

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**COSTA RICA**

**CITIZEN SECURITY AND VIOLENCE PREVENTION PROGRAM**

**(CR-L1137)**

**LOAN PROPOSAL**

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## ABBREVIATIONS

CCP	Civic Center for Peace
CGR	Office of the Comptroller General of the Republic
CHI	Crime harm index
DATAPOL	The National Police Force's digital platform
EBP	Evidence-based policing
HSP	Hot spots policing
ICB	International competitive bidding
MEP	Ministry of Public Education
MJP	Ministry of Justice and Peace
MSP	Ministry of Public Safety
NCB	National competitive bidding
OECD	Organisation for Economic Co-operation and Development
OIJ	Organismo de Investigación Judicial [Judicial Investigation Organization]
PCU	Program Coordination Unit
POP	Problem-oriented policing
QCBS	Quality and cost-based selection
SICOP	Sistema Integrado de Compras Públicas [integrated public procurement system]
SIGAF	Sistema Integrado de Administración Financiera [Integrated Financial Management System]
UNODC	United Nations Office on Drugs and Crime
UPRE	Unidad para la Permanencia, Reincorporación y Éxito Educativo [Unit for Student Retention, Re-entry, and Educational Success]

## PROJECT SUMMARY

### COSTA RICA CITIZEN SECURITY AND VIOLENCE PREVENTION PROGRAM (CR-L1137)

Financial Terms and Conditions					
Borrower:			Flexible Financing Facility <sup>(a)</sup>		
Republic of Costa Rica			Amortization period:		25 years
Executing agency:			Disbursement period:		5 years
Ministry of Justice and Peace (MJP)			Grace period:		5.5 years <sup>(b)</sup>
Source	Amount (US\$)	%	Interest rate:		LIBOR-based
IDB (Ordinary Capital):	100,000,000	100	Credit fee:		(c)
			Inspection and supervision fee:		(c)
Total:	100,000,000	100	Weighted average life:		15.25 years
			Approval currency:		U.S. dollar
Project at a Glance					
<b>Project objective/description:</b> The general objective of the program is to help reduce homicides and assaults in Costa Rica. The specific objectives are: (i) to improve the effectiveness of policing to prevent crime in the priority districts; and (ii) to reduce criminal behavior among adolescents and young people who are susceptible to violence in highly disadvantaged districts.					
<b>Special contractual conditions precedent to the first disbursement of the loan:</b> (i) establishment of the deconcentrated agency with budgetary autonomy, attached to the Ministry of Justice and Peace (MJP), under which the program coordination unit (PCU) will operate; (ii) appointment of a team to support the executing agency in program launch, consisting of civil servants from the Ministry of Public Safety (MSP) and the Ministry of Justice and Peace (MJP), whose profiles will be agreed upon with the Bank; and (iii) the approval and entry into force of the <a href="#">program Operations Manual</a> , which will include the program's environmental and social management plan and the environmental and social management framework as annexes (see Annex B to the <a href="#">environmental and social management report</a> ), in accordance with the terms previously agreed upon with the Bank (paragraph 3.7).					
<b>Special contractual conditions of execution for Components 1 and 2:</b> (i) prior to the start of execution of the activities planned under Components 1 and 2 of the program, the executing agency will present evidence of the hiring of PCU staff, in line with the profiles agreed upon with the Bank (paragraph 3.2); (ii) prior to the start of execution of the activities planned under Component 2, the executing agency will have signed an interagency execution agreement with the Ministry of Public Education (MEP) for support to help users of the Civic Centers for Peace (CCPs) stay in school; and (iii) prior to tendering the CCP works in each municipality planned under Component 2, the executing agency will have signed an agreement with the respective municipios for facilities management, maintenance, and land use (paragraph 3.8).					
<b>Exceptions to Bank policies:</b> None.					
Strategic Alignment					
Challenges: <sup>(d)</sup>	SI	<input checked="" type="checkbox"/>	PI	<input type="checkbox"/>	EI <input type="checkbox"/>
Crosscutting themes: <sup>(e)</sup>	GD	<input type="checkbox"/>	CC	<input checked="" type="checkbox"/>	IC <input checked="" type="checkbox"/>

<sup>(a)</sup> 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.

<sup>(b)</sup> 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.

<sup>(c)</sup> The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the relevant policies.

<sup>(d)</sup> SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

<sup>(e)</sup> GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

## I. DESCRIPTION AND RESULTS MONITORING

### A. Background, problem addressed, and rationale

- 1.1 Costa Rica has low homicide and assault rates compared to other countries in Latin America and the Caribbean. However, its homicide rate per 100,000 inhabitants increased 33% between 2013 and 2018, from 8.7 to 11.6. While lower than the averages for Central America (32.8)<sup>1</sup> and Latin America (26.3),<sup>2</sup> Costa Rica's rate is higher than the world average (6.2).<sup>3</sup> As for another crime with social impact, the assault rate per 100,000 inhabitants (criminally codified as aggravated robberies) has increased 9.7%, from 271 in 2015 to an all-time high of 297.5 in 2017.<sup>4</sup>
- 1.2 This increase in criminal activity has negatively impacted public perceptions of crime and safety. In a 2018 survey, 21% of Costa Ricans cited personal safety as their top concern, ranking it ahead of unemployment (identified by 15% as their top concern).<sup>5</sup> In 2016, 86% said they were afraid that they would become a victim of crime.<sup>6</sup>
- 1.3 **Geographic concentration of homicides and assaults.**<sup>7</sup> In 2017, 40 of Costa Rica's 484 districts accounted for 41.7% of homicides and 60.1% of assaults, despite being home to 27% of the country's total population. In these districts, the homicide rate per 100,000 inhabitants averaged 19.1 (57% higher than the national rate) while the assault rate per 100,000 inhabitants was 695.7 (133% higher than the national rate).<sup>8</sup>
- 1.4 **Victim and offender profiles.** In 2017, 90% of homicide victims were men, 40% of whom were between the ages of 18 and 29.<sup>9</sup> Offenders are predominantly young people between the ages of 15 and 29. From 2013 to 2015, the number of juvenile offenders (aged 12 to 18) increased 9%,<sup>10</sup> and this age group accounted for 44% of arrests in 2017.<sup>11</sup> Violence takes a particular toll on young people, both as victims and as offenders.<sup>12</sup>

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<sup>1</sup> In Latin America and the Caribbean, Central America has the highest average homicide rate per 100,000 inhabitants: 32.8 in 2014 (United Nations Office on Drugs and Crime (UNODC), 2017).

<sup>2</sup> The average homicide rate per 100,000 inhabitants for Latin America and the Caribbean is 26.3 (UNODC, 2017).

<sup>3</sup> The average world homicide rate per 100,000 inhabitants is 6.2 (UNODC, 2013).

<sup>4</sup> Judicial Investigation Organization (OIJ) Statistical Yearbooks (2015, 2017). Despite reaching an all-time high, the assault rate per 100,000 inhabitants is lower than the Central American average (364) (Muggah and Aguirre, 2018).

<sup>5</sup> [Center for Political Studies and Research, University of Costa Rica, Survey of sociopolitical opinions \(March 2018\)](#).

<sup>6</sup> Latinobarómetro (2016).

<sup>7</sup> Costa Rica is divided into seven provinces, 81 cantons (municipios), and 484 districts.

<sup>8</sup> See [Sánchez Hernández \(2018\)](#) for a compendium of maps on the geographic concentration of crime.

<sup>9</sup> Violence Observatory.

<sup>10</sup> Compendium of legal system indicators (2011-2015).

<sup>11</sup> National Police Force of Costa Rica (2017).

<sup>12</sup> Developmental criminology indicates that criminal behavior tends to begin in mid to late adolescence (Gottfredson & Hirschi (1986); Farrington (1983)).

- 1.5 **Progress made in security matters in Costa Rica.** With the Bank's support, Costa Rica has been implementing a comprehensive, prevention-oriented approach to citizen security through the Violence Prevention and Social Inclusion Promotion Program (loan 2526/OC-CR). This program, whose objective was to help reduce violent crime in the country, combined social prevention measures with measures to improve police infrastructure. The loan was for a total amount of US\$132.4 million, and its execution was completed recently.
- 1.6 That program supported efforts under the following lines of action: (i) the launch of a social crime prevention model at seven Civic Centers for Peace (CCPs);<sup>13</sup> and (ii) upgrades to police infrastructure at 11 police stations, with standardized spaces to help improve management and support the comprehensive implementation of community and prevention-oriented policing models. Community involvement in CCP activities and use of CCP facilities stand out among the program's early results: in 2018, 7,278 young people were enrolled in at least one CCP cultural activity and 40,000 people had used their sports facilities. Cantons with CCPs had lower percentages of juvenile offenders (compared to the national average), and cantons where interventions had taken place also had lower assault rates.<sup>14</sup> The qualitative evaluation of the CCPs suggested that users might be developing attributes that shielded them from violence. In terms of relevance, though the CCPs have a basic service model, activities to strengthen social and emotional skills need to be explicitly included.

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<sup>13</sup> Supported by the Bank since their establishment (through loan 2526/OC-CR), the CCPs grew out of the Window for Peace program, a joint effort between the Ministry of Justice and Peace (MJP) and local governments, which designed the first multisector approach to violence prevention. As community spaces that use technology, culture, and sports to promote interpersonal skills, personal development opportunities, and the constructive use of free time among children and adolescents, the CCPs strengthened and institutionalized that multisector approach. The structured activities help children and adolescents acquire skills, while proper supervision shields them from the risk of getting involved in criminal activities. CCP services do not directly address social and emotional skills, which also shield children and adolescents from the risk of violence.

