



# Board of Executive Directors

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**To:** The Executive Directors  
**From:** The Secretary  
**Subject:** Brazil. Proposal for a loan for the “Citizen Security Strengthening Program in the State of Minas Gerais”

**Basic Information:** Loan type .....Specific Investment Operation (ESP)  
Borrower ..... State of Minas Gerais  
Amount ..... up to US\$70,000,000  
Source ..... Ordinary Capital

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**Reference:** GN-1838-1(7/94), DR-398-14(6/13), GN-2756-2(6/14)



DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**BRAZIL**

**CITIZEN SECURITY STRENGTHENING PROGRAM IN THE  
STATE OF MINAS GERAIS**

**(BR-L1417)**

**LOAN PROPOSAL**

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<b>ELECTRONIC LINKS</b>	
<b>REQUIRED</b>	
1.	Program execution plan <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39166366">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39166366</a>
2.	Monitoring and evaluation plan (MEP) <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39166363">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39166363</a>
3.	Environmental and social management report (ESMR) <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39166364">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39166364</a>
4.	Procurement plan <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39166365">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39166365</a>
<b>OPTIONAL</b>	
1.	Program logic <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39166409">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39166409</a>
2.	Economic analysis
a.	<a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39192799">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39192799</a>
b.	<a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39166368">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39166368</a>
3.	Itemized results matrix <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39166373">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39166373</a>
4.	Itemized budget <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39141812">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39141812</a>
5.	Environmental and social management plan (ESMP) <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39166370">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39166370</a>
6.	Survey of victimization questionnaire <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39166371">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39166371</a>
7.	Determinants of violence in the program <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39166410">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39166410</a>
8.	Changes in the number, rate, and share of homicides in 14 municípios and Minas Gerais, 2011-2013 <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39179765">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39179765</a>
9.	Program rationale and intervention strategy <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39191964">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39191964</a>
10.	2014-2015 State Social Defense Plan of the Government of Minas Gerais <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39192257">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39192257</a>
11.	Institutional capacity analysis of the executing agency <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39193545">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39193545</a>
12.	Safeguard screening form and safeguard policy filter <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39234003">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=39234003</a>

## ABBREVIATIONS

APAC	Associação de Proteção e Assistência aos Condenados [Association for the Protection and Assistance of Convicts]
CONSEP	Conselho Comunitário de Segurança Pública [Community Public Security Council]
CPC	Centro de Prevenção à Criminalidade [Criminality Prevention Center]
ESMP	Environmental and social management plan
ESMR	Environmental and social management report
IBGE	Instituto Brasileiro de Geografia e Estatística [Brazilian Institute of Geography and Statistics]
IGESP	Integración de la Gestión en Seguridad Pública [Integrated Public Security Management]
MSE	Sistema de Medidas Socioeducativas [System of Socioeducational Measures]
PMU	Program Management Unit
POM	Program Operating Manual
PPAG	Plano Plurianual de Ação Governamental [Multiyear Government Action Plan]
SEDS	Secretaria de Estado de Defesa Social [State Department of Social Defense]
SIAFI	Sistema Integrado de Administração Financeira [Integrated Financial Administration System]
SUAPI	Subsecretaria de Administração Prisional [Office of the Undersecretary for Prison Administration]
SUASE	Subsecretaria de Atendimento às Medidas Socioeducativas [Office of the Undersecretary for Socioeducational Measures]
TCE/MG	Tribunal de Contas do Estado de Minas Gerais [State Audit Office of Minas Gerais]
UNODC	United Nations Office on Drugs and Crime



## I. DESCRIPTION AND RESULTS MONITORING

### A. Background, problems to be addressed, and rationale

- 1.1 The State of Minas Gerais (“Minas Gerais”) is located in Brazil’s Southeast region and occupies an area of 586,522 square kilometers. It has a population of 19.8 million and is geographically divided into 853 municípios. Its economy was Brazil’s third largest in 2011 (US\$214.5 billion) and contributed 9.3% to national GDP.
- 1.2 In the last four years, the state recorded gains in its socioeconomic indicators, as measured by GDP growth, reduction in poverty and indigence, and improvement of the human development index (HDI). However, this improvement stands in contrast to its rising crime rates. The homicide rate per 100,000 inhabitants in Minas Gerais rose 40.7% between 2002 and 2012, whereas it rose just 2.1% in Brazil, and fell 43% in the Southeast region<sup>1</sup> (Violence Map, 2014).
- 1.3 Violence and crime in Minas Gerais primarily affect young people between the ages of 15 and 24 (referred to as youth or young people in this document), who are the principal victims.<sup>2</sup> Between 2002 and 2012, the youth homicide rate in Minas Gerais rose 77.2%, whereas it rose 8% in Brazil and fell 45.7% in the Southeast region.<sup>3</sup> Of 1,559 youth victims in 2012, 92% were men and 8% were women, predominantly Afrodescendants (77%) (Violence Map, 2014, and State Department of Social Defense (SEDS)).
- 1.4 In terms of indicators of the perception of violence, the First National Survey of Victimization conducted in Brazil found that: 64.9% of the population fears becoming a homicide victim and 59.6% have little trust in the police. In Minas Gerais it found that only 56.1% of users said they were satisfied with the police service received and that there is a high level of underreported crime, calculated at 79.1% (Ministry of Justice, 2013).
- 1.5 **Crime map, and geographic and population concentration.** SEDS data for the three-year period 2011-2013 indicate that violent crime (homicide and robbery) is concentrated in 14 of the 853 municípios in Minas Gerais. Of those 14 municípios, five are part of the Metropolitan Region of Belo Horizonte (Belo Horizonte, Betim, Contagem, Ribeirão das Neves, and Santa Luzia), and nine municípios are outside the capital (Divinópolis, Governador Valadares, Ipatinga, Juiz de Fora, Montes Claros, Nova Serrana, Sete Lagoas, Uberaba, and Uberlândia). These areas:

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<sup>1</sup> Homicide is the most widely used indicator for determining levels of violence, since it is the most serious and publicly visible act of violence, and tends to be reflected with greater precision in the figures on violent crime. A rate of 30 homicides per 100,000 inhabitants is comparable to the effects of a civil war. In 2012, the homicide rate per 100,000 inhabitants in Minas Gerais was 21.6, compared to 29.0 for Brazil and 21.0 for the Southeast region.

<sup>2</sup> In 2012, homicide represented 38.7% of the causes of death for youth, and 2.4% for the nonyouth population.

<sup>3</sup> In 2012, the homicide rate per 100,000 inhabitants was 44.6, compared to 59.2 for Brazil and 41.4 for the Southeast region.

- (i) account for 50.7% of the homicides in Minas Gerais; (ii) are the scene of 56.5% of youth homicides; and (iii) account for 35% of the state's total population and youth population.<sup>4</sup> In 2013, when the homicide rates for the total population and youth population of Minas Gerais were 23.5 and 48.5, respectively, the corresponding rates for the 14 municípios were 35.0 and 80.1. [Optional electronic link 8](#) compares the trend in the number, rate, and share of the 14 municípios in total homicides in the State of Minas Gerais.
- 1.6 The SEDS reveals that the 14 municípios were the scene of: (i) 72.6% of robberies; (ii) 35.2% of crimes involving drug use; and (iii) 40% of drug-trafficking crimes.<sup>5</sup> In 2013, the share of young people as perpetrators of crimes in the 14 municípios was: (i) 66.8% of the robberies identified; (ii) 67.0% of drug possession crimes; and (iii) 67.4% of drug-trafficking crimes. Seventy-one percent of the total number of juvenile offenders imprisoned in Minas Gerais came from these areas (1,740 out of 2,430, SEDS, 2013).
- 1.7 **The problem and its causes.** The problem is the high rate of violent crime, geographically concentrated in 14 of the 853 municípios and in the primarily afrodescendant youth population aged 15-24 years, given the greater presence and vulnerability of these communities.<sup>6</sup> The main factors underlying these high rates of violent crime are:
- 1.8 **Weaknesses in police crime prevention, control, and investigation work.** According to the diagnostic assessment on the productivity of homicide investigations in Brazil (Ministry of Justice, 2012), in Minas Gerais 3.24% (390 of 12,032) of investigations were completed by the Civil Police and referred to the Public Prosecution Department. Of these, only 56.6% (221) resulted in charges being brought by the Public Prosecution Department to prosecute the alleged perpetrators, creating a problem of impunity. In 2013, only 57.4% of homicide investigations and 7.5% of robberies recorded by the police identified the perpetrators. In 2013, the homicide rate per 100,000 inhabitants in the 14 municípios was 35.0 for the total population and 44.6 for the afrodescendant

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<sup>4</sup> Of the 19.8 million inhabitants of Minas Gerais, 18% are young people.

<sup>5</sup> In 2013, the following were recorded in Minas Gerais: 21,947 robberies; 28,700 drug use crimes; and 45,774 drug trafficking crimes (SEDS).

