

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

BRAZIL

**PROGRAM FOR EXPANSION AND IMPROVEMENT OF EARLY CHILDHOOD
EDUCATION, AND ELEMENTARY AND MIDDLE SCHOOL IN FLORIANOPOLIS
-2ND PHASE (PRAEB2)**

(BR-L1579)

**FOURTH INDIVIDUAL OPERATION UNDER THE CONDITIONAL CREDIT LINE
FOR INVESTMENT PROJECTS (CCLIP) “SOCIAL SPENDING MODERNIZATION
PROGRAM IN BRAZIL - PROSOCIAL”
(BR-00009)**

LOAN PROPOSAL

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ABBREVIATIONS	
ANA	National Literacy Assessment
AOP	Annual Operation Plan
CCLIP	Conditional Credit Line for Investment Projects
CIGERD	Center for Management of Risks and Disasters
ECD	Early Childhood Development
ECERS	Early Childhood Environment Rating Scale
EMIS	Education Management and Information System
ES	Elementary School
ESA	Environmental and Social Analysis
ESHS	Environmental, Social, Health and Safety
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESRR	Environmental and Social Risk Rating
ESRS	Environmental and Social Review Summary
FLN	Municipality of Florianopolis
FUNDEB	Fund for the Maintenance and Development of Basic Education and for the Valuation of Education Professionals
IBGE	Brazilian Institute of Geography and Statistics
IDB	Inter-American Development Bank
IDEB	National Index for Basic Education
IRR	Internal Rate of Return
ITERS	Infant/Toddler Environment Rating Scale
LDB	Law of Directives and Bases of National Education
MS	Middle School
PME	Municipal Plan of Education
PMU	Project Management Unit
PNE	Education National Plan
POM	Project Operation Manual
SAEB	Basic Education Evaluation System
SEAID	Secretary for International Affairs and Development
SME	Municipal Department of Education

PROJECT SUMMARY

BRAZIL

PROGRAM FOR EXPANSION AND IMPROVEMENT OF EARLY CHILDHOOD EDUCATION, AND ELEMENTARY AND MIDDLE SCHOOL IN FLORIANOPOLIS-2ND PHASE (PRAEB2) (BR-L1579)

FOURTH INDIVIDUAL OPERATION UNDER THE CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS (CCLIP) “SOCIAL SPENDING MODERNIZATION PROGRAM IN BRAZIL-PROSOCIAL” (BR-O0009)

Financial Terms and Conditions				
Borrower: Municipality of Florianopolis			Flexible Financing Facility^(a)	
Guarantor: Federative Republic of Brazil			Amortization Period:	24.5 Years
Executing Agency: Municipality of Florianopolis, through the Municipal Department of Education (SME-FLN)			Weighted Average Life (WAL):	15.25 Years
			Disbursement Period:	5 Years
Source	Amount (US\$)	%	Grace Period:	6 Years ^(b)
IDB (OC):	67,800,000	80	Supervision and Inspection Fee:	^(c)
Local:	16,950,000	20	Interest rate:	SOFR Based
Total:	84,750,000	100	Credit Fee:	^(c)
			Currency of Approval:	Dollars of the United States of America
Project at a Glance				
Project Objective/Description: The project's general objective is to improve quality of education in the Municipality of Florianopolis. Specific objectives are: (i) expanding school enrollment in early childhood development (ECD) and full-time education; (ii) promoting effective and inclusive teaching and learning practices.				
Special Contractual Clauses prior to the first disbursement: The first disbursement of the loan shall be subject to the fulfillment, to the satisfaction of the Bank, of the following conditions: (i) publication, in the Official Gazette of the Municipality of Florianopolis, of the adequate legal instrument creating the Program Management Unit, in accordance with the terms and conditions agreed upon with the Bank; and (ii) the approval and entry into force of the Program Operations Manual (OEL#4), in accordance with the terms and conditions previously agreed upon with the Bank. (¶3.6). For other special contractual clauses, see Annex B of the Environmental and Social Review Summary (ESRS).				
Special Contractual Clauses of execution: See Annex B of the Environmental and Social Review Summary (ESRS).				
Exceptions to Bank Policies: None.				
Strategic Alignment				
Challenges^(d):	SI <input checked="" type="checkbox"/>		PI <input type="checkbox"/>	EI <input type="checkbox"/>
Cross-Cutting Issues^(e):	GE <input checked="" type="checkbox"/> and DI <input checked="" type="checkbox"/>		CC <input checked="" type="checkbox"/> and ES <input checked="" type="checkbox"/>	IC <input checked="" type="checkbox"/>

^(a) Under the Flexible Financing Facility (document FN-655-1), the borrower has the option to request modifications to the amortization schedule, as well as currency, interest rate, commodity, and catastrophe protection conversions. In considering such requests, the Bank will take into account operational and risk management considerations.

^(b) Under the flexible repayment options of the Flexible Financing Facility (FFF), changes in the grace period are possible as long the Original Weighted Average Life (WAL) and the last payment date, as documented in the loan agreement, are not exceeded.

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

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

^(e) GE (Gender Equality) and DI (Diversity); CC (Climate Change) and ES (Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. PROJECT DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and justification

- 1.1. **Overview of the municipal education system of Florianopolis.** Florianopolis has a population of 516,524 ([IBGE, 2021](#)) and is one of the 50 most populous cities in Brazil. The municipal education system manages 98 Early Childhood Development (ECD) centers, for children between 6 months to 5 years old, and 38 Elementary Schools (ES) and Middle Schools (MS), which serve about 35,000 students (952 of them are in Special Education, 3%, and approximately 8,500 are Afro-Brazilian, 23%) ([INEP, 2021](#)). To serve this group of students, the municipal network has a team of about 2,000 teachers ([Sinopse Estatística da Educação Básica, 2021](#)).
- 1.2. **Low quality of education.** One of the most relevant problems facing Brazilian education systems, including Florianopolis' Municipal Department of Education (SME), is the low level of student learning. 65% of MS students performed below the “adequate learning” parameter ¹ in Portuguese, and 81% in Mathematics ([Anuário Brasileiro da Educação Básica, 2021](#)). Analyzing the most recent student literacy rates from the [Avaliação Nacional de Alfabetização \(ANA\)](#), ² in 2016, among students in the 3rd year of ES³ in Florianopolis, only 52% were proficient in reading, and only 75% were proficient in writing. Additionally, municipal schools also presented IDEB⁴ scores below established goals and below other large cities in the state⁵. ES achieved 6.0 points, against the target of 6.1 points, and MS achieved 4.9 points, against the target of 5.7 ([SAEB, 2019](#)).
- 1.3. **High evasion and repetition rates.** In 2019, 5% of students enrolled in ES and 9% of those in MS abandoned school and did not come back in the following year. Additionally, 1% of students enrolled in ES and 3% of MS failed to complete the school year but returned in the following year.
- 1.4. **Gender and race inequalities** Regarding gender inequality, it is possible to identify better performance of female students in Portuguese (6% higher in MS), and better performance of male students in mathematics (3% higher in MS).

¹ Parameter results are from the SAEB test, for Portuguese and Mathematics, comparing “sufficient learning” established by PISA with the average performance of a group of countries with models similar to Brazil ([parameter detailed explanation](#)).

² ANA is an external assessment tool that aims to assess the literacy levels in Portuguese (reading and writing) and Mathematics of students in Brazilian public schools.

³ The National Education Plan (PNE) of Brazil establishes as one of its goals that all students in the 3rd year of ES be literate.

⁴ The national index of education quality from Brazil, which ranges from 0 to 10.

⁵ Joinville had 7.2 for ES and 6.2 for MS; Blumenau had 6.4 for ES and 5.2 for MS; and São José had 7.0 for ES and 5.8 for MS ([SAEB, 2019](#)).

([SAEB, 2019](#)).⁶ It is also possible to observe a higher performance of students self-identified as white on the standardized tests than those self-identified as black,⁷ with an average gap of up to 10%, depending on the grade and subject. This difference persists even when we compare students with the same socio-economic status, with gaps ranging up to 6% depending on the grade.⁸ Grade retention⁹ is also higher among self-identified black students (30%) when compared to self-identified white students (18%)

- 1.5. To address these challenges, Brazil has defined a National Education Plan ([PNE](#)), which is reflected in the Florianópolis Municipal Plan of Education ([PME](#)). This project proposes actions for all targets¹⁰ that municipal departments have the autonomy¹¹ to implement and are associated with the determinants of the problems, detailed below.
- 1.6. **ECD coverage.** The rate of children from 0.5 to 3 years old enrolled in daycare is 50.9% (PME), which is below the 75% 2024 PME target. Among 5th grade students in Florianópolis, 58% of them declared they had started their studies at 6 years of age or older ([SAEB, 2019](#)), later than required by law.¹² This percentage is higher than the 31% for the state of Santa Catarina, and even higher than the national average of 26%.
- 1.7. **Full-time education coverage.** The PME also establishes that, by 2025, 50% of children in the Municipality should be enrolled in [full-time education](#) (more than 7h/day). In 2021, municipal ES had only 7% of students enrolled in full-time education, while municipal MS had only 4% of students enrolled in full-time education ([Sinopse Estatística da Educação Básica 2021](#)).

⁶ In the SAEB 2017 test, female students performed better than male students in Portuguese, with an average grade 10.35 points (4.8%) higher for the ES and 16.18 points (6.3%) higher for the MS. In the SAEB 2017 test, male students performed better than female students in Mathematics, with an average grade 5.92 points (2.6%) higher for the ES and 6.75 points (2.6%) higher for the MS. In many countries, gender stereotypes imply that males are more proficient in mathematics than women. These stereotypes can significantly impact girls, weakening their math learning, and harming their performance. This operation addresses ways of improving teaching methods and awareness of bias and stereotypes. ([OEL#13](#))

⁷ In the 2019 SAEB, self-identified white students performed better than self-identified black (*pardo* and *preto*, considered Afro-Brazilian) students, with an average grade in Portuguese 20.69 points (10.0%) higher for the ES, and 21.33 points (8.2%) higher for the MS. In the 2019 SAEB, self-identified white students performed better than self-identified Afro-Brazilian students, with an average grade in Mathematics 21.04 points (9.8%) higher for ES, and 23.50 points (9.2%) higher for MS.

⁸ In the SAEB 2019 test, self-identified white students performed better than self-identified black students in the subjects of Portuguese and Mathematics, even when comparing students from schools of the same socioeconomic level (NSE). In NSE 4 schools, white students scored 9.75 points higher (5.1%) in ES and 16.15 points higher (6.4%) in MS for Portuguese and scored 7.31 points higher (3.4%) in ES and 15.31 points higher (6.0%) in MS for Mathematics.

⁹ Age-grade distortion is the proportion of students who lag behind their age group by more than two grades.

