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Investing in rural people

President's report on a proposed grant under the country-specific window to the Inter-American Institute for Cooperation on Agriculture for Building Capacities for Results-based Management and Scaling up of Innovations in Public Policies to Combat Rural Poverty in North-east Brazil

Note to Executive Board representatives

Focal points:

Technical questions:

Paolo Silveri  
Country Programme Manager  
Latin America and the Caribbean Division  
Tel.: +39 06 5459 2409  
e-mail: p.silveri@ifad.org

Leonardo Bichara Rocha  
Country Programme Officer  
e-mail: l.bichararocho@ifad.org

Dispatch of documentation:

William Skinner  
Chief  
Governing Bodies Office  
Tel.: +39 06 5459 2974  
e-mail: gb\_office@ifad.org

For: Approval

## Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed grant as contained in paragraph 27.

# President's report on a proposed grant under the country-specific window to the Inter-American Institute for Cooperation on Agriculture for Building Capacities for Results-based Management and Scaling up of Innovations in Public Policies to Combat Rural Poverty in North-east Brazil

## I. Background and compliance with IFAD Policy on Grant Financing

1. In spite of its status as a middle-income country and the progress made in reducing poverty, Brazil continues to have a large number of poor people and is characterized by great inequalities. There are still more than 18 million people living below the poverty line and more than 8 million live in extreme poverty. The north and north-east regions remain the poorest, where 5 million people live in extreme poverty, 46 per cent in rural areas. Territories with the highest rates of rural extreme poverty are predominantly in the north-east, in particular its western areas of Maranhão and the area between southern Piauí and north-western Bahia. The adverse economic context in 2014 and 2015, which is expected to last until 2017, may make it difficult to maintain the positive trend in reduction of poverty and inequality.
2. Although the federal government is the major financier of policies and programmes to combat rural poverty in Brazil, IFAD has a long-standing presence in operations in the semi-arid north-eastern states where rural poverty is concentrated. IFAD has carried out a number of successful interventions that have been well received by the states concerned (Bahia, Ceará, Paraíba, Piauí and Sergipe) and by the federal government (through the Dom Helder Câmara I and II projects in seven states of the north-east). IFAD's target group includes landless families and family farmers with limited land, where the soil is often less fertile and located far from the largest markets. Additional constraints are limited access to technical assistance and financial services. Traditional populations (indigenous peoples, extractivists<sup>1</sup> and afrodescendants [or quilombolas]) have the highest levels of poverty, and women and young people are the most vulnerable.
3. In the semi-arid north-east, where IFAD has concentrated its operations, although poor family farmers can benefit from several federal programmes, they frequently have difficulty accessing them due to lack of information, complicated procedures, insufficient technical assistance, and weak capacities of state and municipal governments, including in monitoring and evaluation (M&E).
4. For the past three years, with support from the Spanish Agency for International Development Cooperation, IFAD has financed the Knowledge Management in Semi-arid areas of North-east Brazil (SEMEAR) programme, implemented by the Inter-American Institute for Cooperation on Agriculture (IICA). SEMEAR works on capacity-building and knowledge exchanges among farmers at the local level, as well as exchanges of successful experiences and technologies that improved their

<sup>1</sup> Brazilian population groups that depend largely on the use of non-timber forest products (e.g. fruits, seeds, fibres and other plant parts) for their livelihoods.

resilience in the very harsh environment (convivência com o semiárido) being developed by the six ongoing IFAD projects. The programme also supported establishment of a Forum of State Secretaries for Family Farming in the north-east and Minas Gerais, which became an important platform for policy dialogue and institutional exchanges, both regionally and nationally.

