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**Rapport du Président**  
**Proposition de prêt**  
**République fédérative du Brésil**  
**Projet inclusif et durable au Piauí**

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**POUR: APPROBATION**

**Mesures à prendre:** Le Conseil d'administration est invité à approuver la recommandation telle qu'elle figure au paragraphe 52.

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**Questions techniques:**

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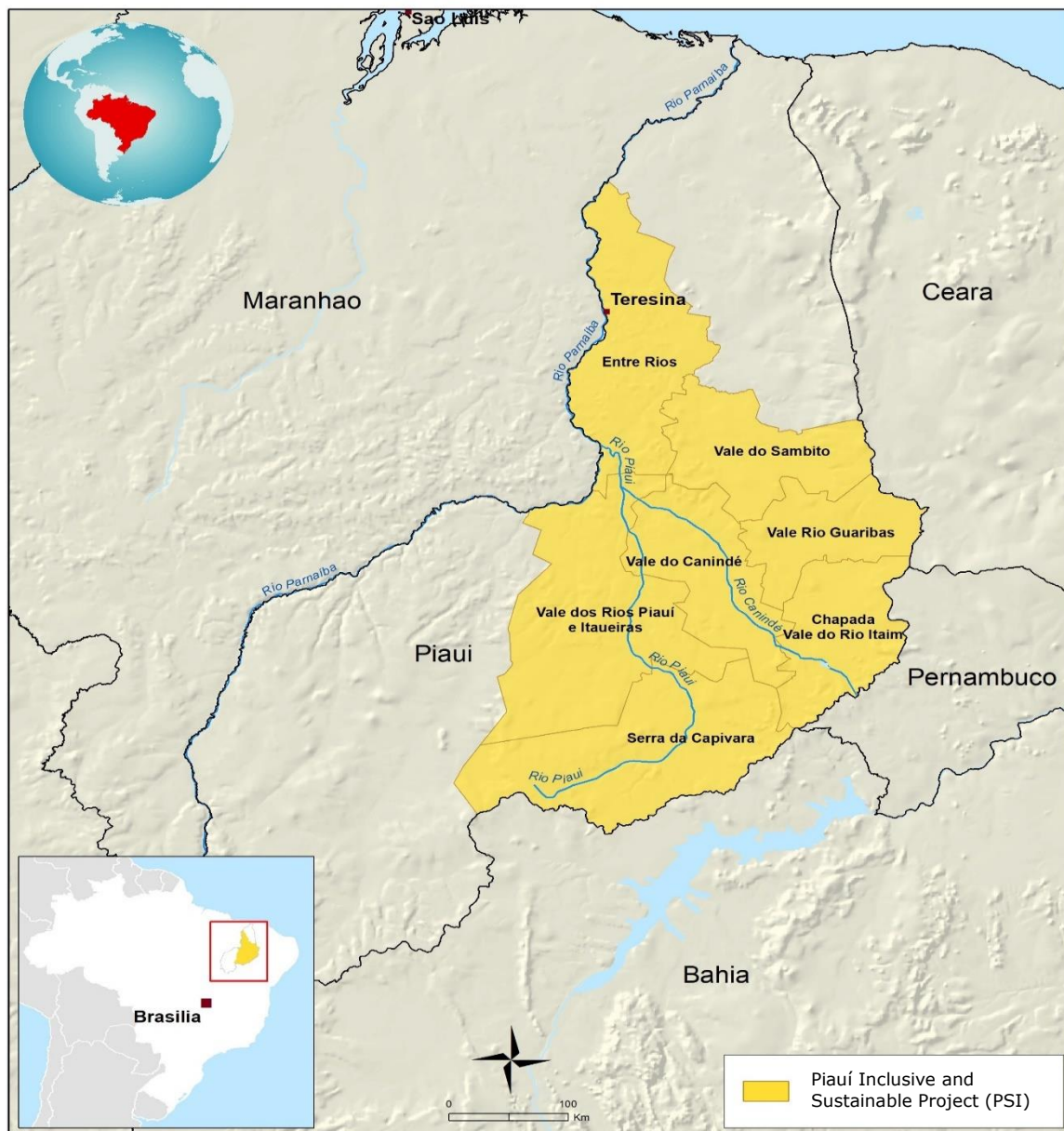
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## Carte de la zone du projet



**Source:** 19/05/2021

*Les appellations figurant sur cette carte et sa représentation graphique ne constituent en aucun cas une prise de position du FIDA quant au tracé des frontières ou limites, ou aux autorités de tutelle des territoires considérés.*

## Résumé du financement

<b>Institution initiatrice:</b>	Banque interaméricaine de développement (BID)
<b>Emprunteur:</b>	État de Piauí (avec garantie souveraine de la République fédérative du Brésil)
<b>Organisme d'exécution:</b>	Secrétariat à la planification (SEPLAN)
<b>Coût total du projet:</b>	147,5 millions d'USD
<b>Montant du prêt du FIDA:</b>	18,0 millions d'USD
<b>Conditions du prêt du FIDA:</b>	Conditions ordinaires, assorties d'un délai de remboursement de 18 ans, y compris un différé d'amortissement de 3 ans, à un taux d'intérêt correspondant au taux de référence du FIDA plus une marge variable
<b>Cofinancier:</b>	BID
<b>Montant du cofinancement:</b>	100 millions d'USD
<b>Conditions du cofinancement:</b>	Prêt
<b>Contribution de l'Emprunteur:</b>	29,5 millions d'USD
<b>Contribution des bénéficiaires:</b>	13 millions d'USD (la contribution des bénéficiaires ne sera pas comptabilisée dans le coût total du projet, conformément aux procédures de la BID)
<b>Montant du financement du FIDA (action climatique):</b>	13,3 millions d'USD
<b>Institution coopérante:</b>	BID

# Projet inclusif et durable au Piauí

## I. Contexte

### A. Contexte national et justification de l'intervention du FIDA

#### Contexte national

1. La République fédérative du Brésil est une économie à revenu intermédiaire de la tranche supérieure qui compte environ 211 millions d'habitants. Pourtant, les inégalités multidimensionnelles sont profondes et tenaces dans le pays. Entre 2003 et 2012, l'extrême pauvreté a reculé de plus de 63%, mais cette tendance s'est inversée ces dernières années. Quelque 52 millions de Brésiliens (24% de la population nationale) vivent actuellement sous le seuil de pauvreté, et 14 millions (6,5%) dans l'extrême pauvreté. Près de la moitié de la pauvreté est concentrée dans la région nord-est du pays, qui compte moins d'un tiers de la population nationale.
2. Actuellement, le Brésil est en proie à une crise liée à la faim et à l'insécurité alimentaire et nutritionnelle, le pays ayant régressé pour revenir aux niveaux enregistrés en 2004. En 2020, environ 117 millions de Brésiliens ont fait face à un certain degré d'insécurité alimentaire, 43,4 millions n'ayant pas suffisamment de nourriture et 19 millions souffrant de la faim. Moins de la moitié de la population de la région du Nord-Est (49,7%) a un accès total et régulier à une alimentation de qualité, et plus de 7,6 millions de personnes ont été en situation d'insécurité alimentaire sévère en 2020.
3. L'agriculture familiale revêt un caractère stratégique dans les politiques nationales et étatiques visant à réduire la pauvreté (objectif de développement durable n° 1) et à promouvoir la sécurité alimentaire et nutritionnelle (objectif de développement durable n° 2), en garantissant des moyens d'existence à la majorité de la population rurale. Le secteur emploie les trois quarts de la main-d'œuvre agricole, représente 77% des exploitations et est à l'origine d'un tiers du revenu agricole national. Toutefois, les agriculteurs familiaux ont rarement accès aux ressources humaines et financières, ce qui limite leur capacité d'adaptation et contribue à l'augmentation de l'exode rural, de la pauvreté et de l'insécurité alimentaire.
4. **État de Piauí.** Avec une superficie de 251 755 kilomètres carrés, l'État de Piauí est le troisième plus grand État du Nord-Est, avec une population de 3,2 millions d'habitants, dont 34,2% vivent dans les zones rurales. Le PIB annuel par habitant est de 2 968 USD, ce qui le classe à l'avant-dernier rang de tous les États. Quelque 43% de la population de l'État de Piauí vit dans la pauvreté, et 15% dans l'extrême pauvreté, ce qui en fait le cinquième État brésilien le plus pauvre à cet égard. La pauvreté est concentrée dans les zones rurales semi-arides. L'indice d'insécurité alimentaire de l'État de Piauí est le plus élevé du Brésil, celle-ci touchant 44% des ménages.

#### Aspects particuliers relatifs aux questions que le FIDA doit transversaliser en priorité

5. Conformément aux engagements en matière de transversalisation pris au titre de la Douzième reconstitution des ressources du FIDA (FIDA12), le projet a été validé comme:
  - incluant un financement climatique;
  - porteur de transformations en matière de genre;
  - tenant compte des enjeux nutritionnels;
  - tenant compte des jeunes.

6. **Porteur de transformations en matière de genre:** Le nombre de ménages signalant une réduction du temps consacré à la collecte de l'eau sera suivi de près dans le contexte du cadre logique. Des actions de sensibilisation à la prévention et à la lutte contre la violence fondée sur le genre sont prévues. On s'efforcera de faire en sorte que le personnel de terrain du projet soit composé d'un nombre égal d'hommes et de femmes. L'indicateur d'autonomisation du FIDA sera mesuré au départ, à mi-parcours et à l'achèvement du projet, ce qui permettra d'adopter des mesures correctives, si nécessaire.
7. **Tenant compte des jeunes:** S'appuyant sur l'expérience d'autres projets appuyés par le FIDA au Brésil, le Projet inclusif et durable au Piauí (PSI) reposera sur une perspective holistique de l'inclusion des jeunes. Le nombre de jeunes bénéficiant de nouvelles possibilités d'emploi sera surveillé au moyen du système de suivi-évaluation du projet.
8. **Tenant compte des enjeux nutritionnels:** Pour ce qui est de l'amélioration de la nutrition, les points d'entrée du projet se rapportent principalement à l'amélioration de l'accès à l'eau pour la consommation des ménages et la production agricole, aux technologies sociales axées sur les énergies renouvelables, à la collecte et au stockage de l'eau pour la consommation des ménages et au recyclage des eaux grises des ménages pour la production de fruits et légumes. Ces technologies jouent un rôle essentiel pour les femmes et pour ce qui est d'améliorer la résilience et la nutrition des ménages.
9. **Incluant un financement climatique:** La région semi-aride du Brésil fait partie des régions sud-américaines les plus vulnérables aux changements climatiques. Le projet est partiellement considéré comme un financement climatique (environ 74,5%). Suivant les méthodes appliquées par les banques multilatérales de développement pour suivre le financement de l'adaptation aux changements climatiques et de l'atténuation de leurs effets, le financement climatique total alloué par le FIDA au titre de ce projet est estimé à 13,3 millions d'USD.

#### **Justification de l'intervention du FIDA**

10. Le PSI est la première opération de prêt cofinancée par la Banque interaméricaine de développement (BID) au Brésil. Il appliquera les normes sociales et environnementales de la BID, qui sont conformes aux normes du FIDA, tel que confirmé dans une analyse des lacunes du FIDA.
11. La participation du FIDA au projet a permis de mettre en place une structure solide qui s'appuie sur les expériences du Projet de développement durable dans la région semi-aride de l'État de Piauí (PVSA), en cours d'exécution et financé par le FIDA, y compris ses approches différenciées pour les groupes prioritaires tels que les jeunes, les femmes et les communautés traditionnelles comme les personnes d'ascendance africaine et les peuples autochtones, et qui répond aux quatre thématiques transversales du FIDA, puisqu'elle est porteuse de transformations en matière de genre et tient compte des jeunes et des enjeux nutritionnels et climatiques.
12. L'accord de cofinancement conclu au titre du PSI étend également la portée du projet et maximise les complémentarités entre le FIDA et la BID en tirant parti des avantages comparatifs des deux financeurs. Il permet au FIDA de tirer parti de ses ressources et de contribuer aux objectifs ci-après du Fonds: i) mobiliser des ressources supplémentaires pour investir dans les populations rurales; ii) accroître la sensibilisation; iii) augmenter les investissements publics en faveur de l'inclusion sociale et de la durabilité; iv) réduire les coûts administratifs liés à la conception et à la supervision; v) tirer parti des connaissances et de l'expertise complémentaires du FIDA et de la BID.

## B. Enseignements tirés

13. Le projet s'appuie sur les enseignements tirés du portefeuille du FIDA et de la BID, présentés ci-après.
14. **Systèmes de production climatorésilients.** Des plans d'investissement fructueux dans la région semi-aride mettent l'accent sur la résilience des systèmes de production, y compris l'utilisation de technologies pour le stockage et l'utilisation efficace de l'eau; la réhabilitation de la couverture végétale et des bassins versants; la conservation des sols; la diversification des activités agricoles et des débouchés commerciaux, en les complétant par des activités non agricoles.
15. **Assistance technique.** Le PSI tient compte des enseignements suivants: i) en dehors des questions techniques, l'assistance technique doit englober la gestion, les finances, la passation de marchés et les contrats, afin de garantir la bonne gestion des plans d'investissement par les organisations rurales; ii) il existe une diversité de services d'assistance technique fournis par des entités de la société civile (organisations non gouvernementales – ONG), des entreprises privées et des organismes publics de vulgarisation en milieu rural; iii) les accords d'assistance technique doivent reposer sur des objectifs convenus par contrat; iv) les outils d'assistance technique doivent comprendre des moyens à distance, tels que l'utilisation de téléphones portables, d'Internet et de la radio.
16. **Technologies sociales.** Le FIDA a accumulé une grande expérience en matière de technologies sociales adaptées à l'agriculture familiale, qui sera transposée à plus grande échelle dans le cadre du PSI. Il s'agit notamment de citernes destinées à recueillir l'eau de pluie pour la consommation et la production humaines, de fourneaux écologiques permettant de réduire la consommation de bois de chauffage, de biodigesteurs destinés à diversifier les sources d'énergie, de systèmes de réutilisation des eaux grises pour l'irrigation des potagers et de technologies exploitant les énergies renouvelables.
17. **Gestion des connaissances, concertation sur les politiques, coopération Sud-Sud et triangulaire.** Il s'agit d'un avantage comparatif majeur du FIDA. La BID a exploité de nombreux supports de connaissances du FIDA pour concevoir le PSI. La forte collaboration du FIDA avec l'État de Piauí a permis de produire des documents de gestion des connaissances pertinents pour le PSI, qui sont utilisés à des fins de concertation sur les politiques. En outre, les travaux du FIDA en matière de concertation sur les politiques fondée sur les connaissances se poursuivront dans le cadre du projet.

