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**Informe del Presidente**  
**Propuesta de préstamo**  
**República Federativa del Brasil**  
**Proyecto de Desarrollo Rural Sostenible en Paraíba**  
**(PROCASE II)**

N.º de identificación del proyecto: 2000004620

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**Para aprobación**

**Medida:** Se invita a la Junta Ejecutiva a que apruebe la recomendación que figura en el párrafo 63.

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**Preguntas técnicas:**

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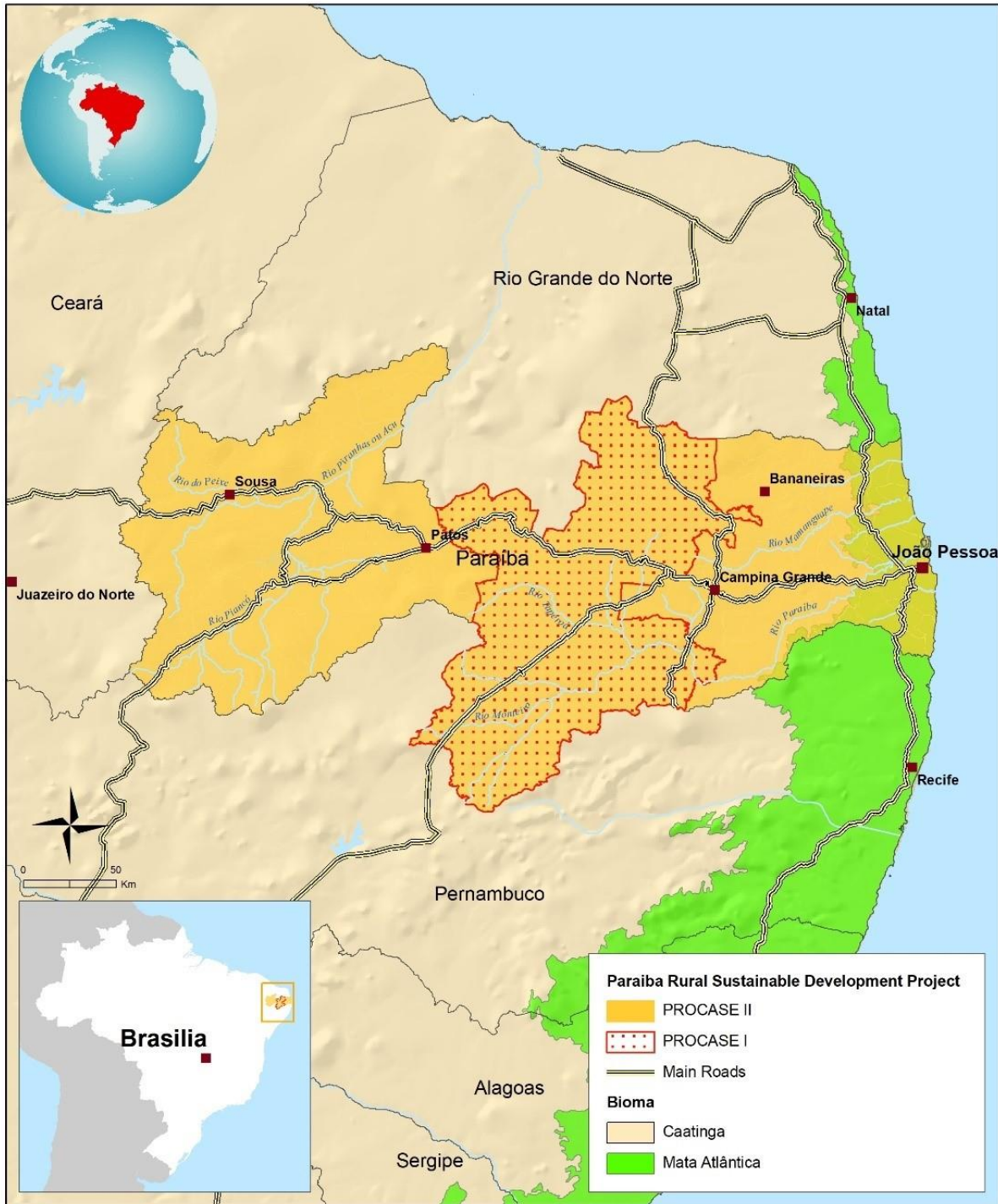
## Equipo encargado de la ejecución del proyecto

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|---|---------------------------------|
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| Director en el País:                    | Arnoud Hameleers                |
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| Especialista en Clima y Medio Ambiente: | Oliver Page                     |
| Oficial Jurídica:                       | Adriana Lucia Jauregui Zabalaga |

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## Mapa de la zona del proyecto



Las denominaciones empleadas y la forma en que aparecen presentados los datos en este mapa no suponen juicio alguno del FIDA respecto de la demarcación de las fronteras o límites que figuran en él ni acerca de las autoridades competentes.

