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Report No: PADHI00681

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT
ON A
PROPOSED LOAN

IN THE AMOUNT OF US$131.8 MILLION

TO THE

MUNICIPALITY OF SÃO PAULO

WITH A SOVEREIGN GUARANTEE FROM THE FEDERATIVE REPUBLIC OF BRAZIL

FOR A

STRENGTHENING SOCIAL ASSISTANCE DELIVERY SYSTEM IN THE MUNICIPALITY OF SÃO PAULO PROJECT

FEBRUARY 12, 2026

Social Policy Practice Area
Latin America and Caribbean Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective December 31, 2025)

Currency Unit =	Brazilian Real (BRL)
BRL 0.18 =	US$1
US$5.48 =	BRL 1

FISCAL YEAR

January 1 - December 31

Regional Vice President:	Susana Cordeiro Guerra
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ABBREVIATIONS AND ACRONYMS

AM	Accountability Mechanism
Cadastro Único	Brazilian Single Registration System (*Cadastro Único para Programas Sociais*)
CAPS	Psychosocial Care Centers (*Centros de Atenção Psicossocial*)
Casa Mãe Paulistana	Paulistana Mothers' House for mothers and caregivers of PWD (*Casa Mãe Paulistana Para Mães e Cuidadoras de Pessoa com Deficiência*)
Centro TEA	Center for People with Autism Spectrum Disorder (*Centro Municipal para Pessoas com Transtorno do Espectro Autista*)
CNES	National Registry of Health Facilities (*Cadastro Nacional de Estabelecimentos de Saúde*)
CSO	Civil Society Organization
DA	Designated Account
eCR	Street Outreach Clinic Teams (*Equipe de Consultório na Rua*)
EEP	Eligible Expenditure Program
FM	Financial Management
GBV	Gender-Based Violence
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
IBGE	Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*)
ICT	Information and Communication Technology
IFR	Interim Financial Report
IT	Information Technology
IVA	Independent Verification Agent
LGBTQIA+	Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, and Asexual
NCD	Noncommunicable Disease
PBC	Performance-Based Condition
PDO	Project Development Objective
PMU	Project Management Unit
POM	Project Operations Manual
PWD	Persons with Disability
SUS	Hospital Information System (*Sistema de Informação Hospitalar*)
SISAB/e-SUS AB	Primary Health Care Information System (*Sistema de Informação da Atenção Primária*)
SMADS	Municipal Secretariat of Social Assistance and Development (*Secretaria Municipal de Assistência e Desenvolvimento* Social)
SMPED	Municipal Secretariat of the Person with Disability (*Secretaria Municipal da Pessoa com Deficiência*)
SMS	Municipal Secretariat of Health (*Secretaria Municipal de Saúde*)
STEM	Science, Technology, Engineering, and Mathematics
SUAS	Unified Social Assistance System (*Sistema Único de Assistência Social*)
SUS	Unified Health System (*Sistema Único de Saúde*)
UBS	Primary Health Care Unit (*Unidade Básica de Saúde*)
UPA	Emergency Care Unit (*Unidade de Pronto Atendimento*)

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DATASHEET

BASIC INFORMATION

Project Beneficiary(ies)	Operation Name		
Brazil	Strengthening Social Assistance Delivery System in the Municipality of São Paulo		
Operation ID	Financing Instrument	Environmental and Social Risk Classification	
P504899	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
10-Mar-2026	30-Jun-2031
Bank/IFC Collaboration	
No	

Proposed Development Objective(s)

To increase access to improved social services for vulnerable and at-risk populations in the Municipality of São Paulo

Components

Component Name	Cost (US$)

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Accessing improved social services for vulnerable and at-risk populations	145,900,000.00
Strengthening the SMADS social assistance delivery system	82,100,000.00
Project management	3,800,000.00

Organizations

Borrower:	Municipality of São Paulo
Implementing Agency:	Municipal Secretariat of Social Assistance and Development

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	**231.80**
Total Financing	**231.80**
of which IBRD/IDA	**131.80**
Financing Gap	**0.00**

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	131.80

Non-World Bank Group Financing

Counterpart Funding	100.00
Local Govts. (Prov., District, City) of Borrowing Country	100.00

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Expected Disbursements (US$, Millions)

WB Fiscal Year	2026	2027	2028	2029	2030	2031
Annual	0.00	26.00	40.00	30.00	30.00	5.80
Cumulative	0.00	26.00	66.00	96.00	126.00	131.80

PRACTICE AREA(S)

Practice Area (Lead)

Social Protection & Jobs

Contributing Practice Areas

Health, Nutrition & Population

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

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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	Not Currently Relevant
ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
ESS 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
ESS 8: Cultural Heritage	Not Currently 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 2. Section I.A.1.c. The Borrower shall: Not later than ninety (90) days after the Effective Date, complete, in a manner acceptable to the Bank, the staffing of the PMU (including the hiring of consultants) as set out in the Project Operations Manual and the ESCP.
Schedule 2. Section I.A.2. The Borrower shall: Not later than ninety (90) days after the Effective Date, the Borrower shall establish and thereafter operate and maintain, throughout Project implementation, a procurement committee within SMADS (the "Special Bidding Committee"), responsible for the centralized execution of the Project's procurement, with functions, resources and composition acceptable to the Bank, as further detailed in the Project Operations Manual.
Schedule 2. Section I.A.3. The Borrower shall: Not later than ninety (90) days after the Effective Date, the Borrower shall establish and thereafter operate and maintain, throughout Project implementation, a steering committee (the "Steering Committee") responsible for Project overseeing and monitoring, with composition, responsibilities and resources acceptable to the Bank, as further detailed in the Project Operations Manual.
Schedule 2. Section I.C.1.a. The Borrower, through SMADS, shall: Appoint not later than one hundred and eighty (180) days after the Effective Date, and thereafter maintain, at all times during the implementation of the Project, an independent verification agent with terms of reference acceptable to the Bank ("Independent Verification Agent"), to verify the data and other evidence supporting the achievement of PBCs and recommend corresponding payments to be made, as applicable.
The Borrower shall carry out the Project in accordance with the Implementation Arrangements set out in Section I, Schedule 2 of the Loan Agreement.

Conditions

Type	Citation	Description	Financing Source
Effectiveness	article IV.4.01.a	That the PMU has been established, and its Key Staff hired or designated, all in a manner acceptable to the Bank.	IBRD/IDA
Effectiveness	article IV.4.01.b	That the Project Operations Manual has been prepared, approved and adopted in form and substance acceptable to the Bank.	IBRD/IDA
Disbursement	Schedule 2. Section III.B.1	Notwithstanding the provisions of Part A, no withdrawal shall be made for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed twenty six million three hundred sixty thousand Dollars (USD 26,360,000) may be made	IBRD/IDA

		for payments made prior to this date but on or after the date falling twelve (12) months prior to the Signature Date, for Eligible Expenditures under Category (1), following an Environmental and Social Report, satisfactory to the Bank, showing that the pertinent obligations set forth in this Agreement, as applicable to each Eligible Expenditure, have been complied with.	

I. STRATEGIC CONTEXT

A. Project Strategic Context

1. **The Municipality of São Paulo is Brazil's largest and wealthiest, but it faces significant social and economic inequalities and climate-related vulnerabilities. Home to 11.5 million residents, the municipality combines high levels of wealth with pronounced inequality.** Despite an annual per capita gross domestic product of US$11,983.30 (58 percent above the national average), 1.2 million people still live in poverty, reflecting deep socioeconomic divides and persistent inequality in access to social protection, education, and health services. Moreover, rapid urbanization has increased exposure to climate risks, as areas such as valley bottoms, springs, and riverbanks—often inhabited by low-income and vulnerable populations—have become increasingly prone to landslides and floods due to the removal of native vegetation and the alteration of urban rivers and streams.

2. **In recent years, the economic slowdown and the increased frequency of climate-related shocks have raised the demand for social services, particularly among vulnerable and at-risk populations who face inadequate access to services and have limited coping mechanisms**.[1] The Municipal Secretariat of Social Assistance and Development (*Secretaria Municipal de Assistência e Desenvolvimento Social* (SMADS) has faced growing demand for programs aimed at protecting these groups, mitigating the impacts of the economic slowdown and poverty, and responding to the rising incidence of natural shocks in high-risk areas.[2] At the same time, the Municipal Secretariat of Health (*Secretaria Municipal da Saúde* (SMS) has struggled with persistent inequities in access to health services, resulting in preventable complications and deaths. This situation is especially severe in the northern and eastern districts and other marginalized areas, where

[1] Vulnerable groups include individuals experiencing monetary poverty, homelessness, and those facing specific demographic vulnerabilities—such as the elderly (especially those lacking family support), PWDs, youth (particularly Afro-Brazilian youth), LGBTQIA+ individuals, indigenous peoples, migrants, and women affected by gender-based violence (GBV).

[2] High-risk areas vulnerable to climate-related shocks are mapped by the Department of Shock Prevention of the Civil Defense Secretariat of the Municipality of São Paulo. Areas are mapped for both geological and hydrological risks, and this information is used for defining annual plans for prevention and response.

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the supply of basic health services remains insufficient to meet the needs of vulnerable and at-risk populations. Consequently, emergency services are overburdened, leading to inefficiencies and increased costs that further strain the municipal health system. In parallel, the Municipal Secretariat of Persons with Disabilities (*Secretaria Municipal da Pessoa com Deficiência* (SMPED) has faced growing pressure to improve access to existing services for persons with disabilities (PWD) often through partnerships with other secretariats, and to expand access to comprehensive services that promote social inclusion and enhance the well-being of PWD and their families.[3]

B. Sectoral and Institutional Context

3. **SMADS, SMPED, and SMS are the three key municipal entities responsible for supporting vulnerable and at-risk populations through a broad and complementary set of interventions**. These secretariats work collaboratively to promote social inclusion by developing and implementing public policies that reduce inequalities, enhance accessibility, and uphold the rights of vulnerable and at-risk populations.

(a) **SMADS** facilitates access to social benefits and services for the vulnerable and at-risk population. Services are offered at youth centers (*Centros para a Juventude*), children and adolescent centers (*Centros paraCrianças e Adolescentes*), and other specialized centers serving individuals experiencing homelessness, as well as the elderly, LGBTQIA+ individuals, migrants, Indigenous peoples, and PWDs.

(b) **SMPED** promotes the empowerment and active participation of PWDs, including persons with autism spectrum disorder,by advocating for their rights and inclusion across programs and services. Key services include the Center for People with Autism Spectrum Disorder (*Centro Municipal para Pessoas com Transtorno do Espectro Autista*, *Centro TEA*) and the Paulistana Mothers' House for Mothers and Caregivers of PWDs (*Casa Mãe Paulistana*), both of which aim to enhance social inclusion, autonomy, and overall well-being.

(c) **SMS** is responsible for implementing Brazil's Unified Health System (*Sistema Único de Saúde* (SUS) and for promoting, protecting, and restoring the health of the city's population through a comprehensive public network. Services are delivered through a hierarchical system that includes primary health care units (*Unidades Básicas de Saúde* (UBS) for basic and preventive care and emergency care units (*Unidades de Pronto Atendimento*, (UPA) for urgent care. The network also comprises municipal hospitals, which provide high-complexity treatments, and psychosocial care centers (*Centros de Atenção Psicossocial*, (CAPS), which deliver community-based mental health and substance-use services.[4]

4. **These policies are framed within, and support the implementation of, two key federal systems: one for social assistance and one for health.** SMADS primarily serves populations covered by the Unified Social Assistance System (*Sistema Único de Assistência Social* (SUAS), while SMS serves those within the SUS. Both systems focus on expanding equitable access to services for vulnerable and at-risk populations.

(a) **SUAS:** SMADS operates entry points for accessing social benefits and services—including the Social Assistance Reference Center (*Centro de Referência da Assistência Social*, CRAS), the Specialized Social Assistance Reference Center (*Centro de Referência Especializado de Assistência Social*, CREAS), and the Specialized Center for the Homeless Population (*Centro de Referência Especializado para População em Situação de Rua*, *Centro POP*). SMADS also oversees registration and updates in the Brazilian Single Registration System (*Cadastro Único para Programas Sociais*, *Cadastro Único*) and supports implementation

[3] The SMPED follows the Brazilian Law for the Inclusion of Persons with Disabilities (Law No. 13,146/2015), also known as the Statute of the Person with Disabilities, that defines a person with a disability as someone who has a long-term physical, mental, intellectual, or sensory impairment which, in interaction with one or more barriers, may hinder their full and effective participation in society on an equal basis with others.
[4] Currently, the municipality comprises 1,056 health facilities, including 479 UBSs and 53 UPAs.

of federal programs such as Bolsa Família and the Continuous Cash Benefit (*Benefício de Prestação Continuada*, BPC).

