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Report No: PAD00127

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT
ON A
PROPOSED LOAN

IN THE AMOUNT OF US$280 MILLION

TO THE

STATE OF PARÁ

FOR A

SUSTAINABLE HUMAN DEVELOPMENT PROJECT IN THE STATE OF PARÁ

March 7, 2024

Education Global Practice
Latin America And Caribbean Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective {Feb 28, 2024})

Currency Unit =		
BRL 1	=	US$0.20
US$ 1	=	BRL 4.95

FISCAL YEAR
January 1 - December 31

Regional Vice President:	Carlos Felipe Jaramillo
Regional Director:	Jaime Saavedra
Country Director:	Johannes C.M. Zutt
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Task Team Leader(s):	Ildo Lautharte, Marcelo Becerra, Tiago Falcão, Arthur Bragança

ABBREVIATIONS AND ACRONYMS

CAR	Rural Environmental Registry *(Cadastro Ambiental Rural)*
BNCC	National Core Curriculum (*Base Nacional Curricular Comum*)
CEL	Special Bidding Committee
COP	United Nations Conference of the Parties on Climate Change
CPF	Country Partnership Framework
CRAS	Social Assistance Reference Centers (*Centros de Referência de Assistência Social*)
CREAS	Specialized Social Assistance Reference Centers (*Centros de Referência Especializados de Assistência Social*)
EE	Environmental Education *(Educação Formal de Meio Ambiente, Sustentabilidade e Clima)*
EWS	Early Warning System (*Sistema de Alerta Preventivo*)
FM	Financial Management
FTS	Full-Time schools
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GHG	Greenhouse Gas
IBGE	Brazilian Geographic and Economics Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística)*
IBRD	International Bank for Reconstruction and Development
IDEB	Basic Education Development Index *(Índice de Desenvolvimento da Educação Básica)*
IDHM	Municipal Human Development Index
INEP	Anísio Teixeira Institute (*Instituto Anísio Teixeira)*
IFR	Interim Financial Report
IPF	Investment Project Financing
MIT	Territorial Intelligence Module *(Modulo de Inteligência Ambiental)*
NDC	Nationally Determined Contribution
PDO	Project Development Objective
PEAA	Amazon Now State Plan Now *(Plano Estadual Amazônia Agora)*
PIU	Project Implementation Unit
POM	Project Operations Manual
PPSD	Project Procurement Strategy for Development
PRA	Environmental Regularization Program *(Programa de Regularização Ambiental)*
RMA	Monthly Registry of Services *(Registro Mensal de Atendimentos)*
SAEB	National Assessment of Basic Education (*Sistema de Avaliação da Educação Básica*)
SEASTER	State Secretariat of Social Assistance, Job, Labor, Jobs and Income
SEDUC	State Secretariat of Education
SEFA	Secretariat of the State Treasury (*Secretaria Estadual da Fazenda*)
SEMAS	State Secretariat of Environment and Sustainable Development (*Secretaria de Meio Ambiente e Sustentabilidade*)
SEPLAD	State Secretariat of Planning (Secretaria Estadual de Planejamento)
SISAN	National System of Food Security and Nutrition (*Sistema Nacional de Segurança Alimentar e Nutricional*)
SISPAE	State of Pará System of Education Assessment *(Sistema Paraense de Avaliação Educacional)*
SUAS	Unified Social Assistance System *(Sistema Único de Assistência Social)*
VIGISAN	National Survey of Food Insecurity in Brazil

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DATASHEET

BASIC INFORMATION

Project Beneficiary(ies)	Operation Name		
Brazil	Sustainable Human Development Project in the State of Pará		
Operation ID	Financing Instrument	Environmental and Social Risk Classification	
P500524	Investment Project Financing (IPF)	Moderate	

Financing & Implementation Modalities

[ ] Multiphase Programmatic Approach (MPA)	[ ] Contingent Emergency Response Component (CERC)
[ ] Series of Projects (SOP)	[ ] Fragile State(s)
[ ] Performance-Based Conditions (PBCs)	[ ] Small State(s)
[ ] Financial Intermediaries (FI)	[ ] Fragile within a non-fragile Country
[ ] Project-Based Guarantee	[ ] Conflict
[ ] Deferred Drawdown	[ ] Responding to Natural or Man-made Disaster
[ ] Alternative Procurement Arrangements (APA)	[ ] Hands-on Expanded Implementation Support (HEIS)

Expected Approval Date	Expected Closing Date
28-Mar-2024	30-Apr-2029
Bank/IFC Collaboration	
No	

Proposed Development Objective(s)

The Project Development Objectives are to: (i) improve social protection services and food security, (ii) improve learning, and (iii) promote forest conservation in the State of Pará, prioritizing the Marajó.

Components

Component Name	Cost (US$)
Component 1: Improving Social Protection Services and Food Security	125,000,000.00
Component 2: Accelerating Learning	125,000,000.00
Component 3: Standing Forests	90,000,000.00
Component 4: Project Management and COP 30	10,000,000.00

Organizations

Borrower:	The State Government of Pará
Implementing Agency:	State Secretary of Sociap Protection, Employment, Jobs and Income (SEASTER), State Secretary of Environment and Sustainability, State Secretary of Education (SEDUC)

PROJECT FINANCING DATA (US$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)?	No
Is this project Private Capital Enabling (PCE)?	No

SUMMARY

Total Operation Cost	**350.00**
Total Financing	**350.00**
of which IBRD/IDA	**280.00**
Financing Gap	**0.00**

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	280.00

Non-World Bank Group Financing

Counterpart Funding	70.00
Local Govts. (Prov., District, City) of Borrowing Country	70.00

Expected Disbursements (US$, Millions)

WB Fiscal Year	2024	2025	2026	2027	2028	2029
Annual	15.00	65.00	85.00	75.00	35.00	5.00
Cumulative	15.00	80.00	165.00	240.00	275.00	280.00

PRACTICE AREA(S)

Practice Area (Lead)

Education

Contributing Practice Areas

Social Protection & Jobs; Environment, Natural Resources & the Blue Economy

CLIMATE

Climate Change and Disaster Screening

Yes, it has been screened and the results are discussed in the Operation Document

SYSTEMATIC OPERATIONS RISK- RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	Low
2. Macroeconomic	Moderate
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	Substantial
7. Environment and Social	Moderate
8. Stakeholders	Moderate
9. Overall	Moderate

POLICY COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

[ ] Yes [✓] No

Does the project require any waivers of Bank policies?

[ ] Yes [✓] No

ENVIRONMENTAL AND SOCIAL

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
ESS 1: Assessment and Management of Environmental and Social Risks and Impacts	Relevant
ESS 10: Stakeholder Engagement and Information Disclosure	Relevant
ESS 2: Labor and Working Conditions	Relevant
ESS 3: Resource Efficiency and Pollution Prevention and Management	Relevant
ESS 4: Community Health and Safety	Relevant
ESS 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Relevant
ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant
ESS 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Relevant
ESS 8: Cultural Heritage	Relevant
ESS 9: Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank's due diligence assessment of the Project's potential environmental and social risks and impacts, please refer to the Project's Appraisal Environmental and Social Review Summary (ESRS).

LEGAL

Legal Covenants

Sections and Description

Schedule II. Section I. A. 1.(a) The Borrower shall establish and thereafter operate and maintain or cause to be operated and maintained (as applicable), throughout Project implementation, PIUs within SEASTER, SEDUC, and SEMAS with functions, resources, and (subject to paragraph (b) below) composition acceptable to the Bank, including a Key Staff, and as further detailed in the Project Operations Manual, to implement their respective parts of the Project as set out in Article III. Without limitation to the foregoing, each of the PIUs will be responsible for the overall coordination, administration, monitoring and evaluation of their respective parts of the Project, including, inter alia, technical aspects, financial management, procurement, and social and environmental management.
Schedule II. Section I.A. 1.(b) not later than 90 (ninety) days after the Effective Date, complete, in a manner acceptable to the Bank, the staffing of the PIUs as set out in the Project Operations Manual.
Schedule II. Section I. A. 1.(c) establish, and thereafter operate and maintain, or cause to be operated and maintained (as applicable), throughout Project implementation, a steering committee (the "Avança Pará Steering Committee"), based in SEPLAD, responsible for Project general coordination and oversight, strategic direction, inter-agency collaboration, monitoring progress, and with composition, functions and resources acceptable to the Bank, including a focal point, as further detailed in the Project Operations Manual. Without limitation to the foregoing, the Avança Pará Steering Committee will be responsible for: (i) organizing periodical meetings among the PIUs ; (ii) leading the official communication among the PIUs and the Bank; and (iii) compiling reports or any other documents related to the Project, and officially send Project related documentation to the Bank.
Schedule II. Section I. A. 1. (d) not later than (ninety) 90 days after the Effective Date, complete, in a manner acceptable to the Bank, the staffing of the Avança Pará Steering Committee as set out in the Project Operations Manual
Schedule II. Section I. A. 1.(e) maintain the inter-institutional arrangements with the Financial Institution and ensure that it provides Emergency Aids to the Eligible Families CTP, Productive Inclusion Grants to Eligible Families PIP, and BF Grants to the Eligible BF Families, all in accordance with the provisions of the Project Operations Manual.
Schedule II. Section I. A. 1.(f) not assign, amend, abrogate, or waive said inter-institutional arrangements with the Financial Institution related to the Cash Transfer Plus Program, the Productive Inclusion Grants Program, and the BF Grants Program, so as to affect materially and adversely, in the opinion of the Bank, the carrying out of the Project.
Schedule II. Section I. A. 1.(g) ensure, or cause to ensure (as applicable) that the collection, use and processing (including transfers to third parties) of any Personal Data collected under this Project shall be done in accordance with the best international practice, ensuring legitimate, appropriate, and proportionate treatment of such data.
Schedule II. Section I. A. 1.(h) (A) for purposes of implementing Parts 1.3(a)(i), 1.3(b)(iii), 1.3(b)(iv), 1.3(b)(v), 2.1 and 3.1 of the Project, carry out such Parts in accordance with the Grants Legislation, the Avança Pará regulatory framework and the Project Operations Manual, in a manner acceptable to the Bank; and (B) except as otherwise agreed with the Bank, not amend, suspend, abrogate, repeal, waive, or fail to enforce any provisions of the Grants Legislation, the Avança Pará regulatory framework and the Project Operations Manual, so as to affect materially and adversely, in the opinion of the Bank, the carrying out of the Project or the achievement of the objectives thereof
Schedule II. Section I. C. 1. The Borrower shall and shall cause the PIUs to ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.

Conditions

Type	Citation	Description	Financing Source
Effectiveness	Article IV.4.01.a	the PIUs have been established and its Key Staff appointed in a	IBRD/IDA

		manner acceptable to the Bank.	
Effectiveness	Article IV.4.01.b	the Avança Pará Steering Committee has been established and its Focal Point appointed in a manner acceptable to the Bank	IBRD/IDA
Effectiveness	Article IV.4.01.c	Project Operations Manual has been prepared, approved, and adopted in in form and substance satisfactory to the Bank.	IBRD/IDA
Disbursement	Schedule II. Section III.B.(a)	For payments under Category (2), unless the following conditions have been met: (i) the Borrower has issued the Cash Transfer Plus Program Legislation, establishing the Cash Transfer Plus Program making it fully operational in a manner acceptable to the Bank, and (ii) the Borrower has put in place inter-institutional arrangements with the Financial Institution to ensure the provision of Emergency Aids to the Eligible Families CTP; all in accordance with the POM and in a manner satisfactory to the Bank	IBRD/IDA
Disbursement	Schedule II. Section III.B.(b)	For payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed fifty six million Dollars (USD 56,000,000.00) may be made for payments made prior to this date but on or after the date falling twelve	IBRD/IDA

		(12) months before the Signature date for Eligible Expenditures under Categories (1), (5) and (7);	
Disbursement	Schedule II. Section III.B.(c)	For payments under Category (3), unless the following conditions have been met: (i) the Borrower has issued the Productive Inclusion Grant Program Legislation, establishing the Productive Inclusion Grants Program and making it fully operational in a manner acceptable to the Bank, and (ii) the Borrower has put in place inter-institutional arrangements with the Financial Institution to ensure the provision of Productive Inclusion Grants to the Eligible Families PIP; all in accordance with the POM and in a manner satisfactory to the Bank.	IBRD/IDA
Disbursement	Schedule II. Section III.B.(d)	For payments under Category (4), unless the following condition has been met: the Borrower has issued the Alfabetiza Pará Regulatory Framework to further regulate the Alfabetiza Pará Program and making it fully operational in a manner satisfactory to the Bank, all in accordance with the POM and in a manner satisfactory to the Bank.	IBRD/IDA
Disbursement	Schedule II. Section III.B.(e)	For payments under Category (6), unless all the following conditions have been met in respect of said expenditures: (i) the	IBRD/IDA

		Borrower has issued the BF Grants Program Legislation establishing the BF Grants Program, making it fully operational in a manner satisfactory to the Bank; and (ii) the Borrower has put in place inter-institutional arrangements with the Financial Institution to ensure the provision of BF Grants to the Eligible BF Families; all in accordance with the POM and in a manner satisfactory to the Bank.	

I. STRATEGIC CONTEXT

A. Country Context

1. **After a rebound from the COVID-19 crisis in 2021-2022, growth in Brazil remained solid in the first quarter of 2023.** Gross Domestic Product (GDP) grew 1.9 percent on a quarter-on-quarter basis, mainly driven by the strong growth in agriculture. Household consumption and government consumption registered 0.2 percent and 0.3 percent growth, respectively, due to the fiscal stimulus and income transfer support, and despite the monetary tightening and families' higher indebtedness. Consumer Price Index inflation moderated to 3.2 percent in June 2023, compared to 12.1 percent in April 2022, falling within the inflation target interval (3.25 percent with a +/-1.5 tolerance interval). The Brazilian Central Bank increased basic interest rates to 13.75 percent during 2022 and kept them stable during the first semester of 2023, but began to reduce them in the second semester. The 12-month current account deficit stood at 2.5 percent of GDP in June 2023, fully financed by net Foreign Direct Investment inflows of 2.6 percent of GDP. The exchange rate appreciated between 2021 and June 2023, from R$/US$5.58 to R$/US$4.82. The 12-month primary surplus of the public sector reached 0.24 percent of GDP in June 2023, compared to 1.3 percent of GDP in 2022.

2. **With the economic recovery, poverty is estimated to have fallen from 28.4 percent in 2021 to 24.3 percent in 2022.** A real increase in the minimum wage, combined with a major overhaul of the *Bolsa Família* program, are expected to further drive poverty down in 2023. Even further reductions may occur as the economy recovers but more robust investments in human capital are needed to reduce inequalities and vulnerabilities, despite these social gains. Before the pandemic, one in five Brazilians were chronically poor; the pandemic widened pre-existing inequalities, and today nearly half of Brazil's children are growing up in poor households.

3. **Food security has not, however, returned to pre-pandemic levels.** Data from the *Inquérito Nacional da Insegurança Nacional no Brasil* indicates that 33.1 million Brazilians suffer from food insecurity, representing an increase by 14 million people on pre-pandemic levels. According to the United Nations Food and Agriculture Organization of United Nations, 41.3 percent of Brazilian households face some degree of food insecurity, while other surveys reveal that 36 percent of households had no money to buy food in 2021.[1] Severe food insecurity also increased from 5.8 percent in 2018 to 15.5 percent in 2021, with a 1 percentage point (pp) increase representing around 2 million households in hunger.[2] Some subgroups were more heavily affected: two-thirds of food-unsafe Brazilians live in rural households, while 65 percent of households headed by Afro-descendants are food insecure.

4. **School closures during the COVID-19 pandemic led to a deepened learning crisis.** Estimates of learning losses for Brazil are striking: the 280 days that schools were closed on average generated losses equivalent to up to 12 years of learning.[3] Data from the *Instituto Anísio Teixeira* (INEP) shows that 56.4 percent of second graders were illiterate in 2021 (vs. 39.7 percent in 2019),[4] which represents an additional 1 million students. In primary education, the share of students below adequate learning levels in mathematics increased by 8.5pp for fifth graders. Data from UNICEF also revealed that, in 2022, around 2 million teenagers (ages 11-19) were out of school mainly due to work (48 percent) and difficulty in following lessons (30 percent).[5] Even before COVID-19, these numbers were higher in the North, where Pará is located, and showed the highest percentages of out of school children (4.3 percent).[6]

[1] Insegurança Alimentar no Brasil: Pandemia, tendências e comparações internacionais.
[2] https://olheparaafome.com.br/wp-content/uploads/2022/09/OLHESumExecutivoINGLES-Diagramacao-v2-R01-02-09-20224212.pdf
[3] https://www.educacao.sp.gov.br/wp-content/uploads/2021/04/Apresenta%C3%A7%C3%A3o-Estudo-Amostral.pdf
[4] Pesquisa Alfabetiza Brazil: https://download.inep.gov.br/alfabetiza_brasil/apresentacao_resultados.pdf
[5] UNICEF. Educação Brasileira em 2022 – a voz de adolescentes
[6] UNICEF (2021). *Cenário da Exclusão Escolar no Brasil*. https://www.unicef.org/brazil/media/14026/file/cenario-da-exclusao-escolar-no-brasil.pdf.

5. **Deforestation in the Legal Amazon increased significantly in recent years.** According to the National Institute of Space Research, an average of 11,400 km^2 of forests were lost in the Legal Amazon per year from 2019-2022. This number is roughly 80 percent higher than the average deforestation of 6,400 km^2 observed from 2011-2018. There is a growing concern that the Amazon is close to a tipping point where the forest starts to degrade indefinitely.

6. **Brazil has the 27th highest climate risk index score among 182 countries, making it highly vulnerable to natural disasters and extreme weather events.** In the state of Pará, excess rainfall and related floods and landslides, as well as forest fires, are the most frequent and disruptive climatic hazard events. This results in less water availability and extended droughts that could push 800,000 to 3 million people into extreme poverty by 2030. Continuing deforestation in the Amazon region as a whole remains a matter of urgent concern. Growth in deforestation has increased land use and land use change emissions, the main source of greenhouse gas (GHG) emissions in Brazil. Deforestation also increases temperatures in the Amazon, with negative consequences for the productivity, education, and health of the local population, and reduces rainfall in South America as a whole, with negative consequences to energy production and agriculture productivity in the whole continent.[7, 8]

The State of Pará Context

7. **The State of Pará has one of the lowest human development indexes in Brazil**. As part of the Legal Amazon, Pará has 144 municipalities and 8.1 million citizens, according to the Brazilian Geographic and Economics Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*, IBGE). The state has been ranked the fourth lowest in Brazil with 0.69 (out of 1) in the Municipal Human Development Index (*Índice de Desenvolvimento Humano Municipal,* IDHM).[9] Pará also has the fourth largest *Quilombola* and third largest indigenous populations, making it a vast, multicultural state.[10]

8. **The Integrated Region of Marajó (Marajó) is the most vulnerable region in Pará.** Located in the mouth of the Amazon river, Marajó has almost 600,000 inhabitants over a continental basin and more than 2,000 islands. Its main island (also named Marajó) has roughly 42,000 km², making it the largest coastal island in Brazil and is larger than the Netherlands and Belgium combined. If Pará is at the bottom of human development ranks in Brazil, Marajó is at the bottom of Pará's. Its average IDHM is 0.51, much lower than the state's IDHM. Three out of the ten municipalities with the lowest IDHM in Brazil are located in Marajó (including Melgaço which has lowest IDHM in the country, 0.418). Its size, isolation, and vulnerability are also reflected in the low technical capacity of State and municipal governments in the archipelago.

9. **Pará suffers persistent poverty and food insecurity.** The state has the fifth lowest average income in Brazil (US$350) and one of the highest income concentrations (Gini Index of 0.529). 47.4 percent of its households live below the poverty line of US$6.86. In Marajó, approximately 2 out of 3 citizens live in poverty, reflecting a lack of economic inclusion. In 2021, only 8.1 percent of 18-65 year-olds in Marajó had a formal job. As many as 30 percent of all households also experience hunger,[11] while food insecurity affects 90 percent of the poorest families.[12] In addition to the difficulties in accessing food and a formal job, Marajó also lacks drinkable water. Only 27.4 percent of its population has access to a reliable water supply.[13]

[7] Araujo (2023). *The Value of Tropical Forests to Hydropower*. https://rafaelcraraujo.github.io/assets/papers/Deforestation_rainfall_energy.pdf
[8] Araujo (2023). *When clouds go dry: an integrated model of deforestation, rainfall, and agriculture*. https://rafaelcraraujo.github.io/assets/papers/WhenCloudsGoDry.pdf
[9] IBGE (2010).
[10] IBGE (2021).
[11] World Bank estimations using LAC TSD/SEDLAC (2023) and PNADC data.
[12] II VIGISAN Report, 2022.
[13] Sistema Nacional de informações sobre Saneamento (SNIS), 2022.

10. **Two-thirds of students in Pará are learning poor, and a few attain adequate learning levels.** Economic poverty is coupled with learning poverty: 77 percent of 10-year-olds are unable to read a paragraph adjusted for their age. State assessments show that only 3 percent of learners are able to fluently read more than 65 words in one minute. At the secondary education level, the figures are even more alarming: only 1 percent of students in the state school network have adequate learning levels in mathematics. Overall, it is no surprise that a child born in Pará in 2019 will reach only 54.3 percent of his/her full potential by age 18.[14]

11. **The state of Pará is also a deforestation frontier.** Pará is the second largest state in Brazil, covering 30 percent of the Legal Amazon. Its size, combined with the expansion of the agricultural frontier, infrastructure interventions, and large-scale mining, have made Pará the state with the highest levels of deforestation in the Amazon. Almost half of all deforestation registered in the Amazon biome during the last ten years occurred in Pará, according to the National Institute of Space Research. Since 2018, the State government has been adopting policies to reduce deforestation and emissions (e.g., *Plano Estadual Amazônia Agora* and related policies). As a result, Pará became the only state in the Amazon to reduce its deforestation rate in 2022. In view of its location in the Amazon region, its social and human development challenges, and its prominent role in reducing deforestation, Belém (the state capital) was selected to host the 30th United Nations Conference on Climate Change Conferences (COP 30) in 2025.

B. Sectoral and Institutional Context

12. **To address these challenges, the Government of Pará requested World Bank support to promote Sustainable Human Development and Poverty Reduction in the state**. The Project aims to promote sustainable human development and poverty reduction through a multi-pronged approach composed of activities focused on increasing human capital levels and reducing poverty and food insecurity with a focus on environmental sustainability. These activities include support to strategies to accelerate learning in schools, training for microentrepreneurs (particularly those engaged in forest preservation), targeted cash transfers to vulnerable households (in particular, those engaged in forest conservation activities), and improved social protection services. By increasing productivity, reducing vulnerabilities, and increasing the returns of forest conservation, these activities are expected to help set Pará on a more sustainable development trajectory.[15] Additionally, the Project supports sustainability by enhancing service delivery through refurbishing schools, investing in social assistance services, modernizing systems used for monitoring environmental compliance, and improving connectivity of more isolated areas. The proposed activities will be grouped into three sectoral pillars for simplicity and will prioritize, but not be restricted to, Marajó.[16]

Improving Social Protection and Food Security

13. **The current availability of social assistance services is unable to meet the challenges Pará is facing, particularly in Marajó.** 67 percent of Pará's population is registered in the national database of economically vulnerable households (*Cadastro Único)*, while *Bolsa Familia,* the national Conditional Cash Transfer scheme, covers only 1.3 million families. Despite its substantial needs, Pará has only 262 Social Assistance Reference Centers (*Centros de Referência de Assistência Social*, CRAS), which provide basic social services to 217,000 families annually, meeting less than 10 percent of the estimated demand. The state also has Social Assistance Specialized Reference Centers (*Centros de Referência Especializado de Assistência Social,* CREAS) for families suffering human rights violations, violence, and neglect, but only 134 municipalities (out of 144) provide these services. In Marajó, there are only 22 CRAS and 16 CREAS.

[14] Brazil Human Capital Review (2022).
[15] This rationale is supported by previous work by the Bank on topics such as human capital, environmental protection, and economic growth (Brazil Human Capital Review (2022), Amazon Economic Memorandum (2023), Brazil Country Climate and Development Report (2023).
[16] Activities grouped under each pillar have different objectives and focus on different groups of beneficiaries. However, there are some similarities in scope and, in these cases, the secretariats responsible for the activities will work together to explore complementarities and learn from each other.

14. **The current CRAS provision is insufficient to enable entry into the Unified Social Assistance Service (*Sistema Único de Assistência Social*, SUAS) in Marajó.** The Federal Government's CRAS Development Index (ID CRAS)[17] indicates an average performance of 3.20 (out of 5) in Marajó, which indicates poor quality of service provision, especially in the 'active search' process aimed at the most vulnerable families and population groups (Figure 1).[18] According to the Monthly Registry of Services (*Registro Mensal de Atendimentos,* RMA),[19] which monitors the service quality of the CRAS network, municipalities in Marajó delivered 90,536 services in 2023 to 15 percent of the population. This low record mirrors the less than desirable structure, quality, and coverage of CRAS, especially for remote, hard-to-reach communities where geography is a major logistical barrier. Currently, Marajó has 12 field teams (household visitors) to actively look for vulnerable families in isolated communities. A substantial expansion of social assistance services will require considerable support and conditions.

15. **Pará has only three community 'kitchens' and one budget restaurant to safeguard food security of its population.** Food security facilities are unevenly distributed across the state and fail to meet local demand, particularly in Marajó. Around 80 percent of households in Pará are food insecure (Figure 2), due partly to the lack of coordination of food security policies: municipalities often implement distinct, conflicting strategies under the National Food Security System (*Sistema Nacional de Segurança Alimentar e Nutricional*, SISAN). Moreover, food insecurity is exacerbated by Marajó's limited access to drinkable water.

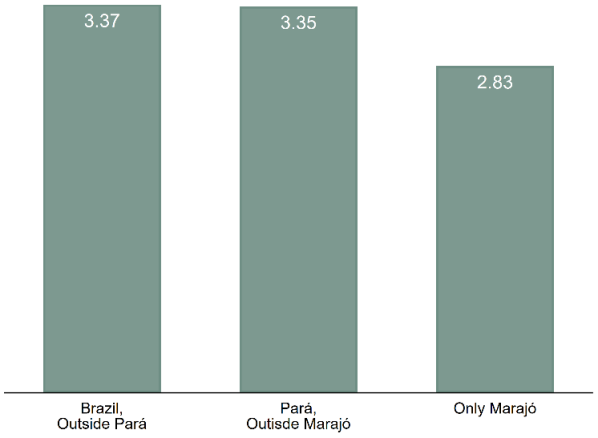
16. **Poverty, food insecurity, and pressure on social services is perpetuated without a clear productive inclusion policy.** Low numbers of formal jobs, the fact that most production is for self-consumption, fragile productive chains, and misinformation are recurrent hurdles faced by new entrepreneurs to set up businesses in Marajó. These people need assistance tailored to the specific dynamics of their economic activities, with a focus on environmental sustainability.

