

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

BRAZIL

**CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS (CCLIP)
FOR THE “BRAZIL PLUS DIGITAL” PROGRAM**

(BR-O0010)

**FIRST INDIVIDUAL OPERATION
PROGRAM FOR MODERNIZATION OF THE JUDICIAL BRANCH
OF THE STATE OF CEARÁ (PROMOJUD)**

(BR-L1560)

LOAN PROPOSAL

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REQUIRED	
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2.	Monitoring and evaluation plan
3.	Procurement plan
OPTIONAL	
1.	Project economic analysis
1.A	Report
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2.	Program Operating Regulations
3.	Diagnostic assessment of digital transformation policies of the Brazilian States
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ABBREVIATIONS

ANATEL	Agência Nacional de Telecomunicações [National Telecommunications Agency]
CAJ	Central de Atendimento do Judiciário [Judiciary Service Center]
CAPAG	Capacidade de pagamento [payment capacity]
CCLIP	Conditional credit line for investment projects
CNJ	Conselho Nacional de Justiça [National Justice Council]
ETICE	Empresa de Tecnologia da Informação do Ceará [Ceará Enterprise for Information Technologies]
FUNCAP	Fundação Cearense de Apoio ao Desenvolvimento Científico e Tecnológico [Ceará Foundation to Support Scientific and Technological Development]
ICB	International competitive bidding
IT	Information technology
Mbps	Megabytes per second
MCER	Mean cost-effectiveness ratio
NCB	National competitive bidding
PMU	Program management unit
QCBS	Quality- and cost-based selection
SAIN	Secretaria de Assuntos Internacionais [Department of International Affairs]
SEFAZ/CE	Secretaria da Fazenda do Estado do Ceará [Finance Department of the State of Ceará]
SEI	Sistema Eletrônico de Informações [Electronic Information System]
SEPLAG	Secretaria do Planejamento e Gestão do Estado do Ceará [Planning and Management Department of the State of Ceará]
SOC	Security Operations Center
TCE/CE	Tribunal de Contas do Estado do Ceará [Audit Office of the State of Ceará]
TJCE	Tribunal de Justiça do Estado do Ceará [Court of Justice of the State of Ceará]

PROJECT SUMMARY

BRAZIL

CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS (CCLIP) FOR THE “BRAZIL PLUS DIGITAL” PROGRAM (BR-O0010)

FIRST INDIVIDUAL OPERATION

PROGRAM FOR MODERNIZATION OF THE JUDICIAL BRANCH OF THE STATE OF CEARÁ (PROMOJUD) (BR-L1560)

Financial Terms and Conditions					
Borrower:				Flexible Financing Facility ^(a)	
State of Ceará				Amortization period:	25 years
Guarantor:				Disbursement period:	5 years
Federative Republic of Brazil					
Executing agency:				Grace period:	5.5 years ^(b)
The borrower, acting through the Court of Justice of the State of Ceará (TJCE)					
Source	CCLIP (US\$)	First program (US\$)	%	Interest rate:	LIBOR-based
IDB (Ordinary Capital):	1 billion	28 million	80%	Credit fee:	(c)
Local contribution:	-	7 million	20%	Inspection and supervision fee:	(c)
Total:	1 billion	35 million	100%	Weighted average life:	15.25 years
				Currency of approval:	United States dollars
Project at a Glance					
Objective of the CCLIP: To contribute to Brazil's digital transformation by: (i) enhancing digital connectivity (coverage and quality); (ii) increasing adoption of new technologies in the productive sector; (iii) enhancing public services through the implementation of new technologies; and (iv) improving the country's performance in necessary crosscutting factors for digital transformation.					
Objective of the first individual operation under the CCLIP: To make gains in the digital transformation of the judicial branch of the State of Ceará so as to make it more efficient and increase user satisfaction. The specific objectives are: (i) to make the TJCE more productive in providing services; and (ii) to make TJCE operations more effective.					
Special contractual conditions precedent to the first disbursement: The executing agency will provide evidence to the Bank that: (i) the program Operating Regulations have entered into force on the terms agreed upon with the Bank; (ii) the resolution creating the program management unit has been published in Ceará's official gazette, Diário da Justiça Eletrônico, and a general coordinator dedicated exclusively to the program has been designated, on the terms agreed upon with the Bank; and (iii) a cooperation agreement between the Judicial Branch and the Executive Branch has been signed and has entered into force on the terms agreed upon with the Bank (see paragraph 3.5).					
Exceptions to Bank policies: None.					
Strategic Alignment					
Challenges: ^(d)	SI	<input type="checkbox"/>	PI	<input checked="" type="checkbox"/>	EI <input type="checkbox"/>
Crosscutting themes: ^(e)	GD	<input checked="" type="checkbox"/>	CC	<input checked="" type="checkbox"/>	IC <input checked="" type="checkbox"/>

^(a) 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, interest rate, and commodity conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

^(b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.

^(c) 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.

^(d) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

^(e) GD (Gender Equality and Diversity); CC (Climate Change); and IC (Institutional Capacity and Rule of Law).

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and rationale

1. Background and context of Brazil

- 1.1 **Macroeconomic context.** The COVID-19 pandemic has taken a heavy toll on the Brazilian economy. Brazil was in a slow process of economic recovery and seeking to move forward with fiscal reforms to maintain macroeconomic stability. The COVID-19 shock severely undermined this outlook. GDP fell 4.10% in 2020, better than expected at the onset of the pandemic. The government measures to reduce the impact of the pandemic, amounting to over 8% of GDP, included protection for the most vulnerable population, informal-sector workers, and small and medium-sized enterprises, as well as subnational finances. The slower growth and government measures widened the fiscal deficit. In 2020 Brazil recorded a primary deficit of 9.49% of GDP in 2020. For 2021, the Central Bank's Focus Report¹ is projecting 3.29% financial market growth and a primary deficit of over 3% of GDP.
- 1.2 **Context of the digital transformation in Brazil.** Brazil is well positioned to capitalize on the opportunities of the Fourth Industrial Revolution in terms of efficiency gains in all economic sectors; new business and innovation opportunities; improved quality, efficiency, and deployment of public services; and enhanced social well-being, such as economic and social inclusion. The current crisis is accelerating the country's digital transformation but also has the potential to widen the existing digital divide. Brazil, however, faces significant challenges in key areas on its path to digital transformation, as summarized below.
- 1.3 **Connectivity.** While Internet penetration has doubled in the past decade, and over two thirds of Brazilians have access to a smartphone and the Internet, 30% are disconnected from the digital world² and the average connection speed (13 Mbps) is less than half the global average (31 Mbps).³ Thirty percent of mobile connections use 2G or 3G technology (not 4G).⁴ The connectivity gap has a bigger impact on the 13.2% of the population living in rural areas,⁵ since return on investment in infrastructure deployment is typically lower in remote, less densely populated areas, so the private sector tends to prioritize other geographic areas. Connectivity infrastructure is the foundation for the new e-economy. Investments in this sector generate impacts that fuel economic activity, digital inclusion, and social well-being.⁶
- 1.4 **Digital transformation of the economy.** A dynamic startup ecosystem plays a major role in sustaining innovation. It makes productivity in industrial sectors

¹ <https://www.bcb.gov.br/content/focus/focus/R20210226.pdf> (2021).

² [McKinsey](#) (2019).

³ Cisco Visual Networking Index (2017).

⁴ National Telecommunications Agency ([ANATEL](#)) (2020).

⁵ [World Bank](#) (2020).

⁶ [Deloitte](#) (2018).

more dynamic and efficient, facilitates the dissemination of knowledge, and creates more opportunities for quality jobs.⁷ Major disparities exist, however, between different sectors and business sizes in terms of effective dissemination and adoption of digital technologies in production processes, particularly among smaller businesses. This imbalance in dissemination and adoption of digital technologies is seen across the country's businesses, where only 4% are on the digital frontier, and all the rest continue to use practices that generate short-term gains but do not contribute to the economy's competitiveness. Brazil also has the region's most developed entrepreneurship and innovation ecosystem, which makes for unique challenges and opportunities in the digital transformation of economic sectors.

- 1.5 **Digital transformation of government.** The federal government ranks among the top 20 countries worldwide in the United Nations Online Services Index (2020): 58% of its procedures are digitalized, yielding significant savings,⁸ and 72 million people have an account on the gov.br one-stop portal. However, when the other United Nations e-government subindexes⁹—telecommunications infrastructure and human capital—are taken into account, Brazil ranks 54th out of 192 countries (down 10 notches from its 2018 ranking). Moreover, a wide gap remains in process digitalization, interoperability, and automation—in the executive, as well as the legislative and judicial branches¹⁰—and in the effort to achieve 100% process digitalization by 2022.¹¹ At the state level, only 4% of services are digitalized, and only 31% of the states reported that the service most frequently used by the public in the past year was fully available online.¹² The situation is particularly acute in the judicial branch.¹³ This gap has negative repercussions on the fiscal position, because an online transaction costs up to 40 times less than an in-person transaction.¹⁴ Brazil has also made steady progress in its public e-infrastructure—e.g., in adoption of cloud services—but challenges remain in modernization, as only 2 of 27 states had implemented a strategy for contracting cloud services as of 2020, and only 1% of the public sector's information technology budget was allocated to the cloud.¹⁵
- 1.6 **Digital skills.** In a recent study by McKinsey,¹⁶ Brazil scored 2.5 out of 5 points on digital skills, i.e., an intermediate level. The study found that Brazil possesses basic technological competencies but with significant differences by age, social class,

⁷ [Matos & Radaelli](#) (2020).

⁸ The digitalization of 515 services in 2019 is saving 345 million Brazilian reais (R\$) annually (approximately US\$65 million). Source: [Office of the President, Message to the National Congress 2020](#).

⁹ [e-Government Survey 2020](#).