(b) **SUS:** SMS provides services to all SUS users while upholding the principle of equity to ensure that interventions reach those most in need with quality services. SMS relies on the Family Health Strategy (*Estratégia de Saúde da Família*), which is the municipality's primary approach to reorganizing primary health care, to broaden UBS coverage throughout the city. Moreover, SMS prioritizes tuberculosis and HIV interventions and offers complementary services such as CAPS and the Street Outreach Clinic Program (*Consultório na Rua*, eCR) to improve service delivery and outreach to the most vulnerable populations—particularly individuals experiencing homelessness.

5. **The large range of services provided by SMADS, SMPED, and SMS for vulnerable and at-risk populations includes the following**:

(a) **Homeless population:** SMADS provides comprehensive support to individuals experiencing homelessness. Its flagship initiative, the Reencounter Program, offers transitional accommodation in dedicated Reencounter Villas, paired with continuous case-managed social services. SMS has strengthened mental health care services through CAPS; supports harm reduction such as the *Redenção Program* that aimed to support the drug users in specific areas in the center of the city of São Paulo; and delivers street-based care through *Consultório na Rua* as well as rapid testing and treatment for tuberculosis and HIV in shelters, in partnership with civil society organizations (CSOs).

(b) **Children and youth:** SMADS supports youth through socio-educational and sports activities aimed at increasing school retention and fostering human capital development. SMS, in partnership with the Secretariat of Education, leads initiatives such as the Health in Schools Program (*Programa Saúde na Escola*), which promotes a wide range of health and well-being educational initiatives for children and adolescents in schools.

(c) **PWD:** SMADS, SMPED, and SMS collaborate to support the autonomy and social inclusion of PWD. They focus on developmental and intellectual disabilities (for example, people with mental disabilities and those with persons with autism spectrum disorder) and promoting PWD accessibility across the city and in all municipal services. In addition, medical care and physical therapy activities are offered to PWD at the specialized rehabilitation centers.

(d) **Sexual and gender minorities' individuals:** SMADS provides housing together with mentorship, psychological support, and job placement opportunities to promote their social inclusion. SMS, through the *Rede Sampa Trans* network, ensures inclusive care within the health system, including support for gender-diverse children, adolescents, and their families.

(e) **Indigenous peoples:** SMADS operates the Intergenerational Coexistence Center and offers services aimed at enhancing the social inclusion of indigenous communities. SMS ensures specific access to health services through dedicated UBSs, called Indigenous Basic Health Units, whose professional teams respect and incorporate the culture and customs of these communities.[5]

(f) **Migrants:** SMADS and SMS ensure that migrants—both internal and international— who are legally entitled to social assistance and health services can access social programs through their network. SMADS also works

[5] There are three UBSs serving the Municipality of São Paulo. Two are in the southern zone: UBSs Tenondé Porã and Krukutu. The third unit is in the northern zone: UBS Aldeia Jaraguá Kwaray Djekupé.

in coordination with the Human Rights Secretariat and operates five service centers dedicated to the international migrant population.

6. **Nevertheless, several challenges affect the effectiveness of existing programs and services, requiring improvements in coverage, quality, and efficiency, such as**:

(a) A 35 percent surge in registrations in the *Cadastro Único* has placed significant strain on the SUAS network and affected its quality, as the same teams are responsible for both first-time registration and recertification processes.

(b) A growing number of individuals experiencing homelessness—which has doubled over the past nine years—and an expanding elderly population (from 18.9 to 21.7 percent), including among the homeless, have increased demand for services to prevent homelessness; support those affected by drug addiction, severe mental health conditions, and HIV; and provide elderly care and health services.[6]

(c) Persistent spatial inequalities in the provision of health services and poor health outcomes in the city's most vulnerable areas, such as the northern and eastern districts, continue to pose significant challenges.

(d) A rising incidence and prevalence of diseases—such as noncommunicable diseases (NCD), particularly cardiovascular diseases and cancer; diseases linked to poverty and social exclusion, such as dengue, which is concentrated in marginalized areas with poor sanitation; and tuberculosis among the homeless population, which is 50 times higher than in the general population—also pose significant challenges.

(e) Rising demand for services for PWD persists, as the intensive daily care needs of this population can limit caregivers' ability to work and contribute to household income.

7. **Moreover, youth in the municipality face gender disparities, unequal access to education and employment opportunities, prominent levels of violence, and frequent violations of their rights.** Gender disparities are particularly linked to dropout rates, limited employment opportunities, and constrained career trajectories. Dropout rates are higher among girls, often associated with early pregnancy (frequently associated with Gender-Based Violence (GBV); the burden of domestic responsibilities, including caregiving for elderly relatives or younger siblings; and limited career aspirations. Among boys, exposure to crime and violence is a major driver of school disengagement, pushing many—especially the poor—into pathways marked by social exclusion or criminal involvement. At the same time, young women face higher unemployment rates (14.0 versus 11.3 percent), are more likely to be out of the labor force and not in education (8.5 versus 7.0 percent), and are significantly more engaged in unpaid domestic work (6.7 versus 0.4 percent). Moreover, girls are underrepresented in science, technology, engineering, and mathematics (STEM) fields, reinforcing gender gaps in career opportunities.[7]

8. **Outdated systems and limited resources for system development negatively affect the tracking and monitoring of the impact of services provided.** SMADS operates in a complex, data-intensive environment but faces significant challenges related to coordination, non-interoperable systems, and inadequate information technology (IT) and physical infrastructure. Similarly, SMPED lacks a centralized system to monitor and evaluate the impacts of its services, as existing systems are currently developed and managed independently by CSOs. Despite technological advancements with the implementation of a unified electronic health record to integrate patient data, challenges such as duplicate records and insufficient telehealth infrastructure continue to affect the quality of SMS services. Finally, coordination between SMS and

[6] There was a significant rise between 2019 and 2021, from 24,344 to 31,884 individuals, according to the latest homeless population census. Currently, SMADS works with about 35,000 individuals identified in its system. Municipal Censuses of 2015 for the Homeless Population: and

[7] IBGE (2021, 2018)

SMADS remains suboptimal, particularly regarding the *Consultório na Rua* program and referral pathways for vulnerable families and homeless populations receiving support through SMADS and SMS services.

9. **Hence, by increasing access to improved social services offered by SMADS, SMS, and SMPED, the project helps address inequalities in opportunities and spatial disparities.** The project will tackle key challenges faced by vulnerable and at-risk populations through an Investment Project Financing (IPF) operation that disburses against eligible expenditures upon the achievement of performance-based conditions (PBCs).

II. PROJECT DESCRIPTION

A. Project Development Objective (PDO)

10. The PDO is to increase access to improved social services for vulnerable and at-risk populations in the Municipality of São Paulo.

B. Theory of Change and PDO Indicators

11. **The rapid rise in demand for social services underscores the urgent need for innovation and modernization.** To meet this challenge, the project will focus on strengthening the municipality's capacity to deliver effective, high-quality social services to vulnerable and at-risk populations. It will also apply a neighborhoods approach that provides tailored services based on local characteristics, needs, and demand, and promotes community engagement to improve social interactions, foster inclusion, and reduce discrimination.

12. **Therefore, the project will support activities designed to increase both access to and quality of social services offered by three secretariats for strengthening the provision of quality social services for vulnerable and at-risk populations, including institutional strengthening, improving neighborhood-level outcomes, standardizing social service quality and improving organization of Primary Health Care services in coordination with emergency and specialized care across the city.** These improvements will be accompanied by staff training to strengthen service delivery and operational efficiency of the SMADS, SMS and SMPED care network.

13. **The project will track progress toward the PDO achievements through the following indicators**:

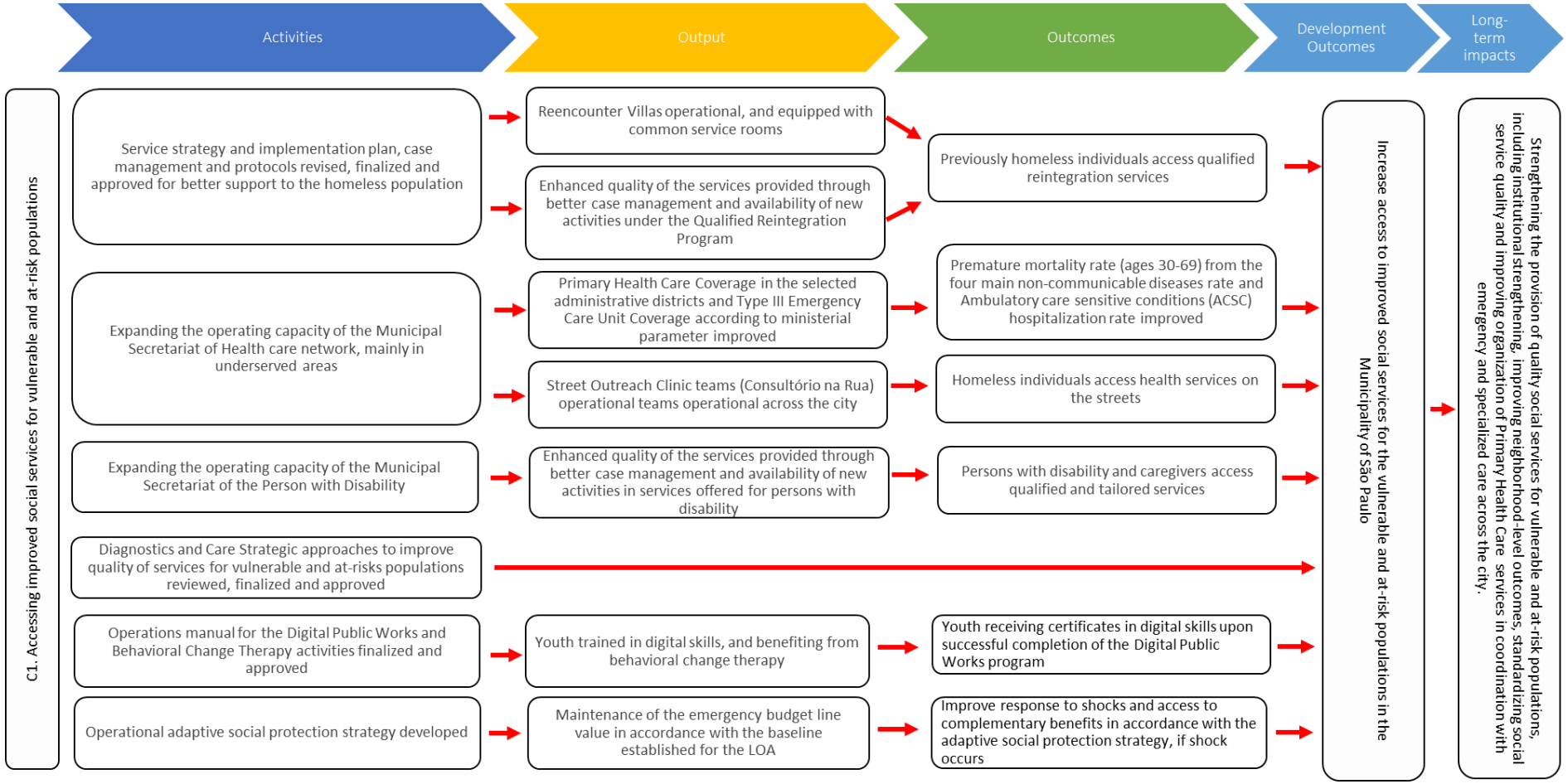
(a) Previously homeless individuals who accessed qualified reintegration services (number)

