide other explanatory notes. 4. In the annex/section discussing outcomes, this matrix will be supplemented by details (institutional, responsibilities, operational rules, terms of reference, contracting of consultants, budget) of agreements establishing the methods for collecting, verifying, and analyzing data and reporting it to the Bank.						

PROFISCO – PIAUÍ
STATE OF PIAUÍ FISCAL MANAGEMENT DEVELOPMENT AND IMPROVEMENT PROJECT (PRODAF/PI)
(BR-L1238)

INDIVIDUAL OPERATION UNDER THE CCLIP FOR THE PROGRAM TO SUPPORT MANAGEMENT AND INTEGRATION OF TAX ADMINISTRATIONS IN BRAZIL (PROFISCO)
(BR-X1005)

PROCUREMENT PLAN - SUMMARY TABLE

Ref. No.	Description of contract and estimated contract cost	Procurement method	Review (prior or post)	Source of financing and percentage		Prequalification (Yes/ No)	Estimated dates		Status (pending [P], in process, awarded, canceled)
				IDB %	Local / Other %		Publication of specific procurement notice	Contract completion	
A	GOODS								
1	Server equipment Estimated cost: US\$295,000	PR	Prior	90	10	No	Q2 2010	Q4 2010	P
2	Connectivity equipment Estimated cost: US\$37,000	PR	Post	90	10	No	Q2 2010	Q4 2010	P
3	Warehousing Estimated cost: US\$654,000	PR	Prior	90	10	No	Q2 2010	Q4 2010	P
4	Licenses (Oracle) Estimated cost: US\$1,346,000	EA	Prior	90	10	No	Q2 2010	Q4 2010	P
5	Tools to support information and communications technology (ICT) management methodologies Estimated cost: US\$105,000	PR	Post	100	0	No	Q2 2010	Q4 2010	P
6	Telephone trunk line and branch exchanges Estimated cost: US\$7,000	IDB PC	Post	100	0	No	Q2 2010	Q3 2010	P
7	Concentrator and terminal router Estimated cost: US\$167,000	PR	Post	100	0	No	Q2 2010	Q4 2010	P

Ref. No.	Description of contract and estimated contract cost	Procurement method	Review (prior or post)	Source of financing and percentage		Prequalification (Yes/No)	Estimated dates		Status (pending [P], in process, awarded, canceled)
				IDB %	Local / Other %		Publication of specific procurement notice	Contract completion	
8	Switch Estimated cost: US\$52,000	PR	Post	100	0	No	Q2 2010	Q4 2010	P
9	No-Breaks, CPU backup and laser printers Estimated cost: US\$281,000	PR	Prior	100	0	No	Q2 2010	Q4 2010	P
10	Voice over IP (VoIP) equipment Estimated cost: US\$26,000	IDB PC	Post	100	0	No	Q2 2010	Q4 2010	P
11	Computers for users Estimated cost: US\$670,000	EA	Prior	100	0	No	Q2 2010	Q4 2010	P
12	Firewall Estimated cost: US\$18,000	IDB PC	Post	100	0	No	Q2 2010	Q4 2010	P
13	75 Kwa generators Estimated cost: US\$366,000	PR	Prior	100	0	No	Q2 2010	Q4 2010	P
14	Notebook computers Estimated cost: US\$243,000	EA	Prior	100	0	No	Q2 2010	Q4 2010	P
15	Furniture: desk with drawers, chairs, work station, files, cushions Estimated cost: US\$369,000	EA	Prior	100	0	No	Q3 2010	Q1 2011	P
16	Multimedia resources: projector, cameras, tape recorder, equipment for ambient radio, fax, interactive screen Estimated cost: US\$17,000	EA	Post	100	0	No	Q3 2010	Q1 2011	P
17	Electronic monitoring system by CCTV Estimated cost: US\$113,000	EA	Post	100	0	No	Q3 2010	Q1 2011	P
18	Weighing systems and industrial information technology solutions Estimated cost: US\$395,000	EA	Prior	100	0	No	Q3 2010	Q1 2011	P

Ref. No.	Description of contract and estimated contract cost	Procurement method	Review (prior or post)	Source of financing and percentage		Prequalification (Yes/No)	Estimated dates		Status (pending [P], in process, awarded, canceled)
				IDB %	Local / Other %		Publication of specific procurement notice	Contract completion	
19	Vehicles: 1.8 liter engine, four-door, air-conditioned, electric windows and door locks, hydraulic steering Estimated cost: US\$62,000	PR	Post	100	0	No	Q2 2010	Q4 2010	P
20	Double-cabin light trucks with air conditioning Estimated cost: US\$1,204,000	PR	Prior	100	0	No	Q2 2010	Q4 2010	P
21	Mobile fiscal station (van) Estimated cost: US\$172,000	EA	Post	100	0	No	Q2 2010	Q4 2010	P
22	Information technology program I 2 Estimated cost: US\$89,000	IDB PC	Post	100	0	No	Q1 2010	Q3 2010	P
23	Implementation of electronic data management system Estimated cost: US\$434,000	EA	Prior	100	0	No	Q3 2010	Q4 2012	P
24	Envelope stuffing machine Estimated cost: US\$68,000	EA	Post	100	0	No	Q1 2010	Q3 2010	P