<sup>6</sup> In 2013, Afrodescendants represented 54% of the population in Minas Gerais and 61% of youth. This participation was 62% and 65% (Brazilian Institute of Geography and Statistics (IBGE)).

population.<sup>7</sup> The youth homicide rate was 80.1, and 101.6 for afrodescendant youth. The rate of robberies recorded was 1,071. The underlying factors include:

- a. Shortage of officers trained to serve as community police, focused on solving problems and forging relationships with the community. It is clear that: (i) the refresher courses for implementing this service modality have achieved neither the coverage nor the level of subject-matter depth necessary to ensure its effectiveness; and (ii) policing methods in these areas have not favored its full implementation<sup>8</sup> ([Technical Note 1 – Military Police](#)).
- b. Problems of methodology in cooperation efforts between the police and the community in the area of security. Fifty-nine Community Public Security Councils (CONSEPs) were created in the 14 municípios to coordinate prevention efforts and set security priorities in conjunction with the police. However, the work of the CONSEPs has not been systematic, given that there are neither regulations nor standard operating procedures that could be used to monitor fulfillment of requests for security services, which lessens community confidence in the police. As a result, only 59% of the total population and 47.1% of the afrodescendant population report robberies to the police ([Technical Note 2 – Military Police](#)).
- c. Poor communication and limited ability to provide an integrated response to emergencies and at the scene of the crime. The Military Police, Civil Police, and Fire Department use different and mostly analog communication systems, hampering integrated efforts in security and emergency response operations. The systems are vulnerable to criminal interference due to the lack of encrypted and georeferenced communication. Digital communication systems represent just 9% of the Military Police system in the state, 25% of the Civil Police system, and only 25% of the Fire Department's network in the Metropolitan Region of Belo Horizonte<sup>9</sup> ([Technical Note 3 – SEDS](#)).

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<sup>7</sup> Using regression analysis to analyze the determinants of crime for the program's 14 target municípios, we found that conditions of socioeconomic vulnerability account for 15% of the variation and the racial identity variable accounts for another 15%. While we understand that these are not causal relationships, there is evidence that there are specific processes for the afrodescendant population that are consistent with our intervention strategy, which takes into account the implementation of products that were tested for these population subgroups under the *Fica Vivo*, Diadema, Balcão Aplauso, and IGESP Integrated Public Security Management programs, the basis of the empirical evidence of the external and internal validity of the program design (Braulio Silva, 2014).

<sup>8</sup> In 2013, only 46% of the contingent of troops assigned to the 57 territories with a high concentration of crime in the 14 municípios (803) were trained, and there is no equipment or minimum computer hardware to support the work of the community police.

<sup>9</sup> The systems do not communicate with each other effectively, causing uncertainty and delays in responding to emergencies. The Fire Department does not have adequate communication technology to coordinate its operations with the Military Police and Civil Police, and although it is usually the first to arrive on scene, it does not have personnel trained to preserve the scene of the crime, thus jeopardizing the evidence.

- d. Difficulties in collecting evidence and criminal investigation analysis. The working methods used by the Civil Police are not standardized nor do they have the appropriate physical facilities, equipment, and tools for criminal analysis ([Technical Note 4 – Civil Police](#)). Fingerprinting is done in the traditional way, with prints recorded on cards that are handled manually, delaying criminal investigation since experts may have to compare dozens or thousands of cards with individual prints in an effort to identify the perpetrator of the crime.<sup>10</sup> In 2013, 57.4% of homicide investigations and 7.5% of robbery investigations conducted by the Civil Police identified the perpetrator of the crime. Although the Criminology Institute and the Forensics Institute conduct their expert activities according to scientific procedures, those procedures are neither standardized or integrated. The lack of uniform guidelines for expert services or institutionalized operating procedures means that the content of findings varies according to the unit and expert that produces them, affecting the quality of the investigation and its results.<sup>11</sup> On top of this, a makeshift, improvised, and poorly integrated building infrastructure prevents staff from completing their expert tasks effectively, generating response time delays and affecting the delivery of adequate services to citizens.<sup>12</sup> The Civil Police's internal control unit has no system to facilitate investigation and expedite disciplinary procedures to curb misconduct on the part of personnel.<sup>13</sup>
- e. Lack of integrated databases for crime prevention, control, and investigation. The criminal justice system is made up of executive and judicial branch agencies.<sup>14</sup> Despite their interdependence, only two of the eight systems are integrated, making it difficult to construct and analyze the crime trajectory, crosscheck data, and make timely decisions. This situation also creates duplication of efforts and unnecessary costs for storing physical documentation. ([Technical Note 5 – SEDS](#)).
- f. Lack of analytical tools and methodologies to support the process of improving the integrated management of public security. Given the dynamics and complexity of the types of crimes in Minas Gerais, specific training is required for the 165 officers in the IGESP Integrated Public Security

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<sup>10</sup> The Institute of Identification of Minas Gerais has 60 million fingerprint cards, and that number increases each month as 120,000 new identification cards are issued.

<sup>11</sup> In 2013, 310,000 investigative findings were developed in forensics and criminal expert testimony.

<sup>12</sup> The Criminology Institute and the Forensics Institute operate in adapted buildings with limited space, compromising: (i) security of the chain of custody (documents and evidence in the access corridors); and (ii) adequate attention to citizens visiting the facilities to identify bodies or develop examinations. The absence of an integrated core of expertise adversely affects interaction among experts.

<sup>13</sup> Between 2010 and 2013, the Internal Affairs Unit of the Civil Police concluded 15,000 administrative procedures, which were manually processed in hard copy. The unit's procedures are not integrated with the computer system of the Civil Police and cannot be accessed easily.

<sup>14</sup> The criminal justice agencies are part of the SEDS (Military Police, Civil Police, Prison System, Socioeducational System, and Public Defender's Office), and of the Public Prosecution Department and the Judicial Branch.

Management program that promotes information-sharing, coordination, and integration of the police in Minas Gerais and the Civil Police in the analysis of crime, manipulation of multivariable databases, impact evaluations of public security policies and programs, and strengthened communication and information exchange to promote integrated action and joint operational performance of police forces at the regional level. In the Civil Police, support is needed to manage police officers so as to operate police stations in accordance with principles of efficiency and effectiveness in providing services to citizens.<sup>15</sup> ([Technical Note 6](#) and [Technical Note 7](#).)

1.9 **Vulnerability to violence and social exclusion of young people.** The 14 municípios with the highest crime rates also have high rates of youth vulnerability to violence,<sup>16</sup> which means that these young people are more likely to become involved in criminal activities (see paragraph 1.6). The underlying factors include:

- a. Poor school performance measured on the basis of high grade failure, dropout, and age-grade distortion rates. In 2012, the school dropout rates in the basic and middle school cycle for the 14 municípios were 11.8 and 15.8, respectively, and were 5% to 27% higher than the Minas Gerais rates of 11.2 and 12.4, resulting in high rates of age-grade distortion and dropout before completing middle school. In the 14 municípios, 22% of young people and 26.8% of afrodescendant youth had not completed basic education, making them more vulnerable to violence. In 2013, 84.2% of young offenders in socioeducational centers had not completed basic education (SEDS).
- b. Low youth employability levels. In 2011, only 51.7% of youth and 52.6% of afrodescendant youth in the 14 municípios were employed (IBGE, 2011).<sup>17</sup>
- c. Few services and facilities for sports, culture, recreation, remedial education, and job training. In the 14 municípios, since 2003 the government has been setting up Criminality Prevention Centers (CPCs) where the *Fica Vivo* [“Staying Alive”] and Conflict Mediation programs are being conducted.<sup>18</sup>

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<sup>15</sup> While Civil Police officers (1,239) perform management tasks, they have not been trained for this, given the training required by the law. This causes problems in terms of human resources management, processes, and management-for-results.

<sup>16</sup> The 14 municípios are among the 30 municípios in Minas Gerais with the worst indexes of youth vulnerability to violence. These are constructed by weighting the indicators for: (i) homicide deaths; (ii) traffic accident deaths; (iii) school and job attendance, (iv) poverty; and (v) inequality.

<sup>17</sup> Youth represented 20.6% (2,051,312) of the economically active population of Minas Gerais. However, they represented 44.6% of the unemployed (IBGE).

<sup>18</sup> The CPCs are public facilities set up in 12 of the 14 municípios with the highest homicide rates; they focus on violence prevention activities for youth and are supported by greater police presence. The *Fica Vivo* program operates out of the 32 existing CPCs and serves 11,450 young people annually with sports-related and cultural services.

Although programs to reduce youth homicides have been successful,<sup>19</sup> they need to: (i) expand their coverage since they reach only 65% of the areas where homicides are concentrated, serving 11,450 young people per year in the 14 municípios; and (ii) expand service offerings to include remedial education and job placement activities, which are key to breaking the cycle of social exclusion among vulnerable youth ([Technical Note 8 – CPC](#)).

- d. Confluence of risks associated with the generation of violence, such as alcohol and drug use. From 2009 to 2012, drug use and drug trafficking crimes in the 14 municípios increased by 12% and 41%, respectively (SEDS), primarily involving youth aged 15 to 24 (see paragraph 1.6). In 2012, 88.3% of juvenile offenders were drug users (Office of the Undersecretary for Socioeducational Measures (SUASE)). The increasing use of drugs and alcohol has a significant impact on increased levels of violence and crime, since these factors predispose youth to violent behaviors (Phil and Peterson, 1993).<sup>20</sup> However, there is no user profile nor methodological approach for treating dependency.

1.10 **Poorly functioning social rehabilitation centers for young offenders and prison system.** The problem is the high level of recidivism,<sup>21</sup> estimated to be 31.5% in the socioeducational system for youth and 47.4% in the prison system for adults. The SEDS, through the SUASE, is responsible for the social rehabilitation of adolescent offenders from 12 to 18 years of age,<sup>22</sup> and the Office of the Undersecretary for Prison Administration (SUAPI) is responsible for adult prisoners. The underlying factors include:

- a. Insufficient and inadequate infrastructure for detention. In 2013 the socioeducational system had a physical space shortage of 62%, given that 2,230 youths were being housed in facilities planned for 1,381. In the prison system, as of July 2014, there were 1.6 prisoners per available space, for a prison population of 60,662 ([Technical Note 9 – SUAPI](#)). This is inconsistent with international standards for minor and adult detainees, compromising their social rehabilitation process and for remedial education and job training.
- b. Limited and undiversified offerings in the current service delivery model, with a high unit cost. The services provided by SUASE do not take specific

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<sup>19</sup> According to the quasi-experimental evaluation of the *Fica Vivo* program, it was responsible for a 69% reduction in the number of homicides (Beato Filho CC. “Impact of Staying Alive Program in a community in Belo Horizonte.” *Rev. Salud Pública*, 2010). The Conflict Mediation Program was successful in reaching peaceful solutions in 72% of the cases monitored (SEDS).