Improving Learning

17. **There are two main challenges to boosting learning in Pará: the low levels of foundational (basic) skills, and high student dropout rates.** The first challenge begins early in the school trajectory: eight out of ten second graders were below basic reading levels in 2022 (Figure 3). One grade later, three quarters of students are still behind in terms of literacy.[20] In Marajó, most students in second grade are still stuck at the 'pre-reading' stage. More seriously, they fail to improve in subsequent grades: only 13 percent perform at an adequate level in Portuguese language in the 9th grade. The second interlinked challenge is school dropouts. In Pará, 13.3 percent of students drop out of school in the first year of upper secondary education alone (Figure 4). About 30,000 15 to17 year-olds are out of school, partially due to the need for child labor in the harvesting season of Açaí nuts or other extractive activities.[21] Addressing these challenges requires a focus on effective, well-focused interventions to promote foundational skills in the early grades and to improve learning and prevent school dropouts at the lower and upper secondary education levels.

[17] The ID-CRAS is a synthetic indicator that seeks to measure, indirectly, the quality of services provided in CRAS. It considers three structural dimensions: physical structure, human resources and provision of services and benefits, compared with a national standard monitored by the Federal Government. Municipalities are directly responsible for the performance of the CRAS and for guaranteeing the structure of the units, with technical support from SEASTER.
[18] SEASTER/DAS. September; 2023.
[19] The RMA System records the number of consultations per month at CRAS and CREAS in Brazilian municipalities. The Federal Government makes federal financing of services conditional on the provision of up-to-date data. The RMA is available at: http://aplicacoes.mds.gov.br/snas/vigilancia/index2.php.
[20] INEP, 2016.
[21] Observatório do Plano Nacional de Educação, 2020.

Figure 1: CRAS Quality Service

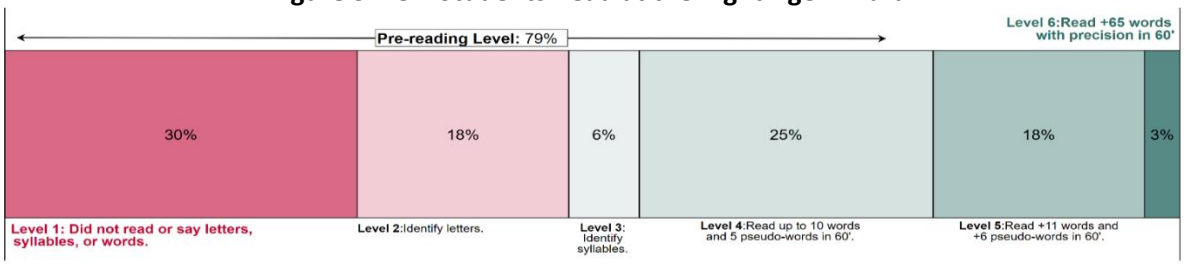


Source: IDCRAS, 2021

Figure 2: Food Insecurity in Pará

Source: II VIGISAN, 2022

Figure 3: Few Students Read at the Right Age in Pará[22]



18. **Foundational skills in the early grades in Pará are critically below the national average.** A child born in Pará completes, on average, 10.3 years of schooling. Taking the quality of education into account, this is equivalent to a mere 6.2 years of schooling, the worst performance among all the Brazilian states.[23] From an international standpoint, learning poverty in Pará is estimated at 67 percent, which is equivalent to that of countries such as El Salvador, Senegal, and Ecuador. The learning gaps start early: in 2019, 69 percent of second graders in Pará did not reach the expected minimum literacy level. This increased to 75 percent in 2021, according to the National Assessment of Basic Education Assessment System (*Sistema de Avaliação da Educação Básica*, SAEB). A 2023 learning assessment showed that 79 percent of grade 2 students are at pre-reading levels (Figure 3), meaning that only around 80 percent of students in second grade in Pará can, at the very least, identify letters. The dearth of early literacy policies in Pará, combined with high illiteracy rates, calls for urgent action to ensure that schools receive technical support to implement foundational learning programs.

19. **Low learning persists in the subsequent grades, contributing to school dropouts when students reach secondary education.** The second challenge in Pará is to implement appropriate policies to boost learning and prevent school dropouts, especially at the upper secondary level. Even before the COVID-19 pandemic, only 19 percent of all students in a typical 9th grade public school in Pará had adequate learning levels, according to SAEB 2019. Of the 9th graders who took the SAEB 2021, only 5.6 percent had an adequate level in mathematics; even worse, 42 percent had a level of knowledge of math equivalent to grade 3. In Portuguese, only 24 percent of 9th graders reached acceptable levels – well below the national average of 38 percent. Persistently low learning outcomes in Pará contribute to a lack of interest in school and

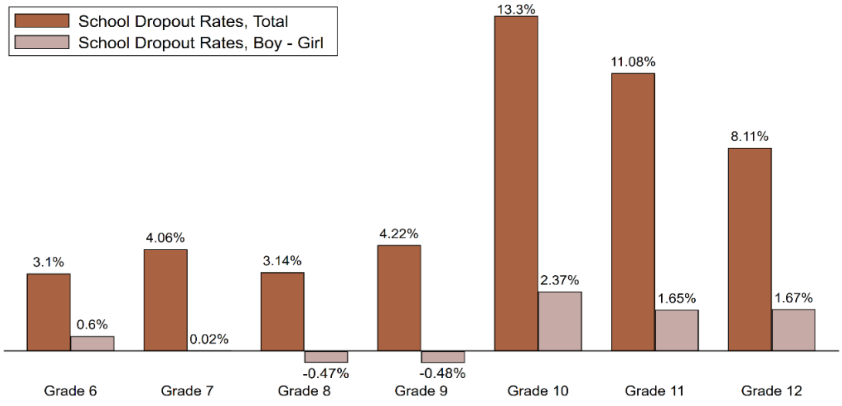
[22] Literacy Assessment Performed by CAED/UFJF, Second Grade, 2023.
[23] World Bank, 2022.

high dropout rates (Figure 4). This reflects evidence gathered throughout the country that the main reasons for school dropouts are difficulty keeping up with subject content, lack of interest in the subjects taught, and the need to work outside of school. Dropouts are particularly high when students transition from primary to lower secondary, and from lower to upper secondary. Coordinated strategies to address these issues in the school system are few or non-existent.

20. **Low learning and high dropout rates are also associated with a lack of access to properly equipped schools near to home.** Although the net enrollment rate in primary and lower secondary education is almost universal in Pará (96 percent), the state still faces challenges in upper secondary education, with only 66 percent of net enrollment - 11 percentage points below the national average.[24] A UNICEF survey found that about 50 percent of school-aged youths are out of school in Pará, the main causes, with students citing the difficulties accessing schools as the main reason, especially in vulnerable and hard-to-reach communities such as in Marajó. But even in existing schools, infrastructure fails to meet minimum quality standards. The Brazilian School Census highlighted, for example, that 73 percent of schools in the state have no access to treated water, while the national average is 30 percent. Another 16 percent lack toilet facilities, while the Brazilian average is of 6 percent. Few schools are eco-sustainable, and 60 percent harm the environment by, for example, burning their waste (in contrast to 23 percent nationally). Another 15 percent lack sewage facilities, with 79 percent using a pit. Pará has the fifth lowest number of 'full-time' schools (FTS) among the 27 Brazilian federative units – 7.3 percent compared to the national average of 27 percent. A key impediment to FTS expansion in Pará is inadequate school infrastructure and the lack of proper classrooms.

21. **Internet connectivity is insufficient or non-existent in most of Pará's school network.** Only 29 percent of schools in the state have broadband internet, against the national average of 64 percent. Out of the 450 schools with an internet speedometer installed, 97 percent have 'poor' or 'very poor' connection. The lack of connectivity and appropriate technologies delays the implementation of policies such as distance or hybrid- learning, particularly for isolated schools.

Figure 4: School Dropout Rates in Secondary Education in Pará, (Grade 6 - Grade 12), total and per sex, 2019



Reducing Deforestation

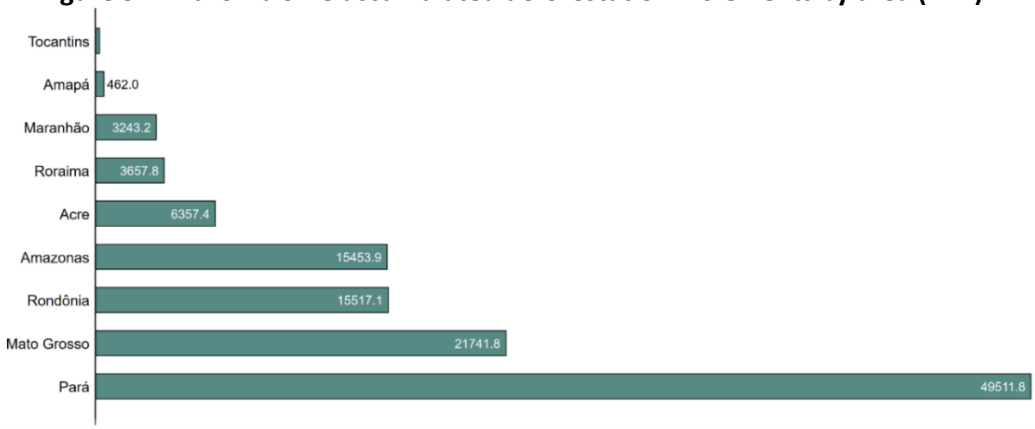
22. **Reducing deforestation is a political priority for Pará. Around 50,000 km^2 of forest has been lost in the state in the past ten years – more than any other state in the Amazon (Figure 5).** In 2020, the State launched the *Plano Estadual Amazônia Agora* (PEAA) to reduce deforestation and achieve net zero net GHG emissions by 2036. Given that the state

[24] Net enrollment rate, defined by INEP, corresponds to the share of the population between 15 and 17 years old that is enrolled or has completed upper secondary education. Source: INEP (2022). National Education Plan Monitoring Dashboard. https://www.gov.br/inep/pt-br/acesso-a-informacao/dados-abertos/inep-data/painel-de-monitoramento-do-pne

accounts for almost one fifth of the country's GHG emissions, reaching this goal would contribute significantly to fulfilling the objectives in Brazil's Nationally Determined Contribution (NDC). To reinforce the PEAA, Pará created the *Plano Estadual de Bioeconomia* in 2022 to promote a low-carbon economy by using forest resources in a sustainable way, as well as initiatives to promote land regularization (CAR 2.0) and track the production of timber and beef production (e.g., *Selo Verde*). These efforts led to Pará cutting back deforestation by 4,414 km^2 in 2022 – the only state in the Amazon to reduce deforestation from 021 – notwithstanding that its deforestation rate is still the highest in the country. Further progress will depend on providing incentives for populations in numerous 'collective' areas (conservation units, indigenous lands, *Quilombola* territories, land reform settlements, etc.) to conserve their forests, improving access to basic infrastructure, promoting bioeconomy activities, and increasing the state's capacity to monitor illegal activities. While these initiatives should apply to the entire state, they are particularly important in areas such as the Marajó.

23. **Protecting forests in collective territories in Pará reflects Brazil's determination to protect biodiversity and reach carbon neutrality.** There are more than 680,000 km2 of forests in the collective territories (excluding *Quilombola* territories) in Pará. These forests store more than 33,000 GT of carbon equivalent (15 years of national emissions) and are essential for preserving rainfall patterns in the central and southern regions of Brazil. However, they are under significant threat, with deforestation rates more than doubling in the last ten years,[25] and it is crucial to provide realistic incentives for people to preserve these forests. Payments for Eco-system Services programs have been widely used across the world to provide incentives for forest conservation. In Brazil, the *Bolsa Floresta* program in the state of Amazonas and the federal *Bolsa Verde* program have been regarded as effective in promoting forest conservation in the collective territories most threatened by deforestation.[26] Significant deforestation nevertheless continues in the state's collective territories and the state of Pará lacks programs to provide the required incentives to address this key issue.

Figure 5: Amazon biome accumulated deforestation increments by area (km²)[27]



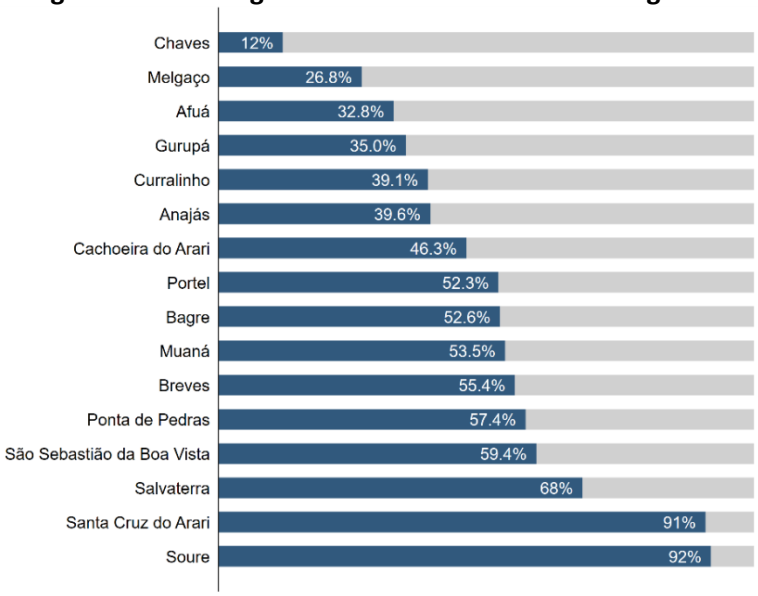
24. **Limited access to the internet is a significant drawback for people living in the collective territories.** Conservation units, *Quilombola* territories, and agroecological settlements are all affected to some degree by restricted internet access; when the internet becomes available, it also tends to be slow, intermittent, and expensive. Meanwhile, problems with reliable connectivity undermine the population's ability to access to essential services such as healthcare, education, and security. It also limits economic opportunities and slows efforts to promote and preserve cultural heritage and values. These limitations also make it difficult for communities to monitor their land areas, communicate effectively, or seek assistance in the event of land invasions and proliferation of other illegal activities. According to the IBGE 2018 survey, around 25.9 percent of households in the Legal Amazon lack internet coverage within their homes – considerably higher

[25] INPE, 2022.
[26] Cisneros et al. 2022; Wong et al. 2023.
[27] TerraBrasilis 2023.

than the national average of 7.5 percent of households.[28] In Marajó, this coverage is even lower (Figure 6).

25. **The state of Pará has substantial, but underutilized, potential in the bioeconomy sector,** due to the vast biodiversity of the Amazon biome and the presence of extensive forested areas, which favor the production of substantial amounts of forest-based items. The production, processing, transformation, and marketing of these items contribute value throughout the supply chain and generate income for those involved. With an average value of US$256 million per year, a variety of "forest compatible" products are distributed locally, nationally, and internationally. Nature Conservancy, the Inter-American Development Bank, and Brazil's *Natura* company revealed that in 2019, 30 non-timber forest products originating from Pará contributed around R$5.4 billion in added value – 2.8 times higher than the production value of the extractive sector, which generated R$1.9 billion. Despite this potential, economic activities such as forestry/fishing, and manufacturing account for only a modest share of the state's economy (1 percent and 4 percent, respectively). Meanwhile, low productivity cattle-ranching continues to be an important economic activity, despite being a major source of GHG emissions. 95 percent of overall GHG emissions in the state are linked to land use change (80 percent) and livestock production (15 percent).[29] This underscores the urgent need for the state to move towards an economic model that generates income, preserves the standing forests, and causes lower emissions than livestock production.

Figure 6: Percentage of households with 4G coverage in Marajó



26. **Existing environmental management systems are inadequate to effectively address the urgent challenges of deforestation.** The State Secretariat of Environment currently manages a number of systems for environmental licensing, land regularization, tracking timber, and livestock production. Given that the systems operate independently of one another, the lack of integration and automation reduces efficiency, and generates a backlog of land registration analyses and other important bureaucratic procedures. Poor coordination also undermines the quality of the data available to State Secretariat of Environment and Sustainable Development (*Secretaria de Meio Ambiente e Sustentabilidade*, SEMAS) units responsible for command-and-control activities on the ground. Meanwhile, integrating satellite monitoring tools with on-the-ground enforcement has been found to be effective in reducing deforestation,[30] and SEMAS data monitoring

[28] IBGE. Continuous Pnad. Supplementary Research Communication and Information Technologies. 2018.
[29] PlanBio. https://www.semas.pa.gov.br/wp-content/uploads/2023/01/Plano-Estadual-V9_pg-simple-2-1.pdf
[30] Assunção, Gandour, and Rocha 2022.

capabilities have improved. Since the introduction of the new government system CAR 2.0, the Secretariat has, for example, analyzed more than 277,695 land registrations.[31] However, other systems such as *Selo Verde* (Green Tagging of Producers), PRA 2.0 (Environmental Regularization Program), and Territorial Intelligence Module (MIT), all of which handle substantial amounts of data, still require substantial upgrading to be truly effective.

C. Relevance to Higher Level Objectives

27. **The proposed Project reflects the priorities of the World Bank Group's Country Partnership Framework (CPF) for the Federative Republic of Brazil for FY24-FY28,[32] and continues to be relevant in the Performance and Learning Review of the CPF (Report No. 143636, discussed by the Board of Executive Directors on May 24, 2022).** The CPF is built on three High Level Outcomes: (i) greater productivity and employment; (ii) greater inclusion of the poor and underserved populations; and (iii) a greener economy with reduced vulnerability to climate shocks. Component 1 "improve social protection services and food security" is aligned with the Objectives 1.3 (Improve labor market preparedness among the current and future workforce) and 2.1 (improve access to essential services and products). Component 2 "Accelerating Learning" relates to the Objective 2.1 (improve access to essential services and products), including the CPF Objective Indicator 1.3.1 (Percentage of 2nd grade students who are literate, disaggregated by gender) by promoting early literacy and foundational learning in public schools in Pará. In parallel, the construction and rehabilitation of schools in vulnerable areas intend to narrow "access gaps" to public education and are related to Objective 1.4 (Expand and modernize infrastructure). Activities under Component 3 "Standing Forests" align with Objectives 3.1 (Improve management of natural resources) and 3.3 (Promote green and resilient cities and communities). Component 3 is also consistent with the WBG Climate Change Action Plan 2021-2025[33] and 2050 targets to step up climate action to support countries in delivering and exceeding their Paris commitments. This component also conforms to the World Bank's strategy of supporting growth while focusing on sustainability and ensuring green, more-inclusive growth.[34]

28. **The Project is also consistent with Brazil's NDC.** Brazil is committed to reaching carbon neutrality by 2050. The country's current NDC commits to an unconditional reduction of 50 percent of its GHG emissions by 2030. In line with the targets established in the NDC, the Project's activities would have a negative impact on GHG emissions and would increase resilience to climate change. The Project will directly promote forest conservation through a Payments for Eco-system Services program for households living in collective territories, and, indirectly, by providing technical assistance for the development of sustainable businesses and including environmental subjects in the school curriculum. The Project will also directly increase resilience by providing assistance to vulnerable households and building more resilient schools.

II. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement

29. The Project Development Objectives are to: (i) improve social protection services and food security, (ii) improve learning, and (iii) promote forest conservation in the State of Pará, prioritizing the Marajó.

PDO Level Indicators

i. **PDO 1. Social Protection Services.** Number of families who are being supported or assisted by the Comprehensive Protection and Assistance Service (PAIF) in the Marajó region.

[31] https://www.semas.pa.gov.br/analisecar/carpct.php.
[32] The new CPF FY24-28 will be discussed at the Board on April 9, 2024.
[33] https://openknowledge.worldbank.org/handle/10986/35799.
[34] Toward a green, clean, and resilient world for all: a World Bank Group environment strategy 2012-2022. Washington, D.C.: World Bank Group.

ii. **PDO 2. Food Security:** Number of beneficiaries in the Productive Inclusion Strategy in Marajó.
iii. **PDO 3. Learning Acceleration.** Percentage of literate students at the right age in municipal and state schools in Pará.[35]
iv. **PDO 4. Environmental Education.** Number of trees planted by students from state public schools in Pará.
v. **PDO 5. Standing Forests.** Percent reduction in deforestation in the state of Pará.[36]

B. Project Components

30. **The objective of the proposed Project is to support the State of Pará's efforts to (i) improve social protection services and food security, (ii) improve learning, and (iii) promote forest conservation in the State of Pará, prioritizing the Marajó.** This Project has two valuable features. First, it prioritizes Marajó, which is the most economically and socially fragile area in the northwest of Pará. Second, it brings together three sectors: social protection, education, and environment, with a strong focus on promoting sustainable human development and poverty reduction by addressing basic needs, such as improving food security, fostering foundational learning and human capital, and protecting the environment in a region where livelihoods depend directly on the relationship between families and natural resources. The approach of investing simultaneously in social protection, education, and environment, in a specific area such as Marajó, generates the largest possible impacts, benefiting 550,000 people in 144 municipalities. This Project is thus a comprehensive and multidimensional project prioritizing one of the most vulnerable areas in the Legal Amazon.

31. **Component 1: Improving social protection services and food security** (US$125 million, of which US$100 million IBRD). This component will support SEASTER activities organized in three subcomponents: (i) Strengthen Social Assistance; (ii) Improve Food and Nutrition Security System; and (iii) Support Cash Transfer *Renda Marajó* and Productive Inclusion programs. All activities under this component will prioritize the Marajó.

32. *Subcomponent 1.1: Strengthen the National Social Assistance Services (Sistema Único de Assistência Social*, SUAS*)* (US$17.5 million IBRD). This subcomponent aims to expand and improve social assistance by providing technical support to municipalities; training SUAS state and municipal teams; modernizing the structure of the CRAS, CREAS, and mobile teams; and increasing care services for vulnerable groups.

i. Strengthening Social Assistance Surveillance: This activity will build institutional capacity to manage data, and monitor and evaluate social protection and food security networks in the state. The SEASTER will be equipped with new infrastructure, furniture, IT equipment, management systems, connectivity, and *Geographic Information System* software. In addition, new protocols, training, and studies will be developed. The decentralization of social assistance consists of allocating equipment, resources, and trained staff to the municipalities of the Marajó. In this activity the secretariat will seek to install the most sustainable and energy efficient available equipment.
ii. Regional Management Units: This activity consists of establishing a structure for technical support to municipalities, monitoring project activities, and liaison with other sectoral policies. Six modular units will be set up by SEASTER to allocate consultants, develop management activities, provide technical assistance, and support initiatives from Marajó.
iii. Monitoring and technical support to municipalities: This consists of planning and implementing activities that contribute to achieving the Project's objectives. A plan will be drawn up based on technical studies, performance analysis, and municipal management indicators, to provide training activities, technical supervision in the field, workshops, seminars, graphic materials, logistic costs, and specialized consultancy services.

[35] This PDO contributes directly to the corporate scorecard result indicator of "Millions of students supported with better education".
[36] This PDO contributes directly to the corporate scorecard result indicator of "Net GHG emissions".

iv. Training SUAS staff from the state and municipalities: This activity will support SEASTER to implement a Permanent Training Program to qualify municipal staff through the Pará SUAS School, including content on how to identify, register, refer, and monitor survivors of Gender-Based Violence (GBV). To achieve this goal, SEASTER will be equipped with a multimedia room, an auditorium, and a distance learning center. Online courses, innovative materials, and new methodological content will also be developed.

v. Structure Modernization: This activity will upgrade the structure of the CRAS, CREAS, and mobile teams by allocating equipment, providing vehicles, developing new protocols, providing connectivity, and training staff.

vi. Identifying vulnerable groups and review of service protocols and flows: This activity consists of carrying out diagnoses to identify groups, review service flows, develop intervention methodologies, prepare service protocols, and disseminate information through training and workshops. For this activity, SEASTER will partner with UN Agencies, specifically the International Labor Organization to strengthen the technical service capacity of the state and municipalities. In addition, strengthening SUAS will take an Adaptive Social Protection approach that includes initiatives to act in emergency situations and public calamities, especially those related to climate change and an Adaptative Social Protection approach.

33. *Subcomponent 1.2: Improve Food and Nutrition Security Systems* (US$17.5 million IBRD). Subcomponent 1.2 will improve policy coordination through local engagement of municipalities in the SISAN to build capacity and develop a state management system for food security. The Project will expand SISAN to all municipalities in the Marajó by installing food security centers and water harvesting systems.

i. Capacity building and coordination with municipalities to enroll in SISAN. This activity consists of structuring a SISAN management and monitoring system in Pará; providing technical support and infrastructure for municipalities to host municipal conferences; training local staff to prepare municipal food security plans; and fostering social participation in the municipal councils.

ii. Food Security Centers. This activity will involve the installation of 17 food security centers, one in each municipality of Marajó. The SEASTER plans to renew and adapt physical spaces and/or undertake modular installations, preferably in or close to state schools. These units would provide training courses on food preparation and good practices in food handling, food and nutritional education activities, and the storage and distribution of food from the *Programa de Aquisição de Alimentos*.[37]

iii. Water Harvesting Systems*:* This activity will install 270 micro collective water treatment stations to serve 5,400 riverside families in the municipalities within Marajó. These micro-stations will be installed using self-sufficient water collection technologies with a solar panel. The activity will also train target families on how to maintain these systems and prevent health issues related to the consumption of non-drinkable/untreated water through seminars and workshops.

34. *Subcomponent 1.3: Cash Transfer "Renda Marajó" and Productive Inclusion Programs* (US$65 million IBRD). This Subcomponent aims to generate income for vulnerable families, while prioritizing sustainable food production. It will reach 15,000 vulnerable families living in the Marajó region. It includes: (i) the new *Renda Marajó* cash transfer program, an emergency aid combining cash with a package of basic services to protect families exposed to hunger, violence, school dropout, child labor, and other basic human rights violations; and (ii) a productive inclusion strategy (*Fomento*) that provides technical support and financial incentives to improve productivity.

i. Cash Transfer "Renda Marajó." this activity consists of an emergency aid to 5,000 families amounting to R$200 per month per family. The benefit will be paid quarterly by the financial institution responsible for

[37] The Food Purchase Program (*Plano de Aquisição de Alimentos*), created by art. 19 of Law No. 10,696, of July 2, 2003, promotes access to food through the purchase of food produced by family farming, with no need for bidding, and allocates it to people in situations of food and nutritional insecurity served by the social services network and public facilities.

transferring cash to beneficiaries. Further details on the institutional arrangements with said financial institution will be included in the Project Operations Manual (POM). Beneficiaries will be selected using criteria related to food insecurity, poverty, and human rights violations, identified by the social assistance worker undertaking an active search of beneficiaries. CRAS personnel will assist families to formalize documents, register in the social registry (*Cadastro Único*), and gain access to social benefits and assistance. The *Renda Marajó* program will prioritize women that are heads of household, single mothers, and GBV survivors.

ii. Productive Inclusion Strategy. This strategy follows a hybrid model combining in-kind support and cash transfers. It will provide technical assistance to small businesses and a cash transfer for families to develop and/or implement a business plan. This activity will identify and map families participating in the production chain and the marketing of local products, and mobilize communities to engage with the program. Households will learn about the program, participate in a diagnostic that will classify the type of technical assistance and financial support available, and join in community activities. In addition, families under training will receive assistance to develop a household business plan, which will be monitored and financially supported for a maximum of 1.5 years. Beneficiaries will receive a maximum of three installments of R$2,300 each and/or in-kind support according to their business plan, designed to help structure their business activity. In terms of in-kind support, families will receive equipment and other inputs for production. The purchase of the equipment and inputs will be centralized in SEASTER, and an organization will be contracted to provide technical assistance to the beneficiaries for local installation. The Productive Inclusion strategy will benefit 10,000 vulnerable families. The payments will be made by a financial institution to be defined. Further details on the institutional arrangements will be included in the POM.

