

TC Document

I. Basic Information for TC

▪ Country/Region:	BRAZIL
▪ TC Name:	Support ProSocial (Education) operations' design
▪ TC Number:	BR-T1510
▪ Team Leader/Members:	Cossi Fernandes, Joao Paulo (SCL/EDU) Team Leader; Perez Alfaro, Marcelo A. (SCL/EDU) Alternate Team Leader; Avila, Krysia A (LEG/SGO); Blasco, Ivana (SCL/EDU); Emilio Laguillo (SCL/EDU); Perez, Marcisgley Vieira (CSC/CBR); Roberta Felix (CSC/CBR)
▪ Taxonomy:	Operational Support
▪ Operation Supported by the TC:	BR-O0009
▪ Date of TC Abstract authorization:	15 Mar 2022
▪ Beneficiary:	Direct Beneficiaries: ¹ The municipalities of Florianópolis and São Paulo, the states of Paraná and Pará, borrowers from loans within ProSocial (BR-O0009), through their Education Departments.
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC SDP Window 2 - Social Development(W2E)
▪ IDB Funding Requested:	US\$250,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	30 months
▪ Required start date:	July 23rd, 2022
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	SCL/EDU-Education
▪ Unit of Disbursement Responsibility:	CSC/CBR-Country Office Brazil
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality

II. Description of the Associated Loan/Guarantee

- 2.1 In 2020, the IDB approved the Conditional Credit Line (CCLIP) for Social Spending Modernization Program in Brazil - ProSocial's (BR-O0009), which has the goal to increase efficiency in the administration of social spending in Brazil. This CCLIP is an multisectoral type II (MM-II) according to CCLIP's policy GN-2246-13, it contemplates multisectoral interventions that cover services throughout the citizen's life cycle, including actions in: (i) early childhood development; (ii) education (primary and

¹ For now, these are the operations (and clients) under ProSocial: BR-L1548 (Pará State), BR-L1551 (Paraná State), BR-L1579 (Municipality of Florianópolis), BR-L1580 (Municipality of São Paulo). Resources will be used for operations registered in Convergence, therefore, authorized by Country's Representative and Division Chief, or additional authorization will be requested for specific dialogues.

secondary); (iii) health; (iv) labor markets; and (v) pension systems. A summary of ProSocial's Concept Framework is presented in Table 2.

- 2.2 According to [ProSocial's Concept Framework](#), the principles on which the implementation of prosocial is based are: **(1) Strengthening of operational management capacities at the sector level** such as: (i) the management of the main processes for the provision of basic services (health, education, employment services and pensions); (ii) the digital transformation of information and management systems under a vision of interoperable platforms; (iii) integration of information services; and (iv) interoperability of all services provided by the social sector. **(2) Strengthening of strategic management capacities of sector institutions**, including: (i) the development of strategic planning or social spending; (ii) improve management and information systems that simplify processes, provide relevant information at all levels of service, prioritize access to public services for the most disadvantaged populations, and improve decision-making in the medium and long term; (iii) development of regulations for stricter financial supervision of social services; (iv) design of a mechanism for forecasting the cost of social services in a 5- to 10-year framework (75-year framework for pensions) develop policy units to actively monitor and adjust social spending; and (v) Creation of federal and state coordination bodies to articulate legislation on the management, financing, and implementation of social programs. **(3) Improvements in provision of high-quality social services.** Improvements in the efficiency of social spending require not only changes in the way spending is managed and planned, but also investments that can improve the way in which the social spending reaches the citizen. Therefore, it is necessary to redirect social spending from low-performing social service delivery units to high-performing service provision units.
- 2.3 This TC will focus on operations, approved and currently in the pipeline,² in the Education Sector. These operations are investments loans (specific investments or multiple works), have similar size (IDB's financing: USD60MM - USD130MM) and scope (goals and activities, such as expanding coverage and improving the quality of education). In general, they have three common components, and this TC may benefit all of them:
- A) Infrastructure (usually 70% of the size), which finances new building works or expansion of schools or administrative infrastructure. The biggest challenge in this component is to identify where to locate new schools or expansions. For that, there are new initiatives which may use data from electricity bills latitude and longitude to identify locations where there is a gap of schools. Other possibility is to use satellite images to identify where cities are growing. Another challenge is the procurement of innovative green infrastructure, which may require additional consulting to specify terms of references' specification.
 - B) Pedagogical practices, which usually focuses in two areas: (i) curriculum and teacher training; and (ii) technology (devices, equipment, and tools). This TC will finance (i) technology pilots; and (ii) activities which are low cost but may impact