Fuente: FIDA | 2-4-2024

## Resumen de la financiación

|  |  |
|--|--|
| <b>Institución iniciadora:</b>   | Banco Interamericano de Desarrollo   |
| <b>Prestatario:</b>  | Estado de Paraíba (República Federativa del Brasil)  |
| <b>Organismo de ejecución:</b>   | Secretaría de Agricultura Familiar y Desarrollo del Semiárido  |
| <b>Costo total del proyecto:</b>   | USD 105,0 millones   |
| <b>Monto del préstamo del FIDA (Mecanismo de Acceso a Recursos Ajenos (BRAM)):</b> | USD 10,0 millones  |
| <b>Condiciones del préstamo del FIDA:</b>  | Ordinarias, con un plazo de reembolso de 18 años y un período de gracia de 3 años, a una tasa de interés equivalente a la tasa de referencia del FIDA, más un diferencial variable |
| <b>Cofinanciador:</b>  | Banco Interamericano de Desarrollo   |
| <b>Monto de la cofinanciación:</b>   | USD 70 millones, en forma de préstamo  |
| <b>Contribución del prestatario:</b>   | USD 25 millones  |
| <b>Monto de la financiación del FIDA para el clima:</b>                            | USD 8,1 millones   |
| <b>Institución cooperante:</b>   | Banco Interamericano de Desarrollo   |

## I. Contexto

### A. Contexto nacional y justificación de la actuación del FIDA

#### Contexto nacional

1. Tras crecer un 2,9 % en 2023, el producto interno bruto (PIB) de la República Federativa del Brasil se situó en el primer trimestre de 2024 en el 1,9 % y se prevé que alcance el 2,4 % para finales de año. La inflación alcanzó en 2023 un valor máximo del 4,62 %, y se prevé que en 2024 se situó en el 3,8 %. El Gobierno ha introducido importantes reformas, ha aprobado un nuevo marco fiscal y está tramitando la aprobación de una reforma para la simplificación del sistema tributario. Ha puesto en marcha, además, un Programa de Aceleración del Crecimiento. No obstante, existen en el país desigualdades muy arraigadas y persistentes, en particular en la región nordeste.
2. En 2023, unos 60,4 millones de brasileños (el 28 % de la población) vivían en situación de pobreza, de los que 9,5 millones sufrían pobreza extrema (el 4,4 % de la población). Casi la mitad de la pobreza en el Brasil se concentra en la región nordeste del país. De 2022 a 2023, el número de brasileños que padecían inseguridad alimentaria grave disminuyó un 85 %, de 17,2 millones a 2,5 millones. No obstante, el mayor problema a este respecto continúa estando en la región nordeste, donde el 61,2 % de la población todavía padece algún grado de inseguridad alimentaria. Esta región es también una de las más vulnerables del país al cambio climático.
3. **Estado de Paraíba.** En 2022, Paraíba tenía 3,97 millones de habitantes (el 2 % de la población del Brasil), de los que el 24 % vivían en zonas rurales. En 2023, este estado aportaba el 0,9 % del PIB y el 0,34 % del PIB agrícola del país. El PIB per cápita de Paraíba representa el 45 % del PIB del Brasil, lo que lo sitúa en el penúltimo lugar de la clasificación nacional. El 80 % de la población percibe unos ingresos inferiores al salario mínimo; el 47,4 % vive en situación de pobreza y el 15,6 % padece pobreza extrema, y el 63,9 % sufre inseguridad alimentaria, con un 10,6 % en situación de inseguridad alimentaria grave.

#### Aspectos específicos relativos a las esferas transversales prioritarias del FIDA

4. En consonancia con los compromisos transversales asumidos por el FIDA, el Proyecto de Desarrollo Rural Sostenible en Paraíba (PROCASE II) ha recibido las clasificaciones que se detallan a continuación:
  - Incluye una perspectiva transformadora de género
  - Es sensible a la nutrición
  - Tiene en cuenta a la juventud
  - Prioriza las cuestiones relacionadas con los Pueblos Indígenas
  - Otorga prioridad a las personas con discapacidad
  - Tiene en cuenta la capacidad de adaptación
  - Abarca la financiación para el clima
5. **Perspectiva transformadora de género.** El proyecto creará nuevas oportunidades de ingresos para las mujeres, mediante planes de inversiones resilientes y planes de negocios, y aumentará su acceso a los recursos naturales y su grado de control de estos recursos. El proyecto utilizará metodologías de asistencia técnica y formación, en particular los cuadernos agroecológicos, para visibilizar las contribuciones de las mujeres, tanto económicas como en materia de seguridad alimentaria y nutricional. La carga de trabajo de las mujeres se reducirá mediante el uso de tecnologías sociales para el acceso al suministro de agua que

permiten ahorrar tiempo. Su participación en las actividades del proyecto se facilitará gracias a la prestación de servicios de atención infantil, la capacitación en liderazgo y la promoción de la participación de las mujeres en la toma de decisiones en los ámbitos comunitario o institucional. Se prevén actividades para difundir información sobre el modo de prevenir y abordar la violencia de género.

