IFAD
Investing in rural people

Independent Office of Evaluation

Federative Republic of Brazil

COUNTRY PROGRAMME EVALUATION

December 2015

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Photos of activities supported by IFAD-financed projects in Brazil

Front cover: In the semi-arid northeast of Brazil, the IFAD-supported Dom Hélder Câmara Project works with local governments, farmers' organizations, civil society associations and state companies to improve poor people's living conditions. Together they have brought safe water to communities, opened new markets for their farm products, trained young people and adults, and helped women obtain identity documents. ©Ubirajara Machado/MDA/IFAD

Back cover: Farmers extract honey from beehives in Vaza Barris community, Carira district (right); Farmer herds cows in Barro Vermelho community, Nossa Senhora de Lourdes district (left). ©IFAD/Giuseppe Bizzarri

Photos inside the report: Juan Ignacio Cortés and Charles Damasceno.

Foreword

This is the second country programme evaluation conducted by the Independent Office of Evaluation of IFAD (IOE) in Brazil, covering the partnership between the Government and IFAD during the period 2008-2015.

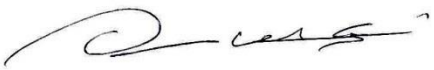
Brazil and IFAD have developed a solid and strategic partnership over more than 35 years: IFAD has been supporting the Government in promoting family farming and grass-roots development as a means to improving productivity, food security, nutrition and incomes. Following the adoption of the 2008 country strategic opportunities programme, six new loan-funded projects were approved, for a total cost of US$452.4 million, of which IFAD provided US$141.2 million.

Overall, the evaluation finds the Brazil-IFAD partnership to be strong, with the performance of the country programme improving since IOE conducted the last evaluation in 2007. The two IFAD-funded closed projects showed good results in terms of empowerment of beneficiaries and improvements in their capacities to influence resource allocation, gender mainstreaming and innovation and scaling up. They have helped improve water management, and crop and livestock production. In terms of geographic coverage, the focus on the north-east has been appropriate and the targeting of women and rural youth has been effective.

However, IFAD-funded projects have not devoted sufficient attention to the engagement of private sector actors, rural finance and market access, and there are concerns with operational efficiency and the sustainability of benefits.

The evaluation recommends strengthening engagement in non-lending activities. This will require more attention to: capturing project experiences and disseminating lessons learned and good practices; a closer dialogue with a wider range of federal agencies; and concrete partnerships with multilateral and bilateral development organizations, including for South-South and Triangular Cooperation. Moreover, a better balance should be aimed at between operational supervision and implementation support, and national policy dialogue with federal agencies for scaling up impact and knowledge-sharing. This includes the need to out-post the Country Programme Manager to Brazil.

This evaluation report includes the Agreement at Completion Point that summarizes the evaluation's main findings and recommendations, as agreed by the Government and IFAD. I hope that the results of this independent evaluation will be useful in strengthening even further the partnership and in sharpening our focus in the continuous search for a more inclusive and sustainable rural development and poverty reduction.



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Acknowledgements

This country programme evaluation (CPE) report was prepared by Ashwani Muthoo, Deputy Director of the Independent Office of Evaluation of IFAD (IOE). He was ably supported by Jorge Carballo, IOE Evaluation Research Analyst, and the following consultants: Igor Carneiro (non-lending activities, and South-South and Triangular Cooperation), Marina Izzo, (monitoring and evaluation, and partner performance), Steven Oliver (agricultural economist), Marcio Porto (agriculture), Monica Romano (targeting, gender and community development). Giulia Santarelli, IOE Evaluation Assistant, provided administrative support.

The evaluation benefitted from comments of several IOE staff, who reviewed the draft approach paper and draft final report. Moreover, it is important to underline the excellent inputs by Vinod Thomas, Director General of the Asian Development Bank's Independent Evaluation Department (IED) and Jiro Tominga, Senior Evaluation Officer, IED, who commented on the draft final report.

IOE is grateful to IFAD's Programme Management Department – in particular the Latin America and the Caribbean Division - for their constructive collaboration throughout the evaluation process. Deep appreciation is also due to the Government of Brazil – particularly the Ministry of Planning, Budget and Management – for its support and cooperation throughout the evaluation process and generous contribution to and efforts in co-organizing the CPE national round-table workshop held in Brasilia on 22 October 2015.

Contents

Annexes

Working papers

The following technical working papers produced by the Brazil Country Programme Evaluation team are available upon request from the Independent Office of Evaluation of IFAD (evaluation@ifad.org):

I. IFAD and government performance
II. Agriculture
III. South-South and Triangular Cooperation
IV. Non-lending activities
V. Institutional analysis
VI. Gender, community development, and targeting

Currency equivalent, weights and measures

Currency equivalent

Currency unit = Brazilian Real (BRL)
1 US$ = 3.76 BRL (September 3, 2015)

Weights and measures

1 kilometre (km) = 0.62 miles
1 metre (m) = 1.09 yards
1 hectare (ha) = 10,000 m² (0.01 km²)
1 hectare (ha) = 2.47 acres
1 acre (ac) = 0.405 hectare (ha)
1 kilogram (kg) = 2.204 pounds

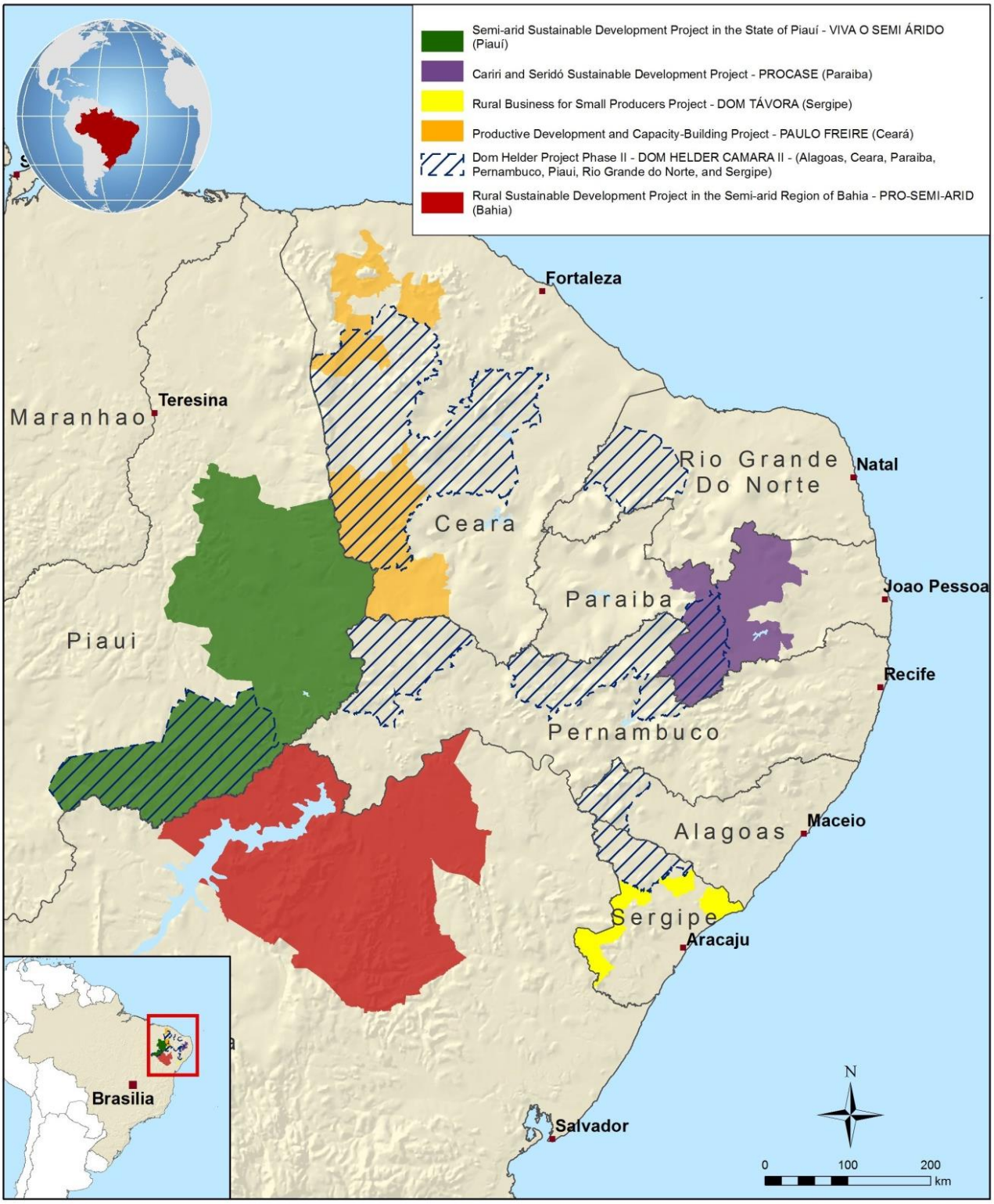
Abbreviations and acronyms

ACP	agreement at completion point
COSOP	country strategic opportunities programme
CPE	country programme evaluation
CPM	country programme manager
EMBRAPA	Brazilian Agricultural Research Corporation *Empresa Brasileira de Pesquisa Agropecuária*
FAO	Food and Agriculture Organization of the United Nations
IICA	Inter-American Institute for Cooperation on Agriculture
IOE	Independent Office of Evaluation of IFAD
KM	knowledge management
MERCOSUR	Common Market of the South (*Mercado Común del Sur*)
M&E	monitoring and evaluation
NGO	non-governmental organization
PBAS	Performance-based Allocation System
PRONAF	National Family Farming Strengthening Programme *(Programa Nacional de Fortalecimento da Agricultura Familiar)*
PRISMA	President's Report on the Implementation Status and Management Actions
REAF	Commission on Family Farming (*Reunión Especializada sobre Agricultura Familiar*)
RIMS	Results and Impact Management System
SEAIN	Secretariat of International Affairs, Ministry of Planning, Budget and Management
Spanish Trust Fund	Spanish Food Security Cofinancing Facility Trust Fund
SSTC	South-South and Triangular Cooperation
UNDP	United Nations Development Programme
UNOPS	United Nations Office for Project Services
WFP	World Food Programme

Short project name

Dom Hélder Câmara I	Sustainable Development Project for Agrarian Reform Settlements in the Semi-Arid North-East
Dom Hélder Câmara II	Poverty and Inequalities in Semi-Arid North-east Brazil
Dom Távora	Rural Business for Small Producers Project
Gente de Valor	Rural Communities Development Project in the Poorest Areas of the State of Bahia
PROCASE	Cariri and Seridó Sustainable Development Project
Pro-Semi-Arid	Rural Sustainable Development Project in the Semi-arid Region of Bahia
Viva o Semi Árido	Semi-arid Sustainable Development Project in the State of Piauí

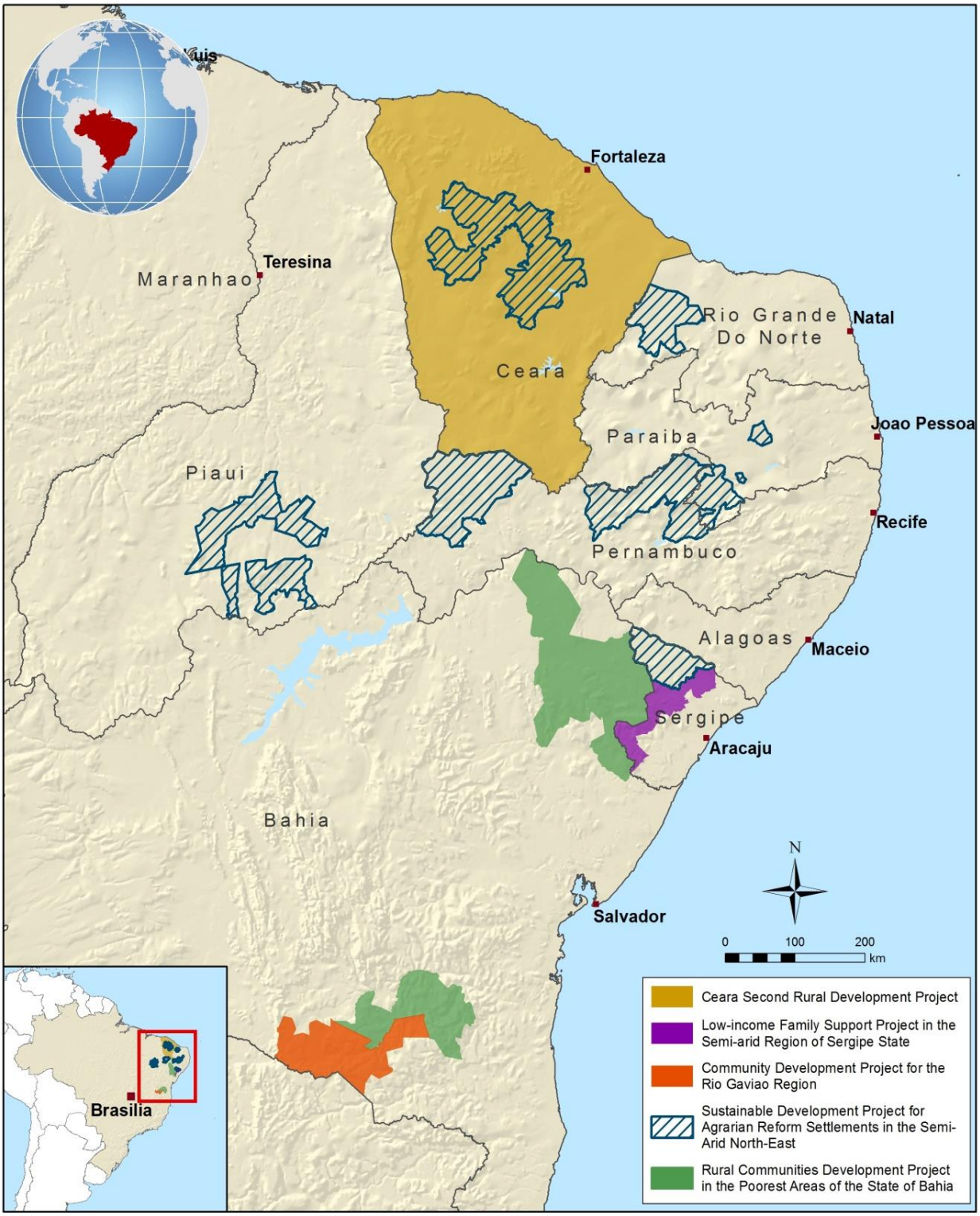
Map of IFAD-funded ongoing operations in Brazil



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 08-12-2015

Map of IFAD-funded closed operations in Brazil



IFAD

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Map compiled by IFAD | 07-01-2015

Executive summary

1. **Background.** This is the second Country Programme Evaluation (CPE) for Brazil by the Independent Office of Evaluation (IOE) of IFAD conducted in 2015. The previous Brazil CPE was undertaken in 2007.

2. The 2015 CPE covers the IFAD-Brazil partnership between 2008 and 2015. It entailed assessing of the 2008 country strategic opportunities programme (COSOP) and eight IFAD-financed projects, two of which had closed and six were ongoing at the time of the evaluation. The findings and recommendations from the CPE are to inform the preparation of a new Brazil COSOP, for presentation to the IFAD Executive Board in 2016.

3. Brazil has the largest IFAD-supported project portfolio in terms of lending volume in the Latin America and the Caribbean region. Since 1980, IFAD has supported 11 loan-funded projects with a total project cost of US$825 million. Of the total costs, IFAD financing amounts to around US$260 million; Brazilian counterpart funding is US$498 million (more than 50 per cent of total project costs). There has been only limited international cofinancing, principally from the Spanish Food Security Cofinancing Facility Trust Fund and the Global Environment Facility. IFAD has also provided 24 grants to Brazil in the past ten years.

4. The Fund has assigned two country programme managers (CPMs) for Brazil since 2008, both based at IFAD headquarters in Rome. IFAD opened a country office in Salvador de Bahia, which became operational in the middle of 2011. The country office currently has three national staff, and its main focus is to undertake supervision and provide implementation support to IFAD-financed projects in the north-east region.

5. **Country context.** In 2014, Brazil was the world's seventh largest economy, with an estimated gross domestic product of US$2.346 trillion. The Human Development Index (HDI) increased from 0.612 in 1990 to 0.744 in 2013, ranking Brazil 79th out of 187 countries and placing it in the high HDI category. Notwithstanding such economic growth, Brazil's economic progress has decelerated over the past couple of years to the point of negative growth in 2015.

6. The poverty headcount (at national poverty line) in 2012 stood at 9 per cent, down from 21 per cent in 2005. In terms of geographic distribution, there is a higher prevalence of poverty and social deprivation in the northern and north-eastern states. The general dependence on family farming as a primary source of livelihood is also higher in these regions.

7. Family farming has occupied a central role in Brazil's poverty reduction efforts, mainly through support to land redistribution, technical assistance and the provision of financial services for farm and off-farm activities. Brazil has an estimated 16 million family farmers, with a total of around 4.1 million small farm plots. Family farms contributed 38 per cent of the gross value of agricultural production as of 2006, and are also instrumental to the food security of the country, as they produce about 70 per cent of all food products that Brazilians consume.

8. The north-east of Brazil has a large semi-arid area of approximately 970,000 km^2, occupying 11 per cent of the national territory. The region is inhabited by approximately 25 million people. People living in rural areas are mostly poor, and in spite of aggressive efforts made by the Brazilian government to better distribute wealth and improve the living conditions in the country, the situation of the north-east region continues to pose a serious challenge to sustainable and inclusive social and economic development.

9. Brazil's national budget for 2014 was 2.49 trillion Brazilian *reais* (R$). Of this, 6.7 per cent of was allocated to the agriculture sector. In June 2015, the Government announced an increase in its 2015/2016 annual national budget for agriculture credit (*Plano Agrícola e Pecuário*) by 20 per cent, as compared to the 2014/2015 budget. The 2015/2016 agriculture credit budget is R$187.7 billion (equivalent to US$56 billion).

10. High-level political will to eliminate poverty was demonstrated through the programmes of *Fome Zero* (Zero Hunger) and *Brasil Sem Miséria* (Brazil without Poverty). The Fome Zero initiative was launched in 2002 to encompass a range of initiatives aimed at guaranteeing quantity, quality and regularity of access to food for the population. Brasil Sem Miséria was announced by President Dilma Rousseff in 2011, building on the *Fome Zero* initiative and aiming to consolidate the gains made to completely eradicate extreme poverty by 2014.

11. Brazil received US$4.9 billion as country programmable aid in 2004-2012. In 2013, total Official Development Assistance (ODA) commitment per year to Brazil was US$782 million. From 2005 to 2013, total ODA commitment to Brazil's agriculture and rural development sector was US$2.6 billion, averaging around US$263 million per annum. In 2013, the ODA for agricultural and rural development was around 3 per cent of the Government budget for the sector in the same period. Brazil is also a donor country: its annual aid disbursement is not reported to the OECD-DAC, but estimates by the Overseas Development Institute put the annual aid disbursal at US$1 billion.

12. **IFAD country strategies and operations.** IFAD produced its first COSOP for Brazil in 1997. Building on the 2007 Brazil CPE recommendations, a second COSOP was produced in 2008. The 2007 Brazil CPE made five overarching recommendations: (a) Strengthen innovation promotion, including knowledge management; (b) Intensify partnerships with Government agencies; (c) Explore other geographic areas and targeting options; (d) Redefine priority areas of operations; and (e) Redefine IFAD's operating model, for example by outposting the CPM and considering the establishment of a sub-regional office in Brazil.

13. The 2008 Brazil COSOP included four main strategic objectives: (a) To increase commercial agricultural production by small farmers; (b) To improve access by poor rural people to off-farm employment and business activities in rural areas and villages; (c) To improve, through knowledge generation and dissemination, the capacity of poor rural people and of relevant institutions in the north-east to co-exist with semi-arid conditions; and (d) To deepen the discussion on rural poverty reduction and family farming policies at the national and international levels.

14. IFAD financed six new loan-funded projects following the adoption of the 2008 COSOP, for a total cost of US$452.4 million. These six operations cover the following states in the north-east: Alagoas, Bahia, Ceará, Paraiba, Pernambuco, Piauí, Rio Grande do Norte and Sergipe; they are implemented by the respective state governments. However, the federal Ministry of Agrarian Development is the executing agency of one of the six projects, the Dom Hélder Câmara II.

Project portfolio performance

15. In assessing project portfolio performance, the CPE covers eight IFAD-funded projects in Brazil. Of these, only two have been completed, and six are in early phases of implementation. As such, the CPE has only been able to rate the criterion of relevance of the entire portfolio.

16. **Relevance.** Relevance of the entire portfolio is satisfactory (5). Projects have targeted family farmers including women and youth. They have been implemented in the north-east of the country, where a large number of poor people live in remote rural areas. Projects objectives have been consistent with the needs of the rural poor, IFAD country strategy and Government priorities for rural poverty

reduction. Projects have focussed on community development, empowerment and grassroots institution building, rural infrastructure, strengthening linkages with public policies, water management, and improvement of food security through productive investments including in off-farm activities.

17. However, the CPE found that none of the operations it assessed are formally classified as 'agriculture' projects by the IFAD Management. In this regard, while non-agricultural activities are important to ensuring wider rural transformation, the CPE underlines the need for IFAD to devote greater attention to its core mandate, specialization and comparative advantage of enhancing on-farm agricultural production and productivity for improved food security, nutrition and incomes. In sum, moving forward, the CPE calls for a better balance between agricultural and non-agricultural activities in IFAD-funded projects in Brazil.

18. Moreover, the ongoing portfolio of six projects covers a vast geographic area in eight states in the north-east region. This poses a challenge to implementation, supervision and monitoring and evaluation (M&E). Related to this and based on experience in the country, the implementation period designed for the current projects (an average of six years) might under-estimate the time actually required to achieve expected results, also because of the relatively long time taken for project start up.

19. **Effectiveness.** The effectiveness of the Dom Hélder Câmara I project was satisfactory (5), whereas the Gente de Valor project was moderately satisfactory (4). The Dom Hélder Câmara I project had positive effects on the capacity of family farmers to organize themselves into autonomous associations. It invented a compelling and easily communicable concept – *Conviver com o semi-árido* – to promote the idea that it is possible for family farmers to establish a sustainable relationship with the environment of the semi-arid north-east and at the same time develop their business skills. Another great merit of the project was its contribution to easing one of the main constraints to agricultural development in the semi-arid north-east – access to water. In many communities, however, water continues to be scarce: the management of limited water resources needs improvement.

20. The adult literacy campaigns produced good results as a consequence of an innovative learning method inspired by one of the NGO partners that provided incentives for teachers to deliver results. Although project actions for promoting education were effective at the individual level, they have not yet generated changes in official school curricula. Leadership training for young women and men led to employment opportunities and improved the management of associations and rural institutions. The project also attempted to promote market-oriented, bottom-up financial services suitable for the rural poor, but success rates were lower in these areas.

21. The evaluation of the Gente de Valor project concluded that its overall social and human capital development objective was achieved: services, training and infrastructures delivered were in the range of magnitude foreseen, and were found both to be useful and utilized. After the 2011 midterm review, the project concentrated investment on processing plants for agricultural produce in about 30 per cent of the project sub-territories ("focus territories"). While it makes sense to concentrate productive investments in areas of higher potential, the project was too fast in moving out of the "non-focus" communities after the 2011 midterm review, even when these communities had come up with meaningful, albeit more modest, investment plans.

22. As for the productive and market development objective (which was assigned the largest amount of resources), many of the activities, services and physical constructions have been delivered very recently, well after IFAD loan closure, and some of them can be considered as still being "fledgling" initiatives (such as agricultural produce processing) with viability and results still to be proven.

23. With regard to the ongoing portfolio of projects, there are some issues that need to be considered to ensure long-standing effectiveness. Constraining factors include the sustainable management of resources, value addition of agricultural produce and linkages with markets, and human and social capital formation. Other concerns will also need to be addressed to ensure effectiveness, including finalizing the procurement and contracting of technical assistance services, strengthening institutional capacities in some states, staffing project management units, and preparing implementation manuals.

24. The 2015 CPE concludes that there are opportunities for ensuring better portfolio effectiveness in the future, also given IFAD's undertaking of direct supervision and implementation in all new operations. However, this will require greater attention to "coordination and continuity of action" moving forward.

25. **Efficiency.** Operational efficiency of the two closed operations was rated as moderately satisfactory (4). In particular, the Dom Hélder Câmara I project experienced a 24-month delay in becoming effective. Such prolonged duration inevitably brought about an increase in expenditure on management and supervision. Despite this initial delay, the resources available were efficiently administered. The evaluation of the Gente de Valor project noted that project funding respected the deadlines, but the activities were not completed and had to be continued for two and a half years with government funding, reflecting ambitious expectations.

26. In the six ongoing projects, efficiency is a concern: the average time taken by the projects for "entry into force" from Board approval was 19.3 months, well above IFAD's overall average of 10.2 months. The field visits revealed there were delays in start-up and implementation, and overall poor project planning, management and monitoring. Disbursement performance is also a concern and was probably over-estimated at appraisal, as is the proportion of costs allocated to project management (including salaries and operation costs), which were found to be somewhat on the higher side.

27. The CPE found some issues that need to be addressed in financial management, such as the weak financial systems for accounting and reporting in some projects, insufficient knowledge in some states and projects of IFAD procurement guidelines, delays in preparation of audit reports, and the lack of manuals to support project staff in their financial management activities.

28. **Rural poverty impact.** The evaluation of the Dom Hélder Câmara project I concluded that its overall impact on poverty was satisfactory (5). In fact, all impact domains were rated as satisfactory, and the impact on human and social capital and empowerment was rated as highly satisfactory. The evaluation of the Gente de Valor project also assessed the operation's overall impact as satisfactory (5).

29. No clear judgement can yet be made on the impact of ongoing operations, as they are still in very early stages of implementation. However, based on observations from the field, there are several driving factors that need to be strengthened to ensure that the current portfolio is able to achieve the envisaged impacts. In particular, greater attention will be needed to rural financial services, natural resources and environmental management and climate change, access to markets and private sector engagement, including and commercialization of agriculture.

30. **Sustainability.** Both closed projects were rated only moderately satisfactory (4) for sustainability of benefits. The Dom Hélder Câmara I project evaluation concluded that social and economic effects of the operation at the family farm level have a good chance of being sustained. One condition would be the further consolidation of the production capacities of family farmers, upgrading of the quality of farm produce and integration with other markets including small- and medium-scale agribusiness companies. The evaluation of the Gente de Valor

project noted that the stream of benefits generated by the project will be bolstered by some enabling factors and could be constrained by some risks. Among the main threats to sustainability is the infancy stage of the agricultural produce processing units that the project created.

31. For ongoing projects, the emerging experience highlights how projects do not have well-articulated exit strategies, clarifying the roles and responsibilities of IFAD, Government and other partners after project completion. Such strategies should be developed as early as possible, to ensure the continuation of benefits. Another important issue is that beneficiaries themselves have insufficient capacities to take advantage of marketing opportunities. Adequate measures will need to be taken to address these challenges, for instance by enhancing the skills of technical assistance providers, improving the capacities of smallholders to enhance product quality and produce in bulk quantities, and to strengthen partnerships with the private sector.

32. **Innovation and scaling up.** The two closed projects were both rated as satisfactory (5) in promoting innovations and scaling up. For Dom Hélder Câmara I, the evaluation found that its design was characterized by innovations that were successfully applied: these included the adoption of a territorial development strategy and a multi-dimensional approach to poverty reduction, and involvement of a wider range of partners. The same holds true for the Gente de Valor project, where a number of initiatives were innovative: the project introduced agricultural and non-agricultural technologies and methodologies with promising results.

33. With regard to the ongoing projects, some are introducing meaningful innovations in targeting. These include: the recruitment of rural youth to work as social mobilizers/local development agents, which provides them with skills development and employment opportunities; the recruitment of young "*bolsistas*" to support the project management unit in project implementation; and the involvement of young people to use information and communication technology for project monitoring and reporting.

34. With regard to scaling up, the Dom Hélder Câmara I project has been scaled up into Dom Hélder Câmara II project, for a total project cost of US$125 million, with the Government contributing US$82 million and the beneficiary US$25 million. The evaluation of the Gente de Valor project concluded that it was not well articulated with municipal governments, which could be a constraint to scaling up. However, the state government of Bahia is aware of the innovative approaches introduced by the project and has expressed interest in scaling up some activities in the semi-arid area.

35. It is premature to assess the scaling-up potential of the six ongoing projects as they have just started implementation. However, four of the six have been rated in the 2014-2015 annual portfolio review for 'potential for scaling up and replication'. Three projects are rated as moderately satisfactory and one as satisfactory, so there is room for improvement. Finally, across the portfolio, however, the CPE finds two factors that are likely to further enhance prospects for scaling up impact. These include: (i) greater engagement of a wider range of federal agencies; and (ii) the outposting of the CPM to Brazil.

36. **Gender equality and women's empowerment.** The Gente de Valor project evaluation from 2015 assessed gender equality and women's empowerment, and rated it as satisfactory (5). The Dom Hélder Câmara I project evaluation (2010) does not include a specific rating, but assessed the performance of the project as broadly satisfactory for gender equality and women's empowerment. Among other achievements, the Dom Hélder Câmara I project ensured women obtained national identity cards, facilitating access to credit and other development services. Overall, closed projects contributed to all pillars of the gender policy, particularly strengthening women's social and economic potential.

37. A review of design documents for ongoing projects reveals that they address gender and, more broadly, targeting issues in a comprehensive manner. Overall, however, during implementation, there is scope to enhance the participation of women and other groups such as youth and *quilombola*[1] communities in developing the community or investment plans and as members and leaders of community/producer organizations. This is an area that will require attention in the future.

38. In general, while the promotion of gender equality and women's empowerment was satisfactory in the completed projects, gender strategies and actions need to be more fully developed and implemented in the ongoing portfolio.

Performance of partners

39. **Performance of IFAD.** The CPE assesses IFAD's performance as a partner to be satisfactory (5). IFAD has made concerted efforts to develop a significant portfolio of projects since 2008 and to strengthen its overall partnership and dialogue with Brazil. It has mobilized grants for non-lending activities, including South-South and Triangular Cooperation (SSTC), and has quite a good self-evaluation system. Management values the partnership with Brazil, and has invested time in advancing the cooperation. However, there are opportunities for further improvements, in particular in consolidating activities in ongoing operations to ensure desired outcomes.

40. The establishment of the IFAD Country Office in mid-2011 has enabled IFAD to conduct more timely supervision and provide implementation support to projects, and to strengthen dialogue in the north-east, especially on operational issues. In fact, direct supervision and implementation support in all projects have been an important adjustment to IFAD's operating model since the 2007 Brazil CPE. However, the location of the Brazil CPM at IFAD headquarters in Rome is a factor that will need to be carefully considered, as it may be constraining further improvements in the overall effectiveness of the IFAD-Brazil partnership.

41. **Performance of Government.** The consolidated performance of the federal and state governments is satisfactory (5). In spite of some challenges, the Government of Brazil has shown a high degree of commitment to reducing rural poverty, for instance by introducing pro-poor agriculture and rural development policies and programmes, increasing its agriculture budget in spite of the country's financial challenges, providing very high levels of counterpart funding to IFAD operations, and constructively engaging in independent evaluations to promote accountability and learning for better results.

42. However, weaknesses in M&E and results measurement have been common problems across the portfolio, although there are some signs of improvement. M&E systems are inadequate to capture outcome- and impact-level data. The application of IFAD's Results and Impact Management System has also posed a challenge at the project level. M&E of grant-funded activities, especially non-lending activities, has not been systematic; sharper and more easily measurable indicators as part of the COSOP results measurement framework would have facilitated the task. Baseline surveys had not been undertaken in any of the six new projects at the time of the CPE.

Non-lending activities

43. **Policy dialogue.** Policy dialogue at the sub-national and regional levels has improved since the last CPE in 2007. For example, through the Mercosur Specialized Meeting on Family Farming (REAF), the Ministry of Agrarian Development and IFAD have managed to bring to the table the priorities of Brazilian family famers and included their representatives in the dialogue alongside Government officials and other policy- and decision-makers.

[1] Marginalized communities of African descent.

44. However, IFAD has not devoted sufficient attention to family farming policy development at the federal level, and its role in federal policy processes has been limited. There are opportunities that need to be explored, in particular strengthening policy dialogue with a wider range of federal institutions, which can also open up opportunities for scaling up impact. The lack of an outposted CPM is one critical constraining factor in enhancing IFAD's brand, visibility and capacity for national policy dialogue in Brazil. All in all, the CPE assesses policy dialogue as moderately satisfactory (4).

45. **Partnership-building.** Partnership with the Ministry of Planning, Budget and Management is very good. The same is true for the partnership with the Ministry of Agrarian Development. However, partnership and dialogue with a wider range of federal agencies involved in agriculture and rural development are limited. Partnerships have been good with state governments though involvement of municipalities, and the private sector deserves added attention. Partnerships with multilateral and bilateral agencies are limited and the same applies to partnership with FAO and WFP, which is a priority for the Government and IFAD.

46. IFAD has developed strong partnerships with NGOs, which are key partners in providing services and technical assistance to the beneficiaries. However, there is insufficient capacity among NGOs, and projects aim to enhance the skills of these providers. All in all, partnership-building is rated as moderately satisfactory (4), as there is scope for expanding partnership with federal government agencies, international development partners and the private sector.

47. **Knowledge management.** There is indeed growing interest in Brazil to pursue an active knowledge-sharing programme for better development effectiveness on the ground as well as to use their experiences and lessons for better livelihoods in other IFAD developing Member States.

48. Over the evaluated period, there has been an ongoing intensification of knowledge management activities and outputs, even though M&E and learning from project experiences have not been sufficiently developed, and deserve more attention moving forward. Moreover, IFAD is not yet consistently regarded as being at the forefront among development partners for generating and disseminating knowledge products on family farming, food security and related topics, which can contribute to policy-making, programme development or further research. All in all, knowledge management is assessed as moderately satisfactory (4).

49. **Consolidated assessment of non-lending activities.** The final assessment by the CPE is that performance in non-lending activities has been moderately satisfactory (4), which is nevertheless an improvement since the 2007 CPE. However, there is increasing demand for non-lending activities in Brazil, including SSTC, and more can be done to leverage non-lending activities to support institutional and policy transformation for better development effectiveness.

50. **Grants.** Between 2008 and 2015, Brazil benefitted from 24 IFAD-funded grants with a total amount of US$28.6 million. The emphasis of IFAD grants has been on agricultural research, policy dialogue, and knowledge management, among others. For example, IFAD grants in support of REAF have helped highlight the concerns and priorities of family farmers among key policy- and decision-makers. In sum, grants have been an important part of IFAD's programme in Brazil and have been particularly instrumental in furthering non-lending activities. However, there is not sufficient data and information on grant activities to enable a comprehensive assessment of grant outcomes.

51. **South-South and Triangular Cooperation.** Brazil is helping other developing countries through SSTC, which has also increasingly been recognized as a key priority for IFAD to achieve its mandate. There is a convergence between IFAD and

Brazil's attention and interest in using SSTC as a development instrument to promote sustainable family farming in Brazil and beyond.

52. The Fund has assisted Brazil in its efforts to cooperate with African and other Latin America and the Caribbean countries in exchanging knowledge and experience, in terms of public policies for family agriculture, associations and cooperatives, and agricultural research and technology development. Two IFAD grants provided support to knowledge sharing and capacity-building between the Brazilian Agricultural Research Corporation (EMBRAPA - *Empresa Brasileira de Pesquisa Agropecuária*) and a number of institutions in Africa (e.g. in Angola, Ghana and Mozambique). The Africa-Brazil Innovation Marketplace is a mechanism designed to involve researchers from different countries in joint efforts to devise rapid, efficient and low-cost solutions to some of the challenges that family farmers face. Similarly, the LAC-Brazil Agricultural Innovation Marketplace grant, also led by EMBRAPA, is a multi-country IFAD grant project that has so far benefitted ten Latin America and the Caribbean countries.

53. There are some challenges that will need to be addressed moving forward to enhance the effectiveness of IFAD's contribution in promoting SSTC in Brazil. First of all, currently most activities undertaken do not have a systematic approach, limiting the potential synergies among them. In this regard, it would be useful for IFAD to select focus areas for its engagement in SSTC. One such example could be family farming policies and programmes, which are at the centre of the country's food security objective and areas in which IFAD has accumulated rich experience from its decades of operations in Brazil.

54. Another dimension for IFAD will be to strengthen partnership with the United Nations Rome-based agencies (FAO and WFP) in Brazil, which also focus on food and agriculture issues and are active in SSTC. Stronger institutional partnerships beyond those already in place for the design and implementation of individual investment projects – with other national institutions such as the ABC (the Brazilian Cooperation Agency) already involved in south-south cooperation - would also be beneficial. However, for this to happen effectively, among other issues, the country programme evaluation underlines the need for a stronger synergy between IFAD's lending activities and the grant-financed SSTC initiatives, aspects that would be further facilitated by out-posting the CPM from IFAD headquarters in Rome to Brazil.

COSOP performance

55. **COSOP relevance.** The 2015 CPE considers the 2008 COSOP objectives to be broadly relevant in relation to IFAD's Strategic Framework (covering the period 2007-2010), which emphasized the need to improve agriculture technologies for enhanced productivity, promote access to markets, develop off-farm employment and small and medium enterprises, and for IFAD to be engaged in national and international policy processes. However, the COSOP objectives did not explicitly underline the need to promote private sector engagement and strengthen financial inclusion of the rural poor.

56. In terms of priorities, the COSOP rightly selected the semi-arid north-east of Brazil as the focus of IFAD operations, with state governments as the main executing partners in most cases. The CPE agrees with such a choice, but also suggests that the Fund not rule out working in the future in other non-semi-arid regions of the north east and in the north of the country, where rural poverty rates are also high.

57. The 2008 COSOP is not costed, as there is no indication of the estimated administrative resources that were needed to achieve COSOP objectives, nor specific resources that would be required for achieving COSOP objectives and planned activities related to non-lending activities. In fact, the CPE finds that insufficient resources is one limitation that has constrained further achievements,

especially in non-lending activities. All in all, the CPE rates the 2008 COSOP's relevance as satisfactory (5).

58. **COSOP effectiveness**. It is not possible to assess or rate the effectiveness of COSOP objectives, since all six new operations funded after the 2008 COSOP are in very early stages of implementation.

59. With regard to knowledge management, IFAD has recently helped the Government establish a Forum for Secretaries of Agriculture/Rural Development of the north-eastern states. Moreover, the grant-funded knowledge management programme in the north-eastern semi-arid region is helping support the strengthening and/or establishment of collaborative networks related to the programme's strategic thematic areas. On policy dialogue, the 2008 COSOP's results management framework indicators state that the country programme would contribute to "improved policy dialogue and knowledge sharing between Brazil and other countries (MERCOSUR and African countries) about rural poverty reduction and family farming" and "south-south cooperation activities supported by IFAD with strong Brazilian participation". Encouraging efforts are under way, including through the REAF platform, and the Agricultural Innovation Marketplace.

60. **Overall Government-IFAD partnership assessment**. All in all, the IFAD-Government of Brazil partnership is performing well and there has been a decisive improvement since the 2007 CPE. A new portfolio of projects has been developed since 2009, a country office was established in 2011, and direct supervision and implementation support is enabling IFAD to more closely support its operations. Good activities are being carried out in the areas of policy dialogue, knowledge management and partnerships, including SSTC.

61. However, IFAD-funded projects have not devoted sufficient attention to the engagement of private sector actors, rural finance and market access, and there are concerns with operational efficiency and the sustainability of benefits. There have been start-up delays in all six new operations, needing concerted actions towards consolidating initiatives to ensure they achieve the desired results. With regard to targeting of IFAD financing, opportunities for working with indigenous peoples in partnership with FUNAI[2] could be explored in the future, given IFAD's strong track record of supporting indigenous peoples in Latin America and Asia.

62. There are challenges that need to be addressed moving forward to raise the bar to the next level. This will require outposting the CPM to Brazil, consolidating the ongoing portfolio of projects to achieve effectiveness, devoting increased attention to agricultural activities, ensuring better linkages between lending and non-lending activities, and enhancing partnerships with the federal government and other multilateral organizations.

Recommendations

63. **Recommendation 1: Focus country strategy and operations more on agricultural activities.** The country strategy and projects should devote more resources to smallholder agricultural activities, while providing continued attention to supporting essential non-agricultural services and inputs.

64. **Recommendation 2: Strengthen engagement in non-lending activities.** This will require more attention to: capturing project experiences and disseminating lessons learned and good practices; closer dialogue with a wider range of federal agencies; and concrete partnerships with multilateral and bilateral development organizations, including for SSTC.

[2] The National Indian Foundation, the Government's institution dealing with indigenous peoples issues.

65. **Recommendation 3**: **Further adjust IFAD's operating model for greater development effectiveness.** A better balance should be struck between operational supervision and implementation support, and national policy dialogue with federal agencies for scaling up impact and knowledge sharing. This includes the need to outpost the Brazil CPM from the Fund's headquarters in Rome to Brazil.

Agreement at Completion Point

A. Introduction

1. This is the second country programme evaluation (CPE) undertaken by the Independent Office of Evaluation (IOE) of IFAD of the IFAD-Brazil partnership. The CPE covers IFAD operations in the country in the period 2008-2015. It includes an assessment of the 2008 IFAD country strategy for Brazil, eight IFAD-financed projects and programmes, grant-funded activities, non-lending activities (knowledge management, policy dialogue and partnership building), and South-South and Triangular Cooperation.

2. The three main objectives of the CPE were to: (i) assess the performance and impact of IFAD-supported operations in Brazil; (ii) generate a series of findings and recommendations to enhance the country programme's overall development effectiveness; and (iii) provide insights to inform the preparation of the next COSOP for Brazil, to be prepared by IFAD and the Government for presentation to the IFAD Executive Board in April 2016.

3. The Agreement at Completion Point (ACP) reflects the understanding between the Government of Brazil and IFAD Management of the main Brazil CPE findings and recommendations. In particular, it comprises a summary of the main evaluation findings in Section B, whereas the ACP is contained in Section C. The ACP is a reflection of the Government's and IFAD's commitment to adopt and implement the CPE recommendations within specific timeframes.

4. The implementation of the recommendations agreed upon will be tracked through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions, which is presented to the IFAD Executive Board on an annual basis by the Fund's Management.

5. The ACP will be signed by the Government of Brazil (represented by the Secretary of International Affairs in the Ministry of Planning, Budget and Management) and IFAD Management (represented by the Associate Vice President of the Programme Management Department). IOE's role is to facilitate the finalization of the ACP. The final ACP will be submitted to the Executive Board of IFAD as an annex of the new COSOP for Brazil. It will also be included in the final Brazil CPE report.