<sup>20</sup> When two or more risk factors like those indicated coincide, the evidence indicates that the likelihood of becoming involved in crime increases substantially (H. Grants, John Jay College, 2013). There is a positive correlation between the incidence of alcoholism and the homicide rate (Londoño, 1996).

<sup>21</sup> Understood in this case as re-entering the penal system within three years after the base year when released from prison.

<sup>22</sup> In 2013, the SUASE served 2,230 young people at 34 centers; 2% were women and 98% were men. In 2013, 77.6% of youths who entered the system were Afrodescendants and just 29% of those released (611) were working ([Technical Note 10 – SUASE](#)).

treatment needs into account, particularly remedial learning programs and job training: just 11.5% of youths who left the system in 2013 had completed the basic education cycle, 29% were working, and none had completed their individual treatment plan in accordance with national requirements. In terms of the services provided by the SUAPI, only 11% of prisoners had access to basic and middle school education and 21% were engaged in some work activity.<sup>23</sup> The average monthly cost in the state's prison units is 3.4 times the monthly minimum wage.

- c. Limited use of social rehabilitation mechanisms for prisoners or alternative measures in lieu of prison. The Government of Minas Gerais, in an innovative although insufficient effort, has been implementing a shared management model in the prison system with Associations for the Protection and Assistance of Convicts (APAC), involving private sector participation<sup>24</sup> and electronic supervision.<sup>25</sup> However, the model is only applied to 4% and 5%, respectively, of the universe of those who could receive this treatment. In addition, fewer than 50% of the 147 prison units had specific multipurpose areas and laboratories for education and work, and there is no mechanism to monitor and analyze the effectiveness of open-setting socioeducational programs that currently finance 2,525 job opportunities (community service and probation).
- d. Lack of a specific training program for results-based prison and socioeducational management. Only 22% of prison managers and none of the socioeducators have management training. Although the SUAPI and SUASE have organizational and operational structures properly governed and regulated by law, they do not have annual operation plans that cover all their units, nor do they have uniform service delivery standards for social rehabilitation: education and work. There is no monitoring and mentoring system for convicts in the prison system, nor for those assigned to alternative sentencing programs.

1.11 The Government of Minas Gerais has been implementing innovative measures over the course of a decade. Notable among these are: (i) creation of the SEDS as the

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<sup>23</sup> Of the 60,662 prisoners, 57% had not completed basic education and 77% had not completed middle school.

<sup>24</sup> The APACs are engaged in prisoner recovery and social reintegration, using a methodology that promotes the humanization of prisons without losing sight of the punitive aspect of the sentence. They differ from the prison system in terms of social rehabilitation methodology. The prisoners are called "relearners" (*reeducandos*) and play the key role in their own recovery, sharing responsibility for it, and are subject to a disciplinary process that prioritizes respect for order and work. Internal security is provided by the relearners themselves. Unlike the prison system, in the APACs only 15% of those who leave the program return to the system; however, the program is implemented among only 2,378 prisoners distributed in 33 units. The state finances the prisoners' upkeep through agreements, with savings of up to 183% of the per inmate cost in the prison system.

<sup>25</sup> The use of electronic bracelets could be a more efficient solution for a percentage of the prison population that is awaiting sentencing (58% of the total) and present a low hazard.

system's coordinating agency, contributing to the sector's management capacity in the state;<sup>26</sup> (ii) integration of the operational work of the Civil Police and the Military Police; (iii) a focus on social prevention of violence actions at the CPCs; and (iv) strengthening of alternative measures in lieu of incarceration. As a result of the implementation of these measures, between 2004 and 2010 the violent crime rate fell by 53.7% (SEDS). Starting in 2011, the trend reversed with an increase of 69.9%. Consequently, the government approved a [2014-2015 State Social Defense Plan](#), providing investments to support meeting the objectives and strategic goals set. This program is part of this plan and represents 19.5% of total planned funds amounting to US\$395 million.<sup>27</sup>

- 1.12 **Rationale and intervention strategy.** The strategy proposed for reducing violent crime rates in Minas Gerais is a crosscutting approach that addresses the factors contributing to their existence, gradually strengthening the state's promising model, with a response targeting the 14 municípios and a youth population that is highly vulnerable to violence, where the problem is concentrated.<sup>28</sup> There is empirical evidence of the effectiveness of the proposed actions both at the state level and in other regions of Brazil,<sup>29</sup> and the proposed actions fall among the critical links in the intervention chain for preventing, controlling, and investigating crime, as well as for the social rehabilitation of those who commit crimes. The interventions have been grouped into three areas of major focus: (i) police effectiveness in crime prevention, control (stemming the growth of crime and responding to emergencies), and investigation; (ii) social prevention of violence for the youth population; and (iii) modernization of social rehabilitation processes. The sustainability of the expected results is assured to the extent that the planned outputs support projects that the government has been financing as

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<sup>26</sup> The SEDS merged the Department of Justice and Human Rights with the Department of Public Security, making the Military Police, Civil Police, the Fire Department, and the prison and socioeducational system subordinate. Eighteen integrated security regions were created.

<sup>27</sup> The [2014-2015 State Social Defense Plan](#) of the Government of Minas Gerais provides detail on interventions in the area of police prevention, social prevention, and social rehabilitation of offenders.

<sup>28</sup> The matrix of the [vertical logic of the program](#) indicates the correspondence among problems, causal factors, objectives, and components, as well as empirical evidence of effectiveness.

<sup>29</sup> The design of the program has taken into account lessons learned and best practices implemented in Minas Gerais and in another city in Brazil: (i) the *Fica Vivo* Program, implemented in the city of Belo Horizonte, included community policing activities and culture, sports, and leisure services for youth. According to the quasi-experimental evaluation of the *Fica Vivo* program, it was responsible for a 69% reduction in the number of homicides (Beato Filho CC. "[Impact of Staying Alive Program in a community in Belo Horizonte](#)." Rev Salud Pública. 2010; 44(3)); and (ii) the Diadema Security Program, an experience selected in the good practices competition sponsored by Dubai in 2006, and catalogued as <http://habitat.aq>, included the same model of community policing proposed for Minas Gerais, integrating the work of the Military Police and the Civil Police in the areas, managed to reduce homicides among young people aged 16-20 by 85% and reduced by 44% the number of adolescents in juvenile detention centers between 2001 and 2005. Both programs have been executed in communities with similar socioeconomic and demographic characteristics, serving the primarily afrodescendant youth population, and for this reason it is felt that the expected impact will be similar.

- part of its state policies and that will be enhanced within the framework of the program (see [optional electronic link 9](#) and [10](#)).
- 1.13 Given that the program will be supporting community policing activities in accordance with the Bank's Operational Guidelines for Program Design and Execution in the Area of Civil Coexistence and Public Safety (document GN-2535-1), citizen control and Military Police internal control mechanisms have been incorporated. It is expected that the executing agency will use program resources to contract the United Nations Office on Drugs and Crime (UNODC) to strengthen the internal control capacities of the police, ensuring that the police perform in a manner consistent with legal precepts, standards, and procedures related to conduct. Strengthening of the CONSEPs will allow for social control of police performance in the areas, issuing their periodic recommendations in monthly minutes. As for the socioeducational and prison systems, supervision of appropriate operations is carried out by the Public Prosecution Department and the Court of Justice.
- 1.14 **Synergy with the private sector.** It is expected that the private sector will participate in implementation of the Associations for the Protection and Assistance of Convicts (APACs), in the offender training and job placement services in the socioeducational centers, prisons, and youth centers in the CPCs.<sup>30</sup>
- 1.15 **Alignment.** The Bank's country strategy with Brazil (2012-2014) (document GN-2662-1) includes the objective of promoting the development of sustainable cities, by prioritizing actions to address the growing problem of violence and insecurity in the country. The program will contribute to the financing priority of the Ninth General Increase in the Resources of the Inter-American Development Bank (GCI-9) (document AB-2764) on poverty reduction and equity enhancement. Through interventions in the 14 municípios, it will also contribute to regional targets for: (i) the percentage of 15-19 year-olds who complete ninth grade; (ii) the percentage of formal jobs in total employment; and (iii) the number of homicides per 100,000 inhabitants. In addition, it will contribute to the outputs of: (i) afrodescendant individuals who benefit from programs intended to combat poverty; and (ii) cities benefiting from citizen security projects, as defined in the Results Framework.
- 1.16 **Bank interventions and lessons learned.** The program design considered the Operational Guidelines GN-2535-1, the Sectoral Framework for Citizen Security and Justice adopted in July 2014 (document GN-2771-1) and lessons learned from operational experience in the Bank's citizen security projects.<sup>31</sup> Specifically:

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<sup>30</sup> According to previous Bank experiences, it is estimated that companies contribute US\$1 million per CPC, on a supplemental basis for employment information. It has been anticipated that the private sector will participate to support placing youth in the job market based on promising experiences from MIF job placement programs for youth in Rio de Janeiro, "[Galpão Aplauso](#)," where the rate of employment increased by 21 points and salaries increased by 23.6 points compared to the control group.

<sup>31</sup> The challenge for execution: lessons from five citizen security projects (OVE, RE-456). IDB response to the major problems of citizen security (OVE, RE-455-1).

(i) include effective coordination mechanisms (see paragraph 3.1 and paragraph 3.2); (ii) include activities to modernize the police force, turning it into an efficient institution that provides better service to the community and is close to the citizens and subject to public scrutiny; (iii) develop information systems to deploy preventive police actions coordinated with the public services network; (iv) target the interventions (see paragraph 1.12); and (v) apply a simplified execution plan (see paragraph 3.1). In Minas Gerais there are some evaluations and evidence of external validity that it used in designing the program and that will be used for other Bank programs, including the planned impact evaluation of community policing (see [optional electronic link 1](#)).