6. **Juventud.** El proyecto fomentará la participación de la juventud en la gestión sostenible de los recursos naturales; creará nuevos puestos de trabajo y oportunidades de generación de ingresos; reforzará las organizaciones juveniles; respaldará el poder de decisión de la gente joven del medio rural en los ámbitos comunitario, territorial y organizativo; aplicará el Programa de Jóvenes Comunicadores; seleccionará a jóvenes de las comunidades como agentes de desarrollo local para apoyar la aplicación de los planes de inversiones resilientes, y apoyará las redes de jóvenes de las zonas rurales.
7. **Nutrición.** Los principales ámbitos relacionados con la nutrición a los que contribuirá el proyecto son la mejora del acceso de los hogares al agua; la diversificación productiva mediante el apoyo a la producción agroecológica en el ámbito doméstico para aumentar la disponibilidad de alimentos nutritivos para las poblaciones más vulnerables; la atención al valor de la cultura alimentaria tradicional, y el fomento del uso de especies marginadas e infrautilizadas nutritivas. Asimismo, la educación relativa a la nutrición comprenderá, además de los aspectos básicos de la materia, prácticas vinculadas a la inocuidad de los alimentos, el saneamiento, la higiene y las prácticas de elaboración y conservación de alimentos que tengan en cuenta la nutrición.
8. **Financiación para el clima y fomento de la capacidad de adaptación.** Todos los componentes del proyecto contribuyen a la financiación para el clima. De conformidad con las metodologías que aplican los bancos multilaterales de desarrollo, se estima que el total de la financiación para el clima en este proyecto será de USD 8 131 000, esto es, el 81 % de la inversión del FIDA, de la cual USD 4 716 000 se destinarán a las actividades de adaptación al cambio climático y USD 3 415 000, a las actividades de mitigación de sus efectos.
9. **Pueblos Indígenas y comunidades tradicionales.** En la elaboración de planes de inversiones resilientes y de planes de negocios se tendrán en cuenta los aspectos sociales y culturales, los conocimientos tradicionales y los modos de vida. Las comunidades se verán beneficiadas por un mayor acceso al suministro de agua para uso doméstico y productivo, además de otras tecnologías sociales (p. ej., energía y saneamiento) con el objetivo de fortalecer sus medios de vida. El proyecto promoverá el otorgamiento de títulos de propiedad sobre la tierra para las comunidades quilombola y reforzará las organizaciones sociales de los pueblos tradicionales. También valorizará y difundirá los conocimientos tradicionales en materia de producción (sistemas agrícolas tradicionales) y nutrición.
10. **Personas con discapacidad.** En el proyecto se aplica un enfoque de doble vía para las personas con discapacidad. El proyecto se dirigirá a este grupo de forma directa, y buscará su participación significativa prestando atención a sus prioridades y fomentando su participación en la toma de decisiones sobre los planes de inversiones resilientes y planes de negocios. Las unidades de elaboración se adaptarán para garantizar la accesibilidad, y el proyecto fomentará innovaciones que redunden en la inclusividad para las personas con discapacidad de las actividades agrícolas. El plan de diversidad previsto en el marco del subcomponente 2.3 asigna recursos financieros específicos para actividades dirigidas exclusivamente a personas con discapacidad, como reuniones temáticas y formación basadas en la demanda. El proyecto aporta datos desglosados en función de la discapacidad de varios indicadores de la matriz de resultados.

### **Razones que justifican la intervención del FIDA**

11. El FIDA y el Banco Interamericano de Desarrollo (BID) firmaron un acuerdo de asociación en 1978 y están redactando un nuevo memorando de entendimiento. Esta será la tercera operación de préstamo cofinanciada por el BID y su tercer proyecto de tipo C en el Brasil. La asociación con el BID permite al FIDA responder a la solicitud del estado de Paraíba de ampliar la escala del exitoso Proyecto de Desarrollo Sostenible en Cariri y Seridó (PROCASE I), cuya calificación final global es de 5.
12. El proyecto ampliará el enfoque de desarrollo agrícola sostenible del FIDA, aplicado en la primera fase por medio de organizaciones rurales en los 56 municipios de la región semiárida, a todo el estado, para abarcar 223 municipios tanto en el bioma semiárido como en el de la pluviselva atlántica. Los resultados fundamentales previstos de la asociación son los siguientes: i) el uso de recursos adicionales para invertir en la población rural, la inclusión social y la sostenibilidad, aplicando las prioridades y la experiencia del FIDA; ii) la ampliación de la intervención y la base de conocimientos del FIDA; iii) el aumento del alcance de su labor; iv) la reducción de los costos administrativos del diseño y la supervisión; v) el aprovechamiento de los conocimientos y las experiencias complementarios del FIDA y el BID; vi) la consolidación de la labor del Fondo en materia de gestión de los conocimientos y cooperación Sur-Sur y triangular, y vii) la consolidación de la asociación del FIDA con el estado de Paraíba y el BID.