¹⁰ [Fundação Getulio Vargas](#) (2018).

¹¹ [e-Government strategy 2020-2022 of the federal government](#).

¹² [Regional Center for Studies on the Development of the Information Society \(CETIC\)](#) (2020).

¹³ [Fundação Getulio Vargas](#) (2018).

¹⁴ [IDB](#) (2018).

¹⁵ [IDB](#) (2020).

¹⁶ [McKinsey](#) (2019) evaluated access, usage, security, digital culture, and digital skills. The widest gaps between men and women are in access (2.5 versus 3) and usage (2.5 versus 2.8).

- and education, and that advanced competencies and skills for development of new technologies were lacking. The study did not find significant gender gaps in digital skills, except among people age 56 and older. Coursera's newly published Global Skills Index also notes these delays, ranking Brazil 41st out of 60 countries in technological skills.¹⁷ The talent and competitiveness ranking¹⁸ by INSEAD Business School and Adecco places Brazil 80th out of 132 countries.
- 1.7 **Cybersecurity.** The new national strategy¹⁹ approved in 2020 marked a major step forward in policy, although challenges in coordination, operations, and human resources remain in both the public and private sectors.²⁰ Brazil is included in the Top 10 Global Threat Rank²¹ and placed 70th out of 175 countries in the Global Cybersecurity Index (2018).²²
- 1.8 **COVID-19 and the digital transformation.** In Brazil, as in the rest of the region, the relevance and importance of digital technologies has grown exponentially as a result of the COVID-19 pandemic. Connectivity and new technologies have been critical in managing the health crisis; in continuing and expanding public service delivery to the most vulnerable population;²³ in the functioning of the economy, including the forced digitalization of enterprises and the protection of businesses and jobs through e-commerce; and, generally, in delivering public- and private-sector services.
- 1.9 For these reasons, the deployment of digital connectivity infrastructure in rural areas and in the last mile of urban areas is a priority for making digitalization possible as a tool for overcoming the COVID-19 crisis and for sustainable development.²⁴ The economic recovery will also call for developing advanced solutions in strategic areas (health care, education, jobs), in the productive sector, and in knowledge-generating institutions through a public-private approach.²⁵ The continuity of public services will necessitate not only greater digitalization in service delivery and requests, but also delivery greater use of teleworking.²⁶ The COVID-19 pandemic has also highlighted the importance of updating the digital policy framework in key areas such as data privacy,²⁷ identity,

¹⁷ [Coursera](#) (2020).

¹⁸ [2020 Global Talent Competitiveness Index](#).

¹⁹ [Decree 10,222](#) of 5 February 2020.

²⁰ [IDB](#) (2020).

²¹ [Symantec, Internet Security Threat Report, vol. 24](#).

²² [International Telecommunications Union, Global Cybersecurity Index](#) (2018).

²³ For example, the Bank-cofinanced [Emergency Support for Vulnerable Populations Affected by Coronavirus](#), created during the pandemic to provide unconditional transfers to vulnerable people, was managed online and covered 29.4 million households.

²⁴ [IDB](#) (2020).

²⁵ The "IdeiaGov" initiative, the innovation hub of the São Paulo State government, is a successful model that uses the startup ecosystem. [Operation ATN/ME-18146-BR: Open Innovation for the Health Sector in the Fight Against COVID-19](#).

²⁶ Sixty-three percent of the federal government workforce was teleworking as of late July 2020, for savings of more than R\$800 million. Teleworking was also implemented by subnational governments ([Group for Digital Transformation of the States and the Federal District](#), 2020).

²⁷ [Law 13,709](#) of 2018.

digital signature, and cybercrime (cyberattacks increased 300% in the early months of the pandemic),²⁸ to cite just a few examples.

- 1.10 **CCLIP rationale.** In 2018, the federal government approved the Brazilian Digital Transformation Strategy, a comprehensive public policy for digital transformation of the economy, government, and society with an emphasis on e-infrastructure, among other areas.²⁹ Within this framework, the government later approved an e-Government Strategy for 2020-2022³⁰ and a cybersecurity strategy.³¹ In addition, the Federal Development Strategy for Brazil 2020-2031³² highlights the objectives of: (i) modernizing telecommunications services by expanding broadband and 5G technology; (ii) improving productivity by developing the digital economy; and (iii) enhancing public sector governance by improving services and advancing e-government. It also promotes cybersecurity and narrowing the digital divide among the population. Recent studies, meanwhile, have estimated the investment shortfall at 746.5 billion Brazilian reais (about US\$130 billion), 46% of which is for investment in digital transformation in Brazil for 2019-2022 in the public and private sectors, and 54% is for investment in connectivity.³³ The Federative Republic of Brazil has thus expressed its interest in a conditional credit line for investment projects (CCLIP)³⁴ to support the country's digital transformation by promoting policy implementation at the three levels of government. The CCLIP's timing and multisector nature will support the medium- and long-term vision of the Federal Development Strategy for Brazil and key policies for digital transformation and the associated development objectives (see paragraph 1.28).

2. Background and context of the State of Ceará

- 1.11 **Macroeconomic context.** The state of Ceará was in the midst of an economic recovery process, posting 2.11% growth in 2019, above the national average of 1.1%. Ceará has had a positive fiscal position (rated "B" on the CAPAG payment capacity indicator). The pandemic-related recession has taken a toll on tax revenues, which fell 2.56% in nominal terms in 2020, but the state—with help from the federal government and measures to contain expenditures—maintained a stable fiscal position and even increased its total tax take during the year.
- 1.12 **COVID-19 and the digital transformation of government in Ceará.** The state of Ceará has strong connectivity with broadband coverage of 91% of the

²⁸ [Kaspersky](#) (2020).

²⁹ [Decree 9,319](#) of 21 March 2018.

³⁰ [Decree 10,332](#) of 28 April 2020.

³¹ [Decree 10,222](#) of 5 February 2020.

³² [Decree 10,531](#) of 26 October 2020.

³³ [Brasscom](#) (2019).

³⁴ SEI joint letter No. 2/2019/SECINT-ME, Ministry of Economy.

population, and 95% via mobile technology.³⁵ This has helped it ensure greater continuity of public services through digitalization. Between April and October 2020, 44% of the population reported using digital media to access public services, and only 9% reported having visited a government agency's physical offices in person.

- 1.13 **Legal, institutional, and strategic framework of Ceará.** One of the state's strategic priorities is moving forward in the digital transformation of the public sector. In keeping with that priority, digital transformation and more efficient administration of justice are at the heart of the Government Program 2019-2022³⁶ and the Multiyear Plan 2020-2023.³⁷ Ceará's judicial branch is administered by the Court of Justice of the State of Ceará (TJCE). Its strategy for the period 2015-2020 lays out a vision of being "a leader in judicial administration, renowned as a reliable, efficient institution in the promotion of justice" with objectives that include: (i) enhancing citizen service; (ii) promoting productivity and efficiency in the provision of judicial services; and (iii) improving governance and judicial administration.³⁸
- 1.14 In recent years, the TJCE has handled an average of 425,000 cases per year. In the latest user satisfaction survey (2017), only 35.5% of respondents reported that they were satisfied with the services received, primarily because of a failure to resolve cases within the time period stipulated by law. The TJCE's backlog rate (percentage of cases still pending at year's end out of all cases handled that year) was 70% in 2019, above the national average.³⁹
- 1.15 **Context of Brazil's judicial branch.** Although the Brazilian justice system is regarded as one of the most efficient in the world, it has one of the highest workloads (6,962 cases per judge) and the highest backlog rate (68.5% in 2019). The country has nearly 77.1 million active cases, which equates to about one case

³⁵ The broadband program launched in 2010 by the Ceará state government and executed by the Ceará Information Technology Company (ETICE) led to creation of the [Ceará Digital Belt](#), which leverages the state's geostrategic position as the point of entry of all fiber optic cables from North America and Europe to South America to boost connectivity in Ceará. Source of data on connectivity and usage of digital services in Ceará: IDB (publication forthcoming in 2021), "First National Survey of Citizen Satisfaction with Digital Services in Brazil."

³⁶ In the focus area of "Democratic Management for Results in Ceará," the "planning and modernization" section includes "e-Government in Ceará" with the aim of implementing the digital transformation in Ceará through innovative, disruptive technologies and enhancing access to public services.

³⁷ The focus area of "Peaceful Ceará" includes as a thematic outcome, "the public is served by a speedy, effective, and humane justice system." The "Excellence in Provision of Justice Services" program contributes to this outcome.

³⁸ [Strategic Plan of the Judicial Branch of Ceará 2015-2020](#), which is also aligned with the objectives of the federal judicial branch, established by the National Justice Council (CNJ) in the National Strategy of the Judicial Branch 2015-2020 and 2021-2026.

³⁹ Factors contributing to this outcome include: (i) the lowest annual budget per resident among Brazil's state court systems (R\$135.2 per resident, versus an average of R\$256.8 for all states); (ii) the smallest total workforce and the third-lowest number of judges per 100,000 residents among all state court systems (65 civil service staff and 4.25 judges, versus an average of 158 civil service staff and 5.63 judges among all states); (iii) judges' low productivity per capita (1,104 cases completed per judge per year, versus an average of 1,897 among all states); and (iv) increased caseload (18% in 2019). CNJ (2019) and TJCE administrative data.

for every three people (compared to Portugal's ratio of one case per 141 people, and Germany's one per 238 people). Brazil averages 9 judges per 100,000 people, compared to 19 in Portugal and 24 in Germany. These figures shed light on the overburdening of the judicial branch and the justice system as a whole, despite the fact that it performs above international standards.