<sup>14</sup> Statistics from the Judicial Investigation Organization (OIJ) indicate that, when loan 2526/OC-CR began, the rate of juvenile offenders as a percentage of total offenders in the seven cantons where the CCPs would be launched was 14% higher than the national average. After implementation, those cantons have juvenile offender rates that are 29% lower than the national average. Assault rates in those seven cantons relative to the national average also dropped from 1.15 to 0.88.

- 1.7 The 11 police stations built by the program serve 700,000 people. These facilities improve relationships with the community<sup>15</sup> and expand the coverage of prevention programs; for example, 5,000 people have been trained in domestic violence prevention.<sup>16</sup> There has also been an increase in public visits to the stations, which may be the result of improvements to public assistance facilities. However, the new buildings have not improved the communities' perception of safety compared to other locations with similar crime rates, which indicates a need for stronger community policing methods at the police stations that will be built in the future.<sup>17</sup>
- 1.8 **The problem and its causes.** Despite this progress, some challenges have yet to be addressed, such as the rise in homicide and assault rates, which are concentrated geographically and by age group. The drivers of this rise include: (i) ineffective policing, which fails to prevent crime in priority districts where there is a high concentration of violent crime (homicides and assaults); and (ii) the onset of criminal behavior among at-risk adolescents and young people<sup>18</sup> from highly socially disadvantaged districts.<sup>19</sup>
- 1.9 **Ineffective policing that fails to prevent crime in priority districts.** The factors that contribute to this specific problem include:
- a. A lack of technical capacity and technological infrastructure for generating, managing, and analyzing crime data. This is mainly due to: (i) incomplete,<sup>20</sup> inexact,<sup>21</sup> or outdated<sup>22</sup> crime data; (ii) the National Police Force's lack of certain modern tools and methods for capturing accurate crime data and performing criminal pattern analysis at the local level;<sup>23</sup> and (iii) technological infrastructure (hardware and software) that is not suitable for adopting a problem-oriented approach.<sup>24</sup>

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<sup>15</sup> All told, 74% of people surveyed at the police stations stressed that the facilities improved the relationship with the community. Community Ties Survey, 2018.

<sup>16</sup> Second Six-month Period Report 2017, loan 2526/OC-CR.

<sup>17</sup> Community Ties Survey, 2018.

<sup>18</sup> The Young Persons' Act defines young people as individuals between the ages of 12 and 35, children as individuals between the ages of 6 and 12, and adolescents as individuals between the ages of 12 and 18.

<sup>19</sup> These districts include socially disadvantaged communities (with low high school education coverage, a lack of facilities, and a lack of supervised leisure programs).

<sup>20</sup> Databases for reports, police operations, and complaints filed with the OIJ are not interoperable.

<sup>21</sup> The geographic location of incidents that the National Police respond to is manually recorded in its digital platform (DATAPOL). The initial version of the platform was supported by the United States.

<sup>22</sup> Analysts download reports and georeference the locations, which makes it difficult to obtain accurate information in real time or as and when needed for operations.

<sup>23</sup> The National Police Force employs 30 analysts, whose high administrative workloads keep them from working on analysis full-time. Police training curricula also place scant emphasis on criminal analysis.

<sup>24</sup> DATAPOL does not support searches, investigations, or report generation in real time, and it is not operational at 40% of district police stations.



- b. Inadequate police management tools, which hinder decision-making and make it impossible to develop evidence-based policing (EBP) strategies.<sup>25</sup> This is mainly due to: (i) weak implementation of methods for: managing police resources for prevention efforts,<sup>26</sup> effectively planning territorial deployment,<sup>27</sup> and responding to community problems, as block-by-block community policing<sup>28</sup> has not yet been fully implemented; and (ii) physical infrastructure and technological equipment that are not suitable for implementing EBP.<sup>29</sup>

**1.10 Onset of criminal behavior among at-risk adolescents and young people from highly socially disadvantaged districts.** The factors that contribute to this problem include:

- a. The presence of risk factors associated with young people entering a life of crime, notably: (i) weak social and emotional skills for problem-solving and standing up to peer pressure, as well as early exposure to risky behavior;<sup>30</sup> and (ii) dropping out of school: high school dropout rates stood at 7.2% in 2017.<sup>31</sup> Despite progress in gross high school enrollment rates (which reached 95% in 2016), only 45% of young people who were of the age of the last grade in high school attended school. School attendance among young people ages 15 to 19 is low (50.7%) compared to members of the Organisation for Economic Co-operation and Development (OECD), which have rates higher than 80%.<sup>32</sup> The high dropout rate at the high school level

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<sup>25</sup> EBP strategies include: data-driven decision-making; problem-oriented policing (POP); hot spots policing (HSP); and community policing, a policing model based on establishing close ties between police officers and the public, which establishes formal methods to jointly identify public safety concerns and possible approaches to addressing them.

<sup>26</sup> The National Police spend most of their time on reactionary work (crime response). Estimates indicate only 10% of their time is spent on preventive patrols.

<sup>27</sup> Since the lack of precise crime location data hinders efforts to target hot spots, patrols cover larger areas.

<sup>28</sup> The “block-by-block plan” (a community policing strategy) has only been implemented in 19% of districts (National Police Force, 2018). This undermines the police’s ability to respond to specific community needs and might distort the perception of safety.

<sup>29</sup> Despite the construction of 11 police stations supported by loan 2526/OC-CR, there is still a chronic lack of infrastructure and technology for implementing community policing models. Estimates indicate that 70% of police buildings are in disrepair (MSP 2015-2018 Report) and do not have dedicated space for community or prevention programs. In its study of a representative example of police stations, the [Comptroller General of the Republic](#) found: (i) 28% of police stations did not have adequate arrangements for safely storing firearms; (ii) 24% lacked basic sanitary facilities; and (iii) cells at 34% of police stations lacked adequate lighting and safety measures, among other problems associated with poor electrical and sanitary facilities.

<sup>30</sup> Risky behavior is any behavior that can cause physical or emotional harm (such as bullying, alcohol consumption, or the use of psychoactive substances). The Youth Survey (2018) found that 28% of young people were victims of verbal or physical violence at school. The High School Drug Use Survey (2015) found that 46% of young people began drinking alcohol before the age of 14 and that the number of high school students who consumed marijuana had increased from 10% in 2009 to 15% in 2015.

<sup>31</sup> The dropout rate is measured as the ratio of students who have dropped out of the education system during the school year over the number of students initially enrolled. In Costa Rica, only 4.5% of incarcerated persons have finished high school (Prison System Survey, 2017). The literature includes ample empirical studies that draw connections between truancy, weak social and emotional skills, and criminal behavior (reviewed in Lösel and Farrington, 2010).

<sup>32</sup> Sexto Informe Estado de la Educación [Sixth Report on the State of Education] (2018).

is related to learning difficulties, poor academic performance, and a lack of student interest.<sup>33</sup>

- b. Institutional and operational weaknesses that hinder efforts to effectively address this problem, which include: (i) an inadequate range of programs that encourage peaceful conflict resolution and foster social and emotional skills among children and adolescents in at-risk neighborhoods, as the services offered at the seven CCPs do not explicitly focus on the development of social and emotional skills;<sup>34</sup> (ii) the fact that the prevention model has not been systematically and uniformly implemented throughout the entire CCP network;<sup>35</sup> and (iii) the limited geographic reach of the CCP network, which covers only seven districts and does not reach all of the country's at-risk areas, thereby hindering efforts to reach young people who are at the greatest risk.

1.11 **Institutional framework.** Costa Rica has consistently applied a comprehensive, prevention-oriented approach to citizen security. The security sector consists of the Ministry of Justice and Peace (MJP), the Institute for Women, the Costa Rican Drug Institute, and the Ministry of Public Safety (MSP), which is also the apex agency. Most of Costa Rica's 11 national police forces report to the security sector (10 report to six ministries while the last one, the criminal investigation police, reports to the judiciary). The National Police Force, administratively part of the MSP, acts as first responder and is responsible for prevention activities. The Judicial Investigation Organization (OIJ), which reports to the judiciary, is responsible for handling and investigating crime reports. The MJP is also responsible for social violence prevention policy (including the CCP network, with the Office of the Deputy Minister for Peace as the apex agency) and offender rehabilitation (with the Office of the Deputy Minister for Justice as the apex agency).

1.12 **Government priorities.** "Bridge to Prevention," the citizen security component of the Bicentennial Social Plan (2019-2022), sets forth the government's activities in the area. This program aligns with those activities by strengthening the CCP network. The program's objectives are also consistent with the National Development Plan (2019-2022), whose targets include: (i) increasing the coverage of the CCP model for the 12-17 age range; and (ii) stabilizing the homicide rate per 100,000 inhabitants to less than 11. As regards the construction of institutions, focus area 5 of the Costa Rican Decarbonization Plan (2018-2050) calls for construction and design that embrace systems and technologies that support low emissions and climate resilience.

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<sup>33</sup> In all, 40% of young people report that they have academic difficulties at school (Youth Survey, 2018). Qualitative studies indicate that students do not feel they have the support to be successful in academics (UNICEF, 2016).

<sup>34</sup> See footnote 30 for literature that discusses the links between weak social and emotional skills and crime.

<sup>35</sup> The multisector coordination of public organizations (the central government and local governments) and civil society is built into the management of the CCPs, but implementation varies due to the complex nature of CCP governance (many different actors and locations).