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important decisions regarding the scope of the operation. For example, a market scan about technological solutions to improve specific learning gaps in one education department. This mapping may help the government to design best terms of reference and then define which type of solution to hire and if/what additional infrastructure or service is necessary. In some cases, pedagogical actions to decrease inequality or targeting minorities will be highlighted in a new component or sub-component.

C) Processes and systems improvement, which finances mainly consulting companies and software. Mapping the education department processes main and bottle necks will lead to better prioritization of the processes to be improved. This will not only improve execution startup but also results. Another possibility in this component is to pilot solutions which may lead to better management but is not widely used in the education context.

III. Objectives and Justification of the TC

3.1 The general objective of this TC is to support the preparation and startup execution of operations under ProSocial. Specific objectives are: (i) provide better diagnosis/information for the preparation and execution of projects; (ii) pilot interventions which may be scaled in the projects; and (iii) document and share knowledge from these projects.

3.2 **This TC will focus on designing and preparing operations for clients in the education sector** and will finance: (i) technical assistance to governments to design policies and tools to improve efficiency; (ii) pilot and scale solutions oriented towards improving efficiency; and (iii) knowledge dissemination regarding the abovementioned topics. This TC may benefit education departments at the federal, state, and municipal level since Brazil is a federative country where the responsibility for education is shared among different levels of government. Regarding basic education (for children from 0 to 17 years-old), Brazil's Federal Government is mainly responsible for policy-making, while state and municipal governments are responsible for the actual implementation and service provision. Below are paragraphs presented in ProSocial's concept framework regarding the main challenges for the education sector.

3.3 **The education sector in Brazil faces great efficiency challenges.** It has an average expenditure of 6% of GDP in recent years (CEPAL, 2020) and being the sector that receives the highest investment at the state level, 29% in 2011³. According to the analysis document of the public spending on education in the Brazilian states, there seems to be great difficulty, from a certain level of spending, to transform spending into proportionally better results (IDB, 2020). The foregoing suggests that education problems may go beyond the lack of resources, and that they are really management problems, given that the study reveals that the inefficient use of resources is greater in those states where resources are relatively more abundant. For example, the state of Alagoas, according to the State Efficiency Ranking (REE-F), is in the last position of efficiency in education (0.134 in a range of 0 to 1), and when compared to States that have an investment per capita and a larger population (Bahía, Piauí and Maranhão), Alagoas has a lower National Education Quality Index (IDEB), lower

³ Last year in which the expenses of the municipalities were available.

approval rates, while much higher failure and dropout rates. Therefore, strengthening the strategic management capacities of the sector's institutions can allow solutions such as better planning of Fundeb's redistribution that benefits the states with the greatest lack of resources, or developing instruments for assigning professors and students, to improve the quality of the service offered, or support in strategies that allow taking advantage of economies of scale through horizontal and/or vertical cooperation.

