

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC22378

Project Name	Brazil -Salvador Social Project (P149496)
Region	LATIN AMERICA AND CARIBBEAN
Country	Brazil
Sector(s)	Sub-national government administration (20%), General education sector (25%), Health (25%), Other social services (25%), Urban Trans port (5%)
Theme(s)	Administrative and civil service reform (20%), Social Safety Nets/Social Assistance & Social Care Services (25%), Education for all (25%), Health system performance (25%), Urban planning and housing policy (5%)
Lending Instrument	Investment Project Financing
Project ID	P149496
Borrower(s)	Municipality of Salvador - Secretaria da Fazenda
Implementing Agency	Casa Civil Prefeitura de Salvador
Environmental Category	B-Partial Assessment
Date PID Prepared/ Updated	07-May-2015
Date PID Approved/ Disclosed	21-May-2015
Estimated Date of Appraisal Completion	24-Jul-2015
Estimated Date of Board Approval	08-Oct-2015
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

Municipality of Salvador Context

Salvador, capital of the state of Bahia, is the third largest city in Brazil, with a population of almost 2.9 million people (IBGE, 2014) and the twelfth largest municipal economy in the country (R\$38.8 billion in 2011, IBGE). Salvador concentrates approximately 19.2 percent of the State's population and 74 percent of the metropolitan region of Salvador, which comprises 13 municipalities. It has the second largest municipal GDP of the Northeast region after the Municipality of Fortaleza.

Salvador is characterized by relatively high levels of inequality compared with other state capitals of Brazil. In the last 50 years, the share of people living in cities doubled. The country's rapid

urbanization and decades of poor urban planning have led to high concentrations of poverty in urban areas, enduring inequality, insufficient access to basic services and public transportation, and settlement of poor populations in high risk areas. Moderate and extreme poverty rates in Salvador have declined by 71 percent and 66 percent, respectively, well above Brazil's national pace of 52 percent, leaving Salvador with 3.3 percent of extreme poverty and 7.2 percent of moderate poverty, slightly lower than other large cities in the Northeast (Recife and Fortaleza). However, Salvador is still the second most unequal city in the country, just behind Brasilia, with a Gini coefficient of 0.57 in 2012.

Sectoral and Institutional Context

Education. Salvador lags behind both the region and the country in Early Childhood Education (ECE) coverage, with crèche coverage of only 11 percent and a coverage at the preschool level (age 4-5) of 63 percent, mostly in private enrollment. ECE in Salvador is also characterized by poor quality, mainly caused by inadequate facilities, poor quality teachers and lack of a structured curriculum and M&E system. In primary education run by the Municipality, quality measured by the national performance evaluation system of public schools (IDEB) is low compared with other state capitals in Brazil. Salvador also presents the poorest results in terms of other quality measures of fundamental education, such as age-grade distortion, dropout, and promotion rates. Finally, the management of Salvador's educational system is inefficient due to low capacity to implement new education policies and establish an effective accountability system. There is substantial need for increasing coverage and delivering quality services in early childhood education and fundamental education in public municipal schools.

Health. Despite recent improvements in coverage of primary health care in the last two years, Salvador is lagging behind other capitals of Brazil, mainly caused by slow implementation of the Family Health Strategy (FHS). The FHS is a national initiative under the Unified Health System (Sistema Único de Saúde–SUS) which aims to reorganize the primary health care network in connection with secondary and tertiary care. The demographic and epidemiologic transition found in Salvador, resulting from aging and the increase in life expectancy has resulted in increasing infirmity due to chronic health conditions. By 2011, about 70 percent of all deaths in Salvador were attributable to Non-Chronic Diseases (NCDs) (cardiovascular diseases, chronic respiratory diseases, diabetes, cancer, and others), while unfavorable trends in most major risk factors show the need for additional action. Lack of timely diagnosis and treatment can produce productivity losses due to worker absenteeism, disability, and premature deaths; and can also generate high costs to the health system. In line with the National NCD Plan of Brazil, the Salvador Secretariat of Health has made its objective to improve the access and the quality of NCD health care, with emphasis on diabetes and hypertension.

Social Assistance. The management of social assistance in Salvador has limited capacity to change the conditions of service provision and coordinate the productive inclusion agenda in the city. The current organization of the municipal secretariat of social assistance suffers from a lack of planning and poor coordination among the different directorates, which reduces its capacity to manage the more integrated challenges of social assistance. As a result: (i) only 50 percent of CadastroUnico registries are updated, one of the lowest rates in all metropolitan areas of Brazil; (ii) verification of co-responsibilities of families of the Bolsa Família Program (BFP) is one of the lowest in Brazil, reaching less than 70 percent in Education and 30 percent in Health; and (iii) compared with national standards, Salvador has less than half of the number of Centros de Referência de Assistência Social–CRAS, hampering the provision of counseling and assistance to vulnerable

families.

Urban Mobility. Urban mobility in the Salvador metropolitan area is severely constrained by soaring car traffic, increasing commuting time (27 percent more from 1992 to 2012) which is generating substantial economic losses. Since 2013, The MOS has been undertaking functional and technical studies for transversal Bus Rapid Transit (BRT) corridors that would allow populations of underserved and poor neighborhoods to have better access to work and social services. In parallel, a public-private partnership contract was recently signed that will design, build and operate two additional metro lines (totaling 32 km).