- 1.13 **Rationale and intervention strategy.** This program will address the problem of violent crimes stemming from ineffective police and community crime prevention activities. It will address this problem using a dual-pronged approach that extends, supplements, and strengthens the interventions under loan 2526/OC-CR. Component 1 will strengthen the capacity of the National Police Force, remedying the constraints described in paragraph 1.9, to enhance its effectiveness in preventing homicides and assaults in districts with the highest concentration of such crimes (paragraphs 1.3 and 1.14), through improvements to: (i) its presence on the ground (applying the models developed under loan 2526/OC-CR to new districts); (ii) data quality and criminal data analysis; and (iii) its focus on problem-oriented, community, and evidence-based policing. Component 2 will strengthen the CCP prevention model that was developed and implemented under loan 2526/OC-CR and extend its reach to other districts suffering from high crime rates, to remedy the constraints described in paragraph 1.10, through: (a) adjustments to the prevention model that will be applied at all CCPs, adopting the following protective practices to keep children and adolescents from getting involved in crime: (i) strengthening social and emotional skills to foster positive interactions and relationships with adults and peers; (ii) fostering a commitment to education among children and adolescents, including measures to help them stay in school;<sup>36</sup> and (iii) providing access to supervised free-time activities and recreational spaces; (b) the expansion of the CCP model to eight additional socially disadvantaged districts; and (c) the consolidation of the management of the CCP network.
- 1.14 **Targeting criteria.** An indicator has been chosen for the purposes of targeting program interventions: the crime harm index (CHI), which weights the frequency of crimes by relative severity (or social harm). Abiding by the principles of geographic balance, the program will support interventions in seven Costa Rican provinces, in districts that are among the top 50% in terms of highest frequency of homicides and assaults in their respective provinces (67 districts total). Component 1 entails interventions that will: (i) implement EBP in the 40 districts with highest CHIs in Costa Rica (paragraph 1.3); and (ii) build police stations in 33 districts that are home to 50% of those who are most impacted by homicides and crime in their respective provinces but which lack the necessary infrastructure for implementing EBP. Component 2 entails the launch of CCPs in eight urban districts<sup>37</sup> whose violence and social disadvantage indicators are higher than the national average (See [Geographic targeting of program activities](#)).

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<sup>36</sup> The stay-in-school activities are part of the programs organized by the Ministry of Public Education (MEP) Unit for Student Retention, Re-entry, and Educational Success (UPRE), which formally established the “Count Me In” program. The CCP districts are included among the UPRE’s target districts.

<sup>37</sup> Attendance and use statistics from CCPs already in operation attest to the target population’s demand for their services. The mechanisms that are already being used to stoke children’s and adolescents’ interest in the CCPs include: (i) holding community events for and/or about the target population to encourage participation; (ii) the “CCP Without Walls” traveling activities, where facilitators who have been trained in the CCP model go around and speak to people who are not directly reached by the CCPs due to geographic distance or socioeconomic vulnerability, telling them about the activities offered at the CCPs (sports and culture); and (iii) the establishment of networks of schools and civil society organizations in the CCPs’ areas of influence that refer members of the target population to the CCPs.

- 1.15 **The Bank's experience and lessons learned.** The program's design has taken into account lessons learned from the Bank's work in the region and specifically from the execution of loan 2526/OC-CR (paragraphs 1.5, 1.6, and 1.7), namely, the importance of: (i) including activities to implement evidence-based methods and strengthen community ties, including monitoring and accountability mechanisms (paragraph 1.19(iv)) (applied in loans 2210/OC-AR; 3137/OC-BR; 2584/OC-EC; and 3875/OC-UR); (ii) targeting interventions to achieve greater impact (paragraph 1.18) (loans 2210/OC-AR; 3241/OC-BR; and 3875/OC-UR); (iii) developing a strategy to raise community awareness of the benefits of prevention activities so as to enhance efforts to draw children and adolescents to the CCPs (paragraph 1.20(iv)); and (iv) establishing an execution mechanism that takes into account the lessons learned from projects implemented in Costa Rica (loans 2526/OC-CR, 3488/OC-CR, 3071/OC-CR, and 3072/CH-CR), including a deconcentrated coordinating unit with budgetary autonomy, made up of civil servants and supported by management experts<sup>38</sup> (paragraphs 3.2 and 3.4).
- 1.16 **Strategic alignment.** The program is aligned with the Update to the Institutional Strategy 2010-2020 (document AB-3008), specifically with the development challenge of social inclusion and equality, as it seeks to lower dropout rates among young people aged 12 to 17 in the program intervention areas. It is also aligned with the crosscutting areas of (i) institutional capacity and the rule of law, as it includes activities to strengthen the MJP, the National Police Force, and the MSP, to prevent and reduce crime; and (ii) climate change and environmental sustainability, since the program's resources will contribute to the IDB Group's goal of increasing the financing of climate-related projects to 30% of all operation approvals by the end of 2020. More specifically, 76.42% of program resources are invested in climate change mitigation activities, according to the [joint methodology of the multilateral development banks for tracking climate finance](#).<sup>39</sup> The program is also aligned with the Corporate Results Framework 2016-2019 (document GN-2727-6) through the following indicators: (i) subnational governments benefited by citizen security projects, as it benefits 67 districts; (ii) government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery, as it will benefit two agencies, the MJP and the MSP; and (iii) crime information systems strengthened, through technological upgrades to crime statistics and improvements to the National Police Force's capacity for implementing EBP strategies. In addition, the program is aligned with the Sector Strategy for Institutions for Growth and Social Welfare (document GN-2587-2) through the area of reducing insecurity and violence as well as the pillar of supporting public policy by strengthening the capacity of sector agencies at the subnational level. The program is also consistent with the Citizen Security and

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<sup>38</sup> Loan 2526/OC-CR made a number of contributions to the MJP's execution capacity, including: (i) management process flow charts were introduced, shortening delays; (ii) an intense effort was made to get civil servants (the future users of the works) involved early on, starting with the preparation of bidding documents, which expedited the process of making the facilities operational; (iii) the MJP's and MSP's project management capacities were strengthened when civil servants who were members of the PCU and had received training in planning rejoined the two agencies; and (iv) arrangements for hiring infrastructure experts on retainer were introduced, ensuring that their expertise could be quickly deployed for the works. See [Lessons learned from the implementation of program 2526/OC-CR](#).

<sup>39</sup> Building on the experience of loan 2526/OC-CR, the construction and outfitting of works under Component II will incorporate ecological design elements and will be energy and water efficient to maximize their resilience. Good practices for facilitating pedestrian and non-motorized transportation access will also be taken into account.

Justice Sector Framework Document (document GN-2771-7) as it will improve the coverage of violence prevention services and coordination between the municipal and national levels. Lastly, the program is aligned with the IDB Country Strategy with Costa Rica 2015-2018 (document GN-2829-1), especially through the objective of strengthening the human capital accumulation strategy to address the challenges of social exclusion and inequality, and it is included in the Update of the Annex III of the 2019 Operational Program Report (document GN-2948-2).

- 1.17 **Alignment with and adherence to the Operational Guidelines for Program Design and Execution in the Area of Civic Coexistence and Public Safety (document GN-2535-1).** This program has been designed in accordance with the operational guidelines and includes only activities that help strengthen police capacity for handling crime data, implement programs with community involvement (document GN-2535-1, paragraph 1.16), and build police infrastructure (document GN-2535-1, paragraph 2.8). Pursuant to those guidelines, the required safeguards are included: (i) development of a consolidated information system that streamlines processes for responding to the National Police Force's disciplinary issues and civilian complaints, which will strengthen internal affairs response mechanisms (document GN-2535-1, paragraph 2.3); and (ii) the signing of an interagency agreement with the Torture Prevention Mechanism<sup>40</sup> for external oversight and civilian monitoring of intervention implementation (document GN-2535-1, paragraph 2.4). While the program does not specifically consider gender, diversity, and inclusion indicators, it entails activities that leave room for the additionality of the gender, diversity, and inclusion approach, such as the support for police training under Component 1 (paragraph 1.19(iii)) and the support for community empowerment and training under Component 2 (paragraph 1.20(iii)).

## **B. Objectives, components, and cost**

- 1.18 The general objective of the program is to help reduce homicides and assaults in Costa Rica.<sup>41</sup> The specific objectives are: (i) to improve the effectiveness of policing to prevent crime in the priority districts;<sup>42</sup> and (ii) to reduce criminal behavior among adolescents and young people who are susceptible to violence in highly disadvantaged districts.<sup>43</sup>
- 1.19 **Component 1. Policing effectiveness (US\$63 million).**<sup>44</sup> This component aims to prevent crime (homicides and assaults) in the priority districts. To this end, it will provide financing for: (i) the development of software that supports DATAPOL interoperability with other police platforms; (ii) the development of the capability of

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<sup>40</sup> The Torture Prevention Mechanism already conducts external oversight of the Costa Rican police forces. It is administratively part of the Office of the Ombudsperson but has independent judgment.

<sup>41</sup> See paragraph 1.14 for the criteria for determining where program interventions will take place.

<sup>42</sup> Activities to improve policing effectiveness to prevent crime will take place in the 40 districts with the highest CHIs (see paragraph 1.14).

<sup>43</sup> The social prevention activities will take place in eight urban districts located within and outside of San Jose that have violence and social disadvantage indicators that are higher than the national average (see paragraph 1.14).

<sup>44</sup> These activities are consistent with the Operational Guidelines for Program Design and Execution in the Area of Civic Coexistence and Public Safety (document GN-2535-1), which call for the mitigation of specific risks (paragraph 1.17).

georeferencing crimes online with DATAPOL,<sup>45</sup> including mobile devices for recording criminal incidents and drafting incident reports, as well as other uses;<sup>46</sup> (iii) technical refresher courses for police staff on criminal analysis techniques, criminal trend monitoring,<sup>47</sup> and strategies for increasing police legitimacy and interacting with vulnerable persons (including a gender, diversity, and inclusion approach), establishing specific activities for engaging and communicating with the public and municipal governments; (iv) technical assistance and training for the implementation of EBP strategies that use a prevention-oriented approach, including problem-oriented policing (POP),<sup>48</sup> community security,<sup>49</sup> and hot spots policing (HSP) in the 40 districts with the highest homicide and assault rates in the country,<sup>50</sup> including an impact evaluation; (v) the design, construction, technological outfitting, supervision, and maintenance of infrastructure for police stations where community policing will be strengthened;<sup>51,52</sup> and (vi) the optimization of processes for receiving and handling complaints, including the development of a consolidated information system that streamlines management of the National Police Force's disciplinary issues and civilian complaints.