### **B. Enseñanzas extraídas**

13. **Preparación para la ejecución.** Es fundamental contar con un equipo experimentado para la rápida puesta en marcha del proyecto, en especial para la planificación, las adquisiciones y contrataciones y la preparación de los planes comunitarios. La conservación del personal básico de la Unidad de Gestión del Proyecto (UGP) y la incorporación de personal nuevo con conocimientos en otros ámbitos constituirá una base sólida para la ejecución del proyecto.
14. **Gestión de los conocimientos.** El estado de Paraíba agradece en gran medida el apoyo que presta el FIDA en materia de gestión de los conocimientos, en especial por medio de su asociación con instituciones como la Empresa Brasileña de Investigación Agropecuaria y el Instituto Nacional para la Región Semiárida (INSA).
15. **Cooperación Sur-Sur y triangular.** En el PROCASE I se ha reunido información sobre experiencias positivas, con la recepción de visitas técnicas de la Argentina, el Estado Plurinacional de Bolivia, Colombia y México en intercambios enmarcados en la cooperación Sur-Sur y triangular. Estas experiencias se han incorporado al PROCASE II.
16. **Seguimiento y evaluación (SyE).** Los datos empíricos sólidos son fundamentales para ilustrar la ejecución del proyecto y fundamentar intervenciones como las del FIDA. El diseño de la segunda fase se basó en la experiencia positiva con el sistema de SyE del estado y la información aportada por la evaluación del impacto del PROCASE I.
17. **Diálogo sobre políticas.** El diálogo constante del Fondo con las autoridades estatales y otros asociados, como las organizaciones no gubernamentales, ha fortalecido su relación con los responsables de formular las políticas y ha facilitado la incorporación a los programas públicos de numerosas innovaciones del PROCASE I, como el uso de cuadernos agroecológicos. Las innovaciones del PROCASE II también tendrán por objeto influir en las políticas públicas.

18. **Regularidad en la supervisión.** La oficina del FIDA en Salvador es fundamental para el diálogo sobre políticas y la supervisión del proyecto. Fue clave para determinar la necesidad del PROCASE II y su diseño en colaboración con el BID. El mantenimiento de un equipo de consultores esenciales ha garantizado una supervisión del proyecto coherente, confiable y basada en el contexto, lo que ha contribuido a la calidad en la participación y a la consecución de resultados y respuestas eficaces a las crisis.
19. **Asistencia técnica de ámbito local.** El PROCASE I ha contado con los conocimientos expertos de organizaciones de la sociedad civil locales para potenciar la capacidad de ejecución, en particular en el ámbito de la agroecología, un enfoque transformador en materia de género, y la inclusión de la juventud. Este enfoque es especialmente crucial para las zonas del proyecto nuevas, como la pluviselva atlántica.
20. **Acceso a los recursos hídricos y a las tecnologías sociales.** El PROCASE I puso de relieve la necesidad fundamental del acceso de las familias al agua limpia, especialmente en un contexto de cambio climático. Demostró la eficacia de tecnologías sociales como las cisternas, los digestores de biogás, las cocinas de bajo consumo de combustibles y los sistemas de reutilización de las aguas grises a efectos de la resiliencia al clima. En el PROCASE II se ampliarán estas soluciones y se introducirán nuevas tecnologías de saneamiento para reducir la degradación ambiental y mejorar la salud y la nutrición.
21. **Acceso a los mercados.** Las inversiones productivas deben complementarse con la comercialización, dado que en el proyecto se trabajará con productos que cuentan con cadenas de valor consolidadas, como la miel y los anacardos. La experiencia adquirida con el algodón orgánico y la asociación con el sector privado servirán de referencia para su expansión y reproducción.
22. **Agentes de desarrollo locales.** En el PROCASE I se contrató a jóvenes de las comunidades beneficiarias como agentes de desarrollo locales. Como parte del equipo del proyecto, estos agentes sustentaron la ejecución a nivel local al fortalecer las organizaciones y, al mismo tiempo, contribuir al sentido de apropiación, la participación y la confianza de las comunidades. Este modelo será mejorado y reproducido por el PROCASE II.
23. **Enfoque agroecológico.** El PROCASE II desarrollará el enfoque agroecológico del PROCASE I mediante la promoción de una estrategia holística que incluye la agrosilvicultura, la diversificación productiva, la restauración de los ecosistemas y el reciclaje eficiente para reducir la dependencia de insumos externos. El objetivo de estas prácticas es mitigar los efectos del cambio climático y proporcionar una mayor variedad de alimentos nutritivos.

## II. Descripción del proyecto

### A. Objetivos, zona geográfica de intervención y grupos objetivo

24. El **objetivo general** del proyecto es reducir los niveles de pobreza en las zonas rurales, mejorando la seguridad alimentaria y nutricional e incrementando la capacidad de adaptación al cambio climático de la población rural. Sus **objetivos específicos** son: i) impulsar la adopción de tecnologías agrícolas que contribuyan a la adaptación al cambio climático y la mitigación de sus efectos, ii) aumentar la inclusión productiva y social de los agricultores familiares, dando prioridad a las mujeres, la juventud, los pueblos y comunidades tradicionales y las personas con discapacidad, y iii) mejorar las condiciones ambientales de las comunidades rurales y su entorno.