35. **Component 2: Improving Learning** (US$125 million, of which US$100 million IBRD). This component will support learning acceleration strategies in public schools in Pará via three Subcomponents: (i) expanding *Alfabetiza Pará*, an early literacy program; (ii) implementing learning acceleration policies in lower and upper secondary education, including environmental education; and (iii) building and renovating schools. It will benefit students from primary education in the entire state of Pará (with some activities prioritizing Marajó).

36. *Subcomponent 2.1: Promote Early Literacy at the Right Age* (US$7.5 million IBRD). This Subcomponent aims to promote literacy at the right age in primary schools in Pará, as the key pillar to improve learning, by supporting *Alfabetiza Pará*, a program inspired by the successful example of Ceará and offered by SEDUC to municipalities as they are the main providers of primary education (grades 1-5) in Brazil.[38] The subcomponent will finance materials, literacy kits, training, and decentralized teams to support local staff with program implementation, development, and monitoring. *Alfabetiza Pará* aims to make every student literate at the right age, i.e., by the end of second grade (or 7 years old). It first targets grades 1 and 2 as they constitute part of the literacy cycle in Brazil, but aims to expand the intervention to the whole primary cycle in the subsequent years, following the experience of Ceará. The program has three pillars that reinforce each other: (i) the distribution of structured pedagogical materials that prioritize foundational skills; (ii) regular training for teachers and school principals; and (iii) periodic learning assessments. The Subcomponent will support pillar (i) in Marajó by developing tightly structured materials for students and teachers from grades 1 and 2, and by providing literacy kits for students in primary education (pens, pencils, erasers, notebooks, and school uniforms). This sub-activity focuses on Marajó given the poverty level in the area and the difficulty faced by students of low socioeconomic levels to purchase materials and literacy kits. As regards pillar (ii), the Subcomponent will support the design and implementation of training for teachers, school principals, and municipal staff to implement *Alfabetiza Pará* at the local level. And, finally, pillar (iii) will be supported through the implementation of the standardized literacy assessments (*Sistema Paraense de Avaliação Educacional*, SISPAE) and a Rewarding Incentive mechanism for best-performing schools under SISPAE to encourage

[38] Andre Loureiro, Louisee Cruz, Ildo Lautharte, David Evans, 2020.

learning improvements. The incentives and implementation arrangements will be set out in the POM.

37. *Subcomponent 2.2: Accelerate Learning in Secondary Education* (US$15.5 million IBRD). This Subcomponent focuses on accelerating learning, and the related goal of preventing school dropouts, in state schools that provide lower and upper secondary education (grades 6-12). The Subcomponent leverages three strategies directed to students who are falling behind. It also supports the development of the environmental education curriculum in line with the goal of sustainable human development.

i. Targeted Instruction: this activity supports foundational learning of Portuguese and mathematics in secondary schools in Pará (grades 6-12), based on the *Teaching at the Right Level* approach.[39] Using this approach, schools organize students in small, homogeneous groups before assigning a tutor who will focus on instruction based on the skills that students need to develop, as established in the National Core Curriculum (*Base Nacional Curricular Comum*, BNCC). This will include: (i) implementing the state learning assessment SISPAE; (ii) developing structured materials for tutors and students per learning descriptor; (iii) teacher training; and (iv) providing learning kits for students in lower and upper secondary education in Marajó (pens, pencils, erasers, notebooks, and school uniforms), given its higher level of economic vulnerability.

ii. Socioemotional Initiative: this activity focuses on the development of socioemotional skills among students in lower and upper secondary education in Pará (grades 6-12). The initiative will be undertaken in schools during regular school hours using a platform, materials, and structured activities provided by SEDUC. The activities will concentrate on five socioemotional skills in the BNCC (self-management, self-awareness, social awareness, decision making, and sociability). Additionally, these activities will address gender norms and stereotypes that lead to GBV and its intersectionalities. The Subcomponent will support teacher training and the development of structured activities based on psychological theory and socioemotional skills in BNCC.

iii. Early Warning System (EWS): The EWS will help lower and upper secondary schools in Pará identify students at high risk of dropping out and act preventively while they are still in school. The activity combines administrative data from SEDUC and questionnaires to map students at low, medium, and high risk of leaving school prematurely. The mapping will consider factors such as learning gaps, socioeconomic vulnerability and child labor, gender-specific predictors (i.e., teenage pregnancy, sexual violence and abuse, child marriage and bullying), and exposure to climate-related events. The goal of the EWS is to establish preventive actions based on a set of common predictors of school dropouts. Since risk mapping will be disaggregated by gender, the preventive interventions are expected to help reduce the gender gap in school dropout rates in the state.[40] The Subcomponent will finance the establishment of the EWS platform, preparation of student questionnaires, and a study on 'anti-dropout' measures.

iv. Environmental Education (EE): Environmental Education is a SEDUC policy that introduces EE in all state schools in Pará. This policy has six pillars: making EE a mandatory subject in the school core curriculum (Law 9.981 of July 6, 2023); the expansion of EE to students in primary and secondary education; the direct transfer of resources from SEDUC to state schools to implement environmental plans; the creation of the Center of Innovation and Environmental Sustainability (*Centros de Inovação de Sustentabilidade Ambiental da Educação Básica*); Green School Tags (*Prêmio Escola Sustentável*) to recognize and reward EE practices; and a network of young leaders to advocate the sustainable agenda in the Amazon. The EE curricula includes topics of ecosystems, biodiversity, climate change and deforestation, Amazon geopolitics and economics, bioeconomic and entrepreneurship. Related to this policy, the Subcomponent will support: (a) teacher training on EE; (b) the development of digital materials for teachers and students; (c) the purchase of seedlings for students to plant; (d) the development of a guide of good practices in EE; and (d) the Green School Tag by organizing the annual event that rewards schools with the best practices in EE.

[39] World Bank (2023).
[40] The gender gap in the 2020 School Census showed 26.2 percent of girls in age-grade distortion, while among boys this rate reaches 39.5 percent.

38. *Subcomponent 2.3: Sustainable School Infrastructure* (US$77 million IBRD). This Subcomponent aims to build and renovate schools, and strengthen schools' technology infrastructure for teaching and learning. Based on a detailed mapping conducted by SEDUC in early 2023, construction and renovations are consistent with the National Education Plan, These will help reduce the number of out of school students in the state and improve learning, and establish at least one FTS in each municipality of Marajó,[41] to further contribute to a reduction in student dropout and improvements in learning, as shown by the literature.[42] Constructions and renovations will follow sustainability criteria, including employment of sustainable materials, installation of rainwater harvesting systems and adequate sewage, and will improve access to drinkable water. School constructions necessarily include the provision of drinkable water, especially with the use of artesian wells and cisterns. School renovations will be guided by a mapping of current conditions, and those that have issues with access to water will undergo works to ensure students have access to water and sanitation. Similarly, all construction and renovation projects include adequate bathrooms, which is expected to contribute to better school attendance, especially for girls. New and renovated schools will receive regular maintenance by SEDUC through its regular building maintenance programs. 50 schools will be built or renovated (15 new constructions and 35 renovations) in accordance with equity and replicability criteria. The construction and renovations supported by the Project complement SEDUC's own efforts to improve school infrastructure and expand FTS, as well as negotiations with the Federal Government to receive funding for school improvements in indigenous communities.

i. School Construction in Underserved Areas: The definition of an 'underserved' area considers municipalities with a higher number of students out of school in a given period, and with schools that have limited vacancies. By using these criteria, priority will be given to municipalities located in Marajó that have neither a state school nor an FTS. Underserved areas without state schools will also be considered even if they are outside of Marajó. The works will follow national standards for public school construction and will address sustainability aspects such as flooding, tropical storms, landslides, sewage disposal, waste burning, and other recurrent climate hazards in the region, using climate-resilient materials. The Subcomponent will finance the executive projects for schools, in line with sustainability requirements; the building of the 15 proposed new schools; and a supervisory firm to ensure the construction projects are implemented.

ii. School Renovations: This activity aims to expand local school networks, including FTS, by renovating schools in areas with insufficient school coverage to reduce the demand for new constructions in Marajó and municipalities with neither a state school nor an FTS. These renovations will also focus on preventing the impacts of natural disasters (such as floods and tropical storms) and making better use of the existing school network. The renovations will consider sustainability aspects such as adequate sewage disposal, reduction of waste burning, and the use of climate-resilient materials. The Subcomponent will finance the renovation of 35 schools and the hiring of a supervision firm to provide oversight, especially to ensure timelines comply with the executive projects.

iii. Distance-mediated Learning: This activity aims to expand distance-mediated learning to isolated communities in Marajó and municipalities with no state school. This is a complementary strategy to the construction and renovation of schools outlined above. It will provide literacy teaching at the right level to students living in schools in hard-to-reach areas, as well as delivering SEDUC learning acceleration and other programs to students where no state school is yet available in the short term. The Subcomponent will also finance the rehabilitation of school classrooms (up to R$100,000 each) and the installation/maintenance of the distance-mediated learning kits (purchased by SEDUC) in the schools. These kits are "distance-mediated" because they allow not just one-way transmission of content but also interaction between teachers, students, and experts. The equipment can also support teacher training and transmit pertinent content when a specialist is not

[41] More details will be provided in the Operations Manual.

[42] Holland, Peter; Alfaro, Pablo; Evans, David K. 2015. Extending the School Day in Latin America and the Caribbean. Policy Research Working Paper; No. 7309. © World Bank, Washington, DC.

available. By 2028, SEDUC envisages that at least 1,000 schools will offer technology-mediated education.

39. The Subcomponent will also address a set of issues related to sex/gender. Since school dropouts in Pará tend to vary by gender, the Project will support the introduction of sex, gender, and race/color variables in the enrollment form to improve data quality and thus enable detailed diagnostics and more effective interventions. Subcomponent 2.2 strengthens local capacity to deal with gender-specific dropouts by implementing an EWS, and developing protocols related to GBV, teen pregnancy, and other related drivers. The monitoring of students with a high probability of dropping out will be conducted by sex/gender and grade (G6-G12), with the inclusion of specific alerts to identify and address adolescents that have an increased risk of early pregnancy, child marriage, and child labor. Additionally, the socioemotional initiative considers the development and inclusion of gender equality and GBV prevention content into the socioemotional material.

40. **Component 3: Standing Forests** (US$90 million, of which US$70 million IBRD). This Component seeks to reduce deforestation in the State by (i) providing financial assistance to impoverished households living in collective territories who pledge to zero deforestation; (ii) supporting enhanced digital connectivity for collective territories to facilitate collaboration in the fight against deforestation; (iii) supporting bioeconomy businesses that generate income for rural areas of Pará, thereby reducing the need for deforestation as a source of income; and (iv) modernizing the systems used by the Secretariat of Environment and Sustainability to enhance its capability to fight deforestation on the ground. The Component will prioritize Marajó, but its actions will also cover other parts of the state.

41. *Subcomponent 3.1: Bolsa Floresta* (US$45.5 million IBRD). This Subcomponent will support the state of Pará with the creation of a cash transfer program with environmental conditionalities. The program will benefit 12,000 families living in state collective territories – protected areas, agro-ecological land reform settlements, and traditional communities such as *Quilombolas*. The program will be built based on the successful experiences of the federal government, including the *Bolsa Verde* program covering federal conservation units and agro-ecological settlements, and on the example provided by the neighboring state of Amazonas with its *Bolsa Floresta* program applied to conservation areas/units. Pará's program will cover the entire state while prioritizing collective territories located in Marajó. The payments will be made by a financial institution to be defined. Further details on the institutional arrangements with the financial institutions will be included in the POM. The primary objective of this component is to encourage communities to manage forests in a sustainable manner. Its secondary aim is to improve the living conditions of people in collective territories by encouraging them to promote forest conservation activities, to generally increase citizen engagement with the environment and incentivize *Bolsa Floresta* beneficiaries to participate in training activities (see annex 7).

42. *Subcomponent 3.2: Digital Connectivity* (US$11 million IBRD). This Subcomponent aims to improve digital connectivity within collective territories and community centers, primarily in the Marajó region. It will implement sustainable and climate-resilient infrastructure that provides access to high-speed internet. It will also provide technical support for the system and train communities to manage their networks. These investments are expected to increase economic opportunities, boost learning, increase access to public services, and help communities report illegal deforestation and comply with the environmental legislation. This Subcomponent includes the following activities:

i. Mapping eligible territories. This activity will identify collective territories and community centers with inadequate access to the internet in the Marajó, as well as in other priority areas.
ii. Identifying models to provide connectivity for communities. This activity will identify the best technological and managerial models to provide connectivity to mapped communities. It will determine the most efficient and cost-effective connectivity solutions; outline how the community networks will be operated, supervised, and maintained in the long term; and assess which types of additional infrastructure (e.g., electricity) are needed to ensure connectivity is available 24/7.

iii. Purchasing and installation of equipment. This activity will install 300 points of digital connectivity in the identified communities. Comprehensive installation guides and training resources will be included. Communities will also have access to support to facilitate the network's management.
iv. Providing technical support and training to communities and teams responsible for managing the connection networks. This activity will prepare communities in Marajó and other priority areas to receive and use the technology (presentation of government portals, environmental reporting channels, discussion of risks, and agreements on maintenance procedures). It will further identify local teams to manage connection networks and facilitate participatory processes to decide the rules of the network (priorities, prohibitions, etc.).

43. *Subcomponent 3.3: Bioeconomy* (US$9.5 million IBRD). This Subcomponent will support community-led bioeconomy businesses operating mainly in collective territories of the state of Pará, particularly in Marajó. This activity is closely aligned with the Bioeconomy State Strategy (Decree #1.943/2021) and the 2022 State Plan of Bioeconomy Plan. It is expected to increase the income generation potential of these businesses, while simultaneously improving living conditions and reducing incentives for deforestation. This Subcomponent includes the following activities:

i. Diagnosis of the bioeconomy productive chain. This activity will identify products from sustainable value chains that use the biodiversity of the territory and do not lead to forest degradation. It will further map traditional practices, protecting, valuing, and integrating with the policy of socioeconomic development and low GHG emissions in the state of Pará.
ii. Training and technical assistance for community businesses and individual entrepreneurs. This activity will provide learning opportunities, training, and technical assistance to community businesses and individual entrepreneurs involved in sustainable bioeconomy activities. It will include the organization of workshops and training sessions and technical assistance to improve knowledge in bioeconomy-related matters.
iii. Infrastructure and equipment for community businesses. This activity will build storage and processing facilities for community businesses involved in bioeconomy activities. It will also purchase equipment for these facilities to help community businesses operate more effectively.
iv. Promoting business opportunities for bioeconomy producers. This activity involves organizing fairs and events to promote business opportunities for different profiles of bioeconomy producers, prioritizing Marajó. Producers can range from community-based producers to micro or small businesses, cooperatives, associations, and even medium-sized companies. The goal is to support the insertion of bioeconomy products into the market. Additionally, an online marketplace would be created to promote these products.

44. *Subcomponent 3.4: Management systems modernization* (US$4 million IBRD). This Subcomponent aims to modernize the management systems to incorporate environmental intelligence into the operations of the SEMAS, supporting the PEAA, and addressing identified weaknesses in the current system. The focus is on improving the efficiency of SEMAS' operations in the state of Pará by providing more timely information to municipalities and field personnel, resulting in more efficient licensing processes and more effective enforcement of the environmental legislation, ultimately reducing deforestation and other environmental crimes.[43]

i. Identification of systems requiring system modernization and integration. Diagnosis of current environmental systems used by the Secretariat to identify weaknesses and areas needing improvement and areas where connection and coordination between the systems is needed to make environmental control more consistent, complete, and efficient. The diagnosis will specify in detail the functional and non-functional requirements of the new platforms, considering the existing infrastructure in SEMAS and the needs of the sectors regarding the expansion and integration of services.
ii. Acquisition and integration of systems. Currently, the majority of SEMAS systems function in isolation. To

[43] Assunção, J., Gandour, C., & Rocha, R. (2023). DETER-ing Deforestation in the Amazon: Environmental Monitoring and Law Enforcement. American Economic Journal: Applied Economics, 15(2), 125-156.

enhance the efficiency of environmental management, there is a need to create unified modules for licensing, inspection, regularization, forest traceability, and environmental monitoring. This integration should benefit both external users seeking services, and internal management for control and decision-making. The integration plan relies on using the existing SEMAS data lake system, which will be further developed into a new platform, and utilizing application programming interface services for third-party access to data. Integration will establish a continuous event record for easy user access across environmental management stages, avoiding navigation through different systems, to offer inclusive, transparent, and well-defined data access permissions.

iii. Implementation of cloud hosting for CAR 2.0, PRA 2.0, *SeloVerde*, and MIT services. The CAR 2.0, *SeloVerde*, PRA 2.0, and MIT platforms rely on official databases and images, which need constant updates, sufficient storage capacity, and processing power to maintain their usability. Currently, the Secretariat depends on processing and storage resources provided by external developers. This activity would migrate to and implement cloud infrastructure to host these systems, along with specialized deployment, support, maintenance, and training to ensure their successful implementation and operation in the state of Pará.

45. **Component 4: Project Management and COP 30** (US$10 million IBRD). This component will finance the Project Implementation Units (PIU) in each secretariat for the Project and for activities related to COP30.

46. *Subcomponent 4.1: Steering Committee and PIUs* (US$6 million). This Subcomponent will finance the operational costs of the three PIUs (one in SEDUC, one in SEASTER, one in SEMAS, for US$2 million each), including basic equipment and consumables. It will also include capacity building for internal controls and verification. Each PIU will have a dedicated procurement commission. The Steering Committee *Avança Pará*, based in the State Secretariat of Planning (*Secretaria Estadual de Planejamento*, SEPLAD), will be responsible for overall coordination, periodic meetings, and the compilation of project reports and evaluations. The *Avança Pará* Steering Committee will coordinate Project activities, but will not execute loan resources.

47. *Subcomponent 4.2: United Nations Climate Change Conference (COP 30)* (US$4 million)**.** This Subcomponent will support activities related to COP 30 in Belém.

i. COP 30, SEASTER (US$1 million IBRD). This activity will provide SEASTER the opportunity to promote handcrafted products made by traditional communities during COP30. SEASTER will map the handcrafted products and producers, organize the local handcraft production, provide technical assistance for product improvement and standardization, and train handcrafters to scale up their production and marketing.

ii. COP 30, SEDUC (US$1 million IBRD). This Subcomponent will support SEDUC in the organization of three events related to COP 30: (a) an international workshop on EE with states and countries from the Amazon Region; (b) 12 events per administrative region in Pará to prepare students for COP 30; and (c) an international event focused on young leaders from African countries.

iii. COP 30, SEMAS (US$2 million IBRD). This Subcomponent aims to enhance SEMAS's involvement in and organization of COP 30 through the implementation of three activities. First, the *Vitrines* Project, which consists of three visitation sites located in the metropolitan region of Belém that will serve as models for sustainable practices and environmental conservation. Second, the Communication Plan for COP to help the Secretariat promote the event with national and international audiences. Third, a communications project, which aims to engage the local population of Belém and its surroundings in key sustainability and climate issues.

48. **Citizen engagement.** The Project considers a citizen-oriented design. Activities supported derive from strong engagement with civil society and relevant stakeholders through existing mechanisms established by the State legislation. These spaces enable participatory management and promote dialogue, consultation, and forums with stakeholders,

including social movements and organizations of vulnerable peoples. The Project will track one beneficiary feedback indicator, namely a survey of beneficiaries of the Program of Inclusion in Marajó *to* receive feedback on the level of satisfaction with the policy. This indicator aims to monitor the satisfaction level at two stages in the Project (before mid-term review and before the closing date).

C. Project Beneficiaries

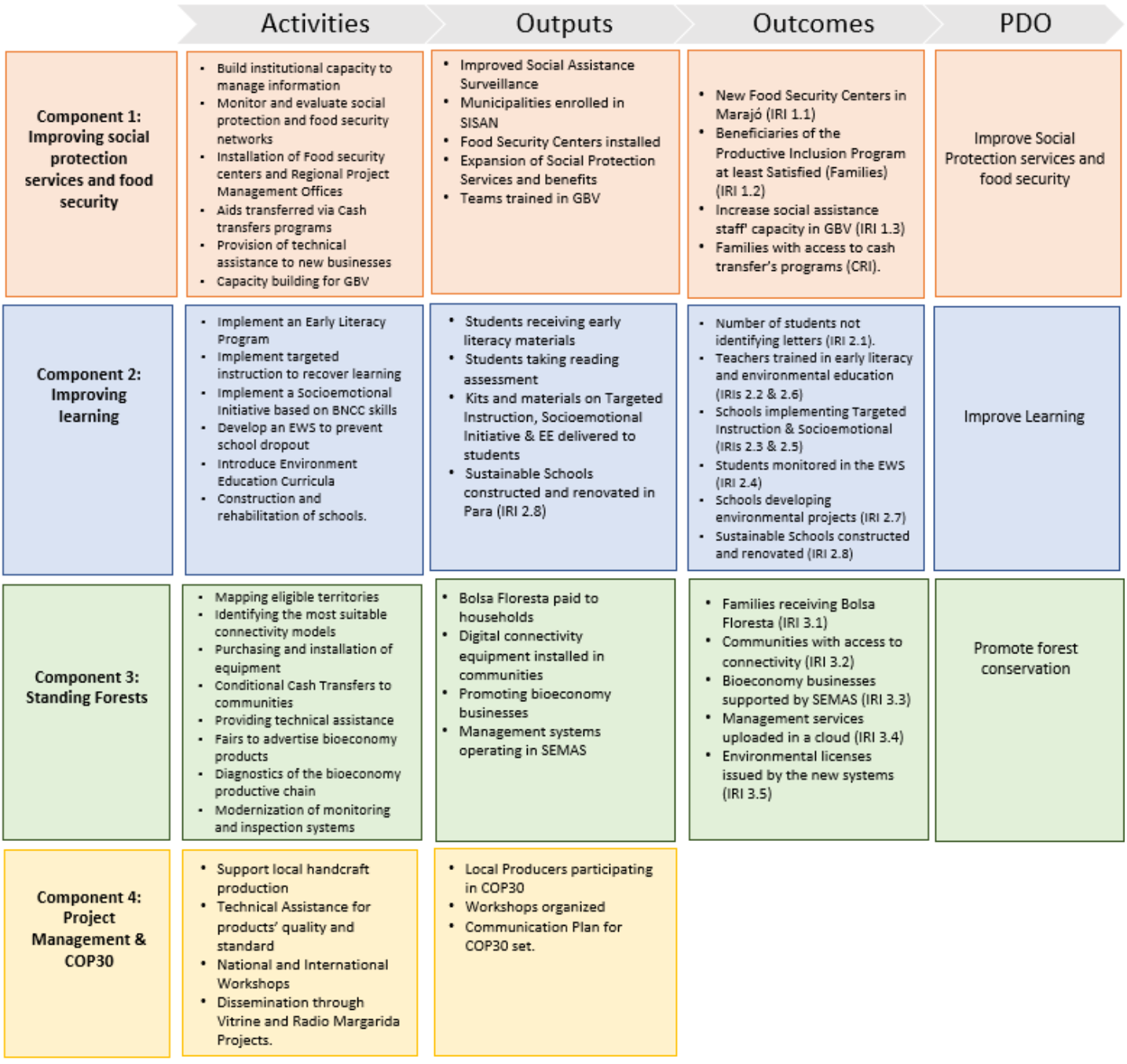
49. **The Project will benefit vulnerable families, students, teachers, and traditional communities in the state of Pará.** Component 1 targets approximately 480,000 people included in the *Cadastro Único*; 5,000 families in the *Renda Marajó* Program; and 10,000 families from the Productive Inclusion Strategy (*Fomento*). Component 2 supports municipal and state schools, benefiting approximately 10,000 students and 2,000 teachers participating in *Alfabetiza Pará*; 400,000 secondary students and 8,000 secondary teachers through Targeted Instruction, EWS, and the Socioemotional Initiative; and 20,000 benefiting from school construction and renovation. Component 3 will focus on 12,000 families with *Bolsa Floresta* and 30,000 to 60,000 families with improved internet connectivity.

D. Results Chain

50. **The Project design is based on a clear theory of change built on three components to promote Sustainable Human Development in the State of Pará.** The theory of change starts by identifying the key challenges in Pará: (a) a less-than-desirable state social protection system that limits the State government's ability to implement appropriate social protection policies for vulnerable households, especially in Marajó; (b) a persistently low level of learning in primary and secondary education, reflecting the limited capacity of the State to deliver education policies that improve learning and reduce school dropouts; and (c) weaknesses in the State's capacity to monitor services that track the incidence of deforestation and promote green jobs in Pará. The activities supported by the Project, summarized in section II.B, tackle these challenges by supporting key areas in social protection, education, and environment: (a) improving social protection services and food security; (b) improving education; and (c) preserving forests in the state of Pará, particularly in Marajó. These activities will generate key outputs designed to increase the capacity of the state to improve the quality of social assistance service delivery, improve food security, foster learning levels, and reduce deforestation.

51. **Figure 7 presents the Theory of Change for this Project, its components, planned activities, outputs, outcomes, and their relation to PDO indicators and the PDO.**

Figure 7. Theory of Change



E. Rationale for Bank Involvement and Role of Partners

52. The World Bank's value added includes: (i) expertise on multisector operations at the state and municipal level; (ii) convening power to leverage alternative financing sources; and (iii) ability to provide technical advice on the most up-to-date experiences on education, social protection, and environmental interventions. The World Bank has also accumulated knowledge from analytical products such as the Country Climate and Development Report (P176158) and

the Amazon Economic Memorandum (P173457), which generated lessons on how to promote inclusive economic growth and human-centered development in the Legal Amazon. In addition, the Brazil Human Capital Review (P174674) outlined the importance of multisectoral policies to human capital accumulation in Brazil. No partner involvement is expected under this Project.

53. The Country Climate and Development Report (P176158) and the Amazon Economic Memorandum (P173457) emphasize the importance of improving land governance to reduce deforestation and emissions in the country. The Amazon Economic Memorandum further emphasizes the public goods nature of the forests of the region, as well as the importance of promoting economic strategies that generate a growth model less dependent on the depletion of natural resources. The proposed Project leverages these lessons to promote actions that increase incentives for forest conservation in critical regions, improve livelihoods, and foster the creation of economic activities less dependent of natural resources.