B. Main evaluation findings

6. The Government of Brazil and IFAD have developed a solid and strategic partnership over more than 35 years. IFAD is supporting the Government in promoting family farming and grass-roots development as a means to improve productivity, food security, nutrition and income. While clearly recognizing the importance of non-agricultural activities for wider sustainable and inclusive rural transformation, the evaluation finds that a better balance between agricultural and non-agricultural activities could be achieved moving forward. This would require placing more emphasis on agricultural value chain development including in areas such as water and land management, crop production and livestock development.

7. IFAD's role in Brazil has been and will remain important, given the wide income inequalities that persist and the central role of family farming as an engine of agricultural production and productivity in the country. Moving forward, the partnership will need even more attention to non-lending activities (policy dialogue, knowledge management, and partnership-building) and South-South and Triangular Cooperation (SSTC) linked to IFAD's investment activities, to enable Brazil to make further inroads in improving rural livelihoods.

8. Closed projects (i.e. the Dom Hélder Câmara I and Gente de Valor projects) have shown good results in terms of empowerment of beneficiaries and improvements

in their capacities to influence resource allocation, gender mainstreaming, innovation and scaling up. They have helped improve water management, and crop and livestock production. In terms of geographic coverage, the focus on the north-east has been appropriate and the targeting of women and rural youth has been effective. A major achievement since 2008 has been the design and approval of six new projects that are all in their initial phases of implementation.

9. However, IFAD-funded projects have not devoted sufficient attention to the engagement of private sector actors, rural finance and market access, and there are concerns with operational efficiency and the sustainability of benefits. There have been start-up delays in all six new operations, needing concerted actions towards consolidating initiatives to ensure they achieve the desired results. With regard to targeting of IFAD financing, opportunities for working with indigenous peoples in partnership with FUNAI[1] could be explored in the future, given IFAD's strong track record of supporting indigenous peoples in Latin America and Asia.

10. Performance in non-lending activities has improved, but is still only moderately satisfactory. In line with the 2008 country strategy, IFAD took positive initiatives to strengthen knowledge management and introduce SSTC activities through grant funding. More is however needed in the future to leverage non-lending activities to support institutional and policy transformation.

11. Policy dialogue at the sub-national and regional levels has improved. For example, through REAF (the Mercosur Specialized Meeting on Family Farming), the Ministry of Agrarian Development and IFAD have managed to successfully bring to the table the priorities of Brazilian family famers, and included their representatives in the dialogue alongside government officials and other policy and decision makers.

12. Partnership with the Ministry of Planning, Budget and Management is very good. The same is true for the partnership with the Ministry of Agrarian Development, whose central mandate is to develop family farming for better food security in Brazil. However, partnership and dialogue with a wider range of federal agencies involved in agriculture and rural development are limited. Partnerships have been good with state governments, though involvement of municipalities deserves added attention. Partnerships with multilateral and bilateral agencies are limited. The same applies for partnership with FAO and WFP, which is a priority for the Government and IFAD, but so far has not been adequately developed.

13. The establishment of the IFAD Country Office in mid-2011 has enabled IFAD to conduct more timely supervision and provide implementation support to projects, and to strengthen dialogue in the north-east. In fact, direct supervision and implementation support in all projects has been an important adjustment to IFAD's operating model since the 2007 Brazil CPE. However, the location of the country programme manager for Brazil at IFAD headquarters in Rome is a factor that will need to be carefully considered, as it may be constraining further improvements in the overall effectiveness of IFAD-Brazil partnership.

14. Weaknesses in monitoring and evaluation (M&E) and results measurement have been a common problem across the portfolio, although there are some signs of improvement. M&E systems are inadequate to capture outcome- and impact-level data. The application of IFAD's Results and Impact Management System has also posed a challenge at the project level. M&E of grant-funded activities, especially non-lending activities, has not been systematic; sharper and more easily measureable indicators as part of the country strategic opportunities programme results measurement framework would have facilitated the task.

C. Agreement at completion

15. The CPE makes an overarching recommendation that IFAD and the Government move forward to prepare a new COSOP for Brazil, which will build on the findings

[1] The National Indian Foundation, the Government's institution dealing with indigenous peoples issues.

and recommendations of this CPE and provide the foundations of the main areas of intervention in the context of a renewed partnership and cooperation between the Fund and Brazil.

16. The CPE makes three overarching recommendations that should be included into the new COSOP: (i) focus and priorities of the country strategy and operations; (ii) strengthen engagement in non-lending activities including South-South and Triangular Cooperation; and (iii) further adjustments to IFAD's operating model for greater development effectiveness.

17. **Recommendation 1: Focus and priorities of the country strategy and operations.** The CPE recommends that the country strategy and projects devote more explicit attention to smallholder agricultural activities, which is at the core of IFAD's mandate and comparative advantage, as a vehicle for improving incomes and rural livelihoods. This would include priority to agriculture and food production and productivity enhancements through investments in adaptive research and extension to address climate change issues; water resources management and irrigation development; value chain development with appropriate linkages to input and output markets, greater engagement of private sector actors (for instance, in value addition and agro-processing); and the promotion of financial inclusion of the poor. IFAD investments should continue to provide essential rural support services to promote family farming, but a better balance between agricultural and non-agricultural activities should also be pursued.

18. Opportunities for working in the north of the country – with a primary focus on indigenous people – on a pilot basis is worth exploring in the next COSOP and lending cycle. Similarly, opportunities of working in other uncovered states and regions of the non-semi-arid regions of the north-east may be considered, given the poverty profile of rural people who live there. The opportunities and challenges of possible expansion to geographic areas beyond the current states covered should be carefully studied.

19. The country strategy should be costed and include an estimate of all types of resources (for investments, grants, non-lending activities, South-South and Triangular Cooperation, and administrative resources) needed to achieve COSOP objectives. Its results measurement framework should include measurable indicators that can be tracked during implementation and evaluated periodically, including at completion. The COSOP should also clearly specify the time frame it will cover.

20. **IFAD and Government response to CPE recommendation 1.** On para. 17 above, while PMD recognizes that more attention should be devoted to the categorization and labelling of projects at design, the regional division and the Government of Brazil agree that smallholder agricultural activities have always been at the core of their joint country programme in Brazil, albeit through a diversified set of interventions, both agricultural and non-agricultural. IFAD's goal has evolved substantially since the Fund was established in 1977 to provide "financing primarily for projects and programmes specifically designed to introduce, expand or improve food production systems". Since IFAD's modus operandi started to be updated and shaped into strategic frameworks in 2001, its attention has been more focused on rural poverty reduction, from "enabling the rural poor to overcome their poverty" (SF 2002-06), to "achieve higher incomes and improved food security" (SF 2007-12) or to help "rural people overcome poverty and achieve food security through remunerative, sustainable and resilient livelihoods,"[2] In this context, IFAD and the Government will continue to invest and to find the most valuable balance in both agricultural and non-agricultural activities, at the programmatic as well as at the individual operations level.

[2] IFAD strategic framework 2016-2025 (draft), October 2015.

21. On para. 18, the IFAD Management and the Government of Brazil endorse the recommendation to move beyond the semi-arid regions of the North-east, to include new states and territories where IFAD presence is requested and there is a clear potential comparative advantage in considering a new investment project, such as in the State of Maranhao or in the coastal biomes of Pernambuco. On the other hand, due to the vast extension of its territory and the Fund's limited experience outside the North-East, the opportunity to expand IFAD presence in the North of the country will be assessed, mainly through non-lending activities, under the new COSOP. Decisions will be subject to the availability of human and financial resources, and local demand for IFAD presence in the region.

22. The rationale for costing the country strategy is noted. However, currently, IFAD does not have a specific methodology, guidelines or approach to undertake this task. Therefore, pending the development of such a methodology, guidelines or approach, it will not be possible to apply this specific CPE recommendation to the new Brazil COSOP.

23. **Recommendation 2: Strengthen engagement in non-lending activities including South-South and Triangular Cooperation.** Building on the good work done since 2008, IFAD should devote even more attention to non-lending activities, including South-South and Triangular Cooperation, in the future country programme.

24. This will require enhanced work in capturing project experiences and a more systematic way of disseminating lessons learned and good practices, also to strengthen IFAD's visibility and brand. The lending programme would mainly be the basis for learning lessons and identifying good practices in promoting poverty reduction in remote rural areas. A programme of knowledge cooperation would include attention to documenting and sharing experiences and lessons from Brazil that can help towards scaling up success stories in the country and elsewhere, as well as proactively supporting activities and organizing events that will promote the transfer of IFAD's accumulated knowledge, good practices, and lessons in smallholder agriculture and rural development from other countries to Brazil. With regard to the latter, one concrete area is indigenous peoples' development, where IFAD's rich experience in other countries could be of use in supporting the development of indigenous peoples in the north and north-east of the country.

25. In addition to maintaining a close dialogue with the Ministry of Planning, Budget and Management and the Ministry of Agrarian Development, strengthening partnerships and policy dialogue with a wider range of federal agencies should be actively pursued. Concrete partnerships with multilateral and bilateral development organizations should be developed, for instance, in the areas of co-financing operations, knowledge-sharing, policy dialogue, scaling up and South-South and Triangular Cooperation. Greater engagement of private sector actors and academic and research institutions would also add value to the activities supported by IFAD in Brazil.

26. South-South and Triangular Cooperation should be a key objective in the new country strategy, in cooperation particularly with the Rome-based agencies dealing with food and agriculture and other development partners working in agriculture in the country. IFAD South-South and Triangular Cooperation activities should be anchored in the Fund's investment operations and focussed on few topics, such as promotion of family farming, an area in which IFAD has gained quite a bit of experience in the past decade in Brazil. The COSOP should clearly articulate the specific objectives, focus and measures of success for South-South and Triangular Cooperation. All this will require strengthened M&E systems, both at the project level and the country level.

27. **IFAD and Government response to CPE recommendation 2.** IFAD agrees with this recommendation. However, Management would like to note that SSTC and non-lending activities have cost implications, which are particularly relevant under a zero-growth budget. Moreover, it should be noted that responsibilities and outcomes of SSTC activities often depend on government initiatives and partnerships, which IFAD will continue to identify and pursue.

28. **Recommendation 3**: **Further adjustments to IFAD's operating model for greater development effectiveness.** Attention needs to be devoted to consolidating activities related to the six ongoing operations to ensure desired results, which will require continued focus and support by the IFAD country team working on Brazil. Moreover, there is need for a better balance between lending and non-lending activities including enhanced national policy dialogue with federal agencies for scaling up impact and knowledge sharing.

29. In order to effectively realize the above, the CPE recommends the out-posting of the IFAD country programme manager to Brazil. The recommendation of out-posting the country programme manager is primarily aimed at enhancing the broader impact of the important IFAD-Brazil partnership in promoting better rural livelihoods, recognizing the possible cost implications this might have for the Fund.

30. Under the broader guidance of the country programme manager, the IFAD Country Office staff should continue to provide timely supervision and implementation support to IFAD investment operations. In addition to supervising its staff, the country programme manager would take the lead in high-level policy dialogue, identifying opportunities for strategic and institutional partnerships (especially beyond the project level), South-South and Triangular Cooperation, and knowledge sharing. The country programme manager would also devote time to enhancing IFAD's visibility and brand.

31. Finally, the country programme manager should have exclusive responsibilities for Brazil, and not be concurrently responsible for other IFAD country programmes. The out-posting of the CPM would require a professional-level staff member at headquarters to be assigned on a part-time basis to the Brazil programme to follow-up on day-to-day operational matters requiring attention at headquarters.

32. **IFAD and Government response to CPE recommendation 3.** IFAD and the Government fully agree on the need to consolidate and roll out the existing country programme on a priority basis. We also agree to seek a better balance between lending and non-lending activities, as permitted by (a) human and financial resources availability and (b) the possibility to leverage additional resources through co-financing. The new COSOP will include objectives that are realistic and achievable, taking into account the anticipated level of resources available.

33. On the proposal to out-post the CPM, Management endorses the importance of IFAD's increased and strengthened country presence, at the pace and through the modalities established at the corporate level and approved by the Executive Board. In the case of Brazil, such endorsement is demonstrated by the presence of an in-country office (ICO) with three staff operating since 2011. Under the current budget and staffing constraints, and as part of the overall decentralization strategy, the recommendation to outpost the CPM to Brazil will be carefully assessed.

34. Nevertheless, even if no commitment to out-post the CPM can be made at this stage, there are immediate actions that will be taken in order to pursue the objective of the recommendation for enhancing the IFAD-Brazil partnership: the CPM will increase his time in Brasilia, while on mission in the country; hence his time share dedicated to policy work and partnership development, both with the

federal government and with Brasilia-based national and international partners, will also increase. Moreover, options will be explored to identify a potential non-cost hosted physical space in Brasilia, to be used during the CPM's missions to the capital.

35. At HQ, the CPM will continue to play an important role in policy work, where the experience of a large middle-income country such as Brazil can be useful to a range of corporate policies and debates, knowledge management and identification of SSTC opportunities.

36. Other organizational arrangements, such as the recommendation to have an additional professional staff dedicated to Brazil at HQ, under an eventual CPM out-posting arrangement, would depend on the overall assessment of resources available at the Divisional level, which serves the needs of over 20 active borrowing countries.

37. Regarding the need for the CPM to have exclusive responsibility for Brazil, IFAD and the Government endorse the recommendation. This recommendation will be implemented by 2016, based on the relative size of Brazil's programme in the Latin America and Caribbean Region.

Signed by :

1. Mr Carlos Lampert
   Deputy Secretary , International Affairs
   Ministry of Planning, Budget and Management
   Brasilia, Government of Brazil

   Date: 16/12/2015

   Signature: _____

2. Mr Perin Saint Ange
   Associate Vice President
   Programme Management Department
   IFAD, Rome

   Date: _____

   Signature: _____

Federative Republic of Brazil
Country Programme Evaluation

I. Background

A. Introduction

1. The Independent Office of Evaluation of IFAD (IOE) undertook its first country programme evaluation (CPE) in Brazil in 2007.[1] That CPE informed the preparation of the second Brazil country strategic opportunities programme (COSOP), which was adopted in 2008, and has guided the IFAD-Brazil cooperation since then.

2. At its 113th session in December 2014, the IFAD Executive Board decided that IOE should carry out a second CPE in Brazil in 2015. This CPE covers the IFAD-Brazil partnership for the period 2008-2015 and has been conducted within the overall provisions of the IFAD Evaluation Policy[2] and Evaluation Manual.[3]

3. Since 2008, IOE has conducted two evaluations in Brazil of completed projects. Moreover, IFAD activities in Brazil have also informed two evaluation synthesis reports prepared by IOE in recent years (see table 1). All these independent evaluations have provided invaluable sources of evidence for this CPE.

Table 1
Projects evaluated by IOE in Brazil and other IOE evaluations covering IFAD operations in Brazil (2008-2015)

Evaluation type	*Project*
Interim evaluation	The Sustainable Development Project for Agrarian Reform Settlements in the Semi-Arid North-East (Dom Hélder Câmara) Phase I, 2010
Project performance evaluation	The Rural Communities Development Project in the Poorest Areas of the State of Bahia (Gente de Valor), 2015
Evaluation synthesis	• IFAD engagement in middle-income countries, 2014 • Results-based country strategic opportunity programmes, 2013

Source: IOE records.

4. Brazil has the largest portfolio of IFAD-supported operations in the Latin America and the Caribbean Region. The first loan to Brazil was provided in 1980. Since then, IFAD has provided eleven loans (a total of US$260 million) for a portfolio of projects with a total cost of US$825 million. The national counterpart funding to the portfolio (provided at both federal and state levels) is US$377 million (45 per cent of total portfolio costs). There has been only limited international cofinancing, principally from the Spanish Food Security Cofinancing Facility Trust Fund (Spanish Trust Fund) and the Global Environmental Fund (GEF). Basic data on the full set of loans approved by IFAD to Brazil since the Fund started its operations in the country is provided in annex II. In addition to loans, IFAD has provided numerous grants to Brazil: 24 grants with activities in Brazil have been approved in the past ten years (see annex III).

5. Since the first CPE, IFAD has opened a country office in Salvador de Bahia to provide a close link to the project portfolio through supervision and implementation support. The country office became operational in June 2011 and

[1] The CPE was done in 2007, though the final report was published in April 2008. See report at: www.ifad.org/evaluation/public_html/eksyst/doc/country/pl/brazil/bra_cpe.pdf.
[2] http://www.ifad.org/gbdocs/eb/102/e/EB-2011-102-R-7-Rev-1.pdf and http://www.ifad.org/evaluation/process_methodology/doc/manual.pdf.
[3] http://www.ifad.org/evaluation/policy/new_policy.htm.

now has two professional staff and one general service employee. The IFAD country programme manager (CPM) for Brazil is based at IFAD headquarters.

6. IFAD has produced two COSOPs for Brazil. The first was adopted in 1997 and the second in 2008. A short description of the main elements of the COSOPs is provided in chapter III. Table 2 contains a summary of key information on the IFAD-Brazil partnership.

Table 2
A snapshot of IFAD operations in Brazil

First IFAD-funded project approved	1980
Total IFAD-funded projects approved	11
Number of ongoing projects	6
Total amount of IFAD lending (all operations)	US$260 million
States covered by ongoing operations	Alagoas, Bahia, Ceará, Paraíba, Piauí, Pernambuco, Rio Grande do Norte and Sergipe
Lending terms	Ordinary
Counterpart funding (Government and beneficiaries)	US$497.4 million
International cofinancing	US$67.6 million
Total portfolio cost (all operations)	US$825 million
Focus of operations	Arid and semi-arid areas, community development, employment generation, farm technology, micro-enterprise support, value-supply chain, women and youth. North-east of the country
Country Office in Salvador, Brazil	Since 2011
Country programme manager	Ivan Cossio: 2008 - October 2014 Paolo Silveri: Current
Main federal government counterparts	Ministry of Planning, Budget and Management (coordinating ministry), and Ministry of Agrarian Development (technical counterpart)

Source: IFAD databases and records.

7. The CPE report has been structured as follows. Chapter I includes background information about the country programme and the CPE's objectives, methodology and processes. Chapter II contains an account of the country context including an overview of the priorities, lessons and results of selected other major development partners in Brazil. Chapter III summarizes the main elements in the two COSOPs, IFAD operations and country programme management. Chapter IV provides an account of the performance of the portfolio of projects included in this CPE. Chapter V includes the main findings on the performance of partners, and chapter VI includes the findings on non-lending activities including grants and South-South and Triangular Cooperation (SSTC). Chapter VII contains the findings on COSOP performance and overall IFAD-Government partnership, and chapter VIII benchmarks the performance of IFAD operations in Brazil with other countries and with selected IFAD corporate targets. Chapter IX describes the CPE's storyline, conclusions and recommendations.

B. CPE objectives, methodology and process

8. **Objectives.** The main objectives of the CPE are: (i) to assess the performance and impact of IFAD-supported operations in Brazil; (ii) to generate a series of findings and recommendations to enhance the country programme's overall development effectiveness; and (iii) to provide insights to inform the preparation of the next COSOP for Brazil, to be prepared by IFAD and the Government.

9. **Methodology.** The objectives of the CPE have been achieved by assessing the performance of three mutually-reinforcing pillars in the IFAD-Government partnership. These include the:

(i) Project portfolio performance;

(ii) Non-lending activities (knowledge management [KM], policy dialogue and partnership-building). In addition, the CPE assesses the contribution of grants and SSTC in achieving country programme objectives; and

(iii) Performance of the 2008 COSOP in terms of its relevance and effectiveness.

10. The performance in each of these areas has been rated on a scale of 1 (lowest) to 6 (highest).[4] These have been assessed individually, and the synergies between them has also been considered (e.g. to what extent have IFAD's KM activities supported its project activities and, taken together, to what extent did they reflect the approach outlined in the COSOP). Based on this, the CPE provides its assessment of the overall IFAD-Government partnership.

11. **Key questions.** Based on a thorough review of documents and consultations with IFAD Management and the Government of Brazil, the CPE focused on a number of key strategic questions and issues. These are shown in box 1 below and were included in the CPE approach paper[5] produced at the outset of the process.

Box 1
Brazil CPE: Key questions and issues

- Building on its track record, comparative advantage and specialization, what are the future role and priorities of IFAD in Brazil, taking into account the country's middle-income status with a large number of rural poor people?
- What are the opportunities and challenges for IFAD working in a country with a federal governance and institutional architecture and what are the corresponding implications to policy dialogue? In particular, how have the respective roles, priorities and relationships between the federal and state governments affected IFAD-supported activities? How has IFAD facilitated inter-state dialogue?
- Explore opportunities to expand IFAD's geographic coverage to the north and other non-semi-arid regions in the north-east of the country, including providing assistance to indigenous peoples.
- How have IFAD-supported activities contributed to the inclusion of the most marginalized rural communities in national policies and programmes?
- Though domestic cofinancing has been relatively high, the CPE will explore the underlying rationale for no international cofinancing of IFAD-funded operations in the past decade.
- What has been the collaboration at the country level among the Rome-based agencies (Food and Agriculture Organization of the United Nations [FAO], IFAD and World Food Programme [WFP])?
- Review the efforts in promoting knowledge sharing on smallholder agriculture development, including cross-fertilization of lessons and good practices within Brazil and with other countries.
- How has the opening of the IFAD country office contributed to development effectiveness and the IFAD-Brazil partnership in general, including dialogue with state governments and federal authorities?
- How can IFAD provide effective and efficient supervision and implementation support to operations that cover a wide geographical area?

12. **Project portfolio performance***.* The CPE uses internationally recognized evaluation criteria to assess and rate the performance of individual projects and to generate an overall composite assessment of the portfolio. The criteria adopted by IOE in this CPE are: relevance, effectiveness, efficiency, rural poverty impact, sustainability, innovation and scaling up, gender equality and women's empowerment, and the performance of partners (i.e. of IFAD and the Government of Brazil).[6] The criteria are described in annex V. They are further described in chapter IV and other parts of the report where appropriate.

13. The CPE covers the period 2008-2015. Therefore, eight (of the total of 11) IFAD-supported projects in the country are covered in this evaluation. These are the

[4] 6 – highly satisfactory; 5 – satisfactory; 4 – moderately satisfactory; 3 – moderately unsatisfactory; 2 – unsatisfactory; 1 – highly unsatisfactory.
[5] See Brazil CPE Approach Paper at: www.ifad.org/evaluation/public_html/eksyst/doc/approach/brazil_cpe.pdf.
[6] The assessment of the performance of the Government of Brazil includes both the federal and state governments.

two closed projects (Dom Hélder Câmara I and Gente de Valor) and six ongoing projects (Viva o Semi Árido; PROCASE; Dom Távora; Paulo Freire; Dom Hélder Câmara II; and Pro-semi-arid). Basic data on these operations are shown in annex II.

14. It is important to note that the two closed projects have been rated across all eight of the evaluation criteria described above. They were also assessed by the 2007 CPE, and have been included in this CPE because they were still under implementation at the time of the 2007 CPE.

15. Loans to support the six projects currently being implemented were approved by the IFAD Board between 2009 and 2014 and they all only became effective (i.e. the entry into force date) between 2012 and 2014. All the six ongoing projects have been rated for the relevance criterion by this CPE.

16. In addition, of the six ongoing projects, only the PROCASE has also been rated for all other criteria, except rural poverty impact. The Board approved the PROCASE in December 2009, but it took nearly three years for the project to be declared effective, with the entry into force date being October 2012. The project's expected completion date is end December 2018. Hence, at this time of this CPE, the project can be considered to be half way through its implementation period. Though the CPE has rated the performance of the PROCASE, it is fair to note that the project's final performance might be different at the end of its full implementation period.

17. With regard to the other five ongoing projects, it would not be methodologically appropriate to assign a rating to the other evaluation criteria (apart from relevance) based on their limited implementation progress. As a matter of fact, none of them has reached the mid-point in terms of execution, and the average total disbursement to date by project is only 11 per cent. Notwithstanding the aforementioned, the CPE has thoroughly analysed the design and initial implementation progress of all ongoing projects and carefully considered the emerging opportunities and challenges they face.

18. **Non-lending activities***.* The assessment of non-lending activities entailed a review of the combined efforts of IFAD and the Government in promoting policy dialogue, partnerships and KM. Each of these non-lending activities has been assigned a composite rating of performance (taking into account their relevance, effectiveness and efficiency). Thereafter, and based on the respective assessments of policy dialogue, partnership-building and KM, the CPE also provides an integrated rating for the non-lending activities overall. As mentioned above, the roles of grants and SSTC have also been analysed in the CPE.

19. **Assessing the 2008 COSOP***.* The CPE analyses the performance of the 2008 COSOP in terms of its relevance and effectiveness, in relation to seven principal elements: (i) strategic objectives; (ii) geographic priority; (iii) subsector focus; (iv) main partner institutions; (v) targeting approach used; (vi) mix of instruments in the country programme (loans, grants and non-lending activities); and (vii) the provisions for COSOP and country programme management.

20. **Overall Government-IFAD partnership***.* In order to give a holistic overview of the Brazil country strategy and programme, the CPE includes an integrated assessment of the overall IFAD-Government partnership. This assessment is informed by the assessments of the project portfolio, non-lending activities, and COSOP performance.

21. **Data and information collection.** The CPE has used a variety of methods to collect data and information from key partners and stakeholders, to ensure a rigorous triangulation process and evidence-based assessment.

22. The data and information collection process included, inter alia, the following instruments: (i) site visits to project areas in six states[7] by the CPE team for direct observations of selected project activities; (ii) semi-structured interviews with individual beneficiaries and focus-group discussion with several community groups; (iii) interviews with key informants in IFAD Management, the Federal and State Governments of Brazil, staff from project management units and project implementing partners, and development partners in Brazil; (iv) a mini-survey in the context of the project performance evaluation of the Gente de Valor project; (v) structured written self-assessments by IFAD Management and the Government of Brazil, addressing several of the key questions covered by the CPE; (vi) an extensive review of IFAD documents (e.g. client surveys and annual portfolio reviews), project documents (design reports, supervision mission and implementation support reports, completion reports, evaluation reports) and publications of other organizations; and (vii) retrieval and analysis of data from IFAD's corporate financial and project databases, as well as external databases (e.g. Ministry of Planning, Budget and Management, World Bank's World Development Indicators, OECD's creditors database, the Economist Intelligence Unit).

23. The extensive bibliography used for this CPE is shown in annex VIII, which includes references to academic literature and other publications on Brazil. Excluding the numerous beneficiaries interviewed at the local level, more than 120 persons were met throughout the evaluation process to collect information and listen to their perspectives on the IFAD-Government partnership. The list of persons met is presented in annex VII.

24. **Process.** The CPE process included five main phases: (i) preparation; (ii) the desk review of documentation and databases; (iii) in-country work; (iv) analysis and report writing; and (v) communication and dissemination.

25. *Preparatory phase.* This included the development of the approach paper, which outlined the evaluation objectives, methodology, process, timelines, key questions and related information. A preparatory mission was conducted to Brazil in April 2015 to discuss the draft approach paper with the Government and other partners. During the preparatory mission, IOE also searched for national consultants to include in the CPE team. The approach paper was finalized in May 2015 following the incorporation of comments made by the IFAD Management and the Government of Brazil.

26. *Desk review.* This phase entailed a comprehensive review of IFAD documents, other documents and databases. It resulted in the preparation of numerous desk review notes, inter alia, on project performance, non-lending activities, country context, and other topics. The desk review phase gave an opportunity to identify hypotheses and issues that were explored in the course of the evaluation.

27. *In-country CPE main mission.* IOE fielded a multidisciplinary team of experts[8] for three weeks to Brazil in June-July 2015. The team visited various states and all current projects, and held a wrap-up meeting at the end of the mission in Brasilia to share its initial findings. As a novelty in the evaluation process, several concerned IFAD staff including the Director of the Latin America and the Caribbean Division took part in the wrap-up meeting from the Fund's headquarters through video conference. During the months of June and July, the Latin America and the Caribbean Division and the Government of Brazil prepared their respective written self-assessments, which are of very good quality and served as useful inputs for the CPE's analysis.

[7] Bahia, Ceara, Paraiba, Pernambuco, Piaui, and Sergipe.
[8] The CPE team, led by the IOE Deputy Director was composed of three men and two women (including two Brazilian nationals). See Acknowledgements section at the beginning of this report.

IFAD's Delegation visiting Hon. Camilo Sobreira de Santana, Governor of the State of Ceará, Fortaleza, 20 October 2015.

28. *Analysis and report writing.* In this phase, the CPE team spent due time to analyse and triangulate all the data and information collected during the evaluation. Thereafter, IOE prepared the draft CPE report based on numerous technical working papers,[9] which have been thoroughly informed by the field visits undertaken by IOE, including interactions with beneficiaries and their organizations. It is useful to note that the evaluation ratings were carefully determined after a thorough examination of evidence and a participatory process of consultation among team members, which served to minimize inter-evaluator variability. Once the draft report was available, it was first exposed to an internal peer review by IOE staff and review by two external advisers.[10] In September 2015, the draft report was shared with IFAD's Programme Management Department and the Government for their review and feedback before being finalized.

29. In addition to analysing primary data and information collected during the evaluation process, IOE has made extensive used of self-evaluation reports and data in forming its evaluative judgements in this CPE. The self-evaluations data and findings have mainly been used – as one key component in the CPE's triangulation process – to develop and further substantiate IOE's independent analysis and findings on different topics covered by the CPE. The use of the various self-evaluations have been referenced in the CPE report in different places, as and where appropriate.

30. There are some features about the analysis and CPE report worth highlighting, which go beyond the normal remit of CPEs by IOE. Firstly, the evaluation includes a dedicated assessment of IFAD's efforts to promote SSTC in Brazil. The corresponding findings are included in a separate section in chapter VI. Secondly,

[9] These are listed in the table of contents of the CPE report.

[10] The external reviewers included Mr Vinod Thomas, Director General of the Independent Evaluation Department (IED) in the Asian Development Bank and Mr Jiro Tominga, Senior Evaluation Officer, IED. Mr Thomas was previously the World Bank country director in Brazil and Senior Vice President/Director General of the Independent Evaluation Group (IEG) of the World Bank. Mr Tominga was previously Senior Evaluation Officer in IEG and was responsible for leading the World Bank's country assistance evaluation (2013) in Brazil.

the CPE includes a chapter on benchmarking the performance of the Brazil country programme with other selected countries (chapter VIII), based on CPEs conducted by IOE since 2010 that follow a similar methodology and process. The benchmarking section also includes an assessment of how the performance of IFAD operations in Brazil compare with selected corporate targets for end-2015 in the Fund's Results Measurement Framework, as agreed with member states during the Ninth Replenishment of IFAD's Resources (for the period 2013-2015). The CPE also includes a dedicated review of the focus, results and lessons of selected other major development partners (annex IV) working in Brazil, based on their respective evaluations. Finally, the CPE has made a thorough assessment and rated the implementation of the recommendations from the 2007 Brazil CPE. The inclusion of specific sections on SSTC, benchmarking and the implementation of the 2007 CPE recommendations has, however, contributed to making this report somewhat longer than other CPEs.

31. **Communication and dissemination**. This phase involved a range of activities to ensure the timely and effective outreach of the CPE's findings, lessons and recommendations. A CPE National Round-table Workshop was held in Brasilia in October 2015, jointly organized by the Ministry of Planning, Budget and Management and IOE, to discuss the main issues, findings and recommendations of the evaluation. IOE also prepared an Evaluation Profile and an Insight[11] on the CPE, which were disseminated widely along with the CPE report.

Brazil CPE National Roundtable Workshop, Brasilia 22 October 2015.

32. **Limitations.** The preparation of the CPE faced some limitations, which IOE addressed through specific measures. First and foremost, interactions, especially with beneficiaries and some officials at the sub-national level, necessitated a knowledge of Portuguese to ensure a thorough dialogue. To address this issue, in defining the membership of the CPE team, IOE selected two national consultants,

[11] Profiles and Insights are brochures of around 800 words each, aiming at reaching a wider audience, including IFAD Management, key policy makers, government officials and development practitioners, among others. An evaluation profile contains a summary of the main findings and recommendations arising from the CPE, whereas the Insight focuses on one key learning issue emerging from the CPE, with the intention of raising attention and stimulating further debate on the theme among development practitioners.

with expertise and experience in key areas covered by the CPE, who are fluent in both English and Portuguese. In addition, IOE designated its Deputy Director[12] to lead this CPE.

33. A second challenge related to covering the vast geographic area covered by the projects assessed by this CPE, taking into account that the main CPE mission was fielded "only" for three weeks to the country. This limitation was addressed in three ways: (i) the undertaking before the CPE of a dedicated project performance evaluation of the Gente de Valor project as a separate exercise, to enhance the evidence base for the CPE. As a result, the CPE team did not need to visit the Gente de Valor project; (ii) undertaking of an additional one-week CPE preparatory mission early in the process. This allowed IOE to exchange views with authorities in Brasilia as well as in one of the states (Bahia) covered by IFAD operations; and (iii) detailed advance planning and organization of logistics to ensure the CPE team could visit operations in as many states as possible during its three-week main mission.

34. The third limitation is that five of the six ongoing operations covered by the CPE are only in the initial stages of implementation, thus preventing a full assessment of their results at this stage. However, the CPE has thoroughly assessed the emerging opportunities and challenges of the ongoing projects and devoted enhanced attention to strategic and cross-cutting issues related to the IFAD-Brazil partnership. This makes the 2015 Brazil CPE different from other CPEs carried out by IOE, which are based on IFAD loan-funded projects that are normally in advanced stages of implementation.

35. **Timeline of the 2015 CPE.** It is important to note that the Board approved the undertaking of the Brazil CPE from January 2015 to March 2016. However, the CPE has been completed in a significantly shorter timeframe, to enhance its usefulness especially in the development of the forthcoming Brazil COSOP. Considering the draft CPE approach paper was prepared in February/March 2015, and the final workshop held in October, the Brazil CPE has been completed in only around 9 months from start to finish. The CPE report, following the usual editorial quality assurance, will be published and disseminated by the end of 2015.

Key points on background and evaluation

- Brazil has the largest portfolio of IFAD-supported operations in the Latin America and the Caribbean Region. IFAD established a Country Office in Salvador in 2011 that currently has three staff. The Brazil CPM is based at IFAD headquarters.
- IFAD operations in Brazil have been guided by two COSOPs, which were adopted in 1997 and 2008.
- This is the second CPE in Brazil conducted by IOE, covering IFAD operations in the country between 2008 and 2015. The first CPE was done in 2007.
- The main objective of the CPE is to assess the results of the IFAD-Brazil partnership and to generate findings and recommendations to inform the preparation of the next Brazil COSOP.
- The evaluation includes the assessment of eight IFAD-funded projects, non-lending activities including grants and SSTC, and COSOP performance. Based on the aforementioned, the CPE generates an overall assessment of the Brazil-IFAD partnership.
- The CPE process included five phases: (i) preparation; (ii) desk review; (iii) in-country work; (iv) analysis and report writing; and (v) communication and dissemination.

[12] Who has a working knowledge of Portuguese.

II. Country context

A. Overview[13]

36. **Geography and population.** Brazil is the largest country in South America with a land area of approximately 8.54 million km² (approximately half of the territory in South America). It shares its border with all South American countries except Chile and Ecuador.

37. Brazil had an estimated population of 204.6 million in 2015. The population is predominantly urban in nature, with almost 87 per cent of the people living in urban areas. Almost 30 million people live in rural areas.

38. Around 55 million people live in the north-east of the country, out of which 15 million live in rural areas. Fifty-eight per cent of the total population and 67 per cent of the rural population in the north-east are poor. Around 15 million people live in the north of the country, out of which 4 million live in rural areas. They are mostly indigenous people, who live below the poverty line.

39. **Politics.** A new constitution for the country was enacted in 1988, right after the restoration of democracy in 1986. Brazil has witnessed a stable political environment ever since, with a multi-party presidential democracy in place. The Workers' Party (Partido dos Trabalhadores) came to power in 2003 and has maintained a parliamentary majority through coalition ever since, winning also the most recent presidential elections in October 2014.

40. Currently, however, Brazil is going through political instability, caused by economic recession and alleged corruption scandals involving national companies. This is straining economic and social advancement processes. On the positive side, Brazil has strong democratic institutions. They provides an opportunity for guaranteeing stability, credibility and honest government, which has a track record and demonstrated results in promoting public policies and programmes for rural poverty reduction.

41. **Governance and institutions.** Brazil is a Federative Republic and the Constitution of 1988 defines the union of the central government, 26 states and the federal district, and more than 5,500 municipalities. The Constitution promoted fiscal decentralization by enabling states and municipalities to raise revenues through taxes and by transferring to them a larger share of federal taxes. Administrative decentralization was carried out by devolving important responsibilities, such as education, health, local infrastructure and the provision of social services, to local governments down to the municipality level. Municipalities also have an important role in identifying eligible beneficiaries of the *Bolsa Familia* programme and registering them in the Unified Register. Thus, integration of benefits of health and education services rendered by municipalities and those of *Bolsa Familia* require a certain level of vertical and horizontal integration of governance.

42. The federal Ministry of Agriculture, Livestock and Food Supply (established originally as a Secretariat in 1860, and later as a separate ministry in the early 1990s) has a key role in the country's agriculture development. The Ministry is responsible for formulating and implementing policies and programmes for agribusiness development, market integration, technology development, promoting food security, income generation and employment, reducing inequalities and social inclusion. The Brazilian Agricultural Research Corporation (EMBRAPA) and other state-owned institutions in the agriculture sector are closely affiliated to the Ministry of Agriculture. The latter has a close partnership with the Food and Agriculture Organization of the United Nations (FAO) and other

[13] Data in this chapter is drawn from a variety of sources including the OECD, the World Development Indicators of the World Bank, FAO, the Economist Intelligence Unit, IFAD rural poverty portal, Brookings Institute, the Government of Brazil, and others.

international organizations working in Brazil, including the Inter-American Institute for Cooperation on Agriculture (IICA), the Inter-American Development Bank (IDB), and the World Bank.

43. Another key institution working in agriculture is the Ministry of Agrarian Development established in 1999 (though it was originally formed in 1982 as extraordinary Ministry for Land Reform). It is in charge of rural development, land reform and agrarian reorganization, promoting sustainable development of family farming, improving incomes and food security, and clarifying land tenure. This Ministry is currently IFAD's main technical partner at the federal level, and it also works with a number of development agencies in Brazil. It has also championed the cause of family farming in various national, regional and international policy fora.

44. **Economy.** In 2014, Brazil was the world's seventh largest economy with an estimated GDP of US$2.346 trillion. Services contributed 71 per cent of GDP, followed by industry (23.4 per cent) and agriculture (5.6 per cent).[14] Brazil has witnessed bouts of growth and recession accompanied by inflationary tendencies in the past decade. According to the World Bank, Brazil is classified as an upper middle-income country with a per capita GNI (Atlas Method) of US$11,760 in 2014. Table 3 shows key economic indicators for the period of 2010-2014.

Table 3
Brazil: Main macroeconomic indicators

Indicators	*2010*	*2011*	*2012*	*2013*	*2014*
Real GDP growth (annual per cent)	7.5	2.7	1.0	2.5	0.1
GNI per capita, Atlas method (current US$)	9 520	10 700	11 640	11 690	11 760
GNI per capita, public-private partnership (current international US$)	13 510	14 030	14 350	14 750	15 900
Total investment (per cent of GDP)	21.8	21.8	20.3	21.0	20.0
Agriculture value-added (per cent of GDP)	4.9	5.1	5.3	5.6	5.6
Industry, value-added (per cent of GDP)	27.4	27.2	25.4	24.4	23.4
Services, value-added (per cent of GDP)	67.8	67.7	69.4	70.0	71.0
Inflation, GDP deflator (annual per cent)	8.6	8.3	5.9	7.6	6.9
Gross national savings (per cent of GDP)	19.66	19.80	18.09	17.60	16.16
General government structural balance (per cent of GDP)	-3.7	-2.8	-2.6	-3.6	-6.2
General government gross debt (per cent of GDP)	63.0	61.2	63.5	62.2	65.2
Current account balance (per cent of GDP)	-2.14	-2.00	-2.25	-3.40	3.88

Source: World Bank, International Monetary Fund data.

45. As shown in the table 3, over the past couple of years, Brazil's economic progress has decelerated to the point of a negative growth in 2015. The adverse economic impact of stagnant development setting has largely been masked by strong growth driven by high commodity prices over the past decade, but a deteriorating international environment and diminished growth expectations have brought these structural issues to the forefront. More broad-based and consistent reforms will be needed to guarantee long-term economic development, while a negative GDP growth is expected for 2015 and possibly 2016.

[14]World Bank Databank: http://data.worldbank.org/indicator/NV.IND.TOTL.ZS/countries.

46. **Exports.** The growth in exports in the recent past has been driven by surging demand for commodities from fast growing emerging economies. Some of the major export commodities are crude oil, iron ore, sugar, soya and meat. Agriculture plays a key role in exports with agricultural products making up about 37 per cent of the total exports in 2013, followed by fuels and mining products making up another 24 per cent of the exports.[15]

47. **Poverty and social development.** Alongside the rapid economic growth, Brazil has made rapid strides in several key social indices. The Human Development Index value of Brazil increased from 0.612 in 1990 and 0.705 in 2005, to 0.744 in 2013, ranking it 79th out of 187 countries and placing it in the high Human Development Index category.[16]

48. In terms of meeting the targets for achievement of Millennium Development Goal number 1 (eradicate extreme poverty and hunger), Brazil has made rapid strides and already surpassed the target. However, in spite of its status as a middle-income country, there is a high level of income inequality as witnessed by the Gini co-efficient of permanent households, which stood at 0.501 in 2011, down from 0.509 in 2009.[17]

49. The poverty headcount (at national poverty line) in 2012 stood at 9 per cent, down from double-digit figure of 21 per cent in 2005.[18] The rate of extreme poverty (below the national poverty line of 70 Reais/month) was 3.6 per cent in 2012 compared to 13.4 per cent in 1990. However, the prevalence of extreme poverty is higher in rural areas at 9.3 per cent compared to 2.6 per cent in urban areas.[19]

50. Brazil is characterized by differences across regions and states in terms of poverty and social well-being. In terms of geographic and spatial distribution, there is a higher prevalence of poverty and social deprivation in the northern and north-eastern regions. The general dependence on agriculture as a primary source of livelihood is also higher in the northern and north-eastern regions. These regions are home to about 65 per cent of Brazil's extremely poor (<70 Reais/month) and 50.7 per cent of the poor (≥70<140 Reais/month), while they cumulatively account for only 20 per cent of the country's population.[20]

51. **Conditional Cash Transfers** have remained the cornerstone for providing a social safety net. Since 2003, Brazil has operated the conditional cash-transfer scheme known as "*Bolsa Familia*" in which the federal government unified diverse cash-transfer schemes into one. It is the largest operational cash-transfer scheme in the world. The programme currently reaches about 26 per cent of the country's population, 13 million families accounting for approximately 50 million residents, at an expenditure equivalent to 0.5 per cent of GDP. It is estimated that about 50 per cent of the current beneficiaries of the programme reside in the north-eastern region. The programme integrates its benefits with those of the universal health care and primary education systems; the benefits of the programme are conditional upon children's attendance at school and stipulated periodic preventive health checks. Research indicates that the programme is an important source of income for some of the poorest households in the country.[21] It is estimated that

[15] World Trade Organization Statistical Database: http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=BR.
[16] Explanatory note on the 2014 Human Development Report composite indices: http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/BRA.pdf.
[17] Table 8, Pesquisa Nacional por Amostra de Domicílios 2011, Instituto Brasileiro de Geografia e Estatística - IBGE
[18] World Bank Databank: http://data.worldbank.org/indicator/SI.POV.NAHC/countries?page=1.
[19] UNDP Millennium Development Goal Country Report, Brazil 2014.
[20] Bolsa Familia Programme, A decade of social inclusion in Brazil.
[21] Bolsa Familia Programme, A decade of social inclusion in Brazil: https://www.wwp.org.br/sites/default/files/sumex_bolsa_familia_program_decade_social_inclusion_brazil_pe.pdf.