## II. Description du projet

### A. Objectifs, zone d'intervention et groupes cibles

18. L'objectif du projet est d'améliorer les revenus, la sécurité alimentaire, la nutrition, l'accès aux services de base et l'adaptation aux changements climatiques de la population rurale vivant dans la région semi-aride de l'État de Piauí. Les objectifs spécifiques sont les suivants: i) améliorer l'accès à l'eau pour l'usage domestique et la production; ii) améliorer les conditions environnementales des familles rurales et de leur milieu; iii) accroître l'adoption de technologies agricoles, en mettant l'accent sur l'adaptation aux changements climatiques et l'atténuation de leurs effets, ainsi que sur l'intégration des petits producteurs dans les filières, en particulier les femmes, les jeunes et les personnes d'ascendance africaine.
19. La zone du projet couvre 138 municipalités dans les bassins versants des rivières Piauí et Canindé, dans la région semi-aride de l'État de Piauí. Le PSI bénéficiera directement à 60 000 ménages (environ 210 000 personnes), dont 50% seront dirigés par une femme, et 20% par des jeunes, et à au moins 4 800 ménages issus des communautés traditionnelles, principalement des *quilombolas* (personnes d'ascendance africaine). Quelque 31 000 ménages bénéficieront d'investissements

collectifs et d'une assistance technique pour améliorer la production et la commercialisation, 28 000 ménages, pour accéder à l'eau, et 6 500 ménages, pour améliorer l'assainissement.

20. La population cible comprend les agriculteurs familiaux pauvres et d'autres populations rurales pauvres, la priorité étant accordée aux femmes, aux jeunes et aux communautés traditionnelles. La sélection des communautés rurales participantes sera basée sur leur faible indice de développement humain, le manque de services d'eau et d'assainissement, les difficultés liées à la productivité agricole, le manque d'accès aux services d'assistance technique et la dégradation de l'environnement.

## **B. Composantes, résultats et activités**

21. La **composante 1 (sécurité de l'eau et assainissement rural)** financera de petits travaux d'infrastructure au niveau des ménages et des communautés afin d'améliorer l'approvisionnement en eau potable et l'assainissement de base et de réduire les perturbations liées au transport pendant la saison des pluies. Les travaux doivent notamment permettre d'établir: i) de petits dispositifs pour l'eau potable, notamment des citernes domestiques permettant de recueillir l'eau de pluie pour la consommation humaine, et des systèmes d'approvisionnement en eau simplifiés reliés aux habitations et aux sources collectives (eaux de surface ou souterraines); ii) des systèmes d'assainissement de base simplifiés pour les ménages, notamment des systèmes de traitement des eaux usées, des systèmes de réutilisation des eaux grises pour les potagers et des fosses vertes; iii) des gués sur les cours d'eau intermittents.
22. La **composante 2 (adaptation aux changements climatiques, régénération inclusive de la société et de l'environnement)** financera quatre types d'interventions: i) des plans d'adaptation de la production; ii) des plans opérationnels; iii) des plans de régénération de l'environnement; iv) la régularisation foncière et environnementale. Ces plans profiteront aux organisations de producteurs, en mettant l'accent sur les femmes, les jeunes et les communautés traditionnelles, plus particulièrement les personnes d'ascendance africaine, qui participeront à l'élaboration et à la mise en place des plans. La régularisation foncière et environnementale sera principalement confiée aux communautés d'ascendance africaine. Les plans d'adaptation de la production bénéficieront aux groupes de producteurs et financeront principalement des moyens de production, des outils, des équipements, une assistance technique et des petits travaux, l'accent étant mis sur l'amélioration de la sécurité alimentaire et de la nutrition. Les plans opérationnels, qui financeront les coopératives et les organisations économiques, prévoiront principalement une assistance technique spécialisée et des fonds pour améliorer la production, les capacités de stockage, la transformation et la commercialisation des produits. Les plans de régénération de l'environnement financeront l'assistance technique et les investissements des groupes de producteurs des communautés propres à régénérer la couverture végétale dans les zones détériorées des bassins versants des rivières Piauí et Canindé. La composante financera également la régularisation foncière et environnementale pour collecter des informations, géoréférencer, assurer l'inscription au Registre environnemental rural et délivrer des titres fonciers.
23. La **composante 3 (renforcement institutionnel)** servira à renforcer la capacité des secrétariats d'État, des organismes gouvernementaux et des acteurs privés à favoriser un développement rural durable et l'agriculture familiale dans le cadre du projet. Sa mise en œuvre passera par des plans de renforcement des capacités des principales institutions publiques et des organisations locales participantes, telles que celles chargées de l'exploitation et de l'entretien des infrastructures d'eau et d'assainissement. Les travaux menés à ce titre comprendront des études sur les aspects techniques, environnementaux et sociaux des bassins de Piauí-Canindé et des études de faisabilité de petits barrages à construire dans le cadre d'éventuels



projets futurs. Enfin, la composante mettra à l'essai des solutions numériques innovantes pour l'agriculture familiale avec des services liés aux technologies financières et agricoles. Elle intensifiera également les activités de gestion des connaissances et de concertation sur les politiques.

### **C. Théorie du changement**

24. Dans la zone concernée par le projet, les populations rurales sont excessivement pauvres. En effet, 30 000 ménages agricoles vivent dans une situation d'extrême pauvreté et d'insécurité alimentaire et nutritionnelle (44% des ménages n'ont pas systématiquement accès à la nourriture). Les communautés traditionnelles sont touchées de manière disproportionnée, puisque 78% des ménages *quilombolas* et 66% des ménages autochtones vivent dans une situation d'extrême pauvreté. Cette situation s'explique principalement par le manque de diversification et la faiblesse de la productivité et des revenus agricoles, ainsi que par une mauvaise connexion aux marchés et une forte dépendance à l'égard des revenus extérieurs, notamment des programmes de transferts sociaux. La rareté de l'eau destinée à la consommation humaine et à des fins productives est l'un des principaux facteurs responsables du manque de développement économique et social de l'État de Piauí, ce qui rend ces populations vulnérables à la sécheresse et aux autres effets des changements climatiques. En outre, l'insuffisance des services sanitaires et énergétiques de base et le manque de perspectives économiques et de formation ont intensifié l'exode des jeunes et créé un large fossé entre les genres en matière d'accès aux ressources naturelles, sociales et économiques (par exemple, 76% des propriétaires fonciers situés dans la zone du projet sont des hommes).
25. Pour que les objectifs soient atteints malgré ces contraintes, le PSI sera associé à une stratégie intégrée comprenant les trois composantes interconnectées énumérées plus haut.
26. À long terme, les résultats obtenus devraient donner lieu à un certain nombre d'effets qui s'inscrivent dans l'objectif général d'augmentation des revenus de la population rurale, d'accès aux services de base et d'adaptation aux changements climatiques. Les diverses interventions devraient contribuer à: i) une augmentation des revenus agricoles; ii) une réduction de l'incidence de la pauvreté parmi la population bénéficiaire; iii) une augmentation de la diversité alimentaire minimale parmi les femmes bénéficiaires; iv) une réduction des émissions de gaz à effet de serre, principalement grâce à des activités de restauration de l'environnement.

### **D. Alignement, appropriation et partenariats**

27. Le projet est aligné sur le Programme 2030, qui vise à ne laisser personne de côté, et sur les objectifs de développement durable ci-après en particulier: 1 (pas de pauvreté), 2 (faim zéro et agriculture durable), 5 (égalité entre les sexes), 6 (eau propre et assainissement), 7 (énergie propre et d'un coût abordable) et 13 (mesures relatives à la lutte contre les changements climatiques). Il contribuera à toutes les thématiques transversales de FIDA12; aux objectifs stratégiques du Cadre stratégique du FIDA 2016-2025: objectif stratégique 1 (accroissement de la production), objectif stratégique 2 (participation accrue au marché) et objectif stratégique 3 (renforcement de la résilience aux changements climatiques); aux objectifs stratégiques du programme d'options stratégiques pour le Brésil 2016-2022, à savoir: i) améliorer la production agricole, la sécurité alimentaire et la nutrition, ainsi que l'accès aux marchés; ii) améliorer les programmes de développement rural et de réduction de la pauvreté rurale; iii) renforcer les capacités des institutions gouvernementales et des organisations paysannes.
28. Le projet est parfaitement aligné sur les politiques de développement rural de l'État, en particulier son Plan pluriannuel pour 2020-2023 et son Plan de ressources en eau, et garantit l'appropriation de ces questions par l'État dans le cadre du système fédératif décentralisé. Il est également aligné sur plusieurs politiques et programmes nationaux de développement rural durable et s'appuie sur des projets

fédéraux financés par le FIDA (Coordination et concertation sur les politiques publiques au profit de la réduction de la pauvreté et des inégalités dans la zone semi-aride de la région du Nordeste au Brésil – PDHC-II) et la BID (Programme de soutien au développement agricole dans le Nord-Est – AgroNordeste), tous deux mis en œuvre par le Ministère de l’agriculture, de l’élevage et de l’approvisionnement alimentaire.

## E. Coût, avantages et financement

### Coût du projet

29. Le coût total du projet s’élève à 147,5 millions d’USD, comprenant principalement les coûts des composantes 1 et 2 (40% et 48%, respectivement). La gestion de projet représentera environ 7% du coût total. Le coût du projet sera financé par un prêt de 100 millions d’USD de la BID, un prêt de 18 millions d’USD du FIDA (Mécanisme d’allocation des ressources empruntées) et un financement de contrepartie de 29,5 millions d’USD de l’État de Piauí. En outre, les bénéficiaires du projet fourniront une contribution en nature de 13 millions d’USD, qui n’a pas été incluse dans le coût total du projet, figurant dans le rapport de conception, conformément aux procédures de la BID. Leur contribution représentera environ 10% du coût de chaque plan d’adaptation de la production, et 20% du coût de chaque plan opérationnel.
30. Le PSI sera financé proportionnellement par le FIDA, la BID et l’État de Piauí pour toutes les composantes du projet. De cette manière, la participation et l’intervention du FIDA dans l’ensemble du projet et sa visibilité pendant l’exécution seront garantis.

Tableau 1  
Coût du projet par composante et par source de financement  
(en milliers d’USD)

Composante	Prêt du FIDA		Prêt de la BID		État de Piauí		Total	
	Montant	%	Montant	%	Montant	%	Montant	%
1. Sécurité de l’eau et assainissement rural	7 238	40	40 222	40	11 865	40	59 325	40
2. Adaptation aux changements climatiques, régénération inclusive de la société et de l’environnement	8 690	48	48 265	48	14 239	48	71 194	48
3. Renforcement institutionnel	864	5	4 801	5	1 416	5	7 081	5
Gestion de projet, suivi-évaluation, gestion des savoirs et audit	1 208	7	6 712	7	1 980	7	9 901	7
<b>Total</b>	<b>18 000</b>	<b>100</b>	<b>100 000</b>	<b>100</b>	<b>29 500</b>	<b>100</b>	<b>147 500</b>	<b>100</b>

31. Conformément aux politiques de la BID, le tableau d’affectation des fonds est ventilé par composante. Afin de simplifier les modalités d’exécution, le suivi budgétaire et les prescriptions en matière d’information financière, le tableau d’affectation des fonds figurant dans l’accord de financement du FIDA sera ventilé par composante et non pas par catégorie. Par conséquent, le tableau sur les coûts du projet par catégorie de dépenses et par source de financement n’est pas inclus.

Tableau 2  
Coût du projet par composante et par année  
(en milliers d’USD)

Composante	Année 1	Année 2	Année 3	Année 4	Année 5	Année 6	Total
	Montant	Montant	Montant	Montant	Montant	Montant	Montant
1. Sécurité de l’eau et assainissement rural	2 950	9 687	16 115	17 490	13 083	-	59 325
2. Adaptation aux changements climatiques, régénération inclusive de la société et de l’environnement	4 144	10 372	17 401	19 503	12 546	7 228	71 194

3. Renforcement institutionnel	625	1 610	2 066	1 440	720	620	7 080
Gestion de projet, suivi-évaluation, gestion des savoirs et audit	1 301	1 720	1 929	1 929	1 720	1 301	9 901
<b>Total</b>	<b>9 021</b>	<b>23 389</b>	<b>37 511</b>	<b>40 362</b>	<b>28 067</b>	<b>9 150</b>	<b>147 500</b>

### Décaissement

32. L'État de Piauí ouvrira un compte désigné en dollar des États-Unis, qui sera utilisé exclusivement pour les ressources allouées par le FIDA. Les fonds seront virés en monnaie locale depuis le compte désigné vers les comptes opérationnels de l'État de Piauí. La clause *pari passu* sera soumise à un suivi pendant l'exécution du projet et pleinement appliquée à la fin du projet. Les responsables du projet présenteront des demandes de retrait à la BID. La BID examinera les demandes de retrait pour s'assurer de leur conformité avec les dispositions de l'accord de financement du FIDA et confirmera par écrit au FIDA que les conditions de décaissement ont été remplies avant d'autoriser le versement.