54. The rationale for the World Bank's engagement in Pará focuses on several key areas. The proposed Project supports a robust strategy of the state of Pará designed to mitigate core challenges in terms of social protection, education, and the environment with a particularly strong focus on equity. This is important because Pará has a history of wide economic and social gaps. The Project responds to the equity challenge by considering two key criteria: (i) to address the major regional inequalities – a legacy exacerbated by the COVID-19 crisis – most of the supported activities will concentrate on households, schools, and communities located in Marajó to counterbalance the expected higher levels of vulnerability in this region; and (ii) several Project activities target the poorest households within these disadvantaged regions. In addition, the proposed Project will support Pará's strategy to withstand environmental and natural disasters, and contribute to a Green, Resilient and Inclusive Development (GRID) path, in line with Pillar 3 of the World Bank's GRID approach document.

F. Lessons Learned and Reflected in the Project Design

55. **The Project considers the lessons learned from the implementation of a similar multisector project in Salvador (P162033)**. These include (a) support self-reinforcing/complementary activities across sectors; (b) map and acknowledge the government's strengths and weaknesses in World Bank Operations; (c) provide the needed human resources to implement a World Bank-financed operation; (d) give special attention to procurement arrangements; (d) be proactive and hands-on in implementation support; (e) ensure that the selected indicators reflect government priorities; (f) increase coordination among implementing agencies and sectors; and (g) build flexible disbursement arrangements, taking into account a five-year implementation by three implementing agencies. The lessons above are also the result of past experiences in multisectoral operations implemented at the state and municipal level.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

56. **Implementing Agencies.** The Project will have three implementation agencies responsible for formulating, implementing, and monitoring the Project's sectoral activities in their respective areas. The SEASTER will be responsible for implementing all activities under Component 1, SEDUC will implement Component 2, and SEMAS will be responsible for implementing Component 3. Subcomponent 4.2 will be implemented jointly: SEASTER will be responsible for "COP30, SEASTER;" SEDUC will be responsible for "COP 30, SEDUC;" and SEMAS will execute "COP 30, SEMAS."

57. **The *Avança Pará* Steering Committee will mediate and compile reports from the Secretariats involved in the Project**. *Avança Pará* will be created by a Governor's decree to provide general project coordination and will be composed by a member from SEMAS, a member from SEDUC, a member from SEASTER, a member from SEPLAD, and a coordinator

nominated by the government (see Annex 1). To simplify procedures, the costs of the Steering Committee will be borne by SEDUC, which will be also responsible for carrying out procurement transactions to meet the Steering Committee's requirements. The Committee will be responsible for: (i) hosting periodic meetings (e.g., bimonthly) with representatives appointed by the Project secretariats; (ii) compiling all Project implementation documents related to the Project as a whole (Financial Management Reports, Progress Report, Safeguards Documents), based on documents and information submitted by each PIU; and (iii) submitting documentation described in (ii) to, and dialoguing with, the World Bank.

58. **Three PIUs will implement the Project.** The State Secretariats SEDUC, SEASTER, and SEMAS will have one PIU each (see Annex 1). These units will be responsible for the overall coordination, administration, and Monitoring and Evaluation (M&E) of the Project, including technical aspects, financial management, procurement, and social and environmental management. Each PIU will be composed by a project coordinator, a sectoral coordinator, a financial management (FM) specialist, a procurement specialist, a M&E specialist, an environmental specialist, and a social specialist. The PIUs will be supported by external consultants, as required. Operational protocols and coordination between secretariats and *Avança Pará* Steering Committee and between PIUs, and the *Avança Pará* Steering Committee and the Bank, will be defined in the POM.

59. **The institutional arrangements for the Project will be further detailed in the POM.** The POM must include at least the following information: (a) a detailed description of the activities and institutional arrangements for the Project; (b) a description of M&E arrangements, including the indicators and expected results for each year of Project execution; (c) the composition of the PIUs and the Steering Committee, including their obligation to comply with Anti-Corruption Guidelines, and follow-up on any related allegation; (d) the specific functions of SEDUC, SEMAS, SEASTER, and SEPLAD; (e) the composition and functions of the Steering Committee, including relevant partners different from the PIUs, and its role in Project monitoring; (f) the Project's fiduciary, environmental and social systems and requirements, including grievance redressing; (g) the Project administrative, accounting, auditing, reporting, financial (including cash flow aspects in relation thereto), procurement, and disbursement procedures; and (h) the Terms of Reference for the financial audits.

B. Results Monitoring and Evaluation Arrangements

60. **Given the abovementioned implementation arrangements, the Steering Committee *Avança Pará*, based in SEPLAD as the Project coordinator, will be responsible for consolidating the Project's M&E.** The responsibility for monitoring indicators and results for Component 1 relies on SEASTER, for Component 2 on SEDUC, and for Component 3 on SEMAS. The *Avança Pará* will be responsible for compiling and standardizing reports from each PIU. In terms of data sources, frequency and reliability of information, the Project's results framework comprises indicators that are monitored regularly by state and federal authorities in Brazil. In the case of social protection, the indicators relating to beneficiaries of the *Renda Marajó* and *Fomento* programs will be gathered from SEASTER's Internal System.

C. Sustainability

61. **The construction and renovation of school infrastructure, the expansion of the social protection services, the provision of cash transfers, and the modernization of management systems are highly sustainable.** The State government is allocating a significant part of its budget to rehabilitate and maintain schools, as well as assuming commitments beyond the Project's objectives. The government has also allocated sufficient budget to initiate the *Renda Marajó* in Marajó and *Bolsa Verde*. This latter activity will take advantage of the structure built by the government to complement the Secretariats' efforts. Additionally, the Productivity Inclusion program in Marajó is expected to lead to permanent gains for vulnerable families in terms of quality of work and improved economic circumstances.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis (if applicable)

62. **Technical design.** The Project seeks to promote sustainable human development in Pará by improving social protection services, reducing food insecurity, accelerating learning, and preserving the environment. The Social Protection interventions focus on strengthening the state's social assistance system in Marajó, the most vulnerable area in Pará. The education interventions will help individuals, especially the poor and vulnerable, develop foundational skills, stay in school throughout the education cycle, and provide adequate schools infrastructure. The environmental interventions seek to preserve forests by investing in cash transfers conditioned on environmental services, providing connectivity to isolated communities, and modernizing the State government's management systems. These interventions will foster sustainable human development by providing the enabling conditions for vulnerable families to emerge from poverty.

63. **Technical capacity and readiness for implementation.** Two of the three Secretariats in this Project, SEDUC and SEMAS, have experience implementing multilateral bank-financed projects. None of them, however, have experience with the World Bank. Moreover, while most of the staff working on Project preparation are civil servants, the technical teams face constraints to deal with increasing demands arising from their sectors. This is especially the case of the Project's fiduciary activities. Given these constraints, and the intention to mainstream many activities by the time of COP 30, this Project includes a robust Project Management Component that allocates funds to establish teams of specialists that can support the three Secretariats in Project implementation.

Economic Analysis

64. **The Project has several expected development impacts.** The cash transfer program under Component 1 is expected to strengthen the State's economy through the circular flow of income, since families use the money to purchase goods and services, pay taxes and contributions, and invest in savings. Evidence suggests that an additional 1 percent spent on cash transfer programs translates into a 1.78 percent increase in GDP.[44] Meanwhile, Component 2 is expected to generate higher productivity in the longer term by improving the quantity and quality of education in Pará.

65. The literature consistently shows the impact that early literacy programs,[45] targeted instruction,[46,47,48] early warning systems,[49] and socioemotional programs[50,51] have on improving educational outcomes. In addition, Component 2 includes investment in resilient infrastructure, which is highly cost-effective: every US$1 invested in resilient assets generates US$4 in benefits, since the resilient assets are less costly to maintain and repair.[52] The measurement of the monetary benefits is based on that evidence. Component 3 is expected to reduce the loss of forest cover in Pará through a combination of income transfers that require the preservation of forest areas as a condition,[53] and the modernization of management systems. The literature points to the effectiveness of command and control (or monitoring and law enforcement) policies, demonstrating that for every dollar spent on a system upgrading project, the benefit is 3.18 times greater.[54] Additionally, the installation of high-speed internet in communities within collective areas is expected to boost

[44] Neri, M. C., Vaz, F. M., & Souza, P. H. G. F. de. (2013).
[45] Costa, L. O., & Carnoy, M. (2015).
[46] Abhijit V. Banerjee, Shawn Cole, Esther Duflo, Leigh Linden (2007).
[47] Duflo, E., Dupas, P., & Kremer, M. (2011).
[48] Banerjee, A., Banerji, R., Berry, J., Duflo, E., Kannan, H., Mukherji, S., ... & Walton, M. (2016).
[49] Haimovich, Francisco; Vazquez, Emmanuel; Adelman, Melissa. 2021.
[50] Alan, S., Boneva, T., & Ertac, S. (2019).
[51] Dinarte, L., & Egana-delSol, P. (2019).
[52] Hallegatte, Stephane, Jun Rentschler, and Julie Rozenberg. 2019.
[53] Wong, P. Y., Kuralbayeva, K., Anderson, L. O., Pessoa, A. M., & Harding, T. (2022).
[54] Assunção, J., Gandour, C., & Rocha, R. (2013). DETERring deforestation in the Brazilian Amazon: environmental monitoring and law enforcement. Climate Policy Initiative, 1, 36.

employment in the region.[55] Support for bioeconomy businesses is anticipated to raise profits, eventually increasing the incomes of those involved.[56] Both measures have the potential to lower incentives for deforestation – an additional benefit not quantified in this economic analysis.

66. **A Cost-Benefit Analysis (CBA) was carried out to assess the expected development impacts cited above.** The Project's net present value (NPV) is estimated to be US$253.5 million, with an internal rate of return (IRR) of 6.1 percent, using a discount rate of 10 percent and a 30-year time horizon. Component 1 is estimated to have an IRR of 9.3 percent, Component 2 of 5.3 percent, and Component 3 of 29.3 percent. If the discount rate ranges from 15-8 percent, the NPV ranges from US$253.2-US$255.4 million. In addition, risk analysis was carried out taking into account that the Project may not reach all the expected beneficiaries. In the moderate scenario, the Project reaches 75 percent of the expected number of beneficiaries in all components, with the NPV and the IRR respectively US$250.6 million and 6.0 percent. In the pessimistic scenario, the Project reaches 50 percent of the anticipated number of beneficiaries in all components, with the NPV and the IRR at US$247.7 million and 5.8 percent, respectively. The estimates can be considered conservative since they do not encompass all the activities of the Project.

Paris Alignment

67. **The Project is aligned with the goals of the Paris Agreement on both mitigation and adaptation.**

68. **Assessment and reduction of adaptation risks.** The climate and natural disaster risks likely to affect the Project's activities in Pará are major flooding, long droughts, wildfires, and extreme heat events. The Project's design considers these expected climate impacts by directly including adaptation measures in the location criteria and design of new school constructions and renovations, by increasing the local capacity of social assistance staff to deal with such events, and by offering connectivity to vulnerable populations in Marajó. In addition, it intends to actively seek the reduction of food insecurity risks by directly supporting vulnerable populations and strengthening food and nutrition surveillance by SISAN. The Project will finance and include the following activities to manage climate-related risks, increase climate resilience, and limit exposure to a low level of residual risk.

i. The renewal of school infrastructure will incorporate measures to prevent flooding in case of extreme rainfall (e.g., improved drainage), and follow energy efficient designs to improve ventilation and cooling to reduce the impacts of heat waves, as well as introduce water management plans. These measures aim to minimize service disruptions and protect students in case of extreme weather events during Project implementation.
ii. Training for staff to ensure that all construction workers in the Project are aware of signs of heat stress and treatments available for recovery, and can thus safely continue to work during hot days and prevent extreme heat-related illness.
iii. The strengthening of social protection services to improve the capacity of SUAS to prevent, withstand, respond to, and recover from climate change impacts, including those from extreme climate-related events. For example, Project-financed investments to strengthen SUAS can provide early warnings to families on climate-related threats. The Project will also seek to enhance understanding of the impacts of climate hazards on vulnerable populations in Marajó, through the strengthening of related SUAS and SISAN.
iv. The creation of the *Renda Marajó* program for poor populations, particularly those in areas like Marajó that are most impacted by disasters. This is especially important for the most vulnerable families, in two ways: first, the cash transfer helps build a layer of resilience by allowing families to prepare more effectively for and/or withstand shocks (e.g., by investing in housing improvements and goods that promote longer term resilience to extreme changes in temperature, storms, floods, landslides, etc.). Second, the presence of an operational state income transfer program allows for the fast and extensive identification (including

[55] Hjort, J., & Poulsen, J. (2019).
[56] De Mel, S., McKenzie, D., & Woodruff, C. (2014) and De Mel, S., McKenzie, D., & Woodruff, C. (2008).

geographic) of climate vulnerable families and serves as an efficient operational resource distribution network should the state of Pará need to quickly and effectively distribute resources to families affected by disasters.

69. **Assessment and reduction of mitigation risks**. The Project has a low risk of preventing Brazil's transition to low-carbon development pathways, given its support for activities that potentially reduce GHG emissions and that are closely aligned (cash transfers, social protection, education, and environmental preservation activities). Low mitigation risks are associated with infrastructure works, including energy and environmental efficiency requirements (such as green building codes that will reduce energy consumption for schools already connected to a grid), which will be included under the procurement of services, equipment, and supplies. The incorporation of technically feasible and economically viable low GHG emissions measures to improve energy performance in the design of the expected civil works, reduce the risks associated with the low-carbon transition and those of locking in carbon. Therefore, the Project can be considered aligned on mitigation.

B. Fiduciary

(i) Financial Management

70. **Para's existing Public FM System has satisfactory internal rules and controls, with a clear definition of responsibilities and institutional arrangements.** The SEPLAD formulates, standardizes, executes, coordinates, and evaluates public policies for state planning, civil servant management, asset management, and logistics to promote the regional development of the State. The Secretariat of the State Treasury (*Secretaria Estadual da Fazenda*, SEFA) is responsible for accounting and treasury management, while the State Comptroller (*Controladoria Geral do Estado*, CGE-PA) carries out internal audits, oversees the budget, and is responsible for fighting acts of corruption and enhancing transparency within the state public administration. In addition, the subnational Supreme Audit Institution (*Tribunal de Contas do Estado*, TCE-PA) is required to audit all public expenditures. The TCE-PA and CGE-PA have sufficient autonomy, and their recommendations are generally implemented.

71. The 3 implementing agencies (SEDUC, SEASTER, and SEMAS) have the capacity to fulfill their FM responsibilities since the FM systems are adequate to provide reasonable assurance that the Project funds will be used for the intended purposes, with due attention paid to the principles of economy, efficiency, effectiveness, transparency, and accountability, and with the implementation of the proposed mitigating measures and agreed actions to strengthen the FM systems.

(ii) Procurement

72. Procurement under the Project will be carried out in compliance with "The World Bank Procurement Regulations for IPF Borrowers" dated July 1, 2016, and revised in November 2020 and September 2023. Since this Project will cover the procurement of a varied set of goods, works, consulting services, and non-consulting service contracts, specific training on the Bank's procurement regulations will be conducted even before implementation starts. Procurement arrangements, including particular methods or approaches for procurement, shall follow all particularities and context described in the Project Procurement Strategy for Development (PPSD). The procurement of all activities will be carried out solely by each PIU through a dedicated procurement commission (Special Bidding Committee, CEL) responsible for carrying out all Project procurement processes, including Construction and Rehabilitation. During implementation, the Bank will identify the relevant contracts to be subject to prior review procedures, and procurement post-review visits will be carried out by the Bank every 12 months. The Project's procurement arrangements will be included in the POM and will consider the findings of the PPSD.

73. A procurement capacity assessment was completed in September 2023, focused on assessing the capacity of SEDUC, SEMAS and SEASTER to implement procurement transactions and manage contracts, in accordance with the World Bank's Procurement Regulations. The assessment highlighted factors and dimensions that may impact the PIUs' capacity

to implement and monitor the procurement transactions as per these Regulations, identified the risks, and framed the mitigation measures to optimize arrangements for fiduciary management under the Project (detailed in Annex 3).

C. Legal Operational Policies

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	Yes
Projects in Disputed Area OP 7.60	No

74. OP 7.50 applies to this Project because the Project will finance activities that may use waters from tributaries of the Amazon River, which is considered an international waterway. The exception to the riparian notification requirement according to paragraph 7(c) of the Policy applies because Project-financed activities are limited to water use from tributaries that are exclusively located in Brazil, which is the lowest downstream riparian country. The exception to the notification requirement has been approved on November 22nd, 2023.

D. Environmental and Social

75. **Environmental and Social Management.** The Project is designed to address the main contextual risks faced in the State of Pará and, particularly, in the priority area of the Integration Region of Marajó (RIM): high rates of poverty in rural areas, food and nutritional insecurity, school dropout, and deforestation. It will contribute to the implementation of recent state programs fostering climate change mitigation and adaptation, forest and biodiversity conservation, and sustainable development and social inclusion, with a particular emphasis on disadvantaged and vulnerable social groups (including traditional riverine and extractive communities, Quilombolas and Indigenous Peoples). Physical interventions will comprise small scale civil works, mostly located in already modified habitats. Social and environmental impacts will be mainly associated with temporary disturbances during construction works (waste and wastewater generation, dust and noise emissions, vibration, traffic disturbances, handling of fuel for machinery, and limited vegetation clearing). Disturbances to the daily life of local populations can be mitigated predictably and through routine safety precautions. Adverse impacts related to land acquisition to carry out these works are not expected. Although contextual factors related to risks of child labor and Sexual Exploitation and Abuse/Sexual Harrassment cannot be disregarded, they would prevail and worsen in the "business-as-usual/without project" scenario compared to the "with project" scenario. The Project has (i) been designed to address the contextual risk factors (poverty, food insecurity, school dropout, GBV); (ii) incorporated additional measures to protect women, children and disadvantaged and vulnerable social groups in its environmental and social risk management tools; and (iii) developed robust strategies for stakeholder engagement and information disclosure to ensure the views of its potential beneficiaries (essentially from low-income, disadvantaged and vulnerable social groups) are fully considered in planning and implementation and get a fair sharing of Project benefits.

76. There are allegations of forced labor risks associated with the polysilicon suppliers. The Borrower will require bidders to provide two declarations: a Forced Labor Performance Declaration (which covers past performance), and a Forced Labor Declaration (which covers future commitments to prevent, monitor and report on any forced labor, cascading the requirements to their own sub-contractors and suppliers). In addition, the Borrower will include enhanced language on forced labor in the procurement contracts.

V. GRIEVANCE REDRESS SERVICES

77. ***Grievance Redress.*** Communities and individuals who believe that they are adversely affected by a project supported by the World Bank may submit complaints to existing project-level grievance mechanisms or the Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted to the AM at any time after concerns have been brought directly to the attention of Bank Management and after Management has been given an opportunity to respond. For information on how to submit complaints to the Bank's Grievance Redress Service (GRS), visit http://www.worldbank.org/GRS. For information on how to submit complaints to the Bank's Accountability Mechanism, visit https://accountability.worldbank.org.

VI. KEY RISKS

78. The overall Project risk is assessed as Moderate.

79. **The Institutional Capacity for Implementation and Sustainability Risk is Substantial**, due to the significant loan amount to be allocated to the priority areas, the high number of procurement processes to be handled by the implementing agencies (one of which, SEASTER, has never worked with the World Bank before), and the need to have a strong team in place to implement the Project. This risk will be mitigated through: (i) sizable investments under Component 4 to put in place and train dedicated teams to implement the Project in the SEDUC, SEASTER, and SEMAS, including a dedicated procurement unit in each Secretariat; and (ii) the establishment of a Steering Committee to facilitate intersectoral coordination.

80. **Fiduciary Risk is assessed as Substantial.** The comprehensive fiduciary risk, which assesses the likelihood and impact of the FM and procurement risks, considering governance and anti-corruption risks, that funds will not be used for intended purposes to achieve value for money with integrity in delivering sustainable development, is Substantial. Mitigating factors include: (i) the creation of a steering committee in SEPLAD to coordinate and compile the Project monitoring reports and documents with the 3 implementing units; (ii) allocating fiduciary teams to each PIU to create the institutional capacity needed to implement the procurement plan and FM activities; (iii) combining the consultants in the PIUs with government personnel to provide stability during transitions and assist with upgrading staff capabilities.

81. The FM Assessment identified the following risks to achieving the PDO: (i) the Project's implementation design, including some programs pending definition of procedures and flow of funds, are highly complex; (ii) the increased number of PIUs without prior experience executing Bank-financed operations, and the challenging relationship among Secretariats; (iii) undefined cash transfers policies and programs and respective flow of funds to be implemented by each Secretariat; and (iv) relevant internal controls weaknesses. The proposed mitigation measures include: (i) increased support and supervision throughout the Project's life; (ii) detailing the financing arrangement procedures in the POM; (iii) appointing at least one dedicated FM Specialist for the Project within each PIU and the Steering Committee to consolidate data for reporting and auditing purposes; (iv) disbursing cash transfer programs through reimbursement after eligible expenditures are incurred; (v) the Annual Budget Law must reflect the Project's structure in terms of facilitating accounting and running Interim Financial Reports (IFRs); (vi) strengthening the State's internal control structure, including the internal audit function reaching level 3 of the Internal Audit Capability Model (IA-CM) by the Project's closing date.

VII. RESULTS FRAMEWORK AND MONITORING

PDO Indicators by PDO Outcomes

Baseline	Period 1	Period 2	Period 3	Period 4	Closing Period
Improving Social Protection Services and Food Security					
Families assisted by the Comprehensive Protection and Assistance Service (PAIF) in the Marajó region. (Number)					
Sep/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028
90536	92381	94264	96185	98146	100146
Beneficiaries in the Productive Inclusion Strategy in Marajó. (Number)					
Sep/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028
0	0	2500	5000	10000	10000
Improve Learning					
Literate students at the right age in municipal and state schools in Pará. (Percentage)					
Sep/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028
21%	27%	33%	39%	45%	51%
Trees planted by students from state public schools in Pará. (Number)					
Sep/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028
0	50000	200000	500000	750000	1,000,000
Standing Forests					
Reduction in deforestation in the state of Pará. (Text)					
Sep/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028
TBD	Same as baseline	5% decrease from baseline	10% decrease from baseline	15% decrease from baseline	20% decrease from baseline

Intermediate Indicators by Components

Baseline	Period 1	Period 2	Period 3	Period 4	Closing Period
Component 1: Improving Social Protection Services and Food Security					
1.1. New Food Security Centers installed in Marajó. (Number)					
Sep/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028

0	1	13	17	17	17
1.2. Beneficiaries of the Productive Inclusion Program at least Satisfied (Percentage)					
Sep/2023	Dec/2025				Dec/2028
0	30%				75%
1.3. Ratio of social assistance professionals that received the training on GBV with increased capacity to identify, register, refer and monitor GBV survivors (Percentage)					
Sep/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028
0	10	45	45	100	100
Beneficiaries of social safety net programs (Number) CRI					
Sep/2023	Dec/2024	Dec/2025	Dec/2026		Dec/2028
0	250	2250	3500		5000
➢Beneficiaries of social safety net programs - Female (Number) CRI					
0					2750
Component 2: Accelerating Learning					
2.1. Students from public primary schools in Marajó that do not identify letters in second grade (Percentage)					
Sep/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028
34%	29%	24%	19%	14%	9%
2.2. Education staff trained to implement Alfabetiza Pará at schools. (Number)					
Sep/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028
400	2,000	2,000	1,000	1,000	1,000
2.3. Public schools in Pará with lower and upper secondary education receiving structured materials per critical descriptor in Portuguese and mathematics (Percentage)					
Sep/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028
70%	80%	90%	100%	100%	100%
2.4. Students from municipal schools in Marajo and state schools mapped by the Early Warning System (EWS) (Percentage)					
Sep/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028
0	60%	70%	80%	90%	100%
2.5. State schools of lower and upper secondary in Pará implementing the Socioemotional initiative (Percentage)					
Sep/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028
0	25%	40%	60%	80%	100%
2.6. Education staff (teachers and school principals) from state schools receiving training on Environmental education. (Number)					
Sep/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028
1327	4,000	5,000	6,000	7,000	8,312
2.7. School projects qualified to receive the "Prêmio Selo Sustentável" (Number)					
Sep/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028
0	150	300	300	300	300

2.8. Sustainable Schools constructed and renovated in Pará (Number)					
Sep/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028
0	0	20	35	45	50
Component 3: Standing Forests					
3.1. Families receiving Bolsa Floresta. (Number)					
Sep/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028
0	0	4,000	8,000	10,000	12,000
3.2. Digital Connectivity equipment installed in Pará (Number)					
Sep/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028
0	0	150	200	250	300
3.3. Bioeconomy businesses supported by SEMAS. (Number)					
Sep/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028
0	5	15	30	60	100
3.4. Management services upload in a cloud. (Number)					
Sep/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028
0	2	3	3	4	4
3.5. Environmental licenses issued by the new monitoring system. (Percentage)					
Sep/2023	Dec/2024	Dec/2025	Dec/2026	Dec/2027	Dec/2028
0	0	25	50	75	100
Component 4: Project Management and COP 30					

Monitoring & Evaluation Plan: PDO Indicators by PDO Outcomes

Improving Social Protection Services and Food Security	
Families assisted by the Comprehensive Protection and Assistance Service (PAIF) in the Marajó region. (Number)	
Description	Number of families monitored by the Care Program Service (PAIF) measured by Registro Mensal de Atendimento (RMA). The number of families or individuals monitored in the Family Protection and Care Service (PAIF) within the scope of the Social Assistance Reference Centers (CRAS), published by the National Secretariat of Social Assistance.
Frequency	Annual
Data source	*Registro Mensal de Atendimento* (RMA)
Methodology for Data Collection	The number of families or individuals monitored in the Family Protection and Care Service (PAIF) within the scope of the Social Assistance Reference Centers (CRAS), published by the National Secretariat of Social Assistance.
Responsibility for Data Collection	SEASTER
Beneficiaries in the Productive Inclusion Strategy in Marajó. (Number)	
Description	Monitoring the expansion of Productive Inclusion Program among beneficiaries living in Marajó. The indicator is measured by the delivery of concluded productive plans by the beneficiaries to the technical assistant responsible to support the family. This indicator is cumulative
Frequency	Annual
Data source	Progam Management System
Methodology for Data Collection	Organization responsible for technical assistance to beneficiaries will provide data on the productive plan, when concluded,to the program management system.
Responsibility for Data Collection	SEASTER
Improve Learning	
Literate students at the right age in municipal and state schools in Pará. (Percentage)	
Description	This indicator measures the fraction of second graders from public schools in Pará that obtained the level "reader" divided by the total number of students from public schools in Pará that participated in the Literacy assessment. A student is considered literate if s/he reached at least Level 5 ("Read +11 words and +6 pseudo words in 60') in the reading assessment.
Frequency	Annual
Data source	State Learning Assessment (SISPAE) and databases from the State Secretary of Education Secretariat.
Methodology for Data Collection	Results from the state learning assessment published by SEDUC and the Government.
Responsibility for Data Collection	SEDUC
Trees planted by students from state public schools in Pará. (Number)	
Description	This indicator measures the number of trees planted by students from state public schools in Pará. The quantity of trees will be measured by the number of seedlings purchased or donated to SEDUC and by the number of students approved in the state school network in a given year. This indicator is cumulative.
Frequency	Annual
Data source	Number of seedlings bought or donated and distributed. The number of students approved comes from the School Census
Methodology for Data Collection	School Census, Purchase or donation of seedlings by SEDUC.
Responsibility for Data Collection	SEDUC
Standing Forests	
Reduction in deforestation in the state of Pará. (Text)	
Description	PRODES System provides data on annual clear-cutting rates for deforestation with areas greater than 6.25 hectares from August of the previous year to July of the current year.

