



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
SCALING UP THE DIGITAL PROCUREMENT APPLICATION FOR CDD: SOL PROJECT
APPROVED ON NOVEMBER 1, 2021
TO
STATE OF RIO GRANDE DO NORTE

GOVERNANCE

LATIN AMERICA AND CARIBBEAN

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ABBREVIATIONS AND ACRONYMS

CDD	Community-Driven Development
CGE	State Controller General’s Office
CPF	Country Partnership Framework
EA	Environmental Safeguards
ESMF	Environmental and Social Management Framework
GP	Global Partnership
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
MROSC	Civil Society Organizations’ Regulatory Framework
MVP	Minimum Viable Product
NAS	Nationally Agreed Standards
PDO	Project Development Objective
PIU	Project Implementation Unit
PMIS	Project Management Information System
PPSD	Project Procurement Strategy for Development
RfQ	Request for Quotations
RN	Rio Grande do Norte
RPF	Resettlement Policy Framework
SEPLAN	Secretariat of Planning and of Finance
SIGEF	Financial Management System – Sistema de Gestão Financeira
SOL	Online Bidding Solution – Solução Online de Licitação
STEP	Systematic Tracking of Exchanges in Procurement
TCE	State Court of Accounts
TTL	Task Team Leader
WB	World Bank



BASIC DATA

Product Information

Project ID P175988	Financing Instrument Investment Project Financing
Environmental and Social Risk Classification (ESRC) Low	
Approval Date 01-Nov-2021	Current Closing Date 31-Dec-2022

Organizations

Borrower State of Rio Grande do Norte	Responsible Agency Secretariat of Planning and Finance
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Financing (in USD Million)

SUMMARY

Total Project Cost	0
Total Financing	0
Financing Gap	0

DETAILS

Project Development Objective (PDO)

Original PDO

The Project Development Objective is to scale up the adoption of open source electronic procurement software by governments for CDD projects in Brazil and in other countries of the Latin America and the Caribbean region and to foster a collaborative community to maintain the software.



Summary Status of Financing (US\$, Millions)

TF	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
TF-B7220	01-Nov-2021	24-Nov-2021	23-Feb-2022	31-Dec-2022	.10	.03	.07

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

- After the grant agreement was declared effective on February 23, 2022, internal government processes to create a budget line for the project delayed the start of the procurement activities by three months. An approved project budget line, finally created on May 12, 2022, was a legal prior condition to launching the selection process for the consultancy to do the software upgrades, and, therefore, the Request for Expressions of Interest was advertised only in June 2022.
- Innovative aspects of the proposed solution, which includes the migration of the blockchain to LACCHAIN and its management, impose a few technical and managerial complexities that also contributed to the long process of identifying a qualified firm and negotiating the contract. A successful negotiation was only reached in November 2022, but additional internal bureaucracy pushed contract signature to December 21, 2022. The PIU expects to fast track contract execution without major interruptions over the next weeks.
- This long timeline curtailed project implementation by approximately four months, which should be adequate for the technical work (coding and uploading the enhancements and translations to the central repository), but will eventually be short for (i) any eventual coding debugging that might be needed.
- However, a proportional extension would allow for measuring the impact after the rollout of the enhancements and implementation of the customized version in the education sector in Rio Grande do Norte, benefitting approximately 600 schools. The selected education programs, the “Programa de Autogerenciamento das Unidades Escolares - PAGUE” (Schools’ Self-Management Program) and the “Programa de Autogerenciamento das Diretorias Regionais – PAGD” (Regional Directorate’s Self-Management Program) are Community Driven Development (CDD) programs fully funded by government resources that transfers approximately US\$10 million annually to state schools. The choice of these particular CDD programs is justified by its scalability potential: all Brazilian states and municipalities, plus the federal government, finance similar programs – the federal government alone transfers approximately US\$400 million annually to more than 121,000 schools in Brazil. A successful pilot under PAGUE and PAGD will also demonstrate that SOL can be implemented in other sectors beyond the original agriculture sector that was targeted when it was developed.



5. The extension would also fit more adequately with the school calendar and the bulk of activities under both programs, allowing to use SOL in more procurement from more schools.

II. DESCRIPTION OF PROPOSED CHANGES

6. The proposed change refers to the extension of the Closing Date, as defined in Section 3.02 to the Annex of the Agreement, by four months, from December 31, 2022 to April 30, 2023. This extension will also affect the implementation schedule, which is extended accordingly, and the disbursement projections, with full disbursement expected in 2023.

7. As far as fulfilling E&S requirements, it is observed that, although the Project will only now effectively start being implementation after the contract with the IT firm was signed, it was verified that the GRM is operational, as defined in the SEP, as well as the socio-environmental requirements, which were inserted in the bidding documents of the activities to be contracted, in accordance with the ESCP.

III. SUMMARY OF CHANGES

	Changed	Not Changed
Loan Closing Date(s)	✓	
Disbursement Estimates	✓	
Implementation Schedule	✓	
Implementing Agency		✓
Project's Development Objectives		✓
Results Framework		✓
Components and Cost		✓
Cancellations Proposed		✓
Additional Financing Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Change in Overall Risk Rating		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Other Change(s)		✓
Economic and Financial Analysis		✓



Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)

LOAN CLOSING DATE(S)

TF	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
TF-B7220	Effective	31-Dec-2022		30-Apr-2023	30-Aug-2023

DISBURSEMENT ESTIMATES

Change in Disbursement Estimates

Yes

Expected Disbursements (In US\$)

Fiscal Year	Annual	Cumulative
2021	0.00	0.00
2022	32,233.46	32,233.46
2023	67,766.54	100,000.00

Note to Task Teams: End of system generated content, document is editable from here.