Public Management. The MOS's ability to deliver quality services is constrained by its fragmented and outdated management practices. Lack of efficient management practices in the areas of human resource management and procurement, and limited monitoring capacity, critically hamper the Government's ability to deliver quality services and implement pro-poor policies. In response to this weakness, the MOS is preparing to introduce results agreements between the mayor and line secretariats, and in key service delivery secretariats between secretaries and the delivery units. A new Secretariat of Public Management (SEMGE) was established to coordinate streamlining reforms, human resources, procurement and asset management, while planning was centralized by the Mayor's office.

The MOS is implementing a Strategic Plan "Salvador-Building a new future 2013-2016" that focuses on improving access to and increasing quality of social services and modernizing public management practices. As part of the plan, a monitoring mechanism was created to track goals and support their implementation, and changes were introduced in the local tax revenue scheme to increase the Municipality's capacity to fund activities in prioritized sectors. The Municipality is financing its plan with various sources. Inter-American Development Bank (IADB) resources are being channeled to investments in tourism and cultural infrastructure. The tax administration modernization plan is under implementation with the support of the National Development Bank (Banco Nacional de Desenvolvimento Econômico e Social, BNDES). Finally, a BRT corridor will be constructed with the assistance of CEF (Caixa Econômica Federal).

The MOS has requested the World Bank's support to undertake integrated investments in support of its goal to increase access to and quality of social services and modernize the municipality's public sector management. The investment to be supported by the World Bank will complement ongoing municipal programs in the areas of education, health, social assistance and urban mobility, while increasing the capacity of MOS in modernizing processes and procedures, improving human resource management, and increasing evidence-based planning and decision making.

Relationship to CAS

The proposed Salvador Social Project is aligned with the Country Partnership Strategy (CPS) 2012-2015 (Report No. 63731-BR) discussed by the Executive Directors on November 1, 2011. This proposed operation is one of a number of sub-national DPLs and Sector Wide Approach (SWAs) projects designed to strengthen public sector management and service delivery, as an integral part of the Bank's Country Partnership Strategy in Brazil. The CPS states that its goal is for the Bank to contribute to Brazil's aim of faster, more inclusive and more environmentally sustainable growth, with macroeconomic stability. In this context, the proposed Project will contribute to the CPS strategic objective of improving quality and expanding provision of public services for low income households.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

25. The objectives of the proposed Project are to: (i) increase the access of families living in the Municipality of Salvador to education, health, and social assistance services; (ii) support the implementation of actions and systems to improve the quality of municipal services in the areas of education, health, and social assistance; and (iii) modernize the municipality's public sector management

Key Results (From PCN)

26. Progress towards meeting these development objective will be measured by a series of process, output and outcome indicators. A preliminary version of the Project result framework is included as Annex 3 - [to see the Annex 3 please check the full report under additional documents]

III. Preliminary Description

Concept Description

The proposed Project would be a US\$400 million Investment Project Financing (IPF) and would have two components. The first Component would provide support for the implementation of the Eligible Expenditure Programs (EEP), and the second Component would provide technical assistance to support activities financed in Component 1, including those involving design, implementation, monitoring and evaluation of results, urban mobility studies, and public sector evaluations. To this end, the proposed Project would follow: (a) a Sector Wide Approach (SWAp) under Component 1; and (b) a traditional investment approach under Component 2.

Component 1 – Support the implementation of Sector Strategies. This Component with a preliminary total of US\$370 million will provide support for the implementation of Eligible Expenditures Programs (EEPs) in selected sectors. The EEPs are a sub-set of existing budget programs in the education, health and social assistance sectors, which will be selected as priority programs. As with other SWAP projects in Brazil, the proposed Project would take a results-based financing approach for the implementation of agreed programs. Under Component 1, Municipal Secretariats of Education, Health and Social Assistance are expected to achieve specific results, which would then trigger disbursements. Thus, this Component will partially reimburse government expenditures in EEPs conditional on the achievement of disbursement linked indicators (DLIs). The preliminary Project design of Component 1 is organized around three Sub-components:

Sub-component 1.1: Education. This Sub-component would provide support for the implementation of EEPs in the following areas: (i) expansion of municipal ECE coverage and upgrading of facilities; (ii) strengthening students' assessment, monitoring and evaluation; (iii) improving teacher practice to guarantee literacy at the right age; and (iv) holding schools accountable for results.

Sub-component 1.2: Health. Focusing on diabetes and hypertension, this Sub-component would provide support to the implementation of EEPs in the following areas: (i) prevention of NCDs, and promotion of healthy life styles; (ii) detection and treatment of NCDs; and (iii) improved management of the local health system to address NCDs.

Sub-component 1.3. Social Assistance. This Sub-component would provide support for the implementation of EEPs in the following areas: (i) improving access to and quality of services of the Municipal Social Assistance network; and (ii) strengthening the monitoring of co-

responsibilities of BF and the management model of BSM.

Component 2 – Technical Assistance and Investment support. This Component would provide technical assistance to support activities financed in Component 1, including those involving design, implementation, monitoring and evaluation of results, the urban mobility studies, and the public sector evaluations. The preliminary design of Component 2 is organized around five Sub-components: (i) Education, (ii) Health, (iii) Social Assistance, (iv) Urban Mobility, and (v) Public Management. This Component will finance Consultant Services, Non Consultant services, Training, Goods and Operating Costs.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04			x
Forests OP/BP 4.36		x	
Pest Management OP 4.09	x		
Physical Cultural Resources OP/BP 4.11	x		
Indigenous Peoples OP/BP 4.10			x
Involuntary Resettlement OP/BP 4.12	x		
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

V. Financing (in USD Million)

Total Project Cost:	400.00	Total Bank Financing:	400.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			0.00
International Bank for Reconstruction and Development			400.00
Total			400.00

VI. Contact point

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