25. El proyecto beneficiará directamente a 60 000 hogares en zonas rurales (unas 210 000 personas), el 50 % de los cuales serán hogares encabezados por mujeres; el 20 %, hogares encabezados por jóvenes; el 5 %, hogares de pueblos y comunidades tradicionales, y el 2 %, hogares de personas con discapacidad.
26. **Focalización geográfica.** El PROCASE II ampliará su cobertura a los 223 municipios de Paraíba (la primera fase abarcó 56 municipios), para atender mejor a las comunidades Indígenas de la zona costera y del bioma del bosque atlántico. Las intervenciones darán prioridad a ciertas comunidades aplicando los siguientes criterios técnicos: i) pobreza rural; ii) presencia de pueblos y comunidades tradicionales; iii) inseguridad alimentaria y malnutrición; iv) concentración de mujeres y jóvenes en las zonas rurales; v) acceso limitado al agua, y vi) evitar solapamientos con otros proyectos del FIDA, como el PROCASE I, el proyecto Sertão Vivo y el Proyecto de Resiliencia al Cambio Climático, Seguridad Alimentaria y Nutrición en el Noreste Semiárido del Brasil (Proyecto Dom Helder Câmara - Fase III).
27. **Focalización social.** La población objetivo está formada por los agricultores familiares y las poblaciones rurales que viven en situación de pobreza, dándose prioridad a las mujeres, la juventud, los pueblos y comunidades tradicionales, las personas con discapacidad y las personas LGBTQIAPN+ de las comunidades rurales prioritarias. Se utilizará una combinación de métodos de focalización directa y autofocalización para asegurar una participación sólida e inclusión social de los grupos objetivo. Las actividades específicas para cada grupo objetivo se complementarán con criterios de selección y cuotas claramente definidos, así como con el fomento de la capacidad y la sensibilización para garantizar la participación de los grupos más vulnerables.

## **B. Componentes, efectos directos y actividades**

### **28. Componente 1. Sistemas de producción resilientes para reducir la pobreza rural**

El objetivo de este componente es mejorar los ingresos, la seguridad alimentaria y la nutrición, adaptar los sistemas de producción al cambio climático y proteger la base de recursos naturales mediante la financiación de planes para impulsar la producción y la comercialización, restaurar las zonas con degradación ambiental y fortalecer las familias y la capacidad organizativa. Los planes de inversiones resilientes beneficiarán a grupos de comunidades rurales mediante la promoción de sistemas de policultivo y agroforestales para intensificar la producción agrícola y de biomasa y reducir la vulnerabilidad climática. También prestarán apoyo a unidades de producción animal adaptadas a los contextos locales. A través de los planes de negocios con organizaciones de productores (normalmente cooperativas), se financiarán inversiones estructurales en unidades de elaboración y asistencia técnica especializada para reforzar la capacidad de gestión y potenciar la agregación de valor, la comercialización y la adaptación al clima. Este componente también incluye incentivos para la innovación, como equipos, maquinaria, insumos, productos y utensilios adaptados a las necesidades de los agricultores familiares.

### **Componente 2. Fortalecimiento de las organizaciones, fomento de la capacidad y gestión de los conocimientos**

Este componente se centra en el fortalecimiento de las unidades de producción familiar mediante la asistencia técnica individual y colectiva y políticas públicas fundamentales para la agricultura familiar. Se prestará asistencia técnica para la elaboración y ejecución de planes de inversiones resilientes, y se ofrecerá además asistencia técnica especializada centrada en los planes de negocios y en el fortalecimiento de la capacidad de las organizaciones beneficiarias. Para mejorar la comercialización se crearán sistemas de garantía participativa, se organizarán ferias y se establecerán centros de comercialización. Este componente también

comprende planes específicos para promover la equidad de género y la inclusión social de la juventud, los pueblos y comunidades tradicionales, las personas LGBTQIAPN+ y las personas con discapacidad, así como la seguridad alimentaria y nutricional. Los agricultores recibirán servicios relacionados con los títulos de propiedad sobre la tierra y la regularización ambiental, lo que fomentará la seguridad de la tenencia de la tierra y la sostenibilidad de los medios de producción. Los conocimientos adquiridos se registrarán y difundirán mediante actividades de gestión de los conocimientos, publicaciones, intercambios y la cooperación Sur-Sur y triangular.

**Gestión del proyecto y SyE.** Engloba la financiación de equipos, las consultorías y otros gastos necesarios para: i) la gestión del proyecto; ii) el SyE; iii) la formación del personal de la (UGP), y iv) las auditorías del proyecto.