¹⁰ PNE's objectives which municipalities have responsibility for are: 1) ECD coverage; 2) ES and MS coverage; 4) inclusive education; 5) literacy; 6) full-time education; and 7) learning at the right age.

¹¹ Brazil's constitution defines that the responsibility to offer education is shared among municipal, state, and federal governments. As a general rule, municipal departments are responsible for ECD and share the responsibility of ES and MS with states. States are responsible for high school and the federal government is responsible for higher education. The Federal government is also responsible for policy making and providing incentives for implementation.

¹² Federal Law No. 12.796, known as the Law of Directives and Bases of National Education (LDB).

- 1.8. **Lack of infrastructure.** Schools are at 97% occupation (*Sistema de Gestão Educacional*–SGE, SME). Moreover, a share of 51% of teachers report that classroom size is inadequate, or not very adequate (higher than the percentage for state schools, 32%, and the national average, 21%) ([SAEB, 2019](#)). Therefore, it is necessary to expand the existing infrastructure to increase access to ECD and full-time education.
- 1.9. **Limited and outdated learning and teaching practices.** The performance of students points to the need to strengthen teaching practices.¹³ 26% of SME's teachers consider themselves well prepared to apply information and communication technology in classes and 11% of teachers consider themselves well prepared to teach students with special educational needs ([SAEB, 2019](#)). SME teachers also demonstrated some counterproductive beliefs, such as 37% of them agreed that it is important to fail students when they do not present the expected learning level ([SAEB, 2019](#)).
- 1.10. **Poor infrastructure and furniture conditions limit teaching practices.** SME's teachers reported negative perceptions regarding infrastructure and furniture, such as 29% of teachers say they work with inadequate tables and chairs (state schools: 25%; national average: 19%); and 35% of the teachers said walls, ceiling, floors and doors are inadequate (state schools: 28%; and national average: 23%) ([SAEB, 2019](#)).
- 1.11. **Limited teacher training, outdated curriculum and lack of adequate materials.** In 2017, Brazil approved the new national standard of learning (BNCC) which requires the development of socioemotional and technology skills. SME has started the process to adapt its curriculum based on the BNCC but hasn't finished yet. After the new curriculum to be approved, the supporting policies (teacher training, evaluation, etc.) will need to be adapted as well (Pritchett, L., 2015). Additionally, regarding preparedness to teach students with special educational needs, only 11.1% of teachers consider themselves "well prepared", 58.3% of teachers declared themselves "reasonably prepared" and 30.6% of teachers declared themselves "insufficiently prepared" ([SAEB, 2019](#)). Finally, teachers don't have a supporting material to use at classrooms for each class.
- 1.12. **Process and systemic management inefficiencies.** The implementation of policies to expand access and improve the quality of education services demand strengthening the associated underlying management systems. According to the IDB SIGED assessment in Florianópolis carried out in 2019 ([OEL#9](#)), SME existing management processes were classified as "incipient", with an average score of 2. out of 4 points. The strategic management process was evaluated as "latent" with a score of 1.3 points. In this same evaluation, it was identified that SME-FLN systems are not interoperable, requiring manual inclusion of data across systems.
- 1.13. **Impacts of the Covid-19 pandemic on educational systems.** In addition to the problems mentioned previously, it is important to note that the Covid-19 pandemic

¹³ Teacher training is the single biggest factors in education quality and has been documented extensively in the literature (e.g.: Cruz-Aguayo, Hincapie and Rodríguez; 2020; Bruns and Luque; 2015).

had devastating impacts in Brazil. Within Brazil, schools were mainly closed for 267 days between March 11th, 2020, and December 31st, 2021 ([Abizanda et al, 2022](#)), and approximately 4.12 million students did not have access to online activities ([UNICEF, 2021](#)).¹⁴ Also, during this period, between 32% and 50% of students between 6 and 23 years old did not participate in learning activities or had no interaction with teachers ([Abizanda et al, 2022](#)). In São Paulo, one of the wealthiest states in Brazil, in 2020 students learned about 72.5% less than what is expected in a regular school-year and the dropout risk almost tripled; and the impact was higher on the most vulnerable.¹⁵ Additionally, during the pandemic, around 1.7 million students between the ages of 6 and 23 dropped out of school ([Abizanda et al, 2022](#)).¹⁶

- 1.14. **ProSocial.** To fight these and other challenges, the IDB approved a Conditional Credit Line for Investment Projects (CCLIP) called Social Spending Modernization Program in Brazil (ProSocial).¹⁷ with the goal of improving the efficiency of social sector expenditures. ProSocial has four pillars: (i) enhance the interoperability of social services data; (ii) promote the digital transformation of social services and management; (iii) strengthen planning capacities in sectoral institutions for better spending; and (iv) improve service delivery. These interventions require coordinated actions between different sectors (early childhood development, education, health, labor market and pensions) and between different levels of government (Federal Government, states and municipalities) in order to: (i) reduce costs by taking advantage of economies of scale in implementation; (ii) generate a consistent policy vision between different levels of government; and (iii) provide public services in an integrated way. ProSocial is a Multisectoral CCLIP under Modality II, as per applicable policy (GN-2246-13), comprising of actions for: (i) early childhood development, (ii) primary and secondary education, (iii) health; (iv) labor markets; and (v) pensions. The liaison institution is the Ministry of Planning and Budget. See [OEL#3](#).
- 1.15. ProSocial has the objective of (i) improving the quality of social services to citizens; and (ii) increasing operational and strategic management capacity to the sectorial level. This is the fourth individual operation under Prosocial and is aligned with ProSocial's objectives since it aims to increase the coverage and the quality of services for education supply and increase SME's operational and strategic management capacity. The operation aligns with the following ProSocial components: 2 "to promote the digital transformation of social services and management," by providing digital infrastructure and services at the school level; 3 "to strengthen planning capacities for sectorial institutions," by updating SME's management processes and systems; and 4 "improve service provision," by expanding basic education coverage and improving quality of education.

¹⁴ UNICEF study focused on school failure, school dropout and age-grade distortion in Brazil, with some sections focused on the impacts of the Covid-19 pandemic.

¹⁵ IDB study focused on the pedagogic impacts of the remote learning strategy used by a state department of education in Brazil during the pandemic.

¹⁶ This context will require specific actions to revert this scenario, such as individualized learning and campaigns to incentivize students to come back to school (IDB, 2022; and Lichand and Christen, 2021).

¹⁷ ProSocial (BR-O0009) was approved by Resolution DE-159/20 on December 16th, 2020.

- 1.16. **Program Strategy.** The program will: (i) expand access to ECD and full-time education by increasing infrastructure capacity; (ii) improve education practices by implementing the new curriculum, with effective/innovative materials, tools and training, and by improving existing infrastructure; (iii) decrease racial and gender biases, by providing specific teacher training and materials; and (vi) improve efficiency, by redesigning SME's systems and processes.
- 1.17. **Lessons Learned.** This is IDB's second operation with SME, which was also the executing agency of the "Project to Expand and Improve Early and Basic Education in Florianópolis" ([3079/OC-BR](#)). Said operation, approved in 2013 and with a loan amount of US\$58,860,000, had a similar scope as the present operation and (i) expanded coverage for ECD, ES and MS; (ii) improved quality of education; and (iii) modernized SME's systems and procedures to improve the decision-making process. The main lessons learned from this previous operation are: (i) there was resistance from teachers to use external evaluation processes, which will be addressed by engaging teachers in the design and implementation of these instruments, showing how these instruments can be useful, having a strong communication plan, as well as piloting these instruments and processes before scaling to all schools – Component 3; (ii) school buildings and expansions were delayed because building blueprints were not detailed and mapping was not appropriate, which will be addressed by standardizing blueprints for most schools, and ensuring Building Information Modeling (BIM) model and high-quality terrain mapping before bidding processes start – Component 1; (iii) SME had a good experience using Infant/Toddler Environment Rating Scale (ITERS) and Early Childhood Environment Rating Scale (ECERS), ECD assessment instruments, and they were well accepted by teachers; based on them, SME designed its own instrument which will be scaled to all schools in this new operation – Component 3; and (iv) processes and systems were updated considering each individual process, and this operation will focus on integrating the systems rather than optimizing each process—Component 3. There were three main challenges worth mentioning: (i) the impact indicators regarding students' performance didn't increased significantly, mainly because the learning loss generated by the COVID-19 pandemic; (ii) besides expanding infrastructure, the operation was not able to increase the share of students attending full-time education, because there was an increase of the number of students attending municipal schools; (iii) COVID-19 pandemic delayed some of deliverables requiring contract prorogation. This second operation with SME complements the previous one by: (i) further expanding vacancies for ECD, ES and MS (Component 1); (ii) expanding the use of digital resources through new digital devices/equipment and resources (Component 2) to allow for individualized learning and improve learning, even in school-closure scenarios; (iii) the rolling-out of the ECD evaluation system, based on the instrument developed in the Component 1 (Component 3); to further improve the quality of education; and (iv) integrating management systems (Component 3) developed in the previous operation to further improve efficiency.
- 1.18. IDB has other significant experiences working in Brazil and with related topics ([OEL#8](#)). Main lessons learned in these experiences are: (i) it is important to detail demand planning so that schools are built in the right place ([3079/OC-BR](#) and [2933/OC-BR](#)); in this operation, SME will consider the information available in the enrollment system which shows the number of students waiting for vacancies for

each specific schools and only build new or expand schools where there is demand – Component 1; (ii) when improving digital transformation programs, it is important to define a long-term strategy, defining the problems that technology will solve and how rollout will happen ([2260/OC-UR](#), [3225/OC-UR](#), [4290/OC-UR](#) and [ATN/OC-16379-RG](#)); in this operation, IDB will provide technical support SME to design this plan during the period between approval and signing, which in Brazil usually takes one year – Components 2 and 3; (iii) teachers' training is an effective way to decrease gender and racial biases ([ATN/MG-16890-RG](#)), and teacher training, alongside with communication campaigns, is the main strategy to avoid these biases, as detailed in [OEL#13](#) - Component 2; (iv) centralized systems are able not only to improve efficiency, but also decrease inequality by reducing differences on teachers' quality among schools ([ATN/OC-16230-RG](#) and [ATN/OC-17399-RG](#)), and teachers' allocation process was prioritized by SME for this project – Component 3; and (v) when using IDB's flexible methods to purchase innovative solutions, it is important to consider local regulations so that when the operation ends, local government will be able to purchase the innovative services by themselves ([ATN/ME-18603-BR](#)); Brazil's public procurement local law was updated and now allow for more innovative processes, which will be taken into consideration when designing the procurement of innovative solutions - Components 2 and 3.