Frequency	Annual
Data source	PRODES System
Methodology for Data Collection	Annual clear-cutting rates for deforestation with areas greater than 6.25 hectares from August of the previous year to July of the current year.
Responsibility for Data Collection	SEMAS

Monitoring & Evaluation Plan: Intermediate Results Indicators by Components

Component 1: Improving Social Protection Services and Food Security	
1.1. New Food Security Centers installed in Marajó. (Number)	
Description	This indicator monitors the expansion of Food Security Center units in Marajó. It is measured annually by SEASTER via executive reports.
Frequency	Annual
Data source	Reports
Methodology for Data Collection	Visits to the centers by SEASTER designated team will verify the facility installation. Functioning the Food Security Center has to be authorized by competent authorities and regulated by SEASTER.
Responsibility for Data Collection	SEASTER
1.2 Beneficiaries of social safety net programs (Number) CRI	
Description	This indicator monitors the expansion of Cash Transfer Plus (called Renda Marajó) in Marajó. It calculates the number of total and female beneficiaries (disaggregated) with a at least one paid installment of the benefit.
Frequency	Annual
Data source	Reports
Methodology for Data Collection	Number of beneficiaries (total) are measured by the payments made during a given year and presenting a payment confirmation from the finance institution in charge of transferring the resources.
Responsibility for Data Collection	SEASTER
Beneficiaries of social safety net programs - Female (Number) CRI	
Description	This indicator monitors the expansion of Cash Transfer Plus (called Renda Marajó) in Marajó. It calculates the number of total and female beneficiaries (disaggregated) with a at least one paid installment of the benefit.
Frequency	Annual
Data source	Reports
Methodology for Data Collection	Number of beneficiaries (female) are measured by the payments made during a given year and presenting a payment confirmation from the finance institution in charge of transferring the resources.
Responsibility for Data Collection	SEASTER
1.3. Beneficiaries of the Productive Inclusion Program at least Satisfied (Percentage)	
Description	This indicators aims to monitor the level of satisfaction of beneficiaries of Productive Inclusion Program with the program. A survey with supported companies will be conducted before mid-term review and before closing data with the relevant citizens.
Frequency	Twice throughout project implementation
Data source	Surveys
Methodology for Data Collection	Survey the level of satisfaction of beneficiaries of Productive Inclusion Program with the program.
Responsibility for Data Collection	SEASTER
1.4. Ratio of social assistance professionals that received the training on GBV with increased capacity to identify, register, refer and monitor GBV survivors (Percentage)	
Description	Percentage of SUAS professionals who received training in GBV with greater capacity on how to identify, record, refer,

	and monitor survivors of GBV. The training aims: (i) to measure the increase in capacity of social assitance professionals; (ii) implement ex-ante and ex-post questionnaires to assess their capacity; and (iii) provide a formal certificate of completion of the training module.
Frequency	Twice throughout Project implementation.
Data source	Survey
Methodology for Data Collection	The data will be collected through the application of ex-ante and ex-post questionnaires to SUAS professionals who participate in the training organized by the Pará SUAS School.
Responsibility for Data Collection	SEASTER
Component 2: Improve Learning	
2.1. Students from public primary schools in Marajó that do not identify letters in second grade (Percentage)	
Description	This indicator monitors the number of students in primary public schools in the Integrated Region of Marajó that did not develop foundational reading skills. It is the ratio between the number of second graders that do not identify letter and the total number of students that participated in the reading assessment implemented by SEDUC. Students unable to identify letters are those in level 1.
Frequency	Annual
Data source	Reading assessment implemented by SEDUC
Methodology for Data Collection	Students unable to identify letters are those in level 1 "Identify Letter" as defined in assessment.
Responsibility for Data Collection	SEDUC
2.2. Education staff trained to implement Alfabetiza Pará at schools. (Number)	
Description	This indicator monitors the number of education staff receiving training in early literacy program (Alfabetiza Pará). The total number of trained staff per year will be measured by SEDUC using official platforms and registries of the number of staff enrolled in the training programs. In this indicator, the number of professionals is not cumulative.
Frequency	Annual
Data source	Official platforms
Methodology for Data Collection	Registries of the number of staff enrolled in the training programs
Responsibility for Data Collection	SEDUC
2.3. Public schools in Pará with lower and upper secondary education receiving structured materials per critical descriptor in Portuguese and mathematics (Percentage)	
Description	Percentage of lower and upper secondary state public schools receiving structured materials per critical descriptor, as well as municipal schools from Marajó that offer grades 8 and 9 and subscribed to the program. It is calculated as the ratio between the schools receiving the materials offered by SEDUC and the total number of state and municipal schools from Marajó that subscribed to the program
Frequency	Annual
Data source	Reports
Methodology for Data Collection	Material is considered as delivered when a school signs the "term of delivery", confirming receipt of the materials.
Responsibility for Data Collection	SEDUC
2.4. Students from municipal schools in Marajo and state schools mapped by the Early Warning System (EWS) (Percentage)	
Description	Percentage of students that are mapped by the EWS and identified in risk categories. It targets grade 9 students from municipal schools in Marajó and lower and upper secondary students from state schools in Pará. It is calculated as the ratio of students mapped in the EWS divided by the total number of students at grade 9 in Marajó's municipal schools and at lower or upper secondary state schools.
Frequency	Annual
Data source	Reports

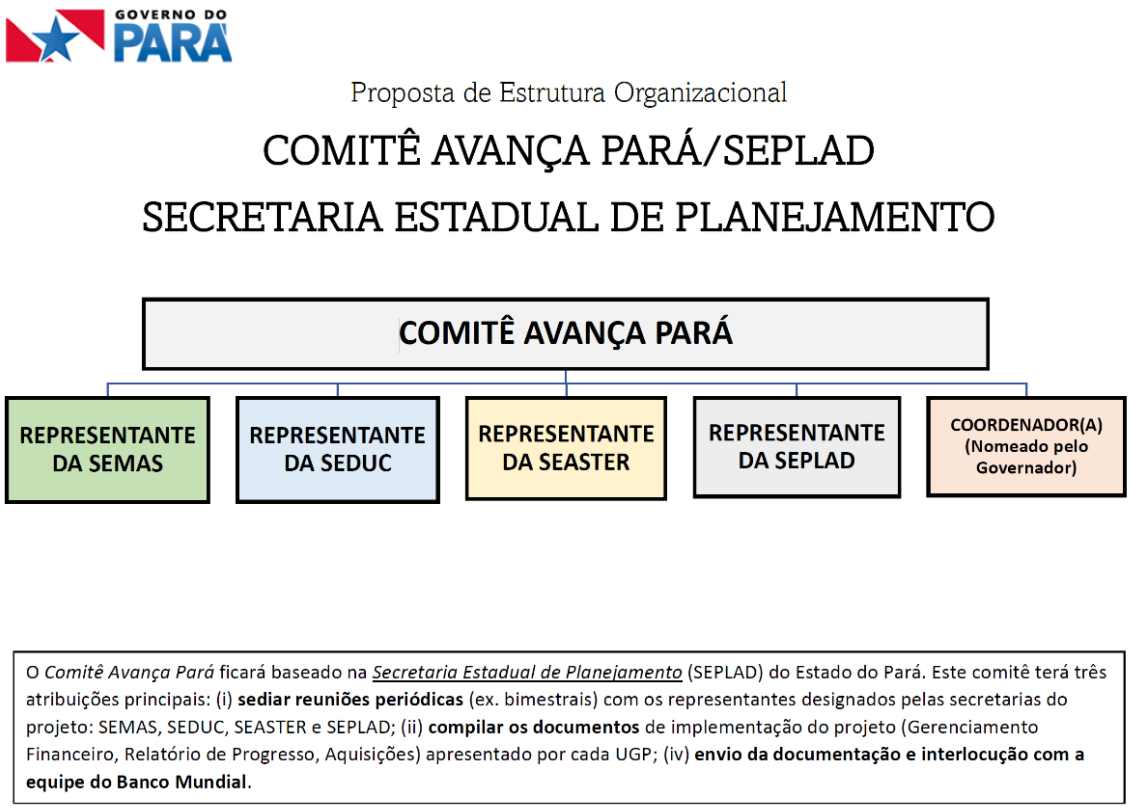
Methodology for Data Collection	Early warning system platform from SEDUC and identification in risk categories
Responsibility for Data Collection	SEDUC
2.5. State schools of lower and upper secondary in Pará implementing the Socioemotional initiative (Percentage)	
Description	Implementation of the socioemotional initiative in lower and upper secondary schools in Pará. Calculated as the ratio between schools implementing the Socioemotional initiative (i. received the materials (signed the "termo de recebimento"), and ii. presented the time slot designated to the initiative in the school core curriculum, within a year), divided by the total number of state schools.
Frequency	Annual
Data source	Reports
Methodology for Data Collection	The initiative is considered to be implemented when a school (i) received the materials (and signed the "termo de recebimento") and (ii) presented the time slot earmarked for the initiative in the school core curriculum
Responsibility for Data Collection	SEDUC
2.6. Education staff (teachers and school principals) from state schools receiving training on Environmental education. (Number)	
Description	The indicator measures the number of education staff trained in Environmental Education. Education staff can be teachers (especially from Natural and Human Sciences), school principals or staff from SEDUC. A staff is trained when the official list of participation and completion is issued by SEDUC. The number of education staff is cumulative.
Frequency	Annual
Data source	Reports
Methodology for Data Collection	Official list of participation and completion list
Responsibility for Data Collection	SEDUC
2.7. School projects qualified to receive the "Prêmio Selo Sustentável" (Number)	
Description	Number of environmental projects submitted by schools that are qualified to compete for the Prêmio Selo Sustentável. The qualification criteria is going to be defined by a regulatory document of the Environmental Education program to be published.
Frequency	Annual
Data source	Reports
Methodology for Data Collection	Qualification criteria will be defined by a regulatory document (to be published) of the Environmental Education program to be published
Responsibility for Data Collection	SEDUC
2.8. Sustainable Schools constructed and renovated in Pará (Number)	
Description	This indicator monitors the number of schools built and renovated in Pará. The sustainability criteria will be designed during the elaboration of executive projects for each school, prioritizing Marajó.
Frequency	Annual
Data source	Reports
Methodology for Data Collection	Sustainability criteria will be designed during the preparation of executive projects for each school,
Responsibility for Data Collection	SEDUC
Component 3: Standing Forests	
3.1. Families receiving Bolsa Floresta. (Number)	
Description	This indicators monitors the expansion of Bolsa Floresta. The number of families receiving the program is going to be measured by payroll check in an annual basis.
Frequency	Annual
Data source	Payroll report

Methodology for Data Collection	Families under the program
Responsibility for Data Collection	SEMAS
3.2. Digital Connectivity equipment installed in Pará (Number)	
Description	Monitoring the provision of digital connectivity equipment in isolated communities in Pará. The measurement will be undertaken yearly by tests done remotely by the network administrators.
Frequency	Annual
Data source	Reports
Methodology for Data Collection	Data collection will be made by systems that integrate the network. These systems will register information on the network performance over time, including speed, data transfer, and time the networks were used. This data will be used to assess whether the performance is coherent with the network specifications.
Responsibility for Data Collection	SEMAS
3.3. Bioeconomy businesses supported by SEMAS. (Number)	
Description	Monitoring the expansion of supported Bioeconomy businesses in Pará using data from the bioeconomy platform (a registry of bioeconomy businesses of the state).
Frequency	Annual
Data source	Reports
Methodology for Data Collection	Formal registry in the Bioeconomy Platform – a registry that will include bioeconomy businesses registered at SEMAS marketplace, prducing certified timber or non-tmber forest products, exporting to other countries, or selling products to official public food acquisition programs.
Responsibility for Data Collection	SEMAS
3.4. Management services upload in a cloud. (Number)	
Description	Number of management systems from SEMAS stored in a cloud during the project implementation.
Frequency	Annual
Data source	Reports
Methodology for Data Collection	Implementation report of cloud service plus system log.
Responsibility for Data Collection	SEMAS
3.5. Environmental licenses issued by the new monitoring system. (Percentage)	
Description	Monitoring the number of Environmental Licenses' issued by SEMAS using the new monitoring system.
Frequency	Annual
Data source	Reports
Methodology for Data Collection	Report built using SEMAS's business intelligence (BI) system.
Responsibility for Data Collection	SEMAS

ANNEX 1: Implementation Arrangements and Support Plan

1. The proposed Project will be implemented by three Project Implementation Units (PIUs) based in each State Secretariat involved in the operation (SEDUC, SEASTER, SEMAS). Each secretariat will be responsible for coordination, Monitoring and Evaluation (M&E), technical aspects, financial management, procurement, and social and environmental management of its respective component. Additionally, there will be a committee based in the State Planning Secretariat (SEPLAD), the *Avança Pará* Steering Committee, with three main attributions: The Committee will be responsible for: (i) hosting periodic meetings (e.g., bimonthly) with representatives appointed by the Project secretariats; (ii) compiling all Project implementation documents related to the Project as a whole (Financial Management Reports, Progress Report, Safeguards Documents), based on documents and information submitted by each PIU; and (iv) submitting documentation described in (ii) to, and dialoguing with, the World Bank. Operational protocols and coordination between secretariats and *Avança Pará* Steering Committee and between PIUs and the *Avança Pará* Steering Committee and the Bank will be refined and included in a Project Operations Manual (*Manual Operacional do Projeto*, POM).

Figure A1.1: Structure of the *Avança Pará* Steering Committee



ANNEX 2: Gender Action Plan

1. **While Brazil has made strides in reducing gender gaps in relevant areas during the last decades,** gender inequality persists and negatively affects many dimensions of women's lives. The Project will address two of the main dimensions that damage women's and girls' human capital and undermine their capacity to benefit from shared prosperity and live a life free of violence, gender-based violence and school dropout.

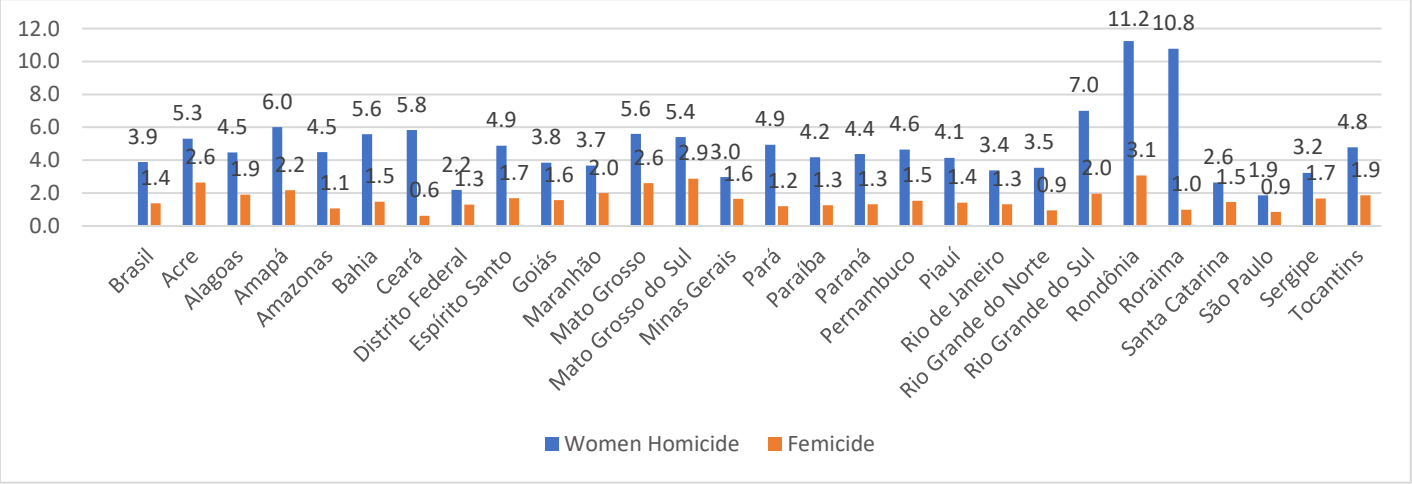
I. Situation Analysis

1.1 Gender-Based violence

2. **Gender-based violence (GBV) is the most extreme expression of gender inequality and imposes barriers to women's empowerment and agency.** Data shows that 33.4 percent of women over 16 years old in Brazil, or 21.5 million women, have already been subject to physical and/or sexual violence by an intimate partner and/or ex-partner at least once in their lifetime,[57] surpassing the international average of 27 percent.[58]

3. **Femicides in the country have presented an upward trend since the promulgation of the Femicide Law (13.104/15) in 2015**. In 2022 alone 1,437 women were victims of femicide – one woman murdered every 6 hours, an increase of 55 percent compared to 2016. Black women are the most affected group, representing 61.1 percent of victims of femicide in 2022, compared to 38.4 percent among white women. Home is where women are most unsafe, as 69 percent of crimes happened in a domestic environment. Eighty one per cent of femicides in the country were perpetrated by an intimate or ex-intimate partner.[59]

Figure A2.1: Rates of femicide and homicide of women per state, Brazil, 2022



Source: Fórum Brasileiro de Segurança Pública. 2023. 17 Anuário Brasileiro de Segurança Pública. Available at: https://forumseguranca.org.br/anuario-brasileiro-seguranca-publica/
Note: Rate for 100,000 women

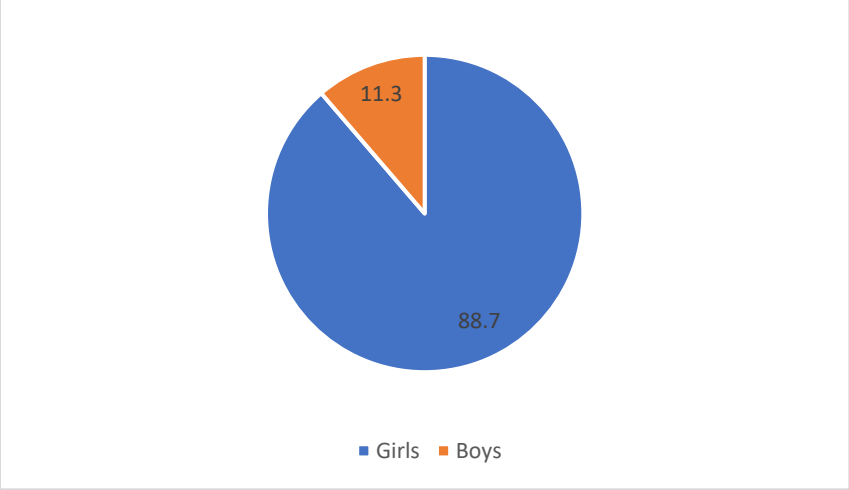
[57] Fórum Brasileiro de Segurança Pública. Visível e Invisível: a Vitimização de Mulheres no Brasil. 4ª edição, 2023. Available at: https://forumseguranca.org.br/wp-content/uploads/2023/03/visiveleinvisivel-2023-relatorio.pdf

[58] WHO. Global Fact Sheet Violence Against Women Prevalence Estimates, 2018. Available at https://www.who.int/publications/i/item/WHO-SRH-21.6

[59] Fórum Brasileiro de Segurança Pública Anuário Brasileiro de Segurança Pública 2023 – São Paulo: FBSP, 2023.

4. **Following the national trend, the state of Pará has experienced a gradual and steady increase in the number of femicides along the years.** While 44 women were victims of femicide in 2016, 67 femicides were registered in 2021, an increase of 53 percent, above the national average increase for the period (45 percent).[60] In 2022, a slight reduction in the absolute number of femicides was observed – 49 women – a decrease of 27.3 percent in relation to 2021. The Project expects to support the state of Pará in keeping up the pace of reduction. For comparative purposes, Figure A2.2 presents data on rates of femicide and homicide of women for all Brazilian states.

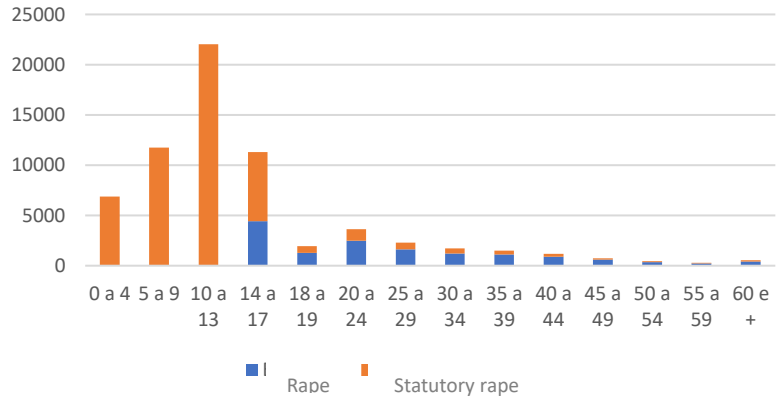
Figure A2.2: Survivors of rape and statutory rape by sex. Brazil, 2022.



Source: Fórum Brasileiro de Segurança Pública. 2023. 17 Anuário Brasileiro de Segurança Pública.
Available at: https://forumseguranca.org.br/anuario-brasileiro-seguranca-publica/

5. **Sexual violence also affects women and girls disproportionately.** In 2022, 88.7 percent of rape survivors were female (Figure A2.2). Girls under 14 years old are at higher risk, as demonstrated by Graph A2.3; 2.2 per cent of sexual abuse of minors under 14 were perpetrated at school.

Figure A2.3: Survivors of rape and statutory rape per age group. Brazil, 2022.



Source: Fórum Brasileiro de Segurança Pública. 2023. 17 Anuário Brasileiro de Segurança Pública.
Available at: https://forumseguranca.org.br/anuario-brasileiro-seguranca-publica/

[60] Fórum Brasileiro de Segurança Pública Anuário Brasileiro de Segurança Pública 2022 – São Paulo: FBSP, 2022. Available at: https://forumseguranca.org.br/anuario-16/

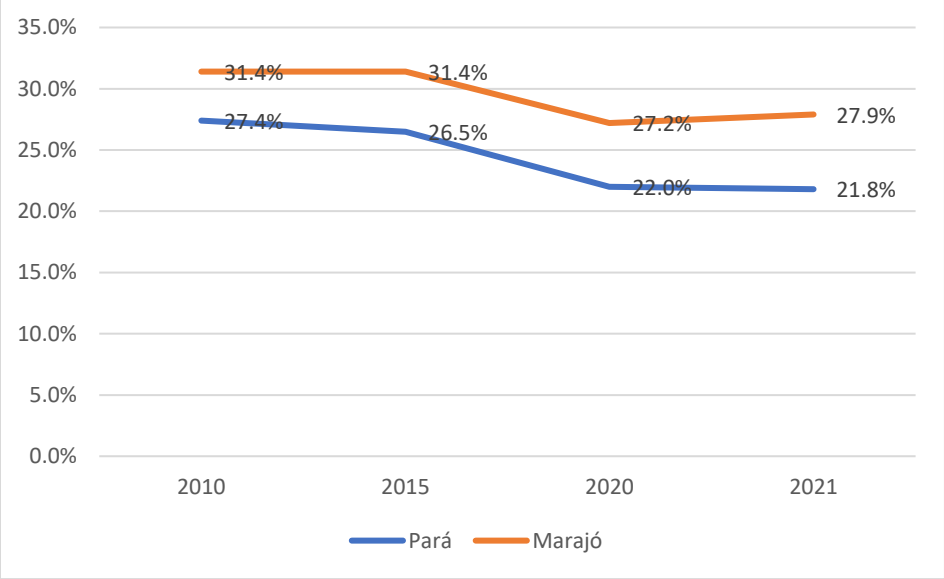
6. **Following the same trend observed for domestic violence and femicides, the state of Pará also surpassed the national average rate in 2022 in terms of sexual violence against girls**. In 2022 alone, 3,313 girls under 14 years of age were raped in the state of Pará, an increase of 23.9 percent from 2021, and above the national increase of 9.5 percent for the same period.

a. School Dropout

7. **Historically, boys make up the majority of children and adolescents aged 4 to 17 that drop out of school.** Data for the state of Pará nevertheless indicate a reverse trend for specific grades (8th and 9th grades), in which girls' dropout rates surpassed those of boys.

8. **Different factors might be contributing to this scenario.** Early pregnancy is often associated with girls dropping out of school. Data from the Ministry of Health Information System on Live Births show that, in 2020, around 380,000 children in Brazil were born from mothers up to 19 years old, corresponding to 14 percent of all births in Brazil for that year, including pregnancies resulting from sexual violence against girls of up to 14 years old (statutory rape). Among live births to teenage mothers, the highest concentration is in the North (21.3 percent) and Northeast (16.9 percent) regions. The highest rates are found among indigenous mothers (28.2 percent), followed by mixed-race women (16.7 percent) and black women (13 percent).[61] Figures from the National Health Service Data Bank (DATASUS) show high rates of early pregnancy in the state of Pará, particularly in Marajó (Figure A2.4).

Figure A2.4: Ratio of births from adolescent mothers. Pará and Marajó, 2010, 2015, 2020, 2021.



Source: CIDACS-Fiocruz. Pregnancy and Motherhood in Adolescence. 2021.

9. **Another factor that merits attention when considering girls´ school dropout rates is child labor.** According to data from the Pará Forum for the Eradication of Child Labor and Protection of Adolescent Labor, in 2019 there were 118,768 children and adolescents aged 5 to 17 in a child labor situation in the state of Pará, corresponding to 5.8 percent of the state's children and adolescents - above the national average of 4.8 percent. Of these, 31.9 percent were girls and 68.1 percent boys. The majority were black and mixed race (84.2 percent) and lived in rural areas (59.2 percent). 56.2

[61] CIDACS-Fiocruz. Pregnancy and Motherhood in Adolescence. 2021.

percent also carried out domestic work, which is customarily done by girls; 98.7 percent were informal workers; and 37.2 percent carried out some of the worst forms of child labor. The average weekly working hours corresponded to 17 hours, while 8.3 hours, most likely performed by girls, were spent on household chores.

II. Gender-Related Actions and Expected Results

10. Components 1 and 2 will include actions to reduce the gender gaps identified in this Action Plan.

11. **Under Component 1, the proposed actions aim to strengthen the technical and institutional capacity of SUAS to prevent and respond to GBV in an adequate and humanized way.** Social Assistance, together with Health, Public Security, and Justice, is one of the four pillars of the National Network to End Violence against Women. The SUAS plays a key role in promoting primary, secondary, and tertiary prevention of GBV, in addition to assisting survivors through its Family Protection and Integral Assistance Service (PAIF). The system still faces major challenges, especially related to the lack of integrated mechanisms and tools to properly register, assist, refer, and monitor survivors to avoid their revictimization; the absence of specific training on GBV with the objective of increasing professionals' technical capacity to assist survivors in a humanized way; and the need to increase survivors' economic empowerment and agency as an extra layer of protection against GBV.

12. With that in mind, the Project will promote the following actions:

i. Designate women as preferable recipients of the *Renda Marajó* program.
ii. Develop a toolkit for GBV-related case management to improve registration, referral, and monitoring of women in situation of violence within the scope of SUAS.
iii. Develop a methodology on how to support women in breaking the cycle of violence by focusing on promoting their autonomy and economic empowerment.
iv. A training module targeted at SUAS professionals on how to properly identify, register, refer, and monitor women in situations of GBV in a humanized way, including the appropriate use of protocols and tools that will be reviewed and improved under Component 1.

13. **Actions to address both GBV and girls' school dropout rates will also be carried out under Component 2.** Education is one of the most effective mechanisms to promote gender equality in a sustainable way. By increasing students' knowledge and capacity to identify and challenge gender-harmful norms, beliefs and stereotypes, education is key to addressing the root causes of gender inequality and modifying sexist behavioral patterns that perpetrate power inequalities between men and women and their consequences such as GBV.

14. **The lack of socioemotional skills and a solid understanding of gender inequality and its consequences contribute to increasing girls' school dropout rates and GBV in the short, medium, and long term.** The development and strengthening of adolescents' socioemotional skills associated with education on gender is expected to contribute to addressing the main aspects that lead to girls' dropout rates and to GBV inside and outside the school environment. With that in mind, the Project will support:

i. The development and inclusion of gender equality and GBV prevention content into the socioemotional skills curriculum foreseen under Subcomponent 2.2 and aligned with the Federal Law 14,164/2021, which made mandatory the inclusion of content on GBV prevention in primary and secondary education curricula;[62]

[62] Available at: http://www.planalto.gov.br/ccivil_03/_ato2019-2022/2021/Lei/L14164.htm

ii. The inclusion of specific alerts to adolescents that have an increased risk of early pregnancy and child labor, through the Early Warning System.

In addition, SEDUC will consider the possibility of conducting a diagnostic study on how violence and GBV perpetrated in the school environment impact school dropout rates according to students' gender, and expanding the *Programa Saúde na Escola* to all schools in Marajó with the objective of increasing students' knowledge on sexual and reproductive health, safe sex, and pregnancy prevention.

III. Gender-Sensitive Monitoring and Evaluation

15. M&E will mostly rely mainly on first-hand data collection through baseline and endlines questionnaires to be administered to the Project's target audience. The Project will measure the following indicator related to its gender-related actions.

- Ratio of social assistance professionals that received the training on GBV with increased capacity to identify, register, refer and monitor GBV survivors.

16. The information will be collected through the application of ex-ante and ex-post questionnaires to SUAS professionals that participate in the training offered by the Pará SUAS School.

ANNEX 3: Fiduciary

Procurement

1. **Procurement will be carried out in accordance with the World Bank Procurement Regulations.** Procurement under the Project will be carried out in compliance with the "The World Bank Procurement Regulations for IPF Borrowers" dated July 1, 2016, and revised in November 2020 and September 2023. The Project entails the procurement of works, goods, non-consulting services, information systems, and consulting services contracts. The World Bank will provide specific training on the World Bank's Procurement Regulations before implementation starts. The ToRs, technical specifications, and Contract Management Plan for all relevant contracts will also be prepared before the start of implementation. The World Bank will review ToRs for the selection of consulting firms. Procurement arrangements will follow the PPSD document. The Project's procurement arrangements will be included in the POM.

2. **Special Bidding Committee (CEL).** PIUs will be responsible for carrying out all Project procurement processes for their respective components. To this end, each PIU will establish a dedicated Special Bidding Committee (CEL), properly staffed and equipped to meet the Project's procurement needs. The planning of bids, design, and technical execution of the contracts would be the responsibility of each implementing agency, including the role of evaluating the demands of procurement and deciding the suitable moment for their implementation.

3. **Project's procurement staff.** In addition to establishing their Special Bidding Committees (CELs), SEDUC, SEMAS and SEASTER must be staffed with a seasoned procurement team at the PIU. The PIU's procurement team shall be exclusively dedicated to matters related to Project procurement activities. This team includes at least one procurement specialist, one procurement analyst and one contract analyst, to provide specific guidance on procurement matters and support the PIU's decision-making process. Additionally, the PIU should also have seasoned technical staff to support the agile preparation of ToRs, technical specifications, and other bidding documents.

4. **Mandatory use of the procurement planning and tracking tool (Systematic Tracking of Exchanges in Procurement [STEP]).** The implementing agencies will use the World Bank's online procurement planning and tracking tool, STEP, to (a) record all procurement actions under the proposed operation, including preparing, updating, and clearing their Procurement Plans, and (b) seek and receive the World Bank's review and 'no objection' to procurement actions as required.

5. **Use of e-reverse auction procedures.** Goods and non-consulting services estimated to cost up to US$100,000 may be procured through e-reverse auction procedures, as an alternative to the Request for Quotations method. Electronic reverse auctions will be open to the participation of any eligible bidder regardless of nationality. Participating bidders must be registered in the Government supplier database.

6. **Procurement bidding documents.** Standard Procurement Documents shall be used for all contracts subject to international competitive procurement and those contracts as specified in the Procurement Plan tables in STEP. For bidding processes with the national market approach, bidding and request of quotations documents will be agreed with the World Bank and included in the POM.

7. **Sustainable procurement and gender equality in the Project's procurement activities.** All three (3) implementing agencies, with the support of PIUs, will establish measures to support sustainable procurement and gender equality in all the Project's procurement activities.

8. **Operating costs.** Operating costs will include those recurrent costs that implementing agencies would not have incurred if not for the Project (for example, utilities, management and monitoring systems, administrative and Project implementation staff, office maintenance, and so on) and will be procured in accordance with the World Bank's Procurement Regulations, including planning using the STEP tool.

9. **Particular procurement arrangements.** Component 1 will contain a productive inclusion strategy (*Fomento)* while Component 2 will finance an incentive mechanism for the best-performing schools. In the same vein, Component 3 will finance the *Bolsa Floresta* incentive for families living in collective territories. Activities under these three components may require financing of very small contracts of goods, works, non-consulting services which may be procured on the basis of a community-driven development approach or particular procurement arrangements specially designed to be carried out by local communities. Commercial Practices or particular procurement arrangements for Community Participation should be outlined in the Legal Agreement and further elaborated in the relevant Project implementation document (manual) approved by the Bank and made publicly available by the Borrower.

10. **Procurement capacity assessment.** A procurement capacity assessment was completed in September 2023 focused on assessing the overall capacity of SEDUC, SEMAS and SEASTER to implement procurement transactions and manage contracts, in accordance with the World Bank's Procurement Regulations. The assessment also focused on assessing the capacity of each PIU to implement procurement transactions and manage contracts, in accordance with the World Bank's Procurement Regulations. The Project risk rating has been assessed as Substantial and the assessment reviewed Implementing Agencies' organizational structures and the current operating environment available for implementing procurement transactions expected by the Project. Most of the issues/risks have been identified and include (a) weak capacities of administrative staff; (b) lack of familiarity of IAs' staff with procedures to select consultants, as well as to deal with the procurement of goods and non-consulting services in accordance with the World Bank's Procurement Regulations governing Project implementation; (c) capacity constraints to prepare realistic Procurement Plans; and (d) lack of sufficient staff with the right skills and behaviors and a satisfactory track record in carrying out procurement activities.

11. **Mitigation measures were proposed based on the major likelihood of occurrence of inherent risk in procurement.** Most of the mitigation measures are overseen by the Implementing Agencies. The set of proposed mitigation measures for the Project includes (a) identifying qualified staff with the expected skills and behaviors and appointing them to be trained and guided on procurement aspects related to regulations and procedures that govern Project procurement; (b) preparing an Action Plan containing measures to support and enforce regulations and systems related to procurement planning activities, including training on best planning practices; (c) preparing a Contract Management Plan for each of the main contracts of the Project that are in execution; (d) establishing a dedicated Special Bidding Committee to be responsible for carrying out all the Project's procurement processes; (e) preparing an Action Plan with the technical and contract management team aimed at improving existing measures and procedures for handling contract risk allocation and strengthening the existing skills relating to risk allocation; (f) preparing and adopting a simplified bid/proposal evaluation flow that should be widely disseminated among involved staff and implementing agencies; and (f) training procurement staff working at the implementing agencies involved in Project execution or with the responsibility for preparing procurement documents and carrying out procurement procedures. The World Bank team should be aware of the need to monitor achievement of all recommended measures and propose additional mitigation measures during Project implementation or whenever needed.

12. **PPSD and Procurement Plan summary.** The first Procurement Plan has been drafted and approved in STEP before negotiations. The Procurement Plan defines contract category, contract description, estimated cost, appropriate

procurement and selection methods, procurement approach, and evaluation method based on the PPSD.

Financial Management Arrangements

13. ***Implementing Entities.*** The Project will be implemented by:

i. The *Secretaria de Educação* (SEDUC) was instituted by State law # 400, dated August 30, 1951, and restructured by law # 9,901, dated May 3, 2023, which defines its legal competencies. Its purpose is to ensure education, as a right of all, in the form established in the Federal and State Constitutions, the Law of Guidelines and Bases of National Education, and the Law of the State Council of Education – State System of Education. The SEDUC has experience in implementing and supervising development projects financed by Multilateral Development Banks.[63] The Secretariat currently holds the PMU for the IADB Project Programa de Melhoria da Qualidade e Expansão da Cobertura da Educação Básica no Estado do Pará– BR-L1327.[64]

ii. The *Secretaria de Assistência Social, Trabalho, Emprego e Renda* (SEASTER) was instituted by State law # 7,028, dated July 30, 2007, which defines its legal competencies; and Law # 9,892, dated April 13, 2023, which provides for the State Social Assistance Policy in the State of Pará, and structures the Unified Assistance System of the State (SUAS/PA). Its purpose is to expand the coverage of assistance to families and groups with social vulnerabilities and suffering rights violations in the Administrative Region of Marajó, ensure access by the vulnerable population to food and nutrition security facilities and drinking water, and support families experiencing severe food insecurity. The SEASTER has no previous experience executing World Bank-financed projects.

iii. The *Secretaria de Meio Ambiente e Sustentabilidade* (SEMAS) was instituted by State law # 5,457,[65] dated May 11, 1988, and restructured by law # 5,752, dated July 26, 1993, and later individualized as a single Secretariat by law # 7,026, dated July 30, 2007, which define its legal competencies. Its purpose is to promote integrated, shared, and efficient environmental management compatible with sustainable development, ensuring the preservation and conservation of the environment and improving the quality of life. Furthermore, SEMAS houses the *Núcleo Executor do Programa Municípios Verdes* (NEPMV),[66] which is a Management Unit of the Government of the State of Pará, created by State Law No. 7.756/2013, linked to the Secretariat through Law No. 8.633/2018, which contributes to the implementation of the State of Pará Government's Strategic Projects and Plans of the State of Pará. The SEMAS was the co-executor of Project P082651 - Pará Integrated Rural Development.[67]

14. The SEDUC, SEASTER, and SEMAS are under the State of Pará Government structure (Direct Administration) and, therefore, subject to state laws (Law #8,096, dated January 1, 2015, defines the structure of the State Public Administration (Executive Branch), and other arrangements; Law #5,810, dated January 24, 1994, provides for the Single Legal Regime);[68] the competent institutions exercise internal and external controls and are subject to Annual Accounts Reporting to the State SAI[69] (State Court of Accounts - TCE/PA).

[63] Multilateral Development Banks.
[64] Quality Improvement and Expansion of Basic Education Coverage Program in the State of Pará.
[65] Secretaria de Ciência, Tecnologia e Meio Ambiente (SECTAM) - Secretariat of Science, Technology and Environment.
[66] Green Municipalities Program Execution Center
[67] The Project development objective was to build conditions in which the rural poor of Para could increase their incomes in a sustainable and secure environment; closed on December 31, 2014, presenting moderately unsatisfactory (MU) ISRs regarding progress towards achievement of PDO, overall implementation progress, project management, and financial management.
[68] The principles and rules refer to rights, duties, and other rules of conduct that govern the legal/functional relationship between the civil servants and the government.
[69] State Supreme Audit Institution.

15. The three Secretariats have an appropriate management structure, and the PIUs are independent senior management units; however, communication among secretariats may be challenging, and a Steering Committee, composed of a representative from SEDUC, SEASTER, SEMAS, SEPLAD, and one FMS, needs to be appointed in SEPLAD for decision-making and compilation and submission of the Project mandatory reports to the Bank. In addition, one FMS needs to be appointed in SEPLAD. Each Secretariat will hold a separate PIU responsible for handling the FM fiduciary responsibilities for the assigned Project components, including (i) coordinating and supervising Components implementation of components; (ii) submitting disbursement requests and documentation of expenditures to the Bank[70] (iii) making available information for the consolidation of IFRs by the Steering Committee, which will be responsible for submitting the Project's consolidated IFRs to the Bank; (iv) preparing and providing all financial documentation and Project reports/information requested by external auditors and Bank staff; and (v) preparing and updating the Project Operational Manual (POM) and ensuring that all Project executors follow it.

16. The SEDUC, SEASTER, and SEMAS will create their own PIU team to implement the Components under their responsibility, which must comprise at least one Project Financial Management Specialist, each to be primarily responsible for coordinating the Project's financial/accounting aspects based on the terms of reference agreed with the Bank. The FMSs should be appointed within one month after Project effectiveness. Any new staff joining the Project, unfamiliar and inexperienced with the Bank's policies and procedures, must participate in the Bank's fiduciary training session when available.

17. Planning and Budgeting. The Project will follow the laws and procedures applicable to the budget cycle at the state level. The budget cycle includes the planning and implementation of all government activities, which are reflected in the Multiannual Investment Plan (*Plano Plurianual (PPA)*), the Budget Guidance Law (*Lei de Diretrizes Orçamentárias (LDO)*), and Annual Budget Law (*Lei Orçamentária Annual [LOA]*). SEFA will create a program under the PPA that will reflect the Project design. Additionally, SEDUC, SEASTER, and SEMAS will create specific program(s)/line(s) (Plano Interno) to plan and execute their respective Components/activities. This will enable the recording and reporting of Project transactions using the State's FMIS.[71] The Secretariats' budget is prepared in conjunction with SEPLAD.

18. All the Project's budgeting and accounting transactions will be processed through the SIAFE, which complies with Federal Law Decreto 10.540/2020, establishing the minimum requirements for the subnationals Integrated and Unified System for Budget Execution, Financial Management, and Control.[72] Payments will follow the official commitment (*empenho*), verification (*liquidação*), and payment (*pagamento*) routines.[73] Actual expenditures are compared to budgeted expenditures with reasonable frequency, and justifications are provided for variations relevant to the budget.

19. SIAFE ensures proper recording of the Project's financial execution by processing accounting and financial information. In addition, the PIUs intend to procure the Program Management, Monitoring, and Evaluation System for the Project to support monitoring and issuance of financial reports.

[70] Each PIU will be responsible for managing its designated account.

[71] FM Information System.

[72] The SIAFE was launched on January 11, 2023, and was financed by the Brazilian Tax Administration Support Program (Profisco II), a credit line from the Inter-American Development Bank (IDB) for states and the Federal District, aimed at projects to improve fiscal, financial and asset management. 73 At the commitment stage (*empenho*) proposed expenditure is verified to ensure that spending proposals have been approved by an authorized official, that funds have been appropriated in the budget, that sufficient funds remain available in the proper category of expenditure, and that the expenditure is proposed under the correct category. At the verification stage (*liquidação*) the documentary evidence that the goods have been received or that the service has been performed is verified. Before the payment stage (*pagamento*) confirmation is needed that a valid obligation exists, that the competent person has signed that the goods or services have been received as expected, that the invoice and other documents requesting payment are correct and suitable for payment, and that the contractor is correctly identified.

20. This Project does require counterpart funding, which will be monitored through the IFRs. The counterpart activities will be earmarked and will be financed by the State of Pará and must contribute to the PDO.

21. The procedures to plan Project activities, prepare related budgets, and collect information are adequate. The Project plans and budgets (to be reflected in the state LOA) will be realistic, based on valid assumptions, and prepared for all significant activities in sufficient detail to provide a meaningful tool to monitor subsequent performance (budget vs. actual variance analysis).

22. ***Accounting.*** The Secretariats are subject to the TCE-PA's accounting, operational, and asset management oversight, including the legality, legitimacy, and economy of expenditures, acts, contracts, and revenues. The fiscal year coincides with the calendar year.

23. The Project will be implemented using the state's existing systems, and national accounting standards (Modified Accrual[74]) will be followed as they are deemed acceptable to the Bank. The state follows (i) the Brazilian Accounting Standards Applicable to the Public Sector (*Normas Brasileiras de Contabilidade Aplicadas ao Setor Público-NBCASP*); (ii) Law 4.320/64, which establishes certain high-level accounting principles (*Normas Brasileiras de Contabilidade-NBC*); and (iii) the Accounting Manual Applicable to the Public Sector (*Manual de Contabilidade Aplicada ao Setor Público-MCASP*) issued under Law 10.180 of February 6, 2001, and Decree 3.589 of September 6, 2001.

24. The NBCASP and MCASP were revised via *Portaria* STN 467 of August 6, 2009, to reflect the International Public-Sector Accounting Standards (IPSAS[75]). There is a work plan (National Treasury Secretariat (STN) Ordinance Implementation Plan n° 548/2015) in progress that culminates in the convergence of 35 IPSAS currently in force by 2021, with the STN subsequently verifying the data of the respective entities of the Federation, by the year 2023. The state follows the STN's schedule to adopt the NBCASP and MCASP (and thereby IPSAS) by 2024. The Bank will monitor the IPSAS implementation throughout the project life of the Project.

25. The STN has been following up on the IPSAS implementation in Brazil and promoting training to the subnational Court of Accounts (TCEs) to oversee the state's suitability vis-à-vis international norms. The STN also measures the quality of the states' accounting and fiscal information and publishes scores in the Ranking of the Quality of Accounting and Fiscal Information in Siconfi[76] - Siconfi Ranking - is a publication of the STN whose objective is to evaluate the quality of the data and the consistency of the reports and accounting and fiscal statements that the STN receives from all federative entities, i.e. the Federal Government, states and municipalities. The purpose of this ranking is to promote the improvement of the quality and consistency of tax and accounting data submitted by government entities. On September 6, 2023, Pará was low ranked low, at number 22[77] in the STN's ranking, scoring 88.6% on accounting and fiscal information quality.

26. The expenditures will be accounted under a chart of accounts structure that must follow the Project's design to appropriately reflect the Project structure to allow the Secretariats to monitor the project implementation and run reports

74 It recognizes revenues when they become available and measurable and records expenditures when liabilities are incurred.
75 Issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants (IFAC-IPSASB).
76 *Sistema de Informações Contábeis e Fiscais do Setor Público Brasileiro* - The Brazilian Public Sector Accounting and Tax Information System, developed by the STN, whose objective is to exchange tax, accounting, and financial information between the Federal Government and other entities of the Federation. It provides the STN with an efficient tool for receiving information generated by the federative units, with significant gains in public transparency.
77 Out of 27 federative units.

for monitoring and auditing purposes. The system should be updated within a month after Project effectiveness. The POM will reflect the standard Project structure that should apply throughout the Project's life.

27. The three Secretariats propose to use a Project Management System SAFF to facilitate the Project's management and preparation of finance reports to be submitted to the Bank. Once the system is selected the Bank will assess it to verify its suitability and to gauge whether it is properly designed to manage Bank projects. The selected system will need to provide tools needed for a sound project management and issuance of finance reports (IFRs and SOEs) in the formats required by the World Bank. Information from SIAFE will need to be automatically uploaded to the system to allow proper Project management.

28. The SEDUC, SEASTER, and SEMAS, and SEPLAD will have access to the Bank's Client Connection system for up-to-date information relating to the disbursement of the proceeds of the Loan. The Project's accounting records in SIAFE and the Project Management System SAFF must be reconciled regularly with this information.

29. **Internal Controls.** Transaction processing will use the state's internal approval processes and systems for reasonable segregation of duties, supervision, quality control reviews, and reconciliation. The state's civil servants well understand the process flow.

30. All Project transactions will be processed within SIAFE, which enforces strict segregation of duties and controls in the preparation and approval of transactions to ensure that these transactions are properly executed and recorded (i.e. different units or persons authorize the transaction and record the transaction), and guarantees data confidentiality, comprehensiveness, and availability of data. All accounting and supporting documents are permanently retained using a system that allows for easy retrieval by the authorized user. All accounting documents are digitalized and kept in the *Sistema de Processo Administrativo Eletrônico* (PAE).[78]

31. The State also uses the *Sistema Integrado de Planejamento*[79] (SIGPLAN) to generate reports on the physical and budgetary execution of all PPA projects/activities, including projects and agreements signed with institutions of the Federal Government, municipalities, and State Secretariats. This system is interconnected with the SIAFE, enabling the Secretariats to monitor and evaluate data, which will be used in the preparation of their Annual Management Reports.

32. The CGE-PA[80] will undertake the relevant Project's internal control activities, working with the Secretariats to strengthen their internal controls and execute audits of procedures as part of the Project that will be programmed as technical assistance activities. In addition, the Project will support the implementation of the Internal Audit Capability Model – IA-CM in the State.

33. The IA-CM framework highlights the fundamentals for effective internal auditing in the public sector. IA-CM intends to ensure that internal audit becomes an integral component of effective governance in the public sector, and seeks to assist organizations to achieve their objectives and account for their outcomes. IA-CM consists of five levels, tied to leading practices, and level 3 (integrated) is where internal audit management and professional practices are uniformly applied following international practices. The CGE-PA has prepared a work plan containing the activities needed to reach level 3 of IA-CM by the closing date. The amount to be financed from the loan for the internal control activities is USD

[78] Electronic Administrative Process System.
[79] Integrated Planning System. SIGPLAN also provides public access to information allowing civil society to monitor the physical and financial execution of actions developed by the executive branch.
[80] Controladoria Geral do Estado de Pernambuco - State General Comptroller's Secretariat

596,000[81]. The CGE-PA is expected to evaluate the adequacy and effectiveness of internal control in the PIUs throughout Project implementation. Considering SEDUC's experience with projects financed by Multilateral Development Banks, it was selected to execute the funds the CGE-PA will need to strengthen the internal controls in the State.

34. The Project's bank account statements will be automated, generated, and reconciled daily. Satisfactory segregation of functions is applied in order to review and approve all unusual items.

35. There are adequate systems[82] in place for protecting the Project's assets from fraud, waste, and abuse. Assets purchased are listed in an inventory record. Each asset is given an individual master record and number. A physical inventory control is performed periodically. If assets are no longer needed, they can be sold to a third party (public tender) or sent for screening to check if any of their parts can be reused. Detailed procedures to document the disposal of assets exist. Asset management is under SEPLAD's responsibility.

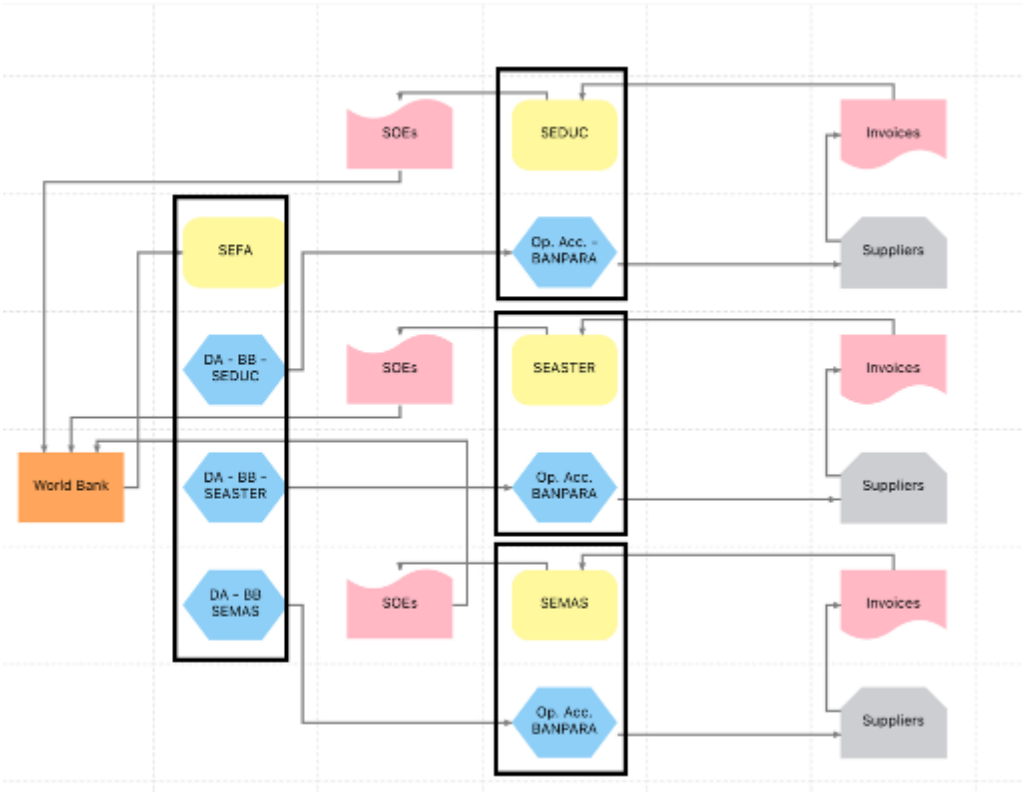
36. The Project's internal control system will be documented in a Project Operational Manual - POM. The POM will comprise descriptions, flow charts, policies, templates and forms, user-friendly tools, tips, and techniques to ensure that the approval and authorization controls continue to be adequate and are appropriately documented and followed with adequate safeguarding of the Project's assets (including the following topics in the FM and Disbursements section: the flow of funds, chart of accounts, Project organizational structure and responsibilities, oversight lines, authority limits, internal and external audit arrangements, accounting practices, disbursement procedures and the financial reporting arrangements). A draft POM should be prepared by the PIUs and shared with the Bank by negotiations; the final version of the POM approved by the Bank is usually conditioned to Project effectiveness condition. The POM must be maintained/updated throughout the Project's life.

37. ***Flow of Funds and Disbursement Arrangements.*** The disbursement of Project funds will be processed following Bank procedures as stipulated in the Legal Agreement and the Disbursement and Financial Information Letter (DFIL). Funds will be disbursed in respect of eligible expenditures incurred or to be incurred under the Project and will be disbursed by agreed financing percentages. Each PIU will manage a segregated designated account and document the eligible expenditures paid to execute the activities related to the components under its responsibility.

38. The primary disbursement method will be Advances. The Project will also be able to process Reimbursements of amounts pre-financed by the government and Direct Payments if required. The cash transfer programs will report exclusively through reimbursement of eligible expenditures (i.e., amounts deposited in the beneficiaries' bank accounts and supported by the respective "*ordens bancárias").* The flow of funds will rely on existing State (i.e., Country) systems. Each Secretariat will manage its segregated designated account, from where all payments will be made using the SIAFE system once payment obligations have been committed and verified.

39. The following diagram indicates the flow of funds for the **Advance** disbursement method:

[81] The CGE-PA's working plan totals BRL 2,937,633.24, equivalent to USD 595,216.84, as per Client Connection's exchange rate on September 26, 2023 (USD 1 = BRL 4.94).
[82] The State uses the Sistema de Patrimônio Mobiliário – SISPAT Web e o Sistema de Material e Serviço - SIMAS.



(1) The funds will be transferred to three specific segregated bank accounts (DAs), opened and administrated by SEFA under the name of the State of Para, at Banco do Brasil to receive funds for each Project PIU. The accounts will be denominated in Brazilian Reais (BRL). Upon receipt of the Bank's funds, SEFA will transfer the respective amounts needed for the Project daily payments to the Secretariats' operating accounts in BANPARA, for further transfer to the supplier and beneficiaries' accounts.

(2) Payment processes will be registered in the SIAFE System by the SEDUC, SEASTER, and SEMAS, and the records will be reconciled daily.

(3) The Statements of Expenditures (SOEs) will be prepared by the SEDUC, SEASTER, and SEMAS (for the components/categories managed by each Secretariat), with information available in SIAFE, and the accounting records will support them.[83]

40. Each DA's ceiling will be BRL 10,000,000. The Minimum Application Size (MAS) for Direct Payment and Reimbursement Withdrawal Applications (WA) will be USD 1,000,000 equivalent. This MAS is not applicable to the retroactive expenditures WAs. The frequency for presenting eligible expenditures paid from each DA is at least once every quarter.

[83] The General Conditions require the Borrower to retain all records (contracts, orders, invoices, bills, receipts, and other documents) evidencing eligible expenditures and to enable the Bank's representatives to examine such records. They also require the records to be retained for at least one year following receipt by the Bank of the final audited financial statements required in accordance with the Legal Agreement or two years after the Closing Date, whichever is later. Borrowers are responsible for ensuring that document retention beyond the period required by the Legal Agreement complies with their government's regulations.

41. SEDUC, SEASTER, and SEMAS will pay grants to eligible beneficiaries under cash transfer programs still to be structured and prior-approved by the Bank. Payments to the selected beneficiaries will be eligible for financing once they are deposited in the Beneficiaries' bank accounts, and are supported by the corresponding "*ordens bancárias."* The fact that the cash transfer programs have not been designed and approved by the Bank before the Project preparation increases the risk of these activities for the Bank.

42. The Project will report on using Advances and process Reimbursement requests, through WAs supported by SOEs.[84] Direct Payments will be documented by Records. SEDUC, SEASTER, and SEMAS will sign off on the WAs documenting expenditures, based only on actual expenditures, ensuring that the Loan proceeds were exclusively used for eligible expenditures. The Project Application Deadline Date (the final date on which the Bank will accept WAs from the Borrower or documentation on the use of loan proceeds already advanced by the Bank) will be four months after the Loan Closing Date. This 'grace period' allows the orderly Project completion and closure of the Loan Account via the submission of WAs and supporting documentation for expenditures incurred before the Closing Date.

43. No withdrawal shall be made for payments made prior to the date of the Legal Agreement, except that withdrawals up to an aggregate amount (in USD equivalent) not to exceed 20% of the Loan amount may be made for payments made prior to the Signing Date, but, in no case, more than one year prior to the Signing Date, for Eligible Expenditures as set out in the Legal Agreement.

44. ***Financial Reporting.*** The Steering Committee will consolidate the IFRs prepared by each secretariat and submit to the Bank on a quarterly basis, no later than 60 days after the end of each reporting period. These IFRs will be produced with data extracted from the SIAFE System, and will consolidate the Project's financial data for all components on a cash basis. The IFRs and SOEs will be issued by a Project Management System and will need to be customized to reflect the Bank's formats or other available tools such as a BI. The chosen Project Management System or other tool must be available for all PIUs and reflect Project design, no later than one month after loan effectiveness.

45. The fourth quarter IFRs, with accompanying notes, will serve as the Projects' annual financial statements to be audited.

46. The following quarterly IFRs (to be prepared in *Reais* (see Annex 1 for format)) will be prepared for Project monitoring and management purposes and be submitted to the Bank:

(i) IFR 1-A –Sources and Uses of Funds by Disbursement Category (period to date, year-to-date, Project-to-date) showing budgeted amounts versus actual expenditures (i.e., documented expenditures), including a variance analysis;
(ii) IFR 1-B – Uses of Funds by Project Component (period to date, year-to-date, Project-to-date) showing budgeted amounts versus actual expenditures (i.e., documented expenditures), including a variance analysis – each Secretariat will prepare its own customized IFR 1-B and submit to the Steering Committee for consolidation of information and preparation of IFR 1-A; and
(iii) IFR 1-C – DA bank reconciliations and accompanying bank statements, also prepared by any of the Secretariats for its own DA.

[84] After the Cash Transfer Programs are created for the Project, WFA may have to prepare a customized SOE to document the grants to the teachers due to the large amount of individual payments.

47. **External Auditing.** For Project purposes, the external audit of the Project will be performed by independent external auditors[85] following the agreed ToR acceptable to the Bank and International Standards on Auditing (ISAs) (issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC)) (or national auditing standards if, as determined by the Bank, these do not significantly depart from international standards).

48. The audited financial statements will be prepared in accordance with accounting standards acceptable to the Bank (i.e., IPSAS or national accounting standards where, as determined by the Bank, they do not significantly depart from international standards). The TOR should be prepared by the Steering Committee and be approved by the Bank within three months after effectiveness.

49. The audit report (and any accompanying management letter) should be submitted to the Bank no more than six months after the end of the fiscal year. The Bank will review the audit report and periodically determine whether the recommendations are satisfactorily implemented. The Bank also requires that the Borrower/Recipient disclose the audited financial statements in a manner acceptable to the Bank, and following the Bank's formal receipt of these statements from the Borrower/Recipient, the Bank will also make them available to the public in accordance with *The World Bank Policy on Access to Information*.

50. ***Conditions or Nonstandard/Significant Financial Covenants (i.e. Relevant issues to be included in the Legal Documents).*** There are no significant FM-related conditions for Board and/or Effectiveness.

[85] The State Government will consult with the State Court of Accounts (TCE-PA) regarding its availability to perform the Project's Annual Financial Statement Audit, subject to a review of the results of the MMD-QATC report. ATRICON (the Association of Supreme Audit Institutions for both the Federal and State level) customized the International Organization of Supreme Audit Institutions (INTOSAI) "SAI-Performance Measurement Framework" (SAI-PMF) for the Brazilian context. Thirty-three TCEs used this customized SAI-PMF assessment (MMD-QATC) in 2015, 2017 and 2019. Strengthening and institutional capacity activities to support TCM-PA will be assessed throughout project implementation as part of the Project's technical assistance component. Private auditors will be used if the TCE-PA is not available to audit the Project.

ANNEX 4: *Renda Marajó* Program Design

1. **The Cash Transfer Plus program is designed to provide financial support to vulnerable families residing in the 17 municipalities of the Marajó Integration Region.** The primary objective of the program is to enhance food and nutritional security by supplementing the income of eligible families. In addition to this, the program aims to improve administrative processes, address human rights violations, and prevent child labor through a comprehensive approach as follow:

i. Improving the administrative registration of CADUNICO: This involves correcting sub-registries, eliminating duplicate access to income transfer programs, updating income brackets, identifying specific participation conditions for different group, and using tools to capture information about beneficiaries. The overall aim is to streamline the registration process and ensure accurate and up-to-date data on beneficiaries.

ii. Developing institutional partnerships related to human rights violations: Collaboration with organizations such as the Council for the Protection of Children and Adolescents, Municipal Councils for the Elderly, Children and Adolescents, the Women's Secretariat (if it exists), and Councils for Traditional Communities (if they exist) is important to identify underreporting of human rights violations. These partnerships will help in addressing issues related to underreporting and ensuring the protection of vulnerable groups.

iii. Monitoring the updating of the Specialized Reference Centers for Social Assistance (CREAS). This monitoring is specifically focused on the Program for the Prevention and Eradication of Child Labor (PAEFI). By keeping track of the updates and activities of CREAS, the program can effectively combat child labor and take necessary actions to prevent and eradicate it.

2. **Eligibility and prioritization rules.** To qualify for the program, families must be registered in the CADUNICO and declare their eligibility during the enrollment process. They should have a monthly family income per capita of up to 218 reais, falling within CadUnico income bands 1 or 2. Priority is given to families led by women, single mothers with children, and heads of households who do not receive any other forms of financial assistance. Additionally, eligible families should be enrolled in programs related to rights violations, as identified by CREAS (PAEFI). Preference is also given to families residing in rural or peripheral areas, particularly those in irregular settlements such as slums or stilt houses. The program also considers traditional families, including *Quilombolas*, riverine communities, and extractivists, as well as individuals facing social risks due to discrimination (LGBTQIA+), people with disabilities (PCD), and the elderly. There is no specific age range for eligibility.

3. **Payment of the benefit.** Families will receive R$ 200.00 (two hundred reais) per month through direct deposit or PIX into a bank account registered with a single Public Bank, in accordance with the law governing the program. In addition, beneficiaries will be provided with a physical bank card to facilitate financial inclusion and banking transactions. The designated account for depositing the installments has a social purpose and should be free of any fees or charges. It is intended solely for the beneficiaries' transactions, payments, PIX transfers, and other free benefits that can be attached to the service package provided by the banks. The benefit will be deposited every three months, totaling four deposits per year for each eligible family that is registered and included in the program. It is strictly prohibited to transfer, possess, or use the benefits card for third parties.

4. **Exit or replacement of beneficiaries.** The program allows for the substitution of eligible families who are already receiving the benefit. The process of substitution follows a set of rules that have been established and communicated to the beneficiaries through physical or digital documents. These documents serve as proof of receipt and understanding of

the conditions. Beneficiaries who formally request to be replaced can be substituted. Additionally, families with duplicate registrations in income transfer programs after receiving the first installment of the benefit may also be eligible for substitution. The order of substitution follows a classification system based on the registration period in 2024. It is important to note that the information provided during the family's registration must be validated at the time of substitution.

5. **Participation in other Avança Pará programs.** Families participating in the Renda Marajó program can participate in the AVANÇA PARÁ Productive Inclusion Program, either concurrently or after the completion of the Renda Marajó program.

ANNEX 5: Productive Inclusion Program (*Fomento*) Program Design

1. **The Productive Inclusion Program aims to enhance the income of families living in the 17 municipalities of the Marajó Integration Region.** This program offers incentives to boost productivity and generate income, with a particular focus on promoting sustainable food production. Its primary objective is to improve and maintain long-term food security. The program not only provides additional income to families but also assists them in initiating a productive plan of their preference, which is customized for each family.

2. **The Sectorized Productive Plan is a set of services offered to each beneficiary.** The services offered are the payment to organize production, custom made training for small business models, acquisition and delivery of equipment, machinery, and other in-kind inputs to families (when necessary), guidance and consultancy for the development of the productive system, flow of small-scale production and/or provision of urban services, monitoring, follow-up, and evaluation of results, and application of research for results. Business models approved in the Sectoral Productive Plan must necessarily comply with environmental protection standards and environmental sustainability.

3. **Eligibility and prioritization rules.** The program will target vulnerable families who should already have small productive activities in the shape of rural and/or urban models that require commercial and productive enhancement. To be eligible, families should be registered in CADUNICO with monthly incomes up to R$660 or half minimum salary (CADUNICO income ranges 1, 2, or 3). Priority is given to families headed by women, single mothers with children, and heads of family enrolled in programs related to rights violations and registered in CRAS (PAIF). As a secondary criterion, preference is given to the self-declared brown and/or black and traditional families, including *Quilombola*, riverine communities, and extractivists, as well as those at social risk due to discrimination (LGBTQIA+), people with disabilities (PCD), and the elderly.

4. **Selection process and enrollment.** The program enrollment process will be conducted in two stages. Stage I will begin in 2024, during which the Secretariat will carry out local promotion activities to mobilize, recruit, register, productive diagnose, and select 5,000 families. These selected families will receive up to three installments of 2,300.00 reais each, according to their business plan. Stage II of the program will start in 2026, where an additional 5,000 families will benefit from the program. In total, over the course of four years, the *Fomento* program will benefit a total of 10,000 families.

5. **Payment of the benefit.** Families will receive R$ 2,300.00 (two thousand and three hundred reais) through direct deposit or PIX into a bank account registered with a single Public Bank, as defined in the program law. In addition, beneficiaries will be provided with a physical bank card to facilitate financial inclusion and banking transactions. The designated account for depositing the installments has a social purpose and should be free of any fees or charges. It is intended solely for the beneficiaries' transactions, payments, PIX transfers, and other free benefits that can be attached to the service package provided by the Banks.

6. **Services and in-kind support to beneficiaries.** Participants of the program will receive the cash benefit plus professional training, acquisition and delivery of equipment and inputs, productive and business development training, support in the distribution of the products, and monitoring services. The services will be provided by the technical assistance organization contracted by SEASTER. The services are:

   i. Professional Qualification: This service will be offered by a company specialized in the field, in accordance with the conditions established for the selection of the target audience. The qualification can be conducted through in-person lessons and/or distance learning (if there is a digital means available), focusing on the development of production aspects with both theoretical and practical lessons. The approach emphasizes

'learning by doing' and incorporates productive and commercial experiential aspects to enhance business practices. At the end of the training, families will be certified and directed to receive the funding for starting their business. Families will receive equipment and/or other inputs for production, to be delivered directly to them under the terms of the program.

ii. Productive and business development training: the development of the production system consists of technical support aimed at the proper management of equipment and production processes, storage (if applicable), administrative control, etc. It is conditional upon the delivery of equipment, machinery, and inputs to the families.

iii. Support in the distribution of the products: beneficiaries will be supported in the sales and distribution of their production. This service's main objective is to enhance production and distribution to meet the comprehensive requirements of the Food and Nutritional Security Centers established by AVANÇA PARÁ in each municipality. The production of local food items involves adapting such items suitable for sale to cooperatives and school meals.

iv. Monitoring and follow-up services: This activity will involve measuring the use of resources and check whether families' financial and nutritional needs are being met. The activity will also examine ways of improving the results obtained.

7. **Exit or replacement of beneficiaries.** The program allows for the substitution of eligible families who are already receiving the benefit. The process of substitution follows a set of rules that have been established and communicated to the beneficiaries through physical or digital documents. These documents serve as proof of receipt and understanding of the conditions. Beneficiaries who formally request to be replaced can be substituted. Additionally, families with duplicate registrations in income transfer programs after receiving the first installment of the benefit may also be eligible for substitution. The order of substitution follows a classification system based on the registration period in 2024. It is important to note that the information provided during the family's registration must be validated at the time of substitution.

8. **Participation in other Avança Pará programs.** Families participating in the Renda Marajó program can participate in the AVANÇA PARÁ Productive Inclusion Program, either concurrently or after the completion of the Renda Marajó program. This is the only exception for the eligibility rule that requires families to not be receiving any other benefit to participate in the program.

ANNEX 6: Water Harvesting System

1. **This Project aims to provide treated water for general use and human consumption to isolated riverside dwellings in Marajó.** The absence of sanitation services and access to treated water has resulted in a significant number of waterborne diseases causing a rise in infant and elderly mortality rates. Currently, households directly draw their water supply from the river or employ alternative storage methods like asbestos or fiberglass tanks, plastic or metal drums, and manual collection systems. Some households either boil water for domestic use or employ rudimentary cloth-based filtration. Periodically, sodium hypochlorite is distributed by public administration representatives, albeit inconsistently. In summary, investing in these projects will not only address environmental and sanitation concerns but also enhance the health and nutrition of the community, making it a vital social and public health initiative.

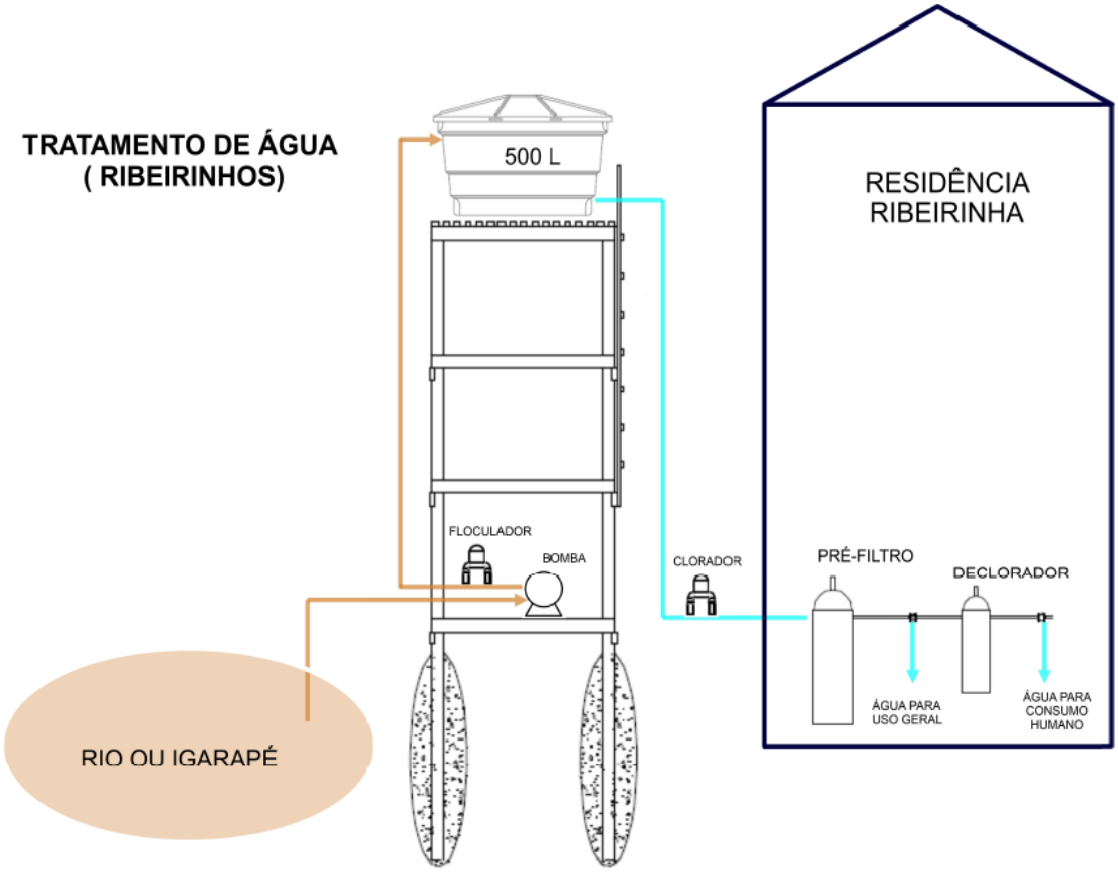
2. **Project Design and system implementation.** This activity will install 270 micro water collection and treatment stations to serve 5,400 riverside families residing in Afuá, Bagre, Breves, Curralinho, Gurupá, Melgaço, Muaná, São Sebastião da Boa Vista, Chaves, Portel, Anajás and Ponta de Pedras. These municipalities were chosen based on their low Human Development Index (HDI), with Melgaço being notably the lowest among all municipalities in Brazil. The selection of the Micro Water Treatment Stations (*Micro-estações de Tratamento de Água,* META) system, which directly collect water from the river, was made following a preliminary evaluation conducted by SEASTER technicians and information obtained from the National Institute for Colonization and Agrarian Reform (INCRA) through its engineering department in the Regional Superintendence in Belém (SR(PA/NE)). This choice was based on its technical superiority, efficiently serving the isolated residences along riverbanks and channels in flood-prone areas, allowing direct water collection at the treatment station. Access to these communities is predominantly by boat, navigating through the region's rivers and channels. The following table illustrates the demand per municipality.

PRELIMINARY DEMAND PER MUNICIPALITY		
MUNICIPALITY	**DEMAND (UNITS)**	**HDIM**
AFUÁ	30	0,489
BAGRE	30	0,471
BREVES	30	0,503
CURRALINHO	20	0,502
GURUPÁ	30	0,509
MELGAÇO	40	0,418
MUANÁ	20	0,547
SÃO SEBASTIÃO DA BOA VISTA	20	0,558
PONTA DE PEDRAS	10	0,562
ANAJÁS	20	0,484
PORTEL	10	0,483
CHAVES	10	0,453
TOTAL	**270**	

3. **Project Description.** The water collection process involves direct intake from rivers and streams using mechanical pumps placed at river intake points. The pipeline connecting the river intake to the elevated reservoir consists of PVC pipes conforming to project specifications and extending up to 3.00 meters above the ground. Pipe diameters vary per manufacturer specifications, with lengths adjusted for each location, up to a maximum of 30 meters. The initial treatment

involves using a flocculator with a 5980 L capacity in the upper reservoir's inlet as per project guidelines. After coagulation and settling of impurities, water passes through a chlorinator downstream of pre-filtration on its way to target residences. Chlorine levels are adjusted to achieve 1.5 to 2.50 PPM for safe consumption. A pre-filtration system ensures water is suitable for general use, with excess chlorine removed by a dechlorinate filter for acceptable taste. Pipes and connections adhere to manufacturer's PVC JS specifications.

Figure A6.1. Basic design of the Water Harvesting System



4. **Project execution and predicted costs.** This project estimates a three year execution period, considering simultaneous installation of the water harvesting systems in the municipalities. The projected cost for these works is R$ 21,819,868.00 (twenty-one million, eight hundred and nineteen thousand, eight hundred and sixty-eight Brazilian Reais), at April 2023 prices. These figures are based on the price tables provided by National System for Research on Construction Costs and Civil Construction Indices (*Sistema Nacional de Pesquisa de Custos e Índices da Construção Civil*, SINAPI) in effect during the preparation of this preliminary engineering project.

5. **Systems operation, management, and monitoring.** Operating the Micro Water Treatment Stations (META's) is simple due to their semi-automatic design. Basic operation involves adding products used for water clarification and disinfection, along with periodically backwashing the inlet filter – a task accomplished by simply opening and closing a single valve. These stations also feature self-cleaning reservoirs. Each META incurs an annual operational and maintenance cost of approximately 84 Brazilian Reais, equivalent to a monthly fee of 7 Brazilian Reais to ensure system functionality.

Municipal governments will play a pivotal role in this endeavor by overseeing community registration and the potential assumption of these reduced costs. The companies responsible for selling the filters used in the systems must contractually guarantee the quality of the produced water. As for monitoring, the responsible authority is the Ministry of Health through the National Water Quality Surveillance Program (*Programa Nacional de Vigilância da Qualidade da Água - Vigiagua*).

6. **Environmental Impacts**. The installation of water harvesting systems is expected to have minimal environmental consequences. The project implementation does not entail deforestation; instead, it involves clearing a limited area of 12.00 square meters at each installation point. Any debris and waste generated during implementation will be the responsibility of the installation company for its proper management and disposal. Furthermore, the proposed model is classified as exempt from environmental licensing and will be granted an environmental licensing exemption (*Dispensa de Licenciamento Ambiental* , DLA) at the state level. Moreover, additional licensing for water capture is unnecessary since each system will serve housing units with fewer than 400 people and feature low capture flow rates, thus exempting them from requiring authorization or a license.

ANNEX 7: *Bolsa Floresta* Program Design

1. **The Bolsa Floresta program aims to provide support to families living in collective territories who actively contribute to forest conservation efforts.** *Bolsa Floresta* will be a cash transfer program with environmental conditionalities. Its main goal is to incentivize communities to sustainably manage forests. Additionally, it aims to improve the livelihoods of the population engaged in forest conservation activities within collective territories, promote citizen involvement, and encourage beneficiaries to participate in training programs.

2. **Eligibility and prioritization rules.** The program will benefit households residing in state collective territories – protected areas, agro-ecological land reform settlements, and traditional communities such as *Quilombolas*. The program will cover the entire state. However, it will prioritize collective territories located in the Marajó region. Eligibility criteria is similar to the criteria used by the federal *Bolsa Verde* program. To be eligible for the program, households should have low-income status, be registered in the Single Registry (*Cadastro Único*) for Social Programs, and sign an agreement committing to zero deforestation and sustainable use of forest resources. Households participating in the federal Bolsa Verde program will not be eligible to the state Bolsa Floresta. However, households can be enrolled in other federal programs such as Bolsa Familia.

3. **Selection and Enrollment**. Enrollment will occur in three steps. In the first step, the Project will determine eligible collective territories and identify beneficiaries within these territories. In the second step, communities will collaborate with a technical assistance team hired by the government to develop a Territorial Development Plan that outlines the sustainable production practices to be followed by the communities. In the third step, payments will begin and continuing technical assistance will be offered to the families.

4. **Package of benefits.** Beneficiaries will receive transfers of R$600 per trimester (roughly US$120) paid by a financial institution yet to be determined. This recurrent payment is identical to the recurrent payment of the federal *Bolsa Verde* program. Additionally, beneficiaries and their communities will receive a comprehensive technical assistance package provided by firms hired by the government. These packages of benefits aim to help communities and individual beneficiaries to develop sustainable forest management plans as well as to engage in sustainable production practices.

5. **Compliance, monitoring and exit of beneficiaries.** The program requires maintenance or increase in forest coverage as well as commitment to the territorial development plans and adoption of sustainable activities verified by a contracted institution. To oversee whether these conditionalities are being met, the government will establish a monitoring system. This system will assess whether communities adhere to the pre-established Territorial Plan and are not depleting their forest resources. The specific criteria for beneficiary expulsion due to non-compliance with program conditions will be determined by the government as part of the law and decrees governing the program.

ANNEX 8: Economic Analysis

1. **Cost-Benefit Analysis.** The cost-benefit analysis is performed separately for each component. The analysis takes into consideration a time horizon of 30 years and a discount rate of 10 percent. Furthermore, sensitivity and risk analyses were conducted, allowing for adjustments in the discount rate and the number of beneficiaries, respectively.