### C. Teoría del cambio

29. Si el proyecto ofrece asistencia técnica cualificada y asistencia técnica especializada, tecnologías resilientes al clima, inversiones productivas, planes de negocio y un mayor acceso a las políticas públicas, las organizaciones de productores y las familias de las zonas rurales mejorarán sus sistemas alimentarios y de producción y accederán a nuevos mercados, lo que aumentará la resiliencia, la seguridad alimentaria y los ingresos de los agricultores, reduciendo así las desigualdades del grupo objetivo con respecto al resto de la población. El proyecto ampliará la escala de las iniciativas que den buenos resultados y de las soluciones innovadoras mediante la gestión de los conocimientos, la cooperación Sur-Sur y triangular y el diálogo sobre políticas.
30. En el marco del proyecto se trabajará en dos vías de desarrollo interconectadas para lograr los objetivos. Mediante el **componente 1**, las familias y comunidades de las zonas rurales mejorarán sus sistemas alimentarios y de producción, accederán a nuevos mercados e impulsarán las ventas con soluciones sostenibles, adaptadas y resilientes al clima. Estos resultados se lograrán mediante i) planes de inversiones resilientes centrados en las organizaciones comunitarias de agricultores para diversificar los sistemas de producción y hacerlos más resilientes para posibilitar la producción de alimentos nutritivos con una gestión sostenible de los recursos naturales orientada a la intensificación de la producción y el aumento de los ingresos; ii) tecnologías sociales a nivel doméstico para la captación y el almacenamiento de agua de lluvia y la instalación de infraestructuras de saneamiento en los hogares; iii) innovaciones en maquinaria, insumos, productos y utensilios desarrollados o adaptados para satisfacer las demandas y necesidades de los agricultores familiares, y iv) planes de negocios centrados en las organizaciones económicas de los agricultores (principalmente cooperativas), que promuevan mejoras o adaptaciones de las pequeñas unidades de elaboración para diversificar la producción y aumentar el acceso a los mercados.
31. El **componente 2** aumentará la capacidad de las familias de las zonas rurales, en particular de los grupos objetivo, y de sus organizaciones, fomentará su adopción de prácticas resilientes al clima y mejorará su acceso a títulos de propiedad sobre la tierra, así como a la regularización ambiental y a otras políticas públicas, mediante i) el fomento de la capacidad de los equipos de asistencia técnica para promover sistemas de producción agroecológicos adaptados al cambio climático que fomenten la seguridad alimentaria con niveles altos de agrobiodiversidad; ii) la prestación de asistencia técnica y asistencia técnica especializada aplicando metodologías participativas que respondan a las necesidades específicas de los grupos objetivo, valorando la sociobiodiversidad, las innovaciones adaptadas y el uso de tecnologías sociales para la gestión del agua en los hogares y el acceso a los mercados; iii) el fomento del empoderamiento transversal de los grupos objetivo por medio de actividades de formación y sensibilización y de sesiones de información e intercambios; iv) el apoyo al otorgamiento de títulos de propiedad

sobre la tierra y la regularización ambiental; v) el fomento de la capacidad en materia de acceso a las políticas públicas, y vi) la elaboración de materiales de gestión de los conocimientos y la realización de actividades para ampliar el intercambio de conocimientos en los países del Sur Global.

32. Un enfoque territorial participativo, combinado con una asistencia técnica adaptada a los grupos objetivo, será la base para lograr un impacto más significativo y permitir una mayor restauración de los recursos naturales y los servicios ecosistémicos, lo que, a su vez, contribuirá a una producción agroecológica diversificada y productiva, mejorando la nutrición e impulsando el empoderamiento de las familias de los beneficiarios.

#### **D. Armonización, sentido de apropiación y asociaciones**

33. Los objetivos del proyecto se ajustan al principio de la Agenda 2030 de no dejar a nadie atrás y, en particular, a los siguientes Objetivos de Desarrollo Sostenible (ODS): 1 (fin de la pobreza), 2 (hambre cero y agricultura sostenible), 4 (educación de calidad), 5 (igualdad de género), 6 (agua limpia y saneamiento), 10 (reducción de las desigualdades), 12 (producción y consumo responsables), 13 (acción por el clima) y 15 (vida de ecosistemas terrestres). El proyecto está en estrecha consonancia con el Decenio de las Naciones Unidas de la Agricultura Familiar (2019-2028) y el Marco de Cooperación de las Naciones Unidas para el Desarrollo Sostenible (MCNUDS) para 2023-2027.
34. El proyecto contribuirá a todos los temas transversales de la Decimotercera Reposición de los Recursos del FIDA (FIDA13) y a los objetivos estratégicos del Marco Estratégico del FIDA (2016-2025): aumento de la producción, participación en el mercado y resiliencia. También contribuirá a los objetivos estratégicos del programa sobre oportunidades estratégicas nacionales (COSOP) relativo al Brasil para el período 2024-2029, a saber: i) mejorar la producción agrícola sostenible, la seguridad alimentaria, la nutrición y el acceso a los mercados, con énfasis en la sostenibilidad ambiental y la protección de los bienes públicos mundiales; ii) fortalecer las políticas y los programas públicos mediante la revisión sustentada en datos empíricos y la ampliación de escala de las mejores prácticas, y iii) fortalecer la capacidad de las instituciones gubernamentales y las organizaciones de la población rural pobre para impulsar el desarrollo rural inclusivo y sostenible.
35. El proyecto es coherente con el Plan Plurianual de Paraíba para 2020-2023 y con varias políticas y programas nacionales para el desarrollo rural sostenible, a saber: la contribución determinada a nivel nacional, la Estrategia Nacional de Adaptación y el Plan Nacional de Adaptación al Cambio Climático, el Plan Nacional de Seguridad Hídrica, el Programa Nacional de Saneamiento Rural, la Política Nacional de Asistencia Técnica y Extensión Rural para la Agricultura Familiar y de Reforma Agraria, el Programa de Adquisición de Alimentos, el Programa Nacional de Alimentación Escolar y el programa de crédito rural para la agricultura familiar. También es coherente con la Política Nacional de Desarrollo Sostenible de los Pueblos y las Comunidades Tradicionales, el Plan Nacional de Promoción de la Ciudadanía y los Derechos Humanos de las Personas LGBTQIAPN+ y la Política Nacional de Agroecología y Producción Orgánica, elaborados con el apoyo del FIDA.