- 1.16 **Digital transformation of the judicial branch in Ceará.** The TJCE has digitalized 99% of its case files in Fortaleza (the capital), and 65% in the rest of the state. The TJCE is transitioning to full adoption of online proceedings by 2023 (used in federal courts throughout the country), and, along with other state courts, is implementing a pilot initiative on artificial intelligence to identify judicial precedents with the aim of reducing the case backlog more quickly.⁴⁰
- 1.17 The TJCE recently added a chief data scientist—a practice used by the executive branch for its most strategic institutions—through an agreement with the Ceará Foundation to Support Scientific and Technological Development (FUNCAP)⁴¹ and is coordinating digital transformation efforts with the Ceará Enterprise for Information Technologies (ETICE) and other executive branch entities responsible for e-government.⁴² These and other efforts show the TJCE's commitment to improving service delivery to the public through progress in digital transformation.
- 1.18 **The general problem** to be addressed in this first individual loan operation is satisfaction and efficiency gaps in public services provided by the TJCE. These gaps have two main causes.
- 1.19 **Efficiency gaps in the use of IT for service delivery.** Outdated work processes with low levels of automation due to the prevalence of ad hoc procedures for creating and reviewing case files; inadequate technological infrastructure with only local storage; low processing capacity and equipment that will be 50% obsolete in 2023 and 100% obsolete in 2024; inadequate equipment and capabilities in cybersecurity at a time when increasingly more information will be available digitally and the General Law on Data Privacy has entered into force; and limited citizen services channels, with in-person service and nonautomated telephone service as the only options.⁴³ Some of these gaps may negatively impact accessibility and usage⁴⁴ of services offered to women or related to

⁴⁰ [Leal Intelligent Advisor \(LEIA\) system](#) (2020).

⁴¹ [TJCE](#) (2020).

⁴² The Government of Ceará is one of the few state governments that invest in developing cloud-based infrastructure and software procurement strategies and cybersecurity policies, which are essential to ensuring consistency in digital transformation policies (source: IDB survey, 2020).

⁴³ [TJCE](#) (2020).

⁴⁴ While the user satisfaction rate among both men and women is 35%, women account for only 25% of users of TJCE services and 32% of users of remote services (by email or WhatsApp) of the Judiciary Service Center (CAJ). Women make fewer requests for information (36.49% criminal cases as partners of inmates or defendants, 35.32% non-family court civil cases, 25% family court cases, and 1.26% women's court cases), and their requests usually concern sensitive matters that call for warmer, more personable service (information on their incarcerated partners or children, information on how to file for alimony, guidance in domestic violence cases, etc.). TJCE (2020).

women, as evidenced in the high backlog rate in homicide cases involving female victims (83.8%)⁴⁵ and in the average time it takes to issue protective orders (19.8 days,⁴⁶ despite the 48-hour time period established by law).

- 1.20 **Effectiveness gaps in IT management and usage for operations.** Inadequate practices for prioritizing and managing organizational objectives; manual handling of key organizational processes such as budgetary and financial management and management of funds held in trust (e.g., manual record-keeping on case-related payments or garnishments), which can lead to errors and other issues; limited job descriptions and weak workforce planning within the framework of the digital transformation; and inadequate TJCE staff capabilities for management of new technologies, with only 8% of TJCE staff certified in digital transformation programs.⁴⁷ The TJCE has a significant gender gap: 42% of its management and leadership positions among civil service staff are held by women, and only 32% of the management and leadership positions among judges are held by women.⁴⁸
- 1.21 **Empirical evidence.** The literature shows that deficient court systems continue to be associated with significant distortions, and that more efficient courts improve aggregate productivity ([Boehm and Oberfield, 2018](#)). The first individual operation is based on recent, innovative empirical evidence on the impact of technology in enhancing judicial services. In Mexico it was found that providing information to plaintiffs on the judicial process and predicted outcomes of legal action using artificial intelligence increased pre-lawsuit dispute resolution ([Sadka, Seira, and Woodruff, 2018](#)). In Argentina, the Bank-supported PROMETEA system, which uses artificial intelligence based on decision trees developed through process standardization and data normalization, allowed for the automatic drafting of court rulings and significantly reduced the duration of judicial processes ([Estevez, Fillottrani, and Linares, 2020](#)). The international evidence shows that such productivity of judicial services benefits the public; for example, fully automating judges' decisions in sentencing by using algorithms can reduce court cases in the future and even mitigate racial biases and other forms of prejudice against vulnerable groups ([Kleinberg et al., 2018](#)). Reforms to streamline pretrial proceedings generate also significant benefits for citizens and businesses involved in judicial cases ([Kondylis and Stein, 2018](#)). Along these lines, and with support from experimental evaluations (see paragraph 3.12), the operation will contribute to the growing evidence of digital judicial services, efficiency, and productivity in Latin America.
- 1.22 **The Bank's experience in the country and lessons learned.** The Bank has extensive experience in digital investments in the public sector to improve

⁴⁵ [TJCE](#) (2020).

⁴⁶ [TJCE](#) (2020). See [optional link 4](#).

⁴⁷ TJCE survey conducted in September 2020, with 553 employees responding. Fifty-four percent of TJCE employees are age 46 or older, and 60% have worked for over 21 years in the TJCE. Resources for training are inadequate due to budget constraints (current expenditure averaged 94% of TJCE expenditures between 2015 and 2018).

⁴⁸ TJCE (2020). See [optional link 4](#).

management (e.g., in social protection, transparency, and management of public assets)⁴⁹ and to modernize public finances in Brazil, including electronic billing.⁵⁰ The CCLIP for the “Brazil Plus Digital” program will build on the Bank’s experience in structuring and implementing CCLIPs for modernization of the State in Brazil, particularly PROFISCO (BR-X1005), with more than 28 projects totaling US\$678 million, and PROFISCO II (BR-X1039), now in execution, both of which are focused on fiscal modernization. The lesson learned from these programs, as reflected in the Office of Evaluation and Oversight’s evaluation of the Bank’s country strategy with Brazil 2015-2018 (document RE-534-1), is the importance of coordinating public policies across the federal, state, and municipal levels in a key sector such as digital transformation, using a long-term approach. This is achieved through the CCLIP and by aligning the operation with the state and federal governments’ sector policies.

- 1.23 **The Bank’s experience in the region and lessons learned.** This project will draw on the Bank’s experience in projects for digital transformation of the public sector, such as the Program to Support the Government Digital Strategy (in Uruguay) (loan 4867/OC-UR) and the Project to Improve and Expand Support Services for National Service Delivery to Citizens and Enterprises (in Peru) (loan 4399/OC-PE), and specifically for digital transformation of the justice system, such as the Program to Improve Criminal Justice Services in Peru (loan 4959/OC-PE) and the Project for Strengthening Judicial Services (in Colombia) (loan 2277/OC-CO). Some lessons learned include the importance of strengthening the executing agency’s digital capabilities through specific specialized advisory services, to successfully implement complex technological products (see paragraphs 1.30 and 2.5.a); maintaining a flexible design to adapt more readily to any technological changes during execution, by defining outputs as innovation and new technology projects, but to be identified more precisely during execution (see paragraph 1.30); ensuring an omni-channel approach to service improvement in order to reach the entire population, including online and in-person services (see paragraph 1.30); and supporting change management activities in view of the difficulties in introducing institutional transformation and modernization processes into the judicial culture (see paragraph 1.31).
- 1.24 **Complementarity with other IDB Group operations.** This operation is complementary with: (i) the PROFISCO II – Ceará program (loan 4436/OC-BR), which will finance a consolidated fiscal information and execution system for overdue tax debt, including the Program for Modernization of the Judicial Branch of the State of Ceará (PROMOJUD); and (ii) an integrated violence prevention and reduction program for the State of Ceará (approved in March 2021), focusing especially on the prevention of domestic violence, violence against women, and gender-based violence, which in the TJCE’s case will focus on speedier resolution of currently pending cases. It is also complementary with technical cooperation operation [ATN/OC-17993-BR](#), which supports digital transformation efforts in Brazil’s public sector for more efficient and effective delivery of public

⁴⁹ Loans [2791/OC-BR](#), [2919/OC-BR](#), and [2580/OC-BR](#), respectively.

⁵⁰ [PROFISCO I](#) and [PROFISCO II](#).

services, including technical assistance for the design of projects and activities under the CCLIP for the “Brazil Plus Digital” program.

- 1.25 **Strategic alignment.** The operation is consistent with the second Update to the Institutional Strategy (document AB-3190-2) and is aligned with the challenge of productivity and innovation through the use of new technologies to enhance the quality of government-provided judicial services and the productivity of public institutions (see paragraph 1.27).⁵¹ The program is also aligned with the crosscutting areas of: (i) institutional capacity and rule of law, by making the public sector more efficient and effective in delivering services associated with the judicial branch and prioritizing the digital transformation; (ii) gender equality, by facilitating accessibility and usage of services offered to women or related to women and supporting women’s leadership in the justice sector (see paragraph 1.26); and (iii) climate change, by financing the reduction of greenhouse gas emissions through the procurement of energy-efficient IT equipment (see paragraph 1.30, output (ii)), the generation of renewable energy (see paragraph 1.31, output (iii)), and the digitalization of public services to reduce travel (see paragraph 1.30, output (iv)). In accordance with the [joint methodology of the multilateral development banks for tracking climate finance](#), 42.54% of the Bank’s financing for this operation results in climate change mitigation (for more details, see [optional link 5, Program contribution to climate change mitigation](#)). These resources contribute to the IDB climate finance target (30% of annual approvals). The program will also contribute to the Corporate Results Framework 2020-2030 (document GN-2727-12) through the indicator for “agencies with strengthened digital technology and managerial capacity.” It is also aligned with the Sector Strategy: Institutions for Growth and Social Welfare (document GN-2587-2) under its public sector management and finance component, and is consistent with the Innovation, Science and Technology Sector Framework Document (document GN-2791-8) under its dimension of success that the region’s economies become able to take full advantage of the potential of the digital economy. Additionally, the operation is aligned with the IDB Group Country Strategy with Brazil 2019-2022 (document GN-2973) in its priority area to “build a more effective public sector that promotes fiscal sustainability,” through the strategic objective to “promote e-government and digital solutions to foster transparency, accountability, and efficiency in delivering public services to citizens and enterprises,” as stated in the objective of the first individual operation. It also contributes to the crosscutting objective of digital innovation and transformation. Lastly, the operation is included in the Report on the 2021 Operational Program Report (document GN-3034).
- 1.26 **Gender equality considerations.** Pursuant to the Operational Policy on Gender Equality and Development (Operational Policy OP-761, document GN-2531-10), financing will be provided for activities including: (i) identification and delivery of information, guidance, and help services for women by establishing a dedicated

