

March 29, 2022

Mr. Rodrigo Fontenelle de Araújo Miranda
President
National Council for Internal Control – CONACI
Rodovia João Paulo II, n. 4001, Prédio Gerais, 12 andar
Bairro: Serra Verde
31.630-901, Belo Horizonte, Minas Gerais
Republic of Brazil

Re: **SFLAC Grant No. TF0B8273-BR**
Governance Risk Assessment System Brazil Scale-Up
Letter Agreement

Dear Sir:

In response to the request for financial assistance made on behalf of the National Council for Internal Control – CONACI (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development (“Bank”), acting as administrator of grant funds provided by the Government of Spain under the Spanish Fund for Latin America and the Caribbean (“SFLAC”), proposes to extend to the Recipient for the benefit of the Republic of Brazil (“Member Country”), a grant in an amount not to exceed one hundred and thirty thousand United States Dollars (USD 130,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”).

This Grant is funded out of the abovementioned trust fund for which the Bank receives periodic contributions from the Donor to the trust fund. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

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Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date this Agreement, and returning one duly executed copy to the Bank.

Very truly yours,

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By Pablo Ariel Acosta
Pablo Ariel Acosta
Acting Country Director for Brazil
Latin America and the Caribbean

AGREED:
CONACI

By RJ Miranda
Authorized Representative
Name Rodrigo Fontenelle de Araújo Miranda
Title President
Date 29-mar-2022

Enclosures:

- (1) "International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank out of Trust Funds" dated February 25, 2019
- (2) Disbursement and Financial Information Letter of the same date as this Agreement, together with the "Disbursement Guidelines for Investment Project Financing", dated February 2017

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**SFLAC Grant No. TF0B8273-BR
ANNEX**

**Article I
Standard Conditions; Definitions**

1.01. **Standard Conditions.** The Standard Conditions (as defined in Section 1.02 below) constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Section:

- (a) “Anti-Corruption Guidelines” means, for purposes of paragraph 2 of the Appendix to the Standard Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January 2011, and as of July 1, 2016.
- (b) “Beneficiaries” means the *Controladoria Geral da União, Controladoria Geral do Estado de Mato Grosso, Controladoria Geral do Município do Rio de Janeiro, Controladoria Geral do Município de São Paulo, and Controladoria Geral do Estado do Rio de Janeiro.*
- (c) “Category” means a category set forth in the table in Section 3.01 of this Agreement.
- (d) “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated February 11, 2022, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
- (e) “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
- (f) “GRAS” means Governance Risk Assessment System.

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- (g) “Procurement Regulations” means, for the purposes of paragraph 20 of the Appendix to the Standard Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
- (h) “Standard Conditions” means the “International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank out of Trust Funds”, dated February 25, 2019.
- (i) “Training” means the reasonable costs, as shall have been approved by the Bank, for training and workshops conducted under the Project, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training course and workshop preparation and implementation (but excluding goods and consultants’ services).

Article II Project Execution

2.01. ***Project Objectives and Description.*** The objective of the Project is to improve the process of detecting fraud in public expenditure, identify savings and increase effectiveness of audits using data science. The Project consists of the following parts:

Part 1. Governance Risk Assessment System (GRAS)

Development, implementation support, and Training, for its use and benefit by the corresponding Beneficiaries, of a functional GRAS, including, *inter alia*: (i) the creation of new features, (ii) customization, and (iii) data updates.

Part 2. Training

Support capacity building activities on data analytics for the strengthening of GRAS scale-up efforts at the subnational level (state and municipal).

2.02. ***Project Execution Generally.*** The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the Anti-Corruption Guidelines; and (c) this Article II.

2.03. ***Institutional and Other Arrangements.***

The Recipient shall maintain, throughout Project implementation, qualified and experienced staff in sufficient numbers, responsible for the procurement, financial management, environmental and social, and monitoring and evaluation aspects of the Project, all acceptable to the Bank.

2.04. **Environmental and Social Standards.**

(a) The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.

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(b) Without limitation upon paragraph (a) above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Recipient ensure that:

- (i) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
- (ii) sufficient funds are available to cover the costs of implementing the ESCP;
- (iii) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
- (iv) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.

(c) In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

(d) The Recipient shall ensure that:

- (i) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (A) the status of implementation of the ESCP; (B) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (C) corrective and preventive measures taken or required to be taken to address such conditions; and
- (ii) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.

(e) The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of the Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of such concerns and grievances, in a manner acceptable to the Bank.

2.05. ***Project Monitoring, Reporting and Evaluation.*** The Recipient shall ensure that each Project Report is furnished to the Bank not later than one month after each calendar semester, covering the calendar semester.

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International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank's Electronic Address is:

Telephone:

Facsimile:

E-mail:

248423 (MCI) or
64145 (MCI)

1-202-477-6391

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