Ref. No	Description of contract and estimated contract cost	Procurement method	Review (prior or post)	Source of financing and percentage		Prequalification (Yes/ No)	Estimated dates		Status (Pending [P], in process, awarded, canceled)
				IDB %	Local / Other %		Publication of specific procurement notice	Contract completion	
B	WORKS								
1	Improvements to UNITEC site, main office, and security guard post Estimated cost: US\$66,000	IDB PC	Post	100	0	No	Q1 2010	Q3 2011	P
2	Safe room Estimated cost: US\$1,508,000	IDB NCB	Prior	100	0	No	Q2 2010	Q2 2012	P
3	Installation of network drop Estimated cost: US\$78,000	IDB PC	Post	100	0	No	Q4 2010	Q4 2011	P
4	Upgrade and expansion of two tax stations Estimated cost: US\$331,000	IDB PC	Prior	100	0	No	Q2 2010	Q2 2012	P
5	Upgrade of public service offices Estimated cost: US\$165,000	IDB PC	Post	100	0	No	Q2 2010	Q2 2012	P
6	Procurement and installation of elevator in ESAFAZ Estimated cost: US\$78,000	IDB PC	Post	100	0	No	Q2 2010	Q3 2010	P

Ref. No.	Description of contract and estimated contract cost	Procurement method	Review (prior or post)	Source of financing and percentage		Prequalification (Yes /No)	Estimated dates		Status (Pending [P], in process, awarded, canceled)
				IDB %	Local / Other %		Publication of specific procurement notice	Contract completion	
C	NONCONSULTING SERVICES								
1	Airfare Estimated cost: US\$40,000	REGPR	Post	100	0	No	Q1 2010	Q4 2013	P
2	Design and deepening of the Digital Public Accounting System (SPED) and digital certification Estimated cost: US\$2,000	IDB PC	Post	90	10	No	Q3 2010	Q1 2011	P
3	Introduction and monitoring of PITI Estimated cost: US\$6,000	IDB PC	Post	100	0	No	Q4 2010	Q2 2011	P
4	Training in ICT management methodologies and development technologies Estimated cost: US\$327,000	IDB NCB	Prior	100	0	No	Q4 2010	Q2 2011	P
5	Statistical information program (GIEF) Estimated cost: US\$12,000	IDB PC	Post	100	0	No	Q4 2010	Q2 2011	P
6	GIEF training Estimated cost: US\$12,000	IDB PC	Post	100	0	No	Q4 2010	Q2 2011	P
7	VoIP training Estimated cost: US\$15,000	IDB PC	Post	100	0	No	Q4 2010	Q2 2011	P
8	Quality of service training Estimated cost: US\$15,000	IDB PC	Post	100	0	No	Q4 2010	Q2 2011	P
9	Training on Cisco firewall Estimated cost: US\$8,000	IDB PC	Post	100	0	No	Q4 2010	Q2 2011	P
10	Basic and advanced digital certification courses Estimated cost: US\$14,000	IDB PC	Post	100	0	No	Q4 2010	Q2 2011	P

Ref. No.	Description of contract and estimated contract cost	Procurement method	Review (prior or post)	Source of financing and percentage		Prequalification (Yes /No)	Estimated dates		Status (Pending [P], in process, awarded, canceled)
				IDB %	Local / Other %		Publication of specific procurement notice	Contract completion	
11	Organizational communication Estimated cost: US\$4,000	IDB PC	Post	100	0	No	Q3 2010	Q1 2011	P
12	Press advisory course Estimated cost: US\$4,000	IDB PC	Post	100	0	No	Q3 2010	Q1 2011	P
13	Corel and Photoshop Estimated cost: US\$1,000	IDB PC	Post	100	0	No	Q3 2010	Q1 2011	P
14	Budget management course Estimated cost: US\$6,000	IDB DC	Post	100	0	No	Q4 2010	Q2 2011	P
15	Budget and financial planning and execution courses Estimated cost: US\$12,000	IDB DC	Post	100	0	No	Q4 2010	Q2 2011	P
16	Basic information technology Estimated cost: US\$2,000	IDB DC	Post	100	0	No	Q3 2010	Q3 2011	P
17	Goods and services sales tax (ICMS) legislation Estimated cost: US\$9,000	IDB DC	Post	100	0	No	Q3 2010	Q3 2011	P
18	New technologies applied to goods in transit Estimated cost: US\$3,000	IDB DC	Post	100	0	No	Q4 2010	Q2 2011	P
19	Tools applied to new transit inspection model Estimated cost: US\$3,000	IDB DC	Post	100	0	No	Q4 2010	Q2 2011	P
20	Fiscal intelligence training Estimated cost: US\$5,000	IDB DC	Post	100	0	No	Q2 2010	Q2 2011	P
21	Project management and evaluation Estimated cost: US\$10,000	IDB DC	Post	50	50	No	Q4 2010	Q2 2011	P
22	Monitoring and performance indicators Estimated cost: US\$10,000	IDB DC	Post	50	50	No	Q4 2010	Q2 2011	P