⁵¹ Particularly the priority area of “technology and innovation,” which calls for “accelerating and expanding investments in the preconditions and analog complements of digital technology adoption,” which include infrastructure, private sector innovation, and institutional development of the public sector.

service channel⁵² (see paragraph 1.30, output (vi)); (ii) implementation of technology tools (such as artificial intelligence, big data, and machine learning) to reduce the backlog rate in homicide cases with female victims and to enhance procedures for issuing and monitoring protective orders (see paragraph 1.30, output (vi)); and (iii) design and implementation of a women leaders empowerment program, with an emphasis on women judges and civil service staff (see paragraph 1.31, output (vi), and [optional link 4, Program contribution to gender equity](#)).⁵³

- 1.27 **Innovation and technology.** The program is based largely on the financing of highly innovative technological investments for the public sector in Brazil and the region, which build on the TJCE's relatively high initial level of digitalization. It will finance activities such as process automation, use of cloud computing, a security operations center (SOC) for cybersecurity, innovations for citizen services based on new technologies, and artificial intelligence innovations to improve judicial processes. Greater automation will support greater quality and productivity of the TCJE's judicial government services (see paragraph 1.36).

B. Objectives, components, and cost

1. CCLIP for the "Brazil Plus Digital" program

- 1.28 **CCLIP objective.** The objective of the CCLIP is to contribute to Brazil's digital transformation by: (i) enhancing digital connectivity (coverage and quality); (ii) increasing adoption of new technologies in the productive sector; (iii) enhancing public services through the implementation of new technologies; and (iv) improving the country's performance in necessary crosscutting factors for digital transformation. It is structured around four sectors:⁵⁴ (i) e-infrastructure; (ii) e-economy; (iii) e-government; and (iv) supporting factors. The CCLIP will have the following features:

- a. **Modality.** Given the crosscutting nature of digital transformation, which brings together multiple sectors (e-infrastructure, e-economy, e-government, and supporting factors), as well as a variety of potential executing agencies, this CCLIP will use Multisector Modality II under the Bank's CCLIP policy (document GN-2246-13) and the corresponding operational guidelines (document OP-1622-3). The liaison institution will be the Department of International Affairs (SAIN) of the Ministry of Economy, which has the authority to play this role given its institutional mandate to coordinate, monitor, and evaluate projects financed with resources from multilateral

⁵² This channel will identify ways to reduce potential barriers to accessibility and usage of services for women on the basis of age, ethnicity, race, gender identity and sexual orientation, disability status, etc.

⁵³ The project falls within the specific lines of action of the Innovation in Citizen Services Division as set forth in the update to the Gender Action Plan for Operations 2020-2021 (document GN-2531-19), specifically in terms of promoting women's leadership in the security and justice sector and incorporating a gender perspective into the delivery of digital services.

⁵⁴ Major focus areas or target areas related to the multisector objective of the CCLIP, consistent with the Bank's CCLIP policy (document GN-2246-13) and Operational Guidelines (document OP-1622-3).

development agencies, and has been doing so in a satisfactory and ongoing manner in recent years.⁵⁵

- b. **Rationale.** The CCLIP will provide Brazil with a strategic instrument to accelerate the digital transformation by implementing successful pioneering projects while promoting integration and alignment of public policies on digital transformation at all three levels of government (federal, state, and municipal).
- c. **Sectors.** The CCLIP will cover the following four sectors: (i) e-infrastructure: the objective is to modernize and universalize quality e-infrastructure with the ultimate aim of helping citizens and businesses gain access to affordable public and private services and building the economy's productive efficiency; (ii) e-economy: the objective is to promote development, financing, adoption and use of digital technologies in the productive sector and by the population, including promotion of new digital technologies; regulatory sandboxes and testbeds, open ecosystems for innovation; collaboration between the private sector, governments, and universities; and digital outreach programs and new business models for small and medium-sized enterprises; (iii) e-government: the objective is to design and implement strategies for debureaucratization, e-government, and enhanced services at public institutions in order to contribute to increased public satisfaction, efficiency, effectiveness, and transparency in public management and a more competitive economy; and (iv) supporting factors: the objective is to generate key factors for the digital transformation, including development of the human talent necessary to drive the digital transformation, digital literacy for the public in order to promote the use of digital tools and socioeconomic inclusion, development of comprehensive digital transformation strategies, and enhancement of the regulatory framework in crosscutting areas such as cybersecurity.
- d. **Institutional arrangements.** The CCLIP will have three resource allocation channels:⁵⁶ (i) federal, with the Federative Republic of Brazil as the borrower and, as potential executing agencies, federal government entities requesting loans for digital transformation programs in one or more of the sectors covered by the CCLIP; (ii) subnational, with states, municipios, or the Federal District acting as borrowers that have borrowing capacity under the requirements of the federal government, and request loans for digital

⁵⁵ The institutional framework for Brazil's digital transformation in these sectors at the federal level includes, in addition to the SAIN, the following key entities: (i) in the Ministry of Economy, the e-Government Department (SGD), which reports to the Special Department for Debureaucratization, Management, and e-Government, as well as the Department of Infrastructure Development (SDI) and the Department of Industry, Trade, Services, and Innovation Development (SDIC), which report to the Special Department of Productivity, Employment, and Competitiveness ([Decree 9.679](#) of 2 January 2019); (ii) in the Ministry of Science, Technology, and Innovation, the Department of Entrepreneurship and Innovation (SEMPI) and the Department of Planning, Cooperation, Projects, and Monitoring (SEPLA); and (iii) in the Ministry of Communications, the Department of Telecommunications and ANATEL, a special autonomous agency attached to the ministry ([Law 9.472 of 1997](#)).

⁵⁶ The first operation in each resource allocation channel will be required to follow the Bank's full preparation cycle, starting with a project profile.

transformation programs in one or more of the sectors covered by the CCLIP; and (iii) national or regional development banks that increase the capillarity and scaling of financing through subloans to subnational entities or small and medium-sized enterprises for specific investments contributing to the country's digital transformation and aligned with one or more of the sectors covered by the CCLIP.

- e. **Amount and term.** The CCLIP will be for up to US\$1 billion, to be allocated over a drawdown period of 10 years on approximately 15 individual operations, which may include financing for investment loans or the issuance of guarantees to support investment projects under the terms of documents GN-2246-13 and OP-1622-3. The time horizon of the CCLIP is justified because digital transformation policies call for a medium-term approach that transcends terms of office and, through the execution of successful pioneering projects, incorporates a growing number of federal government entities, states, and municipios to achieve outcomes and impacts on a larger scale.
- f. **Beneficiaries.** The program's beneficiaries will be the people and businesses of Brazil, which, as a result of greater connectivity and the development of regulatory frameworks, new technologies, greater innovation, and better digital talent, will enjoy higher-quality public and private services, economic competitiveness, and a more effective, efficient, and transparent public sector. For example, citizens will have greater access to, and will be trained to use, digital technologies to help them access better public and private services, businesses that will become more globally competitive through the use of new technologies, and citizens and taxpayers who will benefit from a more efficient public sector with better services, among other potential beneficiaries.

2. First operation under the CCLIP: Program for Modernization of the Judicial Branch of the State of Ceará (PROMOJUD)

- 1.29 **Objective of the first individual operation under the CCLIP.** The general objective of the first individual operation under the CCLIP⁵⁷ is to make gains in the digital transformation of the judicial branch of the State of Ceará so as to make it more efficient and increase user satisfaction. The specific objectives are: (i) to make the Court of Justice of the State of Ceará (TJCE) more productive in providing services; and (ii) to make TJCE operations more effective.
- 1.30 **Component 1. Digital transformation to enhance services (US\$23,775,000).** The objective of this component is to improve citizen services by making them speedier and more accessible with expanded and improved digital services. Support will be financed to: (i) optimize and automate judicial and management processes; (ii) improve technological infrastructure, including equipment renovation and migration to the cloud;⁵⁸ (iii) implement a cybersecurity operations center (SOC) to help implement the data privacy law; (iv) implement innovations to improve citizen services including expansion of digital services, a chatbot and

⁵⁷ Under the e-government sector.

⁵⁸ Energy efficiency requirements will be taken into account in procuring equipment.

apps to streamline digital services, totems for information and in-person transactions, and training of users who lack digital literacy; (v) implement innovations in artificial intelligence for a speedy, cognitively based judicial process,⁵⁹ including tools for case record automation and automatic drafting of rulings for mass complaints; support to structure and enhance databases of case law and metadata; and (vi) subprojects to promote gender equity in judicial services, including: (a) an exclusive service channel for higher-priority cases for women and (b) faster reduction of the backlog rate in homicide cases involving female victims and expediting protective orders through the use of artificial intelligence, inter alia;⁶⁰ and other initiatives.