Bolsa Familia's payments account for 15-20 per cent of the reduction achieved in the Gini co-efficient representing income distribution in Brazil.[22]

B. Agricultural and rural development

52. Agriculture has occupied a central role in the poverty reduction efforts of Brazil, mainly through support to family farming in the form of land redistribution, technical assistance and the provision of financial services for farm and non-farm activities. It is also one of the drivers of exports alongside extractive minerals. Agriculture employs 15.3 per cent of the country's workforce, as compared to 21.9 per cent in industry and 62.7 per cent in the services sector.

53. Brazil is ranked sixth in terms of overall agricultural output, estimated at US$100 billion in 2012. Some of the important crops grown in Brazil are sugarcane, soybean, cotton and coffee. Brazil is the world's largest producer of coffee and sugarcane and second largest producer of soybean. Some of the most important food crops in Brazil are dry beans, paddy and maize with production estimated at 2.7 million tonnes, 11 million tonnes and 71 million tonnes, respectively, in 2012.[23]

54. Livestock resources are abundant in Brazil. It has the second largest number of cattle in the world, behind India. Brazil is the world's largest producer of beef, estimated at 9.4 million tonnes in 2012, valued at US$25.3 billion and the second largest exporter in the world. Apart from meat, the dairy industry has witnessed rapid growth in the past decade, with Brazil turning from a net importer to a net exporter of dairy produce. Over the period of 2010-20, it is estimated the Brazil's milk production will grow by 1.7 per cent per annum.[24] Poultry production is also important; Brazil is the third largest producer and the largest exporter of broiler meat in the world.

55. **Family farming.** In Brazil, family farming *(*also family agriculture*)* is now defined by the Family Farming Law (Law 11,326), based on four criteria: a maximum land tenure defined regionally; a predominant recourse to non-wage family labour; an income predominantly originating from the farming activity; and a farm operated by the family. It is considered a specific means of organizing agricultural, forestry, fisheries, pastoral and aquacultural production. The family and the farm are inseparably linked, co-evolve and combine economic, environmental, reproductive, social and cultural functions.

56. Brazil has an estimated 16 million family farmers, with a total of around 4.1 million small farm plots. They contribute significantly to the production of certain agricultural products such as beans (70 per cent), maize (46 per cent), coffee (38 per cent), milk (58 per cent), poultry (50 per cent) and beef (30 per cent). Family farms represent 84 per cent of the total number of farms and occupy 80 million hectares of land (24 per cent of total farmland). Family farms contributed 38 per cent of the gross value of agricultural production as of 2006.[25] They are also instrumental to the food security of the country, as they produced 70 per cent of all food products consumed by Brazilians.[26] Family farms primarily use family labour and also commonly employ temporary labour. Family farms employ 74 per cent of total available farm labour, using an average of 15.3 persons per 100 hectares, compared to non-family farms with 1.7 persons per 100 hectares.[27]

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[22] Ibid.
[23] FAOSTAT: http://faostat.fao.org/DesktopDefault.aspx?PageID=339&lang=en&country=21.
[24] FAO-OECD Agricultural Outlook: http://www.oecd.org/site/oecd-faoagriculturaloutlook/48184340.pdf
[25] Ibid.
[26] Scaling up Local Development Initiatives : Brazil's Food Acquisition Programme: http://www.fao.org/fsnforum/sites/default/files/resources/Nehring_McKay_2013_PAA.pdf.
[27] FAO, Family Farming Observatory: http://www.rlc.fao.org/en/about-fao/regional-priorities/family-farming/baf/2012-09/ffo/.

57. **Agriculture research**. Agricultural production has evolved in the past decades in its shift away from the continued expansion of acreage under production and towards a focus on improving productivity. Starting in the 1960s, the country began to experience major changes in the methods of agricultural production. The traditional methods of production together with land expansion were no longer sufficient to sustain agricultural growth at the pace required by the growth in the industrial sector.

58. In the 1970s, Brazil started investing significantly in agricultural research and production intensification to tackle the food crisis in the region. The formation of EMBRAPA in 1973 was a step in that direction. The National Agricultural Research System is composed by EMBRAPA, 18 State Organizations for Agricultural Research (OEPAs), universities and the federal or State level research institutes, and other public and private organizations directly or indirectly linked to agricultural research activity. While EMBRAPA tackles agricultural research at the National level, OEPAS have a high importance at States level.

59. Another notable achievement, principally by EMBRAPA, was to transform the vast tropical savannah eco-region of the *Cerrado*, hitherto considered largely unproductive, into arable land, thereby opening up vast tracts of lands for agriculture and livestock-rearing without resorting to massive deforestation. As of 2010, the Cerrado accounted for almost 70 per cent of the total farm output of Brazil[28] although it makes up only 25 per cent of its territory.[29]

60. **The public agriculture extension system** is financed by both federal and state governments. Brazil's first public extension system was created in 1974 with the establishment of the *Empresa Brasileira de Assistência Técnica e Extensão Rural* (EMBRATER) at the federal level and the *Empresas de Assistência Técnica e Extensão Rural* at the state level. However, during the late 1980s, funding by the federal government declined and, as a consequence, EMBRATER closed, followed in turn by several state rural extension agencies dependent on federal funds. The impact was greatest in the Amazon and the semi-arid regions, the less-developed regions of Brazil containing about 70 per cent of the family-farming population.[30]

61. Federal funding for extension was revived only in 2003 with the formulation of a new national rural extension policy, *Política Nacional de Assistência Técnica e Extensão Rural*, which defined family farmers as its target group. As of 2011, the public extension system reached about 1.5 million family farmers through a network of 20,000 extension agents with a budget of US$1 billion. However, low coverage remains an issue given that, as of 2011, three million family farms were not receiving rural extension services.[31] In order to tackle this situation, in 2013 the Government created the National Agency for Rural Extension and Technical Assistance, which became operational in 2015. The main objective for this agency is to streamline and simplify contractual services, also improving monitoring and evaluation of extension services in Brazil. One of its activities will be to share technologies and knowledge, with EMBRAPA, to farmers for improving their productivity and enhancing sustainable actions.

[28] The Miracle of Cerrado, The Economist: http://www.economist.com/node/16886442.
[29] Public Policies and Agricultural Investment in Brazil: http://www.fao.org/fileadmin/templates/tci/pdf/InvestmentPolicy/Inv_in_Br_agriculture_-_20_08_2012.pdf.
[30] Keynote Paper, Innovations in Extension and Advisory Services for Alleviating Poverty and Hunger: Lessons from Brazil http://extension.cta.int/pages/Documents/Keynote%20Papers/CTA129%20Keynote%20Papers_Correa%20da%20Silva%20KN_04.pdf.
[31] Keynote Paper, Innovations in Extension and Advisory Services for Alleviating Poverty and Hunger: Lessons from Brazil http://extension.cta.int/pages/Documents/Keynote%20Papers/CTA129%20Keynote%20Papers_Correa%20da%20Silva%20KN_04.pdf.

62. **Water.** Research by Vinod Thomas (see *From Inside Brazil: Development in a Land of Contrasts)*[32] on Brazil notes that the country has an abundance of freshwater. However, more than 70 per cent of water is concentrated in the Amazon Basin. With 7.32 trillion cubic metres, Brazil has the largest internal flows of water in the world. If properly managed, this precious resource can meet the country's needs for agriculture, industry and household use. However, while water is in abundance is some areas, it is scare elsewhere. The north-east region, with close to 28 percentage of the population, has only 5 per cent of the country's water resources. When water is available, it is often highly polluted and drought is also a recurrent problem. Sustainable water resources management has been and remains a major challenge for Brazil.

63. **The semi-arid region.** The north-east of Brazil has a large semi-arid area of approximately 970 000 km^2, occupying 11 per cent of the national territory and inhabited by approximately 25 million people. The region has a high average temperature (27^o C) and evaporation amounting to 2000 mm/year, with average rainfall between 400 and 600mm/year with irregular distribution in time and space, concentrated in 3-5 months. The combination of these factors creates a negative hydric balance during most of the year and favours the occurrence of severe droughts. Soils are mostly shallow, with localized rising of rocks and a rocky terrain. The predominant vegetation is the *Caatinga*, a thorny deciduous dry woodland dominated by woody plants. The semi-arid region is, undoubtedly, the most vulnerable geographic space to the effects of desertification and climatic change.

64. The region's main food crops are cassava, beans, and maize. The first is the major source of carbohydrates for the rural population, and the second the major source of vegetal protein, while maize is often used for feeding small animals, and also as a component of the human diet. Other important crops are cowpeas, adapted to dry areas, cashew and tropical fruits, the latter cultivated in irrigated perimeters with a more organized market structure. People living in rural areas are mostly poor, in spite of the reduction in poverty observed in the last decade, a result of the several social programmes implemented by the federal government of Brazil.

65. In spite of aggressive efforts made by the Brazilian governments, aiming at a better distribution of wealth and the improvement of the living conditions in the country, the situation of the semi-arid region of the north-east continues to pose a serious challenge to sustainable development in the country. Projects that created the appropriate infrastructure for irrigation, such as the SUDENE/CODEVASF project implemented in the margins of the San Francisco river in Petrolina and Juazeiro, have shown the potential for agricultural production in the region, especially for the production of fruits and horticultural products. With access to water, farmers increased production of vegetables and later engaged in fruit production. Today, the region is a net exporter of tropical fruits and grapes, and also a recognized "terroir" of wine production. However, the absolute majority of the semi-arid Northeast does not have the necessary infrastructure for irrigated agriculture and, as a result, depends on rain fed agriculture for food production. This situation makes it imperative for opportunities for irrigated agriculture to be created for family farmers, as a way to increase crop production and productivity in the region.

66. **Land reform**. Debate concerning land reform has prevailed in the political domain since the 1950s, but serious implementation of reform began only in the 1990s. In the period 1964-1985, only 77,000 families were settled whereas from 1995-2002 the number rose to 400,000 families. Between 2002 and 2006 alone, the government is estimated to have invested US$2 billion and to have

[32] The World Bank and Stanford Economics and Finance (2006).

expropriated 32 million hectares to be redistributed to 381,000 landless families; a similar amount is estimated to have been spent in the period 2006-2010.[33]

67. The main institution responsible for land reform, basically the resettlement of landless families on expropriated land, is the National Institute for Colonization and Agrarian Reform. The role of grass-roots civil movements such as the *Movimento dos Trabalhadores Sem Terra* has been instrumental, supported by favourable government legislation enacted through the Constitution of 1988 and subsequent government decrees.[34] Land reform activities have been diversified, with a particular focus on post-land-distribution interventions and settlement development. These actions include special lines of credit, such as those for housing and productive projects undertaken by women's groups, as well as literacy and other educational projects.[35] Land reform has been instrumental in making family farming[36] central to the agriculture and social sector policy discourse in Brazil.

68. **Rural financial services** have played an important role in the transformation of agriculture starting in the 1960s when the large-scale modernization of the agricultural sector was undertaken. The National Rural Credit System (Sistema National de Crédito Rural) was instrumental in financing agricultural modernization efforts through the 1960s and 1970s, but was insufficiently targeted towards small and medium farmers. By 1976, almost 56 per cent of the credit was directed towards large-scale farmers.[37]

69. The National Programme to Strengthen Family Farming (PRONAF, *Programa Nacional de Fortalecimento da Agricultura Familiar*) targets families that possess less than four *módulos fiscais* (the minimum area of land needed to maintain a family farm, which differs between regions). Credit lines have been established to meet the specific needs of farming families, and it is estimated that PRONAF has reached almost two million farm families.[38]

70. In addition to credit, PRONAF actively promotes insurance against climate hazards and price fluctuations. The "Family Farming Insurance", created in 2004, covers 100 per cent of the loan and 65 per cent of the expected net income from the harvest, in the event of losses caused by drought, rain, hail, wind and or other natural factors. The "Price Guarantee Programme for Family Farming", established in 2006, insures producers against price falls. It offers a discount on the credit payment equivalent to the difference between market prices and the reference prices defined by the National Supply Company.[39] PRONAF's targeting also allows the government to focus other interventions on family farmers, such as the Food Acquisition Programme (*Programa de Aquisição de Alimentos*). Launched in 2003, the Food Acquisition Programme is a government-sponsored food procurement programme that utilizes the productive capacity of family farms to contribute to meeting the nutritional needs of people living in food insecurity, by supplying food to local public school feeding programmes, food banks, community kitchens, charitable associations and community centres for the needy.

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[33] Agricultural Land Redistribution, Towards a greater consensus. http://siteresources.worldbank.org/INTARD/Resources/Ag_Land_Redistribution.pdf.
[34] Ibid.
[35] The Food Security Policy Context in Brazil, International Policy Centre for Inclusive Growth.
[36] Using the Inter-American Institute for Cooperation on Agriculture (IICA) definition, a family farmer is distinguished from a farmer who uses hired labour based on the social relations of production (i.e. the type of labour used on the farm rather than its size or the income that it generated). Thus, family farms were defined as those that used more family labour units than hired labour units. The upper limit for the classification is set at 15 times the *módulo fiscal* - the minimum amount of land needed to maintain a family by means of family farming.
[37] Public Policies and Agricultural Investment in Brazil: http://www.fao.org/fileadmin/templates/tci/pdf/InvestmentPolicy/Inv_in_Br_agriculture_-_20_08_2012.pdf.
[38] The Food Security Policy Context in Brazil, International Policy Centre for Inclusive Growth: http://www.ipc-undp.org/pub/IPCCountryStudy22.pdf.
[39] Ibid.

71. **Private sector in agriculture.** Under the new rural extension service regime in place since 2003, private entities including non-governmental organizations (NGOs) have also been enabled to access public funding to provide extension services to family farmers. Another recent phenomenon has been the entry of organized private sector players into large-scale agricultural production. Many private investors are also facilitating the transfer of modern agricultural technologies learned in Brazil to similar investments in Africa. This is significant in the context of SSTC.[40]

72. **The regulatory and business environment.** The "Doing Business" index compiled by the International Finance Corporation ranks Brazil as 120th in a total of 189 countries in 2015, compared to a rank of 123 in 2013. Similarly, the "Global Competitiveness Index" for 2014-2015, compiled by the World Economic Forum, ranks Brazil's competitiveness in 57th place of a total of 144 countries. Brazil ranked 72nd out of 177 in Transparency International's Corruption Perceptions Index 2013.

73. **Intraregional trade in agriculture.** Brazil is the largest of the five members of the trading bloc Common Market of the South (MERCOSUR) (including Argentina, Paraguay, Uruguay and Venezuela). As of 2010, it accounted for 71 per cent of the total exports of MERCOSUR and for 52 per cent of the intra-bloc exports. In agricultural products, Brazil accounts for 62 per cent of all MERCOSUR exports while in intra-bloc trade it accounts for a mere 12.5 per cent of exports (compared to Argentina's share of 50 per cent). Intra-bloc trade as a proportion of total trade remains relatively small. As of 2010, intra-bloc exports were only 15.5 per cent of total exports. Agricultural products comprised 40 per cent of the total exports of MERCOSUR countries but only 18 per cent of intra-bloc exports.[41]

74. **Agricultural budget.** Table 4 shows the total federal budget and the budget of selected state governments, with ongoing IFAD-financed operations.

Table 4
Total budget of Brazil (both federal and selected state governments)
Brazilian reals (million)

	Total budget				
Federal/states	*2010*	*2011*	*2012*	*2013*	*2014*
Federal Government	1 860 428	2 073 390	2 257 289	2 276 516	2 488 853
Bahia	23 275	26 249	28 951	34 581	36 084
Ceara	13 805	16 787	18 315	19 388	21 304
Paraiba	6 017	7 170	8 088	9 903	10 747
Pernambuco	18 620	21 963	27 428	33 510	31 884
Rio Grande do Norte	7 787	9 498	9 395	11 036	12 148
Sergipe	5 337	6 500	7 582	7 800	8 625
Alagoas	1 369	1 635	1 842	-	1925

Source: Website of the Ministry of Planning, Budget and Management.

75. Table 5 below shows the agriculture budget of the federal and selected state governments. The figures in brackets besides each number are the percentage of the agriculture budget, as part of the total federal and state budgets.

[40] Private Financial Sector Investment in Farmland and Agricultural Infrastructure, OECD Food, Agriculture and Fisheries Papers No. 33: http://www.oecd-ilibrary.org/docserver/download/5km7nzpjlr8v.pdf?expires=1415979142&id=id&accname=guest&checksum=AB141E2EAE4A6546B22A42D51BF91004,
[41] International Trade Statistics 2010, WTO: http://www.wto.org/english/res_e/statis_e/its2011_e/its2011_e.pdf.

Table 5
Agriculture budget of Brazil (both federal and selected state governments)
(Millions of Brazilian reals)

Federal/states	*Total budget* 2010	2011	2012	2013	2014
Federal Government	82 076 (4.41)	94 112 (4.45)	114 846 (5.09)	143 062 (6.28)	166 691 (6.70)
Bahia	2 798 (12.02)	3 507 (13.36)	4 467 (15.4)	6 044 (17.48)	6 475 (17.95)
Ceara	640 (4.64)	715 (4.26)	784 (4.29)	1 155 (5.96)	1 090 (5.12)
Paraiba	362 (6.02)	375 5.24)	325 4.03)	496 (5.02)	480 (4.47)
Pernambuco	524 (2.82)	554 (2.53)	688 (2.51)	986 (2.94)	1 004 (3.19)
Rio Grande do Norte	188 (2.42)	243 (2.56)	273 (2.91)	438 (3.97)	352 (2.91)
Sergipe	331 (6.21)	317 (4.89)	345 (4.55)	497 (6.38)	464 (5.39)
Alagoas	254 (18.55)	109 (6.66)	130 (7.05)	- -	391 (20.31)

Note: Figures in brackets are the percentage of the agriculture budget as a proportion of the total budget.
Source: Website of the Ministry of Planning, Budget and Management.

76. Brazil's national budget for 2014 was 2.49 trillion Brazilian *reais*. From this, 6.7 per cent of the national budget was allocated to the agriculture sector (expenditure, commercialization and investments), which includes an increase by 16.5 per cent from the 2013 budget to the sector. Bahia allocates 17.95 per cent of the state's total budget to agriculture in 2014, which is the highest proportion of all the states listed in tables 4 and 5. The lowest allocation is by the state of Rio Grande do Norte (2.91 per cent).

77. In June 2015, the Government announced an increase in its 2015/2016 annual national budget for agriculture credit (*Plano Agrícola e Pecuário*) by 20 per cent as compared to the 2014/2015 budget. The 2015/2016 agriculture credit budget is 187.7 billion *reais* (which is equivalent to US$56 billion). Considering that Brazil is going through major economic difficulties and most government agencies are facing budget cuts, the increase shows the importance of the agricultural sector for the Brazilian economy. Out of the US$56 billion, US$45 billion will be allocated for commercialization and expenditure costs, while US$11 billion will be allocated for investments.

78. In August 2015, the PRONAF granted funding for working capital and investment to family farmers and agrarian reform settlers. The 2015/2016 *Plano Safra* (family farming budget plan) dedicated 28.9 billion *reais* (approx. US$8.6 billion) to finance the production, expenditure and investment for family farmers.

C. Public policies and programmes for rural poverty reduction and donor assistance

79. The current generation of poverty-alleviation programmes, with an emphasis on food security, commenced in 2002, and political will at the highest level was demonstrated through the programmes of *Fome Zero* (Zero Hunger) and *Brasil Sem Miséria*.

80. **The *Fome Zero* (Zero Hunger)** initiative was launched in 2002 to encompass a range of initiatives aimed at guaranteeing quantity, quality and regularity of access to food for the whole of the population. This included, as a start, providing

food security to 46 million people living on less than US$1 a day. It involved actions on multiple fronts including land reform, expansion of school feeding programmes and support for food banks.[42] The initiative also served as an umbrella programme for multiple cash-transfer initiatives such as *Bolsa Escola* (for boosting school attendance), *Bolsa Alimentação* (for maternal nutrition) and the *Programa de Erradicacao do Trabalho Infantil* against child labour, along with the *Auxilio Gás* (for cooking gas subsidies) and the *Cartão Alimentação* (a credit card for the purchase of selected food items). As mentioned earlier, in 2003, a unified registry of beneficiaries of all the above initiatives was prepared and all the cash-transfer initiatives were brought under the umbrella of the single conditional cash-transfer initiative of *Bolsa Familia*.[43]

81. ***Brasil Sem Miséria*** **(Brazil without Poverty)** was announced by President Dilma Rousseff in 2011 during her first term in office. It built on the *Fome Zero* initiative and aimed to consolidate the gains to completely eradicate extreme poverty in Brazil by 2014. The programme has three main components:[44]

    (i) To raise per capita household incomes of the target population;

    (ii) To expand access to public goods and services; and

    (iii) To provide access to jobs and income opportunities through productive inclusion initiatives.

82. There are several other important programs for rural poverty reduction such as: (i) Programa de Aquisicao de Alimentos (Food Acquisition Programme); (ii) Programa Nacional de Alimentação Escolar (PNAE) (Nacional School Feeding Programme); (iii) Sistema Único de Inspeção Sanitária (SUASA)(Unique health care system); (iv) Selo da Agricultura Familiar (Sipaf) (Seal of Family Farming); (v) Programa Garantia-Safra (Harvest Garantee programme); (vi) Seguro da Agricultura Familiar (SEAF) (Family Insurance System); (vii) Programa Mais Alimentos (More Food Programme); (viii) Programa de Garantia de Preços para a Agricultura Familiar (PGPAF) Price Guarantee Programme for Family Farming; (ix) PRONAF; (x) Programa Nacional de Crédito Fundiário (National Programme for Agrarian Credit); (xi) Programa Cadastro de Terras e Regularização Fundiária (Land Regulation and Legal Cadastre Programme).

83. Brazil has achieved considerable success in its poverty-alleviation efforts. The initiatives in support of the Brazil's poverty reduction efforts have hinged on the three pillars of land reform, access to credit and conditional cash transfers. Land reform has sought to provide access to land for landless farmers, while rural financial services have sought to create opportunities for on- and off-farm activities and risk mitigation. The cash-transfer scheme of *Bolsa Familia* has provided an assured safety net for the poorest families in the country and provided an efficient system to transfer social security benefits to the poorest families.

D. Brazil as an aid recipient and donor

84. Brazil is both an aid recipient and donor country. Brazil received US$4.9 billion as country programmable aid[45] in the period 2004-2012. See table 6 below.

[42] Designing and Implementing Pro-Poor Agricultural Policies, Ministry of Agrarian Development, Secretariat of Family Farming: http://www.oecd.org/tad/25836756.pdf.
[43] From Fome Zero to Bolsa Familia, Anthony Hall (2006): http://core.kmi.open.ac.uk/download/pdf/209928.pdf.
[44] New Strategy for Poverty Eradication in Brazil, The emergence of Brazil Sem Miseria Plan, UNDP: http://www.ipc-undp.org/pub/IPCOnePager214.pdf.
[45] Country programmable aid reflects the amount that is subjected to multi-year planning at the country/regional level, and is defined through exclusions by subtracting from total gross Official Development Assistance expenditures that: (i) are unpredictable by nature (humanitarian aid and debt relief); (ii) entail no cross-border flows (administrative costs, imputed student costs, promotion of development awareness, and research and refuges in donor countries); (iii) do not form part of the cooperation agreements between governments (food aid and aid from local government); or (iv) are not country-programmable by the donor (core funding of NGOs).

Table 6
Development assistance to Brazil in 2004-13 (disbursements)

Year	*Aid (Millions of United States dollars)*	*Country programmable aid (Millions of United States dollars)*
2004	507.5	427.8
2005	574.7	474.1
2006	484.8	375.1
2007	432.2	543.6
2008	673.2	554.4
2009	635.9	521.9
2010	662.6	441.5
2011	997.9	657.6
2012	1 742.7	1 265.7
2013	-	697*
2014	-	840*

Source: Organisation for Economic Co-operation and Development (OECD), Development Assistance Committee OECD-DAC statistics (see creditors database).
* Estimates.

85. According to data from the OECD-Credit Reporting System, the average total Official Development Assistance committed by bilateral and multilateral donors to Brazil from 1996 to 2002 was US$215 million per annum. Then, between 2005-2009 the annual commitment rose to US$415 million. After 2010, the commitments for Brazil had a significant increase reaching an annual average of US$1.4 billion. In 2013, the total Official Development Assistance commitments per year to Brazil was US$782 million.

86. From 2005-2013, total Official Development Assistance commitment to Brazil's agriculture and rural development sector was US$2.6 billion, averaging around US$263 million per annum, with a peak in 2013 of US$320 million. In 2013, the Official Development Assistance for agricultural and rural development in Brazil was around 3 per cent of the Government budget for the sector in the same period.

87. Table 7 shows the main multilateral and bilateral donors to the agriculture sector in Brazil and their respective annual average commitments. In terms of bilateral aid for agricultural development, the largest financial support in the 2005-2013 period comes from Norway with a total amount around US$789 million, followed by France with US$108 million, and Germany with US$85 million. In terms of multilateral aid for agricultural development, the Wold Bank makes the largest financial contribution to Brazil with US$112 million per year.

88. In terms of overall priorities, the World Bank promotes effective management of natural resources and the environment in Brazil. The focus of the Bank's investments has been for subnational entities (states and large municipalities) and Brazil's northeast. CAF's focus has been, inter alia, on microfinance, social and environmental development, small and medium enterprise development, knowledge, energy efficiency, and institutional strengthening. Brazil is Norway's largest aid recipient, with the majority of that assistance targeted for preservation of rainforests, climate change and support to indigenous peoples in the Amazon. In addition, Norway is the main contributor of the Amazon Fund with a total commitment of US$1 billion. France supports Brazil in areas of climate change, sustainable development, biodiversity and technological innovation. The focus of

German aid is on conservation and sustainable management of tropical forests, and on renewable energy and energy efficiency.

Table 7
Development Assistance to Brazil's agriculture sector by main donors 2005-2013

Donor	*Annual average commitments (Millions of United States dollars)*
World Bank	112.1
Norway	98.7
CAF	70.6 (2007-2011)
IFAD	19.1
IDB	14.8 (2008-2014)
FAO	12.4 (2002-2010)
France	12.0
Germany	9.4
UNDP	8.1 (2008-2013)

Source: Organisation for Economic Co-operation and Development (OECD), Development Assistance Committee OECD-DAC statistics (see creditors database).

89. Brazil is also a donor country. Its annual aid disbursement (outflows) is not reported to the OECD-DAC; estimates by the Overseas Development Institute put the annual aid disbursal at US$1 billion. The biggest recipients have been Lusophone countries such as Mozambique, Guinea Bissau and Timor-Leste.[46] The aid is provided through multiple channels such as technical cooperation, project funding, concessional loans and institutions such as the Brazilian Cooperation Agency, EMBRAPA, the Oswaldo Cruz Foundation and the Brazilian Development Bank.

90. Brazil is well placed to play an instrumental role in the context of SSTC and this is witnessed in the big share of technical assistance in the overall aid. It is estimated that in 2010 alone Brazil provided technical assistance in excess of US$480 million; an increasing share of technical assistance is being provided to African countries.[47] EMBRAPA has opened a field office in Ghana and the Oswaldo Cruz Foundation has opened an office in Mozambique. In the period of 2003-2010, almost 50 per cent of the technical cooperation was in the field of agriculture, education and health.[48]

91. **The BRICS.** Brazil is a member of the BRICS (Brazil, Russia, India, China and South Africa) group of countries. The BRICS was originally founded in 2008 as the BRIC group, but with the addition of South Africa in 2010, its acronym was changed to BRICS. The members of BRICS are distinguished by their large, fast-growing economies and significant influence on regional and global affairs; all five are members of the G20 countries. The aim of the BRICS is to foster exchanges in the commercial, political, economic and cultural fields.

92. One of the most important achievements, inter alia, of the BRICS group of countries is the establishment of the New Development Bank (also known as the BRICS development bank). The goal of the bank is to mobilize resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries. The Nobel laureate Joseph Stiglitz said in 2014 of the BRICS bank: "This is adding to the flow of money that will go to

[46] Brazil, An Emerging Aid Player: http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/6295.pdf.
[47] Ibid.
[48] Setting its own course, Brazil foreign aid expands and evolves: https://www.devex.com/news/setting-its-own-course-brazil-foreign-aid-expands-and-evolves-78631.

finance infrastructure, adaptation to climate change – all the needs that are so evident in the poorest countries. It also reflects a fundamental change in global economic and political power".

E. The focus results, and lessons of other selected development partners in Brazil.

93. The CPE has undertaken a review of the focus, results and lessons of key development partners in Brazil, based on the evaluations done by their respective evaluation offices since 2010. The aim of this review is to have an overview of the performance of the activities supported by key development partners in Brazil, as well as to identify some of the main issues and lessons that might be of relevance to the IFAD country programme.

94. The organizations covered in this review include FAO, IDB, Norway, UNDP and the World Bank. A full summary of the findings of this analysis is contained in annex IV. Findings have also been referenced in selected sections of the main CPE report, where appropriate.

Key points on country context

- Brazil is the largest country in the Latin America and the Caribbean Region, with a population of 204.6 million. Almost 30 million people live in rural areas.
- The country has the seventh largest economy in the world. Agriculture contributes 5.1 per cent to the country's GDP.
- Poverty is mostly concentrated in the north and north-east of the country, and water resources availability and management is a major challenge for rural poverty reduction.
- Agriculture is central to poverty reduction and food security in Brazil, which has an estimated 16 million family farmers with a total of around 4.1 million small farm plots.
- The Ministry of Agriculture and Ministry of Agrarian Development are two key federal institutions promoting agriculture and rural development. The focus of the Ministry of Agrarian Development is particularly on family farming.
- The country has invested significantly in agriculture research through institutions such as EMBRAPA.
- Over the past 15 years, the country has implemented a number of key policies and programmes for the elimination of hunger and poverty, such as *Fome Zero and Brasil sem Miseria.*
- Brazil is both a recipient of international development assistance and a donor (through bilateral and multilateral channels).
- Other donors working in the agriculture sector in Brazil face similar challenges to IFAD, including in the areas of efficiency, sustainability and M&E.

III. IFAD country strategy and operations

A. Description of IFAD's country strategy

95. **The first Brazil COSOP in 1997 and CPE in 2007**. IFAD produced its first COSOP for Brazil in 1997. It identified four main strategic thrusts: (i) promoting access to land; (ii) supporting the Government's smallholder sector policy and programme; (iii) focusing IFAD assistance on the north-east region of the country; and (iv) engaging in policy dialogue. A summary of the main priorities contained in the 1997 COSOP is found in table 8. The 1997 COSOP was revised after the 2007 CPE.

96. The 2007 CPE found that IFAD-funded projects had achieved good results in promoting water security, enhancing crop yields (e.g. through the introduction of pest-resistant varieties of cassava and pineapples) and natural resources management, as well as in building grass-roots institutions and involving NGOs in project initiatives. Off-farm initiatives took place in the form of support to traditional handicraft development and other artisanal activities. IFAD-supported operations had contributed to increasing the incomes of the rural poor in the north-east and had facilitated their participation in rural development processes, including access to education, infrastructure (e.g. rural roads) and other support services. However, the development of markets and value chains had not received systematic consideration in IFAD operations.

97. IFAD-assisted operations contributed to introducing some location-specific innovations (both concerning the general approach to rural development, for example, a shift from a top-down to a bottom-up approach, and those focusing on low-cost, easy-to-absorb technologies). However, the promotion of innovations was generally ad hoc, without due consideration for linkages with KM, policy dialogue and partnership-building. More generally, non-lending activities were found to be only a marginal component of IFAD's programme in Brazil.

98. **The 2007 CPE recommendations.** The 2007 CPE made five overarching recommendations (see below). These recommendations were captured in an Agreement at Completion Point (ACP) signed by the IFAD Associate Vice-President for the Programme Management Department and the Secretary of International Affairs from the Ministry of Planning and Budget.[49] The ACP was included in the final published 2007 Brazil CPE report. Moreover, in line with the IFAD Evaluation Policy, IFAD Management is required to report to the Executive Board on the implementation of such recommendations through the President's Report on the Implementation Status and Management Actions (PRISMA).[50]

99. Annex V of this CPE includes a detailed matrix of the 2007 CPE recommendations, and the joint response of the Government and IFAD to each recommendation captured in the ACP. The 2015 CPE has: (i) reviewed the pertinent PRISMAs to summarise the reporting by IFAD Management of the actions taken to implement the 2007 PCE recommendations; and (ii) made its own assessment of the extent to which these recommendations were actually implemented.

100. In doing so, the 2015 CPE has given a rating (fully implemented, largely implemented, partly implemented, or not implemented) to the implementation of each overarching recommendation. A summary of this analysis is included in the above-mentioned matrix and pertinent sections of the main 2015 Brazil CPE report (see, for example, the section on IFAD's performance in chapter V).

[49] Each CPE by IOE is concluded by an agreement at completion point (ACP), which is a short document illustrating IFAD Management and the concerned Government's commitment to adopt and implement the evaluation recommendations within specific timeframes. The 2007 Brazil ACP was signed by Mr Kevin Cleaver (IFAD) and Mr Alexandre Meira da Rosa (Ministry of Planning, Budget and Management).

[50] The PRISMA is presented by IFAD Management to the Fund's Executive Board annually at the Board's September session.

101. The 2007 CPE's five recommendations were as follows:

(a) **Strengthen innovation promotion, including KM**, notably by establishing wider partnerships using grant funds, ensuring that research results are more comprehensively included in IFAD operations, and investing more resources for systematically documenting good practices and lessons learned in the South America region and in African countries. KM and SSTC should be a central aspect of the country programme, supported by policy dialogue and stronger partnerships. The need to strengthen M&E was also underlined.

(b) **Intensify partnerships with government agencies** at the state level, by exploring opportunities for direct lending to state governments, and at the federal level, in order to maintain a close dialogue. It also recommended that IFAD should strengthen its partnerships in the federal government beyond the Ministry of Planning, Budget and Management and the Ministry of Agrarian Development, as well as enhance partnerships with multilateral and bilateral aid agencies.

(c) **Explore other geographic areas and targeting options.** In addition to working in the north-east, IFAD should explore opportunities to support poor people in the north of the country including indigenous peoples in the Amazon basin.

(d) **Redefine priority areas of operations:** a new priority area would be to promote access to markets and market information for farmers and small entrepreneurs in a greater collaboration with the private sector. IFAD should also contribute to the further strengthening of rural financial services at the grass-roots level and to innovations allowing banks to use retail shops for providing remote financial services at a lower cost compared to opening a branch.

(e) **Redefine IFAD's operating model.** The CPE recommended exploring the option of outposting the CPM and considering the establishment of a sub-regional office in Brazil to cover the Southern Cone countries. It further recommended increasing the level of resources allocated to Brazil within the framework of the Performance-based Allocation System (PBAS) including for non-lending activities (policy dialogue, KM, and partnership-building), and for IFAD to undertake direct supervision and implementation support of all operations.

102. **The 2008 COSOP.**[51] IFAD prepared its second COSOP in 2008, which was considered by the Executive Board in September 2008. It included a section on lessons learned from past experience (mainly from the 2007 CPE) and the full ACP from the 2007 CPE was included in the 2008 COSOP as an appendix.

103. While a consolidation assessment of the 2008 COSOP is made in chapter VII of this CPE report, it is worth noting that the COSOP and activities that were designed and implemented after the 2007 CPE broadly followed – though to varying degrees – many of the recommendations of the 2007 CPE. The conclusion of the 2015 CPE is that of the above five overarching recommendations, two were largely implemented (the last two) and three partly implemented (the first three), but none were fully implemented (see Matrix in annex V for details).

104. There are some recommendations that were not implemented, such as: extending the geographical coverage of operations to the north of the country; outposting of the IFAD CPM to Brazil and establishing a Country Office to cover IFAD operations in the Southern Cone countries; and strengthening partnerships with the multilateral and bilateral development partners.

[51] See document at: www.ifad.org/gbdocs/eb/94/e/EB-2008-94-R-9-Rev-1.pdf.

105. On another issue, "land tenure is fundamental, particularly in the precarious economy of the northeast", as noted by Vinod Thomas in "*From Inside Brazil, Development in a Land of Contrasts*". The 2007 CPE however recommended that "IFAD should not engage in wider land reform matters, but rather focus on providing support to land reform settlement areas". This is "because of the complexity and highly political nature of the topic and the Government's own major involvement in land reform, thus limiting the opportunities and role a relatively small international agency like IFAD could play". Having said that, challenges with land registration and secure property rights continues to constrain the rural poor from using land as collateral for loans, thus limiting investments in sustainable land development and agricultural production.

106. The 2008 COSOP set four strategic objectives that included both investment lending and non-lending efforts:

(i) To increase commercial agricultural production by small farmers, with corresponding access to markets under rewarding and sustainable conditions.

(ii) To improve access by the rural poor to off-farm employment and business activities in rural areas and villages, focusing on women and young people.

(iii) To improve, through knowledge generation and dissemination, the capacity of the rural poor and of relevant institutions in the north-east to co-exist with semi-arid conditions, to adapt to climate change and to exploit the development potential of the semi-arid region.

(iv) To deepen the discussion on rural poverty reduction and family farming policies at the national and international levels.

Visit to the Galho do Angico Settlement. Management of the savannah and water system for food production, Dom Hélder Câmara Project Phase I, Rio Grande do Norte, 19 October 2015.

107. Table 8 provides a summary of the principal elements contained in the 2008 COSOP.

Table 8
Principal elements of the 1997 and 2008 COSOPs

Principal elements	*COSOP 1997*	*COSOP 2008*
Overall goal	• Focus on the appropriate ways of targeting the rural poor through participation at project level and to emphasize the efficient and effective use of available funds.	• Break the vicious cycle of poverty that is perpetuated by the lack of sustainable resources of income and employment by the rural poor.
Major strategic objectives	• Policy dialogue: Assist the Government in shifting from welfare-oriented, highly subsidized anti-poverty programmes to economic-oriented development. • Promote access to land. • Support the Government in developing and consolidating the smallholder sector. • Prioritize the north-east as a geographical area of intervention.	• To increase commercial agricultural production and access to markets by small farmers; • To improve access by rural poor (particularly women and youth) to off-farm employment and business activities in rural areas and villages; • To improve, though KM and dissemination, the capacity of the rural poor and of relevant in the north-east to co-exist with semi-arid conditions; • To deepen the discussion on rural poverty reduction and family farming at national and international level.
Geographic priority	North-east of Brazil	North-East of Brazil and explore the opportunity of working in the North
Main subsector focus and activities	• Agricultural development • Policy dialogue • Human resource development • Technology development • Credit • Rural infrastructure • Research • Rural financing services • Off-farm activities and microenterprise development	• Community infrastructure • Agriculture development • Market access • Water management • Off-farm activities and business development • Strengthening farmers' organizations • Credit • Training and skills development • Policy dialogue • Knowledge sharing • South-South and Triangular Cooperation
Main partner institutions	Ministry of Planning, Management and Budget; Ministry of Agrarian Development; state governments; NGOs; and community organizations	Ministry of Planning, Management and Budget; Ministry of Agrarian Development; EMBRAPA; state governments; NGOs; and community organizations
Target groups	Family farmers, women, small marginal farmers and landless	Family farmers, agrarian reform settlers, women, youth, and rural workers.
Country programme funding	COSOP does not indicate level of funding	Total lending would be between US$45 million to US$50 million, for a three-year period (2008-2009, 2010-2012, 2013-2015), as per the PBAS.
Country programme and COSOP management	Projects supervised by cooperating institutions (e.g. UNOPS). No country office in Brazil. CPM based in Rome	Establishment of a Country Office in Salvador in mid-2011. All projects approved after 2008 to be directly supervised by IFAD. The CPM is based in Rome.

Source: 1997 COSOPs.

108. **IFAD-supported operations**. Brazil receives a financial allocation for loans and grants as determined by IFAD's PBAS for a three-year period. The total allocations for Brazil and loans provided in the period 2007-2015 are shown in table 9.

Table 9
Financing to Brazil from IFAD's performance-based allocation system

Year	*Financial allocation (Millions of United States dollars)*	*Total loans provided to Brazil (Millions of United States dollars)*
2007-2009 (IFAD7)	50.4	45.0
2010-2012 (IFAD8)	49.6	48.2
2013-2015 (IFAD9)	48.7	48.0
Total	**148.4**	**141.2**

Source: IFAD's Loans and Grant System.

109. Using the PBAS for Brazil, IFAD financed six new loan-funded projects following the adoption of the 2008 COSOP (see table 10), for a total cost of US$452.4 million. IFAD financing of the total is US$141.2 million from its core resources. In addition, IFAD provided further financing to these operations of US$23 million from the Spanish Trust Fund. Government counterpart funding for these six operations is US$212.4 million, and beneficiary contribution is US$75.9 million. None of the projects has any international cofinancing (for instance, from the CAF, IDB or the World Bank).

Table 10
Projects approved in Brazil since 2008

Project short name	*IFAD loan amount (Millions of United States dollars)*	*Additional funding Spanish Trust Fund (Millions of United States dollars)*	*Government and beneficiary funding (Millions of United States dollars)*	*Board approval date*
Viva o Semi Árido	20.0	-	19.0	September 2009
PROCASE	25.0	-	24.7	December 2009
Dom Távora	16.0	-	21.8	September 2012
Paulo Freire	32.2	8.0	54.7	September 2012
Dom Hélder Câmara II	3.0	15.0	107.2	December 2013
Pro-semi-arid	45.0	-	60.8	December 2013
				Total ongoing portfolio
Total	**141.2**	**23.0**	**288.2**	**US$452.4 million**

Source: IFAD's Loans and Grant System.

110. Of the six projects, two were approved by the Board in 2009, and two each in 2012 and 2013. All projects became effective between 2012 and 2013, and are expected to close between 2019 and 2021 (see annex II for specific details). These six operations cover the following states in the north-east: Alagoas, Bahia, Ceará, Paraiba, Pernambuco, Piauí, Rio Grande do Norte and Sergipe.