Ref. No	Description of contract and estimated contract cost	Procurement method	Review (prior or post)	Source of financing and percentage		Prequalification (Yes /No)	Estimated dates		Status (Pending [P], in process, awarded, canceled)
				IDB %	Local / Other %		Publication of specific procurement notice	Contract completion	
D	CONSULTING SERVICES								
1	Consulting assignment in developing applications for the SPED, electronic tax invoices (NF-e), and digital certifications Estimated cost: US\$69,000	IDB LCS	Post	90	10	No	Q1 2010	Q4 2010	P
2	Definition, development, and implementation of PITI Estimated cost: US\$157,000	IDB QCBS	Post	100	0	No	Q2 2010	Q2 2011	P
3	Implementation of ICT management methodologies, including training and certifications Estimated cost: US\$287,000	IDB QCBS	Prior	100	0	No	Q2 2010	Q2 2011	P
4	Implementation of IP telephone service Estimated cost: US\$9,000	IDB LCS	Post	100	0	No	Q2 2010	Q1 2011	P
5	Information security Estimated cost: US\$16,000	IDB LCS	Post	100	0	No	Q2 2010	Q1 2011	P
6	Implementation of Cisco firewall Estimated cost: US\$5,000	IDB LCS	Post	100	0	No	Q2 2010	Q1 2011	P
7	Digital certification Estimated cost: US\$19,000	IDB LCS	Post	100	0	No	Q2 2010	Q3 2011	P
8	Redesign of processes Estimated cost: US\$244,000	IDB QCBS	Prior	100	0	No	Q2 2010	Q4 2011	P
9	Installation of ambient radio Estimated cost: US\$13,000	IDB LCS	Post	100	0	No	Q2 2010	Q4 2010	P
10	Consulting assignment in organizational communication Estimated cost: US\$11,000	IDB LCS	Post	100	0	No	Q2 2010	Q4 2010	P

Ref. No	Description of contract and estimated contract cost	Procurement method	Review (prior or post)	Source of financing and percentage		Prequalification (Yes /No)	Estimated dates		Status (Pending [P], in process, awarded, canceled)
				IDB %	Local / Other %		Publication of specific procurement notice	Contract completion	
11	Development of inspection quality control and fiscal productivity report modules of the Integrated Tax Administration System (SIAT) Estimated cost: US\$47,000	IDB LCS	Post	100	0	No	Q2 2010	Q4 2011	P
12	Support in defining fiscal action planning model Estimated cost: US\$38,000	IDB LCS	Post	100	0	No	Q2 2010	Q2 2011	P
13	Development of data warehouse Estimated cost: US\$110,000	IDB QCBS	Post	100	0	No	Q2 2010	Q4 2011	P
14	Customize vehicle property tax (IPVA) system in SIAT Estimated cost: US\$9,000	IDB LCS	Post	100	0	No	Q3 2010	Q2 2011	P
15	Consulting assignment to restructure chart of accounts Estimated cost: US\$9,000	IDB LCS	Post	100	0	No	Q3 2010	Q1 2011	P
16	Consulting assignment on public costs Estimated cost: US\$33,000	IDB LCS	Post	100	0	No	Q3 2010	Q1 2012	P
17	Development of accounting system Estimated cost: US\$248,000	IDB QCBS	Prior	100	0	No	Q3 2010	Q3 2012	P
18	Consulting assignment to produce teaching materials Estimated cost: US\$23,000	IDB LCS	Post	100	0	No	Q1 2010	Q4 2010	P
19	Consulting assignment on service/assistance model Estimated cost: US\$6,000	IDB LCS	Post	100	0	No	Q3 2010	Q1 2011	P
20	Development and implementation of EAD Estimated cost: US\$56,000	IDB LCS	Post	100	0	No	Q1 2010	Q3 2010	P

Ref. No	Description of contract and estimated contract cost	Procurement method	Review (prior or post)	Source of financing and percentage		Prequalification (Yes /No)	Estimated dates		Status (Pending [P], in process, awarded, canceled)
				IDB %	Local / Other %		Publication of specific procurement notice	Contract completion	
21	Drafting of code of ethics Estimated cost: US\$10,000	IDB LCS	Post	100	0	No	Q3 2010	Q1 2011	P

EA - electronic announcement

PC - price comparison

DC - direct contracting

NCB - national competitive bidding

REGPR - price registry

PR - price registry

QCBS - quality- and cost-based selection

LCS - least-cost selection

NOTE: US\$1 = R\$1.91 AT 05/06/2009