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

1.17 The general objective of the program is to contribute to lowering the rates of violent crime (homicide and robbery) in the State of Minas Gerais, particularly in 14 of its municípios.<sup>32</sup> The specific objectives are: (i) to increase police effectiveness in crime prevention, control, and investigation; (ii) to improve the social integration of young people at risk of violence; and (iii) to reduce criminal recidivism among those leaving the socioeducational system and the prison system. The program has three components.

1.18 **Component 1. Police effectiveness in crime prevention, control, and investigation (US\$36.0 million):**<sup>33</sup> (i) Strengthening of the community policing model,<sup>34</sup> including: (a) training of Military Police officers with emphasis on issues of ethnicity and race, gender, domestic violence, youth relations, and human rights (b) purchase of equipment for community policing bases; (c) digitization and network integration of the radio communication systems of the Military Police, Civil Police, and Fire Department; (d) studies for the adoption of standardized operating regulations for the CONSEPs; (e) seminars to coordinate efforts at the different levels of government and promote public involvement in crime

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<sup>32</sup> The municípios are: Belo Horizonte, Betim, Contagem, Divinópolis, Governador Valadares, Ipatinga, Juiz de Fora, Montes Claros, Nova Serrana, Ribeirão das Neves Santa Luzia, Sete Lagoas, Uberaba, and Uberlândia, selected based on high homicide rates and youth vulnerability to violence.

<sup>33</sup> An evaluation of the IGESP program that explores the experience of information-sharing, coordination, and integration of the work of the Civil Police and Military Police in Minas Gerais, which are areas to be strengthened under this operation, indicates that the program led to a 24% reduction in property crimes and a 13% reduction in crimes against persons. IGESP was implemented in areas where the beneficiaries had socioeconomic and demographic characteristics similar to those anticipated for this program, primarily afrodescendant. "Organization and information in the fight against crime: an evaluation of the integration of police forces in the State of Minas Gerais, Brazil," Soares, R. and I. Viveiros (2010). Discussion Paper 5270.

<sup>34</sup> The Diadema program mentioned in the footnote on page 29 as well as Colombia's "Programa de Vigilancia Comunitaria por Cuadrantes" [Program for Quadrant Community Policing] (Mejía et al, 2010), which promoted community policing, point to a favorable impact on crime reduction. In the case of Colombia, a 22% reduction in homicides was seen in the eight cities targeted. The Diadema security program led to an 85% reduction in homicides among young people aged 16-20 and a 44% reduction in the number of adolescents in youth detention centers between 2001 and 2005.

prevention;<sup>35</sup> and (f) evaluation of the effective functioning of internal control and societal oversight of police in the specific geographic areas of action of the program; (ii) improvement in the quality of crime investigation,<sup>36</sup> including: (a) construction of an integrated center for scientific/technical testing and criminal investigation for the Civil Police; (b) digitization of the civil and criminal identification system of the Civil Police; (c) training and certification in public management for Civil Police officers; (d) development of a module for the Civil Police's information management system to support administrative and disciplinary processes; and (e) integration of the databases of criminal justice system agencies; (iii) improvement in the quality of emergency response and crime scene preservation, including the construction of physical space and purchase of materials and equipment for training of the Fire Department; and (iv) training of Military Police, Civil Police, Fire Department, and SEDS personnel in crime analysis and evaluation of social defense.<sup>37</sup>

- 1.19 **Component 2. Social prevention of violence among the youth population (US\$10.2 million):** (i) In the 32 existing CPCs, development of sports and cultural activities, remedial education courses, job training courses, development of a management system, training of community mediators, and training of supervisors; (ii) purchase of equipment and materials for implementation of the *Fica Vivo* and Conflict Mediation programs in six new CPCs,<sup>38</sup> including development of sports and cultural activities, courses and training for promotion of a culture of peace, conflict resolution, and personal development, remedial education courses, and job training courses; and (iii) development and implementation of a proposed new

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<sup>35</sup> The quasi-experimental evaluation of the National Reassurance Policing Programme in the United Kingdom, which implemented an increased police presence in prioritized neighborhoods, including active community participation in solving problems, reduced crime by 4% in the treatment areas compared to the control areas. United Kingdom, National Reassurance Policing Program. Tuffin, Morris, and Poole (2006).

<sup>36</sup> There is empirical evidence that police work is 2.31% and 9.36% more effective in solving property crimes and violent crimes when implemented simultaneously with effective criminal investigation measures and technological modernization of police investigation work. "Information technology, organization, and productivity in the public sector: evidence from police departments" *Journal of Labor Economics*, vol. 28, no. 1, Garicano, L., and P. Heaton (2010).

<sup>37</sup> Predictive policing: The use of technological tools for criminal analysis helped to reduce crime in the city of Los Angeles by 13% within the four months after its implementation (<http://www.predpol.com>).

<sup>38</sup> The program seeks to replicate successful experiences such as the *Fica Vivo* program, adding youth training activities and job placement where there is empirical evidence of impact on reducing crime in socioeconomic and demographic contexts similar to the program (see footnote on page 29), and also takes into account the evidence of impact of the U.S. Job Corps program, which reduced crime and the jobless rate by 16%, and increased income by 12%, according to the experimental evaluation by Schochet, Burghardt, and McConnell, 2008.

methodology for the rehabilitation of alcohol and drug dependents, including training of managers.<sup>39</sup>

- 1.20 **Component 3. Modernization of the social rehabilitation process (US\$30.2 million):** (i) strengthening of the System of Socioeducational Measures (MSE),<sup>40</sup> including: (a) construction of one MSE center, adaption of four centers, and purchase of equipment for the five centers; (b) training of public officials in MSE without incarceration; and (c) performance audit and proposal for improvement of agreements with municípios that provide MSE services without incarceration; (ii) support for the social rehabilitation of inmates;<sup>41</sup> including: (a) purchase of equipment and construction of four units for APAC operations; (b) development of a management system for the APACs; (c) expansion of the electronic surveillance system;<sup>42</sup> (d) construction of workshops in penitentiary units for offering remedial education and job training, and the purchase of equipment; (e) courses for misdemeanor offenders as alternative sentences to imprisonment; (f) training courses for those leaving the prison system;<sup>43</sup> and (iii) courses in results-based management for managers in the prison and socioeducational systems.
- 1.21 Management and administration costs (US\$600,000) will include: (i) monitoring and evaluation; (ii) dissemination of good practices; and (iii) communication and dissemination.

### C. Key results indicators

- 1.22 **Outcomes.** The program will be evaluated in terms of the change in crime in the beneficiary communities, measured using indicators such as: (i) homicide and robbery rates; (ii) indicators of police effectiveness (percentage of homicides and robberies solved, and percentage of investigations that lead to charges being filed); (iii) indicators of community level social prevention (percentage of CONSEP

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<sup>39</sup> The study done in Sweden on recidivism and alcohol and drug abuse found that 1% of the population is responsible for 64% of the convictions for violent crimes. One percent of the population is responsible for 63% of all convictions for violent crimes (Falk, S. et al, 2013).

<sup>40</sup> There is empirical evidence that it successfully reduces youth recidivism through treatment based on psycho-cognitive skills (Lipsey, M., Landenberger, N.A., Wilson, S.J., 2007). Thirty-two programs involving individual psychological counseling for youths in Europe reduced recidivism by 12% (Redondo, Sánchez-M, and Garrido, 1999). Various authors have found a reduction in recidivism of between 43% and 72% for youths treated with multisystemic therapy (treatment of the youth, the family, and surroundings) (Borduin et al., 1999, 2009; Henggeler et al., 1992, 1993, 1997).

<sup>41</sup> The analysis of various studies by Wilson, Gallagher, and MacKenzie (2000) found that vocational training programs achieved an average reduction of 12% in the recidivism of prisoners who participated in the program, compared to those who did not participate. Basic and secondary education programs for adults achieved an average reduction of 11%.

<sup>42</sup> A study conducted at prison centers in Buenos Aires showed that the use of electronic monitoring made it possible to achieve a reduction of 9% in recidivism, compared with the control group. R. Di Tella and Ernesto Schargrodsky, 2012.

<sup>43</sup> According to Braga, Piehl, and Hureau (2009), the comprehensive support program for those leaving prisons in Boston showed that one year after leaving, 36.1% of the participants in the program were arrested for a new crime, compared to 51.1% in the control group.

recommendations implemented by the Military Police) (iv) indicators for the CPCs (percentage of young people who complete basic education and enter the labor market); and (v) re-entry rates for youth and inmates who left socioeducational centers and prisons in the preceding year and then re-entered centers and prisons (see Annex II).

- 1.23 **Cost-benefit evaluation.** This [analysis](#) estimated the social benefits of the project in terms of the number of crimes prevented per beneficiary in the 14 municípios, due to increased crime control and investigation capabilities, better social prevention capacity, and improved rehabilitation and social reintegration practices for juvenile offenders and prison system inmates. The ex ante evaluation of benefits indicates that the net present value (NPV) is a positive US\$317 million (considering the total investment program of US\$77 million), so the project is viable. The internal rate of return (IRR) is 177% in five years, higher than the discount rate of 12%, the project’s opportunity cost, and 185% in ten years, resulting in an indicator of viability. A sensitivity analysis was done individually for each of the three components, using even more conservative assumptions, and the IRR is even higher than 12%. The program shows a very positive cash flow within the ten years starting with the initial investment in 2014. The estimated cost-benefit ratio is US\$5,704 per US\$1.00 invested.