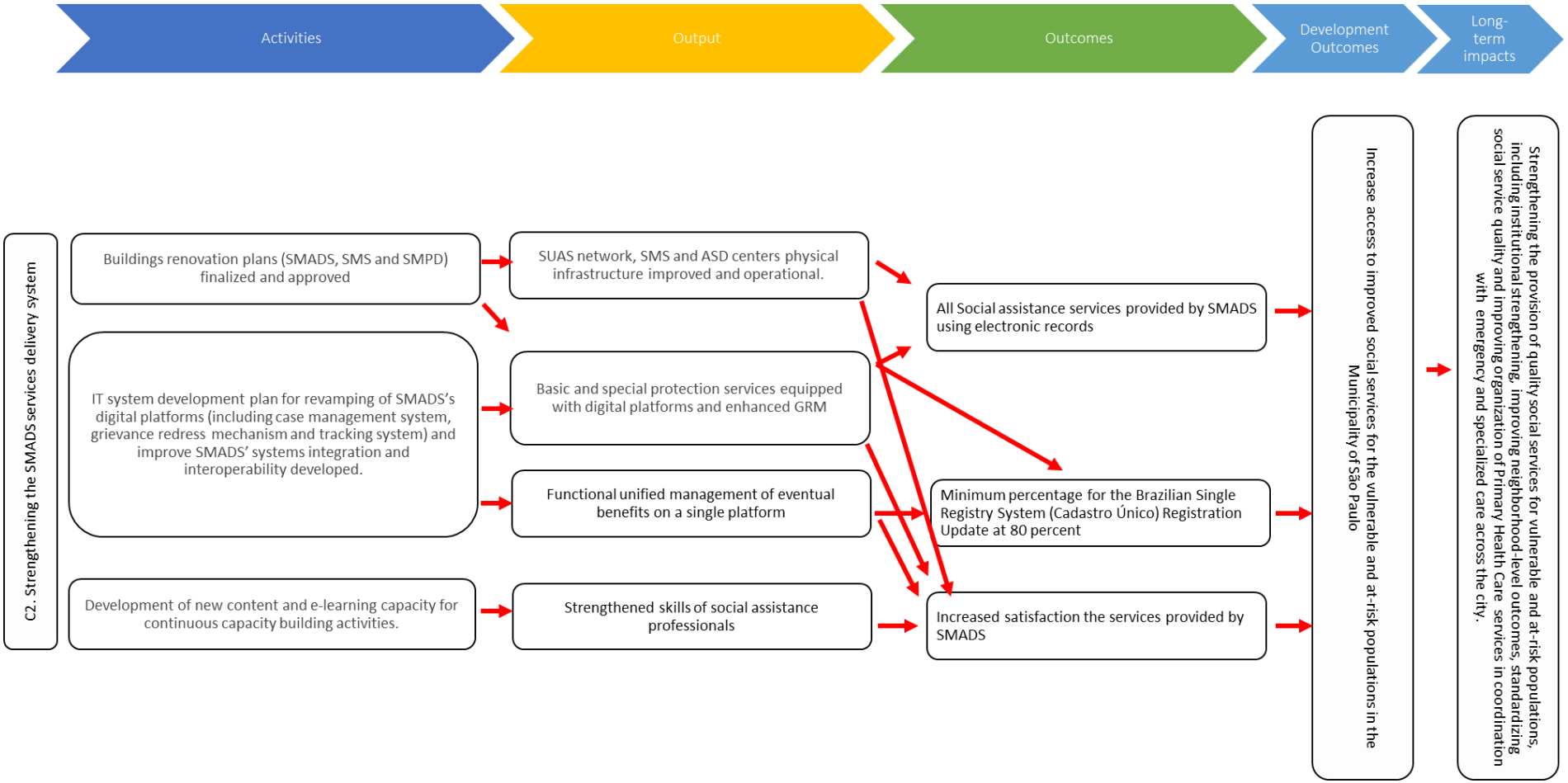
(b) Increase in the number of PWDs accessing qualified PWD services offered by SMPED (percentage)

(c) Ambulatory Care Sensitive Conditions hospitalization rate (percentage)

(d) Minimum percentage for the Brazilian Single Registration System Registration Update Rate (percentage).

Figure 1. Theory of Change




Activities
Output
Outcomes
Development Outcomes
Long-term impacts
C2. Strengthening the SMADS services delivery system
Buildings renovation plans (SMADS, SMS and SMPD) finalized and approved
IT system development plan for revamping of SMADS's digital platforms (including case management system, grievance redress mechanism and tracking system) and improve SMADS' systems integration and interoperability developed.
Development of new content and e-learning capacity for continuous capacity building activities.
SUAS network, SMS and ASD centers physical infrastructure improved and operational.
Basic and special protection services equipped with digital platforms and enhanced GRM
Functional unified management of eventual benefits on a single platform
Strengthened skills of social assistance professionals
All Social assistance services provided by SMADS using electronic records
Minimum percentage for the Brazilian Single Registry System (Cadastro Único) Registration Update at 80 percent
Increased satisfaction the services provided by SMADS
Increase access to improved social services for the vulnerable and at-risk populations in the Municipality of São Paulo
Strengthening the provision of quality social services for vulnerable and at-risk populations, including institutional strengthening, improving neighborhood-level outcomes, standardizing social service quality and improving organization of Primary Health Care services in coordination with emergency and specialized care across the city.

C. Project Beneficiaries

14. **The project's direct beneficiaries are vulnerable and at-risk populations**. These include approximately 500,000 individuals identified by SMADS through its systems but not necessarily receiving either a benefit or a service, of whom about 360,000 are women, 18,000 are elderly, 8,000 are youth, 35,000 are individuals experiencing homelessness, 3,000 are PWDs, 1,200 are indigenous peoples, and 1,200 are LGBTQIA+ individuals. In addition, it includes about 25,000 PWDs and their caregivers currently served by SMPED. The project will also target new beneficiaries through pilot programs and expanded communications and outreach campaigns under SMADS and SMPED, and benefit the municipal population through improved quality and coverage of social services, particularly in peripheral districts.

D. Project Components

15. **Component 1: Accessing improved social services for vulnerable and at-risk populations** (US$145.9 million: IBRD US$65.0 million and counterpart funds US$80.9 million). This component has four objectives and is supported by the three secretariats. The objectives are (a) promoting the reintegration of homeless individuals into society; (b) promoting access to tailored and qualified services for PWD; (c) enhancing access, efficiency, and quality of health services, particularly in underserviced districts; and (d) designing and implementing strategies for improved services for the vulnerable and at-risk, including support for an Adaptive Social Protection strategy to strengthen response to climate-related shocks.

16. **Subcomponent 1.1: Promoting the reintegration of homeless individuals into society** (US$25 million: IBRD US$10 million, counterpart funds US$15 million). This subcomponent will support the reintegration of homeless individuals into society by (a) providing support to selected homeless individuals identified by SMADS case managers for a qualified reintegration into society and transition into housing, including access to Reencounter Villas; (b) purchasing and installing equipment in the common areas of Reencounter Villas that meet energy-efficient standards and carrying out socio-educational activities to promote individual autonomy, such as digital literacy training, and participation in sports and music programs; and (c) strengthening the municipality reintegration strategy, case management, and referral systems through the provision of consulting and non-consulting services. Subcomponent 1.1.a will be financed through IPF with PBC and Subcomponents 1.1.b and 1.1c through IPF.

17. **Subcomponent 1.2: Promoting access to tailored and qualified services for PWDs** (US$45 million: IBRD US$19.4 million, counterpart funds US$25.6 million). This subcomponent will support enhancing access to tailored and qualified services provided by SMPED for PWDs and their caregivers through activities such as enhanced outreach, communications, case management, grievance and redress processes, and information systems. These services include those provided at *Centro TEA* and *Casa Mãe Paulistana*, with the goal of improving social inclusion, autonomy, and overall family well-being. Subcomponent 1.2 will be financed only through IPF with PBC.

18. **Subcomponent 1.3: Strengthening the health service delivery systems** (US$70.8 million: IBRD US$30.5 million, counterpart funds US$40.3 million). This subcomponent will support enhancing access to, quality, and efficiency of the borrower's health care services by expanding the operating capacity of the SMS care network. To achieve this, the project supports multiple activities, including revisiting the SUS incentive framework, which is designed to establish and strengthen health teams, to improve service quality, while supporting the operation of health units and organizing health service delivery in ways that promote efficiency, quality, and the payment of health care procedures. These interventions will create conditions for sustainable improvements in health outcomes, ensuring that any infrastructure investments by the municipality are complemented by investments, supported by this subcomponent, in human resources, management,

digital innovation, and direct financing of service delivery, thereby enhancing system performance and achieving the project's intended objectives.[8] Subcomponent 1.3 will be financed only through IPF with PBC.

19. **Subcomponent 1.4: Designing the following targeted interventions for vulnerable and at-risk populations** (US$5.1 million IBRD). This subcomponent will support designing the following targeted interventions for vulnerable and at-risk populations:

(a) Assessing existing social services and the needs of specific vulnerable populations to inform the design of new tailored strategies and programs;

(b) Designing and implementing an Adaptive Social Protection strategy focused on climate-related shock prevention and response; and

(c) Carrying out the following activities with respect to youth only:

(i) **Digital public works.** Enhancing the beneficiaries' employability by equipping eligible youth participating in SMADS youth centers with soft and digital skills, aimed at building critical digital competences. Activities include training in digital device use, coding, data analytics, and structured on-the-job training, as well as helping SMADS identify high climate-risk areas via electronic data collection, geo-tagging, and outreach. These activities will contribute to increased efficiency in climate shock response and prevention. Particular attention will be given to girls, who have historically been underrepresented in STEM fields.

(ii) **Behavioral Change Therapy.** Applying a center-based approach for therapy focused on social-emotional learning, self-regulation, and decision-making, aimed at reducing crime and violence and improving academic and life outcomes of beneficiaries.

20. Thus, this program offers access to information and knowledge to help youth at risk navigate high-stakes situations in a structured program.[9] Subcomponents 1.4.a and 1.4.c will be financed only through IPF and Subcomponent 1.4.b only through IPF with PBCs.

21. **These activities will leverage the municipality's experience with other related programs, such as the *Bolsa Trabalho Formação*, and will include an assessment of curriculum, intensity, and delivery modalities.** The main findings can inform potential scale-up and standard contracting models for future implementation of these activities at a large scale.

22. **Component 2: Strengthening the SMADS social assistance delivery system** (US$82.1 million; IBRD US$63.0 million, counterpart funds US$19.1 million). This component aims to enhance the delivery capacity of the social assistance system of the municipality by investing in SMADS's physical and digital infrastructure to improve the quality, coverage, and accessibility of services for vulnerable and at-risk populations. This will be achieved by financing civil works, consulting and non-consulting services, and goods through two subcomponents: (a) enhancing the SUAS physical infrastructure and (b) modernizing social assistance delivery system.

[8] The Municipality of São Paulo is expanding and modernizing the physical infrastructure with the objective of increasing coverage in underserved areas. The activities include constructing and renovating around 30 UBSs with appropriate infrastructure, equipment, and human resources—such as consultation and vaccination rooms, basic pharmacies, equipment for multiprofessional teams, telemedicine services for remote locations, and family health teams. For emergency care, the municipality is expanding and modernizing 15 UPAs, following ministerial standards (one UPA III per 200,000–300,000 residents). These units will be equipped with emergency rooms, observation beds, X-ray facilities, and basic laboratories and health teams and will be integrated with the Mobile Emergency Care Service (Serviço de Atendimento Móvel de Urgência -SAMU 192) and referral hospitals to ensure coordinated and continuous care.

[9] The pilot for the behavioral intervention would build on the experience of the program Becoming a Man, managed by the University of Chicago Urban Crime Lab.

23. **Subcomponent 2.1: Enhancing SUAS physical infrastructure** (US$60.2 million: IBRD US$50 million; counterpart funds US$10.2 million). This subcomponent will support (a) carrying out civil works (including renovations) to enhance the physical infrastructure of SMADS, with a focus on improving service quality for the target population, accessibility, low-carbon, climate-resilient and environmental sustainability, expanding coverage in underserved areas; and modernizing existing infrastructure and (b) planning activities in areas with a high incidence of climate-related shocks to promote improvements aimed at enabling better quality and continuity of services during climate-related events and enhancing the climate resilience of services that benefit vulnerable and at-risk populations.

24. **The subcomponent will focus on ensuring that the services meet adequate standards for service provision and will adhere to the use of climate-smart technologies and goods, following Brazil's standards for energy efficiency savings, to improve climate resilience of the services.** The subcomponent will be financed only through IPF.

25. **Subcomponent 2.2: Modernizing social assistance delivery system** (US$21.9 million: IBRD US$13.0 million, counterpart funds US$8.9 million). This subcomponent will support carrying out the following activities for the benefit of SMADS:

(a) **Modernizing IT systems.** This will allow expanding the IT systems across SMADS services, to include (i) the development and enhancement of existing IT systems, including case management systems, grievance redress mechanisms (GRM), monitoring systems, and a climate-related shock-response information system; (ii) integration and interoperability of the existing SUAS with the new climate-related shock response information system supporting the Adaptive Social Protection system that will be developed; and (iii) upgrading SMADS digital platforms, including automated tools such as electronic scheduling, to improve customer service.