5. In this context, the proposed grant programme, to be implemented by IICA, will focus on capacity-building in M&E, as well as on knowledge management (KM) and policy dialogue for state government agencies in the north-east region that deal with design and implementation of rural development policies and programmes.
6. Since mid-2011, IFAD has been working with IICA as the executing agency of the SEMEAR initiative. The continuation of IICA as executing agency presents the following advantages: (i) the positive experience of past and present cooperation between IFAD and IICA in Brazil; (ii) IICA's experience and networks with state and federal government in agriculture-related KM and policy dialogue activities; (iii) its physical presence and active cooperation in LAC countries; and (iv) its proven flexibility and agility in project management and implementation support.
7. The need for and relevance of implementing a cross-cutting programme to complement projects supported with loan operations is clearly indicated as a strategic orientation of the newly approved country strategic opportunities programme (COSOP) (2016-2021), in which the country strategy responds to both the 2015 ARRI and CPE recommendations to strengthen M&E systems and to enhance non-lending activities, such as knowledge management, South-South cooperation (SSC) and Rome-based agency cooperation. This orientation is also based on the following elements: (i) the positive impact of the SEMEAR programme – which will close at end-2016 – in disseminating rural development best practices through knowledge management in the semi-arid north-east; (ii) the IFAD country programme's need to receive operational strengthening for M&E, given the complexity of its scope, significant portfolio growth and expansion into new regions in the north-east region; (iii) the need to share IFAD and non-IFAD experience within and beyond Brazil for the scaling up of successful innovations in combating rural poverty; and (iv) the opportunity to leverage the experience of IFAD projects in public policy dialogue and SSC in a large middle-income country, which prioritizes both such areas, particularly policy engagement with family farming and SSC with Africa.
8. The new programme will also make an important contribution to strengthening and improving the quality of IFAD interventions in Brazil. IFAD projects will both serve as the main source of inputs for the new programme and be its primary beneficiaries, together with the states concerned, where solid and sustainable capacities will be built to enhance a culture of results-driven management also in public investments aimed at the creation of sustainable public goods.
9. Synergies are also foreseen with the Centro de Investigación y Docencia Económicas (CIDE) in Mexico, in the context of an IFAD global regional grant promoting a global certification framework for M&E in rural development. CIDE will implement the grant under the umbrella of the Centers for Learning on Evaluation and Results (CLEAR) Initiative.
10. The planned implementation period will coincide with the first half of the implementation period of the Brazil COSOP, when eight loan-funded projects will be under execution in the country's north-east region by 2017 – six already in operation and two in design.
11. The new programme will operate in one of the thematic areas prioritized for grants in 2016: improving results measurement with better-developed M&E systems. It is aligned with Thematic Cluster III of the 2016-2018 Medium-term Plan (MTP): Better results measurement through improved M&E systems, supporting impact

assessment initiatives, closing data gaps and strengthening country/regional capacities in collection and management of improved data on issues relevant to the IFAD mandate.

12. Moreover, two of the three components – knowledge management and communication on successful innovations in semi-arid zones, and public policy dialogue to promote the scaling up of innovations identified – clearly contribute directly to achieving the objectives set forth in the IFAD Strategic Framework 2016-2025: (i) increase poor rural people's productive capacities; (ii) increase poor rural people's market participation; and (iii) strengthen the environmental sustainability and climate change resilience of poor rural people's economic activities.

## II. The proposed programme

13. The overall goal of this initiative is to increase the impact and efficiency of programmes and policies combating rural poverty in the north-east of Brazil. Managed by Brazilian authorities, including through IFAD-funded projects, it will build institutional capacity among government agencies for monitoring and evaluating results.
14. The programme will be implemented over three years and will have the following components: component 1 - Design and strengthening of a countrywide integrated M&E system; component 2 - Knowledge management and communication; and component 3 - Public policy dialogue and SSC.
15. The programme will focus on IFAD interventions in the poorer rural areas of north-east Brazil. The target group comprises 17,800 people, including: 2,400 family farmers; 200 technicians; 100 public managers and authorities; 100 researchers and university staff, who will be the direct beneficiaries; and another 15,000 family farmers, technicians, public managers and authorities through the SSC component, who would access the programme products digitally.

## III. Expected outcomes/outputs

16. The programme is expected to have the following outcomes: (i) leave a legacy of a single, shared M&E system up and running for all IFAD projects in the country; (ii) generate sustainable public goods by involving state authorities in developing their own M&E systems, and contribute to building capacity among technical teams for carrying out M&E activities for public policy instruments addressed to family farmers – and among family farmers for self-assessment; (iii) disseminate quality information to family farmers in the states concerned on successful cases developed with support from IFAD projects and other public policy instruments; (iv) facilitate public policy dialogue among state authorities, the federal government, IFAD project directors, family farmers' and civil society organizations; and (v) identify and facilitate opportunities for effective SSC exchanges of knowledge among family farmers in Brazil with their peers in Latin America and the Caribbean (LAC) and Africa, and between project directors and policymakers within and beyond the MERCOSUR<sup>2</sup> region.

## IV. Implementation arrangements

17. The central focus of the work done by SEMEAR has been knowledge management and communication. While the new programme will provide continuity to this work, it will also broaden its scope: upstream, by building M&E capacities at the state level for data collection and analysis from rural development projects; and downstream, by integrating knowledge products into policy dialogue and SSC. As such, it will ensure that data gathering on project outputs and outcomes will be processed to identify successful experience for dissemination, replication and scaling up.

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<sup>2</sup> Common Market of the South (MERCOSUR).