## II. FINANCING STRUCTURE AND MAIN RISKS

### A. Financing instruments

- 2.1 The total cost of the program is US\$77 million. Of this amount, US\$70 million will be financed from the Bank’s Ordinary Capital resources, and US\$7 million will be financed from the local contribution. The consolidated budget is shown in Table 2 (the Itemized Budget is [optional electronic link 4](#)).

**Table 2. Program Cost (US\$ million)**

Component	IDB	LOCAL	Total	%
1. Police effectiveness in crime prevention, control, and investigation	34.4	1.6	36.0	46.8
2. Social prevention of youth violence	7.9	2.3	10.2	13.2
3. Modernization of the social rehabilitation process	27.1	3.1	30.2	39.2
Program administration, monitoring and evaluation	0.6	-	0.6	0.8
<b>TOTAL</b>	<b>70.0</b>	<b>7.0</b>	<b>77.0</b>	<b>100</b>

### B. Environmental and social risks

- 2.2 The program was classified as category “B” under the Bank’s Environment and Safeguards Compliance Policy (Operational Policy OP-703). The recommendations were taken into account in the [environmental and social management report \(ESMR\)](#) and [environmental and social management plan \(ESMP\)](#). According to

the ESMR and ESMP, the potential environmental impacts will be of low intensity, localized, short-term, and limited to the works execution phase, given that this involves small-scale construction works in urban areas, and the impacts are easy to control and mitigate by means of specific works procedures.

### C. Other risks

- 2.3 The fiduciary risk analysis was based on the Bank's Institutional Capacity Assessment System (ICAS). The results indicate that the State Department of Social Defense (SEDS) has the necessary capacity to manage the activities to be conducted as part of the program, with a rating of 87.7 out of 100. The assessment identified a low level of fiduciary risk. Nonetheless, it was determined that the executing agency will need to train the Program Management Unit (PMU) team in the Bank's procurement policies and procedures, to ensure a smooth procurement process. The result of the risk management workshop identified two "medium" risks related to: (i) a potential lack of oversight of police work in the program's areas and in the prison system; and (ii) a decline in the commitment level of the borrower and the executing agency. The mitigation measures identified include: (i) contracting of the United Nations Office on Drugs and Crime (UNODC) to certify adequate police performance, implementation of Community Public Security Councils (CONSEPs) to supervise police work, and the involvement of the Public Prosecution Department and the Court of Justice to verify adequate operation of prison centers; and (ii) prevention of allocation of the program funds in the State's Multiyear Plan. The reputational risk was assessed and deemed mitigable. For the second risk, early submission of the program to the elected authorities indicating that it falls within the framework of the [2014-2015 State Social Defense Plan](#).

## III. IMPLEMENTATION AND MANAGEMENT PLAN

### A. Summary of implementation arrangements

- 3.1 The borrower will be the State of Minas Gerais, and the executing agency will be the State of Minas Gerais, acting through the State Department of Social Defense (SEDS), which will create a Program Management Unit (PMU) responsible together with the Bank for the preparation, management, and support of the program activities. The SEDS will be responsible for the operation's institutional and technical coordination. The PMU will be created through a specific act of law and will be made up of a multidisciplinary team to be appointed.<sup>44</sup> **The published acts of law establishing the PMU and appointing its members will be a special condition precedent to the first disbursement.**

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<sup>44</sup> The PMU: (i) general coordinator; (ii) administrative and financial management coordination; (iii) monitoring and evaluation coordination; and (iv) technical coordination with four units (SEDS, Military Police, Civil Police, and Fire Department).

- 3.2 Given the crosscutting nature of the program, the PMU will receive technical and operational support from other state institutions (Military Police, Civil Police, Fire Department, Department of Education, Department of Planning and Management, Department of Finance, and the State Department of Public Works) and will coordinate the respective activities. Entities such as the Public Prosecution Department and the Associations for the Protection and Assistance of Convicts (APACs) will also be involved, under cooperation/partnership agreements to be signed with the executing agency. **The acts of law establishing the powers of the state institutions that will cooperate with the executing agency in program execution (Military Police, Civil Police, Fire Department, Department of Education, Department of Planning and Management, Department of Finance, and the State Department of Public Works) will be a special contractual condition precedent to the first disbursement.**
- 3.3 **Program Operating Manual (POM).** The POM will contain the details relating to the program execution and interagency coordination mechanism, with the functions and responsibilities of each stakeholder. **The publication of the Program Operating Manual (POM) on the SEDS portal will be a special contractual condition precedent to the first disbursement.**
- 3.4 **Retroactive financing and recognition of expenditures.** Eligible expenditures incurred prior to the loan approval date may be financed retroactively and recognized against the loan proceeds for up to US\$7 million (10%), and against the local contribution for up to US\$700,000 (10%), provided that they satisfied requirements substantially similar to those established in the loan contract. The expenditures must have been incurred on or after 11 August 2014 (project profile approval date) but in no case more than 18 months prior to the loan approval date.
- 3.5 **Special execution conditions:** (i) Prior to contracting each of the program works, provide evidence of legal possession of the land, the design, and the environmental and social management plan (ESMP); (ii) prior to purchasing the logistical support equipment in Component 1, assign the 408 police officers who will be involved in community policing in the specific geographic areas of the crime prevention programs; (iii) within six months after signature of the loan contract, submit the model financial reports for the program from the state system, in accordance with the Bank's requirements; and (iv) prior to the start of activities for integration of the databases of the criminal justice system agencies and construction of the support units for social rehabilitation of offenders, provide evidence of the entry into effect of the cooperation agreements to be signed between the executing agency and the Public Prosecution Department and the APACs.
- 3.6 **Fiduciary agreements and requirements.** The fiduciary agreements and requirements reflect the financial management and procurement execution guidelines to be followed for program execution. These agreements have been developed on the basis of analysis of the fiduciary context of the country and the executing agency. Financial statements audited by the State Audit Office (TCE/MG) will be delivered annually (see Annex III).

3.7 **Procurement Plan.** The program's [Procurement Plan](#) will be carried out in accordance with policy documents GN-2349-9 and GN-2350-9 and will specify: (i) the contracts for works, goods, and consulting services required for the program; (ii) the methods proposed for the procurement of goods and selection of consultants; and (iii) the procedures applied by the Bank for procurement review. The program's procurement plan provides for single-source selection of the UNODC throughout the execution period for an amount up to US\$250,000 for the strengthening of police internal controls and societal oversight (document GN-2350-9, paragraph 3.10.d).<sup>45</sup>

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

3.8 **Monitoring by the executing agency and the Bank.** The executing agency will use the following to monitor the program: (i) the Results Matrix; (ii) the [program execution plan](#); (iii) the [monitoring and evaluation plan](#); (iv) the [procurement plan](#); (v) the [ESMR](#); (vi) the [itemized budget](#); (vii) the risk management matrix; and (viii) the progress monitoring report.

3.9 **Evaluation.** The Results Matrix and monitoring and evaluation plan will be used for: (i) a midterm evaluation after 2.5 years of program execution, or once 50% of the loan amount has been disbursed, whichever occurs first; (ii) a final evaluation including the ex post economic evaluation; and (iii) an evaluation of the impact of community policing activities using a quasi-experimental "difference-in-differences" design.

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<sup>45</sup> The [UNODC](#) is recognized internationally for its work in the fight against drugs and crime. Its single-source selection is justified by its experience, which will be extremely valuable for strengthening of the internal control mechanisms of the police institutions. The UNODC is already working with the IDB under security programs for Paraná and Rio Grande do Sur.

Development Effectiveness Matrix			
Summary			
<i>I. Strategic Alignment</i>			
<b>1. IDB Strategic Development Objectives</b>		Aligned	
Lending Program	Lending for poverty reduction and equity enhancement.		
Regional Development Goals	i) Share of youth ages 15 to 19 who complete ninth grade; ii) Share of formal employment in total employment; and iii) Homicides per 100.000 inhabitants.		
Bank Output Contribution (as defined in Results Framework of IDB-9)	i) Individuals receiving targeted anti-poverty programs; and (ii) Cities benefited with citizen security projects.		
<b>2. Country Strategy Development Objectives</b>		Aligned	
Country Strategy Results Matrix	GN-2662-1	Reducing the levels of violence and crime in the segment of young population (15-24 years), guaranteeing the rights and individual freedoms.	
Country Program Results Matrix	GN-2756-2	The intervention is not included in the 2014 Operational Program.	
Relevance of this project to country development challenges (if not aligned to country strategy or country program)			
<i>II. Development Outcomes - Evaluability</i>		Highly Evaluable	Weight
		9.7	10
<b>3. Evidence-based Assessment &amp; Solution</b>		9.0	33.33%
3.1 Program Diagnosis		2.4	
3.2 Proposed Interventions or Solutions		3.6	
3.3 Results Matrix Quality		3.0	
<b>4. Ex ante Economic Analysis</b>		10.0	33.33%
4.1 The program has an ERR/NPV, a Cost-Effectiveness Analysis or a General Economic Analysis		4.0	
4.2 Identified and Quantified Benefits		1.5	
4.3 Identified and Quantified Costs		1.5	
4.4 Reasonable Assumptions		1.5	
4.5 Sensitivity Analysis		1.5	
<b>5. Monitoring and Evaluation</b>		10.0	33.33%
5.1 Monitoring Mechanisms		2.5	
5.2 Evaluation Plan		7.5	
<i>III. Risks &amp; Mitigation Monitoring Matrix</i>			
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	
<i>IV. IDB's Role - Additionality</i>			
The project relies on the use of country systems			
Fiduciary (VPC/PDP Criteria)	Yes	Financial management: External control.	
Non-Fiduciary			
The IDB's involvement promotes improvements of the intended beneficiaries and/or public sector entity in the following dimensions:			
Gender Equality			
Labor			
Environment			
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			
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan	Yes	The program proposes an impact evaluation of the community policing component that incorporates the participation of the community and relevant stakeholders to identify priority areas for action, and to monitor the performance of the police.	