- 1.20 **Component 2. Social prevention of violence (US\$32.5 million).** This component aims to reduce criminal behavior among children and adolescents who are vulnerable to violence in highly disadvantaged districts by strengthening services for this population in the priority districts. To this end, it will provide financing for: (i) the updating and strengthening of the CCP prevention model and

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<sup>45</sup> Garicano & Heaton (2010) have shown that reforms to improve information, technology, and investigation were able to reduce crime rates by up to 5% in the United States.

<sup>46</sup> Use of GPS devices makes it possible to track patrols (Weisburd & Telep, 2014).

<sup>47</sup> The Police Academy will be involved in the technical assistance activities to ensure that the new methodologies are comprehensively conveyed.

<sup>48</sup> POP designs "customized" prevention strategies for target areas (Goldstein, 1990; Weisburd et al., 2010). A quasi-experimental evaluation of the POP program in England found that it reduced crime by 4% in trial sites compared to control sites (Tuffin, Morris & Poole, 2006). A meta-analysis of 10 randomized controlled trials (Weisburd et al., 2010) found a significant decline in crime in places where POP was implemented.

<sup>49</sup> In Costa Rica, community policing methods are called "community security." A randomized controlled trial of community policing in Colombia found that community watches in hot spots entailed a 22% drop in violent crimes (Mejía, et al., 2013). The use of the community policing model has reduced crime by 13% in Brazil (Soares and Viveiros, 2010).

<sup>50</sup> More than 30 randomized controlled trials vouch for the effectiveness of HSP (Sherman & Weisburd, 1995); Ariel et al., 2016; and Braga et al., 2014). Two meta-analyses (Braga et al. 2012, 2014) have shown that HSP has decreased crime by between 10% and 20% where it has been implemented. In Latin America and the Caribbean, a study conducted by the Bogota mayor's office has shown that HSP reduced crime by 13%. Uruguay has reduced assault rates by 22% (Development in the Americas, 2018).

<sup>51</sup> Up to 35 police stations will be built in 33 districts, including specific activities for strengthening community security (which will cover the 11 police stations supported by loan 2526/OC-CR). In localities with major tourist inflows, there will also be tourism-focused activities.

<sup>52</sup> If ongoing land donation processes do not come to fruition, land acquisitions will become an eligible expense, for the purposes of increasing police presence through the construction of police stations in the four central districts of San Jose. The eligibility of this expense derives from the toll that crime has taken on these districts, as well as its relevance for achieving the objectives of the component. The lands will be priced at reasonable market rates that are deemed satisfactory by the Bank.

the “CCP Without Walls” approach,<sup>53</sup> including the introduction of evidence-based interventions such as recreational, formative,<sup>54</sup> and prevention-oriented<sup>55</sup> activities, with a particular focus on the prevention of violence against women through activities that further the development of positive masculinities; (ii) the updating and strengthening of the CCP network’s management model, including the standardization of its regulatory frameworks and work plans; organizational structure; facilitator training and interagency collaboration protocols;<sup>56</sup> service standards; performance metrics; and evaluation, as well as a proposal to establish mechanisms with government, municipio, community, and private-sector institutions to bolster the sustainability of the CCP network; (iii) community empowerment and training on specific topics (including a focus on gender-based violence and work on masculinities, inclusion, and diversity); (iv) measures to promote and raise awareness of CCP activities; (v) the strengthening and implementation of a computerized system for managing the CCP network; (vi) the design, construction, supervision, and outfitting of eight CCPs;<sup>57</sup> and (vii) the design and implementation of an impact evaluation for CCP activities.

- 1.21 **Program administration (US\$4.5 million).** Funding will be provided for costs associated with program management and administration activities, the environmental and social management plan (including the hiring of a specialist to monitor environmental and social management activities), monitoring, program evaluation and audits, and activities to promote, raise awareness of, and spread information about the program’s objectives, activities, and accomplishments.
- 1.22 **Beneficiaries.** The beneficiaries of the Component 1 activities will be the residents of the 40 districts where EBP activities will be implemented, which are the districts that are the most impacted by homicides and assaults in Costa Rica. The National Police Force will also receive training, infrastructure, and technological equipment to improve its effectiveness.<sup>58</sup> The beneficiaries of the Component 2 activities will be the children and adolescents who participate in CCP activities in the 15 districts where the centers are located (approximately 6,520 children and adolescents,

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<sup>53</sup> As part of the CCP model’s traveling activities (“CCP Without Walls”), facilitators who have been trained in the CCP prevention model go around offering sports and cultural activities for members of the target population who are in the CCP’s area of influence but are out of the center’s direct reach due to geographic distance or socioeconomic vulnerability.

<sup>54</sup> The planned activities are similar to life skills training, which focuses on social and emotional skills to develop protection factors for children and adolescents. It has been proved to reduce physical and verbal abuse and crimes by nearly 50%.

<sup>55</sup> Including: (i) conflict resolution: Becoming a Man is a cognitive behavioral intervention designed to reduce violence among at-risk children and adolescents, which reduced arrests by 40%-45% (Heller, 2015); (ii) stay-in-school activities, which feature UPRE activities (including academic and motivational support) that are similar to Check and Connect, which increased the percentage of students who remained enrolled in school by 29% (Sinclair, et al., 2005); and (iii) mentoring: one evaluation of Big Brother, Big Sister showed that 32% of participants are less prone to conflict (Waller, 2014).

<sup>56</sup> Although macro-level agreements exist, there are no standardized rules for day-to-day management processes.

<sup>57</sup> This component will also provide funding to add roofs to the Santa Cruz and Garabito CCPs’ athletics fields.

<sup>58</sup> EBP interventions will be implemented in the 40 districts with the highest homicide and assault rates in the country, and funding will be provided for the construction of police stations in 33 districts. There are land surveys, designs, and preliminary technical specifications for the works, including the sample works (see Preliminary Technical Specifications and Designs for the Works).



total, at the 15 centers). The municipalities and civil society organizations in the districts that receive interventions will also benefit from training and equipment.<sup>59</sup>

### C. Key results indicators

- 1.23 **Expected results.** The program's main expected impact is the reduction of homicide and assault rates at the national level (I1). This will be achieved through the following outcomes, whose indicators are set forth in the Results Matrix: (i) reduction of the homicide and assault rates in the priority districts (R1.1; R1.2); (ii) reduction of dropout rates among young people ages 12 to 17 in program intervention areas (R2.1); and (iii) reduction in the criminal arrests of young people ages 12 to 18 in the program intervention areas in Costa Rica (R2.2).
- 1.24 **Economic analysis.** The [project cost-benefit analysis](#) assumes a 20-year evaluation horizon and a 12% discount rate. This analysis estimated the program's social benefits stemming from better crime prevention services for the public and the technical strengthening of the police force to make it more effective. The program has a cost-benefit ratio of US\$2.25 per dollar invested, a net present value of US\$97 million, and an estimated rate of return of 16%.

## II. FINANCING STRUCTURE AND MAIN RISKS

### A. Financing instruments

- 2.1 **Financing instrument and modality.** The total cost of the program is US\$100 million, to be financed with an investment loan from the Bank's Ordinary Capital. It will be structured as a multiple works program. This modality is appropriate since the program will fund a group of independent yet similar projects, designed so that any given work can be replaced without impacting the others, provided that the eligibility criteria are met (paragraph 2.3). A representative sample of the works by size, type, and geographic location that is equal to 33% of the total program amount has been developed (see Table 3), and the remainder of the works are similar to those included in the sample. Each individual work will be defined and approved by the Bank according to the eligibility criteria prior to authorizing its execution and committing funds.
- 2.2 The disbursement period will be five years as of the effective date of the loan contract. The maximum period for starting the works will be four years. The estimated program costs (Table 1) and disbursement schedule (Table 2) are set forth below:

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<sup>59</sup> Estimates indicate that 67 districts will receive program interventions and 13 districts will receive more than one of the program's outputs: (i) one district will benefit from implementation of EBP strategies, the construction of a police station, and the launch of a CCP; (ii) one district will benefit from the construction and operation of a police station and a CCP; (iii) five districts will benefit from the implementation of EBP strategies and construction of a police station; and (iv) six will benefit from the implementation of EBP strategies and the launch of a CCP. See [Geographic targeting of program activities](#).



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

Component	Total (IDB)	%
Component 1. Policing effectiveness	63,000,000	63.0
Strengthening of technology and capacity for analyzing and implementing EBP strategies	6,165,470	6.2
Police infrastructure	56,834,530	56.8
Component 2. Social prevention of violence	32,500,000	32.5
Strengthening of CCP management and services	905,000	0.9
CCP infrastructure	31,595,000	31.6
Project administration (including evaluations and audits)	4,500,000	4.5
<b>Total</b>	<b>100,000,000</b>	<b>100</b>

**Table 2. Annual flow of disbursements (in US\$)**

Year 1	Year 2	Year 3	Year 4	Year 5	Total
171,113	5,009,229	30,842,500	47,364,086	16,613,072	100,000,000
0.17%	5.01%	30.84%	47.36%	16.61%	100%

- 2.3 **Eligibility criteria.** The works to be financed under Components 1 and 2 will have the Bank's no objection and will comply with each of the following criteria, which will be included in the [program Operations Manual](#): (i) the work will further the program's development objective; (ii) the work is located in districts that are among the 50% most impacted by crime, as measured by the crime harm index (CHI), in their respective provinces;<sup>60</sup> and (iii) the MSP (in the case of the police stations) or the municipalities (in the case of the CCPs) will own lands that are environmentally<sup>61</sup> and socially<sup>62</sup> viable for the work in question.
- 2.4 **Representative sample.** Pursuant to the program eligibility criteria (paragraph 2.3) and in accordance with the financing instrument (paragraph 2.1), a sample of the works, including 11 police stations (Component 1) and four CCPs (Component 2), is set forth below. The total value of the sample works is US\$33.4 million (33% of the total program amount).<sup>63</sup>

<sup>60</sup> CHI calculations are based on information from the OIJ. The Buenos Aires district will be eligible for the renovation of one police station to strengthen community policing in the district, which is home to highly socially vulnerable and indigenous populations. It will comply with the relevant provisions of Bank policies.