(b) **Renovating IT equipment.** This includes (i) modernizing SMADS equipment to improve case management, intake, and registration services; (ii) purchasing energy-efficient hardware and servers and software licenses; and (c) equipping social assistance centers with technology such as screen readers, computers, and tablets to support service provision.

(c) **Developing and implementing a social communication strategy.** This includes (i) strengthening SMADS visual identity; (ii) promoting awareness of available social assistance services; (iii) creating specific modules to promote the utilization of existing services; (iv) providing information about grievance and complaint lines; (v) developing awareness campaigns to raise knowledge about climate-related hazards and potential coping mechanisms, reduce discrimination, and empower vulnerable groups; and (vi) increasing citizen engagement and social accountability.

(d) **Staff training in areas within the scope of SMADS activities.** This includes providing training to SMADS staff on a regular basis on multiple topics, including risk screening to identify the needs and vulnerabilities of specific populations, such as sexual and gender minorities, those affected by GBV, and individuals living in high climate-related risk areas.

(e) **Expanding SMADS virtual learning environment.** This includes expanding and operationalizing SMADS Virtual Learning Environment to enable the creation and delivery of e-learning capacity-building activities for SMADS staff, in support of the training efforts described in item (d).

26. **Subcomponent 2.2.a will be financed through IPF with PBC and Subcomponents 2.2.b, 2.2.c, and 2.2.d through IPF.**

27. **Component 3: Project management** (US$3.8 million IBRD). This component will support strengthening of the municipality of São Paulo's capacity to implement the project, including (a) the establishment and operationalization of the Project Management Unit (PMU); (b) the coordination, management, and administration of project activities; (c) the

hiring of staff and consultants; (d) the delivery of training; (e) the provision of equipment; (f) financial management (FM) and procurement activities; (g) monitoring, supervision, and project evaluation activities; (h) management of the environmental and social aspects of the project; (i) financial audits; and (j) oversight of monitoring and evaluation reports. Within the framework of the monitoring cycle, a midterm review will involve project stakeholders and civil society in assessing project performance, intermediate results, and outcomes. Both SMS and SMPED will designate focal points to the PMU to ensure that activities under their responsibility are implemented in accordance with World Bank and PMU requirements. This component will be financed only through IPF.

E. Role of Partners

28. **The project benefits from the Inter-American Development Bank activities in the municipality that includes technical cooperation and financing for strengthening hospital and specialized care services. More specifically:**

Table 1. Roles and Responsibilities of Partners

Name of Partner	Nature of Involvement/Description
The Inter-American Development Bank	**Development partner.** The project was developed to ensure complementarities with current technical cooperation and financing support of the Inter-American Development Bank that aims at improving hospital services (Governance, equipment and infrastructure) by focusing on primary care strengthening, care coordination, and continuity of care across levels. Together, the programs reinforce the municipality network-wide quality agenda and integrate service delivery pathways.

F. Lessons Learned and Reflected in the Project Design

29. **The project design has been informed by extensive policy dialogue, ongoing projects, advisory services, and long-standing engagement with Brazilian government counterparts, as well as lessons from international experience**. Drawing on both global and local evidence, the project strengthens services for families and individuals at social risk and other vulnerable groups. It adapts proven successful local and global interventions to improve service access, promote social inclusion, and protect at-risk populations.

30. **Moreover, the project design incorporates findings from key World Bank analytical work, including the multiyear Advisory Services and Analytics initiative 'Brazil Social Protection Reforms for Restructuring and Recovery during COVID-19' (P174836) and studies such as '*Auxílio Emergencial*: Lessons from the Brazilian Experience Responding to COVID-19'**. These efforts identified priority areas for strengthening the responsiveness and effectiveness of social assistance. International evidence also underscores the importance of improving interoperability among program-specific systems and establishing robust data-sharing protocols across agencies to enhance coordination and implementation.

31. **Moreover, the project incorporates international global practice features on system strengthening and youth development.** The design emphasizes increased investment in coordination mechanisms and robust information systems with appropriate data protection and privacy measures. It also draws on socio-behavioral interventions and youth employment programs—such as Kenya's Digital Public Works, Mexico's *Programa Oportunidades y Desarrollo*, and Honduras's *Programa de Empleos Temporales para Jóvenes en Riesgo*—to better protect youth and increase their productivity.

32. **The broader experience of health service delivery in Brazil has also significantly shaped the project design.** Under the SUS governance framework, municipalities are primarily responsible for providing primary health care services. The World Bank's successful support for the Municipality of Salvador (P162033, P172605, and P508025) offers valuable

lessons. There, efforts to strengthen UBS as the first point of contact in the health system—combined with infrastructure upgrades, improvements in emergency care, expansion of qualified human resources, and investments in effective management and digital systems—resulted in significant gains in the quality and efficiency of service delivery. Reflecting these lessons, the project incorporates several key design elements: the importance of adopting a system-level perspective, the need for complementary investments across all levels of care, the critical role of qualified personnel and institutional management, and the use of results-based operational arrangements to strengthen performance.

33. **The project will also foster strong collaboration with CSOs**. By improving coordination and upgrading service delivery platforms, the project will enable secretariats and CSOs to benefit from streamlined processes, more robust strategies, and enhanced transparency and operational efficiency.

III. PROJECT IMPLEMENTATION

A. Institutional and Implementation Arrangements

34. **SMADS will serve as the implementation agency for the project and will be responsible for overall coordination and management.** SMADS has the overarching responsibility to carry out the overall institutional coordination required, provide financial and procurement support to implementing partners, and supervise overall project implementation.

35. **SMADS will establish, operate, and maintain a PMU throughout project implementation to oversee day-to-day activities.** The PMU will consist of both public servants and contracted staff selected and financed by the project. The PMU will be led by a project coordinator and supported by a project director and focal points from each of the secretariats, with additional support from the SMPED Chief of Staff's Office and the SMS Planning Advisory Office.[10] Procurement, FM, and environmental and social risk management will fall under the PMU. At a minimum, the PMU will include a communication specialist, a monitoring and evaluation specialist, an IT specialist, an environmental and social specialist, a procurement specialist, and an FM specialist, but the organizational structure will be detailed in the POM.

36. **SMS and SMPED as key implementing partners.** This approach aims to enhance individual experience in accessing social services by addressing inequalities of opportunity and spatial disparities in services provided by SMADS, SMS, and SMPED. Through coordinated efforts, these agencies ensure that existing programs and policies are robust and capable of addressing the needs of the vulnerable and at-risk population in a more systematic and integrated manner. Roles and responsibilities of the SMS and SMPED are:

a. **SMS.** Responsible for ensuring the implementation of all aspects of activities described in Subcomponent 1.2. It must prepare the implementation plan and the specific subcomponent section in the Project Operations Manual (POM), perform continuous monitoring activities, collaborate with the independent verification agent (IVA), ensure that results are met, and provide SMADS with reports needed to ensure project accountability and transparency.

b. **SMPED.** Responsible for ensuring the implementation of all activities described in Subcomponent 1.3. It must prepare the implementation plan and the specific subcomponent section in the POM, ensure that results are achieved, perform continuous monitoring activities, collaborate with the IVA, and provide SMADS with the reports needed to ensure project accountability and transparency.

37. **Moreover, a Steering Committee will be established at the central level to provide strategic oversight and guidance, and to oversee project implementation while ensuring coordination across the secretariats.** The committee will be composed of representatives of the heads of SMADS coordination units, the SMADS Technical Advisory Unit, SMS and SMPED oversight managers, the Municipal Secretariat of Finance and Efficiency, and other relevant entities as defined

[10] SMADS and staff from relevant departments will handle Subcomponents 1.1 and 1.4 as well as Component 2 activities. SMPED and SMS, along with their respective department staff, are responsible for Subcomponents 1.2 and 1.3.

in the POM. It will convene twice a year to review implementation progress, address operational or institutional bottlenecks, and ensure effective inter-secretariat coordination.

B. Results Monitoring, Evaluation, and Verification Arrangements

38. **Project implementation progress will be monitored using the Results Framework and the information systems of SMADS, SMPED, and SMS**. The PMU will prepare and submit progress reports to the World Bank every six months, starting after project effectiveness. These reports will be based on real-time data extracted from SMADS, SMPED, and SMS information systems. Key indicators will be tracked and disaggregated by gender, as appropriate. Moreover, qualitative and quantitative evaluations will be conducted throughout the project. Satisfaction surveys and ongoing beneficiary feedback mechanisms will be used to assess the impact of activities. Additional tools may include process evaluations, financial and performance audits, and spot checks, to be initiated no later than six months after project effectiveness. Quarterly implementation support missions are planned during the first year of implementation and are further detailed in the POM.

39. **An IVA, a qualified public or private institution, will be engaged to provide independent verification of the achievement of PBCs**. SMADS will confirm upon effectiveness whether it will appoint or launch a process for recruiting the IVA. The IVA must be acceptable to the World Bank and possess the necessary independence, expertise, and capacity to ensure credible and impartial verification. All verification procedures will be detailed in the POM.

C. Disbursement Arrangements

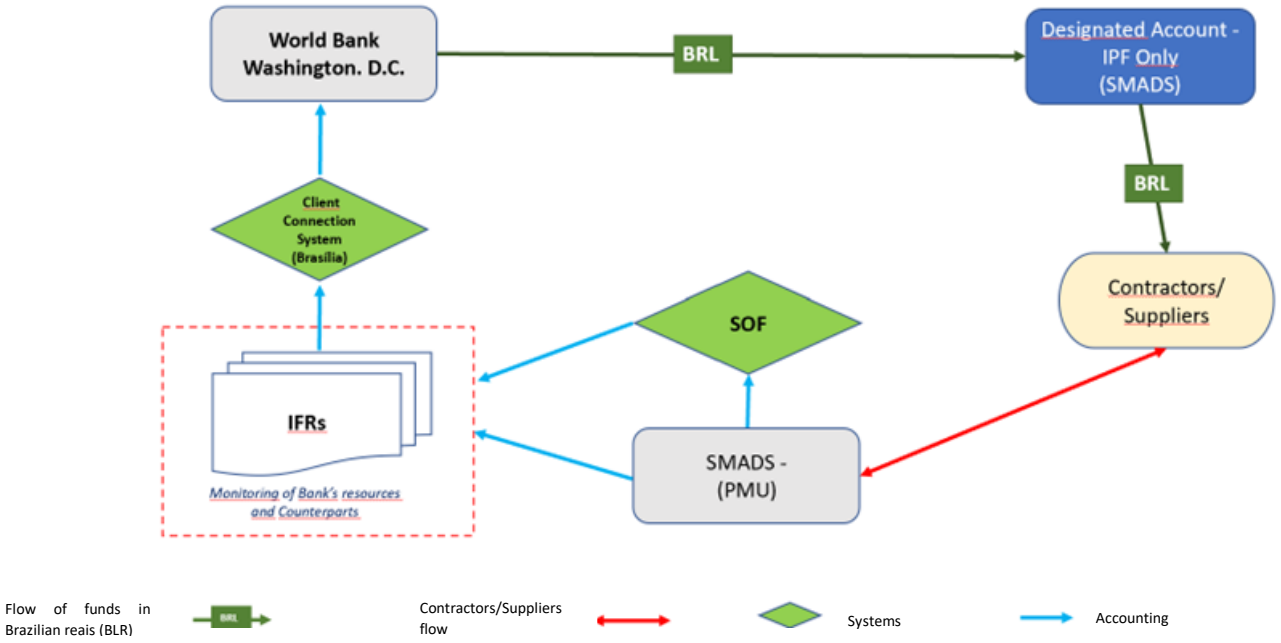
IPF Only - Detailed Disbursement Arrangements - SMADS

40. **For subcomponents not classified under the non-eligible expenditure for PBCs subcomponents, the following disbursement methods may be used:** (a) reimbursement, (b) advance, and (c) direct payment, with the advance method being the primary disbursement method.

41. **The Municipal Secretariat of Finance will open a Designated Account (DA) at 'Banco do Brasil' in São Paulo in the name of the 'Município de São Paulo' to receive loan funds in Brazilian reais and pay local suppliers and contractors**. This account should be opened within 30 days after the loan becomes effective.

42. **The DA ceiling will be variable, based on the forecasted six-month needs and recalculated every three months**. The reporting frequency for eligible expenditures paid by the DA will be quarterly. Advances, disbursements, and reimbursements will be documented based on the interim financial report (IFR). Direct payments will be documented with records (copies of the invoices). See figure 2 for the flow of funds.