#### **E. Costos, beneficios y financiación**

##### **Costos del proyecto**

36. El costo total del proyecto será de USD 105 millones, de los cuales USD 70 millones (el 66,7 %) se financiarán con un préstamo del BID, USD 10 millones (el 9,5 %), con un préstamo del FIDA y USD 25 millones (el 23,8 %), mediante la contribución de contrapartida del estado de Paraíba. Además, los beneficiarios aportarán alrededor de USD 10 millones, monto que, de conformidad con la práctica estándar del BID, no se ha incluido en el total de costos, pero que quedará sujeto a seguimiento por parte de la UGP y del cual el FIDA dará cuenta durante las

supervisiones. El Gobierno Federal proporcionará su garantía soberana para la operación, lo que constituirá una condición previa para la entrada en vigor del proyecto.

37. El proyecto será financiado de forma proporcional por el FIDA, el BID y el estado de Paraíba en todos los componentes, con plena participación y visibilidad del Fondo. La financiación de contrapartida del estado de Paraíba será en efectivo. La financiación del FIDA y del BID será neta de impuestos, que se incluirán en la financiación de contrapartida.

Cuadro 1

**Costos del proyecto, desglosados por componente y entidad financiadora**

(en miles de dólares de los Estados Unidos)

| Componente   | Estado de Paraíba |             | Préstamo del FIDA |            | Préstamo del BID |             | Total          |            |
|--|-------------------|-------------|-------------------|------------|------------------|-------------|----------------|------------|
|  | Monto             | %           | Monto             | %          | Monto            | %           | Monto          | %          |
| 1. Sistemas de producción resilientes para reducir la pobreza rural                              | 15 100            | 60,4        | 6 040             | 60,4       | 42 280           | 60,4        | 63 420         | 60,4       |
| 2. Fortalecimiento de las organizaciones, fomento de la capacidad y gestión de los conocimientos | 7 450             | 29,8        | 2 980             | 29,8       | 20 870           | 29,8        | 31 300         | 29,8       |
| Gestión del proyecto y SyE   | 2 450             | 9,8         | 980               | 9,8        | 6 850            | 9,8         | 10 280         | 9,8        |
| <b>Total</b>   | <b>25 000</b>     | <b>23,8</b> | <b>10 000</b>     | <b>9,5</b> | <b>70 000</b>    | <b>66,7</b> | <b>105 000</b> | <b>100</b> |

Cuadro 2

**Costos del proyecto, desglosados por componente y año del proyecto**

(en miles de dólares de los Estados Unidos)

| Componente   | Primer año   | Segundo año  | Tercer año    | Cuarto año    | Quinto año    | Sexto año     | Total          |
|--|--------------|--------------|---------------|---------------|---------------|---------------|----------------|
|  | Monto        | Monto        | Monto         | Monto         | Monto         | Monto         | Monto          |
| 1. Sistemas de producción resilientes para reducir la pobreza rural                              | -            | 40           | 9 241         | 21 647        | 23 057        | 9 424         | 63 420         |
| 2. Fortalecimiento de las organizaciones, fomento de la capacidad y gestión de los conocimientos | 213          | 4 347        | 10 769        | 12 657        | 1 919         | 1 397         | 31 301         |
| Gestión del proyecto y SyE   | 2 037        | 1 163        | 1 610         | 1 948         | 1 663         | 1 858         | 10 280         |
| <b>Total</b>   | <b>2 250</b> | <b>5 550</b> | <b>21 620</b> | <b>36 252</b> | <b>26 650</b> | <b>12 680</b> | <b>105 000</b> |

**Estrategia y plan de financiación y cofinanciación**

38. Conforme a las políticas del BID, el cuadro de asignaciones está desglosado por componente. A fin de simplificar las disposiciones para la ejecución, el control de los presupuestos y los requisitos de presentación de información financiera, el cuadro de asignaciones que figura en el convenio de financiación del FIDA se desglosará por componente y no por categoría. Por lo tanto, no se incluye el cuadro sobre los costos del proyecto desglosados por categoría de gasto y entidad financiadora.

**Desembolsos**

39. El estado de Paraíba abrirá una cuenta designada en dólares de los Estados Unidos, que se utilizará exclusivamente para los recursos del FIDA. Los fondos se transferirán en la moneda local de la cuenta designada a las cuentas operacionales del estado de Paraíba. En el caso de los componentes cofinanciados por el BID y el FIDA se aplicará la cláusula *pari passu*.

40. Para presentar las justificaciones de gastos y las solicitudes de desembolso el proyecto utilizará modelos y procedimientos del BID coherentes con los procedimientos del FIDA. Las solicitudes de retiro de fondos (justificaciones de gastos y solicitudes de desembolso de adelantos) se presentarán al BID, que las examinará para comprobar que se ajusten al convenio de financiación del FIDA y confirmará al Fondo el cumplimiento de las condiciones de desembolso antes de que se efectúe el pago. El proyecto presentará, a través del Portal de los Clientes del FIDA, los formularios de información del BID, que el FIDA aceptará como equivalentes a los informes financieros provisionales.