The main problems contributing to the situation of high rate of violent crimes (homicides and robberies) in 14 municipalities of Minas Gerais (MG) are identified and quantified, as well as their main determinants. However, the POD does not satisfactorily quantify how much of the main problems can be explained by the determinants of the problems identified.

The project's vertical logic is clear and well specified. The project presents adequate evidence of the internal validity of the proposed solutions. However, only limited evidence of external validity is presented.

The Results Matrix included in the POD contains all the required elements for project monitoring. The POD includes a Monitoring and Evaluation plan that is adequate. The project has identified and addressed M&E and data availability requirements. The program proposes an impact evaluation of the community policing component that incorporates the participation of the community and relevant stakeholders to identify priority areas for action, and to monitor the performance of the police.

The Program's overall risk is rated Medium. For the two medium risks identified, mitigation measures were proposed with appropriate monitoring indicators.

### RESULTS MATRIX<sup>1</sup>

The general objective of the program is to contribute to lowering the rates of violent crime (homicide and robbery) in the State of Minas Gerais, particularly in 14 of its municípios. The specific objectives are: (i) to increase police effectiveness in crime prevention, control, and investigation; (ii) to improve the social integration of young people at risk of violence; and (iii) to reduce criminal recidivism among those leaving the socioeducational system and the prison system.

#### EXPECTED IMPACT

Indicators	Unit of measure	Baseline		Intermediate measurements		Targets		Source/Mean of verification
		Value	Year	Value	Year	Value	Year	
<b>Expected impact:</b> Contribute to lowering the rates of violent crime (homicide and robbery) in 14 municípios of Minas Gerais.								
1. Annual total homicides in 14 municípios.	Rate per 100,000 inhabitants	35.0	2013		2017	28.0	2019	Administrative records of CINDS/SEDS
2. Annual total homicides among afrodescendants ( <i>pardos</i> and <i>pretos</i> ) in 14 municípios.	Rate per 100,000 inhabitants	44.6	2013		2017	35.7	2019	Administrative records of CINDS/SEDS
3. Annual total robberies in 14 municípios.	Rate per 100,000 inhabitants	1071	2013		2017	813	2019	Administrative records of CINDS/SEDS

#### EXPECTED OUTCOMES

Indicators	Unit of measure	Baseline		Intermediate measurements		Targets		Source/Mean of verification
		Value	Year	Value	Year	Value	Year	
<b>Specific objective 1:</b> Increase police effectiveness in crime prevention, control, and investigation.								
Outcome 1.1 Increased police effectiveness in crime prevention.								
R.1.1 Recommendations of Community Public Security Councils (CONSEPs) implemented by the Military Police in the 14 municípios. <sup>2</sup>	Percentage	0	2013		2017	80	2019	Survey on community policing and minutes of CONSEP meetings

<sup>1</sup> For more information, see [Itemized Results Matrix](#).

Indicators	Unit of measure	Baseline		Intermediate measurements		Targets		Source/Means of verification
		Value	Year	Value	Year	Value	Year	
Outcome 1.2 and 1.3 Increased police effectiveness in crime control.								
R.1.2 Annual total homicides of youths aged 15-24 in 14 municípios.	Rate per 100,000 inhabitants	80.1	2013		2017	56.1	2019	Administrative records of CINDS/SEDS
R.1.3 Annual total homicides of afrodescendant youths aged 15-24 in 14 municípios.	Rate per 100,000 inhabitants	101.6	2013		2017	71.1	2019	Administrative records of CINDS/SEDS
Outcome 1.4, 1.5 and 1.6 Increased police effectiveness in crime investigation.								
R.1.4 Police investigations of homicides committed in the preceding year in Minas Gerais referred to the Public Prosecution Department with perpetrators identified within 12 months after the event.	Percentage	57.4	2013		2017	66.7	2019	Administrative records of Civil Police
R.1.5 Homicides referred to the Public Prosecution Department by the police in the last 12 months with charges brought in Minas Gerais.	Percentage	3.2	2012		2017	8	2019	Administrative records of Civil Police
R.1.6 Police investigations of robberies recorded in Minas Gerais in the last 12 months referred to the Public Prosecution Department with perpetrators identified within 12 months after the event.	Percentage	7,5	2013		2017	8.3	2019	Administrative records of Civil Police and CINDS/SEDS
<b>Specific objective 2:</b> Improve the social integration of young people at risk of violence.								
R.2.1 Youth aged 15-24 who have not completed the basic education cycle in 14 municípios.	Percentage	22	2011		2017	18.8	2019	IBGE public data
R.2.2 Afrodescendant youth aged 15-24 who have not completed the basic education cycle in 14 municípios	Percentage	26.8	2011		2017	23.2	2019	IBGE public data
R.2.3 Youth aged 15-24 who work in the 14 municípios.	Percentage	51.7	2010		2017	54.3	2019	IBGE public data
R.2.4 Afrodescendant youth aged 15-24 who work in the 14 municípios.	Percentage	52.6	2010		2017	55.3	2019	IBGE public data

<sup>2</sup> The recommendations of the CONSEPs are an indicator of effective prevention inasmuch as they indicate to the police where security services are most needed to prevent crime, so it is important to track compliance with their recommendations.

Indicators	Unit of measure	Baseline		Intermediate measurements		Targets		Source/Mean of verification
		Value	Year	Value	Year	Value	Year	
R.2.5 Robberies committed where the perpetrator was a youth aged 15-24 in the 14 municípios.	Percentage	66.8	2013		2017	53.4	2019	Administrative records of CINDS/SEDS
R.2.6 Robberies committed where the perpetrator was an afrodescendant youth aged 15-24 in the 14 municípios.	Percentage	51.2	2013		2017	41.0	2019	Administrative records of CINDS/SEDS
<b>Specific objective 3:</b> Reduce recidivism among those leaving the socioeducational system and the prison system.								
R.3.1 Young people who left the socioeducational system in Minas Gerais in the base year and returned to the socioeducational or prison system within three years.	Rate	31.5	2010		2017	25.2	2019	Administrative records of SUASE/SEDS
R.3.2 Offenders who left the prison system in Minas Gerais in the base year and returned to system within three years	Rate	47.4	2010		2017	37.9	2019	Administrative records of SUAPI/SEDS

**INTERMEDIATE OUTCOMES**

Indicators	Unit of measure	Baseline		Intermediate measurements		Targets		Source/Mean of verification
		Value	Year	Value	Year	Value	Year	
<b>Specific objective 1:</b> Increase police effectiveness in crime prevention, control, and investigation.								
Intermediate outcome 1.1, 1.2, and 1.3 Increased police effectiveness in crime prevention.								
R.I.1.1 Victims in the 14 municípios who reported robberies to the police in the last 12 months.	Percentage	59	2012		2017	69	2019	Victimization survey (PMU-SEDS)
R.I.1.2 Afrodescendant victims in the 14 municípios who reported robberies to the police in the last 12 months.	Percentage	47.1	2012		2017	57.1	2119	Victimization survey (PMU-SEDS)
Intermediate outcome 1.3 Increased police effectiveness in crime investigation.								
R.I.1.3 Annual expert findings of the Civil Police in Minas Gerais that comply with the quality standard checklist.	Percentage	0	2013		2017	90	2019	Annual report of PMU-SEDS

Indicators	Unit of measure	Baseline		Intermediate measurements		Targets		Source/Mean of verification
		Value	Year	Value	Year	Value	Year	
<b>Specific objective 2:</b> Improve the social integration of young people at risk of violence.								
R.I.2.1 Youth aged 15-24 who complete the basic cycle of education, through the academic acceleration (literacy) program through the Criminality Prevention Centers (CPCs).	Percentage	0	2013		2017	33	2019	Administrative records of SEDS
R.I.2.2 Youths aged 15-24 added to the labor force through the CPCs.	Percentage	0	2013		2017	45	2019	Administrative records of SEDS
R.I.2.3 Drug use crimes in the last 12 months whose perpetrators were youth aged 15-24 in the 14 municípios.	Percentage	67.0	2013		2017	61.3	2019	Administrative records of CINDS/SEDS
R.I.2.4 Drug trafficking crimes in the last 12 months whose perpetrators were youth aged 15-24 in the 14 municípios.	Percentage	67.4	2013		2017	53.9	2019	Administrative records of CINDS/SEDS
<b>Specific objective 3:</b> Reduce recidivism among those leaving the socioeducational system and the prison system.								
R.I.3.1 Youth aged 15-21 who leave the socioeducational system having completed the basic cycle of education.	Percentage	11.5	2013		2017	56	2019	Administrative records of SUASE/SEDS
R.I.3.2. Youth aged 15-21 who leave the socioeducational system and are working.	Percentage	29	2013		2017	42	2019	Administrative records of SUASE/SEDS
R.I.3.3. Adolescents aged 15-21 in detention and halfway houses who have individual treatment plans consistent with the legal requirements of the SINASE and have met their goals.	Percentage	0	2013		2017	80	2019	Administrative records of SUASE/SEDS