- 1.31 **Component 2. Digital transformation to strengthen governance and management (US\$10,055,000).** The objective of this component is to make TJCE operations more efficient and effective. Support will be financed to: (i) strengthen governance and strategic management, including an improved management model, a strengthened innovation lab, and improved administrative processes; (ii) improve budgetary and financial management, including strengthening of the TJCE's revenue and financial management systems; (iii) implement cost management to increase efficiency, including the purchase of a solar power station to cover 100% of the TJCE's needs; (iv) implement a quality management model with a certification system for TJCE judicial and administrative units throughout the state; (v) improve the digital skills of human capital, including redesign of job descriptions and qualifications, workforce planning, training, and change management; and (vi) implement a women leaders empowerment program, targeting both women judges and women in civil service; and other initiatives.
- 1.32 **Program administration (US\$1,170,000).** Actions under this component will encompass program administration, auditing, and evaluation.
- 1.33 **Beneficiaries.** The direct beneficiaries of this program will be the citizens and businesses using the TJCE's services, estimated at 2.5 million people, who will receive more efficient services in less time and at lower costs. In addition, The TJCE's 3,783 employees will also benefit from the program's digital skills training.

C. Key results indicators

- 1.34 **Expected impacts and outcomes.** The program's main impacts are: (i) increased satisfaction of users of TJCE services; and (ii) efficiency of court cases from opening of the case to final ruling. The main expected outcomes are: (i) an increased average number of cases completed per judge per year; (ii) a

⁵⁹ The Bank recently evaluated the [PROMETEA system](#) in Argentina, which uses artificial intelligence in the drafting of judicial rulings, and supported the [PRETORIA system](#) in Colombia's Constitutional Court as part of a project, now in preparation, for digital transformation of the justice system.

⁶⁰ Specialized technical support will be financed for all technologically complex procurements under both components, e.g., for preparation of technical specifications, supplier bid evaluation, and quality control of products during contract execution.

reduced backlog rate;⁶¹ (iii) increased effectiveness of TJCE operations; and (iv) increased ownership of digital competencies within the TJCE.

- 1.35 **Economic analysis.** A cost-effectiveness analysis was used to evaluate the project's economic viability. This analysis calculates a mean cost-effectiveness ratio (MCER) by dividing the intervention's net costs (TJCE annual expenditure plus the costs of the program) by its net benefits or effectiveness (number of court cases completed per year). The analysis compared the TJCE to a control group of similar courts in eight states based on the National Justice Council (CNJ) classification. The assumption is that the TJCE's digital transformation will result in an increase in the number of cases completed per year and, as a result, a lower MCER. In 2019, the TJCE had an MCER of 645, lower the control group's MCER of 561. At the conclusion of the project (2025), the TJCE is projected to have an MCER of 519, compared to 543 for the control group. In 2030, the TJCE is projected to have an MCER of 442, compared to 514 for the control group (see [Economic analysis](#)).
- 1.36 A cost-benefit analysis was also done by estimating the behavior of the increase in completed cases in scenarios with and without the project. Based on the annual difference in the number of trials completed in each scenario, the number of additional judges needed to handle the extra completed cases as a result of modernization was calculated by dividing the number of extra trials by the judges' mean productivity index. The number of extra judges was multiplied by the annual unit cost in U.S. dollars of the judges' average salary to determine the annual benefit (savings) yielded by modernization. With the expected increase in the TJCE's effectiveness, using a 12% discount rate, the project will have a net present value of US\$30.3 million with an internal rate of return of 35.96% in 2030. A sensitivity scenario was also constructed on the premise that the impacts of COVID-19 could cause a one-year delay in attaining the project results. In this scenario, the project would have a net present value of US\$15.8 million with an internal rate of return of 24.64% in 2030.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 **First individual operation.** The first individual operation financed by the conditional credit line for investment projects (CCLIP) will be a specific investment loan. The cost of the financing will be US\$35 million. Of that amount, US\$28 million will be from the IDB (Ordinary Capital), and US\$7 million from the local contribution.

⁶¹ The inventory of unresolved cases at year's end divided by the number of new cases received that year.

Table 1. Estimated program costs* (US\$)

Component	IDB	Local	Total	%
Component 1. Digital transformation to enhance services	19,020,000	4,755,000	23,775,000	68.0%
Optimize and automate processes	2,104,000	526,000	2,630,000	7.5%
Modernize technological infrastructure	10,048,000	2,512,000	12,560,000	35.9%
Cybersecurity operations center (SOC)	840,000	210,000	1,050,000	3.0%
Implement innovations to improve citizen services	2,904,000	726,000	3,630,000	10.4%
Implement innovations for a speedy, cognitively based judicial process	2,776,000	694,000	3,470,000	9.9%
Subprojects to promote gender equity in judicial services	348,000	87,000	435,000	1.3%
Component 2. Digital transformation to strengthen governance and management	8,044,000	2,011,000	10,055,000	28.7%
Strengthen governance and strategic management	1,892,000	473,000	2,365,000	6.8%
Improve budgetary and financial management	1,504,000	376,000	1,880,000	5.4%
Implement cost management model	836,000	209,000	1,045,000	3.0%
Implement quality management model	920,000	230,000	1,150,000	3.3%
Improve the digital skills of human capital	2,760,000	690,000	3,450,000	9.9%
Implement a women leaders empowerment program	132,000	33,000	165,000	0.5%
Administration, evaluation, and audit	936,000	234,000	1,170,000	3.3%
Total	28,000,000	7,000,000	35,000,000	100.0%

* Amounts indicative at product level.

- 2.2 Resources will be disbursed over a five-year period, as shown in Table 2. The execution period is based on the average time taken to design and implement the program's proposed activities.

Table 2. Tentative disbursement schedule (US\$ millions)

Source	Year 1	Year 2	Year 3	Year 4	Year 5	Total
IDB	2.03	7.68	8.17	5.45	4.67	28
Local	0.51	1.92	2.04	1.36	1.17	7
% per year	7.2	27.4	29.2	19.5	16.7	100

B. Environmental and social safeguard risks

- 2.3 In accordance with the Bank's Environment and Safeguards Compliance Policy (document GN-2208-20, Operational Policy OP-703), this first operation under the CCLIP was classified as category "C." No physical infrastructure component will be financed by the program, so no environmental or social risks are anticipated.

C. Fiduciary risks

- 2.4 A medium-high risk was identified that, if the program procurements are not prioritized among the TJCE's other procurement activity, the planned procurements may be delayed, and program execution may fall behind schedule. The mitigation measures will be as follows: (i) create a program management unit (PMU) with its principal positions filled prior to the first disbursement of the program; (ii) create a procurement advisory unit within the PMU, consisting of a dedicated full-time staff member who will serve as liaison with the legal advisory unit and the bidding committee, as well as two consultants with prior experience in the Bank's procurement policies; (iii) create a special bidding committee, as part of the TJCE's (standing) bidding committee, dedicated exclusively to the program; and (iv) identify and anticipate key procurements (see paragraphs 3.1 and 3.2).

D. Other key risks and issues

- 2.5 Three additional medium-high risks were identified in the design phase:
- a. **Human resources.** Two risks were identified in this category: (i) If TJCE staff lack experience in complex technology procurements, they may fall short of the required quality and the expected outcomes would not be met. The mitigation measures are as follows: (a) identify the procurements requiring technical knowledge that the TJCE lacks; (b) prepare a list of potential international and local experts in program-related new technologies who could assist the TJCE; and (c) engage specialized technical assistance (consultants) to prepare the terms of reference for the identified procurements and for technical quality management;⁶² and (ii) since the TJCE does not have enough professional staff with project management qualifications and experience in programs of amounts and complexity comparable to the Program for Modernization of the Judicial Branch of the State of Ceará (PROMOJUD), the outputs may not be monitored effectively, delaying the schedule and potentially not attaining the expected outcomes. The mitigation measures are as follows: (a) create the PMU and fill its principal positions prior to the first disbursement of the program; (b) identify the roles that need to be filled by dedicated staff, including the PMU general coordinator; (c) train the PMU in project management models promoted by the Bank;⁶³ and (d) engage project assistants (consultants) and designate four output monitoring coordinators, pursuant to the program [Operating Regulations](#) (see paragraph 3.2).

⁶² See footnote 60.

⁶³ Project management for results ([PM4R](#)).

- b. **Economic and financial.** The risk was identified that, if the state's fiscal capacity worsens during program preparation due to the economic impacts of the COVID-19 pandemic, the State of Ceará's current "B" rating on the CAPAG payment capacity indicator could be downgraded,⁶⁴ making it unviable to sign the loan contract. The mitigation measures are as follows: (a) the Finance Department of the State of Ceará (SEFAZ/CE) will continuously monitor the state's main fiscal capacity indicators; and (b) the IDB will maintain dialogue and ongoing monitoring efforts with federal and state counterparts.
- 2.6 **Program sustainability.** The program's activities and outputs are aimed at improving resource management and operational efficiency in an organization that, as the institutional capacity assessment shows, is already considerably mature. This will ensure a high degree of engagement of the TJCE's units during the program and, consequently, a high degree of ownership. Operating costs are not expected to increase; to the contrary, automation and strengthened strategic, financial, cost, quality, and human resource management are expected to bring costs down. This means that program outputs can be sustainable without increasing operating costs.
- 2.7 **Sustainability of technology and cybersecurity investments.** The proposed solutions provide significant cost savings and efficiency gains. The program will maximize the sustainability of its technology investments by: (i) purchasing technology investments on a staggered basis, which will extend maintenance contracts on equipment and solutions; (ii) using cloud-based services, which will circumvent the obsolescence of storage equipment; (iii) prioritizing open-source software solutions, which, in combination with the modernization of job descriptions and improved digital skills of TJCE staff, particularly in its IT area, will increase buy-in and pave the way for future enhancements; and (vi) the SOC will bring about a significant increase in the number of permanent staff dedicated to these tasks (from two to eight) along with a specialization program, in addition to technical assistance for effective implementation of the data privacy law.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Borrower and executing agency.** For the operation under the conditional credit line for investment projects (CCLIP), the State of Ceará will be the borrower, acting through the Court of Justice of the State of Ceará (TJCE), which will be the executing agency. The Federative Republic of Brazil will be the counterpart for the CCLIP and guarantor of the financial obligations arising from the loan contract for this first operation. The institutional capacity assessment found that