#### **Resumen de los beneficios y análisis económico**

41. El análisis de la relación costo-beneficio evalúa los beneficios del préstamo, como el aumento de los ingresos agrícolas, la reducción de los costos y las ventajas vinculadas a la mejora de los servicios ambientales. Los resultados confirman la viabilidad económica del proyecto, con un valor actual neto de USD 52,5 millones y una tasa interna de rendimiento del 26,6 % en un plazo de 20 años.

#### **Estrategia de salida y sostenibilidad**

42. Como parte de la gestión del proyecto se aplicará una estrategia de salida, con un presupuesto específico (USD 200 000), para garantizar la sostenibilidad de las intervenciones en los ámbitos del estado, las comunidades y los hogares. Contribuirán a la sostenibilidad los factores siguientes: i) el programa de capacitación intensiva para los beneficiarios y los equipos de asistencia técnica; ii) la difusión de prácticas agroecológicas y el mayor acceso a los mercados; iii) las asociaciones con las secretarías y con entidades gubernamentales, la sociedad civil y organizaciones de productores; iv) actividades relativas a los títulos de propiedad sobre la tierra, que serán cruciales para garantizar la sostenibilidad de las actividades productivas y ambientales del proyecto; v) la elaboración de planes de inversiones resilientes con un enfoque ambiental específico y recursos asignados a este fin, y vi) la divulgación de experiencias por medio de actividades de gestión de los conocimientos y cooperación Sur-Sur y triangular.

### **III. Gestión de riesgos**

#### **A. Riesgos y medidas de mitigación**

43. La matriz integrada de los riesgos del proyecto se elaboró aplicando las directrices del FIDA. El riesgo inherente general del proyecto se considera moderado, al igual que el riesgo residual.

Cuadro 3

#### **Calificación general de los riesgos**

| <i>Esferas de riesgo</i>                                | <i>Calificación del riesgo inherente</i> | <i>Calificación del riesgo residual</i> |
|---|--|---|
| Contexto nacional                                       | Moderado                                 | Moderado                                |
| Políticas y estrategias sectoriales                     | Bajo                                     | Bajo                                    |
| Medio ambiente y clima                                  | Considerable                             | Considerable                            |
| Alcance del proyecto                                    | Moderado                                 | Moderado                                |
| Capacidad institucional de ejecución y sostenibilidad   | Considerable                             | Considerable                            |
| Gestión financiera                                      | Considerable                             | Moderado                                |
| Adquisiciones y contrataciones en el marco del proyecto | Moderado                                 | Moderado                                |
| Impacto ambiental, social y climático                   | Considerable                             | Moderado                                |
| Partes interesadas                                      | Moderado                                 | Moderado                                |
| <b>Riesgo general</b>                                   | Moderado                                 | Moderado                                |

44. El riesgo residual de la gestión financiera se considera moderado, siendo los riesgos principales los siguientes: i) el riesgo de retrasos en la ejecución si no se contrata de manera oportuna a los miembros del personal de la UGP encargados

específicamente del ámbito financiero; ii) la asignación de un margen de maniobra fiscal insuficiente o retrasos en el desembolso de fondos del Gobierno, con repercusión en la ejecución del proyecto, y iii) la presentación por las organizaciones o cooperativas de productores de informes sobre la utilización de los fondos de los planes de inversiones y de negocios con retraso o con calidad deficiente. Habrán de aplicarse las siguientes medidas de mitigación: i) la contratación y nombramiento del personal financiero fundamental como condición para el primer desembolso contemplado en el convenio de financiación; ii) la presentación oportuna por la Secretaría de Agricultura Familiar y Desarrollo del Semiárido de la solicitud de margen de maniobra fiscal y fondos de contrapartida, con la ayuda complementaria que aporta la coordinación permanente con la Secretaría de Hacienda (SEFAZ), y iii) el establecimiento en el manual de ejecución del proyecto (o *Reglamento Operacional do Projeto*, según la terminología del BID) y los acuerdos firmados con las organizaciones y cooperativas de productores de procedimientos claros para la presentación de informes sobre la utilización de los fondos transferidos en el marco de los planes de inversiones y de negocios.

## **B. Categoría ambiental y social**

45. En el análisis comparativo realizado por el FIDA se confirmó que se cumplirán los compromisos derivados de los Procedimientos del FIDA para la Evaluación Social, Ambiental y Climática (SECAP) aplicando el Marco de Política Ambiental y Social del BID. Se ha asignado al proyecto la **categoría B** con arreglo al Marco de Política Ambiental y Social del BID porque las actividades previstas podrían, en potencia, producir efectos ambientales o sociales perjudiciales, principalmente de carácter local y a corto plazo, que son reversibles y cuentan con medidas de mitigación efectivas conocidas y fácilmente disponibles. Se garantizará un seguimiento y una verificación adecuados del cumplimiento de las salvaguardias durante el transcurso del proyecto.

## **C. Clasificación del riesgo climático**

46. El riesgo climático de la operación se ha clasificado como **considerable** debido a i) la vulnerabilidad de la población objetivo y su exposición a los efectos de la variabilidad climática; ii) el acceso todavía limitