

**Inter-American Development Bank
Technical Cooperation Program (Trust Fund Financing)**

TC/FUNDS BRIEF

TC N°: BR-T1066

I. GENERAL INFORMATION:

- | | | | | | | | |
|--|---|-----|-------------|-------------|-------------|-------|--------------|
| 1. Name of the T.C. Project | Platform for the Integration of Public Services | | | | | | |
| 2. Name of the Trust Fund: | Knowledge Partnership Korea Fund for Technology and Innovation (KPK) | | | | | | |
| 3. Beneficiary country: | Brazil | | | | | | |
| 4. Beneficiary agency: | Ministry of Planning, Budget and Management | | | | | | |
| 5. Team Leader / Members: | Pedro Farias (ICF/ICS), team leader; Rafael Anta (SCL/SCT); Claudete Camarano (ICS/CBR); Cynthia Colaiacovo (LEG/SGO); Daniela Felcman y Valeria Wedolowski. (ICF/ICS); | | | | | | |
| 6. Executing agency: | Inter-American Development Bank, through the Institutional Capacity of State Division (ICF/ICS) | | | | | | |
| 7. Financing | <table border="0"><tr><td>KPK</td><td>US\$ 98,760</td></tr><tr><td>Counterpart</td><td>US\$ 29,140</td></tr><tr><td>Total</td><td>US\$ 127,900</td></tr></table> | KPK | US\$ 98,760 | Counterpart | US\$ 29,140 | Total | US\$ 127,900 |
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| Counterpart | US\$ 29,140 | | | | | | |
| Total | US\$ 127,900 | | | | | | |
| 8. Execution and Disbursement Deadlines: | 10 months of execution and 15 months for disbursement. | | | | | | |

II. BACKGROUND AND JUSTIFICATION

A. The Improvement of Public Services through Interoperability

- 2.1 It has been shown that the effective use of information and communication technologies (ICT) in support of public sector modernization can reduce the costs of government operations, and also be used to improve the quality of government services, in ways such as increased accessibility, responsiveness, transparency and accountability. The use of ICT in sync with the reengineering of processes and the simplification of procedures improve the accessibility of public services and save citizens and businesses time and money by waiving the requirement of presenting information that is already in the hands of the Government.
- 2.2 In this sense, Governments increasingly need information systems with interoperability capabilities, i.e. the ability of two or more systems or components to exchange

information and to use the information that has been exchanged¹. Considering the multitude of systems and databases managed by the public agencies, the capacity to share, exchange and make use of data among Government institutions is pivotal to provide client-centric public services.

- 2.3 In addition to successful experiences in United Kingdom, Ireland and Korea, Colombia and Chile are the two countries in Latin America that have started to implement interoperability capabilities and services, and particularly Chile, with a wide scope and a comprehensive approach, within the framework of its national digital strategy, whose implementation is partially financed by the IDB project CH-L1001². In this context, under the auspices of three Supreme Decrees³, which sets forth the technical specifications that should guarantee the interoperability of information systems and services, the Government is developing the Integrated Platform of State's Electronic Services. This integrated platform, expected to be in service by December 2009⁴, will provide the electronic exchange of data and documents between the public services.
- 2.4 The international experience shows that, besides the technological requirements, other important aspects such as confidentiality and institutional capacity demand the adoptions of broad and complex approaches to tackle the integration of public services. The experience of such kind of program gives us also glimpses of the great impact of interoperability, already confirmed in several countries, as a key mechanism to improve the management and delivery of public services.

B. The Brazilian Experience in E-Government and Interoperability

- 2.5 In Brazil, the most populous country in Latin America and the fifth largest in the world, in both area and population, there is an increasing pressure to ensure that citizens and businesses have easy access to public services with quality and transparency. As a consequence, the Brazilian Federal Government has adopted a set of principles as a general framework for the development of E-Government (E-Gov) that guides the management of knowledge and ICT. These principles can be summarized in the following:
- i. The priority of Brazilian E-Gov is the promotion of the citizenship and the digital inclusion;
 - ii. Open-source Software is a strategic resource for the implementation of the E-Gov;

¹ Definition from the Institute of Electrical and Electronics Engineers. IEEE Standard Computer Dictionary: A Compilation of IEEE Standard Computer Glossaries. New York, NY: 1990.

² Project CH-L1001 -- **Strengthening of Chile's Digital Strategy**. The program's objective is to contribute to greater and more effective participation by Chile in the digital era, expanding access to and use of information and communication technologies (ICTs) as a factor for development. It includes institutional strengthening and the implementation of a series of strategic initiatives to reinforce the strategy, in the following areas: health, digital literacy, public services and local government.

³ Supreme Decree (SD) 77/2004 (Electronic Communications), SD 81/2004 (Electronic Documents) and D.S. N°83/2005 (Electronic Security).

⁴ This platform will provide interoperability services gradually, starting with 42 procedures and 64 information services (Phase 1).

- iii. Knowledge management is a strategic instrument for the coordination and development of public policies in E-Gov;
 - iv. E-Gov should rationalize the use of resources;
 - v. E-Gov strategy should consist of an integrated set of policies, systems, standards and norms;
 - vi. The actions in E-Gov should comprise and integrate all tiers of government and others branches, besides the Federal Executive Branch.
- 2.6 Based on those principles and priorities, several projects have been implemented in recent years. For example, the Infovia Brazil Project consists in the development of a high-speed communication network. This project will allow the connection among all of the Federal Government agencies within the country (i.e. Government's Intranet). The project will reduce costs and strengthen the control over governmental expenditures, and it will improve the quality and the security of the information by using a set of technical standards.
- 2.7 The E-Gov priorities for the next years include the improvement of transparency and social surveillance and the support to education, tax administration and probusiness initiatives. These objectives will be pursued through many actions such as:
- i. To streamline the “Transparency Portal” by partnerships with state and local Governments in order to provide a “single window” for citizens to monitor the use of public resources.
 - ii. To make available educational e-services to teachers, students and school communities as a resort to confront the digital divide all over the country.
 - iii. To facilitate the processes of doing businesses and to reduce compliance costs for small enterprises through simplification of tax procedures, accounting and access to Government bidding documents.
- 2.8 The Government has also been active in the field of information access, by designing a set of technical specifications aimed at facilitating the interoperability of Government systems and services. This initiative is called e-PING - Padrões de Interoperabilidade de Governo Eletrônico⁵ - which covers the following specifications: interconnection, security, access means, structure and exchange of information, and e-Gov integration issues. A new version of e-PING policies is currently at public consultation.
- 2.9 In December 2003, the Brazilian Government, already conscious of the importance of interoperability, passed a national resolution determined to integrate the tax administration services of all levels of government which would allow tax information to be shared across the board. This initiative is known as Sistema Público de Escrituração Digital (Digital Accounting Public System or SPED). The objective was to better integrate federal, state and municipal government by improving the quality of information, reducing costs and time involved, in addition to improving the exchange of information among government offices that will carry out tax inspections. The SPED initiative is currently under development and some of the country's largest companies

⁵ e-PING has been designed by the Comitê Executivo de Governo Eletrônico. The first release was delivered in 2004 and an updated version was delivered on December 2006. See www.eping.e.gov.br.

have already enlisted to cooperate in the project. With SPED as the country's forerunner in the area of interoperability, the concept continues to generate increased interest.

- 2.10 The Ministry of Finance and the IDB have been working on the creation of a credit line that will support Brazilian states in the design and implementation of projects and activities required to have the states engaged into the SPED. Nowadays, at least two IDB loans are supporting two important states (São Paulo and Bahia) in this endeavor and there are other three projects to be implemented from 2008 on.
- 2.11 Guidelines and standards derived from e-PING are also helping to streamline important back-office activities in the Federal Government, such as to improve e-procurement and to support environmental licensing by the interchange of satellite information. Additionally, the Ministry of Planning, Budget and Management has recently defined data standards to be utilized by different systems to provide information regarding investments and expenditures.
- 2.12 The effective implementation of the e-PING framework should be combined with an interoperability platform, an electronic mechanism that would link many information systems (in such a way as one-to-one, one-to-many and many-to-many) and manage the exchange of data. This combination is essential for supporting the real flow of data and improving the coherence of information along the systems operated by each institution. However, the Brazilian Government lacks this interoperability platform, due to the lack of coordination across all government levels - federal, state and municipal. As a result, accessing information is still laborious, which is an unnecessary irony in light of the fact that this information and services do exist, yet are not easily accessible within intra-governmental systems.
- 2.13 The Bank may help the Brazilian Federal Government in taking advantage of the international experience, by accessing the best practices of interoperability platforms and their implementation, and designing its own interoperability solution. Therefore, it would allow Brazil to truly capitalize upon the rich potential and international experience of interoperability, thereby reducing administrative costs, improving the quality and exchange of information, and increasing the productivity by eliminating unnecessary paperwork.

III. OBJECTIVES AND PROJECT DESCRIPTION

- 3.1 The objective of the technical cooperation is to define the institutional, legal and technological requirements for the development (from design to implementation) of an interoperability solution that would provide the exchange of information among the public services of the Brazilian Federal Government.
- 3.2 This technical cooperation would lead to the identification and preparation of a Bank's loan operation of greater magnitude for the effective and comprehensive deployment of an interoperability platform in Brazil. The country has agreed in having this subject

among the areas covered by a Conditional Credit Line for Investment Projects (CCLIP) to be approved in 2008⁶.

- 3.3 The project will be organized in 2 components:
- 3.4 **Component 1: Design of an Interoperability Platform (US\$89,190).** The objectives of this component are (a) to define the institutional, operational, technological and legal requirements for the development of an interoperability platform for the Brazilian Federal Government, and (b) to design an Action Plan for its development and launching. The component will finance two international consultants and two local consultant, which together will join experience in complex E-Government project management, interoperability systems design and development, ICT, and institutional and legal affairs, to develop the following activities: i) a diagnosis of existing mechanisms and projects under way for electronic data exchange between Ministries; ii) a diagnosis of the development, usage and currency of the existing interoperability standards e-PING; iii) a comprehensive conceptual design of an interoperability platform in line with the needs of data exchange and services integration of the Brazilian Government; iv) the identification and definition of institutional, operational, technological and legal requirements of this interoperability platform; v) the impact analysis of the proposed interoperability platform in terms of performance, quality and reliability of information and public services; and vi) an Action Plan for the development and launching of the interoperability platform, which would include: (a) a detailed proposal for program management (team, structure and mechanisms for project management, inter-institutional coordination and legal affairs); (b) a proposal of a first set of services to become interoperable over the platform, aimed at creating high impact and demonstration effect in the short term; (c) a identification of needs for process reengineering and minimum technological upgrade of legacy systems at the participant Ministries and agencies; (d) a list of critical success factors; (e) a list of risks of failure and measures to mitigate them; (f) a detailed budget; and (g) a project plan calendar (three year term).
- 3.5 The expected results of this component will be the design and technical specifications of an interoperability platform for the Brazilian Government and an Action Plan for its development and launching.
- 3.6 **Component 2: Dissemination and training on the result (US\$35,910).** The objective of this component is to gather further information with Brazilian authorities and officials as well as to present the findings of the consultancy activities. The component will finance two workshops to be held in Brazil. The events will have the participation of Chief Information Officers (CIO) with previous background in the implementation of wide citizens-oriented interoperability program in, at least, two other countries, including the Korean experience.
- 3.7 The first workshop will take place in the between the second and the third month of the TC execution in order to present international experience, strengthen the political

⁶ The CCLIP included in the 2008 IDB's Program for Brazil is expected to support projects aimed at developing management capacity in the Federal Government.

commitment of Brazilian federal authorities with the project's objectives and receive inputs from Government agencies, business representatives and civil society organizations. The second workshop will be carried out within the last two months of the execution and all the important stakeholders for the Action Plan implementation will be invited. The event will be aimed at publicizing the main conclusions and recommendations encompassed in the Action Plan.

- 3.8 As results for this component, it is expected that the several dimensions to be considered in the Action Plan formulation and implementation be clear from the beginning of the execution process. Another outcome expected is the increase in the awareness and commitment of relevant stakeholders that will have a role in carrying out the prescribed activities.

IV. COST AND FINANCING

- 4.1 The estimated cost of the activities to be financed by the Technical Cooperation is US\$127,900. The Brazilian Government would pay for US\$29,140, which can be provided in cash or in kind, and the Korean Fund would finance US\$98,760 with non-reimbursable resources.
- 4.2 The resources of the technical cooperation will cover the costs of 2 international and 2 national consultants to develop the activities described above. Additionally, five trips to Brazil and two workshops to gather information, create awareness and disseminate debate on the subject will be carried out.

Table of cost and financing (in US\$)

| Categories | IDB | Local | Total |
|---|---------------|---------------|----------------|
| Component 1: Design of an Interoperability Platform | 89,190 | 0 | 89,190 |
| 1.1 International consultancy: Action Plan Team Leader (International Consultant/57 days @ US\$550 + 2 roundtrips to Brazil x US\$1,600 + per-diem 21 days). | 39,464 | | |
| 1.2 International consultancy on interoperability program management (International Consultant/17 days @ US\$550/day+ roundtrip US\$1,600+ per-diem 8 days). | 12,822 | | |
| 1.3 National Consultant on Brazilian information access legislation (48 days @ US\$ 280 + 2 trips to Brasilia x US\$400 + per-diem18 days) | 18,452 | | |
| 1.4 National Consultant on institutional affairs and ICT management (18 days @ US\$ 280 + 2 trips to Brasilia x US\$400 + per-diem18 days) | 18,452 | | |
| Component 2: Dissemination and training on the result | 8,570 | 27,340 | 35,910 |
| 2.1 Venue and event logistics for 2 two-day workshops (2x US\$ US\$12,000 each) | | 24,000 | |
| 2.2 Participation of 2 international panelists in the workshops: 2 roundtrips to Brazil(\$900 for Latin American CIO + \$7,670 for Korean CIO (business ticket)) + 6 days of per-diem | 8,570 | 1,404 | |
| 2.3 Participation of 2 national panelists in the workshops (2 domestic trips to Brasilia: 2 x 500 + 4 days of per-diem) | | 1,936 | |
| 3. Contingencies | 1,000 | 1,800 | 2,800 |
| TOTAL | 98,760 | 29,140 | 127,900 |

V. EXECUTION

- 5.1 At the request of the Beneficiary, the Bank, through the Institutional Capacity of the State Division (ICS), within the Institutional Capacity and Finances Department , will be in charge of executing this technical cooperation, based upon the cost categories and deliverables mentioned above. The contracting activities will be carried out using applicable Bank procedures. The selection of consultants will follow the GN-2350-7.
- 5.2 During the execution, ICS will coordinate matters with the Ministry of Planning, Budget and Management (MPOG) of the Brazilian Federal Government. MPOG's policies and guidelines will be crucial inputs to be considered for the approval of any product in the course of the execution.
- 5.3 The MPOG is the agency in charge of the institutional coordination and oversight of the management systems of the Federal Government. As a consequence, it is responsible for leading the initiatives aimed at improving the quality of public services by modernization of processes and organizations. The MPOG is also the Executive-Secretary of the E-Government Committee that comprises most ministries and other entities that manage issues related to information and communication technology.
- 5.4 As the major responsible for the budget formulation and TIC management in the Brazilian Federal Government, the MPOG will be the agency in charge of leading the implementation of the Action Plan to be presented. This purpose will be pursued through ensuring the adequate resources and the institutional coordination required to achieve the established objectives.