Figure 2. Flow of Funds



43. **Retroactive financing will be provided up to an aggregate amount not exceeding 20 percent of the loan amount, for payments made for expenditures incurred within one year before the signing date of the Loan Agreement.** These expenditures will be subject to an Environmental and Social Audit, in line with applicable IPF policies.

44. **The minimum application size for direct payments and reimbursements will be US$0.5 million equivalent**. The project will have up to four months after the closing date to document expenditures incurred before that date.

45. **Counterpart funds will be earmarked in detail according to their sources to ensure proper linkage with project activities.** The origin of counterpart resources will be documented in alignment with the project's objectives, to provide evidence and reinforce control over project execution.

IPF-PBCs: EEP Detailed Disbursement Arrangements

46. **For the Eligible Expenditure Programs (EEP) for PBC subcomponents, disbursements will be made through the reimbursement method, based on the achievement of agreed milestones and documentation of expenditures made under the agreed EEPs during the respective period**. The World Bank may finance up to 100 percent of eligible expenditures under the EEPs, procured in accordance with the applicable World Bank procurement procedures for this project and the Anti-Corruption Guidelines.

47. **When submitting the withdrawal application to the World Bank,** the PMU will specify the bank account to which the disbursements related to the EEPs should be made.

48. **Disbursements will be report based (that is, based on IFRs), which will include an EEPs Spending Report indicating the spending status of the EEPs and compliance with the PBCs methodology.** The World Bank will verify this report following the verification protocols detailed in the POM. The PMU will submit to the World Bank a withdrawal application for reimbursement in the amount corresponding to the allocation of the PBC achieved, as shown in the Disbursement Schedule.

49. **The IVA will be an institution providing independent verification of the achievement of PBCs.** The PMU will hire the IVA deemed acceptable to the World Bank based on its independence, experience, and capacity to ensure credible verification.

50. **The amount eligible for disbursement is calculated after verifying the PBCs.** All PBCs in this project are scalable; the World Bank will disburse the amount corresponding to the fraction of achievement of the respective PBCs in case of underperformance. The amounts reduced due to the underperformance of scalable PBCs can be attained by achieving the PBC targets in future years. The undisbursed amount allocated to the corresponding PBC in the previous period will be added to the following planned disbursement amount. Disbursement will be authorized only upon the achievement of the PBC for the subsequent period. If the borrower fails to provide enough eligible expenditures under the EEPs for all disbursements related to a PBC that has been met (or partially completed), the undisbursed amount due to the lack of eligible expenditure will be available for the borrower to request in the subsequent application when eligible expenditures are presented to the World Bank.

51. **The project will be allowed to receive an advance related to PBCs,** and there will be no decentralization of resources, donations, or program management.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

Technical Analysis

52. **The growing homeless population has sparked global debate on effective service models, such as treatment-first versus housing-first.** Each approach has limitations and must be adapted to local needs. Building on SMADS's experience and international evidence, the project will support a blended reintegration model combining treatment and housing, strengthened protocols, and case management. This aligns with evidence on the importance of Assertive Community Treatment and Critical Time Intervention. Case managers must be equipped to support individuals from street homelessness to transitional housing. Emerging research also suggests that cash transfers can positively influence outcomes during this transition. For instance, the Shelter Diversion Program in Greater Cincinnati, implemented by the Nongovernmental Organization Strategies to End Homelessness, offered one-time financial assistance to participating households, that allowed them to cover initial expenditures and increased their autonomy.

53. **Programs that integrate technical skilling (hard and soft skills) with socio-emotional development have proven effective in improving motivation, employability, and human capital among disadvantaged youth**. Behavioral Change Therapy interventions, when paired with employment or training programs, have demonstrated strong outcomes in reducing crime and supporting social reintegration. For example, the 'Becoming a Man' project in Chicago—which informs the design of interventions in this project—led to a 35 percent decrease in arrests and a 50 percent reduction in violent crimes. In Addis Ababa, job search efforts were boosted by 8 percent following such interventions. In Kenya, the Government successfully launched a Digital Public Works Program targeting youth ages 18 to 25, focused on digitization, mapping, and data collection to inform community development plans.

54. **To foster inclusion and reduce poverty, the project also addresses spatial inequities in access to health and PWD services, in line with good global practices.** The current expansion plan of UBSs in underserved areas to improve access to preventive care and chronic disease management, particularly for the poorest regions of the municipality, and expansion of services for PWD being delivered over the past years allow reaching more people at the closest neighborhoods with services that help improve human capital. Hence, building on this expansion, the project will support the strengthening of service quality while promoting social inclusion, building local capacity and improving systems to deliver sustainable outcomes, and meeting the municipality's intended objectives.

55. **The 2024 floods in Rio Grande do Sul underscored the importance of effective multilevel coordination in responding to climate-related shocks in Brazil.** Reflecting on the lessons learned in the state, the project design includes working closely with SMADS to mitigate the impact of shocks on vulnerable populations through strengthened coordination and preparedness.

56. **Finally, international literature indicates that investments in strengthening delivery systems through enhancements in case management, grievance redress, and monitoring systems improve efficiency and provide better data for strategic decision-making**. The Türkiye Integrated Social Assistance Service Information System, for example, increased efficiency through a hybrid centralized-decentralized model that streamlined the beneficiary experience and reduced administrative burdens.

Citizen Engagement

57. **The project will support a comprehensive and participatory citizen engagement approach**. It will strengthen communication strategies, engagement processes, and the GRM by incorporating feedback loops to ensure that beneficiary input informs ongoing service improvements. Existing initiatives will serve as a foundation, with enhancements introduced to ensure that benefits outweigh any associated risks. The project will monitor beneficiary satisfaction through specific indicators and improve GRM data analysis to promote faster responses to submitted cases. The GRM will include a dedicated and confidential channel to manage multiple type of complaints—such as those related to GBV, sexual exploitation and abuse, sexual harassment, and community engagement activities. This channel will ensure confidential reporting and handling of sexual exploitation and abuse and sexual harassment cases, including workers' complaints and those related to safety and the working environment due to enhancements in physical infrastructure supported by Subcomponent 2.1.

Gender

58. **The project is aligned with the WBG Gender Strategy (2024–2030) objectives as follows:**

- **(a) Enabling economic opportunities and elevating human capital.** The project will strengthen efforts and help reduce gender gaps in labor market-relevant skills through Subcomponent 1.4 activities. The interventions under the Digital Public Works and Behavioral Change Therapy aim to improve the retention of girls—currently lower than that of young men—and support the development of digital skills. As a result, the project will help narrow gender gaps in access to STEM jobs and reduce dropout rates in both schools and youth centers.
- **(b) End gender-based violence and engage women as leaders.** In addition, several project activities will be implemented through a gender-sensitive lens: (a) qualified reintegration for the homeless population (Subcomponent 1.1) will follow the Reencounter Program guidelines that prioritize female-headed families with children; (b) improved service delivery protocols will address the specific needs of both women survivors of GBV and sexual and gender minorities; (c) tailored communication campaigns will include empowerment strategies to increase women's participation in social services; and (d) staff and service provider training will include modules on addressing gender issues among youth—an explicit priority identified by SMADS.

59. **In addition, modernization of SMADS systems (Subcomponent 2.2) will enable gender- and identity-disaggregated data, supporting data-informed service improvements.**

Climate Change Context and Response

60. **Climate change is expected to increase the frequency and severity of natural disasters in the Municipality of São Paulo.** Rising average temperatures (2°C between 1933 and 2017), longer heat waves, and intense rain combined with

prolonged droughts particularly affect the most vulnerable populations, including the elderly, PWD, and low-income families living in high-risk areas.[11] These climate-related hazards can lead to negative coping strategies such as consumption cuts and pulling children out of school, which ultimately undermine long-term human capital development. By strengthening SMADS's shock response systems and improving municipal strategies for responding to climate-related events, the project will help mitigate the adverse impacts of these shocks.

61. **The project aligns with broader goals of reducing social inequalities and protecting those most affected by climate change population by enhancing their resilience through the development of a robust Adaptive Social Protection system within SMADS.** This system will promote (a) timely and effective prevention and response to climate-related incidents and (b) community awareness and preparedness for climate-related events, fostering the creation of more resilient communities, particularly among the poorest and most exposed municipal residents.

Using Smart Technologies and Climate-Resilient Goods

62. **The project aims to promote the use of energy-efficient and climate-smart technologies, including information and communication technology (ICT) hardware, climate-resilient goods, and sustainable infrastructure solutions.** This includes using energy-efficient equipment and materials—such as servers, desktop computers, laptops, tablets, printers, scanners, and videoconference equipment—all of which should have an Energy Star classification of 5 or above or comply with EPEAT Climate+ guidelines.[12] Additionally, electronic equipment beyond ICT hardware—such as light bulbs, air-conditioning units, and refrigerators—must have a National Program for the Conservation of Electric Energy/PROCEL label A (preferably A+++), which can achieve up to 30 percent in energy savings. Therefore, goods must comply with applicable local standards developed and regulated by the Ministry of Mines and Energy through National Program for the Conservation of Electric Energy/PROCEL and international Minimum Energy Performance Standards and 'star-ratings' to ensure minimal energy consumption and reduced carbon emissions. The total cost of ICT hardware to be purchased under Subcomponents 1.1, 1.4, and 2.2 is estimated to be close to US$4 million equivalent. However, under Subcomponent 2.1, ICT hardware and other climate-smart goods (for example, light dimmer switches, motion-sensing light switches, light bulbs, air-conditioning units) and climate-resilient goods (for example, energy-efficient glazing windows, insulated doors) are estimated together as part of the remodeling and are estimated to represent up to 20 percent of the estimated remodeling cost (US$60.2 million). The assessment and renovation plan can identify climate-resilience infrastructure work and consequently additional investment of the project toward climate gains, but they are not accounted here. Therefore, the estimated amount for ICT hardware and energy-smart goods is about US$16 million.

Paris Alignment

63. **The project aligns with the goals of the Paris Agreement by enhancing the municipality's ability to adapt to the impacts of climate change and contributing to the country's low-carbon pathways.** It is also consistent with Brazil's Nationally Determined Contribution (NDC). In its most recent NDC submitted to the United Nations Framework Convention on Climate Change, Brazil committed to an economy-wide approach to emissions reductions consistent with the 2°C global goal, encompassing mitigation, adaptation, and means of implementation. Brazil's adaptation strategy emphasizes the social dimensions of climate change and promotes inclusive and equitable climate action. The country's National Adaptation Plan includes public policies, adaptation actions, and strategies at different levels of government, highlighting the need to strengthen social protection systems to mitigate the impacts of climate-related risks. The project is also aligned with the São Paulo Climate Action Plan 2020–2050 (*Plano de Ação Climática do Município de São Paulo*

[11] *Plano de Ação Climática do Município de São Paulo* 2020–2050. https://www.prefeitura.sp.gov.br/cidade/secretarias/upload/meio_ambiente/arquivos/PlanClimaSP_BaixaResolucao.pdf.

[12] The Electronic Product Environmental Assessment Tool (EPEAT) indicates that a product meets stringent criteria for reducing greenhouse gas emissions and addressing climate change.

2020–2050) that aims to transform the city into a carbon-neutral one while ensuring access to high-quality public services, promoting well-being, and enabling inclusive and sustainable economic development.

64. The project will address Paris Agreement goals on both mitigation and adaptation.

(c) **Assessment and reduction of mitigation risks.** None of the financed activities are expected to significantly increase greenhouse gas emissions, and all are aligned with the low-emissions development pathways set forth by both Brazil and the municipality. Activities under Components 1 and 2 are 'universally aligned' with current Paris Agreement methodologies, and all equipment purchased will meet energy efficiency standards. Components activities will promote the use of modern energy-efficient goods (for example, light bulbs, air-conditioning units, fans) and automated and efficient lighting systems. This includes replacing old windows with energy-efficient glazing and upgrading doors for better building insulation. It is expected that these interventions will reduce energy consumption by at least 20 percent compared to older service centers. Hence, the project can be considered aligned with mitigation objectives under the Paris Agreement.

(d) **Assessment and reduction of adaptation risks.** The main climate risks to the PDO identified in the climate and disaster risk screening include extreme temperatures, increased precipitation, flooding, and droughts. To mitigate these risks to acceptable levels, the project incorporates activities across components such as policy development, strategic planning, capacity building, outreach, emergency preparedness, data collection and monitoring, and information management. Component 1 will enhance the identification, post-event assessment, and monitoring of individuals living in high-risk areas and will support the development of SMADS's Adaptive Social Protection strategy that aims to integrate with existing systems to deliver timely services and benefits during climate emergencies while safeguarding the continuity of services for vulnerable populations. Subcomponent 2.2 also contributes to climate adaptation by improving communication strategies, training personnel, and integrating information systems to enhance awareness and preparedness for climate risks.

Economic Analysis

65. The cost-benefit analysis compares the present value of expected benefits with the present value of expected costs for three measurable interventions of the project: Subcomponent 1.1 (Qualified Reintegration for the Homeless), Subcomponent 1.4 (Support for Vulnerable Youth), and Component 2 (Strengthening the Social Services Delivery System). Subcomponent 1.1 plans to reintegrate 16,000 homeless individuals over the six-year implementation period, with an annual intake of 2,667 individuals, ultimately reaching 35,000 in the following years. Currently, SMADS spends BRL 888.3 million annually on services for 64,818 homeless individuals, which equates to BRL 13,705 per capita. With a US$61 million budget, the project is expected to reduce the cost of social services to homeless individuals by implementing a more effective reintegration strategy. These are expected to reduce the per capita cost of social assistance to individuals in homelessness to BRL 5,749 per year. Based on evidence from the Shelter Diversion Program in Greater Cincinnati, preventive actions—such as reducing the inflow into homelessness or supporting rapid exits—are more cost-effective than interventions once homelessness is prolonged. Through this new approach, SMADS's total annual cost is projected to decline to BRL 761 million (BRL 11,741 per capita), resulting in fiscal savings of BRL 127.3 million annually while fostering long-term benefits to society. Applying the cost-benefit analysis, the project is expected to generate positive returns and a growing impact over time, with a cost-benefit ratio of 1.39 over 10 years and 2.20 over 15 years. In addition to quantifiable benefits, preventing homelessness also avoids a range of significant indirect costs, particularly in the areas of health care, violence, and substance abuse, which are not captured in the cost-benefit analysis. Homeless individuals suffer from multiple and severe medical conditions, including mental health disorders that are exacerbated by delayed care-seeking, poor treatment adherence, and cognitive impairments. They are also more likely to experience co-occurring issues, such as sexually transmitted infections and substance abuse, which are strongly correlated with homelessness.

Therefore, early prevention of homelessness has long-term positive implications for the health system, as the costs of care and social services increase the longer an individual remains homeless. By investing in prevention, outreach, benefits, and timely services, the project can generate significant savings over time while also improving health outcomes and overall social inclusion.

66. **The pilots under Subcomponent 1.4 can generate measurable impacts on youth skills development and medium-term employability, and the cost-benefit analysis confirms positive returns of the project and growing impact over time.** The cost-benefit ratio of a similar full-scale program as the pilot is estimated at 1.18 over 7 years, 3.00 over 10 years, and 3.02 over 15 years of project implementation, because participants' employment rates for would be projected at 66.3 percent, with entry wages of BRL 1,342 (minimum wage) and an expected 10 percent wage premium attributable to program participation. Private benefits are estimated as the present value of baseline wages (BRL 16,944 annually), plus a productivity premium of BRL 1,694 per year. Social benefits include increased social security contributions (20 percent of wages) and a 1.78 multiplier effect, amplifying the program's economic impact.

67. **For the modernization of SMADS's social assistance system (Component 2), the cost-benefit ratio of the component is estimated at 1.07 over 10 years and 1.64 over 15 years, confirming significant returns of the investment over time**. System improvement investments, such as in automated scheduling service, interoperability of data systems, continuous training of staff, automated profiling, and screening for suspicious cases, can generate up to 40 percent savings once systems are operational.[13] The intervention focuses on the 3.8 million active users of SMADS services. Under the conservative assumption of stable demand for social assistance and 25 percent reduction in the unit cost of maintaining and tracking beneficiaries in the registry, beginning in the third year of project implementation, the baseline annual cost of BRL 114.60 per user is expected to decrease significantly. Total annual savings are expected at approximately BRL 100 million from Year 3 onward. The social costs of the intervention are estimated at BRL 756 million, evenly distributed over six years (2026–2031).

68. **Overall cost-benefit impact for a subset of project interventions highlights the long-term financial and social value of the investments.** Given the project's six years duration, benefits are expected to surpass investments shortly after the project's completion. The analysis reveals a cost-benefit ratio (Net present value of total benefits / Net present value of total costs) of 1.35 over 10 years and 2.17 over 15 years, providing a solid economic rationale for project implementation. Moreover, beyond the quantifiable monetary returns, the project's ability to address homelessness and support youth at risk aligns with broader goals of social equity and well-being. Therefore, the analysis concludes that the project's investments will yield meaningful impacts for both individuals and society, making it a worthwhile and strategic investment.

69. **In addition, Subcomponents 1.2 and 1.3 encompass the provision of high-quality services by SMPED and SMS for vulnerable and at-risk population.** Cost-benefit analyses of such interventions typically involve evaluating the monetary value of improved outcomes against the costs of establishing and operating these services. Expected benefits include improved well-being and autonomy of PWD, increased social inclusion, reduced hospitalizations, enhanced productivity due to better health, and lower health care costs. For instance, in the South Sudan Essential Health Services Project (P168926), the cost-benefit analysis suggested a benefit-cost ratio between 2.5 and 2.6, indicating that for every dollar spent, the project yielded significant economic returns. While the economic impact of PWD programs is recognized in terms of improved social integration, quantifying these benefits into a specific cost-benefit ratio presents challenges. The complexity of measuring indirect outcomes—such as enhanced inclusion and autonomy—limits the ability to establish a standardized ratio.

B. Fiduciary

[13] Leite et al. 2022. "Revisiting Targeting in Social Assistance: A New Look at Old Dilemmas." http://hdl.handle.net/10986/37228

70. **The FMA identified several risks to achieving the PDO.** While SMS has experience with World Bank-financed projects, SMADS and SMPED do not, which may cause early implementation delays. SMADS also lacks a PMU, an FM specialist, and designated focal points across the three secretariats, increasing the risk of weak monitoring and delayed record-keeping. Additionally, the financial systems used by SMADS, SMPED, and SMS cannot generate IFRs in the World Bank-required format, potentially delaying financial reporting. Finally, the *Controladoria Geral do Município*-CGM-SP will not conduct internal audits for the project, increasing the risk of undetected issues, including financial, compliance, or operational weaknesses.

71. **The World Bank appraised the capacity of the secretariats to implement procurement actions and reviewed the organizational structure underlying project implementation and the interaction between the PMU and project-benefiting institutions.** The procurement assessment concluded that (a) SMADS, SMPED, and SMS have a well-functioning procurement team, with experience in procuring goods and services, but no experience with World Bank regulations; (b) civil works have been managed by qualified procurement staff and technical assistants, but without experience in World Bank procedures; and (c) SMADS, as the main implementation agency, would benefit from strengthening the procurement team on World Bank procedures.

72. **Fiduciary and procurement risks are assessed as Moderate.** However, given the challenges identified in the FM assessment and the high volume of procurement processes, the project will support the expansion of both the PMU FM and procurement teams to ensure proper handling of these activities.

73. **To mitigate the fiduciary risks, the World Bank will provide close support and supervision, along with capacity-building training for staff across all three implementing agencies throughout the project's duration.** Moreover, a PMU will be established at SMADS, and a dedicated FM specialist (SMADS) and focal points (SMPED and SMS) will be formally appointed through a decree. To address reporting challenges, a business intelligence tool will be employed to generate IFRs in the required format. Lastly, the PMU will engage a consultant to perform internal audit and internal control functions, with support from CGM-SP.

74. **To mitigate the procurement risks, the World Bank will ensure that at the PMU, a Procurement Coordination Unit is established, and the Special Bidding Committee will be structured to meet project implementation needs.** All Procurement Coordination Unit staff will be trained in World Bank procurement procedures. The Project Procurement Strategy for Development and a Procurement Plan were prepared and approved by the World Bank, covering at least the first 18 months of project implementation. Procurement activities will be conducted as per the World Bank's 'Procurement Regulations for IPF Borrowers', issued in September 2025, for the supply of goods, works, and non-consulting and consulting services under the project, and they will be carried out by the Special Bidding Commission.

C. Environmental, Social and Legal Operational Policies

75. **The environmental risk rating is Moderate**. The project involves small-scale civil works and renovations to modernize services under Subcomponent 2.1. The services to be renovated are in consolidated urban areas, far from environmentally sensitive zones. Impacts are expected to be temporary, low in magnitude, and site specific and may include the generation and disposal of construction wastes; hazardous wastes (including asbestos); environmental noise and dust emissions; and common workplace hazards, such as roof works and working at heights, power tool-related hazards, noise and dust exposure, hazardous materials, and so on. The services to be renovated may pose life and fire hazards for the users if they are not designed according to Life Safety and Fire Protection safety codes. SMADS agreed to environmental specifications for design and construction based on the São Paulo Municipality's Sustainability Manual for Public Buildings, the Guidelines for Universal Design and Accessibility in the city, and the São Paulo State Practical Guidelines for Decommissioning and Final Disposal of Asbestos Containing Materials from Construction Works.

76. **The social risk rating is Moderate, and social benefits are expected to outweigh potential risks.** Key components include studies and pilot programs to improve SMADS processes and strengthen the social assistance delivery system, including infrastructure upgrades. Experts and consultants will be recruited for low-risk capacity-building activities. Risks from short-term impacts of small-scale civil works, such as noise, dust, waste management, and occupational safety and health accidents, are manageable and localized. These risks may affect the health and safety of communities, employees, and construction workers. However, existing procedures and local legislative requirements are deemed sufficient to manage these risks. SMADS will contract a Requalification Plan and include environmental and social specifications for contractors in the terms of references to ensure compliance with necessary procedures.

77. **Reforms are not expected to disrupt SMADS service delivery, and there will be no external labor influx**. The municipality has legislation and systems in place that are consistent with relevant standards. A Participatory Processes Report is required to systematize SMADS's actions related to the project, and it will identify key stakeholders, applicable legislation, consultations, contributions received, and measures to address gaps.

78. **Potential resistance and conflicts among communities and businesses near SMADS service facilities slated for renovation can be managed through enhanced communication and engagement measures.** The project includes strong stakeholder engagement and communication strategy to promote service utilization, provide grievance information, reduce discrimination, and empower vulnerable groups. The risk of excluding vulnerable groups will be mitigated through participatory design and prioritization of these groups as project beneficiaries. There is a low probability of serious adverse effects on human health or the environment.

79. The additional measures are reflected in the Environmental and Social Commitment Plan (ESCP), disclosed on January 27, 2026 on the Bank's and Borrower's website (https://prefeitura.sp.gov.br/web/assistencia_social/w/qualifica_suas), and will ensure consistency between the project terms of reference and other documents defining the scope and outcomes of project activities with the applicable Environmental and Social Standards. Moreover, the draft Stakeholder Engagement Plan (SEP) for the project was disclosed on the Bank's website on November 22, 2024 and will be finalized, disclosed, and adopted no later than 30 days after the effective date to articulate, standardize, and strengthen communication and social participation actions and GRM across the secretariats for continuous feedback.

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

Grievance Redress Services:

80. **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.

V. KEY RISKS

81. The overall project risk is assessed as Moderate.

82. **The risk associated with the technical design of the project is Substantial**. This is due to the complexity and volume of the proposed activities, which require meticulous planning, implementation, and coordination, as well as the complex needs of the various target groups. Additionally, the recurrence of natural shocks increases complexity and necessitates more cost-effective response actions and greater coordination with other agencies. There are complexities in designing and implementing the proposed set of programs, and achieving the desired new procedures and expanding staff capacity to manage and monitor these new activities will be essential.

83. **Risk mitigation measures include** (a) financing improvements to SMADS information systems and provision of continuous capacity building for both SMADS and PMU staff; (b) holding regular and ongoing consultations with stakeholders and partner institutions, along with capacity-building activities such as participation in training and workshops for knowledge exchange between the secretariats and experts, supported by the World Bank; (c) having specialized teams focused on selected core topics to lead technical discussions at service centers or across designated catchment areas and to ensure effective coordination among multiple stakeholders; and (d) engaging in learning opportunities through international exchanges with experienced government teams managing similar activities.