### Résumé des avantages et analyse économique

33. Il ressort de l'analyse financière que le PSI présente un taux de rentabilité économique interne de 13,66% et génère une valeur actuelle nette de 7,7 millions d'USD. Une analyse comparative des coûts a montré que les coûts d'investissement du projet sont raisonnables et comparables à ceux d'autres investissements de la BID: i) les solutions d'assainissement rural prévues au titre du projet coûtent entre 493 et 684 USD par ménage; ii) les investissements liés à la régularisation foncière coûtent 12,4 USD par hectare.

### Stratégie de sortie et durabilité

34. Le PSI transposera à plus grande échelle l'approche adoptée dans le cadre du PVSA, qui consiste à renforcer la capacité des organisations de producteurs ruraux à produire de manière durable, tout en présentant un haut niveau de résilience aux changements climatiques, et à proposer des services durables à leurs membres. En outre, la composante 3 permettra de renforcer la capacité de l'État à fournir des services de haute qualité aux populations rurales pendant la période couverte par le projet et après. Les responsables du projet mettront en œuvre une stratégie de sortie du projet visant à assurer la durabilité des interventions; cette stratégie sera étayée par des travaux sur la gestion des connaissances et la concertation sur les politiques. Le fait que le PSI soit cofinancé par le FIDA et la BID signifie également que sa méthode, ses objectifs transversaux et ses activités pourraient être étendues à d'autres projets financés par la BID, qui est largement présente dans le pays et la région.

## III. Risques

### A. Risques et mesures d'atténuation

35. La matrice intégrée des risques du projet a été établie conformément aux directives du FIDA. Le risque global du projet est considéré comme substantiel et le risque résiduel est jugé modéré.

Tableau 3

#### Risques et mesures d'atténuation

Catégories de risque	Niveau de risque inhérent	Niveau de risque résiduel
Contexte national	Substantiel	Modéré
Stratégies et politiques sectorielles	Élevé	Modéré
Contexte environnemental et climatique	Élevé	Modéré
Périmètre du projet	Modéré	Faible
Capacités institutionnelles d'exécution et de pérennisation	Substantiel	Modéré

Gestion financière	Substantiel	Faible
Passation des marchés relatifs au projet	Modéré	Faible
Impact environnemental, social et climatique	Substantiel	Modéré
Parties prenantes	Modéré	Faible
<b>Risque global</b>	Substantiel	Modéré

## B. Catégorie environnementale et sociale

36. Le FIDA a procédé à une analyse des lacunes consistant à comparer le cadre de politique environnementale et sociale (ESPF) de la BID avec les procédures d'évaluation sociale, environnementale et climatique (PESEC) du FIDA, actualisées en 2021. L'analyse a confirmé que les engagements du FIDA en matière sociale, environnementale et de changements climatiques seraient respectés de manière adéquate grâce à l'utilisation de l'ESPF et des normes de performance correspondantes. Le projet est classé dans la catégorie B. Les impacts environnementaux et sociaux anticipés pouvant découler de l'exécution du projet sont considérés comme minimes. Un suivi adéquat et une vérification du respect des mesures de protection sont envisagés pour toute la durée du projet.

## C. Classement au regard des risques climatiques

37. Le risque climatique est jugé modéré. Aucune information jugée importante ne fait défaut, les mesures d'atténuation des risques sont définies et le projet comprendra une analyse des risques liés au climat et aux catastrophes.

## D. Soutenabilité de la dette

38. La dette de l'État de Piauí a été notée « A » en 2021, compte tenu d'un ratio d'endettement de 56%. En outre, la notation du Secrétariat national du Trésor du Ministère de l'économie, qui englobe l'endettement, l'épargne courante et les liquidités, permet à l'État de bénéficier d'une garantie souveraine du Gouvernement fédéral du Brésil. Le prêt sera donc garanti par ce dernier.

# IV. Exécution

## A. Cadre organisationnel

### Gestion et coordination du projet

39. La durée d'exécution du PSI sera de six ans. Ce dernier sera exécuté par le Secrétariat à la planification (SEPLAN) de l'État de Piauí, en collaboration avec le Secrétariat à l'agriculture familiale (SAF), le Secrétariat à l'environnement et aux ressources hydriques (SEMAR) et l'Institut foncier de Piauí (INTERPI). Une unité centrale de gestion du projet et sept unités territoriales de projet basées sur le terrain seront établies pour assurer une présence solide dans la zone couverte par le projet.

### Gestion financière, passation des marchés et gouvernance

40. **Gestion financière.** L'équipe financière de l'unité centrale de gestion du projet, qui relève du SEPLAN, est responsable de la gestion financière du projet. La BID sera désignée comme institution coopérante et sera chargée d'administrer et de superviser l'exécution du financement du FIDA. Pour ce faire, elle s'appuiera sur une lettre de nomination qui comprend des détails sur les modalités de supervision telles que les missions, l'information financière et les audits. Afin de simplifier les modalités d'exécution, le FIDA acceptera que les politiques et procédures financières de la BID soient appliquées, celui-ci les ayant examinées pour confirmer leur adéquation avec les prescriptions fiduciaires du FIDA.
41. **Audit externe.** Les comptes annuels et les états financiers du projet seront audités par une entreprise d'audit privée, conformément aux normes d'audit internationales et aux politiques et procédures de la BID. Les états financiers audités seront soumis à la BID et au FIDA au plus tard six mois après la fin de

chaque exercice financier. Les modalités de gestion financière, de passation des marchés et de gouvernance seront décrites dans le manuel d'exécution du projet et seront fondées sur les directives de la BID concernant la gestion financière et la passation de marchés relatives aux projets (GN-2349-15: passation de marchés pour les biens et travaux; GN-2350-15: passation de marchés avec les consultants). Elles s'appuieront également sur l'expérience acquise lors de l'exécution du PVSA. Le plan de passation de marchés recensera les éléments soumis à un examen *ex ante* ou *ex post*. Conformément à l'analyse des lacunes des directives et procédures de la BID, les procédures ci-après du FIDA seront appliquées par la BID: i) les prestataires et les consultants devront remplir un formulaire d'autocertification pour tous les documents et contrats d'appel d'offres, conformément à la Politique du FIDA en matière de prévention de la fraude et de la corruption dans le cadre de ses activités et opérations et à sa Politique en matière de prévention et de répression du harcèlement sexuel et de l'exploitation et des atteintes sexuelles; ii) l'outil de suivi des contrats du FIDA sera utilisé pour enregistrer les contrats signés et actualiser leur statut.

### **Participation et retour d'information du groupe cible du projet et traitement des plaintes**

42. Le PSI prévoit une consultation des parties prenantes, à savoir 250 personnes de toute la zone couverte par le projet. Un comité de coordination du projet ayant des responsabilités opérationnelles sera également formé. Il sera composé de représentants du projet, des équipes opérationnelles du SAF, du SEMAR et de l'INTERPI et de représentants de la société civile et des bénéficiaires. Toujours dans le cadre du projet, des ateliers et des réunions de mobilisation et de consultation seront organisés sur le terrain afin d'accroître la participation des acteurs locaux et des bénéficiaires.

### **Traitement des plaintes**

43. Le mécanisme de traitement des plaintes adopté sera celui de la BID, conformément à son ESPF, qui comporte un mécanisme spécifique de traitement des plaintes (Mecanismo de Resolução de Queixas dans la terminologie de la BID en portugais). Le mécanisme sera établi pendant les consultations et maintenu pendant l'exécution du projet.

## **B. Planification, suivi-évaluation, apprentissage, gestion des savoirs et communication**

44. Le système de planification et de suivi-évaluation du projet est aligné sur le cadre logique du FIDA. Les études de référence et d'impact du PVSA ont été essentielles pour éclairer l'élaboration du cadre logique du projet. Pour que les critères de transversalisation du FIDA soient respectés, le cadre logique comprend plusieurs indicateurs de base du FIDA sur le plaidoyer, le nombre de personnes ayant de nouveaux emplois/possibilités d'emploi, le pourcentage de femmes faisant état d'une diversité alimentaire minimale, les ménages bénéficiant d'un soutien ciblé pour améliorer leur nutrition, le nombre de ménages faisant état d'une réduction significative du temps consacré à la collecte de l'eau, les tonnes de CO2e dont l'émission a été évitée ou le carbone fixé, les ménages faisant état de l'adoption de technologies écologiquement durables et résilientes aux changements climatiques et l'indicateur d'autonomisation du FIDA. Dans le cadre du projet, des études de référence, à mi-parcours et de l'impact seront réalisées.

### **Innovations et reproduction à plus grande échelle**

45. Le projet présente un potentiel d'innovation et de reproduction à plus grande échelle dans des domaines tels que l'accès aux technologies numériques dans la vulgarisation en milieu rural. Le PSI lui-même représente une expérience de mise à l'échelle, car il est basé sur le PVSA exécuté par le FIDA dans l'État de Piauí, qui prendra fin le 31 décembre 2022. Il devrait donner lieu à d'autres opérations cofinancées avec la BID et d'autres organismes multilatéraux opérant au Brésil.

## C. Plans d'exécution

### Plans de préparation à l'exécution et de démarrage

46. Le PVSA a considérablement amélioré la préparation de l'État de Piauí à l'exécution du PSI, favorisant ainsi un démarrage rapide et sans heurt du projet. En outre, la BID et le FIDA prépareront une mission de démarrage et envisageront un financement rétroactif à l'appui.

### Supervision, examen à mi-parcours et plans d'achèvement

47. Le projet fera l'objet de missions régulières de supervision et d'appui à l'exécution, d'un examen à mi-parcours et d'une mission d'achèvement. La BID sera l'institution coopérante désignée pour le projet et sera à ce titre chargée d'administrer le prêt du FIDA sur la base de l'accord de coordination qu'elle a conclu avec ce dernier.
48. Conformément à l'accord de coordination, la BID coordonnera à l'avance avec le FIDA les plans et les mandats relatifs aux missions de supervision et autres, afin que le FIDA puisse contribuer à la préparation et à l'exécution des missions. Lors des missions de supervision, le FIDA abordera des questions adaptées aux besoins du projet, en coordination avec la BID et l'État de Piauí. Compte tenu de la haute qualité des services de supervision et d'appui à l'exécution fournis par le FIDA, la BID et le FIDA collaboreront étroitement pour faire bon usage des connaissances et de l'expérience du Fonds.

## V. Instruments et pouvoirs juridiques

49. Un accord de financement entre l'État de Piauí et le FIDA, et un accord de garantie entre la République fédérative du Brésil et le FIDA constituent les instruments juridiques aux termes desquels le financement proposé sera consenti à l'Emprunteur. Un exemplaire de l'accord de financement négocié figure à l'appendice I.
50. L'État de Piauí est habilité, en vertu de ses lois, à recevoir un financement du FIDA.
51. Je certifie que le financement proposé est conforme aux dispositions de l'Accord portant création du FIDA et aux Principes et critères applicables aux financements du FIDA.

## VI. Recommandation

52. Je recommande au Conseil d'administration d'approuver le financement proposé en adoptant la résolution suivante:

DÉCIDE: que le Fonds accordera à l'État de Piauí, avec garantie souveraine de la République fédérative du Brésil, un prêt à des conditions ordinaires d'un montant de dix-huit millions de dollars des États-Unis (18 000 000 USD), qui sera régi par des modalités et conditions conformes en substance aux modalités et conditions indiquées dans le présent rapport.

Le Président  
Gilbert F. Hougbo

# Negotiated financing agreement: "Piauí Inclusive and Sustainable Project"

(Negotiations concluded on 31 August 2022)

Loan No: \_\_\_\_\_

Project Name: Integrated Project for Water Security, Environmental Sustainability and Socio-productive Development of the Piauí and Canindé Rivers Basin, State of Piauí - Piauí Inclusive and Sustainable Project (PSI) (the "Project")

State of Piauí - Federative Republic of Brazil (the "Borrower/Recipient")

and

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

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

**WHEREAS**, the Borrower has requested a loan from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement;

**WHEREAS**, the Project shall be co-financed by the Inter-American Development Bank (the "IDB"). The Borrower and the IDB will enter into a financing agreement (the "IDB Loan Agreement") to provide one hundred million United States Dollars (USD 100 000 000) for the Project;

**WHEREAS**, the Fund and IDB will enter into a Coordination Agreement (the "Coordination Agreement") to establish the responsibilities of IDB as the administrator (the "Cooperating Institution") of the execution of the activities financed through the IFAD Loan;

**WHEREAS**, the Fund has agreed to provide financing for the Project;

**NOW THEREFORE**, the Parties 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 Special Covenants (Schedule 3).

2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2020 (the "General Conditions") are annexed to this Agreement, 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, unless the Parties shall otherwise agree in this Agreement.

3. The Fund shall provide a loan to the Borrower (the "Loan" or "Financing"), which the Borrower shall use to implement the Project in accordance with the terms and conditions of this Agreement.

4. The Loan is to be guaranteed by the Federative Republic of Brazil (the "Guarantor") on the terms and conditions set forth in an agreement, of even date, to be entered into by the Fund and the Federative Republic of Brazil (the "Guarantee Agreement").

## **Section B**

1. The amount of the Loan is up to eighteen million United States dollars (USD 18 000 000)
2. The Loan 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 on which the Fund has determined that all general conditions precedent to withdrawal have been fulfilled in accordance with Section 4.02(b) of the General Conditions.
3. The Loan Service Payment Currency shall be in United States dollars (USD).
4. The first day of the applicable Fiscal Year shall be 1 January.
5. Payments of principal and interest shall be payable on each 15 May and 15 November.
6. There shall be a Designated Account opened by and held in the name of the Borrower in USD, for the exclusive use of the Project. The Borrower shall inform the Fund of the officials authorized to operate the Designated Account.
7. There shall be a Project Account in Brazilian Real (BRL) for the benefit of the Government of the State of Piauí in a bank selected by the Borrower.
8. The Borrower shall provide counterpart financing for the Project in the amount of four million five hundred thousand United States dollars (USD4,500,000), which shall also include the payment of taxes.