<sup>61</sup> Projects classified as Category "A" will not be eligible.

<sup>62</sup> The following works will not be eligible: works that involve the involuntary resettlement of families, works that cause a loss of income from economic activities, and works that negatively impact indigenous communities.

<sup>63</sup> There are land surveys, designs, and preliminary technical specifications for the sample works (see Preliminary Technical Specifications and Designs for the Works).

**Table 3. Representative sample of the works**

<b>Work</b>	<b>District</b>
La Florida police station	La Florida
Puerto Viejo police station	Cahuíta
San Pablo police station	San Pablo
Jacó police station (tourism-focused)	Jacó
Oreamuno police station	San Rafael
Orotina police station	Orotina
Cañas police station	Cañas
Turrialba police station	Turrialba
Buenos Aires police station	Buenos Aires
Gravilias police station	Gravilias
Metropolitana police station	San Sebastián
Liberia CCP	Liberia
Barranca CCP	Barranca
Pavas CCP	Pavas
Limón CCP	Limón

## **B. Environmental and social risks**

- 2.5 The program has been classified as a Category “B” operation as its potential direct and indirect impacts are minimal, localized, reversible, and temporary, and effective mitigation and compensation measures are readily available. For the most part, those impacts are associated with the typical adverse affects from construction of the police stations and CCPs, which could cause dust, noise, erosion, and machinery and ground movements.
- 2.6 Most of the anticipated impacts of this initiative are positive in nature, with an emphasis on supporting vulnerable populations through training, education, and crime prevention campaigns in priority districts.
- 2.7 The program has an [environmental and social analysis](#) and the accompanying [environmental and social management plan](#) for the works included in the sample, as well as an [environmental and social management framework](#) for the works defined in the future. Both tools include procedures, responsibilities, and criteria for identifying, evaluating, preventing, mitigating, and monitoring the environmental and social impacts of specific program actions.
- 2.8 A meaningful public consultation process was held, which confirmed support for the program and found no evidence of environmental or social liabilities or infractions that could affect its performance. The preliminary environmental and social analysis report, the environmental and social management plan, and the environmental and social management framework were published on the IDB website in August 2018 to receive input from affected and interested parties during the consultation events.<sup>64</sup> An updated version including those inputs was published on the IDB website in January 2019.

<sup>64</sup> Three regional consultation events were held (on 5, 6, and 7 September 2018), with 73 participants, including women, Afro-descendants, indigenous groups, adolescents, and nongovernmental organizations. In all cases, the participants expressed support for the program. The representatives of the indigenous communities recommended culturally appropriate activities and awareness building campaigns to prevent discriminatory practices.

- 2.9 The [environmental and social management plan and the environmental and social management framework](#) will be included as an annex to the [program Operations Manual](#). Both will establish environmental and social requirements to ensure that program execution complies with the Bank's safeguards and the conditions set forth in Annex B to the [social and environmental management report](#).

### C. Fiduciary risks

- 2.10 The main risks that have been identified, which are considered medium, are the following: (i) execution delays from not having the necessary budget as and when scheduled due to the entry into force of a new budget management process, under which deconcentrated entities' budgets and any subsequent modifications thereof must be approved by the Legislative Assembly.<sup>65</sup> To mitigate this risk, the executing agency will monitor and submit a semiannual report on budget execution to the Bank, in order to revise, if necessary, the date and time when additional budget allocation proceedings should be brought before the Assembly; (ii) delays in the execution of the works stemming from the complexity of executing several works in different locations at the same time; this risk will be mitigated by grouping the works into regional bidding lots, which will attract companies with strong enough technical and financial capacity, and by putting together an expert team that will help supervise pre-investment, procurement, design, and execution processes for the works;<sup>66</sup> and (iii) delays in program implementation due to a lack of staff with the right profiles for project management at the executing agency. To mitigate this risk, a management firm with ample experience in financial and procurement management can be hired to support the program coordination unit in specific program management tasks,<sup>67</sup> and individual consultants can be hired as needed to support the executing agency and the program coordination unit to prevent execution delays, especially during the process of hiring the management firm.

### D. Other key issues and risks

- 2.11 **Sustainability risk.** The risk assessment exercise identified two medium risks associated with intervention sustainability. These risks and their mitigation measures are: (i) a failure to allocate public resources for the optimal functioning of the CCPs could impact the scope of the results and the sustainability of prevention interventions. This risk will be mitigated by: (a) making CCP services a permanent feature of the "Bridge to Prevention" public policy; (b) adjusting the range of services that will be offered at new CCPs<sup>68</sup> to increase cost effectiveness; (c) submitting an adjusted CCP staffing plan, based on the new scope, to the

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<sup>65</sup> Law 9524 requires approval of deconcentrated agencies' budgets by the Legislative Assembly (instead of by the Office of the Comptroller General), which could cause execution delays if budget modifications are delayed.

<sup>66</sup> The Bank is processing a technical cooperation operation to expedite the preparation of the bidding specifications for the works for the first few months of execution.

<sup>67</sup> Technical experts can be hired to support the PCU so as to prevent delays to program launch.

<sup>68</sup> Measures under consideration include reducing the surface of the CCPs to be covered by roofs (20% average) and limiting the range of recreational activities offered, concentrating on those that are in the highest demand.

Ministries of Planning and Finance;<sup>69</sup> and (d) signing an agreement with the MEP to allocate resources to lock in the offerings of stay-in-school activities at the CCPs<sup>70</sup> (paragraph 3.8); and (ii) insufficient resources for maintenance, which could limit the useful life of the planned works and technology. To mitigate this risk: (a) funding for maintenance will be provided until the end of the execution period; (b) funding for the maintenance of technological investments will be included under the budget headings of the MJP, the MSP, and institutions that participate in the CCPs;<sup>71</sup> (c) during the execution period, bidding processes for the works will use a design, construction, and maintenance mechanism, which provides incentives for contractors to deliver buildings that minimize maintenance costs; (d) agreements will be signed with the municipalities to provide maintenance resources for CCP facilities over the medium and long terms, after the program has ended (paragraph 3.8); and (e) the cost of maintenance of the police stations will be charged to the MSP's dedicated budget heading once the program has concluded.

### **III. IMPLEMENTATION AND MANAGEMENT PLAN**

#### **A. Summary of implementation arrangements**

- 3.1 **Execution mechanism.** The borrower will be the Republic of Costa Rica. The MJP will be the program executing agency. A steering committee will be formed to ensure that the program's objectives are met, and its members will be senior MJP and MSP officials appointed by their respective Ministers.<sup>72</sup> The steering committee will be responsible for issuing guidelines and ensuring that the program's objectives are met, and it will facilitate coordination between the two institutions that are the primary participants of this program (the MSP and the MJP) (see Figure 1).

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<sup>69</sup> The planned staff members include CCP management, community mediators, social and emotional support staff (MJP staff), and support staff for stay-in-school programs (MEP staff). Sports activities will be coordinated with the Canton Sports Councils, which will be reflected in the interagency agreements to be signed (paragraph 3.8).

<sup>70</sup> MEP UPRE academic support programs focused on getting children and adolescents to stay in school.

<sup>71</sup> Each institution that participates in CCP activities is responsible for maintaining the technological assets that it uses (Decree 40876-JP-MCJ).

<sup>72</sup> The members of the steering committee can be the Minister of Public Safety and the Minister of Justice and Peace, or the officials appointed by those ministers.

**Figure 1. Execution mechanism**



- 3.2 The executing agency will establish a program coordination unit (PCU), which will be fully deconcentrated and will have budgetary autonomy, giving it the authority to sign contracts, manage and authorize payments made with loan proceeds, and serve as the Bank's counterpart.<sup>73</sup> The PCU will consist of a general manager, a technical manager for activities involving the National Police Force, another technical manager for activities involving the CCPs, and a third technical manager for infrastructure (under both components). The members of the PCU will be civil servants appointed by their respective ministries, based on the profiles agreed upon with the Bank, and they will work on the program full time.<sup>74</sup> The general manager will also serve as the secretary of the steering committee to enforce its resolutions.
- 3.3 The executing agency, through the PCU, will be responsible for: (i) administering loan proceeds and managing fiduciary matters (procurement and finances); (ii) planning loan execution, which includes approving the [multiyear execution plan](#) and financial and monitoring plans, as well as updating the procurement plan; (iii) coordinating and supervising procurement processes; (iv) supervising and monitoring execution progress; (v) approving financial statements and disbursement requests; (vi) approving program evaluations; and (vi) reporting on execution progress and achievement of objectives to the steering committee and

<sup>73</sup> The [Lessons learned from the implementation of program 2526/OC-CR](#) stress the importance of this legal status, which helps streamline execution.

<sup>74</sup> As in loan 2526/OC-CR, the MJP will be the executing agency, and, in accordance with the lessons learned from implementing that loan, the legal status of a deconcentrated agency with full budgetary autonomy (authorized to sign contracts and issue payments) will be used for this program as well, because this status: (i) helped streamline financial and procurement processes, as systemic rigidities that are not conducive to project management continue to exist; and (ii) prevented an overburdening of the institutional structure of the State: the deconcentrated entity will dissolve when the program has ended, and the positions of the civil servants on the PCU, designed so they can work on the program full time, will be eliminated when the program ends. This mechanism will be strengthened with the steering committee, which will provide a strategic framework for the PCU. A management firm specialized in project implementation will also be added, using the product-based payment arrangement that has recently been used for the Bank's projects in Costa Rica (paragraph 1.15).

the Bank, as well as other functions described in detail in the program Operations Manual.