VI. DURATION AND IMPLEMENTATION

- 6.1 The project will be executed in 10 months. The disbursement period will be 15 months.
- 6.2 Taking into account the activities described in the section III, the operation is designed to be executed in accordance with the following Implementation Plan.

| Activity | Month | Deliverable |
|--|-------|--|
| Gathering of information on legislation, institutional aspects and ICT (inputs for the First Workshop and Action Plan) | 1-3 | Results of interviews, list of documents and assessment notes. |
| First Workshop | 2-3 | Workshop Minutes and Report on Initial Findings |
| Interoperability Platform Design | 3-7 | Design and technical specifications of an interoperability platform. |
| Action Plan Design and Approval | 6-9 | Action Plan approved by BID/ MPOG. |
| Second Workshop | 9-10 | Workshop Report |

VII. ENVIRONMENTAL AND SOCIAL REVIEW

- 7.1 The TC will not generate any significant social or environmental negative impacts. On the contrary, since it will generate inputs to facilitate access to economic opportunities and social services, as well as reduce the cost of transactions among citizens, business and Government, the project is expected to have a good impact on the poorest strata of society.
- 7.2 As a consequence, this operation does not present any negative environmental impact and has potential positive social impacts. Based on the Safeguard Policy Filter Report (2007-12074415-2), and the Safeguard Screening Form (2007-12074957-2), the project has been classified as category “C”.

VIII. RESPONSIBILITY IN THE BANK

- 8.1 The project will be under the technical and basic responsibility of Pedro Cesar L. Farias Senior Modernization of State Specialist, Institutional Capacity of State Division (ICF/ICS), Tel. +202-623-2518, pfarias@iadb.org. ICF/ICS will monitor and evaluate the progress of the technical cooperation, based on the agreed detailed work plan and deliverables. Every three months, a progress report will be provided. ICF/ICS will oversee the quality of the outcomes in coordination with the MPOG as the draft and final products are delivered. Standard Bank procedures for auditing and financial management will be followed.

IX. RECOMMENDATION

- 9.1 Pedro Cesar L. Farias, ICF/ICS, designated team leader for this project, recommends the approval of this operation and the use of resources from the Knowledge Partnership Korea Fund for Technology and Innovation (KPK) totaling up to \$98,760 in order to finance the corresponding project.

X. CERTIFICATION

- 10.1 I hereby certify that this operation was approved for financing under the Knowledge Partnership Korean Fund for Technology and Innovation (KPK) through a memorandum dated on December 19, 2007 and signed by Mr. Hyunghwan Joo, Sr. Advisor, VPC/GCM. Also, I certify that resources from the Knowledge Partnership Korea Fund for Technology and Innovation (KPK) are available for up to ninety-eight thousand seven hundred sixty dollars from the United States of America (US\$98,760) in order to finance the activities described and budgeted in this document. This certification reserves resources for the referenced project for a period of twelve (12) calendar months counted from the date of signature below. If the project is not approved by the IDB within that period, the reserve of resources will be canceled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the

Bank in dollars of the United States of America. The same currency shall be used to stipulate the remuneration and payments to consultants, except that local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this TC Plan of Operations. Amounts greater than the certified amount may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, for which the Fund is not at risk.

(Original signed)

December 19, 2007

Hyunghwan Joo
Sr. Advisor VPC/GCM

Date

(Original signed)

December 19, 2007

Marguerite S. Berger
Chief, VPC/GCM

Date

XI. APPROVAL

(Original signed)

December 19, 2007

Xavier Comas
Chief, ICF/ICS

Date