- 1.19. **Strategic alignment.** The program is consistent with the Second Update to the Institutional Strategy (UIS) (AB-3190-2) and is aligned with the development challenge of Social Inclusion and Equality, by expanding students' access to high-quality education. It is also aligned with the cross-cutting themes of: (i) Gender Equality and Diversity¹⁸ by promoting actions to decrease learning gaps between boys and girls, and white and black and brown students (Component 2); (ii) Climate Change and Environmental Sustainability by financing climate change mitigation and adaptation measures in the design and construction of the schools, procurement of energy-efficient equipment, and adapting curricula and teaching practice so that students can develop skills and knowledge on sustainable development and climate aspects; and (iii) Institutional Capacity and Rule of Law, by improving SME's management processes and systems. Additionally, it will contribute to the Corporate Results Framework (GN-2727-12) with the following indicators: (i) students benefited by education projects; (ii) targeted beneficiaries of public services that have been adapted for diverse groups; (iii) value of investment in resilient and/or low carbon infrastructure; and (iv) agencies with strengthened digital technology and managerial capacity. According to the joint MDB methodology on climate finance tracking, 51% of total IDB funding for this operation will result in climate change mitigation activities ([OEL#2](#)). This contributes to the IDB's climate finance goal of 30% of combined IDB and IIC operational approvals by year's end 2023.

¹⁸ Additionally, the operation meets the requirements to be considered a Direct Investment in Gender and Diversity through having a specific objective and a component fully focused on gender and diversity (component 2).

- 1.20. It is also aligned with the strategic objective defined in IDB Group Country Strategy with Brazil 2019-2022 (GN-2973)¹⁹ to improve infrastructure as well as management and quality of spending in the health and education sectors, by improving coverage and quality of education and improving SME's management processes. It is also aligned with the three crosscutting themes: (i) gender and diversity by promoting inclusive teaching practice to reduce gaps; (ii) environmental sustainability and climate change by financing building works which are resilient and sustainable; and (iii) innovation and digital transformation, by increasing access to digital content and devices. The program is consistent with the Skills Development Sector Framework Document (GN-3012-3) in Lines of Action: (1) Ensure access to high quality and relevant learning opportunities throughout life, by expanding access to daycare and full-time education; (2) Strengthen quality and relevance assurance mechanisms, by improving SME's evaluation processes; and (4) Leverage the use of technology to increase equitable access to skills development opportunities and improve the efficiency of skills development systems, by providing digital contents, adequate infrastructure, and teachers' training to better use them. The program is aligned with the Gender and Diversity Sector Framework (GN-2800-13) and finances actions to close structural gaps in education and STEM, by meeting the differentiated needs of diverse groups and women by improving access and digital skills training (Line of Action 1). Additionally, the operation improves educational outcomes for Afro-descendants and girls by piloting and evaluating work with teachers using quality teaching methods that reduce bias and improved educational access using quality curriculums (Line of Action 2, Component 2). Finally, this operation complies with the alignment guidelines of the Employment Action Framework with a Gender Perspective (OP-2289-1; GN-3057) since it supports the talent pillar, developing teachers' skills to both improve teaching practices and decrease gender biases (Sub-component 2.1). The project includes a diagnosis of the limitations faced by teachers, actions to overcome these limitations, as well as relevant indicators.

B. Objective, components, and cost

- 1.21. **Objectives and components.** This project's general objective is to improve the quality of education in the Municipality of Florianopolis. Specific objectives are: (i) expanding school enrollment in ECD and full-time education; (ii) promoting effective and inclusive teaching and learning practices.
- 1.22 **Component 1: Infrastructure and Educational Access (Total: US\$66.66 million; IDB: US\$49.81 million; and Local: US\$16.85 million).** This component will contribute to the two specific objectives and will finance: (i) construction²⁰ of new ECD, ES and MS centers, a teachers' training facility, and

¹⁹ A new country strategy is under development. In the case the referred new strategy is approved before this operation is distributed to the Board of Executive Directors, this alignment will be adjusted.

²⁰ Improving access to schools improve education outcomes ([Dufo, 2001](#)). All new infrastructure will be designed to comply with the requirements of a green building certification, such as LEED, EDGE, AQUA-HQE or similar. See [OEL#2](#) for additional details.

- a Center for Inclusive Education;²¹ (ii) renovation and expansion of ECD, ES and MS centers,²² including new laboratories in existing schools; and (iii) new furniture and equipment for kindergartens and schools. All interventions will allow enrollment expansion and better training experiences.
- 1.23 A representative sample²³ of 30% in value of the specific works' cost was performed as required for Multiple Works Programs. SME conducted meaningful public consultations, finished on September 1st. Results presented in [OEL#10](#).
- 1.24 The eligibility criteria for works are: (i) not requiring involuntary resettlement; (ii) not corresponding to Category A works, as defined in the Environmental and Social Policy Framework (ESPF);²⁴ (iii) not being built in biodiversity or natural habitat areas or outside the municipal limit of Florianopolis; (iv) not classified as high disaster risk; and (v) proved demand for the appropriate size and cost of the work. Priority criteria are: (i) regions with higher demand; and (ii) more vulnerable regions.
- 1.25 **Component 2: Inclusive²⁵ and High-Quality Education (Total: US\$6.88 million; IDB: US\$6.88 million).** This component will contribute to specific objective 2 and is divided into two subcomponents:
- 1.26 **Sub-component 2.1: Effective and inclusive teaching practices and materials.** It will finance: (i) consulting services to: (a) identify gaps and causes for unequal educational outcomes by race and gender and potential biases in teaching practices and materials;²⁶ and (b) development of inclusive literacy and learning recovery programs,²⁷ which will allow the SME to adapt its policies for a more effective and inclusive training; (ii) the development of instructional materials in

²¹ Facility and equipment for training teachers to develop new practices for students with different types of special educational needs. Students who will attend this facility will be enrolled in regular schools, and only participate in activities in this facility some days per week or at a different time than regular schools. Practices developed in this facility will be shared to other teachers and rolled out to other schools, if applicable.

²² Rehabilitation and expansion of existing infrastructure will incorporate energy efficiency and water efficiency measures, that will contribute to CC mitigation. See [OEL#2](#).

²³ This sample has five new schools and one school expansion ([OEL#11](#)). These five new building works were selected because they are the most complex and are located across the city. Additionally, since expansions are less complex, only one was selected to the sample.

²⁴ <https://www.iadb.org/en/mpas/guidelines>

²⁵ Inclusive practices consider gender, race and disability.

²⁶ Particularly due to gender and race. The educational inequalities existing between different social groups are generally influenced by stereotypes, explicit or implicit, shared by society. Because of these stereotypes, some students may feel less motivated to participate in classes, and teachers may be influenced to treat students differently. Several studies have already addressed these impacts in relation to female students in Mathematics classes ([Del Rio; Strasser; Superreguy, 2016](#)), and in relation to Afro-Brazilian students in all classes ([Alves, 2014](#)).

²⁷ There is evidence such development and literacy can improve learning outcomes (Alvarez, Berlinski and Busso, 2019).

accordance with the findings on equality and inclusion from subparagraph (i);²⁸ and (iii) training for teachers and other professionals to improve the quality of education for all students with an emphasis on aspects of inclusive education for the most racially and gender vulnerable students.²⁹

- 1.27 **Sub-component 2.2: Effective and inclusive education through digital transformation.** It will finance: (i) consulting services to research, contract and implement digital learning strategies and solutions, with a focus to decrease gaps by race, gender or disability, so that SME will be able to implement effective and inclusive strategies; (ii) inclusive equipment and services for better connectivity for schools and students to increase access for all, with a focus on race and disability; (iii) equipment for school laboratories, such as inclusive makerspaces and robotics laboratories to diversify and expand access;³⁰ and (iv) inclusive and adapted digital tools for learning, such as platforms and learning management systems to allow individualized learning, especially for diverse students and students with disabilities.
- 1.28 **Component 3: Efficient Education Management (Total: US\$7.48 million; IDB: US\$7.46 million; and Local: US\$0.02 million).** This component aims to strengthen SME's institutional capacity to monitor, evaluate and manage processes to support improvements in all specific objectives. It will finance: (i) consulting services to adapt ES and MS local curricula, focusing on socio-emotional development and technology learning; (ii) consulting services and software development and licenses to adapt SME's processes and systems;³¹ (iii) informational campaigns to spread the benefits of education and engage students and their families;³² and (iv) pilots³³ to verify applicability of innovative

²⁸ This solution seeks to develop and provide structured lesson plans and teaching materials to be used by teachers during the school year. In addition to plans and materials, training is needed to guide them on their effective use in classes. This solution showed promising results evaluated in low literacy contexts, such as in Kenya through the [PRIMR initiative](#), which had an impact of up to 0.83 standard deviation on literacy outcomes, and an increase of 12.7 and 39.5 percentage points in the proportion of children with a sufficient level of literacy in the Kenyan language (Kiswahili).

²⁹ Studies show that teachers can have involuntary bias, having different expectations or requiring different engagement from girls to boys, and that it can impact on learning gap (e.g.: Carlana, M. 2017; Cimpian, J. R., Lubienski, et al. 2016; and Näslund-Hadley, E., et al. 2014). Recent study shows that simple actions can reduce this gap (Näslund-Hadley, E., et al. 2020).

³⁰ Technology adoption has shown significant improvements in learning. Online platforms showed significant improvements in math (Perera, M; Aboal, D, 2019), and LEGO for education, a makerspace, showed improvements in cognitive skills (Ponczek, V.; Pinto, C., 2017.).

³¹ Management systems should allow a complete and efficient management of the relevant processes at all the levels of the education system, incorporating new technologies ([Arias Ortiz et al., 2019](#)). A special focus will be given for: (a) improve interoperability between the SME's systems, and with systems of different departments; (b) a system to digitalize documentation and process; (c) system to manage technology infrastructure and connectivity; (d) a centralized process for teacher allocation ([Elacqua, 2021](#)); (e) strengthening the Environmental and Social capacity of the Executing Agency; and (f) platforms to monitor and evaluate ECD, ES and MS quality.

³² One of the reasons why children from disadvantaged backgrounds, especially, are less educated and enter the workforce at a younger age is because families lack information to make the right long-term investment decisions regarding education. This kind of solution have been previously developed in countries such as Chile, Madagascar and Peru, and have had a proven impact on learning and dropout rates (See for example: [Lichand and Wolf, 2022](#)).

³³ Pilots will be voluntary for teachers and principals, who will receive the intervention. After lessons learned, SME will decide whether to expand or not and the priority criteria for it.

management policies in Florianópolis, such as: (a) teachers' pedagogic strategies; (b) principals' management capacities; and (c) school cooperation program.³⁴

- 1.29 **Component 4: Program Administration (Total: US\$3.73 million; IDB: US\$3.65 million; and Local: US\$0.08 million).** The objective of this component is to coordinate and support the execution of the program, ensuring its development as planned. It will finance: (i) equipment and consulting and non-consulting services for the operation of the Program Management Unit (PMU);³⁵ (ii) monitoring and evaluation studies, related to the program development and its achievements and impacts; and (iii) external audit services.