- 3.4 With the Bank's agreement, the operating agency can sign a management contract to assist the PCU with the technical, administrative, and fiduciary management of the program. The PCU will be able to rely on the management firm to perform these and other activities: (i) preparing terms of reference, evaluation reports, and procurement documents, which will be validated by the PCU; (ii) procurement processing and monitoring for the PCU; (iii) preparing, for the PCU's approval, documents required by the executing agency or the Bank, to include execution planning and monitoring tools (such as the [multiyear execution plan](#)) and outcome and output monitoring reports; (iv) ensuring that program management complies with Bank policies and the applicable domestic rules and regulations; (v) preparing, for the PCU's approval, projected financial flows, financial statements, disbursement requests, supporting documentation for payments, and any other item required for financial management and supervision; (vi) processing documentation to commission audits on behalf of the PCU; and (vii) assisting the PCU with socioenvironmental management and processing and obtaining the environmental authorizations required for bidding processes and works execution.
- 3.5 **Institutional coordination.** The Presidential Human Security Coordination Council,<sup>75</sup> or the agency designated by the Executive Branch for the integrated coordination of the security sector, can be used to coordinate the program with the State's other security sector initiatives and can coordinate program activities with the MEP and other institutions. The National CCP Council will help coordinate the efforts of participating agencies (the Ministry of Science, Technology, and Communications, the Ministry of Culture and Youth, the Costa Rican Sports and Recreation Institute, and the MJP) as regards management of the CCPs.
- 3.6 **Program Operations Manual.** The program will have an [Operations Manual](#) that will describe the execution arrangements, including the duties, make up, and responsibilities of the PCU; the program's organizational and operating structure; and its financial, coordination, procurement, monitoring, evaluation, and oversight processes.<sup>76</sup> The contents of the program Operation Manual will include: (i) an organizational structure; (ii) the technical and operating arrangements for program execution; (iii) an outline of output programming and monitoring processes; (iv) guidelines and outlines for planning, procurement, financial, audit, output monitoring, and results tracking processes; (v) a detailed description of the functions of the PCU, the management firm, and other Ministry entities that are key to program processes; and (vi) a detailed description of the eligibility criteria and approval mechanisms for the planned works. The environmental and social management plan and the environmental and social management framework will be included as annexes to the program Operations Manual.

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<sup>75</sup> This council is the agency that coordinates and monitors public policies to achieve the President's security priorities.

<sup>76</sup> A draft [program Operations Manual](#) has been developed, which will be modified by the MJP and the MSP with the support of nonreimbursable technical-cooperation funding from the Bank.

- 3.7 **Special contractual conditions precedent to the first disbursement of the loan.** (i) establishment of the deconcentrated agency with budgetary autonomy, attached to the Ministry of Justice and Peace (MJP), under which the program coordination unit (PCU) will operate; (ii) appointment of a team to support the executing agency in program launch, consisting of civil servants from the MSP and the MJP, whose profiles will be agreed upon with the Bank;<sup>77</sup> and (iii) the approval and entry into force of the program Operations Manual, which will include the environmental and social management plan and the environmental and social management framework as annexes (see Annex B to the [environmental and social management report](#)), in accordance with the terms previously agreed upon with the Bank. The inclusion of these conditions is justified by the need to ensure that an agency is created within the institutional framework so that it can take charge of execution and by the need to have operating regulations and core staff from each of the participating ministries from the start of program implementation so as to streamline the launch of the operation.
- 3.8 **Special contractual conditions of execution for Components 1 and 2:** (i) prior to the start of execution of the activities planned under Components 1 and 2, the executing agency will present evidence of the hiring of PCU staff, in line with the profiles agreed upon with the Bank (paragraph 3.2); (ii) prior to the start of execution of the activities planned under Component 2, the executing agency will have signed an interagency execution agreement with the MEP for support to help CCP users stay in school; and (iii) prior to tendering the CCP works in each municipality planned under Component 2, the executing agency will have signed an agreement with the respective municipios for facilities management, maintenance, and land use. These conditions are included due to the need to secure permanent staff. They will also ensure that lands and resources are available for CCP operations and maintenance.
- 3.9 **Procurement.** The executing agency, through the PCU, will be responsible for procurement processes in accordance with the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-9), the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-9), and any subsequent updates thereof.
- 3.10 **Disbursements and cash flow.** The Bank will make disbursements through advances based on the project's liquidity needs supported by the six month financial plan. Once justification has been provided for at least 60% of the advanced amount pending justification, the Bank can issue another advance. This justification threshold has been set with the understanding that the approval of the budget and any modifications thereof by the Legislative Assembly could increase the timeframes for drawing and executing the approved budget. In special situations, at the borrower's request, the Bank can also make direct payments to vendors or reimburse expenditures.

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<sup>77</sup> A transition team for program implementation can be appointed, which will consist of at least four officials from the MSP or the MJP, whose profiles will be agreed upon with the Bank. The transition team will assist the executing agency with tasks for the start of execution, for a period of up to six months while the members of the PCU are selected, and can use loan proceeds to commission technical assistance as needed for such tasks, including the selection of the members of the PCU, the preparation of the program Operations Manual, and other activities.



- 3.11 **External audits.** The executing agency will engage the services of a Bank-eligible audit firm. The financial reports will be audited in accordance with international standards and will be submitted on a yearly basis and at the end of the disbursement period, as set forth in the terms of reference agreed upon with the Bank. The executing agency will ensure that the funds for auditing services are available and will have been set aside until the final report is submitted to the Bank.

**B. Summary of arrangements for monitoring results**

- 3.12 **Monitoring.** For the physical and financial monitoring of the program, the results matrix will be used and the following will be submitted to the Bank in a consolidated manner: (i) the [multiyear execution plan](#); (ii) the itemized budget; and (iii) the financial projections for disbursements. The executing agency will submit progress reports every six months so the Bank can draft program monitoring reports. Based on those reports and the PMRs, which will address estimated disbursement timeframes and the achievement of physical targets and results, the Bank will conduct administrative missions and inspection visits.
- 3.13 **Midterm and final evaluations.** A midterm evaluation and a final evaluation will be conducted. The midterm evaluation will be conducted three years after the effective date of the loan contract, or once 40% of loan proceeds has been disbursed, whichever occurs first. It will address activity progress and departures from agreed arrangements and their causes, proposing corrective measures, and will verify intermediate outputs, risks that have materialized, and the application of measures to mitigate said risks. The final evaluation will be conducted once 95% of loan proceeds has been disbursed, and its goal will be to verify the progress in meeting the targets for each of the outcomes and output production (see the [monitoring and evaluation plan](#)).
- 3.14 **Impact evaluation.** A quasi-experimental impact evaluation will be conducted alongside the final evaluation (see the [monitoring and evaluation plan](#)), which will apply the differences-in-differences method to estimate the implemented EBP strategies' impact on homicide and assault prevention. There are also plans for an evaluation that will analyze the CCPs' impact on academics and criminal activity prevention. Both evaluations require recordkeeping, administrative data, and surveys. Based on the ex ante economic analysis, an ex post analysis will be performed.



Development Effectiveness Matrix		
Summary		CR-L1137
I. Corporate and Country Priorities		
1. IDB Development Objectives	Yes	
Development Challenges & Cross-cutting Themes	-Social Inclusion and Equality -Climate Change and Environmental Sustainability -Institutional Capacity and the Rule of Law	
Country Development Results Indicators	-Subnational governments benefited by citizen security projects (#)* -Government agencies benefited by projects that strengthen technological and managerial tools to improve public service delivery (#)* -Crime information systems strengthened (#)*	
2. Country Development Objectives	Yes	
Country Strategy Results Matrix	GN-2829-1	Strengthen the human capital accumulation strategy
Country Program Results Matrix	GN-2948-2	The intervention is included in the 2019 Operational Program.
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	7.2	
3.1 Program Diagnosis	1.2	
3.2 Proposed Interventions or Solutions	4.0	
3.3 Results Matrix Quality	2.0	
4. Ex ante Economic Analysis	9.0	
4.1 Program has an ERR/NPV, or key outcomes identified for CEA	3.0	
4.2 Identified and Quantified Benefits and Costs	3.0	
4.3 Reasonable Assumptions	0.0	
4.4 Sensitivity Analysis	2.0	
4.5 Consistency with results matrix	1.0	
5. Monitoring and Evaluation	8.9	
5.1 Monitoring Mechanisms	2.5	
5.2 Evaluation Plan	6.4	
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood	Medium	
Identified risks have been rated for magnitude and likelihood	Yes	
Mitigation measures have been identified for major risks	Yes	
Mitigation measures have indicators for tracking their implementation	Yes	
Environmental & social risk classification	B	
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, Accounting and Reporting. Procurement: Information System.
Non-Fiduciary	Yes	Strategic Planning National System, Environmental Assessment National System.
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		

Note: (\*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

The citizen security and violence prevention program (CR-L1137) has the general objective of contributing to the reduction of homicides and assaults in Costa Rica. The specific objectives are: (i) to improve the police effectiveness to prevent crime in the prioritized districts; and (ii) reduce the criminal behavior of adolescents and youth vulnerable to violence, in districts with concentrated disadvantages.