18. For the impact assessment studies and M&E system to be developed under component 2, the programme will partner with the International Policy Centre for Inclusive Growth of the United Nations Development Programme (UNDP/IPC). For the KM component, the programme will develop an appropriate methodology with support from a specialized institution, the Centro Dom Jose Brandao de Castro. For component 3, the programme's main platform will be the Forum of State Secretaries for Family Farming in the north-east and Minas Gerais, which will serve as the regional hub for articulating public policies, using outputs of the programme's M&E and KM activities. Finally, at least four potential partners have been identified for various types of SSC beyond Brazil and/or beyond LAC, based on content, modalities, audience and geographical coverage: the Regional Programme for Rural Development Training (PROCASUR), FIDA MERCOSUR, Department for International Development (DFID) and World Food Programme (WFP).
19. The programme will be guided by a steering committee and managed by IICA through a programme management unit (PMU), whose coordinator will be selected through a competitive process.
20. The programme will be implemented in accordance with annual operating plans prepared by the PMU for approval by IFAD prior to preparing requests for disbursement for each year of the grant's duration.
21. In its capacity as grant recipient, IICA will be responsible for procurement and for overall financial management of grant funds.
22. IICA will receive grant funds from IFAD based on advances of up to 75 per cent of the approved annual workplans. Additional advances will be released based on the presentation of statements of expenditure justifying at least 75 per cent of the previous advance (and 100 per cent of any preceding advance).
23. There are no deviations from the standard procedures for financial reporting and audits.
24. The new programme will be under the direct supervision of IFAD. The Brazil Country Office will play a key role in monitoring implementation of the recommendations made by supervision missions.

## V. Indicative programme costs and financing

25. The programme will be financed by IFAD through a grant of US\$2,500,000 and by in-country contributions of about US\$1,000,000. The contribution of IICA will be US\$100,000 in kind. The programme will be complemented by cofinancing and/or in-kind contributions from the state governments of the north-east, to ensure local ownership and financial sustainability of capacity-building for M&E in local administrations. Complementarities, including cost-sharing or cofinancing, will be sought with partner programmes, such as PROCASUR and FIDA MERCOSUR, and with other development agencies with similar projects, modus operandi or development priorities, such as the World Bank, DFID or WFP, to generate synergies in knowledge exchange activities and SSC.
26. Programme details by financing source and activity are shown in table 1.

Table 1  
**Costs by component and financier**  
 (Thousands of United States dollars)

<i>Components</i>	<i>IFAD</i>	<i>Cofinancier</i>	<i>Total</i>
1. Design and strengthening of a countrywide integrated M&E system	286	60	346
2. KM and communication	944	300	1 244
3. Public policy dialogue and SSC	776	620	1 396
4. Programme management	494	-	494
<b>Total</b>	<b>2 500</b>	<b>980</b>	<b>3 480</b>

Table 2  
**Costs by expenditure category and financier**  
 (Thousands of United States dollars)

<i>Expenditure category</i>	<i>IFAD</i>	<i>Cofinancier</i>	<i>Total</i>
1. Salaries and allowances	342	100	442
2. Consultancies	450	100	550
3. Travel and allowances	382	100	482
4. Goods, services and inputs	400	160	560
5. Training and capacity-building	693	400	1 093
6. Workshops	48	120	168
<b>Subtotal</b>	<b>2 315</b>	<b>980</b>	<b>3 295</b>
7. Overhead/management fees	185	-	185
<b>Total</b>	<b>2 500</b>	<b>980</b>	<b>3 480</b>

## VI. Recommendation

27. I recommend that the Executive Board approve the proposed grant in terms of the following resolution:

RESOLVED: that the Fund, in order to finance, in part, Building Capacities for Results-based Management and Scaling up of Innovations in Public Policies to Combat Rural Poverty in North-east Brazil, shall provide a grant of two million five hundred thousand United States dollars (US\$2,500,000) to the Inter-American Institute for Cooperation on Agriculture for a duration of 36 months, upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Kanayo F. Nwanze  
 President