## **Section C**

1. The Lead Programme Agency shall be the Secretariat of Planning of the State of Piauí (SEPLAN) or its successor with the same attributions and legal competencies, subject to prior approval by the Fund for the purposes of the Project.
2. The following are designated as additional Project Parties: Secretariat of Family Farming (SAF), the Secretariat of Environment and Water Resources (SEMAR) and the Land Institute of Piauí (INTERPI) or their successors with the same attributions and legal competencies, subject to prior approval by the Fund for the purposes of the Project.
3. A Mid-Term Review mission will be conducted as specified in Section 8.03 (b) and (c) of the General Conditions; however, the Parties may agree on a different date for the Mid-Term Review mission of the implementation of the Project.
4. The Project Completion Date shall be the sixth anniversary of the date of entry into force of this Agreement and the Financing Closing Date shall be 6 months later, or such other date as the Fund may designate by notice to the Borrower.
5. Procurement of goods, works and services financed by the Financing shall be carried out:
  - (a) in accordance with the provisions of the IDB Policy for the Procurement of Goods and Works Financed by the IDB (GN-2349-15) and the Policy for the Selection and Contracting of Consultants Financed by the IDB (GN-2350-15) as referred in the Coordination Agreement between IDB and IFAD.



**Section D**

1. The Loan shall be administered by the Fund.
2. The Project shall be supervised by the IDB as the Cooperating Institution.

**Section E**

1. The following are designated as additional grounds for suspension of this Agreement:
  - (a) The Project Implementation Manual (PIM) (*Regulamento Operacional do Projeto* (ROP) in IDB language) and/or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior agreement of IDB, and the Fund, after consultation with the Borrower, has determined that it has had, or is likely to have, a material adverse effect on the Project.
2. The following are designated as additional (general/specific) conditions precedent to withdrawal:
  - (a) The Guarantee Agreement shall have been duly signed, and the signature thereof by the Guarantor shall have been duly authorised by all necessary administrative and governmental authorities;
  - (b) The PIM (ROP in IDB language) shall have been agreed;
  - (c) The Project Designated Account and the operational accounts shall have been opened.
  - (d) The Project Management Unit (PMU) shall have been established within SEPLAN and its members appointed.
  - (e) The IDB Loan Agreement shall have entered into full force and effect.
  - (f) The right of the Borrower to withdraw the proceeds of the IDB Loan Agreement has not been suspended, cancelled or terminated, in whole or in part, or the IDB Loan has become due and payable prior to the agreed maturity thereof provided that the Parties could not have reached an agreement on a mutual solution.
4. The following provisions of the General Conditions shall not apply to this Agreement:

Section 5.02; (Repayments and Prepayments of Principal):

- (c) The Fund may modify the repayment terms applicable to the principal amount of the Loan disbursed and outstanding in accordance with the applicable accelerated repayment and voluntary prepayment framework of the Fund.
- (d) Pursuant to paragraph (c) above, upon notification by the Fund to the Borrower, the Borrower shall repay twice the original amount of the remaining loan instalments of the withdrawn loan outstanding, along with any interest due.
- (e) If, at any time after the repayment terms have been modified pursuant to paragraph (c) above, the Fund determines that the Borrower's economic condition has deteriorated significantly, the Fund may, if so requested by the Borrower, further reverse the terms of repayment of the principal amount to the ones originally agreed upon in this Agreement.

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

For the Borrower:

Palácio de Karnak  
Avenida Antonino Freire, n. 1450  
Centro Sul  
CEP: 64001-040  
Teresina, Estado do Piauí

Procuradoria-Geral da Fazenda Nacional  
Coordenação-Geral de Operações Financeiras da União  
Esplanada dos Ministérios, Bloco "P", 8º Andar, Sala 803  
CEP 70040-900, Brasília, Distrito Federal, Brasil  
Tel nº + 55 (61) 3412.2842  
E-mail: [apoioconf.df.pgfn@pgfn.gov.br](mailto:apoioconf.df.pgfn@pgfn.gov.br)

For the Fund:

International Fund for Agricultural Development  
Via Paolo di Dono 44  
00142 Rome, Italy

This Agreement, \_\_\_\_\_ has been prepared in the English language in three (3) original copies, one (1) for the Fund, one (1) for the Borrower and one (1) for the Guarantor.

THE STATE OF PIAUÍ

\_\_\_\_\_  
"[Authorised Representative Name]"  
"[Authorised Representative title]"

Date: \_\_\_\_\_

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

\_\_\_\_\_  
President

Date: \_\_\_\_\_

## Schedule 1

### *Project Description and Implementation Arrangements*

#### I. Project Description

1. *Target Population.* The target population comprises family farmers and rural populations living in poverty and extreme poverty in the Project area.

2. *Project area.* The Project area will cover 138 municipalities. The geographic targeting strategy is based on the state priority for water investments in the watershed of the Piauí and Canindé rivers in Piauí's semiarid region and selects areas with high levels of poverty and vulnerability to climate change, food and nutrition insecurity, and a low human development index (the "Project Area").

3. *General Objective.* The general objective of the Project is to improve the rural population's income, food security, nutrition, access to basic services and adaptation to climate change.

4. *Specific objectives.* The specific objectives are to: (i) improve access to water for human consumption and agricultural production; (ii) improve the environmental conditions of rural families and their surroundings; and (iii) increase the adoption of agricultural technologies, with an emphasis on climate change adaptation and mitigation, and improve the integration of producers into value chains, especially women, youth and Afro-descendants (quilombolas).

5. *Components.* The Project shall consist of the following Components:

##### *5.1 Component 1. Water security and rural sanitation*

5.1.1 . The component will fund: (i) small works in rural communities to improve the supply of potable water, including individual cisterns to collect and store rainwater for human consumption, domestic water supply networks and fountains; (ii) basic sanitation (simplified individual systems); and (iii) wet passages to reduce transport disruptions in the rainy season.

5.1.2 The works that will be funded by component 1 must meet the following eligibility criteria: (i) correspond to rural water supply works (cisterns, water supply networks with home connection and hydrometer, fountains), sanitation (simplified individual systems) and wet passages; (ii) demonstrate socioeconomic feasibility, in accordance with the cost-benefit and cost-effectiveness simplified analysis methodologies accepted by the IDB applied to the selected sample; and (iii) comply with applied socio-environmental requirements of the Project's Environmental and Social Management Framework (MGAS).

5.1.3 For water supply networks with a home connection and a water meter, the following eligibility criterion will also apply: a cooperation agreement must be signed between the respective municipality and the Integrated Rural Sanitation System (SISAR), with the objective of formalizing the obligations related to the operation and management of the collective water system. For wet passages, the following eligibility criterion will apply: a legal instrument must be signed between the Borrower and the respective municipality, in which the municipality assumes responsibility for maintaining the infrastructure of the works.

5.2 Component 2. Adaptation to Climate Change and Inclusive Social and Environmental Recovery.

5.2.1 This component will fund four types of interventions: (i) Productive Adaptation Plans (PAPs); (ii) Business Plans (PNs); (iii) Environmental Recovery Plans (PRAs); and (iv) land and environmental regularization. The plans will benefit producer organizations, with a focus on women, youth and traditional communities, especially Afro-descendants, who will participate in their formulation and implementation. Land and environmental regularization

will be carried out mainly in Afro-descendant communities. PAPs will benefit producers' group and will finance mainly inputs, tools, equipment, technical assistance, and small-scale works and will focus on the strengthening of food security and nutrition. PNs will finance cooperatives and economic organizations and will include mainly specialized technical assistance and finance to enhance the production, storage, processing and marketing of products.

5.2.2 The PRAs will fund technical assistance and investments by community producer groups to restore vegetation cover in deteriorated areas of the Piauí-Canindé watershed. The Component will also provide funding for land and environmental regularization for the collection of information, georeferencing, Rural Environmental Registry (CAR for its acronym in Portuguese) registration and issuance of property titles.

5.2.3 To enhance the income for women, Afro-descendants and youth, at least 25% of total resources for PAPs will go to associations and cooperatives that have a majority and are led by women, at least 15% to Afro-descendants communities and at least 5% to youth-only groups. Prioritization criteria will also be defined for PAPs and PNs that favour mixed groups with a higher proportion of women, youth and Afro-descendant producers. Each plan will fund a maximum of US\$4,000 per beneficiary and US\$400,000 per plan for PAPs and US\$600,000 for PNs. The PRAs will fund a maximum of US\$1,500 per beneficiary and US\$33,000 per plan. The Project Implementation Manual (PIM) (ROP in IDB language) will contain additional requirements applicable for PAPs, PNs and PRAs.

### 5.3 Component 3. Institutional strengthening

5.3.1 The component's objective is to improve the capacities of key institutions in rural development. This component will fund three types of actions: (i) capacity building plans that will include training, consultancy, equipment, vehicles and information systems to improve the management of the main public rural development institutions, as well as to strengthen community organizations for the operation and maintenance of water supply and sewage sanitation works; (ii) studies to improve knowledge on relevant technical, environmental and social aspects of the Piauí-Canindé basin; technical, economic, environmental and social feasibility of engineering studies of basic projects to regularize the availability of water supply in the basin; and (iii) diagnostics and pilot experiences that contribute to the development of a state policy to support innovation in rural areas.

## II. Implementation Arrangements

6. *Lead Project Agency.* The Lead Project Agency of the Project will be the Borrower, through the State Secretariat for Planning (SEPLAN), in which a Project Management Unit (PMU) will be created. The Secretary of State for Family Farming (SAF), the Secretary of State for the Environment and Water Resources (SEMAR) and the Land Institute of Piauí (INTERPI) will act as additional Project parties in the implementation of the Project's actions, in accordance with their legal competences.

7. *Project Coordination Committee.* A Project Coordination Committee with operational responsibilities will also be created, composed of representatives of the UCP and the operational teams of SAF, SEMAR and INTERPI.

8. *Project Management Unit (PMU).* The Lead Project Agency, through the PMU, will be responsible for the overall management and coordination of the Project, and will ensure compliance with this Agreement and the PIM. Among other attributions, it will be responsible for: (i) maintaining formal communication with the IDB; (ii) submit disbursement and accountability requests to the IDB; (iii) coordinate monitoring and evaluation activities; (iv) submit to the IDB the consolidated Annual Operational Plan and Budget (AWPB), Implementation Plan of the Project (PEP), Procurement Plans and progress reports; and (v) coordinate with SAF, SEMAR and INTERPI the execution of activities, monitor the execution of the budget and obtain the necessary inputs for the financial records and the due rendering of accounts to the IDB. The PMU will have the following

minimum team: (i) a project coordinator; (ii) a finance specialist; (iii) two procurement specialists; (iv) an environmental specialist; (v) a gender specialist; and (vi) a monitoring and evaluation (M&E) specialist and (vii) a civil engineer. SAF will be responsible for Component 1. Component 2 will be the shared responsibility of SAF (PAPs and PNs), SEMAR (PRAs) and INTERPI (land and environmental regularization). SEPLAN will be responsible for Component 3, with the support of SAF, SEMAR and INTERPI.

9. *Monitoring and Evaluation (M&E)*. The Project will also fund equipment and consultancy needed for administration and management, monitoring and evaluation, knowledge management and auditing.

10. *Knowledge Management (KM) and Policy Dialogue*. IFAD strong collaboration with the State of Piauí led to the production of Knowledge Management materials for many of the areas which will be covered by the PSI. It has also developed partnerships in Piauí in knowledge management, which will be linked to policy dialogue initiatives.

11. *Project Implementation Manual (PIM) (ROP in IDB language)*. The Project implementation will be in accordance with this Agreement and the PIM. In case of discrepancy between this Agreement and the PIM, the Agreement will prevail. Any change or modification in the PIM, will require prior no objection from the IDB. The PIM will include operational details regarding the IDB and IFAD financing and supervision arrangements.

## Schedule 2

### Allocation Table

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

Component	IFAD Loan Amount Allocated (Expressed in USD)	State of Piauí Amount Allocated (Expressed in USD)	Percentage
Water security and rural sanitation	7 238 000	1 809 000	IFAD 100% net of taxes
Adaptation to climate change and Inclusive Social and Environmental Recovery	8 690 000	2 173 000	IFAD 100% net of taxes
Institutional Strengthening	864 000	216 000	IFAD 100% net of taxes
Management, monitoring, evaluation, knowledge management and auditing	1 208 000	302 000	IFAD 100% net of taxes
<b>TOTAL</b>	<b>18 000 000</b>	<b>4 500 000</b>	

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

- (i) *Water security and rural sanitation:* Eligible Expenditures under Component 1 including small works, consultancies, studies, technical assistance, workshops, training, goods, services, equipment, and materials.
- (ii) *Adaptation to climate change and Inclusive Social and Environmental Recovery:* Eligible Expenditures under Component 2, including grants and subsidies for productive investments, small works, consultancies, studies, technical assistance, workshops, training, goods, services, equipment and materials;
- (iii) *Institutional Strengthening:* Eligible Expenditures under Component 3, including small works, consultancies, studies, technical assistance, workshops, training, goods, services, equipment and materials.
- (iv) *Management, monitoring, evaluation, knowledge management and auditing:* Eligible Expenditures for the operation of the Project, including salaries and allowances (in the case of permanent staff, to be financed only by the State Government), consultancies, studies, workshops,

training, goods, services, equipment, and materials, related to both the PMU and the Territorial Management Units (TMU).

2. *Disbursement arrangements*

(a) *Start-up Costs.* Withdrawals in respect of expenditures for start-up costs (in III and IV component(s) incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of USD 200 000the following amounts per component. Activities to be financed by Start-up Costs will require the no objection from IFAD to be considered eligible.

## **Negotiated guarantee agreement: "Piauí Inclusive and Sustainable Project"**

(Negotiations concluded on 31 August 2022)

This GUARANTEE AGREEMENT is signed on \_\_\_\_\_, 2022 between the FEDERATIVE REPUBLIC OF BRAZIL (hereinafter referred to as "Guarantor") and the INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (hereinafter referred to as "IFAD" or "the Fund" and together the "Parties").

WHEREAS:

Through Financing Agreement No. \_\_\_\_\_(hereinafter referred to as "Financing Agreement"), entered into on this same date in \_\_\_\_\_, between IFAD and the State of Piauí of the Federative Republic of Brazil (hereinafter referred to as "Borrower"), IFAD has agreed to provide the Borrower with a Financing of a Loan of eighteen million United States dollars (USD 18 000 000), provided that the Guarantor guarantees the Borrower's financial obligations for the Loan and remains fully bound until full payment of such obligations stipulated in the referred Financing Agreement and that the said Guarantor contracts the additional obligations specified in this Agreement.

The Guarantor, given the fact that IFAD signed the Financing Agreement with the Borrower, agreed to guarantee unconditionally and irrevocably the due and timely payment of the principal, interest and other charges of the Loan, in accordance with the provisions of this Agreement.

THE PARTIES agree the following:

1. The following documents collectively constitute an integral part of this Agreement: this Agreement, the Financing Agreement, and the Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, as amended in December 2020 (the "General Conditions"). Unless the context otherwise requires, the several terms defined in the General Conditions and the Financing Agreement have the respective meanings therein set forth.
2. The Guarantor hereby unconditionally and irrevocably guarantees, as primary obligor and not as surety merely, the due and timely payment of the principal of, and the payment of interest and other charges on the Loan due under the Financing Agreement whose terms the Guarantor declares to be fully aware of. These financial obligations do not include the commitment by the Borrower to provide additional resources to the execution of the Project.
3. The Guarantor undertakes not to take any action or allow, within the scope of its competence, measures to be taken that hinder or prevent the execution of the Project or obstruct the fulfillment of any obligation of the Borrower established in the Financing Agreement.
4. In cases of amendments to the Financing Agreement, the Borrower must obtain the prior approval of the Guarantor to any modifications or amendments to the Financing Agreement.
5. The Guarantor undertakes to:
  - (a) cooperate, within the scope of its competence, to ensure the fulfillment of the objectives of the Financing;



- (b) inform IFAD, as urgently as possible, of any fact that makes it difficult or may make it difficult to achieve the objectives of the Financing, or the fulfillment of the Borrower's obligations;
  - (c) within its competence, provide IFAD with the information it reasonably requests regarding the Borrower's situation;
  - (d) facilitate to IFAD's representatives, within the scope of its competence, the exercise of their functions related to the Loan and the execution of the Project; and
  - (e) inform IFAD, as urgently as possible, if it is, in compliance with its obligations as a joint debtor, making payments corresponding to the Loan.
6. The Guarantor agrees that both the principal and interests, and other charges on the Loan will be paid without any reduction or restriction, free of any taxes, fees, duties or charges set forth in the laws of the Federative Republic of Brazil, and that both this Agreement and Financing Agreement will be exempt from any applicable tax, fee or duty in connection with the execution, registration and execution of contracts.
7. The Guarantor will not be released from any liability with IFAD until the Borrower has fully complied with all the financial obligations assumed in the Financing Agreement. In the event of any default by the Borrower, the Guarantor's obligation will neither be subject to any notification or challenge, nor to any procedural formality, demand or prior action against the Borrower or against the Guarantor itself. In the event of default by the Borrower, the Fund shall not be required to exhaust its remedies against the Borrower prior to enforcing its rights against the Guarantor. The Guarantor also expressly waives any rights, order or excussion benefits, faculties, favors or resources that assists, or may assist the Guarantor. The Guarantor declares itself aware that it will not release any of its liability to IFAD if there is: (a) an omission or abstention by IFAD in the exercise of any rights, powers or remedies that has against the Borrower; (b) IFAD's tolerance or agreement with the Borrower's default or delays that he may incur in fulfilling its obligations; (c) deadlines extensions or any other concessions made by IFAD to the Borrower, provided that it has the prior consent of the Guarantor; (d) alteration, amendment or revocation, in whole or in part, of any of the provisions of the Financing Agreement, provided that they are made with the prior consent of the Guarantor.
8. IFAD's delay or abstention in the exercise of the rights agreed in this Agreement cannot be interpreted as a waiver of such rights, nor as an acceptance of the circumstances that would allow it to exercise them.
9. Any dispute that arises between the Parties regarding the interpretation or application of this Agreement, which cannot be resolved by mutual agreement, will be subject to arbitration, as established in Section 14.04 of the General Conditions. For the purposes of this arbitration, all references made to the Borrower in the aforementioned Section apply to the Guarantor.
10. Unless a written agreement stipulates another procedure, all notices, requests or communications that the contracting Parties must send to each other under this Agreement must be made, without exception, in writing and will be considered effective upon their delivery to the addressee, by any usual means of communication, at the address indicated below:

For IFAD:

The President  
International Fund for Agricultural Development  
Via Paolo di Dono 44  
00142 Rome, Italy  
Fax: XX

For the Guarantor:

Ministério da Economia  
Procuradoria-Geral da Fazenda Nacional  
Esplanada dos Ministérios, Bloco P, 8º Andar  
CEP: 70.048-900 Brasília, DF  
Brasil  
Fax: +55 (61) 412-1740

Copy to:

Ministério da Economia  
Secretaria do Tesouro Nacional  
Coordenação-Geral de Controle da Dívida Pública  
Esplanada dos Ministérios, Bloco P, Ed. Anexo, Ala A, 1º andar, sala 121  
CEP 70048-900  
Brasília – DF – Brasil  
mail: geror.codiv.df.stn@tesouro.gov.br; [codiv.df.stn@tesouro.gov.br](mailto:codiv.df.stn@tesouro.gov.br)

IN WITNESS WHEREOF, the Guarantor and IFAD, each acting through its authorized representative, have signed this Agreement in two (3) copies one for IFAD, one for Guarantor and one for Borrower, of equal content and for a single effect in [*place of signature*] on the date indicated above.

FEDERATIVE REPUBLIC OF BRAZIL

INTERNATIONAL FUND FOR AGRICULTURAL  
DEVELOPMENT (IFAD)

\_\_\_\_\_  
[Name]  
[Position]

\_\_\_\_\_  
[Name]  
[Position]

## Logical framework

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
<b>Outreach</b>	<b>1 Persons receiving services promoted or supported by the project</b>				Project M&E System	Semi-annual	Project M&E Unit	
	Males - Males	0	12000	30000				
	Females - Females	0	12000	30000				
	Young - Young people	0	4800	12000				
	Indigenous people - Indigenous people	0	1920	4800				
	Total number of persons receiving services - Number of people	0	24000	60000				
	<b>1.a Corresponding number of households reached</b>				Project M&E system	Semi-annual	Project M&E Unit	
Households - Households	0	24000	60000					
<b>1.b Estimated corresponding total number of households members</b>				Project M&E system	Semi-annual	Project M&E Unit		
Household members - Number of people	0	84000	210000					
<b>Project Goal</b> Mejorar los ingresos, el acceso a los servicios básicos y la adaptación al cambio climático de la población rural	<b>Índice de Pobreza Multidimensional reducido (Headcount ajustado)</b>				Impact Survey	Baseline, Mid-Term, and End of Project	Independent consultancy firm	Continuity of public policies and programs that support rural poverty reduction
IPM - Percentage (%)	39	35	29					
<b>Development Objective</b> Mejorar los ingresos, las capacidades de resiliencia y la seguridad alimentaria y nutricional de las familias alvos y poblaciones vulnerables.	<b>1.2.8 Women reporting minimum dietary diversity (MDDW)</b>				Outcome (COI) / Impact Survey	Baseline, Mid-Term, and End of Project	Project M&E Unit / Independent consultancy firm	Maintenance of policies and incentives that favor agroecological productive transformation; Technical assistance responds to the needs of the market and the Project; Covid19's economic crisis shows improvement
	Women (%) - Percentage (%)	0	50	50				
	Women (number) - Females	0	1800	7500				
	Households (%) - Percentage (%)	0	15	25				
	Households (number) - Households	0	3600	15000				
	Household members - Number of people	0	12600	52500				
	Women-headed households - Households	0	1800	7500				
	<b>IE.2.1 Individuals demonstrating an improvement in empowerment</b>				Outcome (COI)/ Impact Survey	Baseline, Mid-Term, and End of Project	Project M&E Unit / Independent consultancy firm	
	Total persons - Percentage (%)	0	40	40				
	Total persons - Number of people	0	9600	24000				
	Females - Percentage (%)	0	70	70				
	Females - Females	0	6720	16800				
	Males - Percentage (%)	0	30	30				
	Males - Males	0	2880	7200				
	<b>Ingreso productivo anual de los agricultores familiares aumentado</b>				Impact Survey	Baseline, Mid-Term, and End of Project	Project M&E Unit / Independent consultancy firm	
	Ingreso productor (R\$/ año / productor) - Number	6205	8000	11855				
	Ingreso mujeres (R\$/ año / productor) - Number	2774	4000	7128				
	Ingreso productor - comunidades tradicionales (R\$/ año / productor) - Number	4376	5500	6474				
	<b>SF.2.1 Households satisfied with project-supported services</b>				Outcome (COI) / Impact Survey	Baseline, Mid-Term, and End of Project	Project M&E Unit / Independent consultancy firm	
	Household members - Number of people	0	63000	157500				
Households (%) - Percentage (%)	0	75	75					
Households (number) - Households	0	18000	45000					
<b>Outcome</b> 1. Acceso al agua para el consumo humano y productivo mejorado	<b>Porcentaje de agricultores familiares que utilizaron riego</b>				Impact Survey	Baseline, Mid-Term, and End of Project	Project M&E Unit / Independent consultancy firm	
	Households - Percentage (%)	20.8	22	25.7				
	<b>Tiempo dedicado a la recolección de agua por hogar</b>				Impact Survey	Baseline, Mid-Term, and End of Project	Project M&E Unit / Independent consultancy firm	
	Tiempo - Horas / persona / mês - Number	3	2	1				
	<b>3.2.3 Households reporting a significant reduction in the time spent for collecting water or fuel</b>				Outcome (COI) / Impact Survey	Baseline, Mid-Term, and End of Project	Project M&E Unit / Independent consultancy firm	
	Households - Households	0	3668	9170				
	Households - Percentage (%)	0	15	15				
	Total household members - Number of people	0	12838	32095				
	Women-headed households - Households	0	1834	4585				
	<b>Cantidad de agua consumida por hogar</b>				Impact Survey	Baseline, Mid-Term, and End of Project	Project M&E Unit / Independent consultancy firm	
	Cantidad - Litros / hogar / día - Number	134	246	280				
	<b>Hogares con acceso mejorado al agua potable y saneamiento</b>				Impact Survey	Baseline, Mid-Term, and End of Project	Project M&E Unit / Independent consultancy firm	
	Households - Number	0	9496	23740				
	<b>Se mantiene tasa de mora en pago de tarifa en sistemas comunitarios de abastecimiento de agua</b>				SISAR Piauí / Impact Survey	Baseline, Mid-Term, and End of Project	Project M&E Unit / Independent consultancy firm	
Tasa de mora - Percentage (%)	3.8	3.8	3.8					

<b>Output</b> 1.1. Abastecimiento de agua para consumo humano	<b>Familias apoyadas con tecnologías sociales para la recolección, almacenamiento y reutilización de agua</b>				M&E system reports	Semi-annual	Project M&E Unit	La infraestructura básica y social continúa siendo proporcionada por el gobierno.
	Households - Number	0	13000	27740				
<b>Output</b> 1.2. Abastecimiento de agua para consumo humano	<b>Familias apoyadas con tecnologías de saneamiento</b>				M&E system reports	Semi-annual	Project M&E Unit	
	Households - Number	0	3170	6520				
<b>Output</b> 1.3. Movilidad rural	<b>Número de pasos vados para el tráfico sobre cursos de agua construidas</b>				M&E system reports	Semi-annual	Project M&E Unit	
	Pasos vados - Number	0	30	60				
<b>Outcome</b> 2. Mejorar las condiciones ambientales de las familias rurales y su entorno	<b>Superficie de las cuencas de Piauí y Canindé con cobertura forestal recuperada</b>				M&E system and SEMAR	Mid-Term and End of Project	Project M&E Unit / Independent consultancy firm	
	Hectares - Number	10138079	10100000	10013961				
	<b>Percentage of agricultores que reportaron que el espejo de agua tenía un bosque ribereño completamente ausente</b>				Impact Survey	Baseline, Mid-Term, and End of Project	Project M&E Unit / Independent consultancy firm	
	Households - Percentage (%)	20	17	11				
	<b>Superficie de las propiedades rurales registradas en el CAR</b>				M&E system and SEMAR	Semi-annual	Project M&E Unit / Independent consultancy firm	
	Hectares - Number	0	22000	55000				
	<b>SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers</b>				Outcome (COI) / Impact Survey	Baseline, Mid-Term, and End of Project	Project M&E Unit / Independent consultancy firm	
	Household members - Number of people	0	63000	157500				
	Households (%) - Percentage (%)	0	75	75				
	Households (number) - Households	0	18000	45000				
<b>Output</b> 2.1 Planes de Adaptación Productiva (PAD) y Planos de Negocio (PN)	<b>1.1.4 Persons trained in production practices and/or technologies</b>				M&E system reports	Semi-annual	Project M&E Unit	
	Total number of persons trained by the project - Number of people	0	9230	9230				
	Men trained in crop - Males	0	4615	4615				
	Women trained in crop - Females	0	4615	4615				
	Young people trained in crop - Young people	0	1846	1846				
	Total persons trained in crop - Number of people	0	9230	9230				
	<b>Agricultores familiares beneficiados por planes de negocios con cooperativas</b>				M&E system reports	Semi-annual	Project M&E Unit	
	Agricultores - Number	0	750	1050				
	<b>1.1.8 Households provided with targeted support to improve their nutrition</b>				M&E system reports	Semi-annual	Project M&E Unit	
	Total persons participating - Number of people	0	4112	10280				
	Males - Males	0	2056	5140				
	Females - Females	0	2056	5140				
	Households - Households	0	4112	10280				
	Household members benefitted - Number of people	0	14392	35980				
	Young - Young people	0	822	2056				
<b>Output</b> 2.2 Planes de Recuperación Ambiental	<b>Diagnóstico y definición de áreas prioritarias, para bosques ribereños y de cabecera realizados</b>				M&E system reports	Semi-annual	Project M&E Unit	
	Diagnóstico - Number	0	2	2				
	<b>Planes de recuperación ambiental para áreas de 5ha de bosques maduros de los ríos Piauí y Canindé y sus afluentes elaborados, implementados y mantenidos</b>				M&E system reports	Semi-annual	Project M&E Unit	
	Planes - Number	0	70	100				
	<b>Planes de Recuperación Ambiental para áreas de 3ha en cabeceras de las cuencas de los ríos Piauí y Canindé elaborados, implementados y mantenidos</b>				M&E system reports	Semi-annual	Project M&E Unit	
	Planes - Number	0	25	33				
	<b>Número de técnicos, productores, jóvenes rurales y docentes que participaron en acciones de educación ambiental</b>				M&E system reports	Semi-annual	Project M&E Unit	
	Technical - Number	0	2925	5925				
	<b>Número de técnicos y productores que participaron de intercambios</b>				M&E system reports	Semi-annual	Project M&E Unit	
	Technical - Number	0	1145	2330				
<b>Output</b> 2.3. Titulación de tierras y regularización ambiental	<b>1.1.1 Number of beneficiaries gaining increased secure access to land</b>				M&E system reports	Semi-annual	Project M&E Unit	
	Males - Males	0	939	3130				
	Females - Females	0	939	3130				
	Young - Young people	0	94	313				
	Total number of beneficiaries with increased secure access to land - Number of people	0	1878	6260				
	<b>Porcentaje de propiedades rurales beneficiadas anualmente con regularización de tierras por el Proyecto con CAR realizada y/o rectificada</b>				M&E system reports	Semi-annual	Project M&E Unit	
	Propiedades rurales - Percentage (%)	0	90	100				
<b>Outcome</b> 3. Aumentar la adopción de tecnologías agropecuarias, incluidas las tecnologías de	<b>2.2.1 Persons with new jobs/employment opportunities</b>				Outcome (COI) / Impact Survey	Baseline, Mid-Term, and End of Project	Project M&E Unit / Independent consultancy firm	
	Males - Males	0	369	923				
	Females - Females	0	369	923				
	Young - Young people	0	148	369				

adaptación y mitigación del cambio climático, y la integración de los productores en las cadenas de valor	Total number of persons with new jobs/employment opportunities - Number of people	0	738	1846				políticas y programas públicos en el Estado de Piauí. Los proveedores de servicios proporcionan bienes y servicios de calidad.
	<b>3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices</b>				Outcome (COI) / Impact Survey	Baseline, Mid-Term, and End of Project	Project M&E Unit / Independent consultancy firm	
	Total number of household members - Number of people	0	6720	28770				
	Households - Percentage (%)	0	3.2	13.7				
	Women-headed households - Households	0	960	4110				
	Households - Households	0	1920	8220				
	<b>Porcentaje de agricultores familiares que participaron en asociaciones productivas o cooperativas</b>				Impact Survey	Baseline, Mid-Term, and End of Project	Project M&E Unit / Independent consultancy firm	
	Households - Percentage (%)	27.7	40	73.4				
	<b>Porcentaje de agricultores familiares que vendieron su producción en los mercados</b>				Impact Survey	Baseline, Mid-Term, and End of Project	Project M&E Unit / Independent consultancy firm	
	Households - Percentage (%)	72.3	80	86.7				
	<b>Porcentaje de mujeres que ocuparon cargos directivos en organizaciones rurales</b>				Impact Survey	Baseline, Mid-Term, and End of Project	Project M&E Unit / Independent consultancy firm	
	Females - Percentage (%)	31.2	40	50				
	<b>Agricultores con acceso mejorado a inversiones y servicios agrícolas</b>				M&E system reports	Semi-annual	Project M&E Unit	
	Households - Number	0	4112	10280				
<b>Instituciones con capacidades de gestión y tecnología digital reforzadas</b>				M&E system reports	Annual	Project M&E Unit		
Instituciones - Number	0	2	4					
<b>Incremento de la proporción de propietarios en el área de proyecto que se siente segura en sus derechos de propiedad</b>				Impact Survey	Baseline, Mid-Term, and End of Project	Project M&E Unit / Independent consultancy firm		
Proprietarios - Percentage (%)	63.2	70	84.8					
<b>Output</b> 3.1 Planes de fortalecimiento de capacidades	<b>Planes de fortalecimiento de capacidad institucional formulados</b>				M&E system reports	Semi-annual	Project M&E Unit	Se mantienen las políticas vigentes de fortalecimiento de los servicios públicos de asesoría técnica y extensión.
	Planes - Number	0	5	5				
	<b>Planes de fortalecimiento de capacidad institucional ejecutados</b>				M&E system reports	Semi-annual	Project M&E Unit	
	Planes - Number	0	5	5				
	<b>Sistemas de monitoreo y evaluación elaborados</b>				M&E system reports	Semi-annual	Project M&E Unit	
	Sistemas - Number	0	4	4				
<b>Output</b> 3.2 Estudios y proyectos en la cuenca Piauí-Canindé	<b>Equipos ejecutores y co-ejecutores capacitados en el uso de sistemas de monitoreo y evaluación y ejecución de las actividades para los fines del Proyecto</b>				M&E system reports	Semi-annual	Project M&E Unit	Existen mecanismos para la adaptación al cambio climático.
	Equipos - Number	0	4	4				
	<b>Estudios técnicos y socioambientales para el desarrollo de la cuenca, subcuencas y de obras de represas elaborados</b>				M&E system reports	Semi-annual	Project M&E Unit	
<b>Output</b> 3.3 Apoyo a la innovación	Estudios - Number	0	2	5				
	<b>Planes de gestión de las cuencas Canindé/Piauí elaborados e implementados</b>				M&E system reports	Semi-annual	Project M&E Unit	
	Planes - Number	0	0	3				
<b>Output</b> 3.3 Apoyo a la innovación	<b>Número de diagnósticos sobre la demanda y oferta de servicios de innovación tecnológica concluidos</b>				M&E system reports	Semi-annual	Project M&E Unit	Continuación de las políticas públicas y programas de apoyo a la comercialización de productos de la agricultura familiar.
	Diagnósticos - Number	0	2	2				
	<b>Número de cooperativas apoyadas con acciones de innovación</b>				M&E system reports	Semi-annual	Project M&E Unit	
<b>Outcome</b>	Cooperativas - Number	0	2	5				
	<b>3.2.1 Tons of Greenhouse gas emissions (tCO2e) avoided and/or sequestered</b>				Impact Survey - Carbon-Balance Tool (EX-ACT)	Ex ante, mid term and final Carbon-Balance Tool (EX-ACT)	Independent consultancy firm	
	Hectares of land - Area (ha)	0	0	424				
	tCO2e/20 years - Number	0	0	-99805				
tCO2e/ha - Number	0	0	-4990					
tCO2e/ha/year - Number	0	0	-11.77					

## Integrated project risk matrix

<b>Risk Category / Subcategory</b>	<b>Inherent risk</b>	<b>Residual risk</b>
Country Context	Substantial	Moderate
Political Commitment	Substantial	Moderate
Governance	Moderate	Low
Macroeconomic	Substantial	Moderate
Fragility and Security	Substantial	Moderate
Sector Strategies and Policies	High	Moderate
Policy alignment	High	Moderate
Policy Development and Implementation	Substantial	Moderate
Environment and Climate Context	High	Moderate
Project vulnerability to environmental conditions	High	Moderate
Project vulnerability to climate change impacts	High	Moderate
Project Scope	Moderate	Low
Project Relevance		No risk envisaged - not applicable
Technical Soundness	Moderate	Low
Institutional Capacity for Implementation and Sustainability	Substantial	Moderate
Implementation Arrangements	Substantial	Moderate
Monitoring and Evaluation Arrangements	Moderate	Low
Project Financial Management	Substantial	Low
Project Organization and Staffing	Substantial	Moderate
Project Budgeting	Substantial	Moderate
Project Funds Flow/Disbursement Arrangements	Substantial	Moderate
Project Internal Controls	Substantial	Low
Project Accounting and Financial Reporting	Moderate	Low
Project External Audit	Low	Low
Project Procurement	Moderate	Low
Legal and Regulatory Framework	Moderate	Low
Accountability and Transparency	Low	Low
Capability in Public Procurement	Moderate	Moderate
Public Procurement Processes	Moderate	Low
Environment, Social and Climate Impact	Substantial	Moderate
Biodiversity Conservation	Moderate	Low

<b>Risk Category / Subcategory</b>	<b>Inherent risk</b>	<b>Residual risk</b>
Resource Efficiency and Pollution Prevention	Substantial	Moderate
Cultural Heritage		No risk envisaged - not applicable
Indigenous People	Low	Low
Labour and Working Conditions	Moderate	Low
Community Health and Safety		No risk envisaged - not applicable
Physical and Economic Resettlement		No risk envisaged - not applicable
Greenhouse Gas Emissions	Substantial	Moderate
Vulnerability of target populations and ecosystems to climate variability and hazards	High	Substantial
Stakeholders	Moderate	Low
Stakeholder Engagement/Coordination	Low	Low
Stakeholder Grievances	Moderate	Low
Overall	Substantial	Moderate
Country Context	Substantial	Moderate
Political Commitment	Substantial	Moderate
<b>Risk:</b>  Changes in political authorities at the state and national levels are relevant and could alter the executing agency's priorities and produce changes in the technical teams, delaying the Project implementation. Although PSI enjoys full political support from the State Government's current leadership, the result of the upcoming 2022's elections may slightly change the scenario concerning the political commitment to the Project.	Substantial	Moderate
<b>Mitigations:</b>  The project responds directly to the state government's priorities and interests. It aligns with programs and public policies that are not expected to change in the medium term. The PSI also fits the Federal Government's priorities according to the criteria established for external financing, as evidenced by the high rating of the Project by the Commission for External Financing (COFIEX). The risks will be mitigated through the involvement of several other partners in PSI development, including public state agencies, civil society, private sector. Also, IDB and IFAD		

will keep a continuous dialogue with state and federal counterparts to inform new authorities of Project characteristics and benefits, as well as keep participating in policy dialogue platforms such as the Forum of State Secretaries and Northeast Consortium. IFAD Office in Salvador will play a critical role in monitoring changing political scenario.		
Governance	Moderate	Low
<b>Risk:</b>		
Weakening of state government secretariats aimed at rural development, family farming, environmental conservation, and poverty reduction due to increased political power of the agribusiness sectors (monoculture for export) may interfere in the allocation of resources to rural development. Nevertheless, this risk is considered low to moderate, as the country and state institutions are solid and exhibit a long-term commitment to family farming and poverty alleviation policies targeting the poorest and most vulnerable rural populations.	Moderate	Low
<b>Mitigations:</b>		
The project will adopt a multisectoral approach to tackle the main problems affecting the rural populations of the Project area. PSI will strengthen, integrate and develop government programs and policies related to sustainable rural development. Besides, the Project will include a capacity-building component to help strengthen key rural development institutions and secretariats at the state level.		
Macroeconomic	Substantial	Moderate
<b>Risk:</b>		
i) Unstable political and economic environment with trends of increase in inflation, unemployment, decreasing/low GDP growth, and deterioration of public accounts. ii) If the fiscal situation worsens due to the lingering economic effects of COVID-19 and unfavorable developments in the international and national context, this could undermine the state government's capacity to mobilize and allocate sufficient funding to the Project and could delay implementation. iii) If the Brazilian Real appreciates compared to the Dollar, the Program costs could increase (in Dollars), and the budget would be insufficient to execute the Project activities as planned. iv) The	Substantial	Moderate



<p>effects of the Ukraine war in Brazil, and in Piauí as a consequence, are the increase in costs of fertilizers imported and in commodities prices, particularly corn, wheat, oil and sunflower oil, which could affect general food prices. The restrictions of the supply – or just the possibility of lower availability – already boosted prices and worsen the national inflation rates.</p>		
<p><b>Mitigations:</b></p> <p>i) Close monitoring of the macroeconomic situation and policies. ii) Consistent political dialogue at federal and state levels. iii) Elaborating PSI action plans, considering the most likely future scenarios, and adjusting priority actions and Project disbursement according to contextual changes whenever necessary. iv) Regarding the impacts of the war in Ukraine, the Project will partner with procurement consultants and technical assistance (TA) teams to map a wider network of suppliers, how their peers are handling the crisis, and support innovative solutions to manage the impacts of the war in supply availability and costs. Besides, the productive investment plans that will benefit producers (ERP, PAPs and BP) will take current and future inflation macroeconomic tendencies into consideration in their economic feasibility analysis.</p>		
<p>Fragility and Security</p>	<p>Substantial</p>	<p>Moderate</p>
<p><b>Risk:</b></p> <p>The economic fragility in the past years, coupled with the drastic effects of a pandemic of undetermined duration, led to high unemployment rates and an exponential increase in the population living below the poverty line in Brazil. That figure, which was 9.5 million people in August 2020, tripled to more than 27 million in February 2021. With the upsurge of the pandemic, the number of people in food insecurity also considerably increased, especially in the North and Northeast regions. In 2020, food and nutrition insecurity affected 71,9% of households in the Northeast region. These trends, along with the political tensions that precede the 2022 elections may lead to a serious situation of institutional insecurity.</p>	<p>Substantial</p>	<p>Moderate</p>
<p><b>Mitigations:</b></p>		

PSI's integrated resilience approach shall help address various climate, economic and environmental shocks. Besides activities aimed at improving family farmers' ability to recover from hazards, Project interventions aim to assure food and nutritional security, poverty reduction, and minimization of target groups' economic losses to external shocks. The PSI has in its general objective food security.		
Sector Strategies and Policies	High	Moderate
Policy alignment	High	Moderate
<b>Risk:</b>		
There is a risk that possible public policies are not sufficiently aligned with IFAD and IDB's priorities (especially regarding access to land, environment, climate, gender, diversity, youth, food and nutrition), potentially limiting the scope of PSI's development objectives and operation. In addition, there may be discrepancies between state and federal political priorities, which may also affect the Project.	High	Moderate
<b>Mitigations:</b>		
The Project design is fully aligned with Piauí's Pluriannual Plan (PPA) for 2020-2023, Piauí's Water Resources Plan, Pillars of Growth and Social Inclusion Project, and Pro Piauí. PSI will be implemented at the state level and in an area of poverty prevalence, where the water issue is a consensual priority, reducing the risks of misalignment. At the federal level, PSI is aligned with several policies and programs, such as Brazil's Determined National Contribution (NDC) objective of establishing sustainable agriculture that is resilient to climate change; National Adaptation Strategy (ENAA), and National Adaptation Plan to Climate Change (PNA); Cisterns Program, National Rural Environmental Registry System (SICAR), National Technical Assistance and Rural Extension Policy for Family Farming and Agrarian Reform (PNATER), PAA, PNAE, and PRONAF. The exceptionally high rating of the project by the Commission for External Financing (COFIEX) illustrates the sound alignment with federal policies. IFAD and IDB will continue dialoguing with the federal agencies to ensure their awareness of the project objectives and activities.		
Policy Development and Implementation	Substantial	Moderate

<p><b>Risk:</b></p> <p>The risk that strategies and policies aimed at the rural and agricultural sector are not based on solid evidence, do not accurately represent rural organizations' views and are inadequately supported by a regulatory framework, affecting the Project implementation and the achievement of its goals.</p>	Substantial	Moderate
<p><b>Mitigations:</b></p> <p>i) The Project will build a solid basis for collaboration with research institutions and civil society partners with strong experience regarding the semiarid context, besides counting on the capacity and experience of a strong M&amp;E system to ensure that empirical data and information can guide its implementation. ii) PSI will be based on a bottom-up rural development approach, facilitating beneficiary participation in Project implementation and building the capacity of poor rural people and their organizations. iii) The Project's Steering Committee will serve as a participatory mechanism, ensuring that there is broad representation in the implementation of the Project. iv) IDB and IFAD will ensure PSI receives constant feedback on innovative approaches, good practices, and policies from other projects in their portfolios. v) The partnership between IFAD and the IDB, both international bodies with a state and federal impact, will help to minimize the risks. vi) In addition, IFAD grants, such as DAKI-Semiárido Vivo, can help and support the preparation for Project implementation. vii) Finally, IFAD continues to support policy dialogue instruments, thus ensuring the effective implementation of the PSI.</p>		
<p>Environment and Climate Context</p>	High	Moderate
<p>Project vulnerability to environmental conditions</p>	High	Moderate
<p><b>Risk:</b></p> <p>The Project area faces long-term degradation of Caatinga's ecological and productive functions, with 33% of the Piauí biome (84.000 km<sup>2</sup>) affected by moderate desertification processes. Degraded riverside areas also affect the hydrological functioning of the basin. This context constitutes a risk to the productivity of the agricultural activities supported by the Project.</p>	High	Moderate
<p><b>Mitigations:</b></p>		

<p>i) The Project's interventions include the environmental recovery of priority protection areas (riparian forests) to improve hydrological services in the Piauí and Canindé watersheds, co-benefits for biological corridors, environmental regularization initiatives, investments in basic rural sanitation, and institutional strengthening in territorial environmental management. ii) The PSI productive component will also contribute to reducing environmental vulnerability by supporting family farmers and communities with technical assistance to adopt agroecological and resilient productive practices. (i.e. water access technologies, such as household cisterns, greywater reuse systems, solar powered desalination units, among others) iii) To fulfill the requirements of IDB's Environmental and Social Policy Framework and the provisions of the Performance Standards (PS), the executing entity will implement an Environmental and Social Management System for the PSI and has already elaborated and disclosed a preliminary Strategic Environmental and Social Impact Assessment.</p>		
<p>Project vulnerability to climate change impacts</p>	<p>High</p>	<p>Moderate</p>
<p><b>Risk:</b></p> <p>Almost all of the project area belongs to the semiarid region. Therefore, it is constantly subject to climatic risks and water scarcity, both due to the lack of precipitations and high evapotranspiration. The increase in temperature and the variability of rainfall patterns with more frequent, prolonged, and severe droughts present a risk of significant impacts on production systems. These climate risks may reduce productivity, and family farmers' income, resulting in deterioration of target population livelihoods and ecosystems. The need for water for crops and animals is increasing in a context already characterized by water scarcity and where access to water for human consumption still has ample gaps.</p>	<p>High</p>	<p>Moderate</p>
<p><b>Mitigations:</b></p> <p>Project will invest in climate change adaptation, environmental recovery, and the conservation of areas essential for the hydrological functioning of the Piauí and Canindé watershed, social technologies for capturing, storing, and recycling water,</p>		

and supporting the adoption of agroecological practices to increase productive systems' resilience.		
Project Scope	Moderate	Low
Project Relevance		No risk envisaged - not applicable
No relevant risk for the project's objectives and interventions being not fully aligned with IFAD's or the country's development priorities. The Project corresponds to the central challenges of production and access to services for the rural poor, and the design is also aligned with state policies and priorities. Besides, PSI has a participatory approach that will allow ownership, relevance, and alignment with target groups' needs and priorities		
Technical Soundness	Moderate	Low
<b>Risk:</b>  : There is a low to moderate technical risk in implementation due to the current capacities of state-level public institutions as Project activities require strong coordination and integrated planning.	Moderate	Low
<b>Mitigations:</b>  i) Designing the Project based on lessons learned from PVSA and IDB projects in the Brazilian Northeast (1633/OC-BR, 5440/OC-BR, 4723/OC-BR, 4732/OC-BR, ATN/LC-17432-BR). PSI is highly robust also based on IFAD's and IDB's solid technical experience. ii) Establishing effective management and coordination structure. iii) The Project includes an institutional strengthening component of SEMAR, SAF, and EMATER. iv) Building alliances with third-party suppliers of technical assistance to producers and communities, which are very common in IFAD projects in Brazil and have achieved excellent results in innovation and technical quality.		
Institutional Capacity for Implementation and Sustainability	Substantial	Moderate
Implementation Arrangements	Substantial	Moderate
<b>Risk:</b>  i) The execution of the Project by several government entities and organizations of rural producers (who manage the beneficiaries' investment plans) is the main risk identified. If	Substantial	Moderate

<p>there is no adequate coordination between the key institutions, execution can be delayed and the technical quality of the Project products affected. ii) There is also a risk that the capacities of the project executing agency are insufficient for adequate and effective Project management, generating delays and lower execution quality. iii) For some jobs, such as technical assistance and provision of specialized services, as in the project's water component, there is a risk of a lack of qualified personnel in the state. iv) Lack of clarity in institutional responsibilities could delay the execution of water and sanitation works and compromise their proper operation and maintenance.</p>		
<p><b>Mitigations:</b></p> <p>i) Establishing a Project Management Unit (PMU) in SEPLAN, which will be responsible for the general Project coordination and management. This PMU will coordinate planning, financial management and implementation, and will report on the technical and financial evolution of the Project. Each executing institution with signed investment plans shall continuously monitor their implementation by rural organizations. ii) Establishing a Coordination Committee made up of representatives from the PMU and the operational teams of SAF, SEMAR, and INTERPI that will meet monthly to coordinate Project communication activities, the planning of community actions, review the progress in the Annual Operational Plan, review environmental and social aspects, among other themes. iii) The institutional strengthening of component 3 will offer training and capacity building and, when necessary, the PSI may bring in technical personnel from other states, as the PVSA did. IFAD grant projects, such as DAKI-Semiárido Vivo, will also provide training to teams, mainly TA, for climate change adaptation practices and approaches. iv) Cooperation agreements will be signed with each municipality in which the water and sanitation type of works; training and technical assistance will be provided to community organizations and beneficiary families to ensure adequate management, operation, and maintenance of the project investments.</p>		
<p>Monitoring and Evaluation Arrangements</p>	<p>Moderate</p>	<p>Low</p>
<p><b>Risk:</b></p>	<p>Moderate</p>	<p>Low</p>

<p>The risk of poor M&amp;E performance is considered low because PVSA has built a strong M&amp;E capacity, based on which PSI will improve and develop the necessary systems. i) As the execution of the Project will take place in a decentralized manner (by several entities of the public administration), the task of monitoring physical progress will be more complex, which may result in information loss. ii) The Project may have difficulties in composing a specialized M&amp;E team to work at the PMU, as well as in the PMUs of the co-executors, both in the state's professional staff and in hiring specialist consultants.</p>		
<p><b>Mitigations:</b></p> <p>i) IDB has prepared a robust M&amp;E Plan, which defines key aspects and methodologies for monitoring and evaluating PSI results. This plan will be updated by the M&amp;E team at the beginning of the PSI execution, to include the monitoring arrangement to guarantee the fluidity of information between the bodies responsible for implementing the Project and define each professional's roles. ii) Although each co-executing entity will be responsible for monitoring its activities, SEPLAN will consolidate the M&amp;E data of the project as a whole. iii) The SIGMA, a system used by the SAF team for the World Bank Project (Pillars of Growth - Pilares do Crescimento), will be used, adapted, and made available online for the co-executors to manage information. There is a budget planned for the system improvement and this will be an important legacy for the state. iv) Strengthening the M&amp;E team's capacities in the context of developing the institutional capacities of key state entities.</p>		
<p>Project Financial Management</p>	<p>Substantial</p>	<p>Low</p>
<p>Project Organization and Staffing</p>	<p>Substantial</p>	<p>Moderate</p>
<p><b>Risk:</b></p> <p>Financial team from the Project Management Unit (PMU) with limited experience in the financial management of IFAD and IDB funded projects, resulting in limited ability to fulfil the functional needs of the Project</p>	<p>Substantial</p>	<p>Moderate</p>
<p><b>Mitigations:</b></p> <p>Provide training of the financial team, with the support of IFAD and IDB, in management processes for the use and reporting of external funds</p>		

Project Budgeting	Substantial	Moderate
<p><b>Risk:</b></p> <p>SEPLAN is the state entity that leads the policies related to external financing with multilateral agencies and will be the main executing entity. SEPLAN may have little fiscal margin to provide counterpart budget and funds on time.</p>	Substantial	Moderate
<p><b>Mitigations:</b></p> <p>IFAD and IDB teams will ensure a strong commitment of SEPLAN to the Project and its articulation with SEFAZ for ensuring the allocation of sufficient counterpart financial resources for Project implementation</p>		
Project Funds Flow/Disbursement Arrangements	Substantial	Moderate
<p><b>Risk:</b></p> <p>The State Government will maintain a USD denominated bank account in order to receive IFAD loan funds. The parri passu mechanism will be implemented for the IDB-IFAD cofinanced components. Beneficiary organizations, which will manage resources and implement investment might have weak capability around management of resources, are not able to submit timely and quality investments plans and financial reporting which might delay implementation.</p>	Substantial	Moderate
<p><b>Mitigations:</b></p> <p>Include definition of parri passu arrangement in the Program Operating Regulations.</p> <p>Financial reporting and accountability mechanism of implementing organizations will be clearly established in Program Operating Regulations and a model agreement will be prepared to be signed with the organizations clearly stating responsibilities and mechanisms to be applied.</p> <p>Technical assistance will be provided by IDB to implement the requirements as per Program Operating Regulations and agreements signed.</p>		
Project Internal Controls	Substantial	Low
<p><b>Risk:</b></p>	Substantial	Low