The main problem of citizen security that is identified in the diagnosis is the increasing level of homicides and assaults, which are concentrated geographically and in certain age groups. Among the causal factors identified are: (i) the low police effectiveness to prevent crime in prioritized districts with high concentration of violent crimes and (ii) the initiation of criminal behavior among adolescents and young people in vulnerable situations living in districts with concentrated social disadvantages. However, in some cases there is a lack of evidence and quantification of the determinants of some of the problems identified and the beneficiaries. The program has specific indicators to measure the impacts and expected results, as well as to monitor the implementation of the products to be generated during the program. In some cases, the program has ambitious outcome target considering the temporality of the intervention.

The economic analysis suggests positive net benefits that arise mainly from gains obtained by the reduction in the social cost of homicides and thefts, reduction in the penitentiary cost, and reduction in the low productivity of young people. Given the scarcity of relevant evidence in Costa Rica to measure the effectiveness of this type of programs and the government's desire to conduct an evaluation with attribution, the project includes an impact evaluation for component I and II, based on a non-experimental methodology.

## RESULTS MATRIX

<b>Project objective:</b>	The general objective of the program is to help reduce homicides and assaults in Costa Rica. The specific objectives are: (i) to improve the effectiveness of policing to prevent crime in the priority districts; and (ii) to reduce criminal behavior among adolescents and young people who are susceptible to violence in highly disadvantaged districts.
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### EXPECTED IMPACT

Indicator	Unit of measure	Baseline year	Baseline	Final target year	Final target	Means of verification	Evaluation method
I.1 Homicides in Costa Rica	Rate (# of homicides/100,000 inhabitants)	2017	12.1	2024	10.9	Judicial Investigation Organization (OIJ) report (2017)	<p>Hot spots patrols have significantly decreased crime (by 15%-20%) where the strategy has been implemented (Braga, et al., 2012, 2014).</p> <p>On-foot patrols in hot spots can reduce violent crimes (including homicides) by up to 23% compared to control areas (Ratcliffe, et al., 2011).</p> <p>The final target was calculated by reducing the nationwide homicide rate (baseline) by 10%, which comes out to 10.1 homicides per 100,000 inhabitants.</p>
I.2 Assaults in Costa Rica	Rate (# of assaults/100,000 inhabitants)	2017	297.5	2024	267.8	OIJ report (2017)	<p>The “block-by-block plan,” a community watch program in Colombia, reduced violent crimes by 22% (Mejia, et al., 2013).</p> <p>The community policing model in Brazil has lowered crime by 13% (Soares and Viveiros, 2010).</p> <p>The final target was calculated reducing the nationwide assault rate (baseline) by 10%, which comes out to 267.8 assaults per 100,000 inhabitants.</p>

### EXPECTED OUTCOMES

Indicator	Unit of measure	Baseline year	Baseline	Final target year	Final target	Means of verification	Evaluation method
<b>1. Reduction of homicide and assault rates in priority districts</b>							
R.1.1 Homicides in priority districts	Rate (# of homicides/100,000 inhabitants)	2017	24.2	2024	21.8	OIJ report (2017)	<p>Braga et al. (2012, 2014), and Ratcliffe, et al., (2011) (see indicator I.1).</p> <p>Garicano &amp; Heaton (2010) have shown that reforms that combined improvements to information, technology, and investigation were able to reduce crime rates by up to 5% in the United States.</p> <p>The final target was calculated by reducing the homicide rates recorded in the 40 districts that would receive interventions to support the implementation of evidence-based policing (EBP) strategies (baseline) by 10%, which comes out to 21.8%.<sup>1</sup></p>
R.1.2 Assaults in priority districts	Rate (# of assaults/100,000 inhabitants)	2017	680.4	2024	612.4	OIJ report (2017)	<p>Evidence: See indicator I.2.</p> <p>The final target was calculated by reducing the assault rates recorded in the 40 districts that would EBP interventions (baseline)<sup>2</sup> by 10%, which comes out to 612.4.</p>

<sup>1</sup> Because these types of EBP strategies have not yet been implemented in Costa Rica, a conservative drop in the homicide rate of 10% is assumed.

<sup>2</sup> Because these types of EBP strategies have not yet been implemented in Costa Rica, a conservative drop in the assault rate of 10% is assumed.

Indicator	Unit of measure	Baseline year	Baseline	Final target year	Final target	Means of verification	Evaluation method
<b>2. A reduction of criminal behavior among adolescents and young people who are susceptible to violence and who participate in Civic Center for Peace (CCP) activities</b>							
R.2.1 Dropout rates among young people ages 12 to 17 who participate in CCP activities	%	2017	7.2 <sup>3</sup>	2024	3.5	Ministry of Public Education (MEP) statistics	<p>An experimental study of the “Check and Connect” program has shown that the percentage of students who remained enrolled in school increased by 29% (Sinclair, et al.,1998).</p> <p>An experimental study with a four-year follow up backs the evidence found in the previous study on the program’s impact on school dropout rates (Sinclair, et al., 2005).</p> <p>Preliminary MEP data indicate that high school dropout rates in schools with the “Count Me In” program dropped from 14% in 2015 to 10.3% in 2017 (a drop of 3.7 percentage points).</p> <p>The final target was calculated by reducing the baseline (7.2%) by the decline in drop-out rates reported by the MEP for schools with the “Count Me In” program (3.7%), which comes out to a target of 3.5%.</p>
R.2.2 Arrests among young people ages 18 to 25 who participate in CCP activities	%	2017	44 <sup>4</sup>	2024	24.2	National Police Force. 2017-31 July 2018.	<p>The “Becoming a Man” program reduced violent arrests among young people by 40%-45% (Heller, 2015).</p> <p>The “Life Skills Training” program reports a drop in criminal incidents of up to 50%.</p> <p>To determine the final target:</p> <p>(i) An average was taken of the drops in aggressive and violent behavior achieved by the “Becoming a Man” program (40%) and the “Life Skills Training” program (50%), which came out to 45%.</p> <p>(ii) The baseline (44%) was reduced by that percentage, coming out with a final target of 24.2%.</p>

<sup>3</sup> For now, the national baseline has been included, but this will be updated after program launch to reflect the baseline in program intervention areas.

<sup>4</sup> For now, the national baseline has been included, but this will be updated after program launch to reflect the baseline in program intervention areas.

## OUTPUTS

Output	Unit of measure	Baseline (2019)	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of Verification
<b>Component 1: Policing effectiveness</b>									
P1.1. Police data platforms, integrated and interoperable	Platform	0				1		1	Semiannual reports (PCU)
P1.2. Crime data systems, strengthened and operational	System	0			1			1	
P.1.3. Departments of the National Police Force, trained in criminal analysis and crime trend monitoring	Number	0			16			16	
P.1.4. Evidence-based policing (EBP) strategies, designed and implemented	Strategy	0				1		1	
P.1.5. EBP strategy impact evaluations, designed and implemented	Evaluation	0					1	1	
P.1.6. System for handling civilian complaints and disciplinary processes, strengthened	System	0				1		1	
P.1.7. Police stations designed, built, equipped, and operational, with a community policing approach	Police stations	0			6	21	8	35	

Output	Unit of measure	Baseline (2019)	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of Verification
<b>Component 2: Social prevention of violence</b>									
P.2.1. CCP service model updated, strengthened, and operational throughout the CCP network	Model	0		1				1	Semiannual reports (PCU)
P.2.2. CCP management model standardized, strengthened, and operational throughout the CCP network	Model	0		1				1	
P.2.3. Municipalities and civil society groups trained and using new violence prevention skills	Number	0		3	4	4	4	15	
P.2.4. CCP awareness campaign strategy, designed and implemented	Strategy	0				1		1	
P.2.5. Integrated CCP information system, designed and implemented	System	0			1	1		2	
P.2.6. CCP impact evaluation, designed and implemented	Evaluation	0					1	1	
P.2.7. CCPs designed, built, equipped, and operational	Civic Centers	0			2	2	4	8	

## **FIDUCIARY AGREEMENTS AND REQUIREMENTS**

**Country:** Costa Rica  
**Project number:** CR-L1137  
**Name:** Citizen Security and Violence Prevention Program  
**Executing agency:** Ministry of Justice and Peace (MJP)  
**Prepared by:** Raúl Lozano (FMP/CCR) and Miguel Baruzzi (FMP/CCR)

### **I. THE COUNTRY'S FIDUCIARY CONTEXT**

- 1.1 The evaluation of Costa Rica's public procurement system (2015) based on the methodology of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD) concludes that the system's main characteristic is its high degree of dispersion. Although a single law governs procurement, each contracting unit issues its own regulations, bidding documents differ from buyer to buyer, and the country does not have a unified procedures manual, although it does have an integrated public procurement system (SICOP). Many autonomous agencies have their own special administrative procurement rules, and the system is markedly rigid and excessively regulated, with a system of ex ante controls and a procedure for responding to complaints (appeals) that involves the Office of the Comptroller General (CGR), which means it takes a long time to definitively award contracts. Though the public procurement system is sound in terms of regulations and control, in practice there are significant delays in procurement processes. As a result, Bank-financed procurement uses the SICOP only as a means of advertising.
- 1.2 The Public Expenditure Financial Accountability analysis of Costa Rica's country financial systems (2016) concludes that public financial management in Costa Rica is satisfactory. The report essentially covered budget expenditures approved by the Legislative Assembly (central government expenditures). Use of the treasury subsystem's single account to make payments for Bank-financed projects reduces the greatest fiduciary risks associated with payments, cash flow management, and reconciliations. The CGR provides reasonable scrutiny of public finances.
- 1.3 The programming and monitoring system is geared toward the central government's budget approval and execution mechanisms and was designed primarily with permanent programs in mind, not projects. The personnel management system lacks the flexibility needed for project execution, positions are fixed, and the system for hiring temporary staff (consultants) is not efficient and does not easily adapt to actual market conditions. The SICOP does not have the capability to use procurement procedures other than the ones set forth in Costa Rican law. The Integrated Financial Management System (SIGAF) records budget execution and has adequate internal controls to ensure integrity, reliability, and timeliness. It

provides a decent foundation for recordkeeping but cannot be used to prepare the special financial statements required for sound monitoring of project financial execution.