C. Key results indicators

- 1.30 **Expected impacts and results for the program.** The main impact indicators are related to: (i) score in the Basic Education Development Index (IDEB); (ii) percentage of students concluding MS at the right age; (iii) age-grade distortion among self-declared Afro-Brazilian students; (iv) percentage of teachers with unconscious biases related to gender and race; and (v) and the attendance rate of female and self-identified Afro-Brazilian students. The main result indicators are related to: (i) number of students enrolled in vacancies due to daycares and schools built or expanded; (ii) percentage of students in full-time education; (iii) percentage of daycares with at least "adequate"³⁶ score in the ECD evaluation process; (iv) percentage of ES and MS students using the learning evaluation platform; (v) percentage of ES and MS students using digital pedagogical solutions; (vi) percentage of teachers using the developed materials for pedagogical support; (vii) percentage of teachers with certified training in unconscious bias; and (viii) the percentage of female and self-declared Afro-Brazilian students using digital pedagogical solutions. These and other indicators are included in the Results Matrix, with the respective segmentations for the different stages of education and population and will be used to monitor the results of this operation.
- 1.31 **Beneficiaries.** Direct beneficiaries of this operation are the 35,000 students enrolled in municipal schools in Florianópolis which will develop better abilities, including approximately 48% of girls, 3% who have some kind of disability and 23% who are Afro-Brazilian. Indirect beneficiaries are the 2,000 teachers and 123 school principals that will develop new skills.
- 1.32 **Economic Analysis.** The project has an Internal Rate of Return (IRR) of 13.97%. The main scenario considers as the main benefits the improvement of

³⁴ Considering the disparity between the results achieved among the schools with the largest/smallest Ideb in Florianópolis, it is important to institute a program of cooperation and sharing of good practices between schools. In the Brazilian context, the Ceará State's "Prêmio Escola Nota 10" program is a reference for this type of solution. Impact evaluations of the Ceará program showed that the Award positively affects the average learning of the awarded schools, when compared to the non-awarded ones, and improves the performance of the lower-performing schools supported ([Carneiro, 2015](#); [Koslinki et al, 2017](#)).

³⁵ Unit of coordination and monitoring of PRAEB IDB-2, responsible for ensuring the execution of the program with quality within the stipulated deadlines.

³⁶ Adequate will be defined after the pilot of the evaluation process which will be conducted prior to start-up mission.

graduate students' salaries and improvement of the students' mothers' salaries. To estimate the improvement on graduate students' salaries, the following factors were considered: expansion of full-time education enrollment (Domingues; Ruffini, 2021; Pires; Urzua, 2015), expansion of ECD education enrollment (Curi; Menzes-Filho, 2009; Gertler et al, 2014), acquisition of new school supplies (Card Kreuger, 1996; Jackson; Persico, 2015), and teachers training (Angrist; Lavy, 2001; Hampf et al, 2017). For the impact in the mothers' salaries, it was considered the time freed up for the student's mothers to work with extended school hours for their children (Barros et al, 2011; Berlinski et al, 2011; Berthelon; Krueger; Oyarzun, 2015; Cabrera; Sepulveda; Contreras; 2010; Cabrera-Hernandez; Padilla-Roma, 2019). Sensibility analyses were performed with different magnitudes for expansion of ECD and full-time education, different percentages of indirect benefits, different exchange rates, different employability rates, and other aspects. IRR varied from 9.20% to 17.60% ([OEL#1](#)).

- 1.33 **Non-financial value added.** IDB will add non-financial value in the following ways: (i) technical knowledge, especially in digital transformation theme; the experience with PlanCeibal in Uruguay and with procurement of innovative solutions in Brazil have positioned the Bank well for this type of project; (ii) flexible procurement processes will help the government to purchase not necessarily the cheapest solution, but the best relationship between cost, quality and speed; (iii) management and governance processes will help SME to keep the execution pace and improve the quality of processes; and (iv) evaluation studies which will be performed for this operation will help SME decide what to expand or change, such as teacher training to decrease unconscious biases and the information campaigns.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing Instruments.

- 2.1. The proposed financial instrument is an investment loan, structured under the Multiple-Works Program modality. The program meets the criteria for this modality: (i) the works are physically similar but independent of each other; (ii) the feasibility of the works does not depend on the execution of any particular number of the works projects; and (iii) the individual size does not warrant IDB's direct handling. SME has preliminarily identified regions with demand for more classrooms, which is detailed in the ESRS. The total amount of the loan will be US\$84.75 million, of which 80% (US\$67.80 million) will be financed by the IDB, with resources from its Ordinary Capital, and the remaining 20% (US\$16.95 million) corresponds to local counterpart.

Table 1. Summary of Program costs (US\$ millions)³⁷

Components	BID	Local	Total	%
Component 1: Infrastructure and Educational Access	49.81	16.85	66.66	78.7
<i>1.1 New Infrastructure Construction</i>	<i>33.34</i>	<i>16.85</i>	<i>50.19</i>	<i>59.2</i>
<i>1.2 Renovation and Expansion of Existing Infrastructure</i>	<i>13.47</i>	<i>-</i>	<i>13.47</i>	<i>15.9</i>
<i>1.3 Acquisition of Equipment and Furniture</i>	<i>3.00</i>	<i>-</i>	<i>3.00</i>	<i>3.6</i>
Component 2: Inclusive and High-Quality Education	6.88	0.0	6.88	8.1
<i>2.1 Effective and Inclusive Teaching Practices and Materials</i>	<i>2.35</i>	<i>-</i>	<i>2.35</i>	<i>2.8</i>
<i>2.2 Effective and Inclusive Education through Digital Transformation</i>	<i>4.53</i>	<i>-</i>	<i>4.53</i>	<i>5.3</i>
Component 3: Efficient Education Management	7.46	0.02	7.48	8.8
<i>3.1 Curriculum and Educational Management</i>	<i>2.34</i>	<i>-</i>	<i>2.34</i>	<i>2.8</i>
<i>3.2 Digital and Efficient Management</i>	<i>3.63</i>	<i>-</i>	<i>3.63</i>	<i>4.2</i>
<i>3.3 Improvement of the Evaluation and Monitoring System</i>	<i>1.49</i>	<i>0.02</i>	<i>1.51</i>	<i>1.8</i>
Component 4: Program Administration	3.65	0.08	3.73	4.4
<i>4.1 Program Management Unit (PMU)</i>	<i>3.05</i>	<i>0.08</i>	<i>3.13</i>	<i>3.7</i>
<i>4.2 Program Monitoring and Evaluation</i>	<i>0.55</i>	<i>-</i>	<i>0.55</i>	<i>0.6</i>
<i>4.3 Program External Audit</i>	<i>0.05</i>	<i>-</i>	<i>0.05</i>	<i>0.1</i>
Total	67.80	16.95	84.75	100

- 2.2. The disbursement period of the project is five years, with a disbursement flow as presented in Table 2. Details at [REL#1](#). The period for the physical start-up of the works included in the program shall be 42 months,³⁸ following the effective date of the loan contract.

Table 2. Yearly Disbursements (US\$ millions)

Source	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
BID	3.05	22.93	25.91	11.87	4.04	67.80
Local	11.75	3.78	1.40	0.01	0.01	16.95
Total	14.80	26.71	27.31	11.88	4.05	84.75
% Per year	17.47	31.51	32.21	14.03	4.78	100

- 2.3. Florianopolis' current fiscal rating is B³⁹ (satisfactory) with indebtedness and net savings classified as B and liquidity ratio A (excellent), allowing the municipality to receive the Federal Government's sovereign guarantee on loan financing. The municipality also shows a ratio of expenditure with personal below the limit imposed by the treasury.

B. Environmental and social safeguard risks

- 2.4. In accordance with the Bank's Environmental and Social Policy Framework (ESPF), and as confirmed by environmental and social studies prepared during the preparation phase, this multiple work operation is classified as Category B because the negative environmental and social impacts will be temporary and

³⁷ Subcomponent amounts are indicative and subject to change.

³⁸ Since building works may have less than 12 months of execution, it was proposed that works can initiate up to 18 months before the end of the original disbursement period..

³⁹ A qualification of A or B on the CAPAG index is necessary for the Federal Government sovereign guarantee.

localized, mostly preventable or can be mitigated through standard mitigations measures. The disaster and climate change risk classification is moderate. The dimensions of infrastructure for this program are considered Low to Moderate. This fourth operation of the CCLIP will finance the rehabilitation, extension and construction of schools and will likely generate non-significant environmental and social impacts through the application of a mitigation hierarchy and standard measures for infrastructure activities. In order to address the requirements set forth in the ESPF, the SME has prepared (i) an ESMS for the operation, in accordance with the provisions of ESPS 1, including an Environmental and Social Management Framework (ESMF) for the operation; (ii) an Environmental and Social Assessment (ESA) and Environmental and Social Management Plan (ESMP) for the sample infrastructure interventions; (iii) a Stakeholder Engagement Plan (SEP), and a Consultation Plan. In addition, the SME shall implement the ESMS.

- 2.5. A hybrid (virtual and presential) meaningful consultation was held on September 1, 2022. The SME developed a specific internet page within the website of Florianopolis City where the environmental and social documents were disclosed. The results of the consultation process demonstrate that this process was meaningful since (a) the SME prepared an exclusive internet page for its contents, within the site of the Florianopolis City Hall, where all program information was published, presentations on the program, and the social and environmental documents produced for the sample projects; (b) Invitations to participate in the consultation were published in the local newspaper and on SME's website. In all, 73 people participated, 52 women (71%) and 21 men (29%). The in-person consultation was well attended, and the participants agreed with the project, and no adjustments in the project was necessary. It is important to consider that, during the consultation, SME committed to holding focal meetings with each school community to address the characteristics of each school project.
- 2.6. The SME will utilize solar panels, and as such, requirements in reference to the indirect impact on child labour are outlined in the ESMS and ESMPs as well. These requirements are aligned with IDB's policies, including GN3062-1 (Measures to Address Risk of Forced Labour in the Supply Chain of Silicon-based Solar Modules) and measures such as the signing of a Declaration of Non-Use of Degrading or Forced Labor by the companies to be hired, and the inclusion of the company's workers in the complaints system for project workers. The selection of infrastructure to be rehabilitated, extended, and constructed has been finalized for this program and will cover various areas of Florianopolis.

C. Fiduciary risk

- 2.7. Overall, this project has a low fiduciary risk. A detailed institutional capacity assessment analysis was done to evaluate the executing unit's capacity. The analysis showed that SME has experience with IDB's processes, which reduces the existent fiduciary risks. To facilitate execution, a Program Management Unit (PMU) at SME will be created, considering the institutional capacity assessment recommendations, such as hiring an accountancy consultant, with experience with IDB policies, and hiring consultants to ensure the projects adherence to the social, environmental and labor security IDB's policy.