OUTPUTS

Output	Unit of measure	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Target	Source
<b>Component 1: Improvement in police effectiveness in crime control and investigation</b>									
1.1 Strengthened community policing model									
1.1.1 Police officers trained and certified in community relations, human rights, and criminal analysis.	Police officers	1,249	1,009	1,009	974	974		3966	PMU-SEDS
1.1.2 Community policing bases equipped and operating.	Bases	57	7	7				14	PMU-SEDS
1.1.3 Radio communication network for emergency response with GPS integrated among the Military Police, Civil Police, and Fire Department, operating and interoperable.	Network	0			1			1	PMU-SEDS
1.1.4 Studies conducted to develop operating regulations for the CONSEPs in the program municípios.	Studies	0	1	1				2	PMU-SEDS
1.1.5 Seminars held to coordinate efforts at the different levels of government and for public involvement in crime prevention.	Seminars	0	67	67	67	67	67	335	PMU-SEDS
1.1.6 Evaluation of the functioning of internal control and societal oversight of the police in program areas verified every six months.	Evaluation	0	2	2	2	2	2	10	UNODC and PMU-SEDS
1.2 Criminal investigation process improved.									
1.2.1 Integrated center for scientific/technical testing and criminal investigation in Minas Gerais, constructed so that it adheres to standardized processes for issuing findings and the required security levels.	Center	0		1	1			2	PMU-SEDS
1.2.2 Civil and criminal identification system for the Civil Police digitized, integrated into the PCNet data management system, and accessible online.	System	0		1	1	1	1	4	PMU-SEDS
1.2.3 Civil Police officers trained and certified in public management.	Police officers	0		620		619		1,239	PMU-SEDS

Output	Unit of measure	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Target	Source
1.2.4 Module to support the Civil Police's disciplinary administrative processes implemented, operating, and integrated with the PCNet data management system.	Module	0		1				1	PMU-SEDS
1.2.5 Criminal justice system database integrated and operating.	Database	0			1			1	PMU-SEDS
1.3 Improved integrated response of the Fire Department to emergencies and crime scene.									
1.3.1 Supporting infrastructure for training at the Military Firemen's Academy built and operating.	Infrastructure	0			2			2	PMU-SEDS
1.3.2 Training rooms equipped and operating.	Rooms	0		16				16	PMU-SEDS
1.3.3 Fire Department personnel trained and certified in first aid and crime scene preservation, including training materials.	Personnel			544	544	544	544	2,176	PMU-SEDS
1.4 Managers trained and certified in public policies for defense, criminal analysis, geographic information systems, and data manipulation in visual systems.	Managers	0	160	160	160	100	137	717	PMU-SEDS
<b>Component 2: Social prevention of violence among the youth population</b>									
2.1 Service offerings expanded and strengthened at 32 CPCs, including remedial education and job training.									
2.1.1 Young people provided with sports and cultural services.	Young people	11,450	5,200	5,200	5,200	5,200	5,200	26,000	PMU-SEDS
2.1.2 Young people benefited with academic acceleration and literacy activities.	Young people	0	5,200	5,200	5,200	5,200	5,200	26,000	PMU-SEDS
2.1.3 Young people who receive job training.	Young people	0	5,100	5,100	5,100	5,100	5,100	25,500	PMU-SEDS
2.1.4 System up and running for the management, monitoring, and evaluation of the operation of the CPCs.	System	0		1				1	PMU-SEDS
2.1.5 Community mediators in areas benefiting from the program trained and certified in conflict mediation.	Mediators trained	0	80	80	80	80	80	400	PMU-SEDS
2.1.6 CPC supervisors trained and certified.	Supervisors	0	60	60	60	60	60	300	PMU-SEDS

Output	Unit of measure	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Target	Source
2.2 <i>Fica Vivo</i> ["Staying Alive"] program implemented at new CPCs.									
2.2.1 <i>Fica Vivo</i> program with expanded service offerings implemented at 6 new CPCs in the 14 municípios.	Program	0		2	2	2		6	PMU-SEDS
2.2.2 Young people provided with services for sports, culture, conflict resolution methods, promotion of a culture of peace, and personal development.	Young people	0	2,400	2,400	2,400	2,400	2,400	12,000	PMU-SEDS
2.2.3 Young people benefited with academic acceleration and literacy activities.	Young people	0	2,400	2,400	2,400	2,400	2,400	12,000	PMU-SEDS
2.2.4 Young people who receive job training.	Young people	0	1,100	1,100	1,100	1,100	1,100	5,500	PMU-SEDS
2.3 Development and implementation of a treatment methodology for young people with alcohol and drug addictions.									
2.3.1 Treatment methodology developed for young people with alcohol and drug addictions, including a user survey.	Methodology	0		1				1	PMU-SEDS
2.3.2 CPC managers trained and certified in implementation of the methodology.	Managers	0			280			280	PMU-SEDS
<b>Component 3: Modernization of the social rehabilitation process</b>									
3.1 Strengthening of System of Socioeducational Measures (MSE).									
3.1.1 Socioeducational centers: 1 built, 4 adapted, and all 5 equipped and operating.	Centers	34		4	1			5	PMU-SEDS
3.1.2 Public officials trained and certified in MSE without incarceration.	Officials	0	200	100	200			500	PMU-SEDS
3.1.3 Performance audit conducted and proposal for improvement of agreements with municípios that provide MSE services without incarceration.	Audits	0	1					1	PMU-SEDS
3.2 Support for the social rehabilitation of inmates.									
3.2.1 APAC centers: 4 built, equipped, and operating.	Centers	33		2	2			4	PMU-SEDS

Output	Unit of measure	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Target	Source
3.2.2 APAC management system developed and operating.	System	0		1				1	PMU-SEDS
3.2.3 Offenders monitored with electronic surveillance system.	Offenders	4,000	1,300	450				1,750	PMU-SEDS
3.2.4 Workshops for education and job training of inmates built, equipped, and operating in penitentiary units.	Workshops	0			5			5	PMU-SEDS
3.2.5 Misdemeanor offenders benefiting from alternative sentences.	Offenders	9,900	1100	1,100	1,100	1,100	1,100	5,500	PMU-SEDS
3.2.6 Those leaving prison who are supported in their social integration process.	Parolees	2,845	1,300	1,300	1,300	1,300	1,300	6,500	PMU-SEDS
3.3 Socioeducational and prison system managers trained and certified in results-based management.	Managers	0		300				300	PMU-SEDS

## FIDUCIARY AGREEMENTS AND REQUIREMENTS

**Country:** Brazil

**Program name:** Citizen Security Strengthening Program in the State of Minas Gerais

**Program number:** BR-L1417

**Prepared by:** Santiago Schneider (FMP/CBR) and Marilia Santos (FMP/CBR)

### I. EXECUTIVE SUMMARY

- 1.1 The institutional assessment for the program's fiduciary management was based on: (i) the country's current fiduciary context; (ii) the results of the evaluation of the main fiduciary risks and the program risk management (PRM) workshop; (iii) the ICAS institutional capacity assessment; and (iv) working meetings held with the IDB project teams, the State Department of Social Defense (SEDS), the Department of Finance (SEF), the Department of Planning and Management (SEPLAG), the Department of Economic Development (SEDE), the Department of Education (SEE), and the Military Police, Civil Police, and Fire Department. As a result of this work, fiduciary agreements for program execution have been prepared for both procurement and financial management.

### II. FIDUCIARY CONTEXT OF THE COUNTRY AND EXECUTING AGENCY

- 2.1 In the State of Minas Gerais, public-sector entities utilize the SIAFI budgetary and financial system and the Management and Planning Information System (SIGPLAN), which is used to prepare and monitor the Multiyear Government Action Plan (PPAG). For human resources management, the public sector utilizes the Integrated Personnel Administration System (SISAP) and the Performance Assessment System (SISAD). For the planning and organization of program actions, the entities utilize and adhere to the following country management support instruments: (i) the PPAG; (ii) the Multiyear Plan (PPA), which sets guidelines, objectives, and targets for public administration; (iii) the Budgetary Procedures Law, which sets the government's budgetary guidelines; (iv) the Annual Budget Law (LOA), which projects and establishes the public administration's expenditures for the current year; (v) the Fiscal Responsibility Law, which sets limits on expenditures of the public administration; and (vi) the aforementioned information systems (planning, accounting, financial management), which support management.

- 2.2 For procurement and contracting processes, the state follows the National Competitive Bidding Law (Law 8666/93). For the procurement of off-the-shelf goods and services, it uses the electronic purchasing system, Portal de Compras do Estado de Minas Gerais, which has been evaluated and accepted by the Bank.
- 2.3 Control of state entities/agencies is exercised by the State Audit Office of Minas Gerais (TCE/MG), a Bank-eligible oversight body for the planned external audit, which conducts ongoing monitoring of the financial transactions and processes of the entities by day-to-day tracking of financial management systems. External control is exercised by national oversight bodies, the Audit Office of the Union (TCU), the Office of the Comptroller General of the Union (CGU) through its office in Minas Gerais, and the state and federal Public Prosecution Departments.
- 2.4 The executing agency will be the State of Minas Gerais, acting through the SEDS, which will create a Program Management Unit (PMU) responsible together with the Bank for the preparation, management, and support of the program activities.
- 2.5 The PMU/SEDS will be supported by the State Department of Public Works (DEOP), which is responsible for competitive bidding processes for works, and by the SEPLAG Shared Services Center (CSC), which centralizes all public procurement of the government, with the exception of works contracting.

### **III. FIDUCIARY RISK EVALUATION AND MITIGATING MEASURES**

- 3.1 The results of the analyses performed showed that the SEDS has a low level of fiduciary risk for execution of the operation. The following fiduciary risks were identified and have been mitigated: (i) the possibility of execution delays due to delays in program operations, limited monitoring of investments, and weakness in program information, procurement/contracting, technical/financial records, and interagency coordination among the agencies involved (Military Police, Civil Police, Fire Department, CSC, DEOP, etc.); and (ii) the possibility of turnover in staff due to a government changeover and as a consequence of the government strategy. Based on the foregoing, the following mitigating measures are being proposed: (i) creation of the PMU and appointment of its staff and those responsible for technical execution at the Military Police, Civil Police, and Fire Department, and for operational support at the DEOP and CSC; (ii) strengthening, through training of staff, of the executing agency's capacity to comply with the Bank's fiduciary management and safeguards policies; (iii) preparation and dissemination of a Program Operating Manual (POM) that includes the work flows and responsibilities of the agencies under the execution mechanism; and (iv) parameterization of the system for the reports required by the Bank. The plan for mitigating these risks will be implemented as part of loan preparation and fulfillment of the conditions precedent.

