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Enabling poor rural people
to overcome poverty

President's report

Proposed loans to the Federative Republic of Brazil for the project

Policy Coordination and Dialogue for Reducing Poverty and Inequalities in Semi-Arid North-east Brazil (Dom Helder Câmara Project) (*Articulação e diálogo sobre Políticas para Reduzir a Pobreza e Desigualdade no Nordeste Semiárido – Projeto Dom Helder Câmara*)

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For: Approval

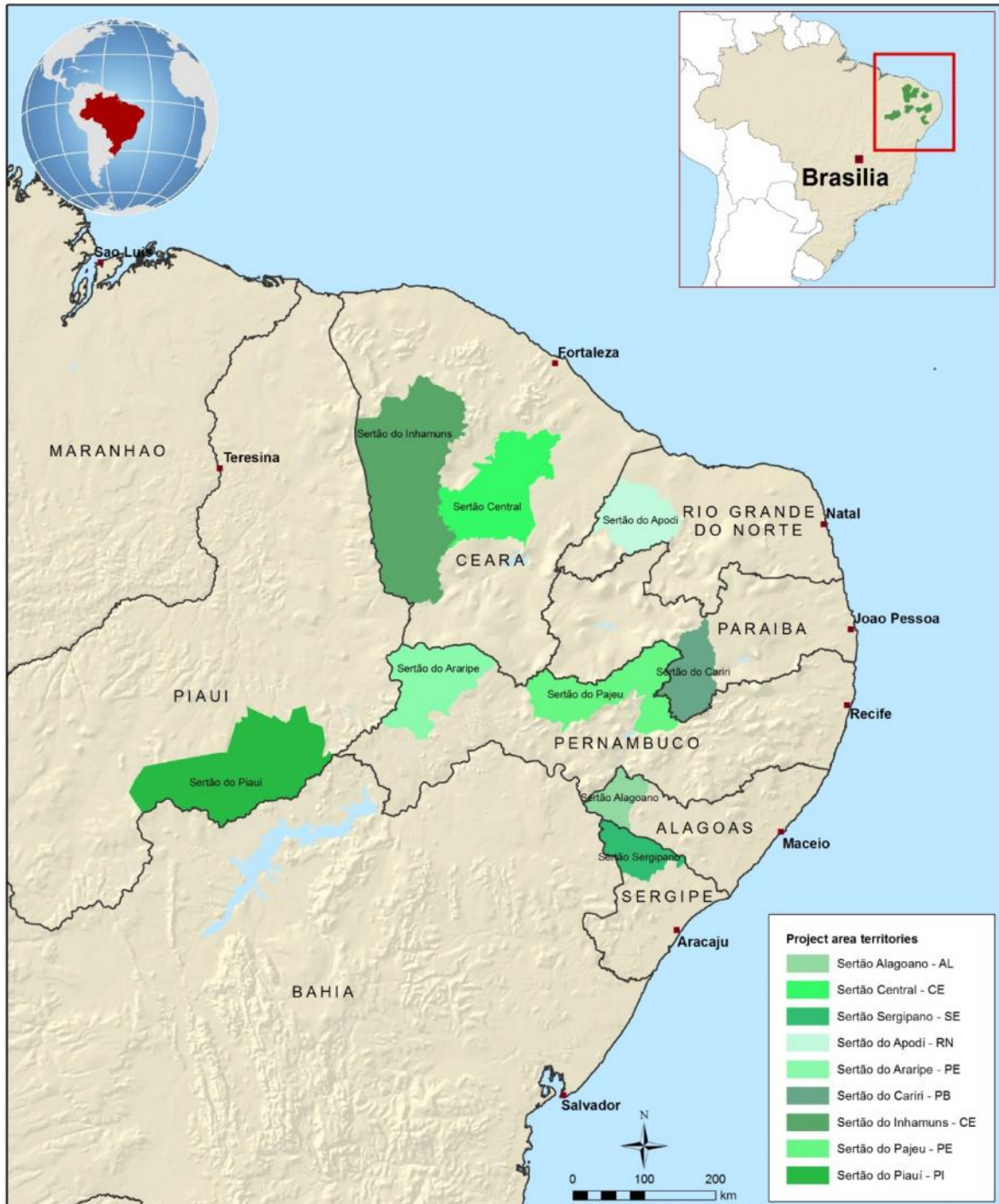
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Abbreviations and acronyms

INCRA	National Institute for Colonization and Agrarian Reform
M&E	monitoring and evaluation
MDA	Ministry of Agrarian Development
PAA	Food Procurement Programme
PDHC	Dom Helder Câmara Project
PMU	project management unit
PNAE	National School Feeding Programme
PRONAF	National Programme for Strengthening Family Agriculture
RB-COSOP	results-based country strategic opportunities programme
RIMS	Results and Impact Management System
SAF	Secretariat of Family Farming
SDT	Secretariat of Territorial Development
TA	technical assistance

Map of the project area



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 | 22-05-2013

Policy Coordination and Dialogue for Reducing Poverty and Inequalities in Semi-Arid North-east Brazil (Dom Helder Câmara Project) (*Articulação e diálogo sobre Políticas para Reduzir a Pobreza e Desigualdade no Nordeste Semiárido – Projeto Dom Helder Câmara*)

Financing summary

Initiating institution:	IFAD
Borrower:	The Federative Republic of Brazil
Lead project agency:	Ministry of Agrarian Development (MDA), through the Secretariat of Territorial Development (SDT)
Total project cost:	US\$125.3 million
Amount of IFAD loan:	SDR 2,000,000 (equivalent to approximately US\$3 million) from the IFAD performance-based allocation system (PBAS)
Amount of Spanish Food Security Cofinancing Facility Trust Fund (Spanish Trust Fund) loan:	EUR 11,360,000 (equivalent to approximately US\$15 million)
Terms of IFAD loan:	Ordinary terms
Terms of Spanish Trust Fund loan:	Ordinary terms
Contribution of borrower:	US\$82.1 million
Contribution of beneficiaries:	US\$25.2 million
Appraising institution:	IFAD
Cooperating institution:	Directly supervised by IFAD

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed financing to the Federative Republic of Brazil for the project Policy Coordination and Dialogue for Reducing Poverty and Inequalities in Semi-Arid North-east Brazil (Dom Helder Câmara Project)- *Articulação e diálogo sobre Políticas para Reduzir a Pobreza e Desigualdade no Nordeste Semiárido – Projeto Dom Helder Câmara*, as contained in paragraph 46.

Proposed loans to the Federative Republic of Brazil for the project Policy Coordination and Dialogue for Reducing Poverty and Inequalities in Semi-Arid North-east Brazil (Dom Helder Câmara Project) (*Articulação e diálogo sobre Políticas para Reduzir a Pobreza e Desigualdade no Nordeste Semiárido – Projeto Dom Helder Câmara*)

I. Strategic context and rationale

A. Country and rural development and poverty context

1. The Brazilian economy has been growing steadily, with important progress in poverty alleviation and social inclusion. However, these achievements mask the huge discrepancies within Brazil, with poverty concentrated in the north-eastern region, and within this region, poverty is particularly acute in semi-arid areas. Of the 16.2 million people in extreme poverty in Brazil, 9.6 million are in the north-east (almost 60 per cent of the country's extremely poor).
2. The agriculture sector has played a major role in the Brazilian economy, and although it only represents 5 per cent of the country's GDP, it is extremely important as a generator of income, employment and foreign exchange. However, the sector shows a strong dichotomy, with most of the dynamism created by the corporate agriculture sector, driven by the production of export commodities, mostly harvested in the south, south-east and centre-west regions, while family farming is characterized by low economic dynamism and a high incidence of poverty, especially in the north-eastern region.

B. Rationale and alignment with government priorities and the RB-COSOP

3. The Policy Coordination and Dialogue for Reducing Poverty and Inequalities in Semi-Arid North-east Brazil project (Dom Helder Câmara Project – PDHC) (*Articulação e diálogo sobre políticas para reduzir a pobreza e desigualdade no Nordeste Semiárido – Projeto Dom Helder Câmara*) is aligned with Brazilian policies for rural development and the fight against poverty. It seeks to build synergies and maximize existing family farming policies and programmes. The project is in harmony with the federal government's flagship poverty reduction plan, Brazil without Extreme Poverty (*Brasil sem Miséria*), which is the umbrella for programmes working to combat extreme poverty. Within this framework, the project is aligned with the main public policies and programmes aiming at productive and social inclusion: (i) the Territorial Development Policy, with the territorial collegiate bodies as key actors, and whose main objective is to promote

local economic development and access to basic social services; (ii) the National Programme for Strengthening Family Agriculture (PRONAF), which intends to finance investments and short-term loans for family farmers; and (iii) the public purchasing programmes, including the Food Procurement Programme (PAA) and the National School Feeding Programme (PNAE); the latter establishes that at least 30 per cent of food purchased by the municipalities for school meals must be purchased from family farmers at the local level.

4. Despite this favourable policy environment, several obstacles constrain implementation of these policies and programmes. These include overlapping and insufficient coordination among various government agencies and difficulties faced by rural communities in accessing programmes due to lack of information, weak producer organization and insufficient product quality. To address these issues, the Ministry of Agrarian Development (MDA) has established priorities to: strengthen coordination between public policies and programmes; strengthen the capacities of rural communities and agrarian reform settlements to access these policies and programmes; and improve the quality of the productive proposals presented by family farmers in order to access them.
5. The PDHC is consistent with the strategic objectives of the IFAD Strategic Framework 2011-2015, mainly contributing to: enabling institutional and policy environments to support agricultural production and related non-farm activities; strengthening the ability of poor rural people and their organizations to influence policies and institutions that affect their livelihoods; and increasing their access to services to reduce poverty, improve nutrition, raise incomes and build resilience. It is also consistent with the priority assigned by IFAD to scaling up project experiences and reinforcing its policy engagement. In addition, the PDHC is in line with the results-based country strategic opportunities programme (RB-COSOP) for Brazil, which recommends focusing the project's partnership with the federal government on knowledge management and policy dialogue.
6. IFAD's prior experience in the north-eastern region served as the reference in preparing this project. Particularly noteworthy are the lessons learned from the first phase of the Dom Helder Câmara Project (which ended in 2010) – a partnership between IFAD and MDA that was highly successful in six north-eastern states. The experiences of previous projects at the state level (in the states of Bahia, Sergipe and Ceará) also contributed to paving the way to build on valuable experiences and knowledge.

II. Project description

A. Project area and target group

7. The project aims to reach the populations in a core project area and beyond. As a result, the project area and the target population are defined at two levels. The first level includes the target population within the core project area, where the PDHC will carry out activities in policy coordination, access of the population to public policies, improvement in production, market access and organizational strengthening. The second level includes beneficiaries of state-level projects cofunded by IFAD in the states of Bahia, Ceará, Paraíba, Piauí and Sergipe, which will benefit from innovations and successful experiences tested by the Dom Helder Project, as well as the poor rural population of the whole rural semi-arid north-east, which will benefit from enhanced public rural development policies.
8. The core project area includes 129 municipalities in nine Territories of Citizenship in seven states of Brazil's north-eastern semi-arid region. These territories have an area of 120,500 km² and a population of 2.3 million people, of which 44.7 per cent are rural. About 40.3 per cent of this rural population suffers extreme poverty – a percentage higher than that at the national level. The target population in the core project area comprises the entire population living in rural communities, land

reform settlements and traditional communities, reaching approximately 297,000 rural families or some 1 million people.

9. In the project area, 27,000 rural families (about 95,000 people) will be supported with technical assistance, productive investments and organizational strengthening; 74,000 families (about 259,000 people) will improve their capacity to access public policies and programmes and it is estimated that about 45,000 families will effectively access them; and 297,000 families will benefit from better coordination of public policies and programmes. Additionally, beyond the project area approximately 243,000 beneficiary families of state-level IFAD-supported projects will benefit indirectly from the successful practices of the Dom Helder Project, while better coordination of public policies and programmes and the scaling up of innovations generated by the project have the potential to benefit the entire population living in poverty in the semi-arid north-east.
10. **Project targeting is aligned with the IFAD Policy on Targeting.** Particular attention will be given to women and young people. The project will implement a gender strategy aiming to strengthen the participation of women in their communities and in policy decision-making bodies at the local level; their access to public programmes; and their economic role.

B. Project development objective

11. The overall objective of the PDHC is to contribute to the reduction of rural poverty and inequalities (gender, racial, ethnic and generational) in the semi-arid north-east by improving: the coordination of public rural development policies with a territorial approach; access of the rural population to public policies and programmes; scaling up of successful innovations and experiences; and enhancement of these policies through incorporation of lessons learned from concrete experiences. The specific objectives are to: (i) contribute to improving policy dialogue, the territorial planning process and coordination of public policies and programmes for reducing rural poverty and inequality; (ii) promote the dissemination and scaling-up of methodologies, production alternatives, technologies and other innovations developed by the project; (iii) experiment with innovative work methodologies to support rural communities and family farmers, and with new production alternatives and innovative technologies; (iv) strengthen the capacities of rural communities, agrarian reform settlements and their organizations for accessing public policies and programmes, and participating in decision-making entities and in the development process; (v) promote increased family income, based on an agroecological approach that improves living conditions in the semi-arid context; and (vi) contribute towards the reduction of gender, generational, racial and ethnic inequalities.

C. Components/outcomes

12. **Component 1: Policy dialogue, coordination of public policies and scaling up of innovations** aims to improve public policies and programmes for reducing poverty and inequality. This improvement will be achieved through:
 - (i) strengthening coordination of the implementation of existing public policies and programmes through activities in the project area and at the level of MDA; and
 - (ii) improving or adjusting those policies and programmes through policy dialogue and the application of innovative and successful experiences developed in the first and second phases of the project. This will include mainly: (i) systematization of successful project experiences so as to use them in disseminating and discussing project results in policy dialogue platforms; (ii) dissemination of innovations in a broad range of institutions and civil society organizations; (iii) field visits and exchanges of experiences by technicians, experts and family farmers; (iv) participation in policy dialogue forums and in policy coordination bodies at diverse levels (national, state, territorial, municipal) and contribution to their strengthening; and (v) support to the adoption of innovative experiences by other

institutions in areas beyond the project coverage area, prioritizing IFAD-supported state-level projects.

13. **Component 2: Development of organizational capacities** will develop the capacities of rural communities and economic organizations to expand their access to public policies and programmes, reinforce their participation in the management of territorial policies, and strengthen their organizational and managerial capacities. It will pay special attention to developing the capacities of women and youth and thus to reducing inequalities. It will also reinforce governmental and non-governmental rural development institutions. Its activities will include: (i) social mobilization; (ii) strengthening the capacities of the rural population to access public policies and programmes, and enhancing social participation in territorial development processes; (iii) strengthening organizational management capacities; (iv) strengthening gender equality, women's organizations and participation by women; (v) training of young people; and (vi) increasing the capacities of TA providers.
14. **Component 3: Sustainable productive development and market access** will centre on promoting sustainable transformation of agricultural production, in order to improve food security and income generation. It will be systematically oriented towards testing and promoting innovations in productive alternatives, technologies and methodologies of TA. It will also support non-farming activities aimed at diversifying the income sources of beneficiaries. The main tools of this component are TA and the financing of investments.
15. **Technical assistance.** The project will enable access by beneficiaries to continuous TA services focused on: (i) sustainable production, to increase production, productivity and diversification of agricultural and livestock activities, taking into account environmental sustainability; (ii) sustainable environmental management and recovery of degraded natural resources; and (iii) access to markets by providing: agroprocessing units; ensuring compliance with food safety and environmental regulations; improving production quality, packaging and branding; providing market information and certification processes, etc. The component will target institutional markets (public purchasing programmes); local markets, in particular conventional and agroecological fairs; and niche markets that recognize the value of agroecological products.
16. **Financing of investments.** The project will support access by beneficiaries to credit from financial institutions, mainly with resources from PRONAF, it will provide non-reimbursable funds for innovative activities, and will support access to other sources of financing, including public programmes. TA to beneficiaries will include preparation of investment proposals for agricultural production, agroprocessing, non-agricultural activities, market access and environmental initiatives. Non-reimbursable resources will finance only innovative productive alternatives and environmental conservation initiatives that, being more risky, are not financed by existing credit programmes.

III. Project implementation

A. Approach

17. The project approach is based on experiences of the first phase and on the policy priorities of the federal government, mainly MDA. As a result, the project has been conceived as an instrument to promote policy coordination and dialogue at the territorial level, to strengthen access of the rural population to public policies, and to generate innovations that help improve public policies. In order to achieve this, it provides two sets of interventions: one involves specific interventions with rural communities, agrarian reform settlements and economic organizations of the target population, including TA, training, productive development and access to financing, among others. The other involves interventions focused on public policies, including

strengthening the platforms of policy dialogue and coordination, strengthening participation by the rural population in those platforms, disseminating innovative project experiences and supporting the scaling up of these innovations. Reduction of inequalities in access to opportunities, assets and the income of women, young people and traditional communities is a cross-cutting issue. Consequently, the project will make specific efforts to target these populations and include activities to strengthen women's and young peoples' groups; the participation of women in mixed groups; and the capacities of these populations to participate in policy decision-making bodies.

B. Organizational framework

18. **Key implementing partners.** The project will be implemented by MDA through the Secretariat of Territorial Development (SDT), which will create a project management unit (PMU) for its operational execution. The PMU's headquarters will be located in the city of Recife (State of Pernambuco). As part of the PMU, territorial coordination units will be established in each of the nine territories included in the project area. The PMU will have an intensive interaction with territorial collegiate bodies, municipal governments, state governments and a broad range of local actors, as was successfully done during its first phase. A project executive committee within MDA will be established, which will provide strategic guidance to project implementation and will systematically collect project experiences to be utilized to boost policy coordination and to feed policy dialogue at the federal level. High-level MDA officials will participate in this committee, such as the Secretary of Territorial Development, the Secretary of Family Farming, the Director of the National Institute for Colonization and Agrarian Reform (INCRA) and others. Following the experience of the first phase, a management committee will also be established, with the participation of state governments and territorial collegiate representatives. The committee will serve as a relevant policy dialogue and coordination platform.
19. **Implementation responsibilities.** The PMU will be in charge of operational execution and will be responsible for: management of project funds; contracting TA providers; transfer of funds approved for investments of beneficiary organizations; and monitoring of partner activities – according to each annual workplan and budget to be approved by the project executive committee. The PMU will coordinate with MDA's delegations and INCRA's regional superintendences located in the seven states where the project will be implemented. Project accounts will be audited annually according to Brazilian and IFAD rules.

C. Planning, monitoring and evaluation, learning and knowledge management

20. The monitoring and evaluation (M&E) system will facilitate data processing for reporting on activities, including detailed information on physical and financial progress. The system will focus on results and measurement of the impact achieved, considering how the initial situation (baseline) has evolved. It will build on existing systems, avoiding duplication. The territorial coordination units will play a critical role, especially in data collection and in ensuring the participation of project beneficiaries and the organizations involved. The M&E system will become the main instrument for monitoring project activities. In this regard, the project will review and adjust two instruments used in the first phase of the Dom Helder Project: the contracts monitoring system, and the projects, activities and contracts system. This review and adjustment will be made with a view to supporting decision-making by producing information and analysis for project management. The system will respond to the information needs of the PMU, IFAD's Results and Impact Management System (RIMS), MDA and the various stakeholders, including beneficiaries. The review of the current system will also aim to include quantitative

and qualitative indicators in order to produce both descriptive and analytical information.

21. The project will build synergies with IFAD's Knowledge Management Programme for Semi-Arid Zones in North-east Brazil regarding systematization, dissemination and exchange of good practices. It will also share experiences and lessons learned with other projects supported by IFAD at the state level. These knowledge management activities will contribute to scaling up, starting from the activities and experiences of this and other projects.

D. Financial management, procurement and governance

22. The SDT of MDA will be responsible for implementing and administering the project through the PMU. Regarding financial management, this will include budget, financial and accounting management, operation of the designated and operational accounts, disbursement, procurement, preparation of consolidated project financial statements, internal oversight and the arrangements for annual audits. The SDT will also have responsibility for general project coordination and, jointly with the MDA's Undersecretariat of Planning, Budget and Administration, will provide the necessary administrative means for its financial execution.
23. Internal oversight will be assured through the segregation of functions, reconciliation of accounts and multiple levels for expenditure approval.
24. The following measures are intended to enhance governance of the IFAD loan: (i) annual independent audits, in accordance with international auditing standards and IFAD guidelines; (ii) direct supervision and implementation support by IFAD; and (iii) transparent mechanisms for allocating financial resources to beneficiaries, including safeguards against elite capture.

E. Supervision

25. The project will be directly supervised by IFAD, in line with IFAD's Policy on Supervision and Implementation Support. Project supervision will: monitor the progress of project implementation; carry out an operational and strategic dialogue between SDT/MDA and IFAD on issues tackled by the project; and ensure compliance with loan covenants and rules for procurement and the end use of funds. Implementation support will focus on assisting the project with specific issues that need addressing in order to better achieve its desired results.
26. In carrying out project supervision, the complexities related to the vast geographical area will be taken into account. This area comprises seven north-eastern states in regions that are not adjoining – some with a remote location and difficult access.

IV. Project costs, financing, benefits

A. Project costs

27. Total project costs are estimated at US\$125.3 million for a six-year period. The breakdown costs by component are as follows: component 1, policy dialogue, coordination of public policies and scaling up of innovations, with an estimated cost of US\$13 million (10.4 per cent of the total); component 2, development of organizational capacities, with a cost of US\$13.7 million (11.0 per cent); and component 3, sustainable productive development and market access, amounting to US\$88.3 million (70.5 per cent). In addition, a part of project resources will be allocated to project management in the amount of US\$7.2 million (5.7 per cent of total costs), and to planning, M&E, amounting US\$3 million (2.4 per cent).

B. Project financing

28. The project will be financed by IFAD, the federal government of Brazil and the beneficiaries. IFAD will finance US\$18 million (14.4 per cent of total costs), composed of a loan of SDR 2,000,000 (equivalent to approximately US\$3 million)

from the IFAD performance-based allocation system (PBAS), and a loan of EUR 11,360,000 (equivalent to approximately US\$15 million) from the Spanish Trust Fund. The federal government of Brazil will finance US\$82.1 million (65.5 per cent of total costs), of which US\$42.0 million will be counterpart funds provided by MDA/SDT to the project and US\$40.1 million correspond to the costs of technical assistance to beneficiaries to be contracted directly by INCRA and the Secretariat of Family Farming (SAF) of MDA. The beneficiary contribution is estimated at US\$25.2 million (20.1 per cent of total costs), most of which will be credit to be obtained from PRONAF for cofinancing investments. Financing to be provided by SAF, INCRA and beneficiaries will be in parallel to project activities financed by IFAD and MDA/SDT.

29. IFAD will not finance taxes or levies, which will be paid in full by the federal government of Brazil.
30. Table shows project costs by category of expenditure and source of financing.

Table
Total project cost by category of expenditure and financier
(United States dollars)

Categories of expenditure	Government: MDA/SDT		Government: SAF and INCRA		Government total		IFAD		Beneficiaries		Total	
	US\$	%	US\$	%	US\$	%	US\$	%	US\$	%	US\$	%
1. Goods, services, equipment and materials	1 346 012	70.0			1 346 012	70.0	576 862	30.0			1 922 874	1.5
2. Workshops, meetings and training	13 203 096	70.0			13 203 096	70.0	5 658 470	30.0			18 861 566	15.1
3. Grants and subsidies for productive investment	2 583 000	9.0			2 583 000	9.0	1 107 000	3.8	25 168 325	87.2	28 858 325	23.0
4. Studies and technical assistance	11 999 015	21.0	40 100 000	70.0	52 099 015	91.0	5 142 435	9.0			57 241 450	45.7
5. Operating costs	12 868 877	70.0			12 868 877	70.0	5 515 233	30.0			18 384 111	14.7
Total	42 000 000	33.5	40 100 000	32.0	82 100 000	65.5	18 000 000	14.4	25 168 325	20.1	125 268 325	100.0

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C. Summary benefit and economic analysis

31. **Main categories of benefits generated.** In the project area 27,000 rural families will be supported with technical assistance, productive investments and organizational strengthening; 74,000 families will improve their capacity to access public policies and programmes and it is estimated that about 45,000 will effectively access them; and 297,000 families will benefit from better coordination of public policies and programmes. Beyond the project area approximately 243,000 beneficiary families of state-level IFAD-supported projects will benefit indirectly from the successful practices of the Dom Helder Project, while better coordination of public policies and programmes and the scaling up of innovations generated by the project have the potential to benefit the entire population living in poverty in the semi-arid north-east.
32. The project will contribute to better coordination and implementation of public policies and programmes for family farmers, which is expected to have an impact beyond the project area. Project activities aimed at facilitating access of the poorest and most-isolated family farmers to public policies and programmes will enable them to benefit from those policies and will contribute to overcoming poverty and to enhancing public policy performance.
33. The project should lead to a 30 per cent reduction in extreme poverty in the project area (from 40 to 28 per cent of the rural population) by the end of project implementation, and a 70 per cent reduction among beneficiaries of productive investments. It will also generate a 35 per cent increase in the assets of families benefiting from the project's TA and productive investments.
34. **Economic and financial viability.** Eleven models representing farming and non-farming activities have been developed: three with technical assistance only and eight with TA and productive investment. Global assessment of the project shows that, considering all project costs and the cash flows generated by the 11 models in a productive 20-year period, the economic rate of return is 17 per cent.

D. Sustainability

35. Economic and social effects fostered by the project at the family farming level have a good chance of being sustainable, because the productive transformation will be based on promoting production systems adapted to semi-arid conditions and to the characteristics of family farmers. The technologies that will be promoted, such as forage conservation and the use of biological inputs, involve low costs and take advantage of locally available inputs and family labour. Effects on the organizational level also have a good chance of being sustainable, because the project will implement a set of activities aimed at strengthening the capacities of organizations and their leaders. Sustainability is foreseen at the policy and institutional level as well, because the project will strengthen policymaking bodies and the participation of community organizations and civil society.

E. Risk identification and mitigation

36. **Main risks and mitigation measures.** Risks are considered low. The main risks to be considered are: (i) climatic risks, which are significant in the project area, because the normal rainfall pattern includes several rainless months. The project will mitigate this risk by adopting an approach of "coexistence with semi-arid conditions" and by paying special attention to increased water access for production and human consumption; (ii) political and policy risks – the success of the project depends on the continuation of rural development and territorial policies, and on the priority given by the federal government (mainly MDA) to enhancing the coordination of public policies and to the functioning of policy dialogue platforms with the participation of civil society; (iii) coordination risks at the federal level – delays in contracting TA by INCRA and SAF – could delay project implementation; this risk will be mitigated through a continuous dialogue with

INCRA and SAF, in order to maintain their current commitment to the project; and (iv) coordination risks at the local level – capacity to coordinate efforts at the level of the territorial collegiate bodies and with other IFAD-cofinanced projects – will depend partly on the capacities of the project. To mitigate these risks, IFAD will closely follow up and support project activities related to the territorial collegiate bodies, and will strongly promote coordination between this and other projects.

37. **Environmental classification.** The environment is an integral concern of the project and will be taken into account in all components, but in component 3 (sustainable productive development and market access) it will be particularly emphasized. The project will contribute to building new references and good practices in sustainable production systems, which will serve IFAD-supported state-level projects and contribute to improve policies in support of family farming in semi-arid areas. The project is considered to represent low environmental risk, being classified as category B.

V. Corporate considerations

A. Compliance with IFAD policies

38. Project objectives and approach are aligned with IFAD's policies and the IFAD Strategic Framework 2011-2015. The project is consistent with the current RB-COSOP (2008-2013, revised in 2011), as its core features include: (i) a focus on semi-arid lands; (ii) a target group composed of poor family farmers and non-farm producers and workers, with special attention to women and young people; (iii) development of farm and off-farm income and employment opportunities; (iv) knowledge management; and (v) policy dialogue.

B. Alignment and harmonization

39. The project is aligned with Brazilian policies for rural development and the fight against poverty. At the national level, it is in tandem with *Plano Brasil sem Miséria* (Plan Brazil without Extreme Poverty), which constitutes the main axis for poverty reduction, productive promotion and social inclusion. Within this framework, productive and social inclusion policies are particularly relevant to the project, especially the Territorial Development Policy, PRONAF and public purchasing programmes such as PAA and PNAE.

C. Innovations and scaling up

40. One of the focuses of the project is contributing to scaling up and policymaking. In this regard, it will test innovations and promote grounded discussions based on innovative experiences that could feed policy dialogue, contribute to improving public policies, and be disseminated and scaled up. Project innovations will be discussed in policy dialogue platforms to promote such scaling up. These discussions and the dissemination of information will be supported by systematizations that aims to analyse key factors that explain the obtained results, in order to identify the necessary conditions for and challenges to their scaling up and application by other rural development entities or in public policies. The systematizations will be carried out either by the project itself or in partnership with specialized entities (e.g. universities). Departing from these systematizations, innovative experiences will be disseminated and scaled up, and will feed into the dialogue on public policies. The project will also coordinate efforts with the Knowledge Management Programme for Semi-Arid Zones in North-east Brazil, financed by an IFAD grant.
41. Innovation will be key to address bottlenecks in the attainment of rural poverty reduction. The innovations will involve institutional, productive and technological aspects. At its initial stage, the project will work with innovations generated during its first phase, so as to continue experimenting with others as project implementation advances. Among the more salient innovations emanating from the first phase are those related to: (i) TA methodologies, including actions targeted at

family farmers, agrarian reform settlements, women and traditional communities; (ii) capacity-building, strengthening and participation of beneficiaries' organizations; (iii) technologies and productive alternatives; and (iv) market access strategies.

D. Policy engagement

42. Public policies are central to the project; component 1 focuses on the enhancement of public policies and programmes targeted at rural communities and agrarian reform settlements. The project will contribute to the enhancement of public policies and programmes by: (i) strengthening coordination in the implementation of existing public policies and programmes; and (ii) feeding into policy dialogue aimed at enhancing or adjusting public policies and programmes, starting from the experiences of its first and second phases.

VI. Legal instruments and authority

43. A project financing agreement between the Federative Republic of Brazil and IFAD will constitute the legal instrument for extending the proposed financing to the borrower. Copies of the negotiated financing agreement are attached as an annex.
44. The Federative Republic of Brazil is empowered under its laws to receive financing from IFAD.
45. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VII. Recommendation

46. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a loan on ordinary terms to the Federative Republic of Brazil in an amount equivalent to two million special drawing rights (SDR 2,000,000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

RESOLVED FURTHER: that the Fund shall provide a loan from the Spanish Trust Fund on ordinary terms to the Federative Republic of Brazil in an amount equivalent to eleven million three hundred and sixty thousand euro (EUR 11,360,000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Kanayo F. Nwanze
President

Negotiated financing agreement: "*Policy Coordination and Dialogue for Reducing Poverty and Inequalities in SEMIARID Northeast Brazil – Dom Helder Câmara Project (Articulação e Diálogo sobre Políticas para Reduzir a Pobreza e Desigualdade no Nordeste Semiárido – Projeto Dom Helder Câmara)*"

(Negotiations concluded on 4 December 2013)

IFAD Loan Number: _____

Trust Loan Number: _____

Project Title: Policy Coordination and Dialogue for Reducing Poverty and Inequalities in Semiarid Northeast Brazil – Dom Helder Câmara Project
Articulação e Diálogo sobre Políticas para Reduzir a Pobreza e Desigualdade no Nordeste Semiárido – Projeto Dom Helder Câmara (the "Project")

The International Fund for Agricultural Development (the "Fund" or "IFAD")

and

The Federative Republic of Brazil

(each a "Party" and both of them collectively the "Parties")

hereby agree as follows:

WHEREAS the Executive Board of the International Fund for Agricultural Development (the "Fund" or "IFAD"), at its 100th Session, approved the establishment of a Spanish Food Security Co-Financing Facility Trust Fund ("the Trust") and further approved that the Trust, acting through IFAD in its capacity as the Trustee of the Trust, enters into a borrowing agreement with the Kingdom of Spain (Spain);

WHEREAS the Trust is an ancillary activity of the Fund as approved by the Executive Board within the framework of Article 7 Section 3 of the Agreement Establishing IFAD; and

WHEREAS Spain and IFAD, in its capacity as the Trustee of the Trust, have signed the Borrowing Agreement on 28 December 2010.

NOW THEREFORE, the parties hereto hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2), and the Fund's General Conditions for Agricultural Development Financing dated 29 April 2009 (the "General Conditions").

2. The General Conditions as amended on 17 September 2010, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement, the terms defined in the General Conditions shall have the meanings set forth therein.

3. The Fund shall provide a financing to the Borrower (the "Financing"), which consists of a Loan from IFAD in SDR and a Loan from the Trust in EURO, which the Borrower shall use to implement the Project in accordance with the terms and conditions set forth in this Agreement.

Section B

1. The amount of the Financing is composed of:
 - a. A loan in Special Drawing Rights (SDR) of two million SDR (SDR 2 000 000).
 - b. A loan in Euro of eleven million three hundred and sixty thousand Euros (EURO 11 360 000).
2. The overall Financing (of both loans), in EURO and SDR, is granted on ordinary terms, and shall have a maturity period of eighteen (18) years, including a grace period of three (3) years starting from the date that the Fund has determined that general conditions precedent to withdrawal have been fulfilled (Section E paragraph 2 below). The Borrower shall repay the principal amount of the Financing in 30 (thirty) equal semi-annual consecutive instalments; the final instalment amount may vary due to rounding.
3.
 - A. The Loan Service Payment Currency for the Loan in SDR shall be USD.
 - B. The Loan Service Payment Currency for the Loan in EURO shall be the EURO.
4. The first day of the applicable Fiscal Year shall be January 1st.
5.
 - A. The SDR Loan shall be subject to interest on the principal amount of the Loan outstanding at a rate equal to the IFAD Reference Interest Rate in SDR.
 - B. The EURO Loan shall be subject to interest on the principal amount of the Loan outstanding at a rate equal to the IFAD Reference Interest Rate in EURO.
6. Payments of principal and interest shall be payable on each 15 May and 15 November.
7. There shall be a Project Account in local currency managed by the Borrower for the benefit of the Project, where Financing proceeds and counterpart resources shall be allocated, in a Bank acceptable to the Fund.
8. There shall be a Designated account opened by and held in the name of the Borrower
9. The Borrower shall provide counterpart financing for the Project in the amount of forty two million United States Dollars (USD 42 000 000), which shall include the payment of taxes.

Section C

1. The Lead Project Agency of the Project shall be the Ministry of Agrarian Development (Ministério do Desenvolvimento Agrário -MDA) of the Borrower.

2. The Project Completion Date shall be the sixth anniversary of the date of entry into force of this Agreement and the Financing Closing Date will be established as specified in the General Conditions.

Section D

The Financing will be administered and the Project will be supervised by the Fund.

Section E

1. The following is designated as an additional ground for the suspension of the right of the Borrower to request withdrawals from the Financing: The Project Implementation Manual (PIM), or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior agreement of the Fund and the Fund has determined that such waiver, suspension, termination, amendment or modification has had, or is likely to have, a material adverse effect on the Project, and the Borrower has not taken any measures to remedy the situation.

2. The following is designated as additional (general) condition precedent to withdrawal: the IFAD no objection to the final version of the PIM shall have been obtained.

3. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Fund:

The President
International Fund for Agricultural Development
Trustee of the Spanish Food Security
co-Financing Facility Trust Fund
Via Paolo di Dono 44
00142 Rome, Italy

For the Borrower:

The Minister of Agrarian Development
Esplanada dos Ministérios
Bloco A 8o. andar
Brasília – DF 70054-900

With copies to:

SEAIN – Secretaria de Assuntos Internacionais
Ministério do Planejamento, Orçamento e Gestão
Esplanada dos Ministérios – Bloco K – 5º andar
Brasília – DF 70040-906

Facsimile number: (5561) 2020-5006

This agreement, dated _____, has been prepared in the English language in six (6) original copies, three (3) for the Fund, three (3) for the Borrower.

THE FEDERATIVE REPUBLIC OF BRAZIL

Authorized Representative

DATE: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Kanayo F. Nwanze
President
International Fund for Agricultural Development
Trustee of the Spanish Food Security co-Financing
Facility Trust Fund

DATE: _____

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

The Project will be implemented in accordance with this agreement, the PIM and the Project Design Report (Relatorio de Desenho do Projeto) as agreed between IFAD and the Borrower.

1. *Target Population.* The project target population will comprise family farmers and agrarian reform settlers, with particular attention to women and young people. This target population is defined at two levels. The first level includes the target population within approximately 129 municipalities included in the project area, where the project will have a direct and intensive intervention. The second level includes beneficiaries of State-level projects supported by other IFAD supported Projects in the states of Bahia, Ceará, Paraíba, Piauí and Sergipe, who will benefit from innovations and successful experiences of the Dom Helder Project, and the poor rural population in the whole rural semi-arid Northeast who would benefit from public policies expected to be enhanced as a result of policy dialogue boosted by the Project.

2. *Goal.* The Project goal is to contribute to the reduction of rural poverty and inequalities (gender, generation, race and ethnicity) in the Northeast's semi-arid by improving the coordination of sustainable rural development policies with a territorial approach, the access of the rural population to public policies, and the design of public policies through the scaling-up of innovations.

3. *Project Area.* The project area will include approximately 129 municipalities in nine Territories of Citizenship in seven States of Brazil's Northeast region: Alto Sertão Alagoano in the State of Alagoas; Sertão do Apodi in the State of Rio Grande do Norte; Inhamuns Crateús and Sertão Central in the State of Ceará; Cariri Ocidental in the State of Paraíba; Sertão do Pajeú and Sertão do Araripe in the State of Pernambuco; Serra da Capivara in the State of Piauí, and Alto Sertão Sergipano in the State of Sergipe. Additionally, thanks to the dissemination of successful experiences developed by the project and to the results of policy dialogue promoted by its component 1, the project activities will have indirect impact on the coverage area of State-level projects supported by other IFAD Projects and in the entire semi-arid Northeast.

4. *Objectives.* The specific objectives of the Project are:

- a) To contribute to improve policy dialogue, the territorial planning process, and the coordination of public policies and programmes for reducing rural poverty and inequalities;
- b) To promote the dissemination and scaling-up of methodologies, production alternatives, technologies, and other innovations developed by the project.
- c) To experiment with innovative work methodologies to support rural communities and family farmers, and with new production alternatives and innovative technologies appropriate to the characteristics and conditions of the semi-arid region, based on the principles of agroecology and "*convivência com o semiárido*", in order to generate references that help improve public policies.
- d) To strengthen the capacities of rural communities, agrarian reform settlements, and their organizations to access public policies and programmes, to participate in the decision-making entities and the development process at the local level, and to manage in a sustainable

manner their production systems in their different dimensions (social, economic, environmental, and institutional).

- e) To promote generation and increase in family income, based on an agroecological approach that improves living conditions in the semiarid context in a sustainable way and generates opportunities to access markets in favorable conditions.
- f) To contribute towards the reduction of gender, generation, race and ethnicity inequalities.

5. *Components.* The Project will have three Components as follows: Policy dialogue, coordination of public policies and scaling-up of innovations (Component 1); Development of organizational capacities (Component 2); and Sustainable production development and access to markets (Component 3).

5.1. *Component 1: Policy dialogue, coordination of public policies and scaling-up of innovations.*

This Component aims at improving public policies and programmes to reduce poverty and inequalities in the Northeast region. This will be done in two ways: (a) by strengthening coordination of implementation of existing public policies and programmes through activities both in the territories that are part of the project area and at the level of the Ministry of Agrarian Development (*Ministério do Desenvolvimento Agrário* -MDA); and (b) by contributing to improve and/or adjust those policies and programmes through policy dialogue and by the application of innovative and successful experiences developed by the first and second phase of the project. This will include mainly the following activities: (i) systematization of project experiences evaluated as successful to make them available so they can be used for the dissemination and discussion of the project results in policy dialogue platforms; (ii) dissemination of innovations in a broad range of institutions and civil society organizations; (iii) institutional exchanges and field visits by technicians, experts and family farmers interested in the innovative project experiences to replicate them; (iv) participation in policy dialogue and in policy coordination bodies at different levels (national, state, territorial, municipal) and contributing to their strengthening; and (v) support the adoption of innovate experiences by other institutions in areas beyond the project area, prioritizing the building of partnership with other IFAD supported State-level projects.

5.2. *Component 2: Development of organizational capacities.*

This component will develop the capacities of rural communities and economic organizations to expand their access to public policies and programmes, reinforce their participation in the management of territorial policies, and strengthen their organizational and managerial capacities. It will pay special attention to developing the capacities of women and youth and thus reduce inequalities of gender and generation. It will also reinforce government and non-government rural development institutions. Its activities will include: (1) social mobilization; (2) strengthening capacities of the rural population and local development institutions to access to public policies and to strengthen social participation in territorial development; (3) strengthening organizational management capacities; (4) strengthening gender equality, women organization and participation; (5) youth training; and (6) increasing capacities of technical assistance providers and mobilizers.

5.3. *Component 3: Sustainable productive development and market access*

5.3.1. This component will be focused on promoting sustainable transformation of agricultural production, in order to improve food security and income generation. The component will be systematically oriented towards testing and promoting innovations in

productive alternatives, technologies and methodologies of technical assistance aiming at generating an "agenda of innovations". The project will also support off farm activities aimed at diversifying the income sources of beneficiaries.

5.3.2. The main tools of this component will be:

- (a) Technical Assistance (TA). The component will enable the access of beneficiaries to continuous technical assistance services under two modalities: (i) contracting of technical assistance providers by the project; and (ii) contracting of technical assistance providers by the Secretariat of Family Farming (*Secretaria de Agricultura Familiar - SAF*) and the National Institute of Colonization and Land Reform (*Instituto Nacional de Colonização e Reforma Agrária - INCRA*) selected through public calls. TA will focus on: (i) sustainable production to increase production, productivity and diversification of agricultural and livestock activities, taking into account environmental sustainability as major concern; (ii) environmental sustainable management and recovery under a watershed management approach; and (iii) access to market by building agro-processing units; ensuring compliance with food safety and environmental regulations; improving production quality, presentation, packaging and branding; market information; strengthening producers' organizations for marketing; certification processes, etc. Key markets will be targeted such as institutional markets (public purchases programmes); local markets, in particular conventional and agro-ecological fairs; and niche markets that recognize high value to agro-ecological products.
- (b) Financing of investments. The project will support access of beneficiaries to credit from financial institutions, mainly by the preparation by beneficiaries, with the support of the technical assistance services provided by the project, of investment proposals to be presented to financial institutions to request credit, in particular from *Programa Nacional de Fortalecimento da Agricultura Familiar - PRONAF*, and (ii) by the preparation of investment proposals that will be financed by non-reimbursable funds from the project through the Innovation Support Resources and will support access to other sources of financing including on-going public programmes. In all the cases the Project will provide TA services to the beneficiaries for the preparation of investment proposals for agricultural production, agro-processing, non-agricultural activities, market access and environmental initiatives. The non-reimbursable resources from the Project will finance only innovative productive alternatives and environmental conservation initiatives that, being more risky, are not financed by existing credit programmes, so these resources will not replace credit. The access to these non-reimbursable funds will be subject to the preparation and assessment of a project proposal, a process that will serve as a learning tool for the preparation of proposals to request credit from PRONAF or other sources. The Project Implementation Manual-PIM, to be prepared by Secretariat of Territorial Development (*Secretaria de Desenvolvimento Territorial - SDT*) and submitted to IFAD for non-objection, will detail precisely the conditions to access the non-reimbursable funds, including among others the type of projects and of investment items that can be financed.

II. Implementation Arrangements

1. *The Lead Project Agency.* The Lead Project Agency will be the MDA, which will implement the Project through its SDT, which will create a Project Management Unit (PMU) for its operational implementation.

2. The Secretariat of Territorial Development (Secretaria do Desenvolvimento Territorial - SDT). The SDT will be responsible for coordinating Project implementation, for ensuring the availability of budget resources according to the Annual Work Plans and Budgets (AWPB) and their transfer to the PMU for the implementation of planned activities, and for making institutional coordination with MDA's Executive Committee, other units of the MDA (SAF, INCRA) and other partners. The Department of Support to Productive Inclusion in the Territories (*Departamento de Apoio à Inclusão Produtiva nos Territórios - DIP*) at SDT will supervise project implementation and will provide inputs to the Secretariat about its evolution and for the Project Executive Committee meetings.

3. The Project Management Unit (PMU).

3.1. *The PMU* will be in charge of the Project operational implementation. PMU's headquarters will be located in the city of Recife (State of Pernambuco). As part of the PMU, Territorial Coordination Units will be established in each of the nine territories that will be part of the project area.

3.2. *PMU headquarters.* The PMU will be responsible for the day-to-day project management, including the administration of project funds, the management of the PMU's staff, the guidance and supervision to the Territorial Coordination Units, the contracting of technical assistance providers, the transfer of funds approved for investments of beneficiary organizations, and the monitoring of partners' activities, guidance and supervision to the annual planning process in the rural territories; drafting of the project AWPB; articulating with government agencies and social movements; directing and supervising the work of the Territorial Coordination Units (*Unidades de Articulação Territorial*), preparing activities reports, and submitting progress reports to the MDA .

3.3. *Territorial Coordination Units.* will be responsible for the following tasks in their respective territory: mobilizing rural communities and agrarian reform settlements for their participation in project activities and in policy coordination platforms (Territorial Collegiates, Project Territorial Committees); supporting and supervising the preparation of Pluri-annual Development Plans and AWPB in rural communities and agrarian reform settlements; organizing and coordinating the Project Territorial Committees; participating and supporting the good functioning of Territorial Collegiates; articulating efforts with government agencies and organizations of civil society in each territory; coordinating and monitoring activities and services contracted by the project; and reporting continuously to the PMU headquarters about the project progress.

3.4. The PMU will be comprised of personnel selected through a competitive process according to national norms. In all cases, they will have the appropriate professional qualifications, experience and profile. The PMU will comprise a Project Director; a Coordinator of Planning, Monitoring and Evaluation; an Administrative Manager, a Financial manager; three component coordinators (one for each component); nine coordinators of the Territorial Coordination Units (one for each territory); and technical and administrative personnel working in the project management, in the different components and as part of the Territorial Coordination Units. In order to take advantage of their experience, qualified personnel who have worked in the PMU of the IFAD supported Projeto de Desenvolvimento Sustentável para os Assentamentos da Reforma Agrária no Semiárido do Nordeste (Dom Helder Câmara) financed through loan agreement 494- BR signed in 2000, will be preserved as far as possible. The Project Director and any replacement will need prior IFAD no objection.

4. Executive Committee. At national level, it will be established an Executive Committee of the project within the MDA comprised of representatives of different units of the Ministry. Its main responsibilities will be to provide strategic guidance for project implementation, systematically collect the project experience to be utilized to boost policy coordination and to feed policy dialogue, promote complementarities and

synergies between the project and other MDA programmes and initiatives, and provide guidance and inputs for the preparation of the AWPB.

5. *Management Committee.* Under the Project governance structure, the project will also have a Management Committee on consultative basis with participation of the Federal Government, the governments of the States in the project area, beneficiaries and institutions from civil society. This committee will discuss about the progress in project implementation, will promote coordination and policy dialogue among different stakeholders, and will provide inputs to the Annual Progress Reports, the AWPB, and the agenda of innovations of the project.

6. *Territorial Committees.* In each territory it will be set up a Territorial Committee with representatives of beneficiary communities and agrarian reform settlements, agencies of Federal, State and Municipal governments, and partner entities working with the project, in order to discuss and approve AWPB for the project in the territory, and assess the progress of implementation. These Territorial Committees will be part of the existing Territorial Collegiates, thus incorporating them within the same structure and operational logic.

7. *Territorial Collegiates.* The existing Territorial Collegiates, which are integrated by representatives of institutions from the three governmental spheres (municipal, state and federal) and civil society, will discuss the coherence between the workplan of the project and the rural development strategy of the territory, will promote complementarities between the project and the activities carried out by these collegiate, and will serve as platforms to promote policy dialogue and to disseminate project innovations.

8. *Strategic Partners in Implementation.* The project will articulate partnerships in three different levels:

8.1. Coordination of activities with units of the MDA, in particular the INCRA, the SAF, and the Directorate of Policies for Rural Women (*Diretoria de Políticas para as Mulheres Rurais* – DPMR). Coordination with INCRA will involve activities in agrarian reform settlements, with SAF will include mainly the contracting of Technical Assistance and Rural Extension (Assistência Técnica e Extensão Rural - ATER) services, and with DPMR will comprise public calls to contract technical assistance for women groups in the project area.

8.2. Implementation partnerships will include the contracting by the project of non-governmental organizations, service cooperatives, and government agencies to provide specialized services, such as technical assistance and rural extension services, training, and support for communities mobilization.

8.3. Institutional partnerships will involve coordination with specialized institutions to carry out activities that are key for achieving the project results.

9. *Project Implementation Manual.* The PIM will be prepared by the SDT and submitted to IFAD for its no objection. The PIM shall provide, among other things: (i) eligibility criteria and mechanisms for selecting communities, economic organizations and beneficiaries; (ii) guidelines and procedures for the formulation, assessment and approval of productive proposals and investments; (iii) monitoring and accounting of funds transferred to organizations for productive investments; (iv) guidance for implementation of the project components; (v) management and procurement procedures, among others.

Schedule 2

Allocation Table

1. *Allocation of Financing Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Financing and the allocation of the amounts of the Financing to each Category and the percentages of expenditures for items to be financed in each Category:

Category	Loan Amount Denominated in SDRs	Loan Amount Denominated in EURs	Percentage of Expenditures to be Financed
I. Goods, services, equipment and materials	60 000	335 000	30%
II. Workshops, meetings and training	570 000	3 210 000	30%
III. Grants and subsidies for productive investment	110 000	630 000	30%
IV. Studies and technical assistance	510 000	2 920 000	30%
V. Operating costs	550 000	3 130 000	30%
Unallocated	200 000	1 135 000	
Total	2 000 000	11 360 000	

(b) The terms used in the Table above are defined as follows:

- I. *Goods, services, equipment and materials* include services for preparation, production and divulgation of the Project activities and products, vehicles, informatics equipment and furniture for use of the PMU, including its Territorial Coordination Unit
- II. *Workshops, meetings and training* include participation in policy coordination and dialogue committees and platforms; training to community and economic organizations leaders including women and young people; field visits and exchange; training to technical assistance providers; training to technicians in planning, monitoring and evaluation.
- III. *Grants and subsidies for productive investment* include financing of productive and environmental projects through the Innovative Support Resources facility.
- IV. *Studies and technical assistance* include technical assistance services to be provided to the beneficiaries, baseline study, monitoring and evaluation, studies and project audit.
- V. *Operating costs* are those for the PMU functioning, including its Territorial Coordination Units.

Logical framework

Results Hierarchy	Indicators	Means of Verifications	Assumptions/Risk
GOAL To contribute to the reduction of rural poverty and inequalities in North-east's semiarid	At the end of the project: <ul style="list-style-type: none"> • 30% reduction in extreme poverty (from 40% to 28%) by the end of the Project in the project area (MDG); • 70% reduction of extreme poverty among beneficiaries of productive investment; • 35% increase in assets of beneficiary families of TA and productive investments (RIMS 3rd level) 	<ul style="list-style-type: none"> • Official statistics • Baseline study • M&E / RIMS reports • Final evaluation 	<ul style="list-style-type: none"> • Continuation of public policies and programmes for rural poverty reduction
DEVELOPMENT OBJECTIVE To contribute to the reduction of rural poverty and inequalities in North-east's semiarid by improving the coordination of sustainable rural development policies, the access of the population to public policies, and the design of public policies through the scaling-up of innovations	At the end of the project: <ul style="list-style-type: none"> • 27,000 families benefiting from TA and productive investment increase their production on average 25% • 74,000 families are better informed on public policies and programmes; out of them 45,000 are able to access them • 50% of project beneficiaries are women • 243,000 families IFAD state-level projects indirectly benefit from innovative methodologies/experiences developed by the project • 297,000 families (1,039,500 persons) in the project area indirectly benefit from better coordination of public policies; • Approximately one million rural families indirectly benefit from enhanced public programmes and policies 		
Component 1 – Policy dialogue, coordination of public policies and scaling-up of innovations			
OUTCOME 1: Public policies for reducing rural poverty and inequalities improved	At the end of the project: <ul style="list-style-type: none"> • Rural development policies improved thanks to feedback provided by project experience and adoption of innovative methodologies • Public policy coordination improved at federal level and in nine Territories of Citizenship of seven North-east states 	<ul style="list-style-type: none"> • Official statistics • Baseline, M&E /RIMS reports, final evaluation • Statutory information and reports of Territorial Collegiates • Qualitative and quantitative studies, including gender-specific • Supervision missions reports 	<ul style="list-style-type: none"> • Continuation of public policies for poverty reduction • Conducive environment for coordination of public policies and programmes within MDA and in Territorial Collegiates
Output 1.1: Spaces of public policy coordination functioning and effectiveness strengthened	<ul style="list-style-type: none"> • Enhanced participation of civil society in Territorial Collegiates • Increased value and number of investment projects generated at the Territorial Collegiates 		
Output 1.2: Innovated methodologies and production alternatives scaled-up	<ul style="list-style-type: none"> • 30% increase of women and traditional communities representatives participating in Territorial Collegiates • 24 successful experiences and good practices systematized 		
Output 1.3: Local technical capacities for policy dialogue and coordination improved	<ul style="list-style-type: none"> • 6 innovative methodologies adopted by public agencies and at least 1 adopted by each IFAD co-funded project at state level • 250 TA providers with improved capacities, of which 50% women 		

Results Hierarchy	Indicators	Means of Verifications	Assumptions/Risk
Component 2 – Development of organizational capacities			
OUTCOME 2: Rural communities, agrarian reform settlements and organizations/ associations, especially women and young people, mobilized and their capacities developed	In the project area and end of project: <ul style="list-style-type: none"> • 27,000 families mobilized and with enhanced capacities • 770 communities and agrarian reform settlements with qualified demands on public programmes • 6,000 leaders of rural communities and agrarian reform settlements trained 	<ul style="list-style-type: none"> • Official statistics • Baseline, M&E / RIMS reports, final evaluation • Statutory information and reports from organizations • Qualitative and quantitative studies, including gender-specific • Supervision missions reports 	<ul style="list-style-type: none"> • Continuation of public policies for poverty reduction
Output 2.1: Rural population informed about public programmes and policies	<ul style="list-style-type: none"> • 500 community organizations and 27 economic organizations with organizational structure, legal status and governance systems 		
Output 2.2: Project beneficiary organizations strengthened	<ul style="list-style-type: none"> • 300 community organizations participate in Territorial Collegiates • 450 women groups (4,500 women) established and operational 		
Output 2.3: Women organizations participation strengthened	<ul style="list-style-type: none"> • At least 1,100 young people with higher capacities due to their participation in studying and training opportunities 		
Output 2.4: Young people capacities and opportunities enhanced	<ul style="list-style-type: none"> • 9 radio programmes, 6 videos and 12 booklets on public policies and programmes elaborated, broadcasted and disseminated 		
Component 3 – Sustainable productive development and market access			
OUTCOME 3: Family farmers' agricultural and livestock sustainable production transformed and enhanced	In the project area and end of project: <ul style="list-style-type: none"> • 27,000 families access to TA and 20,000 to productive investments (10,000 to non-reimbursable resources and 10,000 access to credit); at least 80% of them improve their production • At least 13,500 families diversify their production systems 	<ul style="list-style-type: none"> • Official statistics • Baseline, M&E / RIMS reports, final evaluation • Reports from organizations and TA providers • Qualitative and quantitative studies, including gender-specific • Supervision missions reports 	<ul style="list-style-type: none"> • Timely allocation of counter-part funds • Providers re-main conducive to deliver TA services • Droughts at acceptable ranges and continuity of investment for accessing water
Output 3.1: New technologies and innovative practices adopted	<ul style="list-style-type: none"> • 16,200 families adopt new technological practices • 13,500 families introduce at least one new product • 4,500 women, 1,100 young people, 260 families (26 groups) from indigenous communities and 280 families (28 groups) from quilombola communities carry out new income generating activities 		
Output 3.2: Beneficiaries' access to market improved	<ul style="list-style-type: none"> • 10,800 families access public purchases (PAA, PNAE) • 2,700 families access differentiated markets (organic, fair trade) 		