3.4 Added to these challenges (...) is the low intersectoral vision in these areas of social spending that impedes the provision of high-quality social services. The provision of quality social services involves various areas and sectors, such as health, social assistance, education and employment. To achieve this integrated vision, extensive intersectoral coordination and articulation between the different levels of government is required. Although there are initiatives in the country for this intersectoral work, they are mainly of a national nature, evidencing important technical weaknesses, for example, in the use of management tools and managerial capacities that allow them to facilitate the sectors and the different levels of government to act in articulated and in sync. A concrete example of the benefits of this intersectoral work is the administration of screening for the early detection of lags or delays in development of children and for their timely treatment, which would be achieved with the articulation of the health and education areas. And not only in early childhood are benefits derived from intersectoral work, but also in education in general, for example through visits by vaccination teams, school health campaigns and healthy eating, as well as the integration of social assistance to support schools in the prevention of school dropout, as well as the transition between school and work. **Greater intersectoral connection that collectively improves social services can bring significant efficiency gains and fiscal savings.** For example, labor intermediation services are an important source of savings in unemployment insurance expenses. Borgues Lobo and Foguel (2017) estimate that with the current level of efficiency in the relocation of formal workers (0.33% of formal workers who lose a job are relocated through the intermediation service, SINE), some 43 million reais (8.5 million dollars) are saved. However, these efficiency levels are still low, and improvements in interoperability between the education and employment sectors may be able to improve the matching between workers and companies. Likewise, better inspection of unemployment insurance can improve the detection of fraudulent matches in the formal sector. Borgues Lobo and Foguel (2017) estimate that if this level of efficiency reached 5%, more than 650 million reais could be saved.

3.5 In Early Childhood Development (ECD), the Country struggles to reach the target from the National Plan of Education (PNE) of 50% of children from 0 to 3 years old enrolled at daycares and 100% of children from 4 to 5 years old enrolled at pre-school by 2024. Until 2019, the enrollment rates at these stages are 37% and 94%, respectively. The country also faces high levels of inequality, which begins early on. While 54.3% of the wealthiest children up to 3 years old had access to nursery school early childhood development programs in 2019, only 27.8% of the poorest children did. At elementary school, Brazil has improved the IDEB indicator but still struggles with high inequality. According to IBGE in 2019, the black or brown population in Brazil has higher illiteracy rates (9.1%) than the white population (3.9%). Although, in 2018 there was no significant difference between the proportions of white and black or brown children aged 6 to 10 years in the first years of primary school (96.5% and 95.8%, respectively). At middle and high school, the official targets for these stages

have not been reached since 2011. In 2019 (IDEB-INEP, 2020), only 7 out of 27 state education systems achieved middle school targets, and only 2 out of 27 for high school. In addition to that, the inequality is also a challenge. In 2020, the graduation rate in high school is 92.6% for the wealthiest individuals up to 19 years old, while for the poorest it was 58.8% (OBSERVATÓRIO DO PLANO NACIONAL DE EDUCAÇÃO, 2021). Racial inequality also plays a role: the secondary school completion rate of black and brown students (61.8%) is still significantly lower than the rate for the white population (76.8%), despite recent gains.

- 3.6 Finally, the Pandemic will require enormous adaptations and governments are not ready for them.** On the one hand school closure has damaged students' learning to uncertain levels, requiring additional attention for learning recovery, especially the most vulnerable who were impacted the hardest⁴. On the other hand, the Pandemic has changed people's life and business models, making more urgent that students develop 21st century skills. However, education systems are neither prepared to provide different levels of attention for students who will struggle more to recover learning nor to successfully provide classes which develop digital and socioemotional abilities.
- 3.7 Considering the significant difference in the educational contexts for each region and each potential client for the CCLIP, this TC will contribute to the preparation and execution of the operations under ProSocial, by generating relevant, specific information for decision-making on each context, designing solutions to be implemented by these operations, and sharing the knowledge generated by these studies and pilots with other potential clients. After designing the first project within ProSocial in Education, EDU identified the need for more detailed information and, therefore, requested this TC outside the ERM or QRR meeting.
- 3.8 This TC is aligned with IDB's 2025 vision to improve the strategic goal of "Promote social progress" by improving the quality and equality of education for Brazilian students.
- 3.9 In addition to being aligned with IDB 2025 vision, this TC is consistent with the 2010-2020 Institutional Strategy Update (UIS) (AB-3008) and is aligned with the development challenge of social inclusion and equality, by promoting equal access to better social services and decreasing inequality among and within education systems. Additionally, it is also consistent with the Brazilian strategy for 2019-2022 (GN-2973), as it addresses issues to "Build a more effective public sector that promotes fiscal sustainability" and "Reduce social inequality and inequality of opportunity by enhancing public policy efficiency." The TC will also contribute to the Corporate Results Framework (CRF) (GN-2727-12) since it seeks to improve the indicator: (i)