<p>The project will have an appropriate organizational structure, procedures, manuals, systems, established workflows and staff responsibilities, segregation of duties, chart of accounts, asset control, and audit functions. The area that will require special attention is the supervision of the funds transferred to rural organizations. If these organizations fail to submit timely and adequate accounts to SAF for the resources transferred, execution may be delayed</p>		
<p><b>Mitigations:</b></p> <p>The preliminary Program Operating Regulations were elaborated and will be further developed to ensure adequate support and supervision of rural organizations. Key aspects will be clearly establishing oversight responsibilities of project staff and mechanism of supervision; capacity-building plan for rural organizations, disbursement and reporting procedures, and external auditors' review of rural organization transactions to ensure a continuous improvement of rural organizations' management capacities for the adequate use of Project funds.</p>		
<p>Project Accounting and Financial Reporting</p>	<p>Moderate</p>	<p>Low</p>
<p><b>Risk:</b></p> <p>The accounting policies used in the State system and acceptable and in line with international standards. The State financial management system is reliable and suitable for operations; however, it does not fully comply with IFAD reporting requirements and might lack the capability to produce the management reporting needed for proper decision making by the project team</p>	<p>Moderate</p>	<p>Low</p>
<p><b>Mitigations:</b></p> <p>The project will implement a complementary financial system to allow for monitoring of budget and execution by funding source component and category which generates reporting as required by IFAD and IDB.</p>		
<p>Project External Audit</p>	<p>Low</p>	<p>Low</p>
<p><b>Risk:</b></p> <p>The IDB is responsible for the fiduciary oversight of the project. The external audit of the project will be carried by an external firm acceptable to the IDB (regional audit courts responsible for</p>	<p>Low</p>	<p>Low</p>

audits at state level are not accredited by the World bank). As per the cooperation agreement audited financial statements will be shared by IDB to IFAD no later than 6 months after end of fiscal year.		
<b>Mitigations:</b>  No measures		
Project Procurement	Moderate	Low
Legal and Regulatory Framework	Moderate	Low
<b>Risk:</b>  The new federal regulatory framework for tenders and administrative contracts (Law no. 14.133/2021), establishes important changes that will have direct repercussions on State public Procurement. Considering the new law will have a mandatory application from April 2023, there is a risk of possible interruptions and delays in the project procurement execution. In addition, the risk linked to changes and innovations brought by the new legislation is also highlighted, which can directly impact the development of the Project as the teams may find it difficult to assimilate and implement the changes at the appropriate time. From the data extracted on the PEFA program website (Public Expenditure and Financial Accountability), it is also possible to identify the risk related to the weaknesses of public access to information on purchases and contracts, which can generate gaps for irregular practices, distrust of the legitimacy of activities, and questioning by the control bodies.	Moderate	Low
<b>Mitigations:</b>  To reduce the risks inherent to the changes brought by the new regulatory framework, it is recommended that the conditions and methods peculiar to the selection and contracting contained in the IFAD and IDB norms, when applicable, are indicated in the Grant Agreement, and their use is subject to a favorable opinion from the legal body of the grantee prior to the execution of said Agreement. Providing training and retraining on the rules applicable to the personnel involved in procurement activities and continuous monitoring of the Project's procurement team regarding the changes in the new law are also strongly recommended.		
Accountability and Transparency	Low	Low

<p><b>Risk:</b></p> <p>In terms of accountability, the absence of clear protocols in the National systems can lead to failures in the direction of demands and, consequently, impact the investigations and solving any irregularities, with a potential risk of questioning the legitimacy of some decisions taken under an apparent conflict of interests. The inexistence of a 2-tiered system to handle complaints can generate a lack of exemption in the evaluation, mistaken conclusions and/or ineffective treatment of the information, directly impacting the necessary corrective measures and affecting the reputation, and culture of the Project.</p>	Low	Low
<p><b>Mitigations:</b></p> <p>i) implement specific protocols for receiving/handling complaints that include general and exception rules, dissemination, training, and communication plans, as well as non-retaliation policies against whistle-blowers, among others; ii) adopt a 2-tiered system for handling complaints with rules well defined in a specific manual; iii) implement an ethics and compliance council to deliberate on complaints; iv) adopt the practice of conducting prior research in procurement/contracting activities (third party due diligence) through consultation of federal and state debarred lists and other relevant tools.</p>		
<p>Capability in Public Procurement</p>	Moderate	Moderate
<p><b>Risk:</b></p> <p>i) Hiring according to IADB guidelines and procedures is unusual for the state government (except for SAF, the executing agency of PVSA) and needs specific capabilities in public procurement, although executing agencies already have professionals with experience in biddings of this nature. ii) Acquisitions will be carried out by several government entities and by rural organizations that will receive, funds for the implementation of PAPs and BP have to carry out a large volume of contracts.</p>	Moderate	Moderate
<p><b>Mitigations:</b></p> <p>i) Provide training and retraining on the rules applicable to the personnel involved in procurement activities. ii) Establish a Procurement Management sector at the PMU to coordinate the procurement issues and carry out the primary and more complex</p>		

selection and acquisition processes, and coordinate the operations on the topic of acquisitions with the entities involved in Project execution. iii) The PSI should provide training and retraining on the applicable rules for all professionals involved in procurement activities, including producer organizations		
Public Procurement Processes	Moderate	Low
<p><b>Risk:</b></p> <p>Procurement processes follow a fragmented flow between different sectors of the executing agency, showing a low degree of communication and interaction between those involved, especially regarding the planning phase of activities. This can lead to a lack of understanding of the procurement and contracting processes, problems with specification and identification of needs, difficulties in choosing the applicable method, adoption of unrealistic plans, and non-compliance with deadlines for each process, among others. Such risks can severely impact the efficiency and quality of the Project's procurement and contracting activities. Lack of knowledge about IADB's procurement rules represents a risk that can lead to delays and failures in the development of activities in the area.</p>	Moderate	Low
<p><b>Mitigations:</b></p> <p>i) The Project shall adopt participative and integrated planning of procurement involving its coordination and the technical and financial area; ii) procurement and contracting flows and procedures will be clearly described in the Program Operating Regulations Manual; iii) the project procurement team will be trained in IADB guidelines which are in line with IFAD's.</p>		
Environment, Social and Climate Impact	Substantial	Moderate
Biodiversity Conservation	Moderate	Low
<p><b>Risk:</b></p> <p>The PSI is within the Caatinga biome, which, despite the adverse conditions, presents great biodiversity, with a high rate of fauna and flora endemism. Changes in the water regime may affect protected and/or endemic species of both fauna and flora.</p>	Moderate	Low
<b>Mitigations:</b>		

<p>Mitigations: i) The Project design has already included the prepared and disclosed preliminary Strategic Environmental and Social Impact Assessment. ii) Carrying out studies of the biotic environment, surveying the existing fauna and flora, and proposing periodic monitoring and rescue programs for endangered species. ii) Implementing activities to improve family farmers' productivity and income exclude critical habitat areas. iii) In addition, in line with IDB policies, the PSI will not be able to carry out any activities that cause significant conversion or degradation of natural habitats.</p>		
<p>Resource Efficiency and Pollution Prevention</p>	<p>Substantial</p>	<p>Moderate</p>
<p><b>Risk:</b></p> <p>i) The development of productive activities generate the risk of soil degradation, loss of forest cover, deforestation, burning, contamination of soil and water, and the generation of solid/liquid waste. ii) The lack of proper sanitation and sewage treatment is a leading cause of pollution in the project area. iii) The high concentration of salt in soils refers to the natural process of salinization of surface and ground waters, a characteristic of the Project area. The use of high salinity water can lead to a rapid deterioration of soil conditions</p>	<p>Substantial</p>	<p>Moderate</p>
<p><b>Mitigations:</b></p> <p>i) The Project will mitigate these possible risks through fostering agroecological practices (organic fertilizer, water for reuse, recovery of degraded areas, among others), actions to strengthen public institutions and the Piauí-Canindé river basin committee itself, and activities aimed at training and environmental education for fostering ecosystem conservation. PSI will help communities (particularly quilombola) obtain land titling, strengthening incentives for them to invest in conservation practices. Besides, the project will offer financial literacy to producers receiving land ownership to ensure land is used responsibly and to beneficiaries' maximum value creation and protection. ii) The Project will invest in basic sanitation infrastructures, including individual systems for treating household sewage, greywater reuse systems, and green pits. iii) Unlike other identified risks, this is a permanent one. Still, it can be mitigated by implementing technologies to desalinate well water and other water sources and periodically monitor the</p>		

characteristics of irrigated soil. Besides, the project will constantly monitor water quality, particularly in the context of supervision missions and ad hoc implementation support missions, in accordance with national standards.		
Cultural Heritage		No risk envisaged - not applicable
There is no risk the Project may cause significant degradation of cultural or physical resources, including threats to resources of historical, religious, or cultural importance or their loss.		
Indigenous People	Low	Low
<p><b>Risk:</b></p> <p>There is no risk the Project may have a significant physical, social, or economic negative impact on indigenous peoples, or that it threatens resources of historical or cultural importance to them or the loss of these resources. Indigenous peoples will not be adversely impacted by PSI actions.</p>	Low	Low
<p><b>Mitigations:</b></p> <p>i) Project eligibility/exclusion criteria prohibit the acquisition or restriction of land use in areas of indigenous and traditional communities. ii) The Environmental and Social Management Framework (ESMF) will include a Plan for Disclosure and Public Consultations, contemplating the participation of quilombola, indigenous and other traditional communities, informing about the Project and location of proposed interventions in the communities, reporting on the activities and location of any intervention in the area bordering the demarcated Territory. iii) The ESMF will also include a Social Communication and Community Participation program that respects and includes forms of documenting and means of communication accessible and adequate to the cultural specificities of indigenous peoples and traditional communities of the Project area.</p>		
Labour and Working Conditions	Moderate	Low
<p><b>Risk:</b></p> <p>Risk that the Project may result in abusive labor practices (for example, forced or child labor), cases of gender violence, discriminatory and unsafe/unhealthy working conditions for</p>	Moderate	Low

those employees of the Project, including third parties and large suppliers.		
<p><b>Mitigations:</b></p> <p>All contracts with contractors, suppliers, and third parties to be financed with IFAD funds will include provisions that prohibit child labor and promote decent work. The Project will recruit a social specialist for the PMU. An action plan for gender equality will also be developed, examining measures to prevent and combat gender-based violence.</p>		
Community Health and Safety		No risk envisaged - not applicable
Risk: There is no risk the Project will have adverse effects on the health and safety of the community.		
Physical and Economic Resettlement		No risk envisaged - not applicable
The Project's intervention should not cause the resettlement of families.		
Greenhouse Gas Emissions	Substantial	Moderate
<p><b>Risk:</b></p> <p>The degradation of the Caatinga biome due to unsustainable agricultural practices could lead to rising greenhouse gas (GHG) emissions. The setbacks in environmental policy and control in recent years point to a tendency for increased emissions.</p>	Substantial	Moderate
<p><b>Mitigations:</b></p> <p>PSI's components of environmental recovery aim to contribute to the recovery and conservation of water resources in the Piauí-Canindé river basin through actions such as the recovery of riparian forests and environmental revitalization of springs through reforestation with native seedlings. These activities will reduce GHG emissions. In fact, they will even sequester carbon.</p>		
Vulnerability of target populations and ecosystems to climate variability and hazards	High	Substantial
<p><b>Risk:</b></p> <p>i) In the semi-arid region, variations of the usual rainfall pattern in the semi-arid region are somewhat frequent. This factor</p>	High	Substantial

<p>influences the water availability and puts the communities' ability to maintain water supply for drinking and other uses at risk. ii) According to the Drought Monitoring System of the North-eastern Brazil, the state of Piauí has a wide range of drought intensity both in the short and long term: from low-intensity droughts to extreme droughts. Projections indicate that, for the next 30 years, the average increase in temperature in the region will be between 0,5o and 1,5oC. In the Project area, drought is the main climate threat and, from 2012 to 2018, the region has faced the most severe and prolonged drought in a hundred years, demonstrating the high vulnerability of the populations and their production systems to climate variability and hazards.</p>		
<p><b>Mitigations:</b></p> <p>i) This possible risk can be prevented or mitigated through measures focused on sustainable water management and access, mainly for human consumption, agricultural production, and the safety of children. The installation of small dams may help regulate the flow of rivers and recharge the water table. ii) IDB has conducted a climate change and disaster analysis that concluded that the drought and flood risk management plans to be financed by PSI will ensure adequate risk mitigation measures.</p>		
<p>Stakeholders</p>	<p>Moderate</p>	<p>Low</p>
<p>Stakeholder Engagement/Coordination</p>	<p>Low</p>	<p>Low</p>
<p><b>Risk:</b></p> <p>There is a low risk that the main players invited to be part of the Project show little interest or commitment toward the project's objectives and activities. Some civil society organizations represent different interests relevant to the Project - Movement of Landless Workers (MST), COOTAPI, and FETAG of Oeiras. The design team met their representatives as part of the consultation process for this Project's concept note. The objectives and approaches of the Project align with the interests of these organizations. Also, IDB, in line with its Environmental and Social Policy Framework (ESPF) has carried out a public consultation process.</p>	<p>Low</p>	<p>Low</p>
<p><b>Mitigations:</b></p>		



<p>SEPLAN coordinates the participation of interested sectorial institutions (SEMAR, SAF, EMATER, INTERPI, IDEPI) both during Project design and implementation. At the community level, the Project will implement a participatory process to develop Productive Adaptation Plans (PAP) and Business Plans (BP) to ensure the participation and representation of the needs and aspirations of the different groups in defining the specific supports to be offered by the Project. PSI will also establish continuous communication, awareness-raising, and coordination with the many partners at all levels (local, state, and federal) starting at the project design stage, and activities on visibility aimed at promoting and clarifying potential outcomes of project activities, both for target groups and partners involved in implementation.</p>		
<p>Stakeholder Grievances</p>	<p>Moderate</p>	<p>Low</p>
<p><b>Risk:</b></p> <p>Project implementation may entail the submission of complaints by several involved or impacted groups, thus affecting the continuity of activities and the established schedule.</p>	<p>Moderate</p>	<p>Low</p>
<p><b>Mitigations:</b></p> <p>The Project will incorporate a clear and effective mechanism for grievance/complaints redress, to be designed in a participatory way in line with IDB methodologies and guidelines (Mecanismo de Resolução de Queixas - MRQ). During the design, a public consultation was conducted with stakeholders. The procedure includes mechanisms to manifest the claim or complaint, response time, and resolution spheres. This mechanism shall be easily accessible to the population and have a speedy resolution, ensuring that submitted complaints are quickly reviewed and situations are mutually agreed upon in a satisfactory way for the parties involved.</p>		