⁶⁴ The State of Ceará's rating as eligible for external financing ("CAPAG B") was renewed in August 2020 ([Boletim de Finanças dos Entes Subnacionais 2020](#)). The Ministry of Economy is expected to issue an update in July 2021. Ceará's fiscal position is currently assessed as among the best in Brazil, which helps it secure financing on favorable terms. In authorizing the signing of the respective loan contract, Brazil's federal government will again review Ceará's fiscal position before issuing final approval.

the TJCE has the capacity to manage the activities for the individual operation. As this is its first operation with the Bank, the executing agency was identified as needing to strengthen, primarily, its capacities for: (i) project management; (ii) procurement management; (iii) financial management; and (iv) technical quality management (for complex technology outputs). A program management unit (PMU) will therefore be established within the TJCE that will: (i) receive training in Bank-promoted management models and have project assistants (consultants) and four output monitoring coordinators (see paragraph 2.5); (ii) receive training in the Bank's procurement policies and have an appropriate team and governance structure in place to ensure a smooth procurement process (see paragraphs 2.4 and 3.2); (iii) receive training in the financial procedures associated with Bank policies, to promote effective financial management; and (iv) receive support from technical specialists in preparing terms of reference and conducting quality control on complex technology outputs (see paragraphs 1.23, 1.30, and 2.5(a)).

- 3.2 **Program execution, administration, and coordination mechanisms.** The PMU will be linked administratively to the Office of the Chief Justice of the TJCE and will be responsible for program coordination, including planning, monitoring, financial management, procurement, and coordination of evaluation and audit activity. The PMU will consist of the following core team dedicated exclusively to the program: a general coordinator selected from the TJCE's permanent staff, who will be responsible for operational coordination with the Bank for program implementation; a technical coordinator selected from the TJCE's permanent staff; a procurement adviser (see paragraph 2.4); and project assistants engaged by the program. The PMU will also have an accounting/financial coordinator and monitoring and evaluation coordinators, who will work part-time (TJCE civil service staff members).⁶⁵
- 3.3 **Interagency coordination mechanisms.** All program activities will be executed by, and are under the exclusive control of, the TJCE, an autonomous branch of the government of the State of Ceará. However, to ensure better interagency coordination between the state's judicial and executive branches, a cooperation agreement setting out reporting and information exchange mechanisms will be signed between the judicial and executive branches (see paragraph 3.5). Also, continuing the dialogue begun during program preparation, the TJCE will explore synergies during program implementation with the executive branch on shared items of the digital transformation agenda, such as cloud migration, cybersecurity, digital skills training, and data management.
- 3.4 **The program Operating Regulations** will provide detailed information on program execution, including: (i) the program's organizational framework; (ii) PMU responsibilities; (iii) mechanisms for program coordination and

⁶⁵ The Office of the Chief Justice of the TJCE will receive support at the strategic level from a general sponsor for the program, a liaison with the Bank on strategic matters, and two component sponsors who will be auxiliary judges of the Office of the Chief Justice with coordination authority within the TJCE and will help prioritize projects for the Program for Modernization of the Judicial Branch of the State of Ceará (PROMOJUD).

interagency coordination; (iv) the framework for programming, monitoring, and evaluation of results; (v) guidelines for financial, audit, and procurement processes; and (iv) financial management rules.

- 3.5 **Special contractual conditions precedent to the first disbursement of the financing.** The executing agency will provide evidence to the Bank that: (i) the program [Operating Regulations](#) have entered into force on the terms agreed upon with the Bank, establishing the guidelines, procedures, and coordination mechanisms to be followed by the executing agency for successful program execution; (ii) the resolution creating the program management unit has been published in Ceará's official gazette, *Diário da Justiça Eletrônico*, and a general coordinator dedicated exclusively to the program has been designated, on the terms agreed upon with the Bank, to ensure program quality and completion; and (iii) a cooperation agreement between the Judicial Branch and the Executive Branch has been signed and has entered into force on the terms agreed upon with the Bank, to ensure better interagency coordination (see paragraph 3.3).
- 3.6 **Procurement of works, goods and nonconsulting services, and consulting services.** The procurements financed with loan proceeds will be conducted in accordance with Bank policies: Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-15) and Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-15).
- 3.7 **Retroactive financing and recognition of expenditures.** At the borrower's request, the Bank may retroactively finance up to US\$5.6 million (20% of the proposed loan amount) against the loan proceeds, and recognize up to US\$1.4 million (20% of the estimated amount of the local contribution) against the local contribution, in eligible expenditures for goods, nonconsulting services, and consulting services to proceed with the planned activities, particularly the purchase of IT infrastructure, and to gain time and momentum in program execution. Such eligible expenditures must have been incurred by the borrower before the loan approval date, provided that requirements substantially similar to those established in the loan contract have been met, and on or after the project profile approval date (23 September 2020), but shall not under any circumstances include expenditures incurred more than 18 months prior to the loan approval date.
- 3.8 **Advance of funds.** Disbursements will be in the form of advances of funds based on the program's actual liquidity needs for up to six months. For advances subsequent to the first, justification must be provided for at least 80% of the total unjustified, previously advanced funds. The loan proceeds will be administered by the executing agency through an exclusive bank account for receiving and managing program resources, as established in the Financial Management Guidelines for IDB-financed Projects (document OP-273-12).
- 3.9 **Audits.** The program's financial statements will be audited annually by an independent audit firm acceptable to the Bank, which will be engaged by the executing agency. The Audit Office of the State of Ceará (TCE/CE) will also be eligible to conduct external program audits, if necessary. The audited financial statements will be delivered to the Bank within 120 days after the close of each fiscal year, in accordance with the procedures and terms of reference previously

agreed upon with the Bank. The program's final audited financial statements will be delivered within 120 days after the date of the last disbursement.

B. Summary of arrangements for monitoring results

- 3.10 **Monitoring by the executing agency.** Monitoring by the execution agency will be based on the following: (i) Results Matrix; (ii) [program execution plan](#); (iii) [monitoring and evaluation plan](#); (iv) [procurement plan](#); (v) risk management matrix; (vi) program monitoring report; (vii) six-monthly status reports; and (viii) the program's audited financial statements. The PMU will prepare consolidated six-monthly status reports for review by the Bank, which it will deliver within 30 days after the close of each six-monthly period.
- 3.11 **Evaluation.** The program will be evaluated in accordance with the annual targets and indicators for the outcomes and outputs in the Results Matrix. The [monitoring and evaluation plan](#) calls for an independent midterm evaluation and a final evaluation. The borrower will prepare and deliver a midterm evaluation report to the Bank within 90 days after the date on which 50% of the loan proceeds have been disbursed, or 36 months into program execution, whichever occurs first. It will also deliver a final evaluation report to the Bank, as input for the program completion report, within 90 days after the date on which 95% of the loan proceeds have been disbursed.
- 3.12 **Impact evaluation.** To generate knowledge on the effectiveness of programs related to the use of artificial intelligence, process automation, and other digital judicial reforms, an experimental impact evaluation using a random allocation model will be done, to measure the impact on user satisfaction and turnaround times in the State of Ceará's judicial services (see [monitoring and evaluation plan](#)).

IV. ELIGIBILITY CRITERIA

- 4.1 **CCLIP eligibility criteria.** The conditional credit line for investment projects (CCLIP) meets the eligibility requirements for Multisector Modality II CCLIPs in document GN-2246-13 and the corresponding operational guidelines (document OP-1622-3), inasmuch as: (i) the CCLIP's objectives fit within the following priorities identified in the IDB Group Country Strategy with Brazil 2019-2022 (document GN-2973): (a) "Build a more effective public sector that promotes fiscal sustainability," through the strategic objective of "promote e-government and digital solutions to foster transparency, accountability, and efficiency in delivering public services to citizens and enterprises;" and (b) "Improve the business climate and narrow gaps in sustainable infrastructure for enhanced competitiveness," particularly through the strategic objectives of "promote greater economic competitiveness" and "narrow infrastructure gaps"; and (ii) the Department of International Affairs (SAIN), as the liaison institution, is authorized to coordinate and monitor the overall operational program for all sectors covered by the line of credit, such that it can verify that it is progressing as planned toward meeting its multisector objectives (see paragraph 1.28(a)).
- 4.2 **Eligibility of the first individual operation under the CCLIP.** The first individual operation meets the applicable requirements of document GN-2246-13 and Operational Policy OP-1622-3, inasmuch as: (i) a full institutional capacity assessment of the TJCE found that the TJCE has the execution capacity and

identified areas for improvement (see paragraph 3.1) and potential risks (see paragraphs 2.4 and 2.5(a)); (ii) the operation's objective contributes to the CCLIP's multisector objectives by promoting the digital transformation of Brazil's public sector (see paragraph 1.28); (iii) the operation takes place in the third sector included in the CCLIP (e-government) (see paragraph 1.10); and (iv) the operation includes the actions to be carried out in the areas of improvement identified in the institutional capacity assessment of the TJCE, related primarily to project management, financial management, procurement, and technical quality management (for complex technology outputs) (see paragraph 3.1).