111. All projects are implemented by the respective state governments, apart from the Dom Hélder Câmara II, for which the federal Ministry of Agrarian Development is the executing agency. Five of the six ongoing projects are classified by IFAD as "rural development" and one (the Dom Távora) is classified as a "credit" project. The two closed projects (Dom Hélder Câmara I and Gente de Valor) were classified respectively as credit and rural development. Therefore, none of the eight projects covered by the CPE is classified by IFAD Management itself as "agricultural" projects.

112. In this regard, it is important to clarify that IFAD Management classifies each IFAD-financed project according to ten different "types" (e.g. agriculture, rural development, credit, markets, etc.). The type of classification assigned depends on the proportion of IFAD loan funds allocated to different project components and activities. In particular, if 50 per cent or more of IFAD loan funds are allocated, for example, to credit activities, then the project is classified as a "credit" operation, and so on.

113. By reviewing in detail project cost tables and design documents, IOE conducted its own component analysis of the eight projects covered by the CPE, and concluded that only around 35-40 per cent of the total IFAD loans funds are devoted to agricultural activities, including water management and small irrigation systems, livestock, crops (e.g. cassava, beans and other vegetables) and farm technology development, apiculture for honey production, dairy development, value addition, and related activities. Other activities funded by the loans include training, human and social capital development, development of organizational capacities, policy dialogue, knowledge management, community infrastructure, handicraft development, off-farm enterprises and business development, including support to wood craft, weaving and iron work, cultural tourism, environment and natural resources management, technical assistance and other such activities.

114. The allocation of funds for agricultural activities are generally included as part of "productive development" components, which includes funds for both agricultural and non-agricultural activities. The further risk is that – given the bottom up, demand driven approach to prioritizing project activities – beneficiaries might prefer non-agricultural activities to achieving food security and better incomes, which in the end might further reduce the actual total disbursements on agricultural activities. In fact, taking into account the early stages of implementation of most ongoing projects, few agricultural activities were seen by the CPE team during its fieldwork in the six states visited.

115. Finally, all IFAD-financed projects covered by the CPE have loans on "ordinary terms". That is, the loans have a term of 18 years, including a grace period of three years, with an interest rate equal to the reference interest rate per annum as determined by the Fund semi-annually.

B. Country programme management

116. This section provides a snapshot of IFAD's CPMs for Brazil and other staff working on the country programme, IFAD's country presence arrangements, and supervision and implementation support modalities of IFAD-financed projects.

117. **The Brazil CPM.** IFAD assigned two CPMs for Brazil since 2008. Both are senior professionals. The first CPM was responsible for IFAD operations in Brazil from September 2008 until September 2014. He did not have responsibilities for managing other IFAD country programmes concurrently. The second CPM was designated thereafter, and is concurrently also responsible for IFAD country programmes in the Dominican Republic, Guyana, and Trinidad and Tobago. The current CPM is also responsible for a sub-regional grant on rural youth implemented in six Caribbean countries, and was also responsible for the Brazil country programme for six months in 2007. As mentioned earlier, both CPMs have been based at IFAD headquarters.

118. A programme assistant (also based at headquarters) supports the Brazil country programme. However, she has responsibilities for other country programmes (Cuba and Mexico) as well. The regional economist and portfolio adviser of the Latin America and the Caribbean Division support the Brazil CPM on strategy and economic analysis and on portfolio management matters, respectively. The regional economist and senior portfolio adviser, however, are not exclusively devoted to the Brazil programme, as they also support IFAD programmes in other countries in the Latin America and the Caribbean Region.

119. The Brazil CPMs are responsible for a multiplicity of tasks. These including, inter alia, country strategy formulation, monitoring and review; project design; supervision and implementation support; policy dialogue; KM; partnership-building; grant activities; SSTC; and the supervision of country office staff. Given their seniority, the Brazil CPMs have also often served as officer-in-charge of the Latin America and the Caribbean Division in the absence of the divisional director.

120. The self-assessment done by the Latin America and the Caribbean Division (July 2015) for this CPE includes an estimated time allocation of the Brazil CPM. It noted that the CPM spent the largest amount of his time (35 per cent) on "managing other IFAD country programmes, and work on IFAD's and divisional priorities", followed by 20 per cent on "project supervision and implementation support", and 10 per cent on "country strategy issues". The estimated time allocated for other areas of work – policy dialogue, partnership development and donor coordination, knowledge management, SSTC, reporting, support to IFAD country office, and administrative matters – is five per cent in each case.

121. It is however fair to note that the data in the previous paragraph about time allocation is based on a period when the Brazil CPM also simultaneously acted as the Officer-in-Charge of IFAD's Latin America and the Caribbean Division for three months in the first part of 2015.

122. **IFAD country presence.** The 2007 CPE recommended that – given the size of the country and the number of rural poor people, and the financial allocations for loans and grants by IFAD (which is the largest in the Latin America and the Caribbean Region) – IFAD should establish a country office in Brazil and outpost its CPM from headquarters to Brazil.

123. The country office was established in Salvador (Bahia) and became operational in June 2011. It currently has three staff members (two country programme officers and one administrative assistant), who are supervised by the Brazil CPM from IFAD headquarters. The IFAD country office is located on the premises of the United Nations House, provided on a rent-free basis. As per the above-mentioned self-assessment (July 2015), the administrative costs incurred by IFAD are between US$1,000-US$2,000 per month (for insurance, cleaning, security, communication, water, etc.). Other costs include staff salaries and travel. The gross costs in 2013 and 2014 for running the country office were approximately US$350,000 per year.

124. The rationale for setting up the office in Salvador, inter alia, is the proximity to IFAD operations to provide supervision and implementation support, the relatively low cost of living in Salvador (as compared to Brasilia, for example), and the historic partnership between IFAD and the State Government of Bahia.

125. The self-assessment contained an indication of the estimated time use of IFAD country office staff. It noted that 65 per cent of time of staff in the country office is devoted to project supervision and implementation support activities, followed by 8 per cent each for knowledge management and report. The estimated allocation of time for COSOP and strategic issues, policy dialogue, partnership building and donor coordination, and administrative matters is 5 per cent in each area. No time is allocated for SSTC.

126. **Supervision and implementation support.** As per the Agreement Establishing IFAD, since the inception of its operations in 1978, the Fund contracted project supervision out to cooperating institutions such as the United Nations Office for Project Services (UNOPS) and the World Bank. However, in February 1997, the Governing Council adopted the Direct Supervision Pilot Programme that enabled IFAD directly to supervise and to provide implementation support in 15 IFAD-initiated projects globally. The pilot programme was evaluated by IOE in 2005,

and in December 2006 IFAD's Executive Board adopted a corporate policy on direct supervision and implementation support.

127. All six projects in Brazil approved since 2008 are therefore directly supervised by IFAD. The Dom Hélder Câmara I project, approved in 1998, was subsequently included as part of the Direct Supervision Pilot Programme. The Gente de Valor project (approved in April 2006) was initially supervised by UNOPS, but in 2009 until its completion IFAD took responsibility for its direct supervision and implementation support.

128. Supervision and implementation support is provided by staff in the IFAD Country Office, with the Brazil CPM himself spending about 20 per cent of his time on such activities (see table 9). In addition, consultants on specific technical issues are regularly mobilized for direct supervision and implementation support activities.

129. **Country programme management team.** The team plays an important role in managing the country programme, and comprises representatives of the main Brazilian partners, the CPM and country presence officers, project staff, and consultants familiar with Brazilian rural development. Annual meetings of the team would normally be held in Brazil to discuss the COSOP progress implementation report. IFAD also participates in periodic meetings convened by the Ministry of Planning, Budget and Management to review progress in the portfolio of projects supported by multilateral financial institutions including IFAD. A midterm review of the COSOP was planned in the second semester of 2010 or first semester of 2011, depending on progress in its implementation and an independent evaluation in 2013. Before that, the Latin America and the Caribbean Division committed to doing a self-assessment of the COSOP at completion. Achievements against these commitments made in the 2008 COSOP will be discussed later in the report.

Key points on IFAD country strategy and operations

- The 2007 CPE by IOE informed the preparation of the 2008 Brazil COSOP, though some of the recommendations from the evaluation were not implemented.
- The 2008 COSOP has four strategic objectives: (i) to increase commercial agricultural activities and access to markets; (ii) to improve off-farm employment focusing on women and youth; (iii) to enhance knowledge management, including issues related to climate change and semi-arid conditions; and (iv) to deep discussion on rural poverty reduction and family farming policies at national and international levels.
- IFAD financed six new projects after the 2008 COSOP was adopted. Five out of the six projects are in their initial phases of implementation. None of the projects is classified as "agriculture" by the IFAD Programme Management Department.
- The total project cost of the six new projects is US$452.4. All loans to Brazil are on ordinary terms. The financial allocation to Brazil based on the PBAS from 2007 until the end of 2015 was US$148.4 million, and loans actually made were a total of US$141.2 million. Beyond the PBAS allocation, additional funding was provided of US$23 million from the Spanish Trust Fund.
- IFAD established a Country Office in Salvador in June 2011 and is conducting direct supervision and implementation support in all projects.
- The Country Office is composed of three staff members. Two CPMs based at IFAD headquarters have overseen IFAD operations in Brazil since 2008.

IV. Portfolio performance

130. This chapter assesses the performance of the eight IFAD-supported projects covered by the CPE. As mentioned earlier, during the CPE period (2008-2015), only two projects were completed, and six are under implementation. Only one of the six ongoing projects has reached its mid-point in implementation, whereas the other five are either in the early stages of implementation or start-up phases.

A. Core performance criteria

Relevance

131. **Definition.** The relevance of the eight projects has been evaluated on: (i) whether project objectives were in line with the 2008 COSOP, government policies for agriculture and rural development, and the needs of the poor; and (ii) the soundness of their designs (e.g. in terms of components and activities supported, institutional arrangements, and coherence across activities).

132. **Independent evaluation ratings.** The 2007 Brazil CPE rated portfolio relevance as satisfactory. The two completed projects (Dom Hélder Câmara I and Gente de Valor) were designed after the 1997 COSOP and their relevance is therefore judged mainly against the strategy and objectives defined in that COSOP. Overall, both these projects are rated as satisfactory for relevance. The ongoing six projects were assessed against the 2008 COSOP, as they were designed after 2008. The CPE also assesses these six projects as satisfactory for relevance. Hence, the overall relevance of the project portfolio is considered as satisfactory (5).

133. **Closed projects.** The Dom Hélder Câmara I project was aligned with the 1997 COSOP. Dom Hélder Câmara I - and Phase II, which has just started implementation - are the only two projects executed by the Federal Government (i.e. the Ministry of Agrarian Development); all other projects covered by the CPE are executed by the respective state governments. The Dom Hélder Câmara I project went beyond simple alignment with government policies in that it saw itself as a facilitator for a number of public policies focusing on family farming. It succeeded in working with different segments of society in a differentiated manner. It adopted a pragmatic approach to the empowerment of rural women by identifying their needs and gathering them in interest groups focused on production or income-generating activities. The correct sequencing of activities contributed to the relevance of the project: it initially targeted the immediate development of human capital and living standards, and succeeding work focussed on developing production aimed to increase food security and gradually to promote participation in markets. The water infrastructure financed by the project also addressed a major need among the rural poor.

134. Some of the difficulties faced during implementation of the Dom Hélder Câmara I project can be related to specific features of project design: the inclusion of six states, although justifiable in view of project objectives, increased the complexity of implementation, supervision and monitoring. The administration of the IFAD loan supporting the project at the federal level largely freed the project from bureaucratic restrictions and allowed it to engage in a range of partnerships and to experiment with new mechanisms for supporting family farmers.

135. The objectives of the Gente de Valor project were relevant to the strategy of the Government of the State of Bahia and IFAD's country strategy, notably in terms of the geographic focus on the semi-arid zones in the north-east of Brazil and on family farming. According to the design, the project areas included the poorest 29 municipalities in the State of Bahia within two sub-regions: the north-east and the south-east, selected according to municipality-level human development indicators and taking into account basic needs, strength of local associations and their independence from political parties.

136. The project's "theory of change" addressed social and economic constraints to development in a participatory manner. The envisaged sequence was: (i) the mobilization of interest in the project grass-roots organizations and their strengthening; (ii) improving basic infrastructure; (iii) providing technical support services to production, both agricultural and non-agricultural; and (iv) supporting the marketing of products. This sequence is considered to have been appropriate. Without satisfying basic needs (access to water), it would have been impossible to initiate the majority of productive activities.

137. The design was very well adapted to the challenging agro-ecological environment of the area. Scarcity of water, both for human consumption and for agriculture, is a structural characteristic of the semi-arid region of the north-east, and is the major constraint to development. The project placed special emphasis on the provision of water tanks (both for human consumption and for horticultural production), as well as on building water reservoirs for livestock consumption. Agricultural techniques were promoted that would enhance soil moisture retention, restoration of soil nutrients and erosion control (e.g. the cactus/leguminous/millet mixed cropping).

138. However, there were two shortcomings in the design. First, there were limited interactions with municipal governments and other public programmes out of fear of politicization and mission drift; it should be noted that such limited involvement of the local (municipal) administration may constrain sustainability in the longer term. Second, the envisaged six-year implementation plan was not sufficient to complete all the activities. Most investments in processing of agricultural products were completed between 2014 and 2015, after the loan's closing and with funding from the Government. As communities gained confidence and knowledge, the degree of needs expressed evolved from basic ones (e.g. potable water, some vegetable production to bolster household food security) to more sophisticated production and technology (e.g. modern processing plants, desalinization equipment, tanks for fish farming).

139. **Ongoing operations.** An analysis of the objectives of the six ongoing projects shows that the overall goal is consistently to reduce rural poverty; the general objective of each project is formulated as some permutation of increasing on- and off-farm income, expanding employment opportunities and increasing productive assets, and there are references to improving organizational capacity and environmental practices. However, overall the CPE finds that for all of the ongoing projects, their objectives are consistent with national and state agriculture and rural development policies, particularly as they affect family faming and the rural poor. They have given the appropriate attention to involving women and youth.

140. The ongoing operations are located in the semi-arid north-east region (with the exception of the Dom Távora project which has a small area outside the semi-arid), as agreed with the Government of Brazil during the current COSOP preparation process and in line with the COSOP itself. The north-east region is notably characterized by the largest concentration of poor rural people, land degradation, and desertification. The target group mainly consists of family farmers, settlers of agrarian reform settlements and traditional communities (*quilombolas*[52] – Afro-Brazilians and indigenous people), with priority given to women and the youth. This is in line with Government's priorities in support to family agriculture and in addressing social inequalities as well as in compliance with the current COSOP and IFAD policies on gender and targeting. Furthermore, the eligibility criteria adopted by the projects to identify the poor family farmers are those used by some national programmes, such as "*Bolsa Familia*" and the PRONAF. The latter is generally considered as the main instrument to combat rural poverty and to promote the national policy on family agriculture. The eligibility

[52] Marginalized communities of African descent.

criteria for people's access to PRONAF's credit lines are widely adopted by public rural development programmes and projects.[53]

141. Additionally, rural people and family farmers living in the north-east are generally poorly organized and informed about public policies and programmes, this exacerbating their limited access to opportunities, resources and markets. In this regard, IFAD projects can play and have played an important role in facilitating access to the well-established government's purchasing programmes of agricultural products by the marginalized and poorest communities.

142. Finally, compared to earlier operations and in response to the previous CPE, the current project designs have placed emphasis on market access and value chain development. This shift in focus is also in line with the COSOP and responds to the socio-economic progress of the country requiring more market-based approaches to rural poverty reduction. In this regard, strengthening the organizational capacity of poor rural producers is also an adequate strategy as it is one of the main mechanisms that have potential to enhancing small and family farmers' access to local, national and international markets; better services; and profitable value chains.

143. **Cross-cutting design issues.** Based on the two closed projects and early implementation of the six ongoing projects, there are some design issues that are worth raising.

144. Firstly, none of the projects is classified by IFAD as an agricultural operation (see previous chapter), even though project designs include agricultural-related activities such as livestock, water conservation and management, agriculture production (e.g. vegetable gardening, honey production) and agroprocessing, and food security. However, as seen during the CPE's field visits and interactions with beneficiaries, agriculture does not appear to feature as the central dimension of the projects funded by IFAD, which include a range of other activities and services such as community infrastructure, financial services, social mobilization and grass-roots institution-building, human and social capital development, technical assistance, training, off-farm employment and rural business development, market development, and combating desertification. While the CPE recognises that off-farm and social and community development activities are indeed needed for income diversification and overall rural transformation, the CPE believes a better balance between on and off-farm agricultural activities is an area that needs attention in future investment programmes, in line with IFAD's core mandate.

145. Secondly, on a related matter, the CPE notes that the Secretariats for Agriculture at the state level have a limited role in the eight projects covered by the CPE. Only in two cases was the state-level department for agriculture designated as the main executing agency. In particular, in the case of the PROCASE (Paraiba), the main executing agency is the Secretariat for Agriculture Development and Fisheries, and in the Dom Távora project (Sergipe), it is the Secretariat for Agriculture Development and Rural Development. In all other cases, it is the Federal Ministry of Agrarian Development, or the state-level departments of Agrarian Development, or Regional Integration. Taking into account IFAD's core mandate to promote smallholder agriculture development and "to introduce, expand or improve food production systems", a greater focus on agriculture and partnerships with key federal and state-level institutions dealing with agriculture and municipal authorities would also be appropriate.

146. Thirdly, while the focus on the north-east region is appropriate given the poverty rates and overall development indicators in the region, the geographic spread of

[53] Pronaf A is directed towards land settlements of Agrarian Reform while Pronaf B is eligible to low-income family farmers with small land parcels.

projects is vast, covering eight states. This poses a major challenge, for instance, in terms of supervision and implementation support, coordination, exchange of knowledge, as well as in ensuring a comprehensive dialogue between the numerous key partners including IFAD, the federal and state governments and others. This also raises the question of how does IFAD – with its relatively limited resources – support the country in its broader rural poverty reduction efforts, on the one hand, and ensure effectiveness, impact and sustainability of its operations, on the other.

147. Finally, the average implementation duration of the two closed projects was seven and a half years (from loan effectiveness to project completion). The three older projects not covered by this CPE had an average implementation period of eight years. However, the projected implementation period of the six current projects is on average six years. This raises the issue of whether the design of such operations underestimates the time needed for full implementation of activities. Therefore, the six-year implementation period planned for each project[54] might be too short and does not seem to adequately consider the varying institutional capacities in the different states, some of which are implementing IFAD-funded projects for the first time.

IFAD's Delegation visiting the Santa Agostinha Settlement. Beekeeping / honey warehouse Dom Hélder Câmara Project Phase I, Rio Grande do Norte, 18 October 2015.

Effectiveness

148. **Definition.** Effectiveness assesses the extent to which project development objectives have been met or are likely to be met.

149. **Independent evaluation ratings.** The 2007 Brazil CPE rated portfolio effectiveness overall as moderately satisfactory (4). The evaluation of the Dom Hélder Câmara I project considered project effectiveness to be satisfactory (5), whereas the evaluation of the Gente de Valor considered its effectiveness as moderately satisfactory. The effectiveness of PROCASE is rated as moderately satisfactory.

[54] Only one of the six ongoing projects has a planned implementation duration of seven years.

150. **Closed projects.** The Dom Hélder Câmara I project had positive effects on the capacity of family farmers to organize themselves into autonomous associations. It invented a compelling and easily communicable concept – *Conviver com o semi-árido* – to promote the idea that it is possible for family farmers to establish a sustainable relationship with the environment of the semi-arid north-east and at the same time develop their business skills. Another great merit of the project was its contribution to easing one of the main constraints to agricultural development in the semi-arid north-east – access to water. In many communities, however, water continues to be scarce: the management of limited water resources needs improvement.

151. The adult literacy campaigns produced good results as a consequence of an innovative learning method inspired by one of the NGO partners that provided incentives for teachers to deliver results. Although project actions for promoting education were effective at the individual level, they have not yet generated changes in official school curricula. Leadership training for young women and men led to employment opportunities and improved the management of associations and rural institutions. The project also attempted to promote market-oriented, bottom-up financial services suitable for the rural poor, but success rates were lower in these areas.

152. The evaluation of the Gente de Valor project concluded that the overall social and human capital development objective can be considered as achieved: services, training and infrastructures delivered were in the range of magnitude foreseen, and were found both to be useful and utilised. After the 2011 midterm review, the project concentrated investment on processing plants for agricultural produce in about 30 per cent of the project sub-territories ("focus territories"). While it makes sense to concentrate productive investments in areas of higher potential, the project was too fast in moving out of the "non-focus" communities after the 2011 midterm review, even when these communities had come up with meaningful, albeit more modest, investment plans.

153. As for the productive and market development objective (which was assigned the largest amount of resources), many of the activities, services and physical constructions have been delivered very recently, well after IFAD loan closure, and some of them can be considered as still being "fledgling" initiatives (such as agricultural produce processing) with viability and results still to be proven.

154. **Ongoing operations.** Based on early emerging implementation issues, the 2014-2015 annual portfolio review by the Latin America and the Caribbean Division provided a rating for each of the six projects in terms of their "likelihood of achieving development objectives", which is tantamount to project effectiveness. In this respect, four out of the six projects are rated as only moderately satisfactory and two as satisfactory (Dom Hélder Câmara II and Pro-Semi-Arid). It is, however, to be noted that these ratings may change as implementation progresses.

155. The CPE field mission observed a lack of balance between agricultural and non-agricultural activities, with predominance of the latter. As already mentioned, the CPE agrees that non-agricultural activities are also important to ensure that beneficiaries are prepared and have access to all the required support and inputs for undertaking agricultural activities. However, in the field visits made in the states of Paraiba, Ceara and Sergipe no agricultural activities related to the IFAD projects were seen, which might be partly explained by the fact that projects focus mostly in providing technical assistance and organising communities in the initial phases of implementation. In spite of the absence of productive fields and animals, indicating a lack of raw materials, a rudimentary cassava processing unit was visited in Ceara, new equipment for fodder processing was seen in Paraiba, and a yogurt processing facility was visited in Sergipe. It is evident that the long

drought (four years long) that affects the region is a reason for the absence of productive fields in the projects' areas, and it is expected that planting of raw materials for processing and sale will occur at the start of the rainy season.

156. It is evident that the major constraint to agricultural production is the scarcity of water and the periodic droughts that occur in the semi-arid areas of north-east Brazil. The construction of water reservoirs for human consumption and larger tanks for use in irrigation already exist in several project areas, promoted by previous projects and government programmes, opens the possibility of using water collected from rainfall in productive activities. The projects should encourage enlarging the infrastructure for water collection and the efficient use of water for irrigation of crops, including forage species. In order to use water collected by large cisterns, different methods of irrigation should be introduced in farmers' fields for production of horticultural products. The establishment of community vegetable gardens (*hortas comunitarias*) irrigated with water accumulated in cisterns can be a starting point to the introduction of the concept of water-use efficiency at community level.

157. Some of the concerns raised in the annual portfolio review that are constraining effectiveness include the sustainable management of resources, agriculture production, human and social capital formation, and market linkages. Based on the CPE's own assessment, there are other concerns that will need to be addressed to ensure effectiveness, including the finalization of procurement and contracting of technical assistance services, the strengthening of institutional capacities in some states, the staffing of project management units (including project offices at the local level), and the preparation of implementation manuals.

158. With specific regard to the PROCASE, there are encouraging indications that the objectives will be met. Multiple expressions of interest on the part of communities indicate that the "demand side" of the project will not be an obstacle, and after early delays in implementation, caused in part by the ramifications of the 2014 election cycle, the project management unit is now gradually attaining the capacity to provide the "supply side".

159. **To summarize**, while the 2007 CPE rated portfolio effectiveness as moderately satisfactory (4), the 2015 CPE concludes that there are opportunities for ensuring better portfolio effectiveness in the future, given also the undertaking of direct supervision and implementation by IFAD in all new operations (which was not the case in the portfolio analysed by the 2007 CPE, apart from the Dom Hélder Câmara I). However, as noted by the Government in its 2015 self-assessment for the CPE, this will require enhanced attention to "coordination and continuity of action" moving forward.

Efficiency

160. **Definition.** Efficiency is the measure of how economically resources and inputs (funds, expertise, time, etc.) are converted into results.

161. **Closed operations.** The 2007 Brazil CPE assessed the portfolio overall moderately satisfactory (4) for operational efficiency. The evaluations of the Dom Hélder Câmara I and Gente de Valor projects also considered their operational efficiency to be moderately satisfactory.

162. The Dom Hélder Câmara I project experienced a 24-month delay in becoming effective and required an extension of the closing date by three and a half years to compensate for the late start and the initial disbursement delays. Such prolonged duration inevitably brought about an increase in IFAD and government expenditure on management and supervision. The operating cost of the project was primarily a result of the wide geographical coverage established in its design, but this was essential to achieve the objective of applying the proposed model in

a range of contexts. The expansion of the project into other territories towards the end of the project's life did not contribute to efficiency.

163. The resources available were efficiently administered thanks to the effective application of a self-steering system in which social mobilizers, grass-roots associations and technical assistance providers supervised each other to ensure the optimal use of available resources. With regard to the cost of the technical assistance model piloted by project, the average cost per family targeted was in line with national standards, but the services offered by the project were broader and more effective in generating results.

164. The evaluation of the Gente de Valor project noted that project funding respected the deadlines but the activities were not completed and had to be continued for two and a half years with government funding, reflecting ambitious expectations. Management cost ratios were apparently low, but this is also due to incorrect recording in the accounting system. While economic activities such as productive backyards and small livestock have favourable cost-benefit ratios, concerns were raised on the profitability and value for money of the larger processing plants that were often built without an accurate business plan.

165. **Ongoing operations.** Efficiency of the ongoing operations is a concern. The average time taken by the projects for "entry into force" from Board approval was 19.3 months. This is slightly higher than the average in the Latin America and the Caribbean Region of 17.3 months, and well above IFAD's overall average of 10.2 months.

166. The average cumulative disbursement of IFAD loans in the ongoing portfolio in Brazil currently stands at 13 per cent, compared to 36 per cent in the Latin America and the Caribbean region and 44 per cent across all IFAD operations globally. While the current disbursement levels in Brazil are low, it is to be noted that the six projects only "entered into force" between 2012 and 2014, and have several years of implementation ahead of them. Moreover, the CPE notes that disbursements are generally low in the initial phases of implementation, given the attention to activities such as community organization, training and technical assistance. The pace of disbursements generally pick up as implementation focuses more on productive activities.

167. One driver of disbursements is the pace with which withdrawal applications are processed to replenish the projects' special accounts. Based on data from IFAD's loans and grants system (Business Intelligence system), the average time taken to process withdrawal applications in the Brazil portfolio between 2008 and 2015 is 15 days per application. There are other countries in the region where the time taken is longer, but in many other cases it is much lower (see table 11).

168. The field visits revealed there have been serious delays in start-up and implementation, and overall poor project planning/management/monitoring. The delays can be attributed to multiple causes, amongst which are the following: (i) changes in staffing, and limited numbers of staff relative to project activities, including in local offices; (ii) lack of or late recruitment of staff/TA in key areas of project implementation; (iii) lack of staff continuity, including at the level of project coordination, due to elections, which affected work continuity, knowledge of the project, and motivation; (iv) discontinuation of project activities, as a result of the electoral campaign; (v) seemingly limited planning and management capacity as well as experience of the PMUs (apart from Bahia), also due to the lack of prior experience in working with an IFAD project with funds channelled directly to the state; (vi) limited understanding by the PMU and perhaps limited or insufficient training and capacity-building received in key areas for the management of IFAD projects (e.g. M&E); and (vii) cumbersome procedures for contracting service providers and procuring goods.

Table 11
Average days required to process withdrawal applications in Latin America and the Caribbean Region (2008-2015)

Country	*Average days per withdrawal application*
Guatemala	27
Bolivia and El Salvador	24
Dominican Republic and Paraguay	19
Venezuela	16
Brazil and Panama	**15**
Argentina	14
Guyana	13
Ecuador and Peru	12
Nicaragua	10
Belize, Cuba and Haiti	9
Colombia	8
Uruguay	5
Grenada	4

Source: IFAD Business Intelligence, Loans and Grants Administration.

169. **Disbursement analysis**. In table 12, an analysis is provided of the total disbursements in Brazil since 2008, as compared to other countries in Latin America and the Caribbean Region. IFAD made disbursements in a total of 21 countries including Brazil between 2008 and 2015.

Table 12
Disbursement in Latin America and the Caribbean from 2008 to mid-2015

Country	*(Millions of United States dollars)*	*Percentage of total*
Argentina	70.3	14.03
Brazil	**53.3**	**10.58**
El Salvador	43.5	8.63
Haiti	39.6	7.85
Mexico	35.6	7.09
Ecuador	33.4	6.63
Peru	32.2	6.39
Others	196.2	38.8
Total	**504.2**	**100**

Source: IFAD Business Intelligence, Loans and Grants Administration.

170. The table shows that Brazil is second only by Argentina in terms of total disbursements (US$58.4 million) between 2008 and mid-2015, with an amount of US$5.6 million disbursed in 2015 to date. This means US$52.8 million were disbursed between 2008-2014, for an average annual disbursement of US$7.5 million. This analysis needs to consider that only two projects were operational in between 2008-2012 (closing in 2009 and 2012), and the six ongoing projects entered into force between 2012 and 2014. If we only consider the ongoing portfolio, the total disbursement between 2012-2014 is US$18.5 million for an annual average of US$6.2 million. Moreover, taking all ongoing projects between 2008 and 2015, the maximum cumulative disbursement for all projects in any given year was US$12 million in 2008.

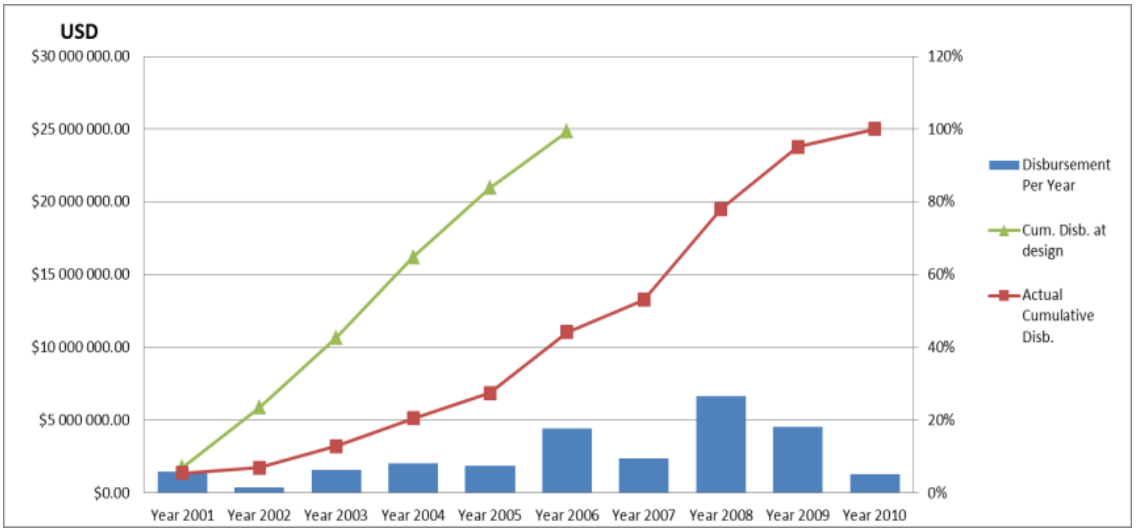
171. In continuation to the above, the CPE recalls that the total value of the ongoing portfolio is US$141.2 million. Subtracting the average annual disbursements (using US$7.5 million per year) from 2012[59] to end 2015 (for a total US$30 million), IFAD will still need to disburse US$111.2 million as part of the ongoing portfolio. Considering past annual averages (US$7.5 million), starting from 2016, IFAD will require 14.8 years to disburse all funds. Moreover, taking all ongoing projects between 2008 and 2015, the maximum cumulative disbursement for all projects in any given year was US$12 million in 2008. Therefore, if IFAD disburses at its best performance in the period, it would take 9.2 years to totally disburse the remaining ongoing portfolio. However, all six ongoing projects are expected to be completed between 2019 and 2021, implying that projects will require to be extended by several years. This would impinge on operational efficiency.

172. While there are several further qualifications that can be made to the above analysis, disbursement performance is a major concern and has probably been over-estimated at appraisal. This is supported by the evidence included in the 2014-2015 annual portfolio review report of the Latin America and the Caribbean Division, which rates "acceptable disbursement rates" in four of the six new operations as moderately unsatisfactory (3).

173. The two closed projects (Dom Hélder Câmara I and Gente de Valor) show that disbursement performance at appraisal was overestimated when compared to actual performance (see charts 1 and 2 below).

Chart 1

Dom Hélder Câmara I: cumulative disbursements (design versus actual performance)

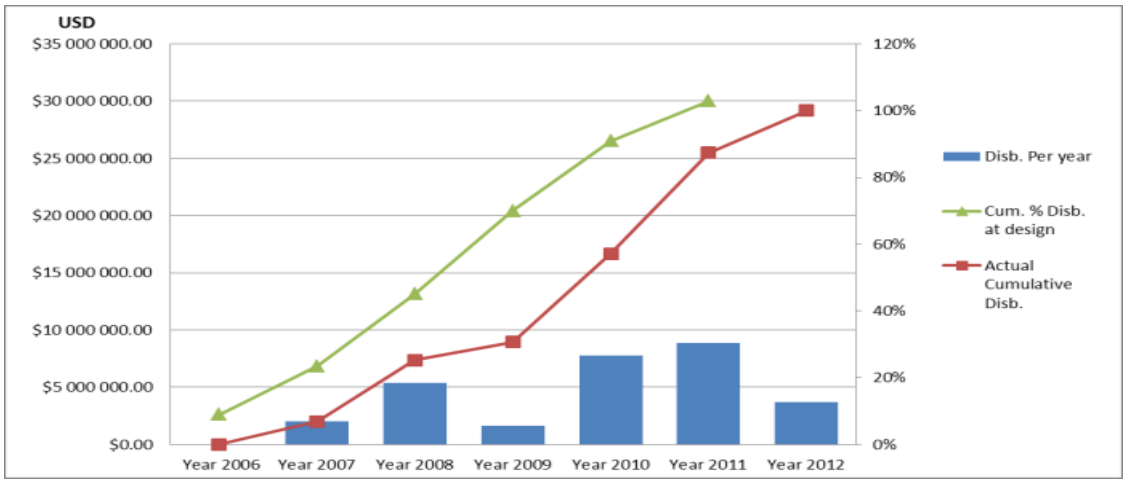


Source: IFAD Business Intelligence, Loans and Grants Administration.

[59] 2012 was used as the starting date because all six ongoing operations entry into force was between 2012-2014.

Chart 2

Gente de Valor: cumulative disbursements (design versus actual performance



Source: IFAD Business Intelligence, Loans and Grants Administration.

174. **Costs for project management.** The proportion of costs allocated to project management is a further proxy indicator of operational efficiency. Although there are no universally agreed-upon benchmarks, an allocation of between 10-15 per cent towards project management of total project costs is generally considered acceptable. Table 13 shows the *ex-ante* (at design) allocation for project management in the six ongoing operations is all within acceptable norms.

175. Table 13

Percentage of total project management costs in the six new operations in Brazil

Project name	*Percentage*
Viva o Semi Árido	12.0
PROCASE	5.9
Dom Távora	12.5
Paulo Freire	11.0
Dom Hélder Câmara II	5.7
Pro-Semi-Arid	9.7
Average	**9.5**

Source: Design documents and IFAD loans and grants system.

176. However, a more detailed analysis of the project cost tables reveals that the proportion of costs allocated towards project management (including salaries, operation costs, etc.) from the IFAD loans are somewhat on the higher side, at least in a few cases. For instance, 30 per cent of IFAD's loan in the Dom Hélder Câmara II is allocated towards operational costs,[60] and 19 per cent of the IFAD loan is allocated to project management in the Paulo Freire project. The allocation in the Dom Távora and the Pro-Semi-Arid is around 10 per cent in each case, whereas in PROCASE it is 7 per cent and 6 per cent in Viva o Semi Árido.

177. **Cost per beneficiary household.** This proxy indicator can provide an overview of how efficient an investment project is, because it assesses the total project costs in relation to the number of direct beneficiaries reached. Table 14 shows the ex-ante costs per beneficiary household (as per design estimates) for the six ongoing operations. Ex post figures on costs per beneficiary household would reveal how the project ultimately faired at completion. However, such data is not yet available,

[60] In the case of the Dom Hélder Câmara II, it is fair to note that high project management costs is also due to the extensive geographic coverage of the project..

given that the six projects are in early stages on implementation. In the absence of ex post figures, the ex-ante figures provide some indication of operational efficiency, at least based on design assumptions and anticipated results.

Table 14
Costs per beneficiaries reached (at design) in the six new operations in Brazil

Project name	*Total project cost (Millions of United States dollars)*	*Number households*	*Cost per beneficiary household (United States dollars)*
Viva o Semi Árido	39.4	22 000	1 790
PROCASE	49.7	18 000	2 761
Dom Távora	37.8	12 000	3 150
Paulo Freire	94.9	60 000	1 581
Dom Hélder Câmara II	125.3	74 000	1 693
Pro-Semi-Arido	105.8	70 000	1 511
Total portfolio	**452.9**	**256 000**	**1 769**

Source: Design documents and IFAD website: (http://operations.ifad.org/web/ifad/operations/country/home/tags/brazil).

178. In Brazil's ongoing portfolio, the ex-ante costs per beneficiary in the PROCASE and Dom Távora projects are higher than the other four projects. Comparing the costs per beneficiary household based on some past CPEs carried out by IOE, the average ex-ante cost per beneficiary household in Argentina was US$1,844, followed by India (US$1,200), Bangladesh (US$819) and (Indonesia US$614).[61]

179. Having said that, one has to interpret such figures with some degree of caution because, for example, the cost per beneficiary household also depends on the nature of operation funded. For instance, it is known that costs per beneficiary household for rural finance projects generally tend to be much lower than more complex integrated agriculture and rural development operations. Moreover, the costs of reaching beneficiaries are also dependent on the country context, including in terms of the institutional capacities prevailing in the concerned states and regions.

180. **Financial management.** Sound financial management is essential not only to ensure proper oversight but also to achieve efficient project execution (thus it can be considered another proxy indicator for efficiency). This is an area that requires attention, as the CPE found some issues that need to be addressed, such as the weak financial systems for accounting and reporting in some projects, insufficient knowledge in some states and projects of IFAD procurement guidelines, delays in preparation of audit reports, and the lack of financial manuals to support project staff in their financial management activities. Only two of the six ongoing projects are rated as satisfactory for quality of financial management in the 2014-2015 annual portfolio review for Brazil (the Pro-Semi-Arid and the Paulo Freire); the Dom Távora is considered to be moderately satisfactory and the remaining three to be moderately unsatisfactory.

181. **To summarize,** the 2007 Brazil CPE assessed the overall project portfolio efficiency as moderately satisfactory (4). A similar rating was determined for operational efficiency of PROCASE and the two closed projects (Dom Hélder Câmara I and Gente de Valor). Moreover, the Programme Management Department has assessed as moderately unsatisfactory (3) three of the ongoing projects for quality of financial management. It has also rated as moderately unsatisfactory four of the six ongoing projects for disbursement rates. Taking this into account and the broader analysis in this section of the CPE report, operational efficiency is an area that will require close attention in the coming years.

[61] See Argentina CPE (2010), Bangladesh CPE (2015), India CPE (2009), and Indonesia CPE (2013).

182. It is worth recalling – as mentioned in chapter II – that other development partners working in the agriculture sector in Brazil also face challenges with operational efficiency. Efficiency is one of the two weakest areas of UNDP's cooperation in Brazil. The same applies to IDB's activities in the country. One of the issues highlighted by IDB that constrains operational efficiency is their limited use of non-lending activities, which is an issue of relevance to IFAD as well.

B. Rural poverty impact

183. **Definition.** Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.

184. **The CPE's assessment of impact.** Under normal circumstances, IOE would assess and rate individually five impact domains to generate an overall assessment of the portfolio's impact. These are: (i) household income and assets; (ii) human and social capital and empowerment; (iii) agricultural productivity and food security; (iv) natural resources and environmental management; and (v) institutions and policies. The 2007 CPE assessed the Brazil portfolio's rural poverty impact as satisfactory (5).

185. This CPE has been able to assess impact in each of the five domains for only the two closed projects (Dom Hélder Câmara I and Gente de Valor). Overall, the two closed projects have both been rated as satisfactory (5) by IOE for rural poverty impact. However, because the ongoing operations are either in their start-up phase or early years of implementation, no clear judgement can yet be made on their impact. The CPE team, however, has a number of observations, as a result of the field work and interviews with project authorities, that are pertinent to the impacts of the projects that may reasonably be anticipated, and the CPE raises some points that are worth considering to ensure that the desired impact on rural poverty is achieved at the end of the operations.

186. **Household incomes and assets.** The average household income of Dom Hélder Câmara I beneficiaries at the start of the project was below the poverty line. Several beneficiaries interviewed spoke of irregular incomes as day labourers earning on average less than R$100 per month; most beneficiaries did not possess land. The data gathered by the evaluation shows that post-project average monthly family incomes from agricultural and non-agricultural sources corresponded to two minimum salaries. In absolute terms, this amounted to a six-fold nominal increase in average income since 2001; when deflated by the general price index of 7 per cent per annum, the absolute increase is almost four times higher than the average real income before the project.

187. According to the impact survey done by IOE for the Dom Hélder Câmara I evaluation, a third of families stated that they benefited from a cistern installed with project support. Changes in assets apply to durable consumer goods and productive assets. With regard to durable consumer goods, 72 per cent of the families interviewed also reported some kind of improvement to their dwellings. The project worked in combination with a positive trend in the growth of the rural economy and substantially increased provision of community electricity by the states in the past decade. The impact survey also indicates increases in the percentage of households investing in productive assets compared with the pre-project situation including improvements in animal husbandry such as fencing, fodder production and fodder silos.

188. With regard to the Gente de Valor project, it is to be noted that the main source of income of the beneficiaries was before the project implementation, and still is, the public cash transfer programme "Bolsa de família". Gente de Valor was the only development programme implemented in the project area during this period which reduces the number of alternative causation paths when changes in incomes and assets in the project area are reported. As regards production

and market development, the 2012 Impact Survey done by IOE offers some information on the perception of beneficiaries regarding the change that the Project introduced in the productive activities: 84.7 per cent answered that the productive activities of the communities had improved with the support of the project. The two main reasons supporting this argument were the introduction of productive backyards and new production techniques learnt. The 2012 Survey also acknowledges that the implementation of productive backyards is the activity most valued by the beneficiaries (36.7 per cent).

189. Although there is no accurate information to assess the impact of the project as regards improvement in household income by selling the surplus of domestic production, the PPA estimates, based on the interviews with the beneficiaries, that the additional net annual income generated from productive backyards amounts to (US$490-981)[62] which is not high in absolute terms but important as it eases the household budget constraints to buy better quality food. For goat raising, the project technical assistant estimates that the income generated by selling the animals has quadrupled (from US$981 to US$3,267), although this intervention took place only in a small number of communities.

190. Similarly, no accurate information is available to assess to what extent the assets and equipment provided by the project for the processing units have contributed to an increase in income and assets for the population, as theses infrastructures only became operational in 2013/2014 and their financial management has some limitations.[63] According to the survey, community members that had been assisted by the project (either focus or non-focus) were likely to report some asset increases, while those in communities without project were not. The horticulture backyards and some of the agriculture processing activities were mentioned as sources of extra incomes that allowed buying more household assets.

191. With regard to the ongoing operations, the CPE notes that there are opportunities to engage wider private-sector actors (e.g. large processors, supermarkets, agribusiness firms) as a measure to further enhance incomes and assets. This is especially important because the selected implementing partners do not always seem to have a competitive advantage in the provision of marketing and business services or technical advice for the development of high-value commodities and off/non-farm activities. Engaging the private sector provides scope for providing IFAD target groups not only with market outlets but also with more specialized packages of technical and business services (including training, inputs and credit).

192. **Human and social capital and empowerment**: The Dom Hélder Câmara project Phase I had a strong impact on empowerment and self-esteem among the target groups, including women and rural young people. This resulted from factors such as the direct management of financial resources for development activities and an increased participation in local markets and decision-making processes. The project enabled an extension of women's social functions by promoting their participation in productive and income-generating activities, in combination with activities to promote their education and citizenship rights. The project also targeted young people, with a view to offering them prospects for building their future in the rural north-east. Young people benefitted from participation in agricultural technical and leadership training opportunities. According to the interim evaluation, the rate of employment of young people after completing the training was encouraging: half of the participants were reportedly able to find a job in the trade unions, municipalities, state agencies or NGOs, although the outreach was limited.

[62] Using current (April 2015) exchange rate (1USD = BRL 3.05).
[63] The ouricuri processing unit of "União faz a força" increased its processing capacity from 200 bags in 2012 to 1,160 bags in 2014, which represents a significant increase in profitability (almost tenfold from 6,200 BRL to 60,800 BRL).

193. In the Gente de Valor project, through the sub-territorial development councils, communities elaborated their development plans, prioritized the interventions to be carried out by the project, identified the beneficiaries, and were responsible for their implementation and financial management. The project's participatory approach contributed to creating strong bonds and a sense of solidarity in the communities, and promoted farmers' willingness to learn and improve their living conditions. Gente de Valor project beneficiaries acquired technical, organizational and managerial skills, such as access to information on public programs, basic accounting and financial management, computer literacy, technical knowledge on horticulture, sustainable use of natural resources, and food-processing technologies. However, many beneficiaries had a poor grasp of the financial aspect of their enterprises, which is an important pre-condition for sustainability. Although the Gente de Valor project did not define a clear youth strategy and this affected project impact, an important result of the project was that young people were mobilized to become local development agents and implement project activities at the community level – a meaningful experience that provided young people with skills development and employment opportunities and prospects.

194. All ongoing projects visited by the CPE team show strong early attention to social mobilization, training, capacity building and participatory processes. However, the evaluation also noted that some NGOs contracted for capacity building and provision of technical assistance do not have the required capacities and know-how in key areas required by the beneficiaries, and in some states, project authorities have found it difficult to identify appropriate NGOs to fulfil this role.

195. **Agricultural productivity and food security:** The evaluation of the Dom Hélder Câmara project Phase I found evidence of increased agricultural productivity and diversification of farm production in the targeted territories. Improved access to water was a major driver of these results. The project promoted the participation of agrarian reform beneficiaries and family farmers in local markets with positive consequences on income and self-esteem. The partnership with Syngenta Foundation improved the intervention's market orientation and favoured the establishment of agroprocessing units and agroecological fairs. The project also partnered with the government's food acquisition programme, which constituted a secure source of income for family farmers. Positive results were achieved in terms of promoting environmentally-friendly technologies and inputs. The principle of "*conviver com o semi-árido"* was an essential element of the project's human, social and economic development strategies; the project nurtured in family farmers a new way of thinking, that of considering the environment and natural resources as partners for long-term development that require care and comprehension. The partnership with GEF helped to increase the impact of the project on the rational use of natural resources.

196. The Gente de Valor project performance evaluation considered its impact on food security to be satisfactory. The introduction of productive backyards and water tanks enhanced the quantity and diversity of the household food basket, by adding some types of vegetables and fruit. Communities assisted by the project reported better availability of fruit and vegetables in their diet, either through auto-consumption or because earnings from the productive backyards were directed to purchase higher quality food. Marketing of surpluses in the neighbourhood, to institutional programmes such as the Programa Nacional de Alimentação Escolar and the Programa de Aquisição de Alimentos, and in local trade fairs contributed to increase family income, often reinvested in protein-rich food, such as meat, chicken and eggs. It is important to point out that the impact of the Gente de Valor project is built upon a well-coordinated sequence of projects in the state of Bahia, starting with the PROGAVIÃO project, and that it will continue with the implementation of the Pro-Semi-Arid.

197. In all of the current projects, and indeed throughout the north-east, water scarcity and drought is the major issue affecting household consumption, agricultural production, agroprocessing and livestock rearing; the situation has been steadily worsening since the design of the earlier projects. Low average rainfall and its poor distribution are the major constraint to agricultural development and to human welfare in general, added to which are the cycles of drought that make even survival in many areas untenable without drastic measures undertaken by government through the provision of water trucks. The CPE team was able to see first-hand the impact that the current drought, now in its fourth year, has had on farming in many of the project areas. Major reversals in achievements made by projects supported by IFAD and others can be observed, caused by the drought (for example, a women's group undertaking a milk-processing project that was forced to sell all of its goats). Project approaches in these areas require reflection. For instance, there is a need for projects to further focus on climate change adaptation/mitigation as well as on water conservation and management, including expanding partnerships for these activities (e.g. with GEF, which was a partner in the Dom Hélder Câmara project Phase I). It is hard to escape the conclusion that major investments need to be made in on-farm water capture and efficient irrigation, following the numerous successful examples to be found throughout the north-east. Linkages with the work of other development partners – primarily the World Bank – also need exploration to ensure better coordination/synergy. The government in its 2015 CPE self-assessment also notes that "It might be possible to tap into certain sources of funds that may enable overcoming these challenges less difficult; for instance, the GEF and the Global Climate Fund (GCF)".

198. Moreover, opportunities for the replication of good practices emerging from relevant programmes (including the IFAD grant programme, such as TAG 659 to ICARDA) or even other semi-arid areas outside Brazil, perhaps through SSTC activities, and technical support in supervision/implementation, deserve to be explored actively.

199. **Natural resources and the environment:** The Dom Hélder Câmara project I achieved positive results in terms of promoting environmentally friendly technologies and inputs. The principle of "*conviver com o semi-árido"* was an essential element of the project's human, social and economic development strategies. The project nurtured in family farmers a new way of thinking: considering the environment and natural resources as partners for long-term development that require care and comprehension. The partnership with GEF helped to increase the impact of the project on the use of natural resources.

200. The Gente de Valor project performance evaluation considered its impact to be satisfactory with respect to natural resource management. Mainstreaming environmental concerns across all project activities was an adequate strategy, taking into account the environmental constraints of the intervention area (scarce water resources, soil degradation and strong deforestation pressure) exacerbated by the effects of climate change. Above all, through agroecological trials and planting of seedlings, farmers were introduced to conservation practices that favour the best use of the *caatinga*[64] and value local species, regenerating vegetation.

201. Finally, the Latin America and the Caribbean Division has rated "quality of natural assets improvement and climate resilience" in three of the six ongoing projects, as part of its 2014-2015 annual portfolio review. Two of the three projects are rated as moderately satisfactory and one as moderately unsatisfactory, further pointing to the need for better efforts in this area.

202. **Institutions and policies:** In terms of the impact on policy and institutional development, the Dom Hélder Câmara I project helped to enhance the capabilities

[64] Caatinga is a type of desert vegetation, and an ecoregion characterized by this vegetation in interior north-east Brazil. The name "Caatinga" is a Tupi word meaning "white forest" or "white vegetation".

of rural institutions such as NGOs and rural trade unions and participation by the poor in policy-making processes. The project helped to enhance the capabilities of rural institutions such as NGOs and rural trade unions and participation by the poor in policy-making processes.

203. However, the Gente de Valor project was not coordinated with public policy initiatives and public programmes because implementers wanted to avoid negative political influences. This strategy was based on previous experience in implementing PROGAVIAO. While the principle can be understood, there were also disadvantages, as it prevented partnerships and complementarities with other public programmes. Municipal authorities were informed of the project but not involved in the planning and implementation. The new approaches introduced (targeting, participatory elaboration of development plans, bottom-up implementation, community empowerment) did not influence the existing municipal plans (when they existed).

204. At present, the policy environment is changing: there is more emphasis from the government of the State of Bahia to foster better collaboration between state agencies (including CAR) that support family agriculture, and local (municipal) governments as well as other public programmes. In addition, the State envisages strengthening its proximity support services for family farming. While municipalities and local extension units of the state services may continue to suffer from limited resources, opportunities are emerging for development projects to better articulate with local governments, with the reformed public extension system and with the ongoing public programmes.

205. Finally, on a related matter, based on its field visits and interactions with beneficiaries, the CPE believes that the approach to rural financial services could be further sharpened. Currently, most projects have provisions for channelling grant funds to the target group that are generally administered by the project management units, which often lack the capacity to manage and monitor significant financial resources effectively and transparently. Hence, there is need to assess the rural finance sector (public/private providers) and define a coherent strategy for the extension of rural financial services to the target group, considering the specific situations at the state level and, ideally, focusing on a model that links the target group with existing service providers.

206. **In summary**: The evaluation of the Dom Hélder Câmara project phase I concluded that its overall impact on poverty was satisfactory (5). In fact, all impact domains were rated as satisfactory, and the impact on human and social capital and empowerment was rated as highly satisfactory. The evaluation of the Gente de Valor project also assessed the operation's overall impact as satisfactory (5). The ratings are shown in annex I. While the two closed projects have been assessed as satisfactory for rural poverty impact, there are several driving factors that need to be strengthened to ensure that the current portfolio is able to achieve the envisaged impacts. In particular, enhanced attention will be needed to rural financial services, natural resources and environmental management and climate change, access to markets and private sector engagement including and commercialization of agriculture.

C. Other evaluation criteria

207. In line with the Brazil CPE Approach Paper and IFAD's Evaluation Manual, this section includes an assessment of three evaluation criteria: sustainability, innovation and scaling up, and gender equality and women's empowerment. For reasons explained earlier in this chapter and in chapter I, while this section will include the CPE's assessment for each of these criteria, no consolidated rating will be provided for the project portfolio's performance in terms of these three criteria.

Sustainability

208. **Definition.** Sustainability is defined as the likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.

209. **Independent evaluation ratings.** The sustainability of the overall portfolio was rated only as moderately satisfactory (4) by the 2007 Brazil CPE. Moreover, the evaluations of the Dom Hélder Câmara I and Gente de Valor projects carried out after the 2007 CPE also rated sustainability as moderately satisfactory. Sustainability of the PROCASE is also moderately satisfactory. In general, sustainability is an area that will require attention across the portfolio.

210. It should be noted (as mentioned in Chapter II) that several other development partners working in Brazil also face challenges in ensuring the sustainability of project benefits. In fact, sustainability was one of weakest performing areas in UNDP's cooperation with Brazil. World Bank operations are only moderately satisfactory in terms of sustainability, and Norway's evaluation points to difficulties in promoting financial sustainability once internationally-funded projects are completed.

211. **Closed projects.** The Dom Hélder Câmara I project evaluation concluded that social and economic effects of the operation at the family farm level have a good chance of being sustained. Project actions were oriented towards a production system adapted to the capabilities of family farmers and targeted products in high demand in local markets. At the same time, the project fostered a mutually-reinforcing linkage between environmental and economic sustainability. The project also proved that family farmers have good business prospects if they are provided with the necessary skills, information and capabilities. Solidarity principles in local markets and subsidized purchases from state companies protect the competitiveness of family farmers and favour the gradual development of their production and marketing skills. A necessary condition for continuation of the benefits, however, would be further consolidation of the production capacities of family farmers, upgrading of the quality of farm produce and integration with other markets including small- and medium-scale agribusiness companies operating in targeted territories.

212. The project adopted a timeline for ensuring sustainable results that went beyond the planned lifetime of the project. In 2006, new areas and territories were included, even though in these areas sustainable changes could not be generated before the closing date. The lack of an explicit strategy of disengagement inevitably affected the assessment of project sustainability by the evaluation at the time. The strategy of the project was to create the conditions for a second phase of the project that would lead to sustainability. This was, however, a risky strategy because an unexpected political change could halt the process. In any case, a second phase of the Dom Hélder Câmara project has since been financed, which should contribute to promoting the sustainability of benefits from phase I.

213. The evaluation of the Gente de Valor project noted that the stream of benefits generated by the project will be bolstered by some enabling factors and could be constrained by some risks. Among the former, the associations and the sub-territorial councils created by the project may enable the establishment of partnerships and implementation of projects in the future. In addition, the productive backyards, agroecological trials and small livestock raising all have good chances of economic viability although they still require support (financial and technical) for consolidation.

214. Among the main threats to sustainability is the infancy stage of the agricultural produce processing units created by the project, which still depend on the institutional market (e.g. public procurement schemes). From the institutional

sustainability perspective, the Government of the State of Bahia has supported the project since the beginning. Recent institutional arrangements (the creation of the Rural Development Secretariat, the reform of the extension system, and the establishment of proximity technical services) provide encouraging signals for the sustainability of the project. While many preconditions are in place to provide much needed consolidation of support to farmers, this is not going to translate automatically into support to the same communities assisted by the Gente de Valor project and for exactly the type of services that are required. Such support would have to be deliberately targeted and linked to an assessment of the consolidation needs.

215. **Ongoing projects.** There are some points based on past experience in Brazil and the emerging experience of the ongoing projects that have been highlighted here below.

216. Projects have not had well-articulated exit strategies, clarifying the roles and responsibilities of IFAD, Government and other partners after project completion. Therefore, as projects progress in their implementation, it is important that such strategies be developed as early as practicable, to ensure the continuation of benefits developed by the operations.

217. One key dimension that will need attention is how to ensure the continuation of technical assistance services required by family farmers to sustain their activities after the individual project funding has been exhausted. At the same time, the CPE finds there is generally insufficient capacity on the part of technical assistance providers to support beneficiaries in matters such as processing, marketing, and rural business development and management.

218. Another important issue is that beneficiaries themselves have insufficient capacities to take advantage of marketing opportunities. As projects proceed in their implementation, adequate measures will have to be taken to address these challenges, for instance, by enhancing the skills of technical assistance providers, improving the capacities of smallholders to improve product quality and produce in bulk quantities, and to strengthen partnerships with the private sector and the collective capacity of producer organizations and associations to tap into market opportunities. This will contribute to better commercialization, with the aim of enhancing food security and increasing the sustainability of benefits in general.

219. Although the ongoing projects are still at an early implementation stage and hence may not have fully defined their strategies, it seems that there is still limited understanding and not a clear vision on how to move from the social capital building of the producers' organizations to their capacitation for becoming business-oriented and sustainable enterprises accessing diversified markets. There is still only limited vision on how and with whom to engage/partner with (financial institutions, private entities), including in terms of institutional/business models that could be promoted.

220. While the projects provide support to build local development/social associations and producer associations, there seems to be little support to create/train user associations for the management of natural resources, including the management/ maintenance of the water infrastructure that was built (e.g. by the Dom Hélder Câmara I project). The lack of proper management and maintenance arrangements could affect sustainability in the long term, while enhancing the likelihood of conflicts within the communities.

221. As a further measure, the CPE underlines the need to consider better linkages with national programmes and initiatives, such as *Bolsa Familia,* PRONAF and *Brasil Sem Miseria*, through which the required resources and services can be made available to the rural poor. This will also call for improved linkages and dialogue with other federal agencies dealing with agriculture and rural development.

222. With specific regard to PROCASE, the adoption of a territorial and multidimensional approach to address rural poverty – focusing not only on productive activities, but more broadly on human, social and institutional development – increases the likelihood of achieving community empowerment and the sustainability of the interventions and processes put in place. The support to community-led processes and business-oriented producer organizations as the entry point to engage the communities is likely to ensure greater ownership, relevance and responsiveness of project-supported community and business plans. However, achieving the objective of building sustainable producer enterprises that can access diversified markets and profitable value chains as stated in the design remain challenging. Anecdotal evidence from the field shows that overall the maturity and capacity of the producer organizations is mixed, but largely insufficient to respond to a more sophisticated market demand in terms of steadiness, quantity and quality of the production.

223. Finally, building ownership is another key dimension towards ensuring the sustainability of benefits. This is an area that deserves some attention in the future, as is confirmed by the 2014 client survey done by IFAD to collect feedback from a range of IFAD clients in Brazil. The client survey rated "country ownership" at 4.7,[65] which is between moderately satisfactory and satisfactory. Country ownership assesses the extent to which IFAD fosters government ownership throughout its country programme cycle. In fact, the 2012 client survey covering Brazil had rated country ownership higher at 5.2.

224. **To summarize**, sustainability remains a challenge in Brazil, also taking into account the prevailing political uncertainty in the country. It is, however, a challenge faced by IFAD in other countries, and by other donors in Brazil and elsewhere. In fact, recent CPEs by IOE in other countries (e.g. Argentina, Bolivia, Ecuador, India, Indonesia and Tanzania) show that the IFAD portfolio performance in terms of sustainability was either moderately satisfactory or moderately unsatisfactory.[66] Notwithstanding the aforementioned, there are adjustments that can be made to the project portfolio in Brazil – as discussed above and in other parts of the report – that can contribute to better sustainability of benefits after the individual projects have been completed.

Innovation and scaling up

225. **Definition.** The definition of innovation and scaling up adopted is the extent to which IFAD development interventions have: (i) introduced innovative approaches to rural poverty reduction; and (ii) been or are likely to be scaled up by government authorities, donor organizations, the private sector and other agencies. In assessing innovation and scaling up, the CPE also takes into consideration the main elements of IFAD's innovation strategy,[67] approved by the Board in September 2007.

226. **Independent evaluation ratings.** The 2007 CPE considers innovation and scaling up in the entire portfolio as moderately satisfactory (4), but the two projects (Dom Hélder Câmara I and Gente de Valor) evaluated by IOE after the 2007 CPE were both rated as satisfactory (5) in promoting innovations and scaling up. PROCASE is rated as moderately satisfactory,

227. **Innovations.** The evaluation of the Dom Hélder Câmara I project found that its design was characterized by innovations that were successfully applied: these included the adoption of a territorial development strategy and a multi-dimensional approach to poverty reduction, and involvement of a wider range of partners such as social organizations and rural trade unions. None of these constitutes an innovation in absolute terms, but the combination of innovations and their

[65] The Client Survey adopts a 6-point rating scale, with 1 being the lowest and 6 the highest scores.
[66] China being an exception, where sustainability was considered satisfactory.
[67] The IFAD innovation strategy may be seen at http://www.ifad.org/gbdocs/eb/91/e/EB-2007-91-R-3-Rev-1.pdf.

application to agrarian reform beneficiaries and communities were innovative in the context of the north-east region.

228. The project's evaluation identified two other important innovations: (i) the differentiation between the roles of social mobilizers and technical assistance providers, which fostered specialization and the capacity to reach the rural poor; and (ii) the concept of the project as an instrument to enable the rural poor to access opportunities available under government development policies. The evaluation also acknowledged various small-scale innovations applied at the local and community levels through partnerships with NGOs. Other innovations were the provision of identify cards to women and the targeting of *quilombolas* and indigenous peoples.

229. The evaluation of the Gente de Valor project found that a number of initiatives were innovative. The project introduced agricultural and non-agricultural technologies and methodologies, previously unknown in the intervention area (some had been developed before by EMBRAPA or other research centres and technical NGOs but a few others were entirely new), with promising results: water-saving productive backyards, improved management of small ruminants in *fundo de pasto*, innovative value-added productive chains (*umbu*, *ouricuri*, and cassava), installation of desalinization plants, safe soil conservation practices (mixed cropping), *sisal* manufacturing and other environmentally sustainable techniques adapted to the *caatinga*.

230. There were other notable innovations in the areas of multi-dimensional approach to poverty, targeting the poorest communities and developing social capital (by strengthening local decision-making spaces), technology for production, processing and natural resource management.

231. Moreover, in the State of Bahia, the participatory approaches of the Gente de Valor project (and its predecessor PROGAVIÃO) can be considered as a novelty. The participatory approach has ensured greater ownership of development plans by communities and their empowerment. The Gente de Valor project properly articulated the development of social capital with investments in productive activities and technical assistance, which is relatively new for programmes supported by the state government and other donors. Moreover, the training of young persons as development agents to bring more dynamism to community-level organizations (see the effectiveness section) was a new element, highly appreciated by all partners (community, government and project team).

232. With regard to the ongoing projects, some are introducing meaningful innovations in targeting. These include: the recruitment of rural youth to work as social mobilizers/local development agents, which provides them with skills development and employment opportunities; the recruitment of young "*bolsistas*" to support the project management unit in project implementation; and the involvement of young people to use information and communication technology for project monitoring and reporting.

233. The ongoing projects have other context-specific innovations as part of their design. For example, the design of the Paulo Freire and Pro-Semi-Arid foresees working with beneficiary households to set up participatory productive learning units that will serve as tools for teaching and training on productive and environmental innovations. The Dom Hélder Câmara II plans to establish a strong link between implementation results and lessons learned to inform policy development for family farming, whereas the Dom Távora plans to develop partnerships with private stakeholders, including top-tier agro-industries.

234. With regard to the PROCASE, several elements of the project are innovative only in the sense that they have not previously been implemented in the State of Paraiba. For instance, the project plans to devote priority to the development of women and

young people's ability to access labour markets and/or develop rural businesses. Support to productive rural activities is provided on an "agri-integrated" approach rather than on an individual basis at farm level, and a value-chain approach is adopted to identify small integrated rural sub-systems and the support systems necessary to develop them. Private networks and systems are to be used for the provision of technical assistance, and grant financing is combined with available short-term credit to catalyze investments in productive projects. However, project design documents do not specify in what way innovative aspects will be scaled up.

235. Three of the six ongoing projects have been rated for "innovation and learning" by the Latin America and the Caribbean Division in the 2014-2015 annual portfolio review. However, based on early implementation experience, two of the projects are considered moderately unsatisfactory and one moderately satisfactory for innovation and learning. A long list of innovations is presented in project design documents, which however will have to be fostered and given due attention during implementation. One key constraint in this area are the delays in setting up well-functioning M&E systems that can help learning, which is essential to document and share innovations that are successfully piloted during implementation. Another constraint is limited beneficiary participation in some projects, and insufficient attention thus far to mobilizing private sector actors.

236. Finally, some of the grant-funded programmes are helping to further the innovation agenda. In particular, the Agricultural Innovation Market Place (implemented though EMBRAPA) and the KM programme (implemented through IICA) offer opportunities to promote, document and share successful innovative practices. The establishment of the Forum for Secretaries of Agriculture/Rural Development in the north-east states can also be considered an institutional innovation for exchanging experiences, lessons and knowledge. The Commission on Family Farming (REAF)[68] platform and its attention to bringing to the forefront the concerns and priorities of family farmers is also an innovation worth highlighting.

237. **Scaling up.** The Dom Hélder Câmara I project has been scaled up into Dom Hélder Câmara II, for a total project cost of US$125 million. This can be considered a successful example of scaling up, as the Government is contributing US$82 million and the beneficiary contribution is of US$25 million (which is 86 per cent of total funding). IFAD's financial contribution is only US$3 million from its core resources and US$15 million from the Spanish Trust Fund. The contribution of IFAD in the first phase was US$25 million from its core resources.

238. Phase I of the project experimented with several innovations, such as the introduction of women's identify cards (which was scaled up across Brazil by the Ministry of Agrarian Development) and the targeting of *quilimboas* (which was replicated by the World Bank in the Projeto de Desenvolvimento Sustentável do Estado da Bahia - Bahia Produtiva - with a budget of US$260 million to be implemented throughout the state over a six-year period). Many other innovative features of the project (e.g. participatory and bottom-up processes for planning and resource allocation, water management) are being scaled up into state- and national-level policies and programmes through strong engagement in policy platforms (e.g. through the REAF).

239. The evaluation of the Gente de Valor project concluded that it was not well-articulated with municipal governments, which could be a constraint to scaling up. However, the state government of Bahia is aware of the innovative approaches introduced by the project and has expressed interest in scaling up some activities in the semi-arid area. However, the limited work done so far at analysing and

[68] The Commission on Family Farming (REAF) of MERCOSUR, a southern cone sub-regional platform for policy dialogue in which representatives of governments and family farmer organizations take part. Its members include: Argentina, Bolivia, Brazil, Chile, Ecuador, Paraguay, Uruguay and Venezuela.

systematizing innovations and best practices is not a strong contribution to dissemination and uptake in public policies and programmes.

240. As for the scaling up of project innovative approaches by other donors, the World Bank-supported Bahia Produtiva project has already incorporated some approaches introduced by the Gente de Valor project: the role of development agents, and the combination of investments and technical assistance (traditionally World Bank-funded projects supporting agriculture in Brazil included investments but not technical assistance).

241. It is premature to assess the scaling up potential of the six ongoing projects as they have just started implementation. However, four of the six have been rated in the 2014-2015 annual portfolio review for 'potential for scaling up and replication'. Three projects are rated as moderately satisfactory and one as satisfactory, so there is room for improvement.

242. This CPE finds that there are at least two factors that need to be considered to ensure successful scaling up in the future. The first is to promote wider partnerships with a range of federal government agencies (in addition to the strong existing partnerships with the Ministry of Agrarian Development and Ministry of Planning, Budget and Management), as they have a national perspective and therefore are better placed to identify successful innovations in one state and scale them up into others through national policies and programmes. In principle, moreover, individual state governments have limited incentive and jurisdiction to scale-up successful innovations beyond the boundaries of their states.

243. Secondly, there is need for enhanced attention to non-lending activities (policy dialogue, partnership development, and KM) including SSTC, which are at the foundation of successful scaling up. According to the CPE (see next two chapters on partner performance and non-lending activities), this will require the permanent in-country presence of the Brazil CPM.

Gender equality and women's empowerment

244. **Definition**. The section assesses the efforts made to promote gender equality and women's empowerment in the design, implementation, supervision and implementation support, and evaluation of IFAD-assisted projects. In doing so, the CPE also takes into consideration the main objectives in IFAD's corporate gender policy,[69] approved by the Board in April 2012.

245. **Independent evaluation ratings**. It is important to note that IOE only introduced a dedicated evaluation criterion and rating for gender equality and women's empowerment in 2011. Therefore, the 2007 Brazil CPE does not contain a rating or a dedicated section assessing the portfolio's performance in promoting gender equality and women's empowerment. However, the Gente de Valor project evaluation from 2015 assessed gender equality and women's empowerment, and rated it as satisfactory (5). The PROCASE is rated as moderately satisfactory (4) for gender. The Dom Hélder Câmara I project evaluation (2010) does not include a specific rating, but assessed the performance of the project as broadly satisfactory for gender equality and women's empowerment.

246. **Closed projects**. Concerning gender equality and women's empowerment specifically, the projects – though to different extent – contributed to all pillars of the gender policy, particularly strengthening women's social and economic potential. Through participation in productive and income-generating activities, women – often for the first time – controlled household income and accessed training opportunities.

247. The Dom Hélder Câmara I project evaluation noted that it adopted a pragmatic approach to the empowerment of rural women by identifying their needs and

[69] The gender policy is found at https://webapps.ifad.org/members/eb/105/docs/EB-2012-105-R-2-Rev-1.pdf.

gathering them in interest groups focused on production or income-generating activities. It also indicated that the women have been employed by NGOs as social mobilizers. Women also participated in groups and associations, performing management and even leadership functions, and now have a greater voice in community decision-making processes and institutions.

248. The project in fact mainstreamed gender, age and ethnicity issues as cross-cutting matters in all its components, including demonstration units, and credit schemes. The main objectives were to promote the participation of men and women of different ages, increase the role of young people and promote the development of *quilombola* communities. With specific regard to gender, an important action was the provision of identity documents to women that involved 14,257 women, which was later scaled up across Brazil by the Ministry of Agrarian Development. The project also enabled an extension of women's functions by promoting their participation in productive and income-generating activities, in combination with activities to promote their education and citizenship rights.

249. The Gente de Valor evaluation found that the project's gender strategy aimed to reduce poverty through the active participation of women in economic organizations to reduce gender inequalities that exist in rural communities of the semi-arid. The project incorporated women as direct beneficiaries (48.6 per cent) and it was successful at achieving gender balance in the participation of women in the training activities. It encouraged women's participation in productive activities, especially in backyard vegetable farming, fruit and cassava processing and handicrafts. Although there are still some weaknesses in terms of marketing and management of the enterprises, women have for the first time access to and control over part of the household income.

250. The project adapted some investments to women's needs (e.g. in the construction of potable water tanks close to their houses), including the introduction of drudgery-reduction technologies (727 eco-efficient stoves and 31 bio-digesters). In addition, investments in some productive activities, such as the construction of irrigation tanks near the productive backyards and the *ouricuri*-processing machine have also contributed to reduce the heavy workload of women.

251. **Ongoing operations.** A careful review of design documents reveals that projects address gender and, more broadly, targeting issues in a comprehensive manner, both in terms of analysis, selection of the target group, and definition of a strategy to reach out to women and other groups. Project designs have a strong focus on gender and youth aspects, often envisaging the development of specific gender action plans and youth activities (particularly the provision of technical education and skills development opportunities aiming at mitigating outmigration of young people from rural areas); the establishment of quotas to ensure women's and young people's participation in project activities; and the recruitment of female personnel and specific staff with responsibility for gender/youth/ethnic issues at PMU level.

252. Designs are also in line with the IFAD Gender Action Plan and Policy for Gender Equality and Women's Empowerment, with greater emphasis on women's economic empowerment. Gender strategies and activities also focus on aspects such as women's representation in institutions and decision-making processes and development planning processes, promotion of women's associations, and provision of training and capacity building in leadership skills. There seems to be limited emphasis on the third pillar of the Policy (i.e. reducing women's workloads) in design, implementation or perhaps reporting/monitoring, although this is an important gender dimension in contexts of high male out-migration.

253. While it is too early to assess gender equality and women's empowerment in ongoing projects, based on its field visits, the CPE team anticipates that overall there is scope to enhance the participation of women (and also other groups such

as the youth and *quilombola* communities) in developing the community or investment plans and as members and leaders of community/producer organizations. However, for some projects, the data show a positive trends as women participating in selected project activities account reportedly for 60 per cent (Paulo Freire), 70 per cent (Dom Távora) and 37 per cent (PROCASE).

254. Additionally, mechanisms defined at design to ensure that gender issues are actually mainstreamed across all project activities have not yet fully been put in place, such as: (i) recruiting the gender focal point in project management units and/or contracting relevant technical assistance to support gender mainstreaming; (ii) developing gender action plans, which should ideally be part of the whole annual planning and reporting processes, to operationalize the gender strategy; and (iii) providing gender orientation/sensitization and training to project management staff and technical assistance service providers.

255. Furthermore, while most of the project management units recruited female staff, even at coordination or technical levels, and comply with targets established at design, there is scope to perform better on this aspect in a few units. It will also be important that experience in working with women/gender-sensitive service provision be included among the criteria for selecting service providers. Finally, projects should explore the need and adequate measures for promoting labour-saving technologies to ease women's workloads, and ensure reporting on this important pillar of the gender policy.

256. The 2014-2015 annual portfolio review by the Latin America and the Caribbean Division includes ratings for all six ongoing projects with respect to their gender focus. Two projects are considered satisfactory (Pro-Semi-Arid and Dom Hélder Câmara II), three moderately satisfactory (Dom Távora, PROCASE, and Viva o Semi Árido), and one moderately unsatisfactory (Paulo Freire), confirming that there is scope for improvement across the portfolio on gender equality and women's empowerment.

Key points on portfolio performance

- The CPE covers eight IFAD-funded projects. Of these, only two have been completed, and six are in early phases of implementation. As such, the CPE has only rated the criterion of relevance of the entire portfolio.
- Relevance of the entire portfolio is satisfactory. However, none of the IFAD-supported projects is classified as agriculture operation.
- The ongoing portfolio of six projects covers a vast geographic area in eight states in the north-east region. This poses a challenge to implementation, supervision and M&E.
- Based on past experience, the implementation period designed for the current projects (an average of six years) might under-estimate the time actually required to achieve expected results, due also to the relatively long time taken for project start up.
- The effectiveness of the two closed projects was satisfactory (Dom Hélder Câmara I) and moderately satisfactory (Gente de Valor). There are some issues that need to be considered to ensure the ongoing portfolio is effective in the end, including staffing in project management units and capacity and skills of technical service providers.
- Operational efficiency of the two closed operations was moderately satisfactory. The costs allocated to project management units of the current projects are within acceptable norms; however, disbursement performance is weak and financial management needs strengthening.
- The rural poverty impact of the closed projects was good. Opportunities for strengthening linkages with markets, rural financial services and private sector engagement need to be further explored in the ongoing portfolio.
- Sustainability is a challenge. Exit strategies were not defined, and enhanced beneficiary participation and better linkages with national policies and programmes is essential.
- Projects are promoting innovations, which are being scaled up by Government and other donors (e.g. the World Bank). Two factors that might further enhance prospects for scaling up impact: (i) a greater engagement of a wider range of federal agencies; and (ii) the outposting of the Brazil CPM.
- Promotion of gender equality and women's empowerment was satisfactory in the completed projects, but gender strategies and actions need to be more fully developed and implemented in the ongoing portfolio.

V. Performance of partners

257. This chapter has two sections, analyzing the performance of the two main actors in the Brazil-IFAD partnership. Section A covers the performance of IFAD, and Section B includes an assessment of the Government's performance (both at the federal and state levels). Ratings are also provided for the performance of IFAD and the Government.

A. IFAD

258. **Portfolio development.** From 2008 onwards, a very good effort has been made by IFAD to develop a portfolio of investment projects in Brazil. Six new projects (out of the 11 funded in total in the country since the beginning of IFAD operations in 1978) were designed and approved by the Board in a four-year period between 2009 and 2013, which became effective between October 2012 and August 2014. In fact, as mentioned in chapter III, the Latin America and the Caribbean Division made nearly full use of the financial allocation to Brazil provided since 2007 through the PBAS (see tables 7-8). Moreover, the Division mobilized additional funding for two investments projects from the Spanish Trust Fund, thus augmenting the resources made available to the country. It also mobilized further grant funds (US$4.1 million) from Spain for the KM programme implemented in cooperation with IICA.

259. **No international cofinancing.** One limitation of the portfolio is that none of the ongoing projects has any international cofinancing (e.g. with the World Bank, Inter-American Development Bank or others). While the CPE recognizes the inherent challenges of designing and implementing cofinanced projects, there are several advantages of cofinancing, such as opportunities for wider coverage of beneficiaries, knowledge exchange among the cofinancing institutions and joint policy dialogue with the Government. At the same time, the CPE recognizes the vast amount of domestic cofinancing (i.e. counterpart funding) included in IFAD-funded projects in the Brazil (see table 2).

260. **Direct supervision and implementation support.** The Dom Hélder Câmara I project was directly supervised by IFAD, whereas IFAD took over responsibilities for supervision of the Gente de Valor project from 2009 onwards. In general, in both cases the quality of supervision was good. However, the recent evaluation of the Gente de Valor project notes that "supervisions were discrete events and the project would have benefitted from more continuous technical follow-up. A missing aspect from supervision was the revision and update of the consolidation plan which had been prepared at the project design phase".

261. Until 2014, IFAD organized two supervision missions per project per year. Currently, on average, IFAD organizes one supervision mission per year, and from three to six implementations support missions for each ongoing project. Each supervision mission lasts for around two weeks, and has included experts on financial management, capacity-building, productive development, and institutions. There is scope to devote more specific attention to agriculture, market access and value chain development in the context of supervision and implementation support missions. However, in the past, they have not always included M&E experts, but the recent recruitment of a Country Programme Officer with specialization on M&E is a move aimed to addressing this concern. Overall, the CPE notes that timely actions are taken to resolve implementation bottlenecks. In 2014 only, IFAD spent US$244,000 on supervision and implementation support, which is US$40,000 per project on average (excluding staff time).

262. Supervision missions are, however, challenged by the huge geographic area covered by IFAD operations,[70] and the need to conduct supervision activities in six relatively new projects, which will remain active at least until the end of the

[70] About 900,000 square kilometres.

decade. This challenge is likely to increase further, once IFAD finances additional investment operations in the Tenth Replenishment period (2016-2018), whether in the north-east or the north of the country.

263. **Setting up of IFAD's country office.** As mentioned in chapter III, IFAD established a country office in Salvador in mid-2011. This was an excellent move, as it positions IFAD closer to its operations, which are focused in the north-east, allowing the Fund to be more responsive in general and to monitor implementation more thoroughly.

264. The staff of the country office is well qualified and dedicated to the task of directly supervising and supporting the implementation of the six ongoing projects. This leaves very limited time for activities such as policy dialogue and donor coordination, KM, and exploring opportunities for new partnerships and innovations. As mentioned in chapter III, country office staff dedicates 65 per cent of their time to supervision and implementation support, and 5 per cent of their time to each policy dialogue and KM, but no time to SSTC as this responsibility is left to the CPM.

265. **The Brazil CPM.** Given the importance of the country for IFAD, it is appropriate that since 2008 the two CPMs for Brazil have been senior and experienced IFAD professional staff. The CPM from 2008 to October 2014 was exclusively responsible for IFAD operations in Brazil, whereas the current manager is also responsible for the Dominican Republic, Guyana, and Trinidad and Tobago. As per the self-assessment of the Latin America and the Caribbean Division, the current CPM spends around 35 per cent of his total time in managing other IFAD country programmes and corporate/divisional issues. The CPE believes that it would be more appropriate if the IFAD CPM were exclusively responsible for Brazil, in the light of the large number of ongoing projects and the fact that Brazil has the largest financial allocation of all countries in the Latin American and the Caribbean Region.

266. The 2007 CPE recommended the outposting of the CPM from IFAD headquarters to Brazil. Most development partners met by the CPE team believe that outposting the CPM to Brazil is extremely important for an organization like IFAD, if it is to be a leading player in supporting the Government to promote family farming and rural transformation. The country director or representatives of all major international organizations operating in Brazil (e.g. FAO, IDB, IICA, UNDP, WFP, and the World Bank) are located permanently in Brasilia, which allows them to be at the centre of pertinent policy debates and development decisions, seize opportunities for building strategic partnerships beyond the project level, identify opportunities for international cofinancing, and raise the visibility and engagement of their organizations. The presence of the CPM in Brazil would help IFAD to become more active in the aforementioned areas and fulfill its aspirations of being a key player in the smallholder agriculture sector in Brazil.

267. While the outposting of the CPM to Brazil would have cost implications, the CPE firmly believes it would contribute to further enhancing IFAD's development effectiveness, contribute to better identifying pathways, drivers and space for scaling up impact, and further expand IFAD's visibility, image and credibility in the country. It is also clear that the outposting of the Brazil CPM will require adjustments to the operating model (e.g. ensuring complementarity between the role of the outposted CPM and staff in the IFAD Country Office in Salvador) and key business processes, to ensure that the key concerns of Brazil are addressed in a timely manner at headquarters. This however should not be a major concern, given around 20 IFAD CPMs are already outposted, allowing IFAD to increasingly gain experience to refine its operating model within a decentralized institutional architecture. Finally, the outposting of the CPM to Brazil should be pursued

primarily as a measure to advance IFAD's effectiveness agenda, and not seen only from a cost point-of-view.

268. **IFAD's self-evaluation system**. This comprises a range of instruments to monitor and evaluate the performance of the country strategy and operations in Brazil, including project supervision processes (discussed above), preparation of annual project status reports, project midterm reviews, project completion reports, COSOP annual reviews and midterm review (done in 2011), and the consolidated annual portfolio review by the Latin American and the Caribbean Division. All in all, the system is functioning well. For example, the latest (2014-2015) Brazil Country Programme Report (for the Division's annual portfolio review) is of high quality, candid and well written. Among many issues, it underlines that the "overall implementation progress" of five out of the six ongoing projects is only moderately satisfactory.

269. However, there are several issues that require reflection. Project midterm reviews are rarely done in a timely manner, thus reducing their value as an instrument that can help reorient design and implementation, as needed, to ensure effectiveness. For example, the midterm review in the Gente de Valor project was considered useful, but was only done in 2011, which is rather late in the implementation period given the IFAD funding of the operation was completed at the end of 2012, even though the project was formally closed in January 2014.

270. Secondly, there are delays in setting up well-functioning project-level M&E systems, which is also recognized as a common implementation issue in the 2014-2015 Annual Portfolio Review. For instance, none of the new projects has yet carried out its baseline survey though the process for their undertaking has been recently started, and the operationalization of the IFAD Results and Impact Management System (RIMS) has been a challenge. However, good progress was finally made this year, which includes the development of a common M&E system for all projects in the ongoing portfolio, in which the country office is playing a major role.

271. **Management engagement.** IFAD Management has been fairly active in furthering the dialogue at a high level between the Fund and the Government. The Director of the Latin America and the Caribbean Division visited the country several times between 2008 and 2015. The Associate Vice-President of the Programme Management Department visited only once in 2007, and thereafter in mid-2014. The Associate Vice President for the Corporate Services Department visited in October 2015. The President of IFAD visited Brazil in 2009 and the Vice-President in 2010. The President is expected to visit again in May 2016. These visits have given the opportunity to engage in high-level policy dialogue and site visits to IFAD-funded projects. In addition, Management has routinely held bilateral meetings with senior Government officials in Rome during their visits for high-level meetings related to FAO and IFAD.

272. **Learning accountability.** IOE has carried out three main evaluations in Brazil since 2007. This includes the 2007 CPE, an interim evaluation of the first phase of the Dom Hélder Câmara Project in 2010 and a project performance evaluation of the Gente de Valor Project in early 2015. All in all, IFAD has made positive efforts to learn from past experience and to implement the recommendations contained in the corresponding evaluation reports.[71]

273. Even though many of the recommendations from the 2007 CPE have been implemented, some have not received the required level of resources and intensity of actions to ensure better effectiveness. For example, the CPE recommended greater resources and efforts be provided to non-lending activities (policy dialogue,

[71] Given the evaluation of the Gente de Valor project was completed in the first part of 2015, it is anticipated its recommendations and their implications for future and ongoing operations will be considered by IFAD Management and the Government in the near future.

KM, and partnership-building). In this regard, the self-assessment by the Latin America and the Caribbean Division shows that a total of US$93,590 has been invested from the administrative budget allocated to the Brazil country programme for KM and communication activities in three years – 2010 and 2013-2014 (around US$31,000 per year on average)[72] – which is very little especially considering that KM is one of the four strategic objectives in the 2008 Brazil COSOP. Similarly, the CPM and IFAD country office staff spend relatively little time on non-lending activities – as per the estimates of time allocated for different tasks reported by them through their CPE self-assessment.

274. Having said that, as mentioned in the next chapter, IFAD has managed to mobilize other sources of funding for non-lending activities (e.g. grants from donor countries or IFAD grants) and one project has a relatively small budget line dedicated to knowledge management. On the whole, however, the point is that these sources of funding were not secured at the time the COSOP was approved, and had to be mobilized through specific efforts of the Brazil CPM once the COSOP 2008 became "effective".

275. There are other recommendations from the 2007 CPE that were not duly considered, which according to the 2015 CPE would have deserved to be implemented. These include, inter alia, the need to strengthen partnerships with multilateral and bilateral agencies, the outposting of the CPM to Brazil, exploring the possibility of IFAD's country office in Brazil to cover other countries in the Southern Cone region, the enhancement of the role and engagement of the private sector, and the strengthening of M&E capacity and activities. A full assessment of the implementation of the recommendations from the 2007 CPE is provided in annex IV.

276. **Rating**. IFAD has made concerted efforts to develop a significant portfolio of projects since 2008 and to strengthen its overall partnership and dialogue with Brazil. It has mobilized grants for selected non-lending activities (see next chapter) and has quite a good self-evaluation system. Direct supervision and implementation support and the setting-up of the country office are beneficial, though they have some challenges. Management values the partnership with Brazil, and has invested time to advancing the cooperation. There are, however, opportunities for further improvements. In light of the above analysis, the CPE rates IFAD's overall performance as satisfactory (5), see table 15.

B. Government

277. **Favourable policy context.** Overall, the Government of Brazil has established an extremely favourable policy context for rural poverty reduction, particularly by introducing key public policies and carrying out specific public programs for supporting family farming and reducing rural poverty (see chapter II).

278. **Institutional context.** Most IFAD operations are executed by State governments, though the Federal Ministry of Agrarian Development is the executing agency for both the Dom Hélder Câmara I and II projects. Although in August 2015 Brazil temporarily banned direct lending by multilateral development organizations to state governments due to national fiscal concerns, loans for all five new projects funded since 2009 were provided directly to state governments with federal guarantees.

279. The division of labour and complementary roles of the federal and state governments has worked well, bringing design and implementation closer to the ground and building greater ownership in state level authorities, even though the role of municipal governments has not been sufficiently emphasised. Federal authorities (i.e. the Ministry of Planning, Budget and Management, and the Ministry of Agrarian Development) have supported IFAD's direct engagement with state

[72] Data is not available for the other years 2008-2015 (which is the period covered by the CPE).

authorities, facilitating exchanges among projects and states, furthering dialogue with IFAD on wider country strategy and governance matters, and coordinating and monitoring activities across the country programme.

280. However, there are some challenges associated with working directly with state governments, in light of the differing levels of policy and institutional capacities across the states. Related to this, the CPE finds that in states where IFAD has had longer-term engagement (e.g. Bahia) through successor projects, knowledge of IFAD policies, approaches and procedures are better understood, which has facilitated project management, implementation and dialogue. Moreover, states with weaker capacities have found it more challenging – due to their limited capacities and influence, and insufficient knowledge of processes related to multilateral financing – to follow-up with federal authorities in the approval of IFAD-funded projects and satisfying all requirements to ensure "entry into force" of investment projects in a timely manner.

281. **High levels of domestic cofinancing.** One distinguishing feature of the role of the Brazilian Government (both federal and state) is the high levels of counterpart funding provided to projects funded by IFAD. The total counterpart funding for the eight projects covered by the CPE is US$267 million, 44 per cent of total project costs of US$612 million. If one adds the beneficiary contribution (US$79.5 million), the total domestic contribution is US$346.5 million, 57 per cent of total project costs. If one only considers the six ongoing projects, the total share of counterpart funding is even higher (67 per cent). This reflects the country's ownership of the programme and commitment to invest in improving the livelihoods of rural poor people.

282. **Independent evaluations valued**. The Government of Brazil has traditionally supported independent evaluations by IOE as a key tool for assessing results and learning for better performance. For example, Brazil is one of the few countries where IOE has done two comprehensive CPEs (especially in a relatively short period of time) in 2007 and 2015. Moreover, the only two IFAD-funded projects that closed during the evaluation period (2008-2015) – the Dom Hélder Câmara I and the Gente de Valor projects – have also had dedicated evaluations by IOE. The federal and relevant state governments have provided invaluable support to and actively engaged in all independent evaluation activities by IOE. More widely, through its participation in the IFAD Executive Board and Evaluation Committee, it has contributed to strengthening the Fund's independent evaluation activities.

283. **Federal government.** In addition to a strong partnership with the Ministry of Planning, Budget and Management, the main technical counterpart of IFAD in the Federal Government is the Ministry of Agrarian Development. Apart from engaging with IFAD on wider policy and technical issues related to family farming, it is also the designated executing agency for two of the projects assessed by this CPE, the Dom Hélder Câmara I and II.

284. It is important to note that the interim evaluation (in 2010) by IOE of the Dom Hélder Câmara I assessed Government's performance as satisfactory. In this regard, the Ministry of Agrarian Development established a very efficient project management unit, by deploying a competent team and ensuring good financial management and accounting systems. With regard to the Dom Hélder Câmara II, the Ministry of Agrarian Development is playing a proactive role in seeing the project get off the ground, also by retaining many of the staff who was responsible for the implementation of the first phase of the operation.

285. The Ministry of Agrarian Development also takes the lead role in promoting policy dialogue on family farming issues in the Southern Cone region in the context of the REAF, and has shown positive engagement and commitment to the process (this will be further assessed in the next chapter on non-lending activities, see the section on policy dialogue).

286. The Ministry of Planning, Budget and Management has systematically monitored (through a special unit) the performance of IFAD-funded projects in the country and maintains a close dialogue with the IFAD Country Office and the CPM. In this respect, it plays a crucial role in the facilitation of IFAD operations in the country by also maintaining a close dialogue with concerned state government authorities.

287. **State governments.** State Secretariats and related agencies have been designated as the main executing agency in five out of the six projects approved after 2008. As already noted, only the Dom Hélder Câmara II is executed by the Federal Government (i.e. the Ministry of Agrarian Development). This is an understandable choice, given the project is a multi-state operation covering seven states, and has allowed the Ministry to leverage on its good experience of implementing the first phase of the same programme. Both and state governments have encouraged the participation of NGOs and civil society in project implementation, which is a positive feature of IFAD-supported projects (see section on partnerships in the next chapter). It is also important to note that even though the Ministry of Agrarian Development is the executing agency of the Dom Hélder Câmara, its project management unit is located "closer to the ground" in Recife and not Brasilia.

288. As mentioned above, there are however some challenges in the implementation of IFAD-supported projects that state governments – with the support of the Federal Government and IFAD – will need to address in the near future. These relate to the quality of financial management, disbursement rates, performance of project-level M&E, and coherence between annual work plans and actual implementation. Most of the current projects have weaknesses in these areas, as also confirmed by the moderately unsatisfactory (3) ratings assigned by the Latin America and the Caribbean Division to these aspects in the 2014-2015 annual portfolio review.

289. Only in one (Pro-Semi-Arid) of the six ongoing projects is project management considered satisfactory (5) by the Latin America and the Caribbean Division (see annual portfolio review). In all other cases, it is considered only moderately satisfactory. There are several challenges associated with project management including high turn-overs and delays in fully staffing the project management units, and some states have found it difficult to easily mobilize the required expertise for the provision of technical assistance and M&E activities.

290. **Municipal authorities.** In some cases, the projects attempted to involve municipal authorities and local entities. For example, the Dom Hélder Câmara Project I introduced the Territorial Committees that included representatives of communities, trade unions, technical service providers and municipal councils, which were responsible for approving plans submitted by the communities for project financing. These Committees became *fora* for the discussion of development plans and for participatory evaluation of project progress and activities. The evaluation by IOE of the project stated that the project "… went beyond simple alignment with government policies and priorities: it saw itself as an instrument to facilitate access by its target groups to public policies at the federal, state and municipal levels".

291. Under Gente de Valor project, Community Development Committees were established through selection by beneficiaries, thus enabling communities to be represented in sub-territorial development councils that are in charge of formulating proposals for local development plans. However, the project evaluation noted that municipal authorities were not adequately involved in the preparation of these development plans.

292. With regard to the ongoing portfolio, one of the main objectives is to strengthen the participation of municipal councils in project implementation. However, based on the CPE's field visits and interactions with beneficiaries and project staff, it emerged that some projects were confronted with risks related to political

interference in the selection process of the community, business, productive and/or investment plans. Moving forward, projects should seek a balance in involving the municipal institutions so as to make the process of plan preparation in line with local priorities, enhancing the prospects of sustainability while preventing interference that could undermine the transparency of the process and/or the technical quality and feasibility of the investment plans.

293. **Monitoring and evaluation.** As mentioned above and in the section on IFAD's performance, M&E has been a challenge for both the closed projects and the six ongoing operations. In fact, in five of the six ongoing operations, the 2014-2015 annual portfolio review of the Latin America and the Caribbean Division rates the "performance of M&E" as moderately unsatisfactory. This was also highlighted in the recent evaluation of the Gente de Valor project, which noted that "IFAD and the Government have not dedicated sufficient attention to monitoring, analysis, documentation and systematization of the results and experiences". It further notes that "very little was available at the central project level beyond simple output data… [and that the programme suffered from] weak periodic reporting was also a constraint to the preparation of the completion report". The evaluation of the Dom Hélder Câmara I states "No system was in place for regular monitoring of higher-level results such as impact at the level of beneficiaries and grass-roots organizations." No baseline survey has yet been undertaken in any of the ongoing projects, although firm plans are being made to conduct them shortly.

294. The Government in its 2015 self-assessment for the CPE stated that "Recognizing that impact evaluation constitutes a major challenge, the Brazilian Government would like to see IFAD strive to develop more in-depth evaluations of the impact of IFAD projects. To this end, attention must be given to establishing adequate baselines".Concerning the monitoring mechanism to track project performance in reaching out to the target group and progress in terms of institutional building, while a comprehensive assessment cannot be made at this stage for the ongoing operations because the M&E system is still being developed, the CPE observes that the logical frameworks overall attempt to capture participation of women and the youth. It is also a positive feature that targets for recruiting female personnel in the PMUs are included in most of the logical frameworks. However, not all relevant indicators are disaggregated to monitor the participation of or benefits accrued to women and youth – though it is likely that these complementary indicators will be included in the finalized M&E system and will be part of the RIMS. Indicators in the logical frameworks do not generally capture participation of *quilombolas*, indigenous communities, the landless, and women-headed households (depending on the different designs) and partially do so in the RIMS tables that are currently being developed.

295. **Rating.** The consolidated performance of the federal and state governments as satisfactory (5), see table 15. In spite of the challenges outlined in this section, the Government of Brazil (both at the federal and state levels) has shown a high degree of commitment to rural poverty reduction, for instance, by introducing pro-poor agriculture and rural development policies and programmes, increasing its agriculture budget in spite of country's financial challenges, providing very high levels of counterpart funding to IFAD operations, and widely engaging in independent evaluations to promote accountability and learning for better results. Moreover, in spite of the temporary decision to stop direct lending to state governments, the federal government has supported a greater role for states in the design and implementation of IFAD-supported projects, even though there are opportunities for municipal governments to be more actively involved.

296. Overall, the Government values and has devoted deep attention to its partnership with the Fund, notwithstanding the high transactions costs of engaging with IFAD, given the relatively limited amount of resources the Fund provides compared to

other multilateral development banks and the resources available from a variety of domestic sources.

Table 15
Performance of IFAD and Government

Partner	*Brazil CPE 2007*	*Brazil CPE 2015*
IFAD	4	**5**
Government	4	**5**

Source: Brazil CPE 2015

Key points on partner performance (IFAD and Government)

- IFAD has developed a large portfolio of projects in Brazil (with six new operations) in a short time since 2008. Government has provided significant counterpart funding, but the projects do not benefit from international cofinancing.
- The six new projects are all under direct supervision and implementation support of IFAD, which established a Country Office in Salvador in mid-2011. These aspects reflect a positive development of IFAD's operating model in Brazil.
- There are some issues that Government and IFAD will need to address on a priority basis related to the ongoing portfolio, such as strengthening financial management, undertaking of baseline surveys, and fully staffing project management units.
- The CPM for Brazil is based at IFAD headquarters, but the CPE's analysis suggests that the permanent presence of the CPM in Brazil would strengthen further IFAD's development effectiveness, credibility and visibility. The CPE does however recognise that outposting the CPM is likely to have cost implications for the Fund.
- IFAD has developed a good self-evaluation system in Brazil, in spite of weaknesses in ongoing project-level M&E.
- The Fund is learning from past evaluations since 2007, though some recommendations were not implemented and others were only partially implemented. Government has welcomed independent evaluations by IOE as an instrument for assessing results and learning.
- Government has developed a favourable policy context for rural poverty reduction, and has shown commitment in its partnership with IFAD.

VI. Assessment of non-lending activities

297. This chapter assesses the performance in non-lending activities, namely policy dialogue, KM, and partnership-building. Each of these areas has been assessed and rated individually and, based on that, a final consolidated rating is provided for non-lending activities. In addition, in this chapter, an assessment has been made of IFAD's: (i) grant-funded activities and (ii) efforts to promote SSTC.

A. Policy dialogue

298. **Background.** The 2007 CPE assessed policy dialogue as unsatisfactory. As a result, the Brazil 2008 COSOP adopted policy dialogue as one of its four strategic objectives, as follows "to deepen the discussion on rural poverty reduction and family farming policies at the national and international levels".

299. **Regional policy dialogue through REAF and MERCOSUR.** Since 2000, the Fund has supported the creation and strengthening of the regional IFAD-MERCOSUR programme, promoting dialogue between organizations representing family farmers and beneficiaries with government officials in MERCOSUR countries. This allowed to identify, agree on and develop public policies for family farming, which

resulted in the creation in 2004 of REAF and MERCOSUR's Family Farming Fund (FAF), now both entirely funded by MERCOSUR governments.

300. REAF has been a success story, technically and financially supported by IFAD through the Regional Coordination Unit of IFAD's Program for MERCOSUR. By supporting REAF, IFAD moved beyond the execution of projects and programs through the loans granted to the MERCOSUR countries, and to support the intra- and intergovernmental institutionalization of the policies that promote rural development and alleviation of poverty, making them converge to consistently honour the commitments derived from integration.

301. The Ministry of Agrarian Development represents Brazil in REAF and plays a very active and leading role in the process by also bringing to the table experiences of IFAD-funded projects (building on its experience of being the designated executing agency of two IFAD-funded projects, the Dom Hélder Câmara I and Dom Hélder Câmara II).

302. **Forum of State Secretaries in the north-east.** Another recent but important achievement is the establishment of the Forum of State Secretaries of Family Agriculture and Rural Development of north-east Brazil, comprising 11 members (all nine north-east State Secretaries plus the State Secretary of Minas Gerais and Ministry of Agrarian Development as invited guests). IFAD played a central role in enabling the Forum. This initiative began in 2015, holding a Forum meeting every three months on a regular basis. In the last meeting (June 2015), IFAD presented its operations in Brazil, attracting many States where IFAD is not present, such as Maranhão and Minas Gerais and having expression of interest in projects cofinanced by IFAD.

303. **Policy dialogue with subnational authorities.** IFAD has undertaken policy dialogue with subnational governments, using IFAD-supported projects as the platform. Some results are visible at the local/state level, such as the scaling up of rural business plans in government programmes, which were first introduced in IFAD-funded projects. IFAD can further leverage on the experiences of the projects it financed at the state level, as they can provide valuable insights into what works and what does not to inform policy development.

304. The Dom Hélder Câmara I is a good example. Its evaluation stated that the project "went beyond simple alignment with government policies and priorities: it saw itself as an instrument to facilitate access by its target groups to public policies at the federal, state and municipal levels". The Government in its self-assessment notes that "The Dom Hélder project constitutes a good example of synergetic engagement with complementarity between the state-level projects supported by IFAD and federal-level policies". On the other hand, the Gente de Valor Project evaluation found that "the project approach was not coordinated with public policy initiatives…..[and that the project] did not influence the existing municipal plans", so there is room for further strengthening the contribution IFAD-funded projects can make to policy transformation.

305. **Policy dialogue at the federal level.** IFAD generally has a good dialogue with two main institutions at the federal level, namely the Ministry of Planning, Budget and Management and the Ministry of Agrarian Development, on general country strategy, governance matters, and operational issues.

306. The 2008 COSOP had listed that IFAD would engage in numerous policy processes including rural education. Though the 2014 client survey covering Brazil rates that IFAD's engagement in national policy dialogue at 4.88, which is between moderately satisfactory and satisfactory (though closer to satisfactory), the CPE considers this somewhat optimistic based on its own assessment. Since IFAD has focused mostly on area-based projects at the subnational level, its engagement

with the federal government and other main development partners in policy development has not been broad-based enough.

307. Being a very large country and with a federal structure, there are many challenges in promoting policy dialogue and development. First of all and especially for a relatively small organization with limited resources, IFAD requires a more focused and narrower agenda and strategy, with well-functioning M&E systems in place. For instance, given its activities and experience in Brazil and elsewhere, IFAD could play a key role in helping the country further sharpen its policies on family farming, promoting the inclusion of women, youth and indigenous peoples in the development and resource allocation processes.

308. The 2008 COSOP indicates the construction of partnerships with national research intuitions and donors, as a means to enhance IFAD's capacity to engage in dialogue with the Government, but this happened only to a limited degree. In addition, weak M&E meant that experiences and results were not adequately documented and thus opportunities for generating knowledge for policy dialogue were insufficient.

309. Policy dialogue can be further enhanced if it is conducted jointly with like-minded international development partners on specific issues (e.g. with FAO on family farming). However, as IFAD's partnerships require further development (see next section on partnerships), such opportunities have not yet been adequately exploited. Moreover, IFAD has traditionally focused on design and implementation of area-based projects in the north-east and not enough effort has been made to generate cross-cutting and broader lessons on development issues at the country programme level that could inform policy dialogue on strategic issues of wider interest. Finally, little dialogue has taken place with key legislative bodies dealing with family agriculture, land reform settlers and so on, which have an important role to play in Brazil's policy processes.

310. A final factor that needs to be considered is the level of resources (time and administrative budget) invested by IFAD in policy dialogue. Based on the inputs from the Latin America and the Caribbean Division, the CPM and staff in the IFAD country office each spend five per cent of their time on policy dialogue issues. Moreover, between 2010 and 2014, IFAD has invested from its administrative budget allocated to Brazil around US$34,000 per year in policy dialogue. However, what is more revealing is that IFAD has spent only 8.5 per cent of funds in total – from its administrative budget – for policy dialogue as part of its overall expenditures for the Brazil country programme between 2010 and 2014. This is far too low, considering policy dialogue was one of the four strategic objectives in the 2008 Brazil COSOP.

311. **Rating.** All in all, the CPE assess policy dialogue as moderately satisfactory (4), which is better than the performance in this area reported by the 2007 CPE. There are nevertheless opportunities that need to be explored, in particular strengthening policy dialogue with a wider range of federal institutions, which can also open up opportunities for scaling up successful innovations piloted in the context of IFAD operations. IFAD played an important role in policy dialogue until 2010, when REAF was financed by IFAD, although since 2011, after it became directly financed by governments of the southern cone, IFAD had a lesser role in direct policy advocacy and dialogue. IFAD needs to improve its capacity to further influence family farming policy at the Federal level, and have a more direct role in influencing policies such as PRONAF, PNAE and Food Acquisition Programme.

B. Partnerships

312. **Background.** Partnership-building was assessed as moderately unsatisfactory by the 2007 CPE. Therefore, the 2008 COSOP noted that IFAD would pay particular attention to partnerships with government agencies at federal and state levels, international agencies in Brazil, academic and research organizations and the private sector.

313. In assessing partnership-building activities in Brazil, the CPE has taken the 2008 COSOP as the starting point. However, it has also considered the main priorities and elements contained in IFAD's partnership strategy,[73] as approved by the Board in September 2012.

314. **Government.** The partnership between IFAD and the Government is highly valued by both, reflecting mutual trust and cordial relations. IFAD has developed a strong partnership and dialogue with federal and state authorities. In the federal government, a strong relationship is evident with the Ministry of Planning, Budget and Management, and the Ministry of Agrarian Development. It also has a fair dialogue with the Ministry of External Relations and EMBRAPA (the latter is leading the Agricultural Innovation Marketplace, an initiative focused on south-south cooperation and KM supported by IFAD and other partners). Partnerships with state governments and other state authorities are very good, although the relationship with municipal governments is very limited. In this regard, the establishment of the IFAD country office in Salvador has significantly helped improve communication and dialogue, especially with state and subnational level actors, although further improvement needs to be done with municipal governments, since they are an important stakeholder for operations implementation and sustainability after IFAD exits the region.

315. However, there is scope for IFAD to expand its partnerships at the federal level with other key institutions working on agriculture and rural development related issues. There are other federal Ministries that work in areas of priority to IFAD, such as the Ministries for Environment, Infrastructure, Social Development and Fight Against Hunger, and Science, Technology and Innovation. It would also be beneficial to open a dialogue with relevant commissions in the legislative sector that deal with family farming and rural development, such as the Congress Commission for Family Agriculture and others.

316. **Development organizations**. According to the 2007 CPE, "partnership with IFIs and United Nations organizations is particularly weak". Progress in this area has been limited. The 2008 COSOP included an annex with a list of complementarities and potential synergy with key donors (Key File 3), and specifically committed IFAD to build strategic partnerships with other Rome-based United Nations agencies (FAO and WFP), and to work with other United Nations agencies within the framework of UNDAF. Limited use of this information seems to have been made, nor have opportunities for working more as a part of the UN team been fully utilized. However, IFAD has developed collaboration with IICA and UNDP, to some extent. A partnership with UNDP was made for administrative support, specifically for the provision of office space for the IFAD country office in Salvador, and in the Project in Sergipe, where UNDP supports IFAD with contractual and procurement issues. As for the partnership with IICA, the focus is on procurement and contractual support for the KM grant (SEMEAR Project), and service provision for most state projects. A partnership with GEF (with the provision of US$6 million in grants) produced useful results to combat land degradation in the Dom Hélder Câmara I. However, there is no concrete partnerships with the IDB and the World Bank, who are also supporting projects and programmes in the north-east of the country in the agriculture sector.

317. **Partnership with Rome-based agencies.** Partnership with the Rome-based agencies is a high priority for the Government of Brazil and the agencies themselves. Taking into account the complimentary mandates of the three Rome-based agencies, the value added for partnership among the three agencies in Brazil could be in the areas of joint knowledge publications, technical assistance by FAO in support of IFAD-funded projects (for instance in fields of water management and livestock development), joint national policy dialogue on selected issues related to

[73] The IFAD partnership strategy may be seen at https://webapps.ifad.org/members/eb/106/docs/EB-2012-106-R-4.pdf.

family farming, promoting nutritional security in cooperation with WFP's, and joining forces in SSTC on family farming including exchanges between Brazil and other countries in Latin America and Africa. In spite of that, little in the way of concrete partnerships are currently visible, if one considers the entirety of the period (2008-2015) assessed by the CPE.

318. However, dialogue between IFAD, FAO and WFP is improving over the past few months. The WFP has shown interest in IFAD-financed activities that promote access of family farming goods to institutional markets and measures may be taken to enhance closer cooperation, for example, by inviting them to participate in selected IFAD implementation support missions. WFP suggested that an important IFAD product for partnerships and KM would be thematic publications on family agriculture in Brazil. WFP and the Government inaugurated the Centre of Excellence against Hunger, which aims to help countries improve, expand, and eventually run their own school meal programmes to advance the nutrition, education and food security of schoolchildren. The Centre provides a unique platform for promoting SSTC on food security issues, and offers opportunities for IFAD to purse its objectives in this domain as well.

319. In the case of FAO, dialogue is taking place for the production of shared publications and the possibility of organizing joint seminars/conferences. The FAO office in Paraiba has also been approached to explore collaboration with the PROCASE project. In the area of M&E, contacts have been made with FAO Mexico while shaping an IFAD country-level M&E system, but much more can be done with FAO's main country office in Brasilia. FAO's strategic lines of action in Brazil are aligned to IFAD's objectives and scope of work. Possible partnerships with FAO in Brazil include support to PRONAF with the Ministry of Agrarian Development, and support to the National School Feeding Program (PNAE), where WFP is also a major partner (this could be a triple partnership with all Rome-based agencies).

320. **Partnerships with NGOs, community-based organizations and the private sector.** In the context of its operations, IFAD has development strong partnerships with NGOs, which can be considered as key partners in the provision of services and technical assistance to the beneficiaries, such as in areas of processing, business development and marketing. However, there is insufficient capacity among NGOs, and projects aim to enhance the skills of such providers. Community-based organizations (such as producers' organizations, small farmers' cooperatives and associations) are fundamental to implement projects and in many cases are in charge of implementing business plans and investments in the field. However, there is scope for further strengthening their capacities, for instance in production of small agricultural produce such as cashew, honey and dairy development. There are few partnerships (e.g. as seen in the Dom Hélder Câmara I) with the private sector (with Syngenta and Petrobras), but much more can be achieved in this area.

321. All in all, the Latin America and the Caribbean Division in its 2014-2015 annual portfolio review rates as moderately satisfactory the "responsiveness of service providers" in all six ongoing projects. The Gente de Valor evaluation noted that the project promoted an "adequate strategy to empower the beneficiaries and their organizations to effectively drive their social and economic development processes", whereas the evaluation of the Dom Hélder Câmara I concluded that the role of services provides was generally satisfactory.

322. **Rating**. While a lot has been achieved since the 2007 CPE, there is room for further improvement. Partnership-building is rated as moderately satisfactory (4), as there is scope for expanding partnership with federal government agencies, international development partners especially the Rome-based agencies and the private sector. One limiting factor is that both the IFAD country office staff and CPM

only devote 5 per cent of their time on partnership-building, which is relatively little.

323. In fact, the 2014 client survey rated IFAD's performance at 4.56 (between moderately satisfactory and satisfactory) for "harmonization", which assesses the extent to which IFAD participates and contributes to local donor coordination activities and harmonizes its strategies and procedures with other aid agencies in the country. This is lower than the satisfactory (5) rating for the same criteria in 2012 client survey for Brazil.

C. Knowledge management

324. **Background.** The 2007 CPE also assessed overall KM as moderately unsatisfactory. As such, one of the four strategic objectives included in the 2008 Brazil COSOP was related to KM, which is an increasingly important priority for Brazil. While the country is interested in the financial resources provided by IFAD, it is equally interested in learning from IFAD's extensive experiences in other countries and regions, and in sharing its own experience and lessons with others.

325. The 2008 COSOP stated that IFAD will "Improve, through knowledge generation and dissemination, the capacity of the rural poor and of relevant institutions in the north-east to co-exist with semi-arid conditions, adapt to climate change and better exploit the development of the semi-arid region". This objective involves: (i) supporting the dissemination and exchange of information and setting up discussion and knowledge-sharing networks for the purpose of sharing successful experiences and technologies for development in the semi-arid north-east; (ii) support for the monitoring of climate change in the north-east and in disseminating adaptation measures; (iii) establishing partnerships with relevant institutions dealing with science, technology and innovations for the semi-arid areas; and (iv) strengthening the capacity to learn from experience under IFAD projects.

326. In assessing KM activities in Brazil, the CPE has taken the 2008 COSOP as the starting point. However, it has also considered the main priorities and elements enshrined in IFAD's corporate KM strategy,[74] as approved by the Board in April 2007.

327. **Some encouraging activities.** Over the evaluated period, there has been an ongoing intensification of KM activities and outputs. Above all, IFAD introduced a programme called Knowledge Management in the North-eastern Semi-arid Region of Brazil: the SEMEAR Programme. This programme was supported by a grant (US$4.1 million), funded by the Spanish International Development Agency. The programme was initially supposed to run from May 2011 to March 2013, but was extended until end-2015. The programme is the core of IFAD's KM activities in Brazil.

328. The programme was implemented by IICA. Its overall goal is to improve, through the generation and dissemination of knowledge, the capacity of the rural poor and of relevant institutions in the north-east region of Brazil to co-exist with semi-arid conditions, adapt to climate change and better exploit the development potential of the semi-arid region, with the final aim of improving their living conditions and enhancing the social capital of the region. The programme is supporting the strengthening and/or the establishment of collaborative networks related to the programme's strategic thematic areas: technological innovations; natural resource management and adaptation to climate change; rural business (farm and non-farm productive activities).

329. At the same time, however, some of the reports and publications produced by the programme do not present clear information on the results and impacts achieved,

[74] The IFAD knowledge management strategy may be seen at http://www.ifad.org/gbdocs/eb/90/e/EB-2007-90-R-4.pdf.

nor on the knowledge effectively gained by rural families due to the programme. Progress has been made regarding the implementation of learning routes, the opening of tender notices to support KM initiatives, and in building collaboration with farmers' organizations to help disseminate relevant knowledge. The CPE however is concerned, because the programme closes at the end of 2015, and there is need to further consolidate its initial achievements, ensure its continuity and invest more in the dissemination and outreach of results and lessons.

330. Other activities that support IFAD's KM activities have also taken place, such as through REAF. In this regard, representatives of the Ministry of Agrarian Development and IFAD have taken part in key meetings of REAF over the years. Moreover, as mentioned before, IFAD played an instrumental role in establishing the Forum of Secretaries of Agriculture and Family Farming in the north-east of Brazil, where experiences and lessons based on IFAD-funded projects are also shared. And, the visits of the IFAD Evaluation Committee in 2011 and of the German Government's representative from the Ministry of Economic Co-operation and Development in early 2014 dealing with IFAD are good examples of sharing Brazil's experiences with IFAD member states.

331. IFAD and the federal government have formed a dialogue platform among projects, with the aim of disseminating experiences, including achievements and lessons learned. This is something that could be further strengthened in order to maximize the contributions from both closed and ongoing projects for enhanced design and implementation of development projects in Brazil and elsewhere.

332. IFAD has a page on its website devoted to its operations in Brazil,[75] mostly with information of the loan-funded projects. It also has a section on Brazil on the Rural Poverty Portal[76] created by IFAD. In both cases, the information available is clearly useful, but both the Webpage and Portal can be further developed and expanded with additional information and data on the country programme including lessons learned and results achieved.

333. **M&E and learning from project experiences.** The comparative advantage of IFAD's KM work is its rich experience in supporting smallholder agriculture development projects and programmes in rural areas. As such, to a large extent but not exclusively, IFAD's KM activities build on its project and programme experiences.

334. Therefore, a key component to ensuring a solid KM function is effective and efficiency M&E functions at the project level, which can capture experiences and lessons that can then be consolidated thematically or geographically or both. However, as discussed earlier, M&E of projects have still not been properly developed, and is an area that deserves attention also to ensure a proper KM function at the country programme level. Projects themselves also need to devote more attention to KM in the broader sense, beyond having well-functioning M&E systems.

335. As previously mentioned, the Gente de Valor evaluation underlined that there has been "little analysis and systematization of implementation experiences", and a similar conclusion was made by the Dom Hélder Câmara I evaluation, which stated that "a number of successful experiences need to be analysed and shared…this will make it possible to extract lessons learned for use in future poverty reduction initiatives and further policy dialogue actions". Few new projects have an explicit allocation for KM. One example is the Pro-Semi-Arid, which has a small allocation for both KM and M&E of 3 per cent out of total project costs of US$105.8 million.

[75] See http://operations.ifad.org/web/ifad/operations/country/home/tags/brazil.
[76] See http://www.ruralpovertyportal.org/country/home/tags/brazil .

336. In fact, of the six ongoing projects, the Latin America and the Caribbean Division rates[77] "innovation and learning" as moderately unsatisfactory in two cases, one as only moderately satisfactory, and no rating is given in three cases, as the latter are just taking off the ground. Having said that, it is to be noted that – given the criteria jointly assesses innovation and learning – it is not possible to only discern the division's self-rating for learning.

337. **Knowledge partnerships.** IFAD's project-based intervention model has some limitations in terms of KM. There is a need for wider knowledge partnerships, and a number of high quality research institutes and academic institutions are available in the country. The centrality of knowledge and the need to ground knowledge in Brazilian institutions are fully acknowledged by other development partners in Brazil. The World Bank, for example, explicitly aims to ensure that analytical and technical support strengthens national institutions and country systems, and increasingly will have this type of work led by, and based within, Brazilian institutions. This means approaching institutions like the Semi-arid National Institute, the State Agricultural Research Organizations (OEPAs), the National Agency for Rural Extension and Technical Assistance, national Universities and Think Tanks, such as the Centre of Management and Strategic Studies, regional development Companies and Superintendencies, such as CODEVASF and SUDENE, and the Brazilian Corporation of Agricultural Research (EMBRAPA), with its 47 research centres, many of them in the area where IFAD's projects are located, on further knowledge collaboration, in order to create a continuous flow of knowledge. Many states have the State Organizations for Agricultural Research and Rural Extension and Technical Assistance Corporations – state owned enterprises whose main focus is to provide technical assistance to farmers as well as to do research. Federal and state universities are also present in the semi-arid where IFAD target its projects, all of which with research activities aligned to IFAD's goals and scope. A stronger collaboration with these institutions provides the potential to strengthen the analytical base of IFAD's KM work in the country.

338. **IFAD's visibility, communication and resources invested**. In spite of some good initiatives as mentioned above, IFAD is not yet consistently regarded at the forefront among development partners of generating and disseminating knowledge products on family farming, food security and related topics, which can contribute to policy-making, programme development or further research. Many institutions that were met by the CPE team (especially at the federal level) were not knowledgeable about IFAD's good work in the country, implying the need for more efforts in outreach and communication activities.

339. As compared to IFAD, other development partners – FAO, WFP, UNDP, the World Bank and others – are active in generating, communicating and disseminating their knowledge products. This may be partly explained by the limited level of resources invested in the function by IFAD. The CPM devotes 5 per cent of his time to KM, whereas staff in the IFAD country office allocates 7.5 per cent of their time. Moreover, as mentioned in the previous chapter, IFAD has only allocated on average US$31 000 per year for KM from its administrative budget in the years 2010, 2013 and 2014.[78] This is far too low, considering that KM was one of the four strategic objectives of the 2008 Brazil COSOP.

340. In fact, in its self-assessment (2015), the Government appears to share similar concerns, and states that "IFAD's experience in Brazil has been reasonably well documented through the publication of books and other print materials. Nonetheless, the documentation and dissemination effort still lacks a strategy of systematization and dissemination for other means of dissemination of experiences for diverse groups, especially for reaching family farmers".

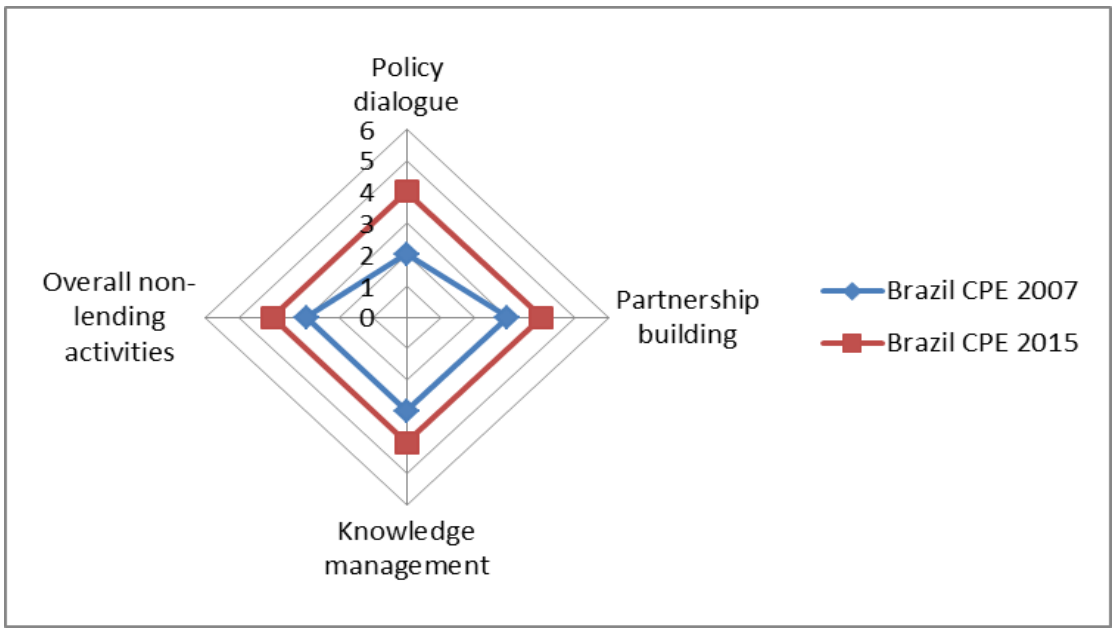
[77] See 2014-2015 annual portfolio review of the Latin American and the Caribbean Division.
[78] Data is not available for the other years since 2008.

341. **Rating**. All in all, KM is assessed as moderately satisfactory (4), which is an improvement from the assessment (moderately unsatisfactory, 3) in the 2007 Brazil CPE. Good efforts have been made in general by IFAD and progress over time is visible. However, this is an area where more can and will need to be achieved in the future.

342. There is indeed growing interest in Brazil to pursue an active knowledge-sharing programme for better development effectiveness on the ground as well as to use their experiences and lessons for better livelihoods in other developing member states of IFAD. Brazilian academics, policy-makers and development practitioners have recognised the importance of leveraging on knowledge for development. For example, in his publications, the distinguished Brazilian economist, Joao Paulo dos Reis Velloso,[79] underlined that importance of "taking knowledge, in all forms, to all segments of society, even low-income segments", and noted that "the knowledge economy creates conditions to develop several great opportunities that, taken as a whole, will transform the economy and lead Brazil along the route of development".

343. **Consolidated assessment of non-lending activities.** Figure 1 provides an overview of the ratings for non-lending activities. The final assessment by the CPE is that performance in non-lending activities has been moderately satisfactory (4), which is an improvement from the results reported in the 2007 Brazil CPE.

Figure 1
Performance of non-lending activities in Brazil



Source: Brazil CPE 2015

344. There is however one cross-cutting matter that, according to the CPE, is a major driving factor in the merely moderately satisfactory performance in all non-lending activity areas (including management of grants and SSTC, which will be discussed in the next section). This relates to the fact that the IFAD CPM for Brazil is located at IFAD headquarters, and not in Brazil. Though there have been improvements since 2007, the CPE believes that further improvements will only be marginal with the continued location of the CPM at headquarters. This is particularly fundamental, given that policy dialogue, partnership-building, KM, and SSTC, are key pillars and are likely to remain so in the future partnership strategy between IFAD and Brazil. And, the Brazil CPM, as a senior international staff member, would have specific competencies and perspectives to more effectively take the lead in these areas, as is the case for other international development organizations in the country.

345. Though the CPM has made good efforts between 2008 and 2015, being based at IFAD headquarters does not enable him/her to sufficiently explore, nurture and develop purposeful partnerships with a diversity of actors especially at the federal level. The same applies to policy dialogue, KM and SSTC, which are tasks that cannot be left to the capable national staff in the IFAD country office, who are mostly focused on providing project-level supervision and implementation support and furthering dialogue with subnational actors. Moreover, as compared to the international CPM, experience from other countries and organizations shows that national staff are unlikely to obtain access at the required level to a range of senior policy and decision makers, nor have the same level of knowledge of IFAD's corporate strategy, priorities and internal processes and experience of other country programmes that is critical for achieving the objectives set for non-lending activities in Brazil.

346. The outposting of the CPM would bring the required seniority to the country programme in general and in particular to IFAD's non-lending activities, which are processes that require consistent effort, inputs and persistence over time, and cannot adequately be conducted by periodic missions from Rome. On this issue, the CPE recognizes the Government's concern that – with an outposted CPM in Brazil – there might be risks that Brazil's concerns do not gain the required traction or attention in internal corporate process and strategic dialogue within the Fund. While this is a legitimate issue, IFAD has a well-articulated decentralization approach and operating model, with many outposted CPMs (20) in selected countries (see next paragraph).

347. The initial experience shows that outposted CPMs are able to effectively – for instance, through increased use of information and communication technologies and periodic missions to headquarters – ensure that due attention is devoted by the Management to all country programmes with outposted CPMs. The institutionalization of IFAD's Field Support Unit in the Corporate Services Department discharges a critical role in ensuring that proper links are maintained between headquarters and country offices. There are other institutional mechanisms that help to ensure outposted CPMs are adequately anchored into key corporate processes and discussions, such as the annual regional implementation workshops organised by each regional division, bringing together all staff (from both headquarters and country offices) to exchange ideas, share knowledge, and discuss implementation, financial and strategic issues of common interest.

D. Grants

348. Between 2008 and 2015, Brazil benefitted from 24 IFAD-funded grants with a total amount of US$28.6 million. As mentioned earlier, the largest individual grant was for Knowledge Management in the North-Eastern Semi-Arid Region of Brazil (US$4.13 million) and the second largest was a grant of US$2.5 million for Programme for the Development of Alternative Biofuel Crops where the World Agroforestry Centre was the recipient. There were also some free-standing grants supporting capacity development, KM, SSTC and policy studies.

349. The emphasis of IFAD's grants are in areas of agricultural research, socio-economic policy research and enhancing farmers' organizations access to international networks, given that these have been typical areas of focus for grants in Brazil and in the region. The CPE has selected for review six country-specific grants based on grant approval documents and records of activities. There is, however, limited information to assess outcomes or contribution to the objectives of some grants.

350. Institutional consolidation of REAF, MERCOSUR and Strengthening Rural Organizations for Policy Dialogue in South America programme are the grants that supported the MERCOSUR family farming network (REAF and COPROFAM). It included grants for a total of US$1.5 million over the period 2008-2012. These grants were at the foundation of IFAD's policy dialogue programme in Brazil. The

goal of the programme was to contribute to the process of policy formulation on family farming in the MERCOSUR area and to address the needs and aspirations of smallholder farmers in order to increase their income and well-being.

351. As for its effectiveness and results, the final report lacks a clear analysis of the outputs and results achieved under each component, making it difficult to assess the overall performance of the policy dialogue programme. Besides, it includes an analysis of the products of the programme, which is not directly related to what the Programme Design document presented. Many of the results cited in the final report are vague and do not provide enough information on the actual achievements.

352. KM in the north-eastern Semi-arid Region of Brazil: SEMEAR Programme is the largest of all IFAD-supported grants. As mentioned earlier, its overall goal is to improve, through the generation and dissemination of knowledge, the capacity of the rural poor and of relevant institutions in the north-east region of Brazil to co-exist with semi-arid conditions, adapt to climate change and better exploit the development potential of the semi-arid region. The programme is supporting the strengthening and/or the establishment of collaborative networks related to the Programme's strategic thematic areas: technological innovations; natural resource management and adaptation to climate change; rural business (farm and non-farm productive activities). This grant is the core of IFAD's KM programme in Brazil, and is consistent with the 2008 COSOP that includes knowledge management as one of its strategic objectives.

353. The Programme for the Development of Alternative Biofuel Crops is the second largest IFAD-funded grant, with a value of US$2.5 million, with the World Agroforestry Centre as the recipient agency during a four-year period (2012-2016). The overall goal of this grant is to undertake biofuel research and development in non-food or multiple-use crops to enable the poor, including women, to take advantage of this emerging opportunity in energy markets. All research will aim at sustainable development of natural resources. The programme also plays a catalytic role in strengthening public-private partnerships and cooperation between IFIs, development organizations, foundations and the private sector, and disseminates knowledge and attempt to mainstream biofuels in IFAD operations.

354. In summary, grants have been an important part of IFAD's programme in Brazil. They have particularly been instrumental to further non-lending activities in the country programme.

E. South-South and Triangular Cooperation

355. **Background.** SSTC has increasingly been recognized as a key priority for IFAD to achieve its mandate of rural poverty reduction. Though IFAD does not have a policy document on the topic, its main priorities for SSTC are captured in the final reports on the Ninth and Tenth Replenishment Consultation processes concluded in December 2011 and December 2014.

356. The final Report of the Ninth Replenishment states that "Enhancing IFAD's business model with an explicit South-South and Triangular Cooperation dimension that is strong, well-planned and coordinated will yield multiple benefits for the relevance, effectiveness and efficiency of IFAD-supported programmes, as well as for IFAD's ability to promote scaling up and engage in national policy dialogue on agriculture and rural development. Towards this, IFAD will strengthen its role in promoting and facilitating South-South and Triangular Cooperation". The final Report on the Tenth Replenishment said that "IFAD plans to strengthen its comparative advantage and expand its work in this area in terms of both knowledge-based cooperation and investment promotion, seeing it as an integral part of its business model". Therefore, in order to assess the progress made in Brazil, this CPE has used as a

basis the Fund's main priorities for SSTC, as enshrined in the final Ninth and Tenth Replenishment Reports.[80]

357. **Progress in Brazil.** During the last decade, Brazil achieved very rapid and significant social progress, such as large reductions in poverty and inequality, considerable improvements in children health outcomes and a significant expansion in access to basic education and is likely to meet almost all Millennium Development Goals by 2015. Throughout this same period, Brazil has also made a concerted effort to step up its international projection and participation, significantly increasing SSTC efforts with African and Latin American countries. Despite substantial development achievements, significant challenges remain for Brazil. Within that dual context, Brazil is a unique source of development knowledge, concrete and applied policy, academic, scientific and institutional experience and expertise in many fields and issues of immediate relevance and application to other parts of the developing world.

358. Expenditures of the Brazilian Cooperation for International Development in the period from 2005 to 2010 totalled R$ 4.5 billion (approx. US$2.56 billion).[81] Of this total, R$ 2.75 billion (61 per cent), accounted for expenditures with international organizations. Among the expenditures made by the Government of Brazil in 2010 in international bilateral cooperation, 68.1 per cent corresponded to the processes of cooperation with Latin America and the Caribbean: R$ 195 million. Expenditures made in cooperation with Africa totalled R$ 65 million, corresponding to 22.6 per cent of the total. While in Asia and the Middle East expenditures amounted to R$ 12 million (4.3 per cent of total), in Europe expenditures in 2010 reached R$ 12 million (4.0 per cent), in North America the value was of R$ 3 million (1.1 per cent), and in Oceania expenses amounted to R$ 26 thousand, corresponding to 0.01 per cent of total.

359. As a financing mechanism, IFAD's grants have always been a key instrument in alleviating rural poverty. IFAD's engagement in SSTC with Brazil refers mainly to grants and non-lending activities, although since 2012 relations with lending operations have been increasing. From the 24 IFAD grants in Brazil, nine grants focused on SSTC. In terms of financial amount, this represents 46.7 per cent of the total grant funding for Brazil in the evaluation period; a value of approx. US$13 million. IFAD's Grant Policy created two types of grants, one for global and regional grants; and one for country-specific grants. Both have been used for SSTC in Brazil, although with a clear focus on global and regional grants (seven of the nine grants for SSTC with Brazil). This indicates that IFAD has not been giving a country focus for SSTC in Brazil, but more of a regional approach (southern cone), where Brazil becomes a knowledge provider for its neighbouring partners. This is the example of the most known grant-financed initiative for the Fund. IFAD-MERCOSUR, which has played a central role in disseminating Brazil's experience in poverty-reduction policies and programmes in the broader MERCOSUR region, also involving Chile, Ecuador and Bolivia (in addition to MERCOSUR's other members). Through IFAD-MERCOSUR, some of the leading family farmers' organizations in the region have had their voices heard in policy-making and in shaping public investment programmes affecting their lives.

360. IFAD has been assisting Brazil in its efforts to cooperate with African and Latin America and the Caribbean countries in the exchange of knowledge and experience, in terms of public policies for family agriculture (technical assistance and rural extension, agricultural insurance, food supply, income security, institutional markets, credit, access ground) and in terms of associations and cooperatives, agricultural research and technology policies. Two grants provided

[80] The Ninth and Tenth Replenishment Reports are found at: (i) https://webapps.ifad.org/members/gc/35/docs/GC-35-L-4.pdf; and (ii) https://webapps.ifad.org/members/gc/38/docs/GC-38-L-4-Rev-1.pdf.
[81] PTAX-BCB average exchange rate (US$1 = R$ 1.76), calculated by the Central Bank (BCB) during the time of the study (2010). The exchange rate on 11 August 2015 is US$1 = R$ 3.50.

support to knowledge sharing and direct partner capacity-building between EMBRAPA and a number of institutions in Africa. The Africa-Brazil Innovation Marketplace is a mechanism designed to involve researchers from different countries in joint efforts to devise solutions to some of the challenges faced by smallholder farmers, rapidly, efficiently and at a low cost. The LAC-Brazil Agricultural Innovation Marketplace grant, also led by EMRAPA, is a multi-country IFAD grant project that has so far benefitted 10 Latin America and the Caribbean countries (Argentina, Bolivia, Colombia, Costa Rica, Cuba, Dominica, Nicaragua, Paraguay, Suriname and Uruguay).

361. In terms of modalities, a mix between conferences, expert visits, study tours, workshops and twinning arrangements were used in the SSTC activities for Brazil. Study tours is the main modality for the execution of exchanges, especially for IFAD's lending operations, where participants and coordinators visited other projects for best practices in rural development, with the help of PROCASUR. As for non-lending, not only study tours but also international workshops and conferences played a role in the exchange among countries, such as the REAF and MERCOSUR meetings, Terra Madre, Learning Route Programme and New Delhi Conference. As for the Innovation Marketplace, the main approach regarding modality was the use of twinning programmes and direct partnerships between agricultural scientists and experts in different countries. Under the programme, a ministerial meeting and a forum for knowledge sharing and fostering policy dialogue were organized (forum shared with African counterparts) in 2010.

362. As for instruments, most SSTC activities carried out by IFAD in Brazil (both for the lending and non-lending programmes) can be classified as technical assistance or knowledge-sharing events. In the case of REAF and MERCOSUR, an agency development approach was used in order to strengthen the institutional capacity of rural associations for policy dialogue. As for technology transfer and academic cooperation activities, these are currently limited and may be further supported in the future with the help of EMBRAPA or Semi-arid National Institute.

363. SSTC has a lot of interaction with the three main non-lending activities; all of them supporting IFAD's country programme in Brazil, used in parallel with the lending operations, and may be considered as the outcomes of the exchanges. From the total amount deliberated to SSTC, around 62.3 per cent (approximately US$8.13 million) concentrates on KM. The main SSTC activities related to KM are the SEMEAR Programme, Learning Routes and the development of biofuel crops. The second focus of IFAD's SSTC platform for Brazil is on policy dialogue, equivalent to 25.3 per cent of the total South-South budget (approximately US$3.3 million). Although smaller on a financial scale, this is IFAD's most relevant action for policy dialogue in the country, composing the REAF initiative and IFAD-MERCOSUR programme; it is also the main focus for SSTC as stated in the Brazil 2008 COSOP. The last of the non-lending activities to be focused on the SSTC package for Brazil is partnership building, accounting for 12.4 per cent of the South-South budget (approximately US$1.6 million). The initiatives in this area include both Innovation Marketplace Programmes (Africa and Latin America and the Caribbean), as well as Terra Madre's projects with Brazil.

364. Regarding geographic scope, nearly all of IFAD's SSTC activities with Brazil are carried out in the Latin America and the Caribbean Region or Africa. In both cases, for the period 2008-2015, over 30 countries in both regions were active participants in IFAD's South-South exchanges, with no single country featuring as the most active participant. From this selection, 18 countries characterize the participation of Latin America and the Caribbean in SSTC with Brazil, whereas Africa is represented by 11 countries. This aligns well with Brazil's foreign policy on South-South, where almost 91 per cent of Brazil's technical cooperation goes either to the Latin America and the Caribbean region or Africa.

365. Concerning the main thematic areas covered by IFAD's nine activities in SSTC with Brazil, these include: family farming; rural finance; agricultural innovation; productivity enhancing technologies; natural resource management improvements; policy, institutional strengthening, and KM; smallholder and poverty-alleviation target technologies; farmers organizations – empowering grass roots to influence decision-making; biofuel; and sustainable food production and consumption. These areas are well aligned to IFAD's core accomplishments in the Brazil country programme and are strongly embedded in Brazil 2008 COSOP's four strategic objectives.

366. IFAD has clearly emphasized the importance of SSTC in its portfolio for Brazil. Evidence from grant-funded cases in Brazil suggests that SSTC can enhance the effectiveness of development processes, help countries avoid mistakes, and highlight high value activities that would not otherwise have been employed. South-South can be helpful in exposing countries to new development approaches, building buy-in to adopt new directions, and solving implementation bottlenecks. IFAD played a crucial role in the support, implementation and success of SSTC efforts, not only for its financial contribution, but also for its technical and logistical support and for pioneering support of the various initiatives targeting rural development.

367. As the next step in order to consolidate its SSTC programme, IFAD should chose a key theme (such as family farming programs, or family farming policies) and make that the key focus for all future SSTC activities. Presently, most activities have an ad hoc approach, and may hamper IFAD's future actions related to SSTC. Such as the WFP Centre of Policy focus on school feeding for its SSTC programme, IFAD needs to focus its resources in a key theme for SSTC in order to became a champion and referred authority in its chosen area, further improving other non-lending activities such as policy dialogue, partnerships and knowledge management.

Key points on non-lending activities (including grants and SSTC)

- Policy dialogue at the sub-regional level in Latin America has been good on issues related to family farming and food security. Some positive activities are also visible at the subnational level. At the federal level, IFAD has a good dialogue with the Ministry of Planning, Management and Budget and the Ministry of Agrarian Development. However, a more broad-based policy engagement with other key actors would add further value.
- IFAD has strong partnership with the abovementioned two ministries and with subnational authorities as well as with NGOs and community-based organizations. However, partnerships with the private sector, multilateral and bilateral organizations, municipal governments and other relevant federal institutions are limited.
- Several good KM activities have been promoted in the period 2008-2015. However, there are opportunities to consolidate and further expand such activities to improve IFAD's visibility in the country as a leader in issues related to smallholder agriculture development.
- IFAD has done a good job in pursing SSTC. This is an area where IFAD can be more active and work in partnerships with the Government and other international development actors such as WFP, FAO, and the World Bank. A key theme should be chosen for future SSTC in order to establish IFAD as a champion for the chosen area.
- Results in non-lending activities (policy dialogue, partnership building, KM) have improved since the 2007 CPE but they are still moderately satisfactory. One major driver of better performance in non-lending activities including SSTC is the role of the CPM. However, his/her location at IFAD headquarters is a constraining factor in further enhancing results.

VII. COSOP performance and overall Government-IFAD partnership

368. This section covers the assessment of the 2008 Brazil COSOP's performance in terms of its relevance and effectiveness. CPEs normally rate each criterion (i.e. relevance and effectiveness) separately, and thereafter derive a composite rating for COSOP performance. This CPE assesses and rates the COSOP's relevance but it is unable to assess or rate the COSOP's effectiveness (the extent to which country strategy objectives were met or are likely to be met) because all six operations funded by IFAD after the approval of the 2008 COSOP are only in their initial stages of implementation and of them will only be completed between 2019-2021. As such, there are few results to enable an informed assessment of the COSOP's effectiveness, apart from the results from the two projects (Dom Hélder Câmara I and Gente de Valor) that were designed before the 2008 COSOP.

369. Moreover, this chapter includes an assessment of the overall Brazil-IFAD partnership in Section B. As per IOE's methodology, this overall assessment is informed by the composite ratings for portfolio performance, performance of non-lending activities, and COSOP performance. The CPE includes a narrative on the overall Brazil-IFAD partnership, but for similar reasons mentioned in the previous paragraph, it has not included a rating for these composite criteria (i.e. overall Brazil-IFAD partnership). It would not be rigorous to include such a rating with only an assessment of portfolio relevance (without ratings for the other criteria, such as portfolio effectiveness, impact or sustainability), COSOP relevance, and a rating for non-lending activities.

A. COSOP performance

Relevance

370. The aim of this section is to assess the relevance of the objectives and the relevance of design of the 2008 COSOP.

371. **Timing and coverage of the COSOP.** The 2008 COSOP was informed by the 2007 CPE, and was prepared in a timely manner soon after the completion of the CPE. The latter was concluded in December 2007 and the new COSOP was considered by the Board in September 2008. The COSOP includes a good description of the main lessons from past experience and addresses many of the recommendations from the CPE.

372. The COSOP was originally planned to cover the period from September 2008 to 2013, just over a five-year horizon, which is an appropriate time frame for the coverage of an IFAD country strategy. In the end, the 2008 COSOP will have covered the period from September 2008 to April 2016 (the latter being the planned date of presentation of the new COSOP, following the completion of this CPE). Having a new COSOP adopted in early 2016 would be appropriate, as it coincides with the beginning of the Tenth Replenishment period of IFAD (2016-2018), when a new financial allocation would be available to Brazil under the PBAS.

373. **COSOP consultation process.** The process followed in the development of the 2008 COSOP was participatory and is clearly documented in appendix I of the COSOP itself. A number of preparatory studies were commissioned on poverty analysis, gender, institutions and other related topics. Multiple country stakeholders were consulted at different stages of the process.

374. **Executive Board review of COSOP.** As part of the consultation process, the Executive Board reviewed the COSOP for Brazil. The minutes of the Board state that the Board Directors commended the quality of the COSOP, in particular the response to the recommendations of the CPE and the relevance of the broad and participative consultation process that was an integral part of the COSOP's preparation, which ensured country ownership of the programme. The Board

endorsed the focus on the north-east region, considering the size of the country and the fact that this region had the highest concentration of rural poverty. Board Directors also expressed their satisfaction with the special attention paid to KM and policy dialogue. The Board requested clarity in assigning responsibilities to the Country Office in Brazil, in order to avoid possible duplication of work at headquarters.

375. The Brazilian Representative to the Board declared that the COSOP proposals fitted with the country's strategies and policies. He expressed his country's agreement with the regional focus in the north-east and stated that the Brazilian Government would like IFAD to explore possibilities of working further in other regions, particularly in the north and in the Amazon. He also stressed the relevance of setting up an office in Brazil in order to strengthen the relationship between IFAD and the country. Finally, he pointed out that, for the national government, the involvement of IFAD in KM and policy dialogue is even more relevant than financing projects, although IFAD's funding is very important for sub-national (state-level) governments.[82]

376. **2008 COSOP objectives**. The 2008 COSOP contained four main objectives: (i) to increase agricultural production by small farmers, with corresponding access to markets; (ii) to improve access by the rural poor to off-farm employment and business activities in rural areas and villages, focusing on women and young people; (iii) to improve, through knowledge generation and dissemination, the capacity of the rural poor and of relevant institutions in the north-east to co-exist with semi-arid conditions, to adapt to climate change and to exploit the development potential of the semi-arid region; and (iv) to deepen the discussion on rural poverty reduction and family farming policies at the national and international levels.

377. The 2015 CPE considers the 2008 COSOP objectives to be broadly relevant in relation to IFAD's Strategic Framework (covering the period 2007-2010), which emphasized the need to improve agriculture technologies for enhanced productivity, promote access to markets, develop off-farm employment and small and medium enterprises, and for IFAD to be engaged in national and international policy processes. However, the COSOP objectives did not explicitly underline the need to promote private sector engagement and strengthening financial inclusion of the rural poor, which were two other key dimensions of the Strategic Framework and areas where more can be achieved in the Brazil country programme. The 2008 COSOP objectives were in line with the main policies of the Government for rural poverty reduction at the time, including the *Bolsa Familia* and PRONAF. It also explicitly outlined risks and risk management measures.

378. **COSOP priorities**. The CPE assesses the COSOP against the principal elements listed in table 6 of chapter III, namely: geographic priority; subsector focus and activities; target group; main partner institutions; country programme funding; and COSOP and country programme management.

379. The COSOP rightly selected the semi-arid north-east of Brazil as the focus of IFAD operations, with state governments as the main executing partners in most cases. The CPE considers this appropriate, because Brazil's north-east region has the single largest concentration of rural poverty in Latin America and is the country's poorest and least-developed region. In this region and as mentioned in chapter II, 58 per cent of the total population and 67 per cent of the rural population is poor.[83] The COSOP also made reference to working in the north as recommended by the 2007 CPE, noting that it would consider such an expansion only depending on the availability of resources.

[82] Paragraphs 374 and 375 have been taken from the minutes of the 94th session of the Board held in September 2008.
[83] Data from the United Nations Economic Commission for Latin America.

380. With regard to the latter, the CPE agrees with the decision to concentrate new operations in the north-east between 2008 and 2014. However, now that IFAD has a sizeable portfolio in the region, the Fund should not rule out working in the future in other non-semi-arid regions of the north east and in the north of the country – in partnership with other development partners – to ensure that all disadvantaged communities in Brazil can benefit from IFAD assistance. Around 15 million people live in the north, of whom 4 million people live in rural areas. Most of them are poor and marginalized from economic and social development, and would therefore classify as beneficiaries of IFAD operations. A large number of the population in the Northern rural areas are indigenous peoples, who are at the core of IFAD's development efforts and global experience, and be in line with IFAD's corporate targeting and indigenous peoples policies. Similarly, there are some rural areas in the north-east of the Brazil with presence of poor indigenous people who would deserve IFAD's attention.

381. Working in the north would be consistent with Government priorities, which stated in its 2015 CPE self-assessment that "notwithstanding …. the limitation of resources available for projects in Brazil, IFAD could begin to explore the prospect of working in the north region, which is the second poorest region in the country and faces complex rural development challenges. A pilot project in the region could serve as a window into the region's reality, being instrumental for identifying the challenges for and potential contribution of IFAD's engagement in the region". Any future intervention in the north should carefully consider the implications of agricultural development to deforestation, which is a major concern in the region.

382. The subsector focus in the COSOP (see chapter III), and of the new operations designed after its adoption has on the whole been appropriate. Considering the poverty profile and agroecological conditions in the north-east region, the COSOP correctly adopts a strategy that combines agricultural and non-agricultural activities as a basis for rural transformation. In terms of target group coverage, the COSOP rightly recognizes the need to prioritize poor farmers, agrarian reform settlers, rural workers, youth and women, including indigenous people living in the north-east.

383. However, the CPE notes that none of the investments projects and programmes are classified as agriculture operations and a better balance between agricultural and non-agricultural activities and more explicit attention to agriculture would have been fitting, especially taking into account IFAD's core mandate to "provide financing primarily for projects and programmes specifically designed to introduce, expand or improved food production systems….[and] the need to increase food production…[and] the importance of improving the nutritional level of the poorest populations….".[84] Having said that, the CPE also notes the importance of providing essential rural services and inputs to project beneficiaries to prepare and organise them effectively to engage in agriculture production activities for better incomes.

384. In terms of institutional partnerships, the COSOP underlined that IFAD would mainly work with the Ministry of Planning, Budget and Management, the Ministry of Agrarian Development, and EMBRAPA in the federal government. It did not, however, refer to potential partnerships with other key federal government agencies, such as the Ministry of Agriculture, Livestock and Food Supply or the Ministry for External Relations, two potentially important players for IFAD. It spoke about developing partnerships with several multilateral development agencies, but these have not materialized to the desired extent.

385. The COSOP includes a section on the allocation that would be available to Brazil based on the PBAS (to be used primarily for loans on ordinary terms), but there is no indication of the amount of regional/global grants required to further some COSOP objectives and activities (e.g. on policy dialogue or KM).

[84] See article 2 in the Agreement Establishing IFAD.

386. In terms of COSOP management and country programme management, appendix III of the 2008 COSOP document included a well-formulated results management framework matrix that is consistent with the main document. It aligns the four strategic objectives with broader country priorities and includes outcome indicators, milestone indicators, and institutional and policy objectives. However, some of the outcome and milestone indicators do not have targets and are difficult to measure, especially those related to KM and policy dialogue objectives. Finally, the COSOP commits to: (i) establishing an IFAD country office in Brazil, which was opened in mid-2011, (ii) undertaking direct supervision in all new operations (which is indeed the case); (iii) carry out a midterm review of the COSOP in 2011, which was done according to agreed timelines; and (iv) undertake an independent evaluation of the country strategy in 2013.

387. However, the planned independent evaluation was deferred to 2015 for three reasons: (i) the funding available to Brazil for investment operations in the Ninth Replenishment period (2013-2015) had been provided as loans for two new projects at the end of 2013, and doing an evaluation earlier in the year would not have allowed it to assess the relevance of their design; (ii) the major start-up delays in the new operations funded by IFAD in the country since 2009; and (iii) the announcement of the general presidential elections in 2014, which could potentially have caused challenges in the implementation of a comprehensive evaluation in that year.

388. **Costing of the COSOP.** As for all other IFAD COSOPs, the Brazil 2008 COSOP is not costed. That is, there is no indication of the estimated administrative resources that were needed to achieve country programme objectives, nor specific resources that would be required for translating COSOP objectives and planned activities related to non-lending activities (e.g. policy dialogue, KM and SSTC) into action. This is critical to avoid overly-ambitious goals that later cannot be realized, as the 2015 CPE finds that insufficient resources is one limitation that has constrained further achievements, especially in non-lending activities. However, on the positive side, the 2008 COSOP does include an indication of the modalities for project supervision, country presence and country programme management, and M&E instruments and processes (but these areas too were not costed).

389. **Rating.** All in all, the CPE considers the relevance of the 2008 country strategy to be satisfactory (5). It is not highly satisfactory, as it was not costed, did not consider institutional partnerships with a broader set of federal government actors, some of the indicators in the results management framework are not easy to track and measure, and it could have devoted more explicit attention to agriculture, promoting private sector engagement and financial inclusion.

B. COSOP effectiveness

390. It is not possible to make an assessment of the outcome indicators in the 2008 COSOP's results management framework – such as "75 per cent of targeted farmers in the north-east region report an average of 20 per cent increase in farm income", or "75 per cent of supported small and micro enterprises report an average of 20 per cent increase in their profitability", which are related to the first two strategic objectives of the COSOP. Therefore, in this section, an overview is provided on some of the milestone indicators, those related to the third and fourth strategic objectives, respectively on KM and policy dialogue. This is possible given that the latter activities have mostly been funded through grants and the various initiatives have been on the ground for some years by now.

391. With regard to KM, the results management framework states that "regional discussion forums set up/enhanced in the north-east with IFAD support" and "partnerships established among north-eastern stakeholders involved in rural development". In this regard, and as mentioned in chapter VI, IFAD has helped the Government recently establish a Forum for Secretaries of Agriculture/Rural

Development of the north-eastern states. This is indeed a useful initiative, as it will enable cross-fertilization of knowledge and lessons, also based on the experience of IFAD operations. Moreover, the grant-funded KM programme in the north-eastern Semi-arid Region of Brazil (SEMEAR) is helping in supporting the strengthening and/or the establishment of collaborative networks related to the Programme's strategic thematic areas: technological innovations; natural resource management and adaptation to climate change; and rural business (farm and non-farm productive activities). Regular meetings are also convened by the Ministry of Planning, Management and Budget among project stakeholders to discuss implementation issues and emerging opportunities and challenges.

392. These are good initiatives, but it is not possible at this stage to assess whether "networks and information flows supporting policy-making, public management and technical innovations oriented to the North-Eastern Rural development" actually contribute to achieving the COSOP's strategic objective "to improve, through knowledge generation and dissemination, the capacity of the rural poor and of relevant institutions in the north-east to co-exist with semi-arid conditions, to adapt to climate change and to exploit the development potential of the semi-arid region".

393. Moving forward, more work is needed, also taking into account that the SEMEAR programme will be completed at the end of 2015. KM is a key dimension of the IFAD-Brazil partnership, and learning in a more systematic way also from IFAD experiences in other countries would be desirable. This is a priority for the Government, which states in its CPE self-assessment that "Brazil projects could possibly benefit from greater awareness of the successes and hurdles of projects in areas and countries with similar conditions, especially in large middle-income countries such as Argentina, China, India and Mexico".

394. With regard to policy dialogue, the 2008 COSOP's results management framework indicators state that the country programme would contribute to "improved policy dialogue and knowledge sharing between Brazil and other countries (MERCOSUR and African countries) about rural poverty reduction and family farming" and "south-south cooperation activities supported by IFAD with strong Brazilian participation".

395. In this regard, encouraging efforts are under way, including through the REAF platform, and the Agricultural Innovation Marketplace. Moreover, the US$200,000 grant (2010) implemented by the UNOPS in Panama for policy dialogue on family farming in middle-income countries was a step in the right direction.

396. The IFAD Country Office is active in furthering dialogue with sub-national authorities, but more can be achieved at the federal level also by engaging with legislative organs and other federal agencies dealing with family farming, including multilateral development organizations. The role of the Brazil CPM in this regard is critical, as discussed earlier in the report.

397. Moreover, though the Dom Hélder Câmara I was well integrated into national priorities, partly due to its federal-level implementation by the Ministry of Agrarian Development, the Gente de Valor evaluation concluded that the convergence of state-led programmes funded by IFAD could be further strengthened. This will ensure IFAD-supported operations can be sustainable beyond the individual project life and also contribute based on their experience to forming policy priorities for food security, family farming and commercial agriculture. Hence, this finding should be carefully factored in during the implementation of the six ongoing projects.

398. Finally, an important issue is related to assessing the results against the indicators in the COSOP's results management framework. In this regard, COSOP annual reviews have been done more or less on a systematic basis, and a midterm review of the COSOP was done in October 2011. The MTR is a good and comprehensive

document. Thereafter, a further review was done in October 2013, which generated another good document structured around the objectives in the COSOP, providing a fair assessment of the opportunities and areas requiring attention. However, these documents do not coherently report progress against each outcome and milestone indicator in the COSOP's results management framework, something that is worth considering in the future. Likewise, in spite of the commitment in the 2008 COSOP, no comprehensive self-evaluation was undertaken by the Latin America and the Caribbean Division of the 2008 COSOP before the preparation of the new COSOP.

Key points COSOP performance

- The relevance of the 2008 COSOP is satisfactory.
- The COSOP was prepared in a timely manner and built on the main lessons and recommendations from the 2007 CPE. It followed a participatory process, including consideration by the IFAD Executive Board.
- It defined four strategic objectives, which are aligned with IFAD and government priorities including the needs of the poor. However, more explicit attention could have been given to private sector engagement and financial inclusion.
- Also, a better balance between agricultural and non-agricultural activities – to promote food production and food security and nutrition – would have been in line with IFAD's core mandate of promoting agricultural development, as enshrined in the Agreement Establishing IFAD. The CPE does however recognise that project beneficiaries also need essential non-agricultural service to ensure their proper participation in wider rural transformation.
- The COSOP underlined that IFAD operations would mainly concentrate in the north-east of the country, given the prevailing rural poverty in the region as well as the challenging semi-arid terrain. It would target poor rural people including women, youth and indigenous peoples.
- However, the COSOP (like all other IFAD COSOPs) was not costed. Though it had a good results management framework, several indicators are hard to measure.
- It is not possible to assess or rate at this stage the effectiveness of COSOP objectives, given that all six new operations funded after the 2008 COSOP are in very early stages of implementation.
- In spite of this, the CPE notes that good progress is being made in terms of policy dialogue, KM and SSTC, which are at the core of two of the four COSOP strategic objectives. Yet, there is scope for consolidation of initiatives and strengthening efforts in these areas to ensure they play a wider role in the country's rural transformation.

C. Overall Government-IFAD partnership assessment

399. In terms of ratings, the 2015 CPE has assessed the relevance of the country strategy (i.e. the 2008 COSOP) as satisfactory, and portfolio relevance, IFAD performance and Government performance are also satisfactory, whereas non-lending activities are moderately satisfactory.

400. All in all and taking all factors into account, including the analysis in the benchmarking chapter to follow, the CPE considers the partnership to being close to satisfactory, because the "sum of the various parts is greater than the total". This, however, should be not considered a formal rating of the Government-IFAD partnership, given the reasons mentioned at the outset of this chapter.

401. In summary, the IFAD-Government of Brazil partnership is performing well and there has been a decisive improvement since the 2007 CPE. A new portfolio of projects has been developed since 2009. A country office was established in 2011, and direct supervision and implementation support is enabling IFAD to more closely

support its operations. Good activities are being done in the areas of policy dialogue, KM and partnerships including SSTC.

402. There are challenges that need to be addressed moving forward to raise the bar to the next level. This will require outposting the CPM to Brazil, consolidating the ongoing portfolio of projects to achieve effectiveness, and enhancing partnerships with the federal government and other multilateral organization. Opportunities for a greater involvement of the private sector, financial inclusion, and convergence with national policies and programme will need to be explored. Above all, a greater emphasis on agricultural activities – alongside essential non-agricultural activities - would be fitting for IFAD, given that agriculture lies at the core of its mandate, comparative advantage and specialization.

VIII. Benchmarking

403. **Background.** All CPEs by IOE include benchmarking of the performance of the portfolio of projects in the corresponding country with the overall average performance of IFAD operations in the same geographic region. However, this CPE has gone further by comparing the performance of the Brazil country programme with: (i) selected individual countries in the Latin America and the Caribbean Region; and (ii) key IFAD corporate targets for end-2015.[85] It is important up front to underline that the data on the performance of other selected country programmes benchmarked in this chapter is already publically available through the IOE section of the IFAD website.

404. Benchmarking allows the reader to: (i) see how the performance of IFAD operations in Brazil stand in relation to other country programmes; and (ii) identify areas of good and less good performance together with the underlying causes thereof, which can serve as a basis for more focussed attention to areas that need improvement in the Brazil country programme. The experience and lessons from Brazil in strong areas of performance can be useful for other IFAD country programmes. Finally, assessing the performance of the Brazil country programme in relation to selected corporate targets is important, because the achievement of key corporate targets is determined by the performance of individual IFAD country programmes.

405. It is difficult to compare the performance of IFAD operations with the operations of other multilateral and bilateral development organizations working in Brazil, given the different mandates and sizes of various organizations (e.g. FAO, IDB, World Bank), and different evaluation methodologies used. In spite of that, this CPE report includes a summary of the lessons, opportunities and challenges, and results of the work of selected development organizations in Brazil, based on their respective evaluations in the recent past (see annex IV).

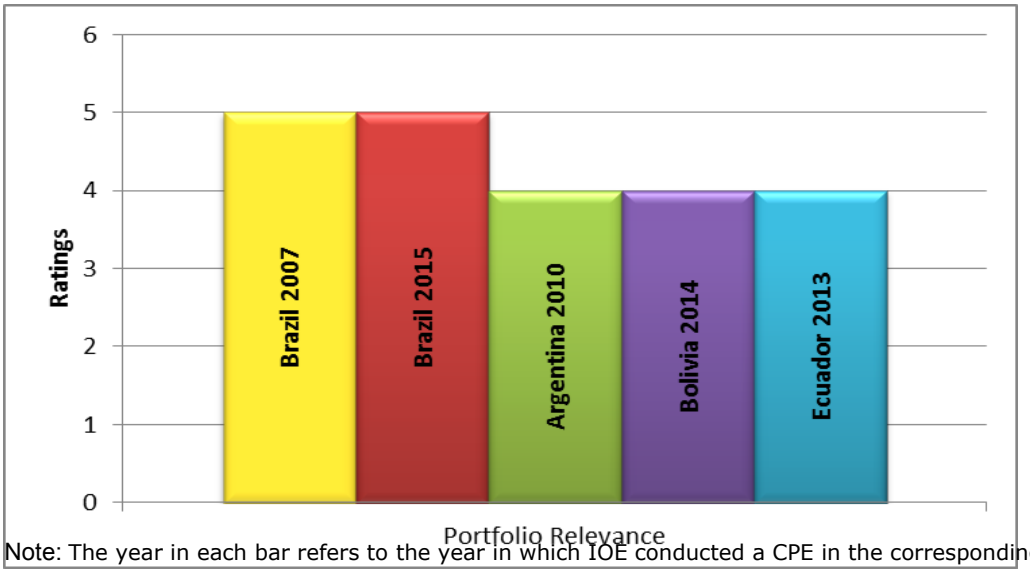
406. That said, this chapter includes comparisons between Brazil and selected countries in terms of: (i) partner performance (IFAD and Government); (ii) non-lending activities (policy dialogue, partnership building, and KM); and (iii) country strategies (i.e. COSOP relevance, effectiveness and overall performance). With regard to project portfolio performance, comparisons have only been made of the relevance criterion, because the 2015 Brazil CPE has not been in a position to assess the portfolio across the other evaluation criteria adopted by IOE for reasons mentioned in chapter I.

407. **Countries benchmarked.** Based on the availability of recent CPEs in the Latin America and the Caribbean Region, IOE has selected three countries (Argentina, Bolivia, and Ecuador) to benchmark the performance of IFAD operations in Brazil. While noting the diversity of the countries compared, it is useful to recall that these country programmes are managed by the same regional division in IFAD.

[85] As agreed with Member States in the context of the Ninth Replenishment of IFAD Resources. See document: https://webapps.ifad.org/members/gc/35/docs/GC-35-L-4.pdf

408. **Project portfolio relevance**. Chart 3 compares the relevance of the IFAD-funded project portfolio with other countries selected.

Chart 3
Comparison of the Brazil Project Portfolio Relevance with other selected countries

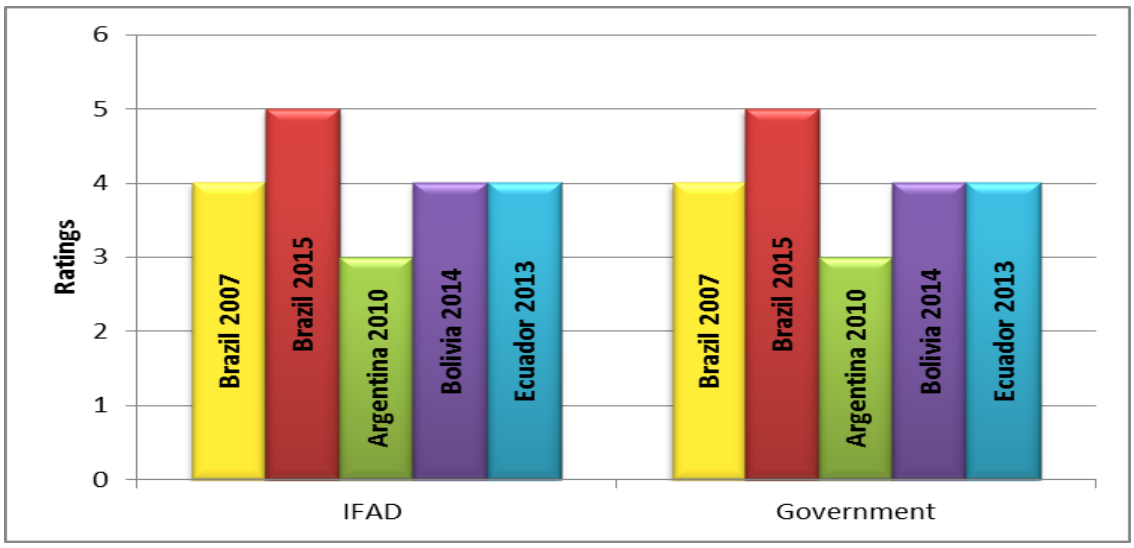


Note: The year in each bar refers to the year in which IOE conducted a CPE in the corresponding country.
Source: IOE CPEs.

409. The relevance of the projects funded by IFAD in Brazil has traditionally been satisfactory (5), also given their focus on the north-east of the country, which has high rates of rural poverty, severe water scarcity and generally weaker institutional capacities as compared to other states in the country. The relevance of the IFAD project portfolio in Brazil is better than the relevance of the portfolios in Argentina, Bolivia, and Ecuador. One limiting of the relevance of the portfolio in Argentina was that some objectives such as the incorporation of small farmers into the commercial banking system and the creation of markets for the supply of technical services were fairly unrealistic in the country's rural context. Moreover, IFAD did not take sufficient account of institutional difficulties in the country and the provinces' public-sector institutional capacity was limited.

410. **Partner performance.** Chart 4 compares the performance of the two main partners in furthering country programme objectives, namely IFAD and the Government. In assessing and rating Government performance, it is important to clarify that CPEs do not assess Government performance at large but their performance specifically in the context of IFAD operations.

Chart 4
Comparison of Partner Performance (i.e. IFAD and Government) with other selected countries



Note: The year in each bar refers to the year in which IOE conducted a CPE in the corresponding country.
Source: IOE CPEs.

411. The performance of both IFAD and the Government in Brazil has improved since 2007. Moreover, the performance of partners is better in Brazil than in Argentina, Bolivia, and Ecuador. One of the factors affecting the performance of the Government in Ecuador was the high levels of political and institutional instability over much of the period covered by the CPE. This led to high turnover among the institutions responsible for implementation, irregular fulfillment in providing counterpart funds, and problems with monitoring and assessing the impact of operations.

412. **Non-lending activities.** Table 16 shows the performance of different countries in terms of non-lending activities, policy dialogue, partnership-building and KM. The clear improvements within the Brazil country programme stand out, as compared to 2007, and the country's current performance is broadly comparable to Ecuador but better than Bolivia. None of the countries show highly satisfactory ratings, apart from policy dialogue in Argentina.

413. In fact, only in Argentina did the CPE (2010) consider non-lending activities performance to be overall satisfactory with a Rome-based CPM, even though KM was moderately satisfactory. One of the reasons why Argentina was successful in non-lending activities is because throughout the period 2000 – 2010 IFAD had only three projects under implementation as a result of the low PBAS allocation. This allowed IFAD to devote greater attention to non-lending activities. In fact, one of the three projects closed in March 2003, and the other two became effective in September 2007 and December 2009, respectively.

414. Most of the countries face similar challenges as compared to Brazil, such as over-ambitious objectives, limited allocation of human and financial resources, lack of outposted CPM (apart from in Bolivia), and weak M&E of non-lending activities. It is also important to note that the Bolivia CPE results cover the period 2005-2012, during which IFAD did not have an outposted CPM. In fact, IFAD only opened a Country Office in Bolivia in 2011, and outposted the CPM in 2012.

Table 16
Comparison of non-lending activities in Brazil with other selected IFAD country programmes

Non-lending activities	*Brazil 2007*	*Brazil 2015*	*Argentina 2010*	*Bolivia 2014*	*Ecuador 2013*
Policy dialogue	2	**4**	6	4	4
Partnership-building	3	**4**	5	3	3
Knowledge management	3	**4**	4	3	4
Overall non-lending activities	**3**	**4**	**5**	**3**	**4**

Note: All ratings are on a 6-point scale, with 1 being the lowest and 6 the highest score.
Source: IOE CPEs.

415. **Country strategy.** Table 17 benchmarks the Brazil country strategy performance based on the assessments of COSOP relevance and effectiveness. However, it is important to note that IOE introduced a common methodology for assessing COSOP performance in 2008, and therefore the 2007 Brazil CPE did not assess COSOP relevance and effectiveness separately. It did, however, assess and provide a consolidated rating for the overall quality of the country strategy, which may be considered tantamount to assessing COSOP relevance (as per IOE's current methodology for CPEs). In determining the overall quality of the Brazil country strategy, the 2007 CPE assessed the COSOP according to seven dimensions, which were rated either moderately satisfactory or moderately unsatisfactory. Only one dimension (understanding key challenges to rural poverty reduction) was considered satisfactory.

Table 17
Comparison of COSOP (country strategy) performance

COSOP	*Brazil 2007*	*Brazil 2015*	*Argentina 2010*	*Bolivia 2014*	*Ecuador 2013*
Relevance	NR	**5**	4	4	4
Effectiveness	NR	**NR**	4	4	3
Overall COSOP performance	**4 ***	**NR**	**4**	**4**	**3**

Note: All ratings are on a 6-point scale, with 1 being the lowest and 6 the highest score. NR stands for not rated.
* This rating refers to the overall "quality of the Brazil country strategy".
Source: IOE CPEs.

416. For reasons mentioned in the previous chapter, the 2015 CPE has not rated the effectiveness of the Brazil country strategy. However, it has found the relevance of the 2008 country strategy satisfactory. This is an improvement from the assessment (moderately satisfactory) made by the 2007 CPE on the quality of the previous Brazil country strategy from 1997. The 2008 country strategy is better, also because it follows coherent guidelines for the preparation of COSOPs adopted by the Board in 2006. Moreover, the table shows that the relevance of the 2008 Brazil country strategy is better than the country strategies in Argentina, Bolivia, and Ecuador. One factor affecting the quality of country strategies in general is that relatively few resources are allocated (between US$30,000 to US$50,000 per country) towards the preparation of country strategies. As a result, this does not always enable the undertaking of necessary analytic work required to properly underpin the country strategies.

417. **Comparison with IFAD's corporate targets.** This section (see table 18) identifies selected indicators in IFAD's results measurement framework (2013-2015) and compares them with the performance of the Brazil country programme (i.e. based on the six ongoing projects and other related aspects). The indicators selected are those for which data on performance is readily available. The sources

of data for this section include both IOE ratings and data from the 2014-2015 annual portfolio review by the Latin America and the Caribbean Division.