#### IV. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE CONTRACT

- 4.1 The special fiduciary conditions precedent to the first disbursement are as follows: The executing agency will provide evidence of: (i) the published acts of law establishing the PMU and appointing its members; (ii) the acts of law establishing the powers of the state institutions that will cooperate with the executing agency in program execution (Military Police, Civil Police, Fire Department, Department of Education, Department of Planning and Management, Department of Finance, and the State Department of Public Works); and (iii) the publication of the POM on the SEDS portal.

#### V. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

- 5.1 The fiduciary agreements and requirements for procurement establish the provisions applicable for the execution of all planned procurements.
- 5.2 **Procurement execution.** Procurement will be conducted through the PMU. Works, goods, and nonconsulting services will be procured using the “Policies for the procurement of works and goods financed by the Inter-American Development Bank (document GN-2349-9). Consultants will be selected and contracted using the “Policies for the selection and contracting of consultants financed by the Inter-American Development Bank (document GN-2350-9), both of March 2011. Procurement processes will be reviewed by the Bank as indicated in the [Procurement Plan](#).
- 5.3 **Procurement of works, goods, and nonconsulting services.** Contracts for works, goods, and nonconsulting services<sup>1</sup> generated under the project and subject to international competitive bidding (ICB) will be executed using the standard bidding documents (SBDs) issued by the Bank. Procurements subject to national competitive bidding (NCB) will be executed using country bidding documents agreed upon with the Bank (or satisfactory to the Bank, if not yet agreed upon). For the procurement of off-the-shelf goods and services, the Bank will accept the use of the electronic purchasing system, Portal de Compras do Estado de Minas Gerais, which has been evaluated and accepted by the Bank, as well as adherence to the price schedules recorded in the other systems recognized by the Bank (ComprasNet, Licitações-e, the State of São Paulo’s BEC e-procurement system., and State of Rio de Janeiro’s Integrated Procurement Management System (SIGA/RJ).
- 5.4 **Selection and contracting of consultants.** Consulting service contracts generated under the project will be executed using the standard request for proposals (RFP) issued by the Bank. The sector specialist will be responsible for review of the terms of reference for the contracting of consulting services.

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<sup>1</sup> Under the Bank’s procurement policies, nonconsulting services are treated as goods.

- 5.5 **Selection of individual consultants.** Individual consultants will be selected on the basis of their qualifications to perform the work, based on comparison of the qualifications of at least three candidates. When circumstances so require, notices may be published in the local or international press, to obtain résumés of qualified consultants.
- 5.6 **Retroactive financing and recognition of expenditures.** Eligible expenditures incurred prior to the loan approval date may be financed retroactively and recognized against the loan proceeds for up to US\$7 million (10%), and against the local contribution for up to US\$700,000 (10%), provided that they satisfied requirements substantially similar to those established in the loan contract. The expenditures must have been incurred on or after 11 August 2014 (project profile approval date) but in no case more than 18 months prior to the loan approval date.
- 5.7 **Single-source selection.** Provision has been made for single-source selection of the United Nations Office on Drugs and Crime (UNODC) for an amount up to US\$250,000, to assist in strengthening of police internal controls and societal oversight. Single-source selection is justified based on UNDOC's experience, which is exceptionally valuable for strengthening the internal control mechanisms of police agencies (document GN-2350-9, paragraph 3.10.d.).
- 5.8 **Thresholds for procurement processes.** The threshold for the use of ICB will be made available to the borrower or the executing agency, as applicable, online at [www.iadb.org/procurement](http://www.iadb.org/procurement). Below this threshold, the selection method will be determined according to the complexity and characteristics of the procurement or contracting, which will be reflected in the approved procurement plan.
- 5.9 **Domestic preference.** No margins of domestic preference will be applied.
- 5.10 **Initial procurement plan.** The proposal to date is attached. The version agreed upon may be updated during project execution, as circumstances require (see [optional electronic link 5](#)).
- 5.11 **Procurement supervision.** All ICB and single-source selection processes will be subject to ex ante review. Other processes, considering the features of the project and the operational capabilities of the PMU, will be reviewed in accordance with the procurement plan, as revised.
- 5.12 **Records and files.** Records and files will be kept at the offices of the SEDS, DEOP, and CSC, under the security conditions agreed upon with the Bank.

## VI. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

### A. Programming and budget

- 6.1 The SEDS, acting through the PMU, will be responsible for planning the execution of activities as provided in the program execution plan (PEP), the budgets, and the annual work plan (AWP). The budget for the program activities will be approved through the municipal budget law. The department uses planning

tools such as the PPA and the LOA. The budget for the program activities is part of the LOA.

- 6.2 The SEDS team will ensure that the budgetary resources for the program, both the IDB and local contributions, are duly budgeted each year, and earmarked for execution as per the operational programming. The program resources will be employed in the execution of the entity's budget. These budgetary resources must be recorded in the year of execution in the Integrated Financial Administration System (SIAFI) as an external source. The LOA will include the funds for execution for both the external loan and the local counterpart.
- 6.3 Expenditures incurred in external credit operations are recorded in the SIAFI under source of funds 25, "Contractual credit operations," as established in the LOA.

**B. Accounting and information system**

- 6.4 The SEDS uses the following information and management systems: (i) the Integrated Financial Administration System (SIAFI), which enables efficient management of the state's financial resources through automated integration of the budget preparation and execution processes, financial administration and execution, and accounting and management records; and (ii) the Management and Planning Information System (SIGPLAN), which is used to prepare and monitor the PPAG.
- 6.5 In relation to the lending operation, all program accounting and financial information will be recorded in the SIAFI system. This system currently does not allow project reports to be issued in dollars or by investment category and source of financing, as required by the Bank. Accordingly, within six months after signature of the loan contract, the SEDS will submit the model financial reports for the program from the state system, in accordance with the Bank's requirements.

**C. Disbursements and cash flow**

- 6.6 The program will use the cash management system of the State of Minas Gerais. Expenditures will be subject to the budgetary and financial execution process and will be duly recorded in the SIAFI and SIGPLAN systems. IDB funds used to pay program expenditures will have to be administrated through an account that allows for independent identification of the loan proceeds. This includes incoming funds and payments.
- 6.7 Disbursements will be made in U.S. dollars, under the advance of funds modality. The Bank will release disbursements on the basis of a 180-day projection submitted by the executing agency. For future advances, it will be necessary to account for at least 80% of previously advanced funds. Expenditures deemed ineligible by the Bank must be repaid from local counterpart resources or other resources, as the Bank sees fit, depending on the nature of the ineligibility.

**D. External control and reports**

6.8 The program’s financial statements and the eligibility of program expenditures will be audited each year by the State Audit Office of Minas Gerais (TCE/MG), which has been Bank-eligible for several years. Pursuant to document OP-273-2, “Financial management policy for IDB-financed projects,” the auditor/TCE/MG will deliver a report on the eligibility of program expenditures and conduct onsite physical inspection visits, in addition to the Bank’s activities and reviews. The program’s audited financial statements will be delivered to the Bank no later than 120 days after the close of the executing agency’s fiscal year, in accordance with the procedures and terms of reference previously agreed upon with the Bank.

**E. Supervision plan**

6.9 The supervision plan may be modified during project execution, according to the observed risk circumstances or based on additional oversight needs as determined by the Bank.

Supervision activity	Supervision plan			
	Nature/Scope	Frequency	Bank Responsibility	Executing agency
Procurement	Review of procurement and contracting of works and consulting services	As indicated in the Procurement Plan	Sector and procurement specialist	PMU
	Review of processes above thresholds for ICB and single-source selection	Throughout execution period	Sector and procurement specialist	PMU
	Supervision visit	Annual	Sector specialist and fiduciary team	
Financial	Ex post review of disbursements and procurement	Annual	Fiduciary team	PMU, TCE/MG
	Annual audit	Annual	Fiduciary team	TCE/MG
	Review of disbursement requests	Periodic	Fiduciary team	
	Supervision visit	Annual	Sector specialist and fiduciary team	

**F. Execution mechanism**

6.10 The executing agency will be the State Department of Social Defense (SEDS), which will create a Program Management Unit (PMU) responsible together with the Bank for the preparation, management, and support of the program activities. The SEDS will be responsible for the operation’s institutional and technical coordination and will be made up of a multidisciplinary team to be appointed.

- Evidence of the published acts of law establishing the PMU and appointing its members will be a special condition precedent to the first disbursement.
- 6.11 Given the crosscutting nature of the program, the PMU will receive technical and operational support from other state institutions (Military Police, Civil Police, Fire Department, Department of Education, Department of Planning and Management, Department of Finance, and the State Department of Public Works) and will coordinate the respective activities. Entities such as the Public Prosecution Department and the Associations for the Protection and Assistance of Convicts (APACs) will also be involved, under cooperation/partnership agreements to be signed with the executing agency. Evidence of the published acts of law establishing the powers of the state institutions that will cooperate with the executing agency in program execution (Military Police, Civil Police, Fire Department, Department of Education, Department of Planning and Management, Department of Finance, and the State Department of Public Works) will be a special contractual condition precedent to the first disbursement.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

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

Brazil. Loan \_\_\_/OC-BR to the State of Minas Gerais  
Citizen Security Strengthening Program  
in the State of Minas Gerais

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the State of Minas Gerais, as Borrower, and with the Federative Republic of Brazil, as Guarantor, for the purpose of granting the former a financing to cooperate in the execution of the Citizen Security Strengthening Program in the State of Minas Gerais. Such financing will be for an amount of up to US\$70,000,000 from the Ordinary Capital resources of the Bank, 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 \_\_\_ \_\_\_\_\_ 20\_\_)