Development Effectiveness Matrix		
Summary		BR-L1560
I. Corporate and Country Priorities		
Section 1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Issues	-Productivity and Innovation -Gender Equality and Diversity -Climate Change -Institutional Capacity and the Rule of Law	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	-Agencies with strengthened digital technology and managerial capacity (#)	
2. Country Development Objectives		
Country Strategy Results Matrix	GN-2973	Use e-government and digital solutions to promote transparency, accountability and efficiency by improving services to citizens and businesses.
Country Program Results Matrix	GN-3034	The intervention is included in the 2021 Country Program Document.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		8.2
3.1 Program Diagnosis		1.9
3.2 Proposed Interventions or Solutions		3.5
3.3 Results Matrix Quality		2.8
4. Ex ante Economic Analysis		10.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		2.0
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		2.0
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		1.0
5. Monitoring and Evaluation		10.0
5.1 Monitoring Mechanisms		4.0
5.2 Evaluation Plan		6.0
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium Low
Environmental & social risk classification		C
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, Accounting and Reporting, External Control, Internal Audit. Procurement: Information System, Price Comparison.
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
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	The counterpart received technical assistance from the Bank for a program implementation plan (ATN/OC-17993-BR) and support from SPD/SDV for the design of experimental evaluations.

Evaluability Note: The objective of CCLIP is to contribute to Brazil's digital transformation by: (i) improving its digital connectivity (coverage and quality); (ii) increasing the adoption of new technologies in the productive sector; (iii) improving public services through the implementation of new technologies; and (iv) to improve the country's performance in cross-cutting factors necessary for its digital transformation. The main development objective of the first operation is to advance the digital transformation of Ceará's State Judiciary System in order to increase its efficiency and the satisfaction of its users. To achieve this goal, the loan focuses on two specific areas in which the project intervenes. The first seek to improve the productivity in the provision of Court of Justice of the State of Ceará (CJSC)'s services; and the second to improve the effectiveness of the CJSC's judicial management and processes.

The CLIPP identifies a diagnosis, based on connectivity gaps (coverage and quality), technology adoption in the productive sector and the government, digital skills and cybersecurity. The loan proposal of the first operation presents a solid assessment of the problem, based on productivity and effectiveness gaps to respond to the growing demand for the provision of services of the CJSC. This is especially relevant given the COVID-19 pandemic, during which basic procedures to ensure access to key citizens' justice services must remain in place. The proposed solutions focus on improvements to infrastructure, organizational, technological, and human capacity, as well as improvements to digital justice including the creation of e-justice using artificial intelligence to automatically index new cases on the system base. These solutions are appropriate for responding to the identified problems and their contributing factors. The results matrix is congruent with the vertical logic of the project. Outcome indicators are appropriately defined to measure the program's achievements and fulfillment of its specific development objectives. All impact indicators are aligned with the overall general development objective.

The economic analysis (cost-effectiveness) of the operation is appropriate, presenting reasonable and adequate assumptions for this type of projects, as well as a reasonable sensitivity analysis. It is based on the benefits of lower economic costs for citizens due to the reduction in procedural time as a result of improvements in judges' productivity. Additionally, the analysis includes a cost-benefit analysis that shows a positive net present value in the main scenario, as well as under several conditions included in the sensitivity analysis.

The monitoring and evaluation plan includes an impact evaluation that will pursue to close knowledge gaps in the use of artificial intelligence, automation of procedures and other digital justice reforms. For this purpose, an experimental design will be implemented using a randomized controlled trial methodology. Except for the digital skills indicators, for which a survey was conducted, all baseline variables were based on administrative data. The remaining indicators will be measured using a before-and-after method. Monitoring and evaluation activities will be carried out by the CJSC in coordination with the Bank.

RESULTS MATRIX

Project objective:	The general objective of the first individual operation under the CCLIP is to make gains in the digital transformation of the judicial branch of the State of Ceará so as to make it more efficient and increase user satisfaction. The specific objectives are: (i) to make the Court of Justice of the State of Ceará (TJCE) more productive in providing services; and (ii) to make TJCE operations more effective.
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GENERAL DEVELOPMENT OBJECTIVES

Indicators	Unit of measure	Baseline	Base year	Expected year for achievement	Target	Means of verification	Comments
General development objective 1. To make gains in the digital transformation of the judicial branch of the State of Ceará so as to make it more efficient and increase user satisfaction							
Satisfaction among users of TJCE services	Satisfied users	35.5%	2019	2025	50.0	TJCE annual user satisfaction survey	Users are primarily attorneys and parties to the cases (72% of total). The quality of public services has an impact on citizen satisfaction. Simplifying Lives: Quality Management and Satisfaction in Public Services (2018) .
Efficiency of court cases from opening of the case to final ruling ¹	Average number ² of months until final ruling	30.1	2019	2025	26.0	Program management unit (PMU) report with data from the TJCE administrative superintendent	Includes four of the six categories of cases, accounting for over 72% of pending cases in 2019, where the timelines are controlled by the judicial branch: (i) Acceptance by Court of First Instance; (ii) Court of Second Instance; (iii) Acceptance by Special Court; and (iv) Appeal. ³

¹ From case opening (added to court docket) until the final ruling.

² Weighted average for case categories.

³ Cases in the categories of “Court of First Instance–Resolution” and “Special Court–Resolution” were excluded because their final ruling depends on factors outside the control of the judicial branch.

SPECIFIC DEVELOPMENT OBJECTIVES

Indicators	Unit of measure	Baseline	Base year	Year 1	Year 2	Year 3	Year 4	Final target	Means of verification	Comments
1.1 Specific development objective 1. To make the TJCE more productive in providing services										
Average number of cases ⁴ completed per judge per year	Number of cases completed	1,341	2019	1,362	1,403	1,453	1,519	1,595	“Justiça em Números” website of the National Judicial Council (CNJ)	
Backlog rate	Number of unresolved cases at year's end / Number of new cases received that year ⁵	69.9%	2019	67.2%	64.9%	62.0%	58.3%	53.4%	“Justiça em Números” website (CNJ)	
1.2 Specific development objective 2. To make TJCE operations more effective										
Effectiveness of TJCE operations	TJCE total annual cost / Cases completed that year	645	2019	626	603	578	549	519	Prepared using data from the “Justiça em Números” website (CNJ)	See economic analysis for a comparison with other states.
Ownership of digital competencies within the TJCE	Number of administrative staff members certified in digital transformation / Total number of administrative staff	8%	2020	8%	24%	39%	54%	70%	PMU report using data from the TJCE administrative superintendent	

⁴ After the final ruling, the case proceeds through additional phases before it is deemed completed.

⁵ The number of new cases may increase as a result of the program's success, but enhanced productivity should improve the ratio to the total number of cases.

OUTPUTS

Outputs	Unit of measure	Baseline	Base year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
Component 1: Digital transformation to enhance services											
1.1 Processes automated and/or optimized	Percentage	0	2020	-	30	50	20	0	100	PMU (TCJE) semiannual report	
1.2 Reports on improved technology infrastructure, approved	Reports	0	2020	1	1	1	1	1	5		
1.3 Cybersecurity operations center (SOC) implemented	Software	0	2020	-	-	1	-	-	1		
1.4 Innovation projects for improved citizen services, implemented	Project document	0	2020	-	1	1	2	2	6		
1.5 Artificial intelligence projects for speedy, cognitively based judicial process, implemented	Project document	0	2020	-	1	1	2	2	6		
1.6 Subprojects to promote gender equity in judicial services, implemented	Project document	0	2020	-	1	1	-	-	2		Pro-gender indicator: includes design and implementation of: (i) a project to establish a channel for services oriented to women; and (ii) a project to accelerate the resolution of homicide cases involving female victims and the issuance of protective measures through the use of artificial intelligence

Country: Brazil

Division: IFD/ICS

Operation number: BR-L1560

Year: 2021

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Executing agency: The borrower, acting through the Court of Justice of the State of Ceará (TJCE)

Name: Program for Modernization of the Judicial Branch of the State of Ceará (PROMOJUD)

I. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

1. Use of country systems in the project (any subsequently approved system or subsystem may be applicable to the operation, in accordance with the terms of the Bank's validation).

<input checked="" type="checkbox"/> Budget	<input type="checkbox"/> Reports	<input checked="" type="checkbox"/> Information system	<input type="checkbox"/> Partial NCB
<input checked="" type="checkbox"/> Treasury	<input checked="" type="checkbox"/> Internal audit	<input checked="" type="checkbox"/> Shopping	<input type="checkbox"/> Advanced NCB
<input checked="" type="checkbox"/> Accounting	<input checked="" type="checkbox"/> External control	<input type="checkbox"/> Individual consultants	<input type="checkbox"/> Other

2. Fiduciary execution mechanism

<input checked="" type="checkbox"/>	Details on fiduciary execution	The TJCE has an organizational unit (Bidding Committee) whose official duties include procurement for the entire court system. In view of the need to follow the Bank's procurement policies in PROMOJUD, the decision was made to create a Special Bidding Committee within that unit to conduct procurement activity for the program. The TJCE's legal advisory unit will play a role in approving procurement processes for the program.
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3. Fiduciary capacity

Fiduciary capacity of the executing agency	<p>The State of Ceará has experience in executing programs financed by the IDB and other multilaterals, and some of its authorities have prior experience on Bank projects. However, this will be the first program that the executing agency, the TJCE, will execute with external financing, and the first time it will implement procurement policies other than those established in Brazilian law.</p> <p>The ICAS institutional capacity assessment recommended that a program management unit (PMU) be created to execute PROMOJUD, and that governance and execution structures and internal procedures and be adapted to the program's needs.</p>
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4. Fiduciary risks and mitigation measures

Area(s)	Mitigation measures and/or strengthening actions	Responsibility	Deadline
A failure to prioritize the program's procurement processes vis-à-vis the TJCE's other procurement processes may cause delays in procurement and, therefore, program execution.	<ul style="list-style-type: none"> (i) Create the PMU and fill its principal positions prior to the program's first disbursement. (ii) Create a procurement advisory unit within the PMU, consisting of a permanent employee dedicated full-time to the program who will serve as liaison with the legal advisory unit and the Bidding Committee, and two consultants with prior experience in the Bank's procurement policies. (iii) Create a Special Bidding Committee, dedicated full-time to the program, within the TJCE's (standing) Bidding Committee. (iv) Identify and anticipate key procurements. 	<ul style="list-style-type: none"> (i) TJCE – General sponsor and Department of Management and Planning (SEPLAG/CE) (ii) TJCE – General sponsor and SEPLAG/CE (iii) TJCE – General sponsor and SEPLAG/CE (iv) TJCE – General sponsor and SEPLAG/CE 	<ul style="list-style-type: none"> (i) Signing of Loan Contract (ii) Signing of Loan Contract (ii) Signing of Loan Contract (iv) Signing of Loan Contract

5. Policies and guidelines applicable to the operation: Documents GN-2349-15 and GN-2350-15.

6. Exceptions to policies and guidelines: N/A.

II. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE CONTRACT

The exchange rate agreed upon with the executing agency to be used in accounting for advances of funds from the loan will be the internalization rate. To determine the equivalence of expenditures to be reimbursed against the loan, as well as the equivalence of expenditures incurred in local currency as a charge against the local counterpart, the agreed exchange rate will be the “buy” rate set by the Central Bank of Brazil on the day prior to the effective date of submission of the reimbursement request to the Bank.