Table 18
Comparison of selected indicators in the IFAD9 results measurement framework with the performance of the Brazil country programme

Indicator	*IFAD9 target for 2015*	*Current performance in Brazil*	*Source*
Relevance of projects	100%	**100%**	2015 CPE
Percentage of results-based COSOP rated 4 or better for quality at entry	100%	**100%** **(COSOP relevance rated 5)**	2015 CPE
Gender focus in implementation	90% (Moderately satisfactory or better)	**83%**	Portfolio Review
Time from project approval to first disbursements	14 months	**20 months**	2015 CPE and Portfolio Review
Projects-at-risk	18%	**0%**	Portfolio Review
Annual disbursements ratio – overall portfolio (new)	18%	**11%**	Portfolio Review
Cofinancing (international and national) ratio	1.6	**2.2**	2015 CPE
Workforce from List B and C	40%	**80%**	2015 CPE
Ratio of General Service staff costs to total staff costs	25	**23**	2015 CPE
Ratio of administrative budget to planned programme of loans and grants	14.1 per cent	**8 per cent**	2015 CPE

Source: IOE ratings and data from the 2014-2015 portfolio review by the Latin America and the Caribbean Division.

418. The following are some clarifications that will facilitate interpreting the data in the above table: (i) although the average time from loan approval to first disbursement is higher (20 months) than the corporate target (14 months), the three most recent projects show a considerably improved performance of 14, 14, and 10 months, respectively, from approval to first disbursement; (ii) to determine the workforce from List B and C countries and the ratio of General Service staff costs to total staff costs, the CPE considers the five main staff working on the Brazil country programme – including the CPM, two country programme officers, and one full-time administrative assistant and one part-time programme assistant; (iii) in determining the ratio of General Service staff costs to total staff costs, the CPE has used standard position costs applied across IFAD, and considered the fact that the CPM and programme assistant also have other duties in addition to work on IFAD operations in Brazil.

419. In sum, the data shows good performance in a number of areas including cofinancing (thanks largely to domestic sources), but confirms the need to work towards better disbursement performance to ensure portfolio effectiveness and to continue promoting gender focus in implementation. With regard to the latter, however, only one out of the six projects shows a moderately unsatisfactory performance at the moment.

420. **Other donors.** As mentioned, annex IV includes a summary of the experiences, lessons and results of other main development partners. There are some issues worth underlining here. Firstly, the World Bank's overall assistance to Brazil is considered as moderately satisfactory and one of the challenges it faced was in promoting better water management and conservation. The IDB has not invested

sufficiently in non-lending work, as they have mainly used investment programmes to further their development cooperation. FAO and the IDB have faced weaknesses in M&E and in measuring results in general. Mainstreaming gender was raised as an issue in FAO-supported activities, and the dissemination of knowledge is an area where more can be achieved by the IDB. Operational efficiency is a cause for concern in UNDP and IDB operations. So, all in all, the performance of other development partners has been in the range of moderately satisfactory to satisfactory, but with similar challenges faced by IFAD.

Key points on benchmarking the Brazil country programme

- The performance of the IFAD country programme is comparable to or better than other country programmes benchmarked.
- The Brazil country programme is also performing well in contributing to achieving several targets, in particular the Fund's cofinancing ratio, workforce from List B and C member states, and ratio of General Service costs to total staff costs.
- Two areas that need attention are the time taken from loan approval to first disbursement and gender focus in implementation.
- The performance of selected development partners (e.g. FAO and World Bank) has been in the range of moderately satisfactory to satisfactory; they also face similar challenges to IFAD.

IX. Conclusions and recommendations

A. Conclusions

421. **Storyline.** Brazil is the largest country in terms of size and population in the Latin America and the Caribbean Region. Almost thirty million people live in rural areas; the north-east region of the country has the single largest concentration of rural poverty in Latin America and the Caribbean and is the country's poorest and least developed region. Around 55 million people live in the north-east of the country, of whom 15 million live in rural areas. Fifty-eight per cent of the total population and 67 per cent of the rural population in the north-east are poor.

422. Brazil and IFAD have developed a solid and strategic partnership over more than 35 years, and the Fund's investment activities are concentrated in the semi-arid north-east region of the country. IFAD is supporting the Government in promoting family farming and grass-roots development as a means to improving productivity, food security, nutrition and incomes. However, while recognising the importance of non-agricultural activities for wider rural transformation, a better balance between agricultural and non-agricultural activities could be achieved moving forward. This would require more emphasis than at present to smallholder agriculture activities in IFAD-supported investment operations, in line with the organization's mandate, comparative advantage and specialization.

423. IFAD's role has been and will remain important in the foreseeable future, given the wide inequalities and the central role of family farming as an engine of agricultural production and productivity in the country. Nonetheless, although important at the sub-national level, the transfer of IFAD resources to Brazil is not the main motivation for a strengthened partnership. In fact, the transaction costs for Brazil of its partnership with IFAD are relatively high, but the country values IFAD's specialised role in combating rural poverty through smallholder agriculture development interventions. Moving forward, however, the partnership will need even more attention to non-lending activities and SSTC that would enable Brazil to make further inroads into sustainable and inclusive rural transformation and better livelihoods.

424. The strategic partnership with Brazil is important also for IFAD, given the country's growing role and recognition as a key player in shaping global agriculture policies and priorities. Moreover, the country's valuable financial contributions to IFAD resources – whether through regular replenishment processes or counterpart funding to IFAD operations in Brazil – is, among other issues, critical to scaling up impact and the financial sustainability of the Fund.

425. By actively participating in IFAD Governing Bodies, Brazil's voice – based on demonstrated attention to, and results in, the area of rural poverty reduction, especially in the last 15 years – can help ensure that the concerns of the rural poor in Brazil and elsewhere are properly reflected in IFAD's strategic frameworks and related activities. In addition, as an active member of the BRICS group of countries, Brazil is playing an important role in promoting a level playing field in the Fund's governance architecture.

426. All in all, the strategic partnership between IFAD and Brazil is based on mutual trust and reciprocity. It needs to be further fine-tuned and nurtured, so that lasting results can be achieved on the ground and valuable lessons and good practices generated that can inform IFAD activities and other rural poverty reduction policies and programmes in Brazil and beyond.

427. Based on the evidence collected and analysis undertaken, the Brazil CPE offers six salient conclusions.[86]

428. **There have been decisive performance improvements in several areas, but there is need for consolidation to ensure effectiveness** (see paragraphs 15-153, 186-205, 208-223, and 227-256). The findings from the 2015 CPE show a marked improvement in performance in many areas since 2008, such as in terms of the priorities selected in the 2008 country strategy, partner performance (i.e. IFAD and Government) and non-lending activities including activities related to SSTC.

429. Closed projects have shown good development results in terms of water management with beneficiaries increasing their food production and consumption, increases in incomes from non-farm activities, empowerment of beneficiaries and improvements in their capacities to influence resource allocation, gender mainstreaming, involvement of the rural youth, and innovation and scaling up. Beneficiaries have also improved their assets, and projects have nurtured a new way of thinking by considering the environment and natural resources as partners for long-term development that required care and comprehension. However, the evaluation has underlined concerns with operational efficiency and the sustainability of benefits that need to be addressed.

430. One of the main achievements under the 2008 COSOP has been the development and approval of six new loan-funded projects in a relatively short period of time since the COSOP was adopted. IFAD now has a sizeable on-going investment portfolio with US$141 million in loans and therefore an opportunity to contribute to the country's rural poverty reduction. However, there have been significant start-up delays and slow disbursements in several operations, needing concerted actions towards consolidating initiatives and ensuring that activities take off in a timely manner and on the right track to achieve effectiveness.

431. **Focus on the semi-arid north-east region in the past has been appropriate and targeting has been good including women, rural youth and *quilombola* communities** *(*see paragraphs 135, 140, 146, 246-256, and 382-384). It is indeed appropriate that IFAD's investments in the period covered by the CPE have focused on the north-east, in light of the prevalent poverty rates and the Fund's past

[86] Each of the six conclusions have been cross-referenced with relevant sections in the main findings of the CPE report. The purpose of doing so is to illustrate that the conclusions are based on the evidence and analysis included in the CPE report.

experience in the region. At the same time, it would be useful to explore the opportunities of working in the north of Brazil in the future, given that 4 million people out of the estimated 15 million who live there are among the poorest in the country. Moreover, possibilities of working in other non-semi-arid regions of the north-east could be considered (e.g. Maranhão, parts of which shares similar agro-ecological conditions as the Amazon), where a large number of poor people live including indigenous peoples.

432. The need to consolidate activities in the north-east should not be seen as being inconsistent with the call for exploring opportunities in the north or other parts of the north-east, which would imply a further geographic expansion of IFAD operations in Brazil. This is because working in the north and/or other uncovered states in the north-east would be in line with IFAD's principles of improving the lives of poor and marginalized communities who live in remote rural areas, and within the remit of its corporate targeting and indigenous peoples' policies.

433. Working in the north will entail challenges, which will be exacerbated by IFAD's limited experience in the region. However, a cautious approach would be appropriate, including in particular by working in partnership with other development agencies that have a track record and experience in the region. A portion of the forthcoming lending and grants envelope that will be allocated to Brazil in the Tenth Replenishment period (IFAD10, 2016-2018) could be used for a pilot project that could eventually be scaled up, following a thorough evaluation and assessment of results. Funding a pilot project in the north would still ensure the availability of sufficient IFAD resources in the IFAD10 period for new activities in the north-east as well.

434. **Investment projects have paid attention to both agricultural and non-agricultural activities, though with less attention to the agriculture and food production and productivity, which is at the core of IFAD's mandate** (see paragraphs 111-114, 314-315, and 384). Both closed operations evaluated and new projects have devoted some attention to agricultural activities, engagement of private sector actors, rural finance and market access. However, while the CPE acknowledges that sustainable and inclusive rural transformation requires continued provision of support activities (e.g. technical assistance, community infrastructure, etc.) to beneficiaries, the smallholder agriculture component does not feature prominently in the projects funded by IFAD. For instance, none of the eight projects covered by this CPE is classified as an 'agricultural' project by IFAD Management itself. A further reflection of the aforementioned is that IFAD's partnership and dialogue with other federal institutions dealing with family farming is rather limited, though partnership with the Ministry of Agrarian Development is strong and appropriate. These are areas that will require attention to further support commercialization of family farming and off-farm employment, to allow beneficiaries to make the quantum jump towards sustainable and better incomes and well-being.

435. **Performance in non-lending activities has improved, but according to the CPE they are still moderately satisfactory** (see paragraphs 298-311, 312-323, 324-342, 384, and 391-395). In line with the 2008 country strategy, IFAD took positive initiatives to strengthen KM and introduce SSTC activities, supported by grant funding. These are good steps in the right direction, but much more would be needed in the future to leverage comprehensively non-lending activities to support institutional and policy transformation to benefit family farmers in Brazil and other countries. For instance, there are opportunities for strengthening the ties between lending operations and non-lending activities, to ensure that all interventions by IFAD are well co-ordinated and mutually reinforcing for enhanced effectiveness.

436. Some good work has been done in policy dialogue at the sub-national and regional levels, though more can be achieved in dialogue with a wider range of federal

agencies involved in agriculture and rural development including legislative organs. Partnerships have been good with state authorities, the Ministry of Planning, Budget and Management and the Ministry of Agrarian Development. However, partnerships with municipal authorities and multilateral and bilateral development agencies are limited, including with the Rome-based agencies (i.e. FAO and WFP). The latter is a priority for the Government and IFAD, which will need enhanced attention in the future.

437. **Good evolution in IFAD's operating model, but further adjustments would bring added value** *(*see paragraphs 260-267, and 343-347). The establishment of the IFAD country office in Salvador in mid-2011 has been an excellent development, bringing IFAD closer to the ground and enabling the Fund to conduct more timely supervision and implementation support and to strengthen the dialogue in the north-east region with different actors.

438. The continued presence of the Brazil CPM at IFAD headquarters is a limiting factor, especially in national policy dialogue at the highest level with federal agencies and other development partners, identifying and nurturing strategic partnerships, scaling up impact and knowledge sharing, and pursuing SSTC. These activities require continuous engagement at the country level that is not possible through periodic missions from Rome. Outposting of the CPM to Brazil would allow the Fund to have a multiplier effect to strengthen its development effectiveness in a broader sense, and enhance its participation, credibility and visibility in key agriculture processes in the country. Moreover, spending time in managing other IFAD country programmes concurrently constrains the CPM from providing full attention to the Brazil country programme, which it deserves in light of the importance and size of the Brazil-IFAD partnership. The CPM's permanent presence in the country would be a key driver in raising the bar of the partnership, which is currently assessed holistically as being nearly satisfactory, to satisfactory or even highly satisfactory.

439. Direct supervision and implementation support in all new operations and the two closed projects covered by this evaluation has proven to be another important adjustment to IFAD's operating model since the 2007 CPE. The supervision model is good with a major role for staff in the IFAD Country Office, who is supported by a network of Brazilian and international consultants. One fact that will need consideration is how to ensure timely supervision and implementation support to the six new projects that are all mostly in their start-up phases and new operations that are likely to be funded in IFAD10 (2016-2018), irrespective of whether the new operations are located in the north, semi-arid northeast, or non-semi-arid northeast regions.

440. **Weaknesses in M&E and results measurement have been a common aspect across the portfolio, though there are some signs of improvement** (see paragraphs 293-296, 386 and 398). The terms of reference of one of the staff hired in 2014 in the IFAD country office emphasize support to M&E activities, which is an encouraging development. COSOP annual reviews and the midterm review were of good quality and were done in a timely manner. The Fund's internal self-evaluation system is also good, but it understandably relies on effective and efficient M&E systems at the project and country level.

441. Notwithstanding the above, independent evaluations of the two closed projects examined by the CPE raised issues about inadequate M&E systems that did not sufficiently capture outcome and impact level data. No baseline surveys have been done in the new projects so far, and their M&E systems are still being developed. The application of IFAD's RIMS has also posed a challenge at the project level, though recent developments indicate that a common framework for M&E across projects is being finalized. M&E of grant-funded activities, especially non-lending activities, has not been done in a systematic manner. With regard to the latter,

sharper and more measureable indicators as part of the COSOP results measurement framework would have facilitated the task.

442. All in all, M&E activities – which are also at the foundation of furthering country strategy objectives of enhancing knowledge sharing, learning and policy dialogue – have in general not received the required level of resources and attention in the past.

B. Recommendations[87]

443. The CPE makes three strategic recommendations and leaves it to the Government of Brazil and IFAD to take forward other opportunities and challenges raised in this evaluation.

444. **Recommendation 1: Focus and priorities of the country strategy and operations** (see paragraphs 422, 431, 434, 441 and 446)**.** The CPE recommends that the country strategy and projects devote more explicit attention to smallholder agricultural activities, which is at the core of IFAD's mandate and comparative advantage, as a vehicle for improving incomes and rural livelihoods. This would include priority to agriculture and food production and productivity enhancements through investments in adaptive research and extension to address climate change issues, water resources management and irrigation development, value chain development with appropriate linkages to input and output markets, greater engagement of private sector actors (for instance, in value addition and agro-processing) and the promotion of financial inclusion of the poor. IFAD investments should continue to provide essential rural support services to promote family farming, but a better balance between agricultural and non-agricultural activities should also be a pursued.

445. Opportunities for working in the north of the country – with a primary focus on indigenous people – on a pilot basis is worth exploring in the next COSOP and lending cycle. Similarly, opportunities of working in other uncovered states and regions of the non-semi-arid region of the north-east may be considered, given the poverty profile of rural people who live there. The opportunities and challenges of possible expansion to geographic areas beyond the current states covered should be carefully studied.

446. The country strategy should be costed and include an estimate of all types of resources (for investments, grants, non-lending activities, South-South and Triangular Cooperation, and administrative resources) needed to achieve COSOP objectives. Its results measurement framework should include measurable indicators that can be tracked during implementation and evaluated periodically, including at completion. The COSOP should also clearly specify the time frame it will cover.

447. **Recommendation 2: Strengthen engagement in non-lending activities including South-South and Triangular Cooperation** (see paragraphs 423, 434-436)**.** Building on the good work done since 2008, IFAD should devote even more attention to non-lending activities, including South-South and Triangular Cooperation, in the future country programme.

448. This will require enhanced work in capturing project experiences and a more systematic way of disseminating lessons learned and good practices, also to strengthen IFAD's visibility and brand. The lending programme would mainly be the basis for learning lessons and identifying good practices in promoting poverty reduction in remote rural areas. A programme of knowledge cooperation would include attention to documenting and sharing experiences and lessons from Brazil that can help towards scaling up success stories in the country and elsewhere, as well as proactively supporting activities and organizing events that will promote the

[87] Each main recommendation has been cross-referenced to the pertinent paragraphs in the conclusions. The purpose of doing so is to illustrate that the recommendations clearly stem from the evaluation's conclusions.

transfer of IFAD's accumulated knowledge, good practices, and lessons in smallholder agriculture and rural development from other countries to Brazil. With regard to the latter, one concrete area is indigenous peoples' development, where IFAD's rich experience in other countries could be of use in supporting the development of indigenous peoples in the north and north-east of the country.

449. In addition to maintaining a close dialogue with the Ministry of Planning, Budget and Management and the Ministry of Agrarian Development, strengthening partnerships and policy dialogue with a wider range of federal agencies should be actively pursued. Concrete partnerships with multilateral and bilateral development organizations should be developed, for instance, in the areas of cofinancing operations, knowledge sharing, policy dialogue, scaling up and South-South and Triangular Cooperation. Greater engagement of private sector actors and academic and research institutions would also add value to the activities supported by IFAD in Brazil.

450. South-South and Triangular Cooperation should be a key objective in the new country strategy, in cooperation particularly with the Rome-based agencies dealing with food and agriculture and other development partners working in agriculture in the country. IFAD South-South and Triangular Cooperation activities should be anchored in the Fund's investment operations and focussed on few topics, such as promotion of family farming, an area in which IFAD has gained quite a bit of experience in the past decade in Brazil. The COSOP should clearly articulate the specific objectives, focus and measures of success for South-South and Triangular Cooperation. All this will require strengthened M&E systems, both at the project level and the country level.

451. **Recommendation 3**: **Further adjustments to IFAD's operating model for greater development effectiveness** (see paragraphs 423, 430 and 438)**.** Attention needs to be devoted to consolidating activities related to the six ongoing operations to ensure desired results, which will require continued focus and support by the IFAD country team working on Brazil. Moreover, there is need for a better balance between lending and non-lending activities including enhanced national policy dialogue with federal agencies for scaling up impact and knowledge sharing.

452. In order to effectively realize the above, the CPE recommends the out-posting of the IFAD country programme manager to Brazil. The recommendation of out-posting the country programme manager is primarily aimed at enhancing the broader impact of the important IFAD-Brazil partnership in promoting better rural livelihoods, recognizing the possible cost implications this might have for the Fund.

453. Under the broader guidance of the country programme manager, the IFAD Country Office staff should continue to provide timely supervision and implementation support to IFAD investment operations. In addition to supervising its staff, the country programme manager would take the lead in high-level policy dialogue, identifying opportunities for strategic and institutional partnerships (especially beyond the project level), South-South and Triangular Cooperation, and knowledge sharing. The country programme manager would also devote time to enhancing IFAD's visibility and brand.

454. Finally, the country programme manager should have exclusive responsibilities for Brazil, and not be concurrently responsible for other IFAD country programmes. The out-posting of the CPM would require a Professional-level staff member at headquarters to be assigned on a part-time basis to the Brazil programme to follow-up on day-to-day operational matters requiring attention at headquarters.

Ratings of IFAD-funded project portfolio covered by the 2015 Brazil CPE[a]

Criteria	*Dom Hélder Câmara I*	*Gente de Valor*	*Viva o Semi Árido*	*PROCASE*	*Dom Távora*	*Paulo Freire*	*Dom Hélder Câmara II*	*Pro-Semi-Arid*	*Overall portfolio*
Project performance									
Relevance	5	5	5	5	5	5	5	5	5
Effectiveness	5	4	NR	4	NR	NR	NR	NR	NR
Efficiency	4	4	NR	4	NR	NR	NR	NR	NR
Project performance [b]	4.7	4.3	NR	**4.3**	**NR**	**NR**	**NR**	**NR**	**NR**
Rural poverty impact									
Household income and net assets	5	4	NR	NR	NR	NR	NR	NR	NR
Human and social capital and empowerment	6	5	NR	NR	NR	NR	NR	NR	NR
Food security and agricultural productivity	5	5	NR	NR	NR	NR	NR	NR	NR
Natural resources, environment and climate change	5	5	NR	NR	NR	NR	NR	NR	NR
Institutions and policies	5	4	NR	NR	NR	NR	NR	NR	NR
Rural poverty impact [c]	**5**	**5**	**NR**	**NR**	**NR**	**NR**	**NR**	**NR**	**NR**
Other performance criteria									
Sustainability	4	4	NR	4	NR	NR	NR	NR	NR
Innovation and scaling up	5	5	NR	4	NR	NR	NR	NR	NR
Gender equality and women's empowerment	NR	5	NR	4	NR	NR	NR	NR	NR
Overall project portfolio achievement [d]	**5**	**5**	**NR**	**4**	**NR**	**NR**	**NR**	**NR**	**NR**
Performance of partners									
IFAD	5	4	NR	5	NR	NR	NR	NR	NR
Government	5	4	NR	3	NR	NR	NR	NR	NR

[a] Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; NR = not rated.
[b] Arithmetic average of ratings for relevance, effectiveness and efficiency.
[c] This is not an average of ratings of individual impact domains.
[d] This is not an average of ratings of individual evaluation criteria but an overarching assessment of the project, drawing upon the rating for relevance, effectiveness, efficiency, rural poverty impact, sustainability, innovation and scaling up, and gender.

IFAD-financed projects approved since 1980 in the Federative Republic of Brazil

Project ID	Project name	Short project name	Project type	Total cost (US$ millions)	IFAD Fin (US$ millions)	Cofinancing (US$ millions)	Govt.(US$ millions)	Beneficiary financing (US$ millions)	Cofinancier	Board approval	Loan effectiveness	Project completion	Planned/ actual closing date	Current status
51	Ceará Second Rural Development Project	Ceará Second Project	Rural	151	25	44.8	82.14	-	IBRD*	04/12/1980	17/06/1981	30/06/1987	23/12/1988	Closed
344	Low-Income Family Support Project in the Semi-Arid Region of Sergipe State	Low-income Family Support	Rural	26	17.9	-	8.03	-	-	02/12/1993	16/10/1995	31/12/2002	21/10/2003	Closed
493	Community Development Project for Rio Gaviâo Region	Community Dev. Rio Gaviâo	Rural	40.4	20.1	-	19.8	0.4	-	07/12/1995	03/12/1996	30/11/2005	31/05/2006	Closed

Projects included in Brazil's CPE

Project ID	Project name	Short project name	Project type	Total cost (US$ millions)	IFAD fin. (US$ millions)	Cofinancing (US$ millions)	Govt. (US$ millions)	Beneficiary financing (US$ millions)	Cofinancier	Board approval	Loan effectiveness	Project completion	Planned/ actual closing date	Current status
1101	Sustainable Development Project for Agrarian Reform Settlements in the Semi-Arid North-East	Dom Hélder Câmara I	Credit	99.3	25	45.7 (39.9 Domestic)	25.5	3	GEF, Banco do Nordeste	03/12/1998	21/12/2000	31/12/2009	30/05/2011	Closed
1335	Rural Communities Development Project in the Poorest Areas of the State	Gente de Valor	Rural	61	30.5	-	29.39	0.6	-	20/04/2006	11/12/2006	31/12/2012	30/01/2014	Closed

* IBRD = International Bank for Reconstruction and Development – Word Bank

Project ID	Project name	Short project name	Project type	Total cost (US$ millions)	IFAD fin. (US$ millions)	Cofinancing (US$ millions)	Govt. (US$ millions)	Beneficiary financing (US$ millions)	Cofinancier	Board approval	Loan effectiveness	Project completion	Planned/ actual closing date	Current status
1486	Semi-arid Sustainable Development Project in the State of Piauí	Viva o Semi Árido	Rural	39.1	20	-	12.47	6.6	-	15/09/2009	09/04/2013	30/06/2020	31/12/2020	Ongoing
1487	Cariri and Seridó Sustainable Development Project	PROCASE	Rural	49.7	25	-	15.5	9.2	-	15/12/2009	17/10/2012	31/12/2018	30/06/2019	Ongoing
1563	Rural Business for Small Producers Project	Dom Távora	Credit	37.8	16	-	12.6	9.2	-	21/09/2012	30/08/2013	30/09/2019	31/03/2020	Ongoing
1619	Productive Development and Capacity-Building Project	Paulo Freire Project	Rural	94.9	32.2	8	39.82	14.9	Spanish Trust Fund (Through IFAD)	21/09/2012	27/06/2013	30/06/2019	31/12/2019	Ongoing
1620	Policy Coordination and Dialogue for Reducing Poverty and Inequalities in Semi-Arid North-east Brazil	Dom Hélder Câmara II	Rural	125.3	3	15	82	25.2	Spanish Trust Fund (Through IFAD)	11/12/2013	22/08/2014	30/09/2020	31/03/2021	Ongoing
1674	Rural Sustainable Development Project in the Semi-arid Region of Bahia	Pro-Semi-Arid Project	Rural	105.8	45	-	50	10.8	-	11/12/2013	20/08/2014	30/09/2020	31/03/2021	Ongoing

IFAD-funded grants with activities in the Federative Republic of Brazil since 2008

LGS ID/ Flexcube ID	*Title of grant*	*Recipient* *	*Year of Approval*	*Amount (US$)*
1036	Regional Research and Dissemination Programme on Campesino Innovations: A Joint IFAD-IDRC Initiative (Scaling up Rural Innovations)	International Development Research Centre	2008	1 000 000
1039	Programme for Designing Integrated Financing Strategies for UNCCD Implementation in Selected Countries of Asia and the Pacific, and Latin America and the Caribbean	Global Mechanism of the UNCCD	2008	1 250 000
1044	Capacity-Building for Women and Men Farmers' Leaders in South America	National Association of Rural Youth - Terra Livre	2008	124 000
1056	Institutional Consolidation of the Commission on Family Farming of the Common Market of the South (MERCOSUR)	Southern Cone Common Mark	2008	1 080 000
1073	Improving Sustainability of Impacts of Agricultural Water Management Interventions in Challenging Contexts	International Water Management Institute	2008	1 200 000
1086	Learning and Sharing Knowledge on Climate Change and Mitigation in the Amazonian Basin	Praia Foundation	2008	181 400
1109	Strengthening Rural Organizations for Policy Dialogue in South America programme	Confederation of Family Farmer Producer Organizations of MERCOSUR	2009	416 000
1152	Developing Terra Madre in Brazil	Slow Food International	2009	120 000
1167	Programme for Designing Integrated Financing Strategies for UNCCD Implementation in Selected Countries of Asia and the Pacific, and Latin America and the Caribbean	Global Mechanism of the UNCCD	2009	1 250 000
1169	Regional Programme in Support of Rural Populations of African Descent in Latin America	International Center for Tropical Agriculture	2009	1 500 000
1178	Learning Routes Training Programme II	Corporación Regional de Capacitación en Desarrollo Rural	2009	1 500 000

LGS ID/ Flexcube ID	*Title of grant*	*Recipient* *	*Year of Approval*	*Amount (US$)*
1187	Policy Dialogue on Family Farming in Middle-income Countries	United Nations Office for Project Services - Panama	2009	200 000
1192	Strengthening Support to Afro-Descendants through the Institutional Consolidation of the ACUA Programme, Brazil	International Center for Tropical Agriculture	2009	197 650
1206	Africa-Brazil Agricultural Innovation Marketplace	Fundação Arthur Bernardes	2010	500 000
1305	Promoting Young People's Entrepreneurship in Poor Rural Territories in Latin America and the Caribbean	Corporación Regional de Capacitación en Desarrollo Rural	2011	2 000 000
1312	Disseminating CPWF Innovations and Adoption Processes for Water and Food, and Piloting their Mainstreaming in the IFAD Portfolio	International Water Management Institute	2011	1 000 000
1317	Programme for the Development of Alternative Biofuel Crops	World Agroforestry Centre	2011	2 500 000
1326	Public policy dialogue on family farming and food security in the Southern Cone of Latin America	Centro Latinoamericano para la Economía Humana	2011	1 800 000
1334	LAC-Brazil Agricultural Innovation Marketplace	Fundação Arthur Bernardes	2011	500 000
1369	Programme to Increase the Visibility and Strengthen the Entrepreneurship of Rural Afro-descendant Communities in Latin America	Fundación Acua	2011	1 750 000
SP-16	Knowledge Management in the North eastern Semi-Arid Region of Brazil	Inter-American Institute for Cooperation on Agriculture	2011	4 132 605
1373	Programme for Conditional Cash Transfers and Rural Development in Latin America	Universidad de Los Andes	2012	1 750 000
2000000141	A global partnership to promote local sustainable food systems that include small farmers and indigenous organizations	Slow Food International	2013	500 000
2000000209	Programme for Inclusive Growth, Rural Productive Policy and Participatory Value Chains in Latin America and the Caribbean	Comisión Económica Para América Latina y el Caribe	2013	1 490 770
Total				27 942 425

*Names of recipients as given in the GRIPS System.

The focus, results and lessons of other selected development partners in Brazil

1. The **United Nations Development Programme**'s (UNDP)[1] evaluation aimed to evaluate and analyse the contribution of UNDP to the country's development results. In the period covered by the evaluation, UNDP's assistance focused in the following thematic areas: (i) social and inclusion policies; (ii) human rights and public security; (iii) modernizing the state; (iv) environment; and (v) Millennium Development Goals, governance, and South-South Cooperation.

2. The evaluation notes that, overall, UNDP's contribution to advocacy and project support was relevant, and that UNDP is an important partner in the implementation of Brazilian public policies. The assessment of UNDP's action was effective in most cases; however there were areas in which effectiveness was considered low such as environment and human rights, and public security.

3. The efficiency and sustainability of UNDP's actions is the most problematic of all the criteria evaluated. Some of the issues raised include UNDP's lack of agility to support the projects, conflict between the application of UNDP procurement rules and those established by federal law, and lack of adequate personnel in various supported areas.

4. The evaluation used a five-point scale to assess UNDP's interventions (with one being the lowest score and five the highest). The evaluation provided a composite rating, combining the performance in each of the thematic areas assessed. Overall, relevance receives a score of five, effectiveness a four (although effectiveness in promoting human rights and public security and environment received a rating of three). Finally, efficiency and sustainability each received an overall rating of three.

5. The **World Bank**'s[2] overall lending to Brazil during the evaluation period was US$16.8 billion. The four strategic pillars included: equity, sustainability, competitiveness, and foundations for economic progress and governance.

6. The results on the first pillar towards a more equitable Brazil were "satisfactory", largely due to the reduction of poverty through the income transfer programme for poor families (*Bolsa familia),* which by 2010 provided transfer for almost 50 million beneficiaries, about 22 per cent of Brazil's population. The results of the second pillar towards a more sustainable Brazil were "moderately satisfactory". According to the Independent Evaluation Group's evaluation, Bank support assisted to enhance water resources management in priority river basins, mostly in the north-east area, and reinforced the National Water Agency. However, despite a significant improvement in the provision of water supply to households, the results in other aspects such as enhancing water quality were very modest. The results for the third pillar on a more competitive Brazil were "moderately unsatisfactory". One of the issues found by the evaluation was the high costs of starting a business, registering property and paying taxes in Brazil. Since then, however, some states already started to simplify policies and procedures in this area. Finally, the results on the fourth pillar on sound and macroeconomic and public sector management were "satisfactory". The overall assessment of the Bank's activities in Brazil were considered "moderately satisfactory" by the evaluation.

7. **Food and Agriculture Organization of the United Nations**'s (FAO's)[3] financial resources of all national projects during the period under evaluation reached approximately US$100 million. The FAO's strategic objective for the period 2000-2015 are: (i) reducing food insecurity and rural poverty; (ii) ensuring enabling policy and regulatory frameworks for food, agriculture, fisheries and forestry;

[1] UNDP: Evaluation conducted in 2011 for the periods 2002-2006 and 2007-2010.
[2] World Bank: Evaluation conducted in 2013 for the period 2004-2011.
[3] FAO: Evaluation conducted in 2011 for the period 2002-2010.

(iii) creating sustainable increases in the supply and availability; (iv) conserving and enhancing sustainable use of the natural resources base of agricultural, fishery and forest products; and (v) generating knowledge of food and agriculture, fisheries, and forestry. The overall results in the area of food security were positive.

8. The evaluation concluded that FAO's collaboration in Brazil has been relevant, mostly efficient and effective, and sustainable in many cases. One of FAO's contributions was to support the development of policy instruments, sharing international expertise and experience and building institutional capacity. The areas benefiting by such contribution were fishery, forestry, sustainable agriculture, food security, and right to food. Also, FAO was responsible for facilitating the adoption of international standards and norms for agriculture.

9. Overall, however, neither gender equality nor social inclusion was mainstreamed systematically into FAO projects, and monitoring and evaluation (M&E) tools were not provided sufficient attention. FAO-supported projects reflected the country's social, economic, and environmental priorities, but the evaluation found few national projects were supported by FAO in agriculture. This was due partly to the strong national capacity in agriculture and partly to the low performance by the organization as an honest broker and facilitator of debate and exchange on controversial issues. The evaluation report does not include ratings for the different evaluation criteria applied.

10. **Inter-American Development Bank**'s (IDB's)[4] total operations during the evaluation period were US$10,130 billion (for 102 projects). During the evaluation period, all projects were considered consistent with the Bank's four priorities which are: (i) productivity and infrastructure, according priority to small- and medium-size enterprises and to the use of public private partnership model in new investments; (ii) poverty, equity, and human capital formation, with emphasis on income-distribution programmes as a short term measure for poverty alleviation and education and health programs as sustainable measures for enhancing equity; (iii) living conditions and efficiency in cities and integrating action for reducing poverty in urban areas through improvements in habitability, efficiency, and environmental qualities in cities; and (iv) modernization of the state and institutional strengthening.

11. The evaluation's main conclusion was that the country programme was relevant. However, there were issues regarding operational efficiency and development effectiveness partly due to the operational model. The evaluation also found worrying trends in terms of operational efficiency in the delivery of services to Brazil. Preparation time and cost measures have generally worsened due to a number of factors. The first is the higher proportion of lending to subnational governments in the portfolio, given that operational efficiency indicators for state and municipality-implemented projects are weak. The second is the relative lack of standardization of umbrella operations to sub-regional governments. Third, there is insufficient use of local partners in the delivery and supervision of projects. Fourth, there is an almost exclusive use of the investment-lending instrument, and within investment-lending, limited adoption of country systems.

12. In terms of effectiveness, the Bank's portfolio shows an improvement in the clarity of measurable expected results of projects and the greater use of ex-ante cost-benefit calculations. There is no commensurate improvement in the measurement of actual development results. For a large number of active and closed projects no data were or are being collected to document development results. However, where there are data, they show that the Bank is often achieving development results according to existing project completion reports. The absence of a tracking system for outputs and the lack of a dissemination system to facilitate third party access to those outputs reduce the value of knowledge generated.

[4] IDB: Evaluation conducted in 2011 for the period 2007-2010.

13. **Norway**. As mentioned earlier, Norway is the largest bi-lateral donor to Brazil. Its most recent country evaluation was conducted in 2010. The evaluation focused on the Amazon Fund[5] initiative with the strategy to Reduce Emissions from Deforestation and Forest Degradation through the Norway's International Climate Forest Initiative. In terms of relevance, the evaluation is positive about policy decisions taken and improved governance. Effectiveness and efficiency were difficult to assess given to the early stages of implementation of the programme. However, the evaluation showed that the support had successfully stimulated the Brazilian environment and climate policy debates and efforts to reduce deforestation. On the other hand, it was noticed that there is not a clear strategy for sustainability of funds in order to reduce dependence on international donations.

[5] The Amazon Fund is a performance-based fund aimed at raising donations for non-reimbursable investments in efforts to prevent, monitor, and combat deforestation, as well as to promote the preservation and sustainable use of forest.

Matrix on the implementation of the 2007 Brazil CPE

2007 Brazil CPE recommendations, agreed by IFAD and Government (See CPE ACP)	*Joint response of IFAD and the Government, as included in the ACP*	*Follow-up reported by Management in the 2009 PRISMA*	*Assessment by the 2015 Brazil CPE*
Strengthen innovation promotion, including KM • Innovation in agricultural technology • Establishment of wider partnership • Documentation of good practices	IFAD would take the lead in implementing this recommendation in the framework of the development of the new Brazil COSOP, which will be presented to the Executive Board by December 2008.	In relation to KM, in the 2009 report it is claimed that "the programme will launch discussions and knowledge-sharing networks so that successful experiences and technologies for development can be exchanged in particular in the semi-arid north easier region" (p. 11, vol. 10)	This recommendation has been partly implemented. Good efforts have been made to establish knowledge partnerships and document lessons, but the visibility and knowledge of IFAD's experiences, lessons and work can be further strengthened. Insufficient attention has been devoted to agricultural technology.
Partnership to support the IFAD Country Programme • Explore direct lending to the States • Maintain close dialogue and communication with federal government • Intensify cooperation state governments, municipal authorities and civil society • Enhance partnerships with multilateral and bilateral development agencies	IFAD and the Government of Brazil would be responsible for implementing this recommendation, which would also be reflected in the new COSOP and operations funded by IFAD in the future in Brazil.	The 2009 Report claims that in response to the sub-recommendation relating to policy dialogue, IFAD approved the third and final grant to Commission on Family Farming (REAF). The objectives of the grants are to: (i) consolidate the REAF; (ii) prepare an impact assessment; (iii) disseminate lessons learned to other IFAD partners in Latin America and other regional groups. As a response to the necessity to strengthen the dialogue at the federal level, the report highlights that the Federal Government fully endorsed the new COSOP (p. 9, para. 39)	This recommendation has been **partly implemented.** Strong partnerships have been established with subnational authorities including civil society. Direct lending to states implemented in all new six projects after 2008. Strong dialogue has been established only with some federal agencies, but there is scope for expanding cooperation with other federal agencies. Little concrete partnerships are in place with multilateral and bilateral development agencies including the United Nations Rome-based agencies.
Explore other geographical focus and targeting options • Continued to focus on the north-east region • Identification opportunities for supporting indigenous peoples in the north of the country (Amazon)	IFAD should implement this recommendation, while developing the COSOP, in consultation with the Government of Brazil and its concerned agencies.		This recommendation has been **partly implemented.** All new projects funded after 2008 have been in the north-east region, which was appropriate at the time to build a new portfolio in the poorest region of the country. However, no operation covers the Amazon, and it is timely to re-consider this option in the future.
Redefine priority areas of operations • **Support services for small farmers** • **Enhance market linkages and provision of microfinance** • **Provision of support to the agrarian reform settlements**	IFAD should take the lead in implementing this recommendation by seeking the support of the Technical Advisory Division and in consultation with the Government of Brazil and other international financial institutions operating in Brazil. These issues would also be covered in the new COSOP for the country.	The 2009 report claims that the 2008 COSOP for Brazil will work towards providing access to markets under rewarding and sustainable conditions through measures such as: (a) improving productive infrastructure, equipment and support services; (b) strengthening farmers` organizations; (c) promoting and supporting productive alliances; (d) providing incentives to small-scale	This recommendation has been **largely implemented** in the 2008 COSOP and design of new projects. However, the results of the two closed projects and early implementation of the six new projects shows that skills and capacities of technical assistance service providers need enhancement. Moreover, market linkages, private sector engagement and financial inclusion needs expansion. The CPE also finds insufficient attention to agriculture activities in implementation, though they

2007 Brazil CPE recommendations, agreed by IFAD and Government (See CPE ACP)	*Joint response of IFAD and the Government, as included in the ACP*	*Follow-up reported by Management in the 2009 PRISMA*	*Assessment by the 2015 Brazil CPE*
		farmers. Also it is affirmed that these strategic objectives have been incorporated into the design of new projects (p. 9, para.35)	are part of design. None of the projects is classified as agriculture.
IFAD's operating model • Conduct direct supervision and implementation support in ongoing and new projects • Establish sub-regional office in Brazil, covering MERCOSUR countries • Increase resource allocation in Brazil within the PBAS framework including towards non-lending activities	IFAD should implement this recommendation in close consultation with the Government of Brazil by December 2008		This recommendation has been **largely implemented.** The two closed projects and all new projects are directly supervised by IFAD. A Country Office established in mid-2011, covering only Brazil but not the MERCOSUR. All resources under the PBAS have been used for new loans, and additional resources under the Spanish Trust Fund provided to Brazil. Grants have been used for non-lending activities, but more resources (human and financial) are needed.

Definition of the evaluation criteria used by IOE

Criteria	*Definition* [a]
Project performance	
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project design in achieving its objectives.
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.
Rural poverty impact [b]	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.
Household income and assets	Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value.
Human and social capital and empowerment	Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grass-roots organizations and institutions, and the poor's individual and collective capacity.
Food security and agricultural productivity	Changes in food security relate to availability, access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields.
Natural resources, the environment and climate change	The focus on natural resources and the environment involves assessing the extent to which a project contributes to changes in the protection, rehabilitation or depletion of natural resources and the environment as well as in mitigating the negative impact of climate change or promoting adaptation measures.
Institutions and policies	The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor.
Other performance criteria	
Sustainability	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.
Innovation and scaling up	The extent to which IFAD development interventions have: (i) introduced innovative approaches to rural poverty reduction; and (ii) the extent to which these interventions have been (or are likely to be) replicated and scaled up by government authorities, donor organizations, the private sector and others agencies.
Gender equality and women's empowerment	The criterion assesses the efforts made to promote gender equality and women's empowerment in the design, implementation, supervision and implementation support, and evaluation of IFAD-assisted projects.
Overall project achievement	This provides an overarching assessment of the project, drawing upon the analysis made under the various evaluation criteria cited above.
Performance of partners IFAD Government	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. It also assesses the performance of individual partners against their expected role and responsibilities in the project life cycle.

[a] These definitions have been taken from the Organisation for Economic Co-operation and Development/Development Assistance Committee *Glossary of Key Terms in Evaluation and Results-Based Management* and from the IFAD Evaluation Manual (2009).
[b] The IFAD Evaluation Manual also deals with the 'lack of intervention', that is, no specific intervention may have been foreseen or intended with respect to one or more of the five impact domains. In spite of this, if positive or negative changes are detected and can be attributed in whole or in part to the project, a rating should be assigned to the particular impact domain. On the other hand, if no changes are detected and no intervention was foreseen or intended, then no rating (or the mention 'not applicable') is assigned.

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Mr Damiao, Presidente da Associação da Comunidade Salitre, State of Ceará

Over 25 Quilombola community members, State of Ceará

Over 60 community members for the Goat Cheese Enrichment Production, State of Sergipe

Women's community for handicrafts, State of Sergipe

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