ANNEX 1. RESULTS FRAMEWORK

PDO Indicators by PDO Outcomes

Baseline	Period 1	Period 2	Period 3	Period 4	Closing Period
Accessing improved social services for vulnerable and at-risk populations					
Previously homeless individuals who accessed qualified reintegration services (Number)					
Dec/2024	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Dec/2030
10,606	20,000	23,000	26,000	29,000	31,000
Ambulatory Care Sensitive Conditions hospitalization rate (Percentage)					
Dec/2024	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Dec/2030
14.60	14.49	14.43	14.37	14.32	14.26
Increase in the number of PWDs accessing qualified PWD services offered by SMPED (Percentage) PBC					
Dec/2024	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Dec/2030
0	5	7	9	11	15
Strengthening the SMADS services delivery system					
Minimum percentage for the Brazilian Single Registration System Registration Update Rate (Percentage) PBC					
Dec/2023	Dec/2026	Dec/2027	Dec/2028	Dec/2029	May/2031
75	80	80	80	80	80

Intermediate Indicators by Components

Baseline	Period 1	Period 2	Period 3	Period 4	Closing Period
Accessing improved social services for vulnerable and at-risk populations					
Beneficiaries of social safety net programs - other social assistance programs (Number)					
Dec/2024	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Dec/2030
380,000	475,000	500,000	500,000	500,000	500,000
➢of those, persons with disabilities (Number)					
Dec/2024	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Dec/2030
24,000	25,200	25,680	26,160	26,640	27,600

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People receiving outpatient services (Number (Thousand))					
Dec/2024	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Dec/2030
9,914	10,100	10,200	10,300	10,400	10,500
Minimum percentage of population affected by a climate-related shock registered and serviced by SMADS (Percentage) PBC					
	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Dec/2030
	90	90	90	90	90
Reencounter Villas with an average occupancy rate of at least 90 percent (Number) PBC					
Dec/2024	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Dec/2030
8	10	12	14	16	20
Beneficiaries that received certificates in digital skills upon successful completion of the Digital Public Works Program. (Number)					
Dec/2024	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Dec/2030
0	0	120	240	240	240
➢Of those, women (Percentage)					
Dec/2024	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Dec/2030
0	0	50	50	50	50
Reencounter Villas equipped with common service rooms (Number)					
Dec/2024	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Dec/2030
0	6	12	20	20	20
Average response time to PWD user requests to access a qualified PWD service offered by SMPED (Text) PBC					
Dec/2024	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Dec/2030
within 20 days, with 10 extra extension days	within 12 days, with no extension	within 7 days	within 7 days	within 7 days	within 7 days
Population of the Selected Administrative Districts with Primary Health Care coverage (Percentage) PBC					
Dec/2024	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Dec/2030
64.40	65.40	66.70	67.90	69.70	69.70
Borrower's population with Type III Emergency Care Unit coverage (Percentage) PBC					
Dec/2024	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Dec/2030
56.74	62.50	72	80	86	90
Average number of Street Outreach Clinic teams operational within the Borrower's territory (Number) PBC					
Dec/2024	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Dec/2030
35	40	40	40	40	40
Premature mortality rate (ages 30-69) from the four main NCDs (Number)					
Dec/2024	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Dec/2030

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319	317.20	316.30	315.40	314.50	313.60
Beneficiaries of Behavioral Change Therapy (Number)					
Dec/2024	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Dec/2030
0	0	120	240	240	240
➢of those women (Percentage)					
Dec/2024	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Dec/2030
0	0	50	50	50	50
Strengthening the SMADS social assistance delivery system					
SUAS network buildings renovated (Number)					
Dec/2024	Dec/2026	Dec/2027	Dec/2028	Dec/2029	May/2031
0	5	16	32	46	64
Social assistance services provided by SMADS using electronic records (Percentage) PBC					
Dec/2024	Dec/2026	Dec/2027	Dec/2028	Dec/2029	May/2031
0	10	20	50	100	100
Satisfaction rate of the services provided by SMADS and SMPED (Percentage)					
Dec/2024	Dec/2026	Dec/2027	Dec/2028	Dec/2029	Dec/2030
0	0	75	75	75	75
Project management					

Performance-based Conditions (PBC)

Period	Period Definition
Period 1	January 2026 - December 2026
Period 2	January 2027 - December 2027
Period 3	January 2028 - December 2028
Period 4	January 2029 - December 2029

Baseline	Period 1	Period 2	Period 3	Period 4
1:Reencounter Villas with an average occupancy rate of at least 90 percent (Number)				
8	10	12	14	14
0.00	2,500,000.00	1,500,000.00	500,500.00	500,000.00
PBC allocation		5,000,500.00	As a % of Total PBC Allocation	7.89%

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2:Increase in the number of PWDs accessing qualified PWD services offered by SMPED (Percentage)				
0	5	7	9	11
0.00	6,500,000.00	5,000,000.00	500,000.00	400,000.00
PBC allocation		12,400,000.00	As a % of Total PBC Allocation	19.56%
3:Average response time to PWD user requests to access a qualified PWD service offered by SMPED (Text)				
within 20 days, with 10 extra extension days	within 12 days	within 7 days	within 7 days	within 7 days
0.00	3,500,000.00	2,500,000.00	500,000.00	500,000.00
PBC allocation		7,000,000.00	As a % of Total PBC Allocation	11.04%
4:Population of the Selected Administrative Districts with Primary Health Care coverage (Percentage)				
64.40	65.40	66.70	67.90	69.70
0.00	2,500,000.00	2,502,500.00	1,500,000.00	1,003,500.00
PBC allocation		7,506,000.00	As a % of Total PBC Allocation	11.84%
5:Borrower's population with Type III Emergency Care Unit coverage (Percentage)				
56.74	62.50	72	80	86
0.00	5,500,800.00	5,011,250.00	4,000,000.00	3,510,000.00
PBC allocation		18,022,050.00	As a % of Total PBC Allocation	28.44%
6:Average number of Street Outreach Clinic teams operational within the Borrower's territory (Number)				
35	40	40	40	40
0.00	1,250,000.00	1,250,000.00	1,250,000.00	1,250,000.00
PBC allocation		5,000,000.00	As a % of Total PBC Allocation	7.89%
7:Minimum percentage of population affected by a climate-related shock registered and serviced by SMADS (Percentage)				
0	90	90	90	90
0.00	750,000.00	750,000.00	750,000.00	400,000.00
PBC allocation		2,650,000.00	As a % of Total PBC Allocation	4.18%
8:Social assistance services provided by SMADS using electronic records (Percentage)				
0	0	20	50	70
0.00	0.00	2,000,000.00	600,000.00	300,000.00
PBC allocation		2,900,000.00	As a % of Total PBC Allocation	4.58%
9:Minimum percentage for the Brazilian Single Registration System Registration Update Rate (Percentage)				
75	80	80	80	80
0.00	1,000,000.00	1,000,000.00	600,000.00	300,000.00

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PBC allocation	2,900,000.00	As a % of Total PBC Allocation	4.58%

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Monitoring & Evaluation Plan: PDO Indicators by PDO Outcomes

Strengthening the provision of services and benefits for vulnerable and at-risk populations	
Previously homeless individuals who accessed qualified reintegration services (Number)	
Description	This indicator measures quality of the case management system and improvement in families that transition toward qualified exit from unhoused category. These activities will be described in the POM and tracked constantly through the SMADS system.
Frequency	Annual
Data source	SMADS system
Methodology for Data Collection	Extracted directly from the SMADS system and described in the POM
Responsibility for Data Collection	SMADS
Ambulatory Care Sensitive Conditions hospitalization rate (Percentage)	
Description	This indicator measures the effectiveness of primary health care in preventing avoidable conditions, thereby reducing unnecessary hospitalizations.
Frequency	Annual
Data source	SUS
Methodology for Data Collection	Extracted from SUS and described in the POM
Responsibility for Data Collection	SMS
Percentual increase in the number of PWDs accessing qualified PWD services offered by SMPED (Percentage) PBC	
Description	This indicator measures the increase in percentage from its baseline of the number of PWDs accessing available services ofered by SMPED.
Frequency	Annual
Data source	SMPED system
Methodology for Data Collection	Extracted from the SMPED system and described in the POM
Responsibility for Data Collection	SMPED
Minimum percentage for the Brazilian Single Registry System Registration Update Rate (Percentage) PBC	
Description	This indicator will regularly measure the rate of those who haveup-to-date information as per the regulations.
Frequency	Annual
Data source	SMADS system
Methodology for Data Collection	Extracted from the SMADS system and described in the POM
Responsibility for Data Collection	SMADS

Monitoring & Evaluation Plan: Intermediate Results Indicators by Components

Strengthening the provision of services and benefits for vulnerable and at-risk populations	
Beneficiaries of social safety net programs - other social assistance programs (Number)	
Description	This indicator measures the total number of people (direct and indirect) beneficiaries receiving social assistance services.
Frequency	Annual
Data source	SMADS and SMPED systems
Methodology for Data Collection	Extracted from the SMADS and SMPED systems
Responsibility for Data Collection	SMADS
➢ **Of those, PWD (Number)**	
Description	The abovementioned indicator disaggregated by PWD considered by SMADS and SMPED.
Frequency	Annual
Data source	SMADS and SMPED systems
Methodology for Data Collection	Extracted from the SMADS and SMPED systems
Responsibility for Data Collection	SMADS
People receiving outpatient services (Number (Thousand))	
Description	This indicator measures the number of users served in any health service within the municipal health network, across all levels of care, based on individual-level records in the Integrated Health Care Management System (*Sistema Integrado de Gestão de Assistência à Saúde*, SIGA-Saúde).

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Frequency	Annual
Data source	Integrated Health Care Management System
Methodology for Data Collection	Extracted from the SMS system and described in the POM
Responsibility for Data Collection	SMS
Minimum percentage of population affected by a climate-related shock registered and serviced by SMADS (Percentage)[PBC]	
Description	This indicator measures the quality of the SMADS response to address the imapct of shocks on the population by registering the affected ones and then by supporting at least 90 percent of them with some sort of assistance as per the guidelines of the shock response.
Frequency	Annual
Data Source	SMADS system
Methodology for Data Collection	Extracted from the SMADS system and described in the POM
Responsibility for Data Collection	SMADS
Reencounter Villas with occupancy rate at the minimum of 90 percent (Number) [PBC]	
Description	This indicator measures the number of Reencounter Villas with an occupancy rate of at least 90 percent, as part of SMADS's qualified exit strategy.
Frequency	Annual
Data source	SMADS system
Methodology for Data Collection	Extracted from the SMADS system and described in the POM
Responsibility for Data Collection	SMADS
Beneficiaries that received certificates in digital skills upon successful completion of the Digital Public Works Program. (Number)	
Description	This indicator measures the number of youths with enhanced digital skills.
Frequency	Annual
Data Source	SMADS system
Methodology for Data Collection	Extracted from the SMADS system and described in the POM
Responsibility for Data Collection	SMADS
➢ **Of those, women (Percentage)**	
Description	The percentage of women who completed the program divided by the total number of participants in the program.
Frequency	Annual
Data source	SMADS system
Methodology for Data Collection	Extracted from the SMADS system and described in the POM
Responsibility for Data Collection	SMADS
Reencounter Villas equipped with common service rooms (Number)	
Description	This indicator measures the operationalization of installing IT equipment and furniture to support beneficiaries to improve their current experience and have access to better services at the villas.
Frequency	Annual
Data source	SMADS system
Methodology for Data Collection	Extracted from the SMADS system and described in the POM
Responsibility for Data Collection	SMADS
Average response time to PWD user requests to access a qualified PWD service offered by SMPED (Text)[PBC]	
Description	This indicator measures the capacity of SMPED services to quickly respond and find a solution for the PWD demand.
Frequency	Annual
Data source	SMPED system
Methodology for Data Collection	Extracted from the SMPED system and described in the POM
Responsibility for Data Collection	SMPED
Population of the Selected Administrative Districts with Primary Health Care coverage (Percentage)[PBC]	
Description	This indicator measures the capacity of UBSs to serve the population of a designated territory, according to the guidelines of the National Primary Care Policy (PNAB 2017).[14]