⁴ The true impact of COVID-19 (CV) is still unknown, but it will decrease learning and increase inequality, particularly for the most vulnerable. In Brazil, 58 million students and 2.2 million teachers have been affected by school closures between March 2020 and February 2021 (UNICEF, 2021); education systems across the country have been struggling to meet growing needs under a scenario of resource scarcity. The state of São Paulo (SP), the only state which tried to measure the impact demonstrated that students learned about 1/3 of they had in the previous year (IDB, 2021). The same study showed that the impact will be higher for non-white, girls, and for students who attend schools in more vulnerable regions. Additionally, the likelihood of completing high school for students with poorly educated parents could decrease from 57% to 23% (Lustig et al, 2020).

students benefited by education projects. Moreover, this TC will benefit government entities to improve CRF indicators such as "Government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery" and "Projects supporting innovation ecosystems". Furthermore, the TC will contribute to the following objectives of the OC SDP Window 2 - Social Development (GN-2819-14): "(i) enhance the relevance, quality, and volume of Bank lending in support of the social sector; (ii) strengthen public institutions' efforts to become more effective and efficient in social programming, group targeting, and social sector project execution." The TC is also framed within the priority dimensions of the Bank's intervention in education, according to the Sector Framework Document for Early Childhood Development (GN-2966) that draws three lines of action: (i) promote efficient management and well-informed public policy; (ii) implement development services or early infant programs with quality at scale; and (iii) strengthen the quality of the workforce and improve its working conditions. Finally, the program is consistent with the Skills Development Sector Framework Document (GN-3012-3) in Dimension 5 that "all children and young people acquire the necessary skills to be productive and contribute to society," and with the Labor Sector Framework Document (GN-2741-7) in every line of action, but specially in lines 1 "Ensure access to high-quality and relevant learning opportunities throughout life".

IV. Description of activities/components and budget

- 4.1 Component I: Design of Operations and Projects.** The objective of this component is to develop studies and diagnosis which will result in solutions better designed for our clients' needs, and better conditions for a faster execution in their loans. It will finance consulting services, mainly individuals. The TC will finance technical assistance (individual consultants or companies) to ProSocial's clients to design interventions and operations in accordance with the CCLIP's challenges. Output will be "Diagnostic and assessments completed".
- 4.2 Component II: Innovative solutions.** This component aims to design and pilot interventions⁵ which will be implemented in the loans, so that when loans are signed clients can scale the solutions faster. It will finance consulting services to support this pilot design and implementation. It will fund pilots for solutions which target ProSocial's challenges. Outputs will be "Pilot interventions designed/implemented".
- 4.3 Component III: Knowledge, communication, and strategy.** It aims to share the knowledge generated by studies and pilots with other potential clients, and will finance consulting services to develop studies, and/or organize events/communication actions. Outputs will be "Events organized, or studies started".

Table 1: Indicative Budget

Activity/Component	IDB Fund	Total Funding
1. Design of Operations and Projects	US\$ 120,000	US\$ 120,000

⁵ Examples of potential pilots: (i) teacher training to decrease unconscious biases with black or female students; (ii) tutoring programs to solve learning gaps; (iii) online platforms for specific subjects; etc.

2. Innovative solutions	US\$ 100,000	US\$ 100,000
3. Knowledge, communication, and strategy	US\$ 30,000	US\$ 30,000
TOTAL	US\$250,000	US\$250,000

4.4 This TC has a total budget of US\$250,000 and will be financed by OC SDP Window 2 - Social Development (W2E).

V. Executing agency and execution structure

5.1 Since this technical assistance will support the preparation and startup execution of several operations with different beneficiaries which involves different governments, it is considered that the execution by the Bank, through the Education Division (SCL/EDU), will enhance independence to the selection process of consultancies and in the evaluation of proposals, as required in appendix 10 of the operational guidelines for technical cooperation products GN-2629-1. Moreover, execution by the Bank will also increase efficiency of scale and, according to policy GN-2470-2, it has been expressly requested by the Municipality of Florianópolis and the project is consistent with the Bank's country strategy with Brazil.