## **II. THE EXECUTING AGENCY'S FIDUCIARY CONTEXT**

- 2.1 This operation uses the same execution mechanism as loan 2526/OC-CR, which had satisfactory performance. That mechanism called for a program coordination unit (PCU) that was a deconcentrated agency with budgetary autonomy under the executing agency (the MJP, which will continue to act as executing agency for this loan), and which was dissolved when the program ended. This mechanism helped mitigate fiduciary risks associated with the MJP's institutional capacity for program implementation. Specialized services could also be hired to support the technical, administrative, and fiduciary management of the program.

## **III. FIDUCIARY RISK EVALUATION AND MITIGATION ACTIONS**

- 3.1 The main risks that have been identified, which are considered medium, are the following: (i) execution delays from not having the necessary budget as and when scheduled due to the entry into force of a new budget management process, under which deconcentrated entities' budgets and any subsequent modifications thereof must be approved by the Legislative Assembly.<sup>1</sup> To mitigate this risk, the executing agency will monitor and submit a semiannual report on budget execution to the Bank, in order to plan, if necessary, the date and time when additional budget allocation proceedings should be brought before the Assembly; (ii) delays in the execution of the works stemming from the complexity of executing several works in different locations at the same time; this risk will be mitigated by grouping the works into regional bidding lots, which will attract companies with ample technical and financial capacity, and by putting together an expert team that will help supervise pre-investment, procurement, design, and execution processes for the works;<sup>2</sup> and (iii) delays in program implementation due to the a lack of staff with the right profiles for project management at the executing agency. To mitigate this risk, a management firm with ample experience in financial and procurement management can be hired to assist the PCU with specific program management tasks,<sup>3</sup> and individual consultants can be hired as needed to support the executing agency/PCU to prevent execution delays, especially during the process of hiring the management firm.

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<sup>1</sup> With the approval of Law 9524, deconcentrated agencies' budgets are no longer approved by the Office of the Comptroller General, but by the Legislative Assembly, which could cause execution delays if there are delays in processing budget modifications.

<sup>2</sup> A technical cooperation operation with the Bank will help support the preparation of project works during the first months of execution and help expedite bidding processes.

<sup>3</sup> Technical experts can be hired to support the PCU so as to prevent delays to program launch.



## IV. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

### A. Procurement execution

- 4.1 **Bidding documents.** For the procurement of works, goods, and services in accordance with the procurement policies, the bidding documents agreed upon with the Bank will be used. The selection and contracting of consulting services will use the standard request for proposals and documents agreed upon with the Bank. Technical specifications and terms of reference will be reviewed ex ante, regardless of the procurement review method.
- 4.2 **Use of country systems.** The SICOP will be used only as a means to advertise program procurement processes until the completion of the SICOP strengthening initiatives built into the partial use agreement signed on 20 July 2015.
- 4.3 **Direct contracting.** No specific cases of direct contracting have been identified. Should any arise during execution, they will require ex ante review and the Bank's no objection.
- 4.4 **Procurement plan.** All procurements will be included in the procurement plan approved by the Bank through the Procurement Plan Execution System (SEPA)<sup>4</sup> and in conformance with the special conditions in the loan contract.
- 4.5 **Major procurement processes.** Once the loan is approved, the executing agency, through the PCU, will be responsible for preparing and updating the procurement plan. The procurement specialist will assist and evaluate the procurement processes to ensure they meet the expected quality standards under applicable Bank procurement policies.

Table 1. Key program procurement items

Activity	Method	Estimated date	Estimated amount US\$
<b>Goods</b>			
DATAPOL servers, GPS, and tablets for the National Police Force; software, licenses, and training	International competitive bidding (ICB)	July 2021 onward	2,578,738
<b>Works</b>			
Design, construction, outfitting, and maintenance of police stations	ICB	August 2021 onward	53,562,547
Design, construction, outfitting, and maintenance of eight CCPs	ICB	March 2021 onward	24,880,983
<b>Consulting services</b>			
Management firm	Quality- and cost-based selection (QCBS)	September 2020 onward	3,545,000
Individual contractors to supervise works (engineering)	3CV	September 2020 onward	3,472,191
EBP support	QCBS	February 2021 onward	1,540,000
Software that supports the interoperability of police platforms	QCBS	April 2021 onward	721,013

<sup>4</sup> Or any other system that replaces it, as indicated by the Bank.

- 4.6 See the program's [procurement plan](#) for the first 18 months.

## B. Procurement supervision

- 4.7 Reviews will be primarily ex ante, except those cases where ex post supervision is justified in the procurement plan, at the Bank's discretion. Supervision of advance procurement will always be ex post given the nature of this type of procurement.

**Table 2. Procurement method**

Investment type	Threshold (thousands of US\$)	Procurement procedure
Works	Greater than or equal to 3,000	ICB
	Between 250 and 3,000	National competitive bidding (NCB) or shopping
	Less than 250	Shopping
Goods and nonconsulting services	Greater than or equal to 250	ICB
	Between 50 and 250	NCB or shopping
	Less than 50	Shopping
Consulting services / consulting firms	Greater than or equal to 200	Shortlist of six firms with ample geographic diversity (national and international advertising)
	Less than 200	Shortlist of six firms, all of which can be domestic firms (national advertising)
Individual consulting services	n/a	At least three candidates
Direct procurement of goods, works, and nonconsulting and consulting services will require ex ante review by the Bank, as indicated in the procurement plan.		

- 4.8 **Special provisions.** In the case of the program's works, the required permits and deeds for the properties and/or lands where construction will take place, legal possession, easements, and other required licenses, as well as the water rights for the work in question, will be obtained prior to the start of the works.
- 4.9 **Records and files.** The PCU, in coordination with the MJP and the management firm, will maintain records of its contracts and expenditures. The procedures and formats agreed upon with the executing agency will be used for the preparation and filing of program reports.

## V. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

- 5.1 **Programming and budget.** The MJP will be responsible for developing the budget in coordination with the PCU and the Ministry of Finance Public Credit Office. The MJP will carry out all procedures needed to include the funds required for program execution in the national budget. The budget will be developed based on the updated multiyear execution plan that has been agreed upon by the Bank and the PCU.
- 5.2 In coordination with the MJP, the PCU will prepare a semiannual budget execution report, containing information on the original budget appropriation approved by the Legislative Assembly and the progress made in executing the program's budgetary appropriations. The SIGAF will be the source of this information.

- 5.3 **Disbursements and cash flow.** The Bank will make disbursements through advances based on the project's liquidity needs supported by the six month financial plan. Once justification has been provided for at least 60% of the advanced amount pending justification, the Bank can issue another advance. This justification threshold has been set with the understanding that the approval of the budget and any modifications thereof by the Legislative Assembly could increase the timeframes for drawing and executing the approved budget. In special situations, at the borrower's request, the Bank can also make direct payments to vendors or reimburse expenditures.
- 5.4 The National Treasury's single account principle will be used to manage the liquidity of the loan proceeds, since they are public revenues collected by the Government of Costa Rica. The executing agency, in coordination with the Ministry of Finance, will provide a bank account to which the loan disbursements will be made.
- 5.5 The PCU will identify and implement a suitable system for monitoring and control of the funds disbursed by the Bank. To that end, it will use the reports specified by the Bank and keep records that make it easy to identify movements of the loan proceeds.
- 5.6 Review of documentation supporting payouts, whether conducted by the Bank and/or external auditors, will be ex post, after the disbursement of the proceeds.
- 5.7 **Accounting and information systems.** The executing agency will use the SIGAF as the basis for preparing the special financial reports and expense justification reports that it will submit to the Bank. The submitted financial reports will contain information broken down by component and by output, in line with the structure of the project results matrix.
- 5.8 The following financial reports will be required on a semiannual basis: (i) the program's financial statements, including: (a) a statement of accumulated investments and a statement of cash received and disbursements made; and (b) the reconciliation of the bank account used to manage the loan proceeds; and (ii) a budget execution report, which will contain information on the original budget appropriation approved and progress made in executing the program's budgetary appropriations.
- 5.9 The program's financial statements will be prepared on a cash accounting basis.
- 5.10 **Internal control and audits.** The executing agency, through the PCU, will be responsible for developing an effective internal control mechanism for the program and ensuring that the established controls are applied and kept in place throughout the execution period and the financial close. Execution will rely on the internal control mechanisms established for the government and for the central government's deconcentrated agencies in particular.
- 5.11 **External control and reporting.** The executing agency, through the PCU, will engage the services of a Bank-eligible audit firm. The required audited financial reports will be audited in accordance with international audit standards and will be submitted annually and at the end of the program's disbursement period, in accordance with the terms of reference agreed upon with the Bank. The executing agency, through the PCU, will ensure that the funds for auditing services are available and will have been set aside until the date the final report is submitted to the Bank.

- 5.12 **Financial supervision plan.** In light of the capacity analysis, the risk analysis, and the proposed execution mechanism, financial supervision will include at least one visit per six-month period during the first year of execution and at least one visit per year from the second year of execution onward.
- 5.13 **Execution mechanism.** The MJP will be responsible for execution, acting through a PCU that will have been established as a deconcentrated agency with budgetary autonomy. A management firm can be hired to support the PCU with the technical, administrative, and fiduciary management of the program.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/19

Costa Rica. Loan \_\_\_\_/OC-CR to the Republic of Costa Rica  
Citizen Security and Violence Prevention Program

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Costa Rica, as borrower, for the purpose of granting it a financing to cooperate in the execution of the Citizen Security and Violence Prevention Program. Such financing will be for the amount of up to US\$100,000,000 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 \_\_ \_\_\_\_\_ 2019)