[14] *Política Nacional de Atenção Primária, 2017*

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Frequency	Annual
Data source	Primary Health Care Information System (SISAB/e-SUS AB), National Registry of Health Facilities (Cadastro Nacional de Estabelecimentos de Saúde, CNES), and Fundação SEADE
Methodology for Data Collection	Extracted from the SUS and SMS systems and described in the POM. Selected administrative districts are Brasilândia, Cidade Dutra, Itaquera, José Bonifácio, Lapa, Pirituba/Jaraguá, Raposo Tavares, São Mateus, Sapopemba, and Tremembé.
Responsibility for Data Collection	SMS
Borrower's population with Type III Emergency Care Unit coverage (Percentage)[PBC]	
Description	This indicator evaluates the distribution of Type III UPAs in accordance with the population coverage standard recommended by the Ministry of Health (one unit for every 200,001 to 300,000 inhabitants). Ministry of Health Ordinance No. 1,600/2011.
Frequency	Annual
Data source	SMS system that extracts data from CNES and Fundação SEADE
Methodology for Data Collection	Extracted from the SUS and SMS systems and described in the POM
Responsibility for Data Collection	SMS
Average number of Street Outreach Clinic teams operational within the Borrower's territory (Number)[PBC]	
Description	This indicador measures the number of, eCRs in providing care to the homeless population, assessing the effectiveness of activities targeted at this group.
Frequency	Annual
Data source	SUS that extracts data from SISAB/e-SUS AB and monthly reports of eCRs
Methodology for Data Collection	Extracted from the SUS and SMS systems and described in the POM
Responsibility for Data Collection	SMS.
Premature mortality rate (ages 30 to 69) from the four main NCDs - per 100,000 inhabitants (Number)	
Description	This indicator measures the risk of the adult population dying from the selected group of diseases (ICD-10: I00–I99 - circulatory system diseases; C00–C97 - malignant neoplasms; J30–J98 - respiratory system diseases; E10–E14 - diabetes mellitus) and reflects the effectiveness of health promotion and prevention related to this group of diseases.
Frequency	Annual
Data source	Mortality Information System (*Sistema de Informação de Mortalidade*)
Methodology for Data Collection	Extracted from the Mortality Information System and described in the POM
Responsibility for Data Collection	SMS
Beneficiaries of Behavioral Change Therapy (Number)	
Description	This indicator measures the number of youth at the age category defined by SMADS who participate in Behavioral Change Therapy interventions provided by the SUAS network in the context of the project.
Frequency	Annual
Data source	SMADS system
Methodology for Data Collection	Extracted from the SMADS system and described in the POM
Responsibility for Data Collection	SMADS
➢ **Of those, women (Percentage) [PBC]**	
Description	The number of women who completed the program divided by the total number of participants in the program. Upon pilot evaluation, target can be revised upward to improve gender gaps outcomes.
Frequency	Annual
Data source	SMADS system
Methodology for Data Collection	Extracted from the SMADS system and described in the POM
Responsibility for Data Collection	SMADS
SUAS network services renovated (Number)	
Description	This indicator measures the number of services offering social assistance services under the SUAS network that were renovated in the context of the project.
Frequency	Annual
Data source	SMADS system
Methodology for Data Collection	Extracted from the SMADS system and described in the POM

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Responsibility for Data Collection	SMADS
Social assistance services provided by SMADS using electronic records (Percentage) PBC	
Description	This indicator measures the percentage of services that must adhere to SMADS protocols to ensure that automated information is integrated into the SMADS system.
Frequency	Annual
Data source	SMADS system
Methodology for Data Collection	Extracted from the SMADS system and described in the POM
Responsibility for Data Collection	SMADS
Satisfaction rate of the services provided by SMADS and SMPED (Percentage)	
Description	This indicator measures the beneficiaries' satisfaction levels with the services provided.
Frequency	Following implementation cycle
Data source	SMADS system and evaluation data
Methodology for Data Collection	Obtained through quantitative and qualitative studies and decribed in the POM
Responsibility for Data Collection	PMU and external firm

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Verification Protocol: Performance Based Conditions

Reencounter Villas with an average occupancy rate of at least 90percent (Number)	
Formula	US$250,000 for each Reencounter Villa up to a maximum of 10 during Period 1; US$125,000 for each Reencounter Villa up to a maximum of 12 during Period 2; US$35,750 for each Reencounter Villa up to a maximum of 14 during Period 3; and US$31,250 for additional Reencounter Villas up to a maximum of 16 during Period 4.
Description	SMADS systems accounts for vacacies and occupancy at Reencounter Villas regurlaly. This system allows estimatioin of occupancy rate at any point in time.
Data source/ Agency	SMADS system
Verification Entity	IVA
Procedure	For the disbursement, SMADS shall present evidence satisfactorily to the World Bank, confirming that the eligible expenditures associated with payments for the activity have incurred expenditures in an amount equal to at least the amount to be withdrawn under Category 2, and the PBC year target has been met, in accordance with the methodology described in the Operations Manual. All evidence shall be validated by the IVA.
Percentual increase in the number of PWDs accessing qualified PWD services offered by SMPED (Percentage)	
Formula	US$1,300,000 for each one (1) percentage point up to a maximum of 5 percent; US$2,500,000 for each additional one (1) percentage point up to a maximum of 2 percent; US$250,000 for each additional one (1) percentage point up to a maximum of 2 percent; and US$200,000 for each additional one (1) percentage point up to a maximum of 2 percent.
Description	This indicator measures the increase percentage from its baseline of the number of PWDs accessing available services ofered by SMPED.
Data source/ Agency	SMPED system
Verification Entity	IVA
Procedure	For the disbursement, SMPED shall present evidence satisfactorily to the World Bank, confirming that the eligible expenditures associated with payments for the activity have incurred expenditures in an amount equal to at least the amount to be withdrawn under Category 2, and the PBC year target has been met, in accordance with the methodology described in the Operations Manual. All evidence shall be validated by the IVA.
Average response time to PWD user requests to access a qualified PWD service offered by SMPED (Text)	
Formula	US$3,500,000 if the average response time is within 12 (twelve) days during Period 1; US$2,500,000 if the average response time is within 7 (seven) days during Period 2; US$500,000 if the average response time is within 7 (seven) days during Period 3; and US$500,000 if the average response time is within 7 (seven) days during Period 4.
Description	This indicator measures the capacity of SMPED services to quickly respond and find a solution for the PWD demand.
Data source/ Agency	SMPED system
Verification Entity	IVA
Procedure	For the disbursement, SMPED shall present satisfactorily evidence to the World Bank, confirming that the EEP associated with payments for the activity have incurred expenditures in an amount equal to at least the amount to be withdrawn under Category 2, and the PBC year target has been met, in accordance with the methodology described in the Operations Manual. All evidence shall be validated by the IVA.
Population of the Selected Administrative Districts with Primary Health Care coverage (Percentage)	
Formula	US$250,000 for each one-tenth of one (0.1) percentage point up to a maximum of 65.4 percent; US$192,500 for each additional one-tenth of one (0.1) percentage point up to a maximum of 66.7 percent;US$125,000 for each additional one (1) percentage point up to a maximum of 67.9 percent; and US$55,750 for each one (1) percentage point up to a maximum of 69.7 percent.
Description	This indicator measures the capacity of UBSs to serve the population of a designated territory, according to the guidelines of National Primary Care Policy (2017).[15] . Selected administrative districts are Brasilândia, Cidade Dutra, Itaquera, José Bonifácio, Lapa, Pirituba/Jaraguá, Raposo Tavares, São Mateus, Sapopemba, and Tremembé.
Data source/ Agency	SISAB/e-SUS AB, CNES, and Fundação SEADE
Verification Entity	IVA
Procedure	For the disbursement, SMS shall present evidence satisfactorily to the World Bank, confirming that the eligible expenditures associated with payments for the activity have incurred expenditures in an amount equal to at least the amount to be withdrawn under Category 2, and that the PBC year target has been met, in accordance with the methodology described in the POM. All evidence shall be validated by the IVA.

[15] *Política Nacional de Atenção Primária*, 2017.

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Borrower's population with Type III Emergency Care Unit coverage (Percentage)	
Formula	US$95,500 for each one-tenth of one (0.1) percentage point up to a maximum of 62.50 percent; US$52,750 for each one-tenth of one (0.1) percentage point up to a maximum of 72 percent; US$50,000 for each one-tenth of one (0.1) percentage point up to a maximum of 80 percent; and US$58,500 for each one-tenth of one (0.1) percentage point up to a maximum of 86 percent.
Description	This indicator measures the distribution of Type III UPAs in accordance with the population coverage standard recommended by the Ministry of Health (one unit for every 200,000 to 300,000 inhabitants).
Data source/ Agency	SMS System that extracts data from CNES and Fundação SEADE
Verification Entity	IVA
Procedure	For the disbursement, SMS shall present evidence satisfactorily to the World Bank, confirming that the eligible expenditures associated with payments for the activity have incurred expenditures in an amount equal to at least the amount to be withdrawn under Category 2, and that the PBC year target has been met, in accordance with the methodology described in the POM. All evidence shall be validated by the IVA.
Average number of Street Outreach Clinic teams operational within the Borrower's territory (Number)	
Formula	US$1,250,000 if 40 eCRs are operational during Period 1; US$1,250,000 if 40 eCRs continue to be operational during Period 2; US$1,250,000 if 40 eCRs continue to be operational during Period 3; and US$1,250,000 if 40 eCRs continue to be operational during Period 4.
Description	This indicator measures the number of eCRs providing care to the homeless population, assessing the effectiveness of actions targeted at this group.
Data source/ Agency	SISAB/e-SUS AB and monthly reports of eCRs
Verification Entity	IVA
Procedure	For the disbursement, SMS shall present evidence satisfactorily to the World Bank, confirming that the EEP associated with payments for the activity have incurred expenditures in an amount equal to at least the amount to be withdrawn under Category 2, and that the PBC year target has been met, in accordance with the methodology described in the POM. All evidence shall be validated by the IVA.
Minimum percentage of population affected by a climate-related shock registered and serviced by SMADS (Percentage)	
Formula	US$750,000 if a minimum of 90 percentage points of the affected population who is registered by SMADS have access to either a benefit or a service during Period 1; US$750,000 if a minimum of 90 percentage points of the affected population who is registered by SMADS have access to either a benefit or a service during Period 2; US$750,000 if a minimum of 90 percentage points of the affected population who is registered by SMADS have access to either a benefit or a service during Period 3; and US$400,000 if a minimum of 90 percentage points of the affected population who is registered by SMADS have access to either a benefit or a service during Period 4.
Description	This indicator measures the quality of the SMADS response to address the impact of shocks on the population by registering the affected ones, and then by supporting at least 90 percent of them with some sort of assistance as per the guidelines of the shock response.
Data source/ Agency	SMADS system
Verification Entity	IVA
Procedure	For the disbursement, SMADS shall present evidence satisfactorily to the World Bank, confirming that by presenting a copy of the annual budget law(s) approved by the designated authorities, and that PBC year target has been met also in accordance with the methodology described in the POM. All evidence shall be validated by the IVA.
Social assistance services provided by SMADS using electronic records (Percentage)	
Formula	US$100,000 for each one (1) percentage point up to a maximum of 20 percent; US$15,000 for each additional one (1) percentage point up to a maximum of 60 percent; and US$30,000 for each additional one (1) percentage point up to a maximum of 70 percent.
Description	Services must follow SMADS protocols to provide automated information to the SMADS system. This indicator will count the number of manual protocols that migrated to the digital platform on a regular basis. The indicator will be measured as a ratio between the number of services using electronic records and the total number of services offered by SMADS or by its SUAS network providers.
Data source/ Agency	SMADS
Verification Entity	IVA
Procedure	For the disbursement, SMADS shall present evidence satisfactorily to the World Bank, confirming that the eligible expenditures associated with payments for the activity have incurred expenditures in an amount equal to at least the

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	amount to be withdrawn under Category 2, and that the PBC year target has been met, in accordance with the methodology described in the POM. All evidence shall be validated by the IVA.
Minimum percentage for the Brazilian Single Registration System Registration Update Rate (Percentage)	
Formula	US$1,000,000 if the registration update rate of the Brazilian Single Registration System is maintained at the minimum at 80 percentage points during Period 1; US$1,000,000 if the registration update rate of Brazilian Single Registration System is maintained at the minimum at 80 percentage points during Period 2; US$600,000 if the registration update rate of Brazilian Single Registration System is maintained at the minimum at 80 percentage points during Period 3; and US$300,000 if the registration update rate of Brazilian Single Registration System is maintained at the minimum at 80 percentage points during Period 4.
Description	This indicator will regularly measure the rate of those who have up-to-date information as per the regulations established by the National Secretariat of Citizenship Income.
Data source/ Agency	SMADS system
Verification Entity	IVA
Procedure	For the disbursement, SMADS shall present evidence satisfactorily to the World Bank, confirming that the EEP associated with payments for the activity have incurred expenditures in an amount equal to at least the amount to be withdrawn under Category 2, and that the PBC year target has been met, in accordance with the methodology described in the POM. All evidence shall be validated by the IVA.

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