## Results-based logical framework

	Objectives hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
<b>Goal</b>	Reduce rural poverty among families benefiting from IFAD projects in Brazil and the Southern Cone.	<ul style="list-style-type: none"> <li>- Increase in productive capital of families benefiting from IFAD-supported projects</li> <li>- Improvement in incomes of families benefiting from IFAD-supported projects</li> </ul>	<ul style="list-style-type: none"> <li>- M&amp;E system for IFAD projects</li> <li>- RIMS reports for IFAD projects</li> <li>- Impact assessment studies</li> </ul>	
<b>Objectives</b>	<ol style="list-style-type: none"> <li>1) Design and strengthen systems to monitor and evaluate results and impact</li> <li>2) Build capacities within state governments and social organizations for M&amp;E, knowledge management, and implementation and formulation of policies to combat rural poverty</li> <li>3) Share, within Brazil and with other countries, knowledge of innovative practices in family farming under semi-arid conditions</li> <li>4) Promote policy dialogue within Brazil and with other countries with a view to scaling up</li> </ol>	<ul style="list-style-type: none"> <li>- 2,400 family farmers living in poverty participate in at least one programme activity, with a minimum of 50% women, 30% young people and 30% from Quilombola or indigenous communities</li> <li>- 200 technicians from IFAD projects in Brazil and technical teams from governments trained in M&amp;E and knowledge management under the new programme</li> <li>- 100 public managers and authorities participate regularly in activities under component 3</li> <li>- 100 researchers and university staff participate in at least one activity under the new programme</li> <li>- 15,000 family farmers, technicians, public managers and authorities are involved in South-South Cooperation and accessing new programme products digitally</li> </ul>	<ul style="list-style-type: none"> <li>- Activity reports for the new programme</li> <li>- M&amp;E system for IFAD projects</li> <li>- Activity reports for IFAD projects</li> <li>- RIMS report</li> <li>- Study and evaluation reports</li> <li>- State M&amp;E information systems</li> <li>- Activity reports of partner organizations</li> </ul>	<p>The institutional, financial and political environment allows for project implementation, public policy debate and the sharing and scaling up of knowledge produced</p> <p>Major public policies implemented in Brazil to combat rural poverty remain in place</p>
<b>Outputs</b>	<ol style="list-style-type: none"> <li>1) Single M&amp;E system for all IFAD projects up and running</li> <li>2) Technical capacities of states strengthened in M&amp;E</li> <li>3) Best practices, innovations and information on public policies are disseminated to family farmers</li> <li>4) Public policy dialogue takes place between the authorities, IFAD projects and organizations of beneficiaries and</li> </ol>	<ul style="list-style-type: none"> <li>- A shared system for all IFAD projects allows for physical and financial monitoring and evaluation of results and impact</li> <li>- State teams in at least six states have strengthened capacities and access to the M&amp;E system for IFAD projects</li> <li>- State monitoring systems in at least six states include data originating in IFAD</li> </ul>	<ul style="list-style-type: none"> <li>- Reports on exchanges and learning routes</li> <li>- Letters produced at Forums of Secretaries</li> <li>- Monthly performance reports on website and social media</li> </ul>	<ul style="list-style-type: none"> <li>- Counterpart resources allow for implementation of IFAD projects</li> <li>- Continuity exists in project implementation despite turnover in teams and public managers</li> <li>- Performance by IFAD projects meets projections and enables innovations and best practices to be identified</li> <li>- Organizations of beneficiaries and</li> </ul>

	Objectives hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
	<p>civil society</p> <p>5) Exchanges take place between Brazilian farmers and IFAD project leaders with their peers in Latin America and Africa</p>	<p>projects</p> <ul style="list-style-type: none"> <li>- 30 information leaflets and 30 videos on best practices are produced during the programme</li> </ul>		<p>civil society are interested and available to take part in the new programme</p> <ul style="list-style-type: none"> <li>- The entities expressing interest are able to contribute to the new programme</li> </ul>
<b>Key Activities</b>	<p><b>C1:</b> (1) Development and maintenance of the physical and financial monitoring information system for IFAD projects; (2) Conduct of impact assessments on IFAD projects closed and under implementation; (3) Workshops to train state teams in charge of M&amp;E</p> <p><b>C2:</b> (1) Participatory self-assessments done by young people; (2) Definition of methodology to identify best practices; (3) Analysis and systematization of best practices; (4) Dissemination of best practices in digital media, printed material and audiovisual media, in 3 languages</p> <p><b>C3:</b> (1) Meetings of the Forum of Secretaries, conduct of impact studies on public policies; (2) Presentations on studies and findings at meetings of citizenship territories; (3) Learning routes in Brazil and in other countries; (4) Organization of various kinds of exchanges, in Brazil and abroad, for family farmers, technicians and public managers</p>	<ul style="list-style-type: none"> <li>- 12 participatory self-assessments are produced during the programme on cases under IFAD projects, involving beneficiaries in the same proportion of women, young people and traditional communities</li> <li>- 12 systematizations are developed during the programme on successful cases of IFAD and non-IFAD intervention in the Northeast of Brazil</li> <li>- 6 impact studies are done during the programme on quality of life and increases in incomes following IFAD interventions in the Northeast of Brazil</li> <li>- At least 9 meetings of the Forum of Secretaries of Family Farming in the Northeast and Minas Gerais take place</li> <li>- Organizations of beneficiaries and civil society participate in at least 3 meetings of the Forum of Secretaries</li> <li>- At least one learning route in Brazil and one in another country of MERCOSUR or LAC takes place each year</li> </ul>		