5.2 All activities to be executed under this TC have been included in the Procurement Plan (see Annex IV) and will be contracted in accordance with Bank policies as follows: (a) AM-650 for Individual consultants, (b) GN-2765-4 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature and (c) GN-2303-28 for logistics and other related services.

VI. Major issues

6.1 The risks associated with this operation are low, mainly associated with delays and changes intrinsic for work with government. The Bank, through SCL/EDU, has extensive experience in the development of the issues requested by the Government of Brazil, in addition to maintaining a permanent dialogue with both local counterparts and organizations, and with local and international experts to obtain the technical assistance required. Given the COVID-19 pandemic and its unpredictable nature, some flexibility and adaptation to varying conditions should be expected which will require permanent supervision in contracts execution.

VII. Exceptions to Bank policy

7.1 No required exceptions were identified.

VIII. Environmental and Social Strategy

8.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Banks Environmental and Social Policy Framework (ESPF).

Required Annexes:

[Request from the Client - BR-T1510](#)

[Results Matrix - BR-T1510](#)

[Terms of Reference - BR-T1510](#)

[Procurement Plan - BR-T1510](#)

TABLE 2: SUMMARY OF PROSOCIAL'S CONCEPTUAL FRAMEWORK

DESAFÍOS	PRINCIPIOS/OBJETIVOS ESPECÍFICOS	PILARES	PRODUCTOS PRIORIZADOS (EDUCACIÓN).
<p>Conseguir una profunda modernización en la administración del gasto social sin comprometer los importantes avances sociales alcanzados en las últimas décadas que le permita: (i) asegurar la provisión de servicios sociales fundamentales de alta calidad en las áreas de educación infantil temprana, educación obligatoria, salud, empleo y pensiones; y (ii) conseguir una trayectoria de gasto social que asegure la sostenibilidad fiscal del país.</p>	<p>Fortalecimiento de las capacidades de gestión operativa a nivel sectorial. Es necesario aumentar las capacidades actuales del nivel operativo en las instituciones sectoriales.</p>	<p>Integración de datos de servicios sociales <u>Objetivo:</u> Mejorar la generación y el uso de datos para crear indicadores de seguimiento, evaluación comparativa y evaluación del gasto social, así como para mejorar la calidad de los servicios.</p>	<p>Educación: Desarrollo único de id de estudiante y maestro</p>
		<p>Promover la transformación digital en la prestación y gestión de servicios <u>Objetivo:</u> Mejorar la asignación de recursos a nivel sectorial para aumentar la eficiencia técnica y de asignación tanto dentro como en todos los sectores sociales.</p>	<p>Educación: desarrollo de instrumentos de asignación de profesores y estudiantes</p>
	<p>Fortalecimiento de las capacidades de adaptación de las instituciones sectoriales ante cambios económicos, demográficos y tecnológicos. Es necesario aumentar las capacidades actuales de nivel estratégico.</p>	<p>Fortalecimiento de las capacidades de planificación de las instituciones sectoriales para un mejor gasto <u>Objetivo:</u> Mejorar la capacidad de las instituciones sectoriales para planificar e implementar mejor el gasto social a mediano plazo.</p>	<p>Educación: Reformas de las políticas de construcción de capacidades</p>
	<p>Mejora en la manera en la que los servicios sociales llegan al ciudadano. Es necesario redirigir inversiones desde unidades de provisión de servicios de bajo desempeño a unidades de</p>	<p>Mejorar la prestación de servicios <u>Objetivo:</u> generar nuevas inversiones que optimicen la prestación de servicios.</p>	<p>Educación: reasignación o construcción de nuevas unidades de entrega</p>

	servicio de alto desempeño.		
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