During the program, audited annual financial statements will be delivered within 120 days after the close of each fiscal year. The external audit of the program will be conducted by an outside firm acceptable to the Bank or by the Audit Office of the State of Ceará (TCE/CE). The program’s final audited financial statements will be delivered within 120 days after the date of the last disbursement.

III. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

☒	Retroactive financing and recognition of expenditures	At the borrower’s request, the Bank may retroactively finance up to US\$5.6 million (20% of the proposed loan amount) against the loan proceeds, and recognize up to US\$1.4 million (20% of the estimated amount of the local contribution) against the local contribution, in eligible expenditures for goods, nonconsulting services, and consulting services to proceed with the planned activities, particularly the purchase of IT infrastructure, and to gain time and momentum in program execution. Such eligible expenditures must have been incurred by the borrower before the loan approval date, provided that requirements substantially similar to those established in the loan contract have been met, and on or after the project profile approval date (23 September 2020), but shall not under any circumstances include expenditures incurred more than 18 months prior to the loan approval date.
☒	Bidding documents	The Bank’s standard bidding documents or the documents agreed upon between the executing agency and the Bank for the specific procurement item will be used for works, goods, and nonconsulting services procured in accordance with Bank policies (document GN-2349-15) and subject to International competitive bidding (ICB). The selection and contracting of consulting services will be in accordance with the corresponding policies (document GN-2350-15) using the Bank-issued standard request for proposals or the request form agreed upon between the executing agency and the Bank for the specific selection process.

☒	Procurement supervision	<p>The supervision method will be ex post, except in cases where ex ante supervision is warranted. For procurements executed using the country system supervision will be conducted using the country supervision system. Ex post reviews will be conducted in accordance with the project supervision plan, subject to changes during execution. The thresholds for ex post review are as follows:</p> <table border="1" data-bbox="527 491 1430 596"> <tr> <th data-bbox="527 491 829 541">Works</th><th data-bbox="829 491 1131 541">Goods/services</th><th data-bbox="1131 491 1430 541">Consulting services</th></tr> <tr> <td data-bbox="527 541 829 596">US\$25,000,000</td><td data-bbox="829 541 1131 596">US\$5,000,000</td><td data-bbox="1131 541 1430 596">US\$1,000,000</td></tr> </table>	Works	Goods/services	Consulting services	US\$25,000,000	US\$5,000,000	US\$1,000,000
Works	Goods/services	Consulting services						
US\$25,000,000	US\$5,000,000	US\$1,000,000						

Main procurements

Description	Selection method	New procedures/ tools	Estimated date	Estimated amount (US\$000)
Goods				
Digital solution for administrative procedures	Country system	Value for money	Q3 2021	1,400
Firms				
Preparation of development plan for judges and administrative staff	QCBS	Value for money	Q4 2021	2,000
Improvement and implementation of management model and quality certification of judicial and administrative units	QCBS	Value for money	Q3 2021	1,200
Technological solutions to implement artificial intelligence in judicial operations	QCBS	Value for money	Q1 2022	1,200
Process automation	QCBS	Value for money	Q2 2021	1,400
Mapping of process architecture and the value chain for optimization of internal processes (judicial and administrative)	QCBS	Value for money	Q2 2021	1,100

Click [here](#) to access the 18-month procurement plan.

Procedures	Justification of use
Value for money	Pursuant to applicable policies

IV. AGREEMENTS AND REQUIREMENTS FOR FINANCIAL MANAGEMENT

<input checked="" type="checkbox"/>	Programming and budget	The PMU will prepare the annual programming and the budget for the program in coordination with the TJCE's Finance Department (SEFIN) and the Planning and Management Department of the State of Ceará (SEPLAG/CE). The proposed annual budget for the program will be included in the state's annual budget law, which will allocate the necessary funds for timely execution of the loan proceeds and local counterpart resources.
<input checked="" type="checkbox"/>	Treasury and disbursement management	Disbursements will be made in United States dollars in the form of advances of funds. The amount of funds advanced will be determined by a projection of financial execution for up to 180 days. For advances subsequent to the first, justification must be provided for at least 80% of the total previously advanced funds pending justification. The resources of the financing will be administered through a commercial bank account used exclusively for receiving and managing the loan proceeds. Expenditures deemed ineligible by the Bank will be reimbursed from the local contribution or from other resources, at the discretion of the borrower and subject to Bank approval, depending on the nature of the ineligibility.
<input checked="" type="checkbox"/>	Accounting, information systems, and reporting	The executing agency will use the state's integrated financial management system (S2GPR) for budget execution, financial execution, and accounting of program activities. This system does not allow for generation of the basic financial reports requested by the IDB, so the PMU will enter into an agreement with the Finance Department of the State of Ceará (SEFAZ) for use of the integrated financial administration system (SIAFI) module used by SEFAZ in executing the second Program to Support the Management and Integration of Finance Administrations in Brazil (PROFISCO II) (loan 4436/OC-BR), which allows for financial reporting pursuant to Bank requirements.
<input checked="" type="checkbox"/>	Internal control and internal audit	The TJCE's Administrative Audit Office for Internal Control, which reports directly to the Office of the Chief Justice, will perform internal control of the project.

☒	External control: External financial audit and project reports	An audit firm acceptable to the Bank will conduct the external audit of the program. During the program, audited annual financial statements will be delivered within 120 days after the close of each fiscal year. The program's final audited financial statements will be delivered within 120 days after the date of the last disbursement. The TCE/CE will also be eligible to audit the program, if required.
☒	Financial supervision	The operation will be subject to ex post financial supervision, relying primarily on the information provided in the audited financial reports. Under the responsibility of the financial specialist, desk reviews will also be conducted on an ongoing basis by analyzing the disbursement requests from the executing agency. Annual in-person visits for fiduciary supervision will also be conducted.

Outputs	Unit of measure	Baseline	Base year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
Component 2: Digital transformation to strengthen governance and management											
2.1 Reports on activities to strengthen governance and strategic management, approved	Reports	0	2020	-	1	1	1	1	4	PMU (TCJE) semiannual report	
2.2 Strengthened systems for TJCE revenue and financial management, implemented	Software	0	2020	-	-	1	1	-	2		
2.3 Reports on improved cost management, approved	Reports	0	2020	-	1	1	1	1	4		
2.4 Reports on implementation of quality management model, approved	Reports	0	2020	-	1	1	1	1	4		
2.5 Reports on implementation of improved digital skills of human capital, approved	Reports	0	2020	1	1	1	1	1	5		
2.6 Women leaders empowerment program, implemented	Reports	0	2020	-	1	-	-	1	2		Pro-gender indicator: includes two tracks for judges and administrative staff

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/21

Brasil. Conditional Credit Line for Investment Projects (CCLIP)
for the program “Brasil Mais Digital” (BR-O0010)

The Board of Executive Directors

RESOLVES:

1. To authorize the President of the Bank, or such representative as he shall designate, to enter into such agreement or agreements as may be necessary with the Federative Republic of Brazil, to establish the Conditional Credit Line for Investment Projects (CCLIP) for the program “Brasil Mais Digital” (BR-O0010) (the “Line”) for an amount of up to US\$1,000,000,000 chargeable to the resources of the Ordinary Capital of the Bank.

2. To establish that the resources allocated to the Line shall be used to finance individual operations under the Line, in accordance with: (a) the objectives and regulations of the Conditional Credit Line for Investment Projects approved by Resolution DE-58/03, as amended by Resolutions DE-10/07, DE-164/07, DE-86/16 and DE-98/19; (b) the provisions set forth in documents GN-2564-3 and GN-2246-13; and (c) the terms and conditions included in the proposal for the corresponding individual operation.

(Adopted on ____ 20__)

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/21

Brazil. Loan ____/OC-BR to the State of Ceará. Program for Modernization of the Judicial Branch of the State of Ceará (PROMOJUD). First Individual Operation under the Conditional Credit Line for Investment Projects (CCLIP) BR-O0010 – “Brasil Mais Digital”

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the State of Ceará, as Borrower, and with the Federative Republic of Brazil, as Guarantor, for the purpose of granting the former a financing aimed at cooperating in the execution of the Program for Modernization of the Judicial Branch of the State of Ceará (PROMOJUD), which constitutes the first individual loan operation under the Conditional Credit Line for Investment Projects (CCLIP) BR-O0010 – “Brasil Mais Digital”, approved on ____ 2021 by Resolution DE-___/21. Such financing will be for the amount of up to US\$28,000,000, from the resources of the Bank’s Ordinary Capital, 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 _____ 2021)