- 2.8. One medium high fiduciary risk was identified: (i) if a Financial Management System that does not fully meet the IDB's requirements is purchased, it will need to be customized, possibly generating delays in certification by IDB staff or even delays and/or errors in financial reports for disbursements and audits. To mitigate this risk, SME will identify the alternative suppliers for this system, and will define, together with the IDB, the methods, deadlines, and the terms of reference for contracting the system. Any demands for customization, maintenance, and technical assistance of the system will be included in the contract to be signed with the vendor.

D. Other risks and key issues

- 2.9. During the preparation stage, three medium-high (MH) and one high (H) risks were identified, divided in four categories: (i) Development. MH. Initiatives might be implemented without the expected reach and effectiveness, due to operational restrictions from lack of SME's staff. To mitigate this risk, the fixed UGP team will be dimensioned through an effort estimate to carry out the project demands. Additionally, program resources are being reserved for the hiring of individual consultants for punctual support; (ii) Institutional. MH. Initiatives might be delayed or implemented with reduced reach and effectiveness due to SME's turnover. To mitigate this risk, initiatives of knowledge management, such as preparation of procedures manuals, documentation of activities and preparation of technical notes about the initiatives will be carried out. In addition, if there are changes in the leadership of the SME or the City Hall, transition plans will be implemented to propose the continuity of the program; (iii) Politics. MH. Initiatives might be delayed or be implemented with reduced reach and effectiveness, due to SME's employee's resistance. To mitigate this risk, the PMU will have a communication consultant, responsible for the execution of the program communication plan, to promote engagement of SME's employees with the initiatives to be implemented; (iv) Macroeconomic. H. SME might have difficulties to execute the plan, due to financial constraints caused by an undervaluation of Dollar in relation to Real or inflation in Brazil. To mitigate this risk, the acquisitions and contracts most vulnerable to exchange rate fluctuations and inflation will be identified and executed as soon as possible. Also, budget will be set aside to support unforeseen financial situations.
- 2.10. **Sustainability.** PRAEB2 is environmental, economic, strategic, and operationally sustainable: (a) Environmental sustainability: the program aims to reduce the environmental impacts of the municipal system, based mainly on the implementation of infrastructure, equipment and sustainable practices in the educational units built and renovated. Resilient infrastructure will be implemented in educational units, to promote greater efficiency and less waste in water and energy consumption. Equipment for rainwater reuse and LED lamps, as well as natural lighting and ventilation practices, will also be implemented; (b) Economic sustainability: after the implementation of the program, it is expected that the cost will be compensated by: (i) economic benefits from the program (processes improvements, resilient and sustainable infrastructure, and lower repetition rates);

and (ii) increase in the federal transfers due to the new FUNDEB law.⁴⁰ It is important to highlight that the educational improvements promoted by the operation tend to improve the employability condition of young people in Florianopolis, promoting the economic development of the municipality; (c) Operational sustainability: a change management effort will be carried out to prepare the SME for the moment after PRAEB2. SME's teams will participate in the design of solutions, and will receive trainings, to get effectively prepared to conduct the initiatives autonomously; and (d) Strategic sustainability: Program's initiatives are also aligned with the targets from Municipal Educational Plan (see [OEL#12](#)), increasing the chances that the Municipality will develop follow-up activities to ensure continuity of initiatives when the financing provided by this operation finishes.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1. **Execution mechanism.** The borrower will be the Municipality of Florianopolis. The Federative Republic of Brazil will be the guarantor of the financial obligations of the loan. The executing agency (EA) will be the Municipality of Florianopolis, through its SME. SME will be responsible for the development, implementation and communication of the project's diverse initiatives, with the participation of its pedagogical and management departments, as described in the [POM](#). For the development of some of the project initiatives, the support of consulting firms or individual consultants is foreseen, as detailed in the [PEP/POA](#) and in the [Procurement Plan](#). A PMU, which will be created within the SME and detailed in the POM, will coordinate the execution of the program. A consulting firm will be hired to conduct the supervision of building works to increase control.
- 3.2. The Ministry of Planning and Budget, through the Secretary of International Affairs and Development (SEAID)⁴¹, is the liaison institution for the CCLIP. It will have the role of tracking results and requesting adjustments to the CCLIP's investments, if necessary.
- 3.3. The POM shall include, at minimum, the following definitions: (i) the detailed execution scheme; (ii) structure and organization of the PMU; (iii) roles and responsibilities of the entities involved; (iv) rules and procedures for the selection and contracting of works (See ¶1.21), goods, and services and for administrative and financial management; and (v) environmental, social, and occupational safety requirements for the operation.

⁴⁰ Law [14.325/2022](#) increased the amount that the federal government will transfer to state and municipalities to finance basic education, and established criteria that sub-national governments have to meet to receive more resources.

⁴¹ With the beginning of the new administration in Brazil, administrative changes have been implemented. The former Secretary for International Affairs (SAIN) has been replaced by SEAID, and the respective CCLIP agreement will be adjusted accordingly.

- 3.4. The infrastructure construction contracts will establish at least a one-year guarantee for possible hidden defects. Once the referred period has ended, SME will be responsible for guaranteeing and supervising the proper and adequate maintenance of the buildings. It is important that each project includes a preventive maintenance plan for the infrastructure to be delivered, including routine maintenance activities, as well as an agile and effective response mechanism for corrective maintenance of the facilities and their equipment.
- 3.5. **Reports.** 60 days following the end of each semester, SME, through the PMU, will be responsible for delivering to the Bank semi-annual reports, which shall include the information provided for in the [POM](#) approved by the Bank
- 3.6. **Special contractual conditions prior to the first disbursement.** The first disbursement of the loan shall be subject to the fulfillment, to the satisfaction of the Bank, of the following conditions: **(i) publication, in the Official Gazette of the Municipality of Florianopolis, of the adequate legal instrument creating the PMU, in accordance with the terms and conditions agreed upon with the Bank,** to facilitate project start up and execution; and **(ii) the approval and entry into force of the [POM](#), in accordance with the terms and conditions previously agreed upon with the Bank,** which will establish the operational details and procedures to be followed during the execution of the project.
- 3.7. **Procurement.** Procurement of goods works and consulting services to be financed with resources of the program will be carried out in accordance with the Policies for the Procurement of Works and Goods Financed by the Inter-American Development Bank (GN-2349-15); and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (GN-2350-15) (Annex III). See [REL#4](#).
- 3.8. The following contracts and direct selections are expected: (i) contracting of 5 key consultants for the PMU, which were selected competitively during the first phase of the project (3079/OC-BR). The contracts of said consultants are expected to be renewed. The need for renewal is justified by the fact that those positions involve activities that require knowledge of the structure, systems, operational standards, internal legal and accounting standards, and people within different areas of the municipality and their interrelationship with the standards (contracting justified based on paragraph 5.4 a) of GN-2350-15); and (ii) acquisition of the SAFF system, during the 5 years of operation from the company SoftPlan, based on the fact that the indicated system, in addition to being adapted to the demands of the IDB, is adapted to the internal norms of the SME/PMF, which would minimize the demand for customizations and new training, thus helping with continuity in the execution of this phase 2 (acquisition justified based on paragraph 3.7 of GN-2349-15).
- 3.9. **Audits.** Annual and final external audits of the program will be either performed by a firm of independent auditors acceptable to the Bank or by the Santa Catarina's State Control Agency (TCE-SC). The cost of the audits will be financed with program resources. The annual financial audit report of the program will be submitted by the borrower to the Bank within 120 days following the end of each program fiscal year. The final financial audit report of the program will be submitted

by the borrower to the Bank within 120 days after the date of the last disbursement or any extensions thereof.

- 3.10. **Retroactive financing and recognition of expenditures.** The Bank may finance retroactively with resources of the loan up to the amount US\$13,560,000 (20% of the proposed loan amount) and recognize up to the amount of US\$16,950,000 (100% of counterpart resources) in eligible expenses incurred by the borrower prior to the date of loan approval, provided that requirements substantially similar to those set out in the loan agreement have been met. For the purposes of retroactive financing, expenses may include consulting services (Components 2, 3 and 4). For the purposes of recognition of expenditures, expenses may include construction services (Component 1) and technology equipment and services. All the referred expenses must have been incurred after the approval date of the Project Profile (June 8th, 2022), and under no circumstances shall expenditures incurred more than 18 months prior to the loan approval date be included.

B. Summary of arrangements for monitoring results

- 3.11. **Monitoring.** Besides the reports mentioned in 3.5, external midterm and final evaluations of the program will be financed to assess the program's execution progress once disbursements reach 50% and 90%, respectively, and should be presented by SME to the Bank within 60 days after said percentages are reached. The borrower, through the PMU, will keep all relevant administrative information available to facilitate this review ([REL#2](#)).
- 3.12. **Maintenance.** After the completion of the first building financed by the program, and during the original disbursement period or any extensions thereof, SME shall submit a report regarding the conditions of the buildings and the equipment within them, as well as an annual maintenance plan. These reports should be presented to the Bank within 60 days after the end of each calendar year, following the completion of the first building as set out above.
- 3.13. **Impact Evaluation.** Three randomized control trials (RCT) evaluations will be carried out to support the program's effectiveness. The first RCT will estimate the impact of the training to decrease teachers' unconscious bias on female students' attendance. The second will estimate the impact of training regarding pedagogic practices. The last RCT will evaluate the impact of principals' managerial training in better outcomes ([REL#2](#)).

IV. ELIGIBILITY CRITERIA

- 4.1. This operation meets all the eligibility criteria defined in paragraph 3.5 of Annex III of document GN-2246-13 (CCLIP Policy) and in paragraph 3.9 of document GN-2246-15 (CCLIP Operational Guidelines): (i) an institutional capacity assessment of the proposed EA was performed, utilizing the Bank's applicable mechanism; (ii) the objective of this individual operation contributes to the achievement of the sectorial objectives of the CCLIP; (iii) the operation falls under the sectors and components defined under the CCLIP; and (iv) the Loan Proposal

includes actions in the areas of improvement identified by the institutional capacity assessment (as mentioned in paragraphs 2.7, 2.8, 2.9, 3.1 and in [OEL#4](#)). Additionally, this operation meets the criteria set out for individual operations in the CCLIP agreement signed between the Bank and the Federal Republic of Brazil, considering that: (i) the objectives of the CCLIP fall under the priorities defined in the IDB Group Country Strategy with Brazil 2019-2022; (ii) SEAID has the capacity to carry out the functions assigned to it in the CCLIP agreement; and (iii) the operation is contemplated in the sectors and components of the CCLIP, and contributes to its objectives.