Overall Results, Sensitivity and Risk Analysis

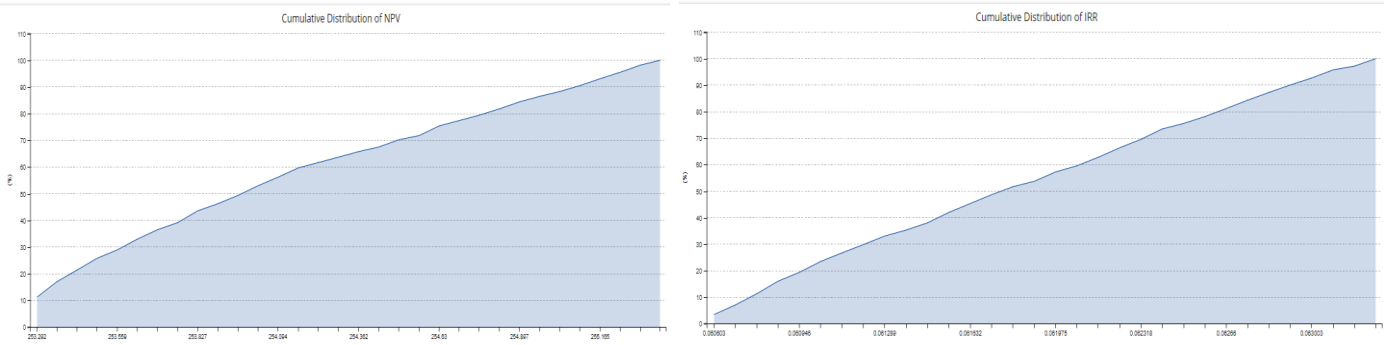
2. **Overall results.** The main results are presented in Table A8.1. In summary, the net present value (NPV) of the Project is estimated to be US$253.5 million, with and internal rate of return (IRR) of 6.1 percent. Component 2, regarding education, has the highest NPV compared to the other components. This is explained by the high rate of return of investing in infrastructure. The estimates can be considered conservative since they do not encompass all Project activities.

Table A8.1: Overall Results

	NPV (in US$ million)	IRR
Component 1	$0.14	9.3%
Component 2	$234.51	5.3%
Component 3	$18.85	29.3%
Total	$253.5	6.1%

3. **Sensitivity and Risk analyis.** Sensitivity analysis was performed with the discount rate parameter. The NPV ranges from US$253.2- US$255.4 million, with a discount rate ranging from 15-8 percent. The risk analysis was conducted taking into account that the Project may not reach its final goals in terms of number of beneficiaries. In the moderate scenario, the Project encompasses 75 percent of the expected number of beneficiaries in all components, with the NPV and the at US$250.6 million and 6.0 percent, respectively. In the pessimistic scenario, the Project reaches 50 percent of the expected number of beneficiaries in all components, with the NPV and the IRR at US$247.7 million and 5.8 percent, resepectively.

Table A8.2: Risk Analysis – Cumulative Distribution NPV & IRR



Social Protection Cost-Benefit Analysis

4. **Social protection benefits and costs.** The proposed Project is expected to improve the income of vulnerable families in the Marajó region. The CBA estimates the economic benefits of the Cash Transfer Plus and the Productive Inclusion (*Fomento*) programs. The costs used in the CBA were the costs of the Project's social protection activities

(Subcomponent 1.3). The parameter used for the cash transfers component was the cash transfer multiplier effect (1.78) from Neri et al. (2013),[86] and the parameter used for the technical assistance offered in the *Fomento* program was based on Bragança et al. (2022),[87] which found that a US$1 investment in technical assistance resulted in profits ranging from $1.08 to $1.45; specifically in this analysis the lower range (1.08) was considered. The estimates also include the amount expended in each activity. The expected disbursements are $2,424,242.42 for the Cash Transfer Plus, and $13,939,393.94 for the *Fomento* Program, from 2025 through 2028. We assumed that the first year of the program would have costs associated with diagnostics, dissemination, and identification of beneficiaries. Additionally, the cash transfers would start in 2025 with equal disbursement amounts each program year.

5. **Additional Social Protection Benefits.** The Project aims to enhance social assistance surveillance by providing support to municipalities, training state and municipal teams, modernizing CRAS, CREAS, and mobile teams, and improving care services for vulnerable groups. Additionally, it will strengthen food security policy coordination by involving municipalities in the SISAN. This includes capacity building, developing a state management system for food security, and implementing food security centers and water harvesting systems. Although the economic benefits of these interventions have not been quantified in this analysis, they are expected to result in improved organizational and cost efficiencies, leading to better targeting and service delivery to the vulnerable Marajó population that would otherwise not have access to these services.

6. **Results Component 1.** The NPV of the component is estimated to be US$0.14 million, with an IRR of 9.3 percent.

Cost-Benefit Analysis of the Education Component

7. The Project aims to enhance the quality of education in Pará and upgrade the resilience of school facilities as part of Component 2. The CBA calculates the benefits of each individual Subcomponent. It is assumed that the Project will not involve any recurring costs for the State. Therefore, all costs considered are the Project costs, which are assumed to be disbursed equally over the course of five years. In addition, it is assumed that the number of students will remain constant throughout the duration of the five-year Project.

8. **The economic benefits of Subcomponents 2.1 and 2.2 are measured are in terms of the increment in an individual's wages (which captures the productivity) generated by increasing the quality of education**. The economic returns of education as an investment in human capital are extensively evidenced: global evidence shows that the average rate of return to education is estimated at around 10 percent per year of schooling.[88] Estimates using PNAD (2019) show that the average return of education in Brazil is 8.6 percent (Table A8.3).

9. **Expected benefits of Subcomponent 2.1 "Early Literacy Program."** This Subcomponent aims to promote literacy by ensuring that students are literate by the end of grade 2, and is inspired by the successful case of the *Programa de Alfabetização na Idade Certa* (PAIC) in Ceará. An impact evaluation of the PAIC showed that it had a positive effect on students' academic achievement. On average, the program has resulted in an impact of 0.07 to 0.10 standard deviations

[86] Neri, M. C., F.M. Vaz, and , P. H. G. F. de Souza. 2013. *Efeitos Macroeconômicos Do Programa Bolsa Família: Uma Análise Comparativa Das Transferências Sociais.* Programa Bolsa Família: Uma Década de Inclusão e Cidadania. Brasília: Ipea, 1, 193–206.
[87] Bragança, A., Newton, P., Cohn, A., Assunção, J., Camboim, C., de Faveri, D., et al. (2022). Extension services can promote pasture restoration: Evidence from Brazil's low carbon agriculture plan. PNAS 119:e2114913119. doi: 10.1073/pnas.2114913119
[88] George Psacharopoulos & Harry Anthony Patrinos. (2018). *Returns to investment in education: a decennial review of the global literature*. Education Economics, 26:5, 445-458.

(SDs) in Portuguese and 0.14 to 0.18 SDs in mathematics for the students involved.[89] The CBA utilizes the average impact of the program to estimate its potential effect on five cohorts of 2nd grade students, with one cohort per Project-year. The program specifically targets students in municipal and state schools, considering all 2nd graders in these schools as beneficiaries.

Table A8.3: Returns of Education – PNAD 2019

	(I) Brazil ln(wage)
Years of education completed	0.0861***
	(0.0005)
Age	0.0477***
	(0.0007)
Age²	-0.0004***
	(0.0000)
Men	0.1867***
	(0.0038)
Afro-descendants	-0.1164***
	(0.0036)
Constant	0.1060***
	(0.0247)
R-Squared	0.435
Observations	120950
F-statistic	2326.96

Regressions are restricted to the sample of individuals with salary in the main occupation

Dependent variable: hourly income in main occupation

Equation (I) includes state and activity sector fixed effects. Equation (II) includes activity sector fixed effects

Dummies (reference) categories: Men(Women) ; Afro-descendants(non-Afro-descendants)

* : p<0.10; ** p<0.05; *** p<0.01

10. **Expected benefits of Subcomponent 2.2 "Learning Acceleration Policies in Secondary Education"** involved calculating the benefits of improved learning (step 1), and calculating the benefits of reducing dropout rates (step 2). The first step involves the Target Instruction and Socioemotional Initiative activities, which are based on interventions that to improve learning. The Target Learning activity is based on the Teaching at the Right Level approach, which has been extensively evaluated internationally. For example, in India, a randomized intervention in two large cities showed significant effects on mathematics and language skills only one year after the intervention. The Socioemotional Initiative activity is focused on programs that utilize Cognitive Behavioral Therapy techniques. A program in El Salvador, with similar characteristics, implemented a behavioral intervention using interactive and play-related activities for students aged 10-16. This program resulted in improved mathematics grades by 0.11 SDs and science grades by 0.13 SDs. To estimate the impact of these interventions, the average increase in learning grades from a literature review of similar programs was used. This led to an average impact parameter of 0.23 SDs. The beneficiaries of these two activities are assumed to be five cohorts of 6th grade students from state schools. It is assumed that they will receive treatment only once or that the benefits are not cumulative if a student is treated more than once. The benefits of improved learning outcomes achieved through these activities are converted into years of schooling and, consequently, wages.

[89] Costa, L. O., & Carnoy, M. (2015). The Effectiveness of an Early-Grade Literacy Intervention on the Cognitive Achievement of Brazilian Students. Educational Evaluation and Policy Analysis, 37(4), 567–590. https://doi.org/10.3102/0162373715571437

11. The second step involves the calculation of the *Alerta Pará* activity, which was based on EWS that a randomized study in Guatemala showed reduced the dropout rate in the transition from primary to lower secondary school (6th to 7th grade) by 3.6 percent of the baseline dropout rate among schools assigned to the programs.[90] The CBA considered the baseline dropout rate as 10.2 percent evaluated in 2022 for 12th grade. It is assumed that the beneficiaries of *Alerta Pará* are students in the 12th grade. The additional benefit measured is 'not dropping out' in grade 12, which leads to one more year of school, which later leads to improved wages.

12. **Expected benefits of Subcomponent 2.3 "Sustainable School Infrastructure."** This Subcomponent will support the construction and rehabilitation of schools in line with sustainability criteria. The literature shows that investments in resilient infrastructure are also highly cost-effective: US$1 invested in resilient assets generates US$4 in benefits, since the resilient assets are less costly to maintain and repair.[91] The CBA uses this rate of return to estimate the benefits of Subcomponent 2.3 and it is used assuming that the lifetime of a school facility is 30 years.

13. **Results Component 2.** The NPV is estimated to be US$253.5 million, with an IRR of 5.3 percent. The estimates can be considered conservative since the benefits of Subcomponent 2.2 were evaluated only on specific cohorts. For example, benefits of Target Learning and *Bem Estudar* are evaluated on the 6th grade students, and *Alerta Pará* only on 12th graders. However, it is expected that other grades will benefit from these interventions.

Cost-Benefit Analysis of the Environmental Component

14. The Project is expected to reduce loss of forest cover in the longer term by generating incentives for families in collective areas, such settlements, conservation zones and riverside, indigenous and *Quilombola* communities, to not resort to deforestation. All Project components are expected to reduce deforestation rates but through different mechanisms.

15. The CBA estimates the economic benefits of the *Bolsa Floresta*, Digital Connectivity, Bioeconomy, and Management systems modernization programs. The costs used in the Environment CBA were the costs of Subcomponents 3.1, 3.2, 3.3, and 3.4. The expected disbursements in years 2024 through 2028 are US$45.5 million, US$11 million, US$9.5 million, and US$4 million, respectively.

16. **Expected benefits of Subcomponent 3.1 "Bolsa Floresta."** *Bolsa Floresta* will be an income transfer program with the condition for receiving benefits being the preservation of forest areas. The Project will draw upon previous experiences, such as the federal *Bolsa Verde* program. During its implementation, *Bolsa Verde* succeeded in reducing deforestation in the Legal Amazon. In conservation units with beneficiaries, deforestation decreased from 0.054 pp to 0.103 pp. In settlements, the decrease was from 0.149 pp to 0.175 pp.[92] These average impact figures were used to calculate the expected reduction in deforestation for each *Bolsa Floresta* recipient in both types of collective territories (conservation units and settlements).

17. Subsequently, this average reduction was applied to the number of *Bolsa Floresta* program beneficiaries in order to estimate the expected reduction in forest coverage due to the Subcomponent. To convert this into monetary values,

[90] Haimovich, Francisco, Emmanuel Vazquez, Melissa Adelman, 2021.
[91] Hallegatte, Stephane, Jun Rentschler, and Julie Rozenberg. 2019. *Lifelines: The Resilient Infrastructure Opportunity. Sustainable Infrastructure*. Washington, DC: World Bank.
[92] Wong, P. Y., Kuralbayeva, K., Anderson, L. O., Pessoa, A. M., & Harding, T. (2022). Individual Pay for Collective Performance and Deforestation: Evidence from Brazil.

the amount of avoided deforestation equivalent to tCO_2e was first calculated, using the Amazon Fund parameter of 485 tCO_2/ha. This figure was next multiplied by a tCO2 value in dollars, also used by this fund (US$5).

18. It is important to note that the tCO_2 value used is conservative. Current studies have adopted a value of approximately US$50, which would significantly increase the estimated benefits. Furthermore, the proportion of beneficiaries in each type of territory is crucial. Given that the average effects on deforestation are more pronounced for conservation units than for settlements, combinations with a higher concentration of beneficiaries in these areas yield greater benefits to the Project. Conversely, a higher proportion of beneficiaries in settlements results in smaller, but still positive, benefits. Additionally, it is important to highlight that the expected benefit from *Bolsa Floresta* may be even greater, considering that the parameters being used are based on *Bolsa Verde*, which offered a smaller transfer amount.

19. **Expected benefits of Subcomponent 3.2 "Digital connectivity."** This Subcomponent aims to enhance digital connectivity within collective territories and community centers, primarily in the Marajó region, by implementing sustainable and climate-resilient infrastructure to ensure access to high-speed internet. While there are no studies investigating the impact of internet access on deforestation, there are studies indicating an effect on employment. We utilized the average effect of a 2.2 percentage point increase in employment to calculate the additional wage bill expected from the introduction of internet access.[93]

20. To achieve this, we employed an average figure of 120 families per collective territory[94] to estimate the number of families benefiting from the additional infrastructure. Assuming that the average number of economically active individuals between 14 and 65 years old in each family in Pará is 1.7,[95] we calculated the number of economically active people who would benefit. We then determined how many new jobs high-speed internet access would be likely to create and multiplied this number by the average annual wage of agricultural workers of Pará from the National Household Sample Survey.

21. Final estimates are based on three important assumptions: the effect lasts for five years, salaries do not grow over time, and the impact of installing the infrastructure begins the following year. The total benefit is positively correlated with the duration of the impact on employment. The longer it lasts, the greater the benefit. It is highly likely that this value is underestimated since it does not account for the effects of high-speed internet on other factors, such as health and education.

22. **Expected benefits of Subcomponent 3.3 "Bioeconomy."** The Subcomponent aims to support the development and consolidation of bioeconomy businesses that generate income in rural areas of Pará. The Subcomponent's objectives include providing training, technical assistance, equipment, and infrastructure to enhance these businesses. Studies have consistently shown that business training and grants, whether in cash or in-kind, yield positive performance outcomes for companies, particularly micro and small enterprises. For instance, in a field experiment in India, Bloom et al (2013) found that business training given to medium-sized enterprises generated a 25 percent increase in their monthly profits.[96] Another experiment in Sri Lanka demonstrated that an in-kind grant led to a 21 percent increase in the monthly real profits of micro-enterprises.[97]

[93] Hjort, J., & Poulsen, J. (2019). The arrival of fast internet and employment in Africa. *American Economic Review*, 109(3), 1032-1079.
[94] The number is derived from Wong et al. (2022) and it represents the average number of families benefiting from the Bolsa Floresta in each collective territory.
[95] IBGE Automatic Recovery System – SIDRA (2022). Resident population, by sex and age groups.
[96] Bloom, N., Eifert, B., Mahajan, A., McKenzie, D., & Roberts, J. (2013). Does management matter? Evidence from India. The Quarterly journal of economics, 128(1), 1-51.
[97] De Mel, S., McKenzie, D., & Woodruff, C. (2008). Returns to capital in microenterprises: evidence from a field experiment. *The quarterly journal of Economics*, 123(4), 1329-1372.

23. We assume that grants and business training each have a 25 percent effect on the monthly profit of the supported businesses. Considering the monthly income of business owners in agricultural enterprises in the North of Brazil, approximately R$7,190 (from PNAD Contínua) as a proxy for the average monthly profit of the target businesses, we estimate the average monthly profit of businesses to be around US$1,449. These parameters were used to calculate the annual profit increase after the intervention for the 100 businesses that the Project aims to support. It is assumed that the effect of grants dissipates after 2 years (following De Mel, McKenzie & Woodruff (2008)), while the effect of training lasts up to 10 years (following Bloom et al. (2020) [98]).

24. It is worth noting that the use of a highest average impact parameter, compared to De Mel, McKenzie & Woodruff (2014), is due to its focus on self-employed women. Therefore, it is expected that the effects for larger and potentially male-led businesses will be even greater. Furthermore, it is important to emphasize that the benefits may be underestimated, as the intervention may also have a positive effect on employment and the wage bill, and potentially contribute to reducing deforestation.

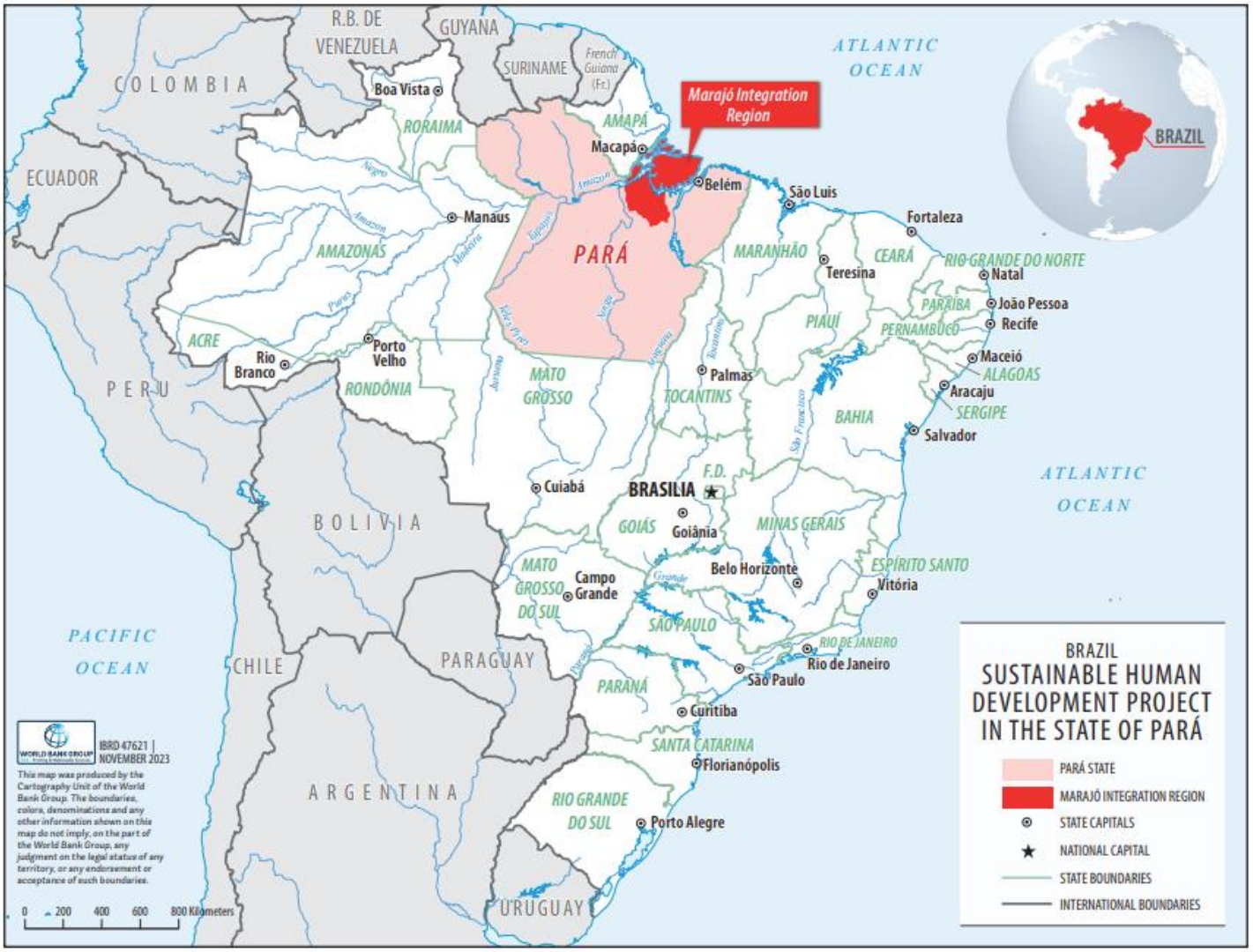
25. **Expected benefits of Subcomponent 3.4 "Management systems modernization."** The objective of this Subcomponent is to incorporate environmental intelligence into the operations of the SEMAS. It is expected to enhance the efficiency of SEMAS' operations in the State of Pará by delivering more timely information to field personnel and municipalities. A similar context was studied, drawing from the adoption of DETER, a system designed to rapidly detect alerts related to changes in forest cover in the Amazon. The study revealed that the benefits generated were more than three times greater than the costs incurred.[99]

26. To estimate the expected benefits, we used the multiplier of 3.18 from Assunção, Gandour & Rocha (2013) and the cost of the Subcomponent as parameters. It is worth noting that the implementation of DETER was a larger-scale project compared to that proposed in Subcomponent 3.1. However, even if the expected program's effect is half or one-third of the estimate by the authors, there is still a positive NPV.

27. **Overall results for the environmental component.** The NPV of Component 3 is estimated to be US$18.9 million, with an IRR of 29.3 percent. The estimates can be considered conservative since they do not incorporate all the elements that will possibly generate benefits.

[98] Bloom, N., Mahajan, A., McKenzie, D., & Roberts, J. (2020). Do management interventions last? Evidence from India. *American Economic Journal: Applied Economics*, 12(2), 198-219.
[99] Assunção, J., Gandour, C., & Rocha, R. (2013). DETERring deforestation in the Brazilian Amazon: environmental monitoring and law enforcement. *Climate Policy Initiative*, 1, 36.

ANNEX 9: Maps


R.B. DE VENEZUELA
GUYANA
SURINAME
French Guiana (Fr.)
COLOMBIA
ECUADOR
PERU
BOLIVIA
PARAGUAY
CHILE
ARGENTINA
URUGUAY
ATLANTIC OCEAN
PACIFIC OCEAN
Boa Vista
RORAIMA
AMAPÁ
Macapá
Marajó Integration Region
Belém
São Luis
Fortaleza
Manaus
AMAZONAS
PARÁ
MARANHÃO
Teresina
CEARÁ
RIO GRANDE DO NORTE
Natal
PARAÍBA
João Pessoa
PERNAMBUCO
Recife
PIAUÍ
ACRE
Rio Branco
Porto Velho
RONDÔNIA
MATO GROSSO
Palmas
TOCANTINS
Maceió
ALAGOAS
Aracaju
SERGIPE
BAHIA
Salvador
Cuiabá
BRASILIA
F.D.
GOIÁS
Goiânia
MINAS GERAIS
MATO GROSSO DO SUL
Campo Grande
Belo Horizonte
ESPÍRITO SANTO
Vitória
SÃO PAULO
RIO DE JANEIRO
Rio de Janeiro
São Paulo
PARANÁ
Curitiba
SANTA CATARINA
Florianópolis
RIO GRANDE DO SUL
Porto Alegre
BRAZIL
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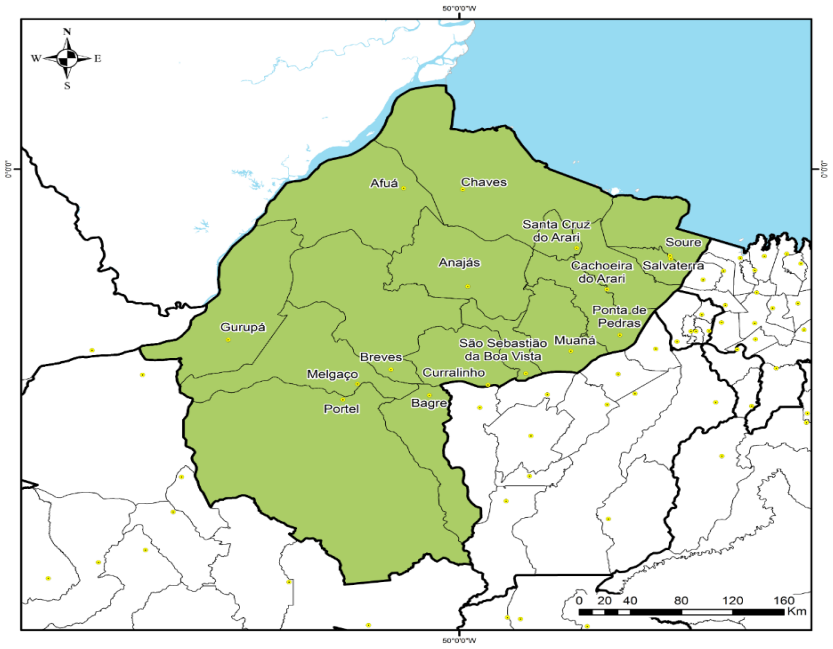
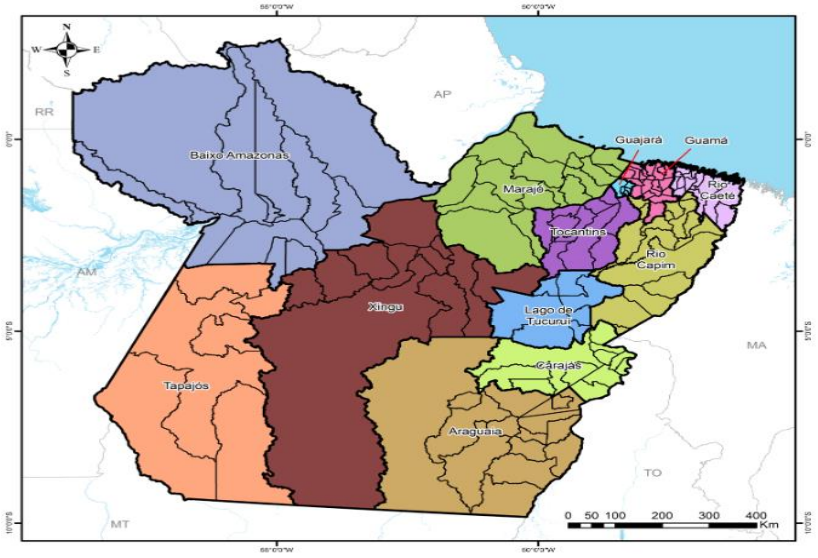
0 200 400 600 800 Kilometers
BRAZIL
SUSTAINABLE HUMAN DEVELOPMENT PROJECT IN THE STATE OF PARÁ
PARÁ STATE
MARAJÓ INTEGRATION REGION
STATE CAPITALS
NATIONAL CAPITAL
STATE BOUNDARIES
INTERNATIONAL BOUNDARIES

Map of Marajó Integration Region



Source: Para Government, 2008. Accessed in
https://www.fapespa.pa.gov.br/sistemas/radar2017/mapas/01_territorio/regiao_de_integracao_marajo.png

Map of Pará State highlighted by Integration Regions



Source: Para Government, 2008. Accessed in
https://www.fapespa.pa.gov.br/sistemas/radar2017/mapas/01_territorio/regioes_de_integracao_para.png