Development Effectiveness Matrix		
Summary		BR-L1579
I. Corporate and Country Priorities		
Section 1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Issues	-Social Inclusion and Equality -Gender Equality and Diversity -Climate Change -Institutional Capacity and the Rule of Law	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	-Students benefited by education projects (#) -Targeted beneficiaries of public services that have been adapted for diverse groups (#) -Value of investments in resilient and/or low-carbon infrastructure (\$) -Agencies with strengthened digital technology and managerial capacity (#)	
2. Country Development Objectives		
Country Strategy Results Matrix	GN-2973	Improve management and the quality of spending and infrastructure in the health and education sectors
Country Program Results Matrix	GN-3154-1	The intervention is included in the 2023 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		7.0
3.1 Program Diagnosis		1.9
3.2 Proposed Interventions or Solutions		3.5
3.3 Results Matrix Quality		1.6
4. Ex ante Economic Analysis		10.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		1.5
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		2.5
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		1.0
5. Monitoring and Evaluation		8.3
5.1 Monitoring Mechanisms		4.0
5.2 Evaluation Plan		4.3
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium Low
Environmental & social risk classification		B
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, External Control. Procurement: Information System, Price Comparison.
Non-Fiduciary	Yes	Statistics National System, Environmental Assessment National System.
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	Exchange practice with PlanCeibal in Uruguay

Evaluability Note:

The general objective of the operation is to improve the quality of education in the Municipality of Florianopolis. The specific objectives are: (i) expanding school enrollment in ECD and full-time education; (ii) promoting effective and inclusive teaching and learning practices. The operation is structured in three components for a total of US\$ 84,750,000 (US\$67,800,000 from IDB and US\$16,950,000 from local resources).

Overall, the diagnosis is adequate and has a well-identified problem and clear determinants. The results matrix exhibits specific objectives, but it also includes some outputs that do not have a clear description within the vertical logic with regards to the specific objectives they seek to achieve. Not all indicators are SMART, some indicators lack baseline values (and a justification based on evidence for target values at the end of the project).

The economic analysis of the program is based in a Cost-Benefit Analysis (CBA), and the project's Internal Rate of Return (IRR) is 13.97%, ranging from 9.20% to 17.60% based on the sensitivity analysis. The program has a Monitoring and Evaluation Plan that specifies: (i) the minimum monitoring activities, (ii) impact and results indicators, data sources and verification protocols, (iii) the M&E budget. Impact and outcome indicators will be evaluated through the Before and After methodology (employing administrative data) to measure the theoretical contribution of the operation to the results achieved at closure. The project will hire in the future a consultant to work in three potential experimental evaluation to measure the causal attribution of the operation to the results achieved at closure.

Results Matrix

Program Objective:	The specific objectives for this operation will be (i) expanding school enrollment in early childhood development (ECD) and full-time education; (ii) promoting effective and inclusive teaching and learning practices. The achievement of these objectives will contribute to the general objective of improving quality of education in the Municipality of Florianópolis.
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GENERAL DEVELOPMENT OBJECTIVE

Indicators	Unit of measurement	Baseline	Expected year for achievement	Target	Means of verification	Comments
General development objectives: Improve quality of education in the Municipality of Florianópolis						
1. a) Score obtained for Elementary Schools (ES) from the municipal system in the Basic Education Development Index (IDEB) ¹	Points	6.0 (2019)	2028	6.8	Saeb, INEP	
1. b). Score obtained for Middle Schools (MS) from the municipal system in the Basic Education Development Index (IDEB)	Points	4.9 (2019)	2028	5.7	Saeb, INEP	
2. Percentage of students aged 15 years which have completed MS	(%)	97.6% (2017)	2028	99.3%	Education Census, INEP	
3. a) Age-grade distortion for ES students self-declared as “pretos” or “pardos”	(%)	5.5% (2019)	2028	3.0%	Education Census, INEP	Baseline is likely higher due to COVID-19. This indicator is associated with Flag Pro-Ethnicity
3. b) Age-grade distortion for MS students self-declared as “pretos” or “pardos”	(%)	17.1% (2019)	2028	10.0%	Education Census, INEP	Baseline is likely higher due to COVID-10. This indicator is associated with Flag Pro-Ethnicity
4. Percentage of teachers with unconscious biases identified through evaluation	(%)	TBD (2023)	2028	TBD	Teachers' evaluations of unconscious biases, SME	Evaluated through the use of testing such as the Implicit Association Test (IAT)

¹ The national index of education quality from Brazil, which ranges from 0 to 10.

Indicators	Unit of measurement	Baseline	Expected year for achievement	Target	Means of verification	Comments
(5.a) Average attendance rate of female students in the ES*	(%)	92,4% (2022)	2028	93,5%	SGE, SME	This indicator is associated with Flag Pró Gender
(5.b) Average attendance rate of female students in the MS*	(%)	96,1% (2022)	2028	97%		
(5.c) Average attendance rate of self-declared “pretos” or “pardos” students in the ES*	(%)	91,8% (2022)	2028	92,8%		
(5.d) Average attendance rate of self-declared “pretos” or “pardos” students in the MS*	(%)	95,8% (2022)	2028	96,5%		

SPECIFIC DEVELOPMENT OBJECTIVES

Indicators	Unit of measurement	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	End of Project	Means of verification	Comments
Specific development objective 1: Expanding school-enrollment in ECD and full-time education										
(i a) Number of students enrolled in new ECD vacancies	Students	N/A	40	80	340	550	720	720	Education Management System (SGE), SME	The new vacancies correspond to daycares construction works and expansion of daycare. However, building works that only enable the conversion of a regular teaching vacancy into a full-time teaching vacancy will not be accounted for in this indicator. This indicator is associated with CRF 2.1.
(i b) Number of students enrolled in new ES vacancies	Students	N/A	80	200	680	920	1350	1350		The new vacancies correspond to those created with school construction works and expansion of schools. However, building works that only enable the conversion of a regular teaching vacancy into a full-time teaching vacancy will not be accounted for in this indicator.
(i c) Number of students enrolled in new MS vacancies	Students	N/A	120	280	850	1200	1800	1800		The new vacancies correspond to those created with school construction works and expansion of schools. However, building works that only enable the conversion of a regular teaching vacancy into a full-time teaching vacancy will not be accounted for in this indicator.

Indicators	Unit of measurement	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	End of Project	Means of verification	Comments
(ii a) Percentage of students in the ECD who study full-time ²	(%)	48,32%	49.0%	50.0%	52.0%	54.0%	58.0%	58.0%	Statistical Synopsis - Education census, INEP	
(ii b) Percentage of students in the ES who study full-time	(%)	7.06%	9.0%	11.0%	13.0%	15.0%	20.0%	20.0%		
(ii c) Percentage of students in the MS who study full-time	(%)	3,71%	5.0%	7.0%	9.0%	11.0%	15.0%	15.0%		
Specific development objective 2: Promoting effective and inclusive teaching and learning practices										
(iii) Percentage of daycare centers from the municipal system which score adequate or better in the ECD evaluation process ³	(%)	TBD	TBD	TBD	TBD	TBD	TBD	TBD	ECD Quality Monitoring System, SME	This indicator is still without base and targets because the ECD assessment process will be fully developed during the project. However, a pilot of this evaluation process will be developed before the signature of the project, to make it possible to fill in these values of baseline and targets.
(iv) Percentage of ES and MS schools from the municipal system in which at least 80% of students have used the learning evaluation platform	(%)	N/A	N/A	N/A	25.0%	40.0%	60.0%	60.0%	Learning Management System (LMS), SME	
(v.a) Percentage of ES active students on digital pedagogical solutions platforms	(%)	N/A	N/A	30.0%	40.0%	50.0%	70.0%	70.0%	LMS, SME	

² Brazil's Ministry of Education considers that full-time education has a minimum workload of 35 hours per week, while standard education has a minimum workload of 20 hours per week.

³ ECD evaluation regards the quantifying the quality of processes in each ECD center. This indicator is considered a result indicator because the collection and analysis of data on daycare centers can not only lead to pedagogical and management improvements, but the availability of this information must be understood as a value in itself.

* Indicators related to the students attendance are still without baseline and target values. However, the baseline and target values will be measured and defined with SME-FLN, and included in the Resul Matrix, before signing for the project.

Indicators	Unit of measurement	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	End of Project	Means of verification	Comments
(v.b) Percentage of MS active students on digital pedagogical solutions platforms	(%)	N/A	N/A	30.0%	40.0%	50.0%	70.0%	70.0%		
(vi a) Percentage of ES teachers using the structured materials developed	(%)	N/A	0%	0%	40%	50%	65%	65%	LMS, SME	
(vi b) Percentage of MS teachers using the structured materials developed	(%)	N/A	0%	0%	40%	50%	65%	65%	LMS, SME	
(vii a) Percentage of ECD teachers certified training in unconscious bias component	(%)	0%	0%	0%	10%	20%	35%	35%	Teachers' evaluation of unconscious biases, SME	Continuing education certification with an unconscious bias component requires minimum class attendance and passing a test at the end of the course. This indicator is associated with Flag Pró Gender and Ethnicity
(vii.b) Percentage of ES teachers certified training in unconscious bias component	(%)	0%	0%	0%	10%	20%	35%	35%		
(vii.c) Percentage of MS teachers certified training in unconscious bias component	(%)	0%	0%	0%	10%	20%	35%	35%		
(ix.a) Percentage of girls active on digital pedagogical solutions platforms	(%)	N/A	N/A	30.0%	40.0%	50.0%	70.0%	70.0%	LMS, SME	This indicator is associated with Flag Pró Gender
(ix.b) Percentage of Afro-Brazilians active on digital pedagogical solutions platforms	(%)	N/A	N/A	30.0%	40.0%	50.0%	70.0%	70.0%		This indicator is associated with Flag Pró Ethnicity

OUTPUTS

Outputs	Unit of measure	Baseline Value	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Related Specific Development Objective	Observations
Component 1: Infrastructure and Educational Access (Total: US\$66.66 million; IDB: US\$49.81 million; and Local: US\$16.85 million)⁴											
(i)New schools in the “Escola do Futuro” model built with environmental certification delivered	Schools	0	0	0	2	2	0	4	Construction approval letter, IDB	SDO 1	See PME and OEL#2 for details. These indicators are associated with CRF 2.23.c.
(ii)New schools in the “Escola Tradicional” model built with environmental certify delivered	Schools	0	0	1	2	1	0	4			
(iii)New Daycare Centers built with environmental certify delivered	Centers	0	0	1	4	3	0	8			
(iv)New Continuing Education Center for Teachers built with environmental certify delivered	Centers	0	0	0	1	0	0	1	Construction approval letter, IDB	SDO 2	See PME and OEL#2 for details. These indicators are associated with CRF 2.23.c.
(v)Existing Daycare Centers renovated and expanded delivered	Centers	N/A	0	3	3	6	6	18	Renovation and expansion approval letter, IDB	SDO 1	See PME and OEL#2 for details. These indicators are associated with CRF 2.23.c.
(vi)Schools renovated and expanded delivered	Schools	N/A	0	0	4	3	3	10			
(vii)New Laboratories built in existent schools delivered	Laboratories	0	0	5	10	5	5	25	Delivery approval letter, IDB	SDOs 1 and 2	See PME and OEL#2 for details. These indicators are associated with CRF 2.23.c.
(viii)Center for Inclusive Education built with environmental certify delivered	Centers	0	0	1	0	0	0	1	Construction approval letter, IDB	SDO 2	See PME and OEL#2 for details. These indicators are associated with CRF 2.23.c.

⁴ The building works will be supervised by a specialized company, to be hired during the program, which will ensure compliance with the requirements defined in each respective executive projects.

Outputs	Unit of measure	Baseline Value	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Related Specific Development Objective	Observations
Component 2: Inclusive and High-Quality Education (Total: US\$6.88 million; IDB: US\$6.88 million).											
(ix)study delivered regarding causes of race and gender gaps	Studies	0	1	0	0	0	0	1	Approval letter, IDB	SDO 2	Study must include quali and quanti data and present specific actions to be implemented. This indicator is associated with Flag Pró Gender and Ethnicity
(x)reports about instructional materials developed	Instructional materials	0	0	0	2	0	0	2	Approval letter, IDB	SDO 2	Materials: (i) literacy and learning recovery program; and (ii) lessons plan developed (at least one for each subject and year, for the main abilities not developed)
(xi)Professionals trained in continuing education and unconscious biases reduction for gender and race	Professionals	0	0	0	200	600	800	1600	Teacher training monitoring system, SME	SDO 2	This indicator is associated with Flag Pró Gender and Ethnicity
(xii)report about research, purchase and implementation strategies for digital solutions	Reports	0	1	1	1	0	0	3	Reports delivered	SDO 2	Reports: (i) research of solutions; (ii) purchase strategy; and (iii) implementation strategy.
(xiii)Makerspaces and robotic laboratories equipped and ready to use delivered	Laboratories	0	0	5	10	5	5	25	Approval letter, IDB	SDO 2	See PME for standards for a laboratory to be equipped and ready to use.
(xiv)Report about research, contracting and implementation of digital pedagogical solution platforms	Reports	0	0	0	0	0	1	1	Approval letter, IDB	SDO 2	

Outputs	Unit of measure	Baseline Value	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Related Specific Development Objective	Observations
(xv) Schools and Daycare Centers equipped with connectivity delivered	Educational Units	0	0	78	35	0	0	113	Approval letter, IDB	SDO 2	
Component 3: Efficient Education Management (Total: US\$7.48 million; IDB: US\$7.46 million; and Local: US\$0.02 million).											
(xvi) New curricula approved	Curricula	0	0	0	2	0	0	2	Approval letter, IDB	SDO 2	Curricula: (i) ES and (ii) MS.
(xvii) Report about the literacy program of Florianopolis implemented	Reports	0	0	0	0	1	0	1	Approval letter, IDB	SDO 2	
(xviii) Report about the learning recovery program improvements implemented	Reports	0	0	0	0	0	1	1	Approval letter, IDB	SDO 2	
(xix) Report about the school cooperation program implemented	Reports	0	0	0	0	0	1	1	Approval letter, IDB	SDO 2	
(xx) Theory of Change for SME-FLN digital transformation	Theory of Change	0	0	0	1	0	0	1	Approval letter, IDB	SDO 2	
(xxi) Report about system architecture with interoperability	Reports	0	0	0	0	0	1	1	Approval letter, IDB	SDO 2	

Outputs	Unit of measure	Baseline Value	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Related Specific Development Objective	Observations
(xxii) Report about initiatives for management processes improvement	Reports	0	0	1	2	0	1	4	Approval letter, IDB	SDO 2	Initiatives: (i) system for IT and connectivity management; (ii) system for centralized teachers' allocation; (iii) improvement of documentation management; and (iv) diagnose and improvement of other management processes
(xxiii) report about informational campaigns implemented	Reports	0	0	1	1	1	1	4	Approval letter, IDB	SDO 2	Report must include an estimation of students targeted and a comparison of targeted students versus the average of demographic representation in SME
(xxiv) Report with recommendations about decentralized acquisition by schools	Report	0	0	0	1	0	0	1	Approval letter, IDB	SDO 2	
(xxv) Reports about initiatives for monitoring and evaluation	Reports	0	0	0	2	1	1	4	Approval letter, IDB	SDO 2	initiatives: (i) monitoring and evaluation platform for ECD; (ii) monitoring and evaluation platform for ES and MS; (iii) pilot to evaluate teachers didactic; (iv) pilot to evaluate school principals' technical skills
Component 4: Program Administration (Total: US\$3.73 million; IDB: US\$3.65 million; and Local: US\$0.08 million).											
(xxvi) semi-annual progress reports	Reports	0	2	2	2	2	2	10	Approval letter, IDB	N/A	Reports provided by the PMU to IDB

Outputs	Unit of measure	Baseline Value	Year 1	Year 2	Year 3	Year 4	Year 5	End of project	Means of verification	Related Specific Development Objective	Observations
(xxvii)intermediary evaluation	Reports	0	0	0	1	0	0	1	Approval letter, IDB	N/A	This evaluation will be started in the second semester of 2024, and concluded in the 2025
(xxviii)final evaluation	Reports	0	0	0	0	0	1	1	Approval letter, IDB	N/A	This evaluation will be started and concluded in 2027
(xxix)impact evaluations	Reports	0	0	0	0	0	3	3	Approval letter, IDB	N/A	Three impact evaluations are planned, as detailed in the Monitoring and Evaluation Arrangements document (REL#2)
(xxx)external auditings	Reports	0	0	1	1	0	1	3	Approval letter, IDB	N/A	

Country: Brazil

Department: EDU

Operation N°: BR-L1579

Year: 2023

ARRANGEMENTS AND FIDUCIARY REQUIREMENTS

Executing Agency: Municipal Department of Education from Florianópolis (SME-FLN)

Operation Name: Program for Expansion and Improvement of Early Childhood Education, and Elementary and Middle School in Florianópolis - 2nd Phase (Praeb2)

I. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

1. Use of the country system in the operation¹

<input checked="" type="checkbox"/> Budget	<input type="checkbox"/> Reports		<input checked="" type="checkbox"/> Information System	<input type="checkbox"/> National Public Tender (LPN)
<input checked="" type="checkbox"/> Treasury	<input type="checkbox"/> Internal Audit		<input checked="" type="checkbox"/> Price Comparison	<input type="checkbox"/> Others
<input checked="" type="checkbox"/> Accounting	<input checked="" type="checkbox"/> External Control		<input type="checkbox"/> individual Consultants	

2. Fiduciary Execution Mechanisms

<input checked="" type="checkbox"/>	Particularities of fiduciary execution	<p>The execution and administration of the Program will be carried out through the formal structure of the SME-FLN, through the Project Management Unit (PMU) that will report directly to the secretary. The PMU may be made up of public servants, municipal commissioners or professionals exclusively hired for the Project, in addition to being assisted by other secretariats of the Ministry and bodies of the Municipality of Florianópolis.</p> <p>A firm specialized in the supervision of works and projects will be hired to support the development of the operation, where consultants will be appointed to fulfill complementary functions to those required by the PMU.</p> <p>The contracting and acquisitions of the program will be carried out by the Operational Directorate of the SME-FLN, and will be operationalized through the Special Bidding Committee of the PMU, in the case of financing resources, or by the secretary of the Administration of the Municipality of Florianópolis, in the case of local counterpart resources.</p>
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3. Fiduciary Capacity

Fiduciary Capacity of the Executing Agency	The institutional evaluation for the fiduciary management of the program was prepared on the basis of: (i) the current fiduciary context of the country; (ii) the results of the evaluation of the main fiduciary risks; (iii) institutional analysis (PACI) ; (iv) previous experience in executing the Expansion and Improvement
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¹ Any system or subsystem that is subsequently approved could be applicable to the operation, in accordance with the terms of the Bank's validation.

	Program for early childhood and elementary education in Florianópolis (BR-L1329), a project with satisfactory execution; and (v) work meetings with the Bank's project team, the executing agency, and other state authorities. As a result, it is concluded that the evaluation of the fiduciary capacity of the Executing Agency is High.
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4. Fiduciary risks and risks response

Risk Taxonomy	Risk	Risk Level	Risk Response
Human Resources	If the executing agency does not have professionals with experience in the use of IDB fiduciary policies, there could be a delay in starting the program, which would generate higher costs and time for its implementation.	Medium-Low	For the risks associated with financial and procurement management, actions related to: (i) the continuous strengthening of the executing agency through training, assistance, and supervision by the Bank's fiduciary team; (ii) a Special Bidding Committee will be created for the program; (iii) incorporate the details of the financial requirements in the ROP; iv) the key personnel who participated in phase 1 will be identified for the continuation of their services in this second phase.
Systems	If the program's financial management system is not contracted at the beginning of execution, delays and errors may occur in the presentation of financial information, compromising or delaying the disbursement request.	Medium-High	Develop or hire a technological solution that allows managing the Program's accounting in US dollars and generating the financial reports required by the Bank, within a period of up to 6 (six) months from the date of signing the loan contract.

5. Policies and Guidelines applied to the operation: GN-2349-15 y GN-2350-15

6. Exceptions to Policies and Guidelines: No.

II. ASPECTS TO BE CONSIDERED IN THE SPECIAL STIPULATIONS OF THE LOAN CONTRACT

Exchange rate: For the purposes of the provisions of Article 4.10 of the General Standards, the Parties agree that the applicable exchange rate will be the one indicated in subsection (b)(i) of said Article. For purposes of determining the equivalence of expenses incurred in Local Currency charged to the Local Contribution or reimbursement of expenses charged to the Loan, the agreed exchange rate shall be the exchange rate on the effective date on which the Borrower, the Executing Agency or any other natural or legal person to whom the power to make expenses has been delegated, make the respective payments in favor of the contractor, supplier or beneficiary.

Type of Audit: The annual audited financial statements of the Program must be submitted to the Bank annually, no later than 120 days after the closing of each fiscal year of the executing agency, duly certified by the Court of Accounts of the State of Santa Catarina (TCE-SC), or by an independent

external audit firm acceptable to the Bank. The program's final audited financial statements will be submitted no later than 120 days after the date of the last current disbursement.

III. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

☒	Bidding documents	For procurement of Works, Goods, and Non-Consulting Services executed in accordance with the Procurement Policies (document GN-2349-15), subject to LPI, the Bank's Standard Bidding Documents (SDBs) or those agreed between the EO and the Bank for private acquisition. Likewise, the selection and contracting of Consulting Services will be carried out in accordance with the Consultant Selection Policies (document GN-2350-15) and the Standard Request for Proposals (SEP) issued by the Bank or agreed between the Executing Executive and the Bank for the particular selection. For bids below the international bidding limits, a procurement document will be developed to be agreed between the executing agency and the Bank. The review of the technical specifications, as well as the procurement terms of reference during the preparation of selection processes, is the responsibility of the project sector specialist. This technical review may be ex-ante and is independent of the procurement review method.
☒	Use of National Systems	The "Pregão Eletrônico" will be used for the acquisition of Goods and non-consulting Services in accordance with the approval of the Bank's executive board. The operation's Procurement Plan will indicate the contracts that will be executed through the national system within the approved scope. In the event that the scope of the approval of the Board of Directors for the use of the national system is extended, this will be applicable to the operation.
☒	Recruitment and Direct Selection	The following contracts and direct selections have been identified: (i) contracting of 5 key consultants for the PMU in the positions of Operational Advisors (3), Accounting Advisor and Legal Advisor, for the total amount of US 290 thousand dollars over 5 years of the project life. These were contracted competitively during the first phase of the project (BR-L1329) and their contracts are expected to be renewed in order to continue the management they had in the first phase. The executor bases the need for renewal on the fact that they are positions that involve activities that require knowledge of the structure, systems, operational standards, internal legal and accounting standards, and people within different areas of the prefecture and their interrelationship with the standards. and procedure of the Bank, knowledge and relationship already built that wants to be capitalized so as not to jeopardize the timely and correct performance of the operational processes that jeopardize the execution of the project. To this extent, contracting based on paragraph 5.4 (a) of GN2350-15 would be justified, which indicates that direct contracting of individual consultants is possible in the case of services that are a continuation of a previous job that the consultant has performed and for which the consultant was competitively selected; (ii) Acquisition of the SAFF system, during the 5 years of operation from the company SoftPlan for an amount of US\$140 thousand dollars. This contract is based on the fact that the indicated system, in addition to being adapted to the demands of the IDB, is adapted to the internal norms of the SME/PMF, which would avoid the demand for customizations and new training, thus helping with continuity In the execution of this phase 2, this being the case, the cause indicated in

		paragraph 3.7 of GN2349-15 would be configured since it is an existing contract, financed by the Bank, where no advantage can be obtained with a new competitive process and that the prices of the extended contract are reasonable. See justification presented by the executor in the following link .								
<input checked="" type="checkbox"/>	Previous Acquisitions and Retroactive Financing	Retroactive financing has been provided for up to US\$13,560,000 (20% of the loan amount) charged to the loan proceeds, and it is proposed to recognize up to US\$16,950,000 (100% of the loan amount) charged to the local contribution. of the estimated amount of the local contribution), eligible expenses incurred by the Borrower before the loan approval date, provided that requirements substantially similar to those established in the loan contract have been met. These expenses are related to construction services (Component 1), technology services and equipment, and consulting services (Components 2, 3, and 4). These expenses must have been made as of June 8, 2022, but in no case will expenses incurred more than 18 months before the loan approval date be included. In order to speed up the execution of the project, some works can be anticipated before signing the loan contract for amounts less than US 10 million. As these are national tenders, the executing agency will agree with the Bank on the bidding document that will be used, in order to comply with the Basic Procurement Principles, as provided in paragraph 1.11 of GN 2349-15, and to be eligible for financing.								
<input checked="" type="checkbox"/>	Procurement Supervision	<p>The supervision method will be ex post, except in those cases where ex ante supervision is justified. For procurement executed through the national system, supervision will be carried out through the country's national supervision system. The method ((i) ex ante, (ii) ex post or (iii) national system) of supervision must be determined for each selection process. Ex post reviews will be every 12 months in accordance with the Project Supervision Plan, subject to changes during execution. Ex-post review reports will include at least one visit. (The inspection verifies the existence of the acquisitions, leaving the verification of quality and compliance with specifications to the sector specialist) Physical inspection, chosen from the procurement processes subject to ex post review [10% of the Percentage of contracts physically reviewed]. The limit amounts for ex post review are as follows:</p> <table><tr><th>Executing Agency</th><th>Works</th><th>Goods/Services</th><th>Consulting Services</th></tr><tr><td>SME-FLN</td><td>US\$25 millions</td><td>US\$5 millions</td><td>US\$200 thousand Any value: individual consultants</td></tr></table>	Executing Agency	Works	Goods/Services	Consulting Services	SME-FLN	US\$25 millions	US\$5 millions	US\$200 thousand Any value: individual consultants
Executing Agency	Works	Goods/Services	Consulting Services							
SME-FLN	US\$25 millions	US\$5 millions	US\$200 thousand Any value: individual consultants							
<input checked="" type="checkbox"/>	Records and Files	The PMU will be responsible for the documentation process and the safeguarding of files for supervision and auditing purposes.								

Main Acquisitions

Acquisition description	Selection Method	Estimated Date	Estimated Value 000'US\$
Goods			
Acquisition of furniture and various equipment (several processes)	ADD (Acquisition Method X National Systems)	10/01/2023	US\$6,000
Works			
Construction of new school units (5 processes)	National Public Bidding (LPN)	11/01/2023	US\$43,000
Construction of Continuing Education Center	National Public Bidding (LPN)	01/01/2024	US\$3,500
Reform and remodeling (various)	National Public Bidding (LPN)	09/01/2023	US\$2,500
Non-Consulting Services			
Mapping, Selection, Hiring and Management of the Change of Digital Resources for Pedagogical Support	National Public Bidding (LPN)	01/01/2024	US\$650
Cost of Contracting Digital Resources for Pedagogical Support during the Pilot (4 different resources)	National Public Bidding (LPN)	07/01/2024	US\$800
Firms			
Works Supervision	Selection Based on Quality and Cost (QBCS)	11/01/2023	US\$1,300
Consultancy for Diagnosis of Existing Management Processes and Implementation and Development of Improvements	Selection Based on Quality and Cost (QBCS)	01/01/2025	US\$1,200
SME-FLN Systems Interoperability Consultancy	Selection Based on Quality and Cost (QBCS)	02/01/2025	US\$970
Diagnosis, Development of Improvements and Change Management of the Existing Learning Recomposition Program	Selection Based on Quality and Cost (QBCS)	01/01/2025	US\$415
Design and Change Management of the Cooperation Program between Schools for the Context of Florianópolis	Selection Based on Quality and Cost (QBCS)	07/01/2025	US\$450

Consulting to Design the Strategic Map, Theory of Change and Digital Transformation Change Plan	Selection Based on Quality and Cost (QBCS)	07/01/2024	US\$365
Consultancy for the Development, Implementation and Change Management of the Teaching Allocation Platform	Selection Based on Quality and Cost (QBCS)	01/01/2024	US\$440
Individuals			
Final Evaluation	Individual Consultant Selection (3CV)	01/01/2027	US\$100
Impact Evaluation	Individual Consultant Selection (3CV)	01/01/2026	US\$400

To access the [Procurement Plan](#)

IV. Accounts and Requirements for Financial Management

<input checked="" type="checkbox"/>	Programming and Assumption	<p>The Executing Agency, through the PMU, is responsible for coordinating the entire planning process for the execution of the activities, as provided for in the PEP and the POA. The entities of the municipality use planning instruments such as the PPA (Multi-annual Plan), the goals and priorities of the Law of Budgetary Guidelines (LDO) and the actions of the Annual Budget Law (LOA). The budget allocated to the activities of the Program forms part of this LOA. The executing agency team must guarantee that the budgetary resources for the program, both IDB and local contributions, are duly budgeted and ensured for annual execution in accordance with the program's Operational Programming and Financial Plan.</p>
<input checked="" type="checkbox"/>	Treasury and Disbursement Management	<p>Disbursements and Cash Flow. Disbursements will be made in United States dollars, under the modality of advances of funds or another modality established in the "Financial Management Guide for Projects Financed by the IDB" (OP-273-12). Advances of funds will be made on the basis of a financial plan generated for a period of up to 180 days. Except for the first advance of funds, subsequent ones may be processed once 80% of the total accumulated balance of advances has been justified. If necessary, the use of the flexibility established in the "Financial Management Guide for Projects Financed by the IDB" (OP-273-12) may be analyzed.</p> <p>The "Online Disbursement" electronic platform will be used to manage disbursements to the Bank.</p> <p>The Bank's resources will be managed through an exclusive bank account that allows the identification of the loan resources, and the carrying out of bank reconciliations of these resources.</p> <p>For the purposes of rendering accounts of the loan resources and the local contribution, the executing agency will use (i) the effective exchange rate at the time of conversion of the funds advanced in the currency of the operation to local currency, for IDB resources; and (ii) the effective exchange rate on the payment date for reimbursement of expenses and recognition of local contribution expenses. Expenditures considered</p>

		ineligible by the Bank must be reimbursed with resources from the local contribution or with other resources at the borrower's discretion and with Bank approval, according to the nature of the ineligibility.
<input checked="" type="checkbox"/>	Accounting, information systems and reporting	<p>The Municipality uses the Betha System, of obligatory use, which is administered by the Fazenda Municipal Secretary - SMF, which performs all the financial, accounting, and financial planning execution of the municipal operations.</p> <p>The system allows the extraction of accounting information to different environments. However, currently it does not allow the identification of the transactions under the Program with the characteristics required by the Bank - in the currency of the operation (US\$).</p> <p>Therefore, within a maximum period of six months from the signing of the loan contract, the executing agency must develop a financial management module integrated with the municipal system (BETHA) or acquire a system that allows the generation of the reports for the disbursement processes and the financial statements of the program, as well as the basic reports requested by the IDB.</p>
<input checked="" type="checkbox"/>	Internal control and internal audit	The internal audit function is realized by the Municipal Secretary of Transparency, Audit and Internal Control.
<input checked="" type="checkbox"/>	External control and financial reports	The external control of the Municipality of Florianopolis is exercised by the Court of Accounts of the State of Santa Catarina (TCE-SC). The external audit of the program may be carried out by the Court of Accounts of the State of Santa Catarina, or by an independent external audit firm eligible to audit operations financed by the Bank, according to Terms of Reference previously agreed between the borrower and/or the executing agency and the Bank, which may be adjusted throughout the life of the project depending on the results of Bank supervision.
<input checked="" type="checkbox"/>	Financial supervision of the operation	The financial supervision plan will emerge from the risk and fiduciary capacity assessments of the executing agency. These assessments will consider on-site and "desk" supervision visits, as well as the analysis and follow-up of the results and recommendations of the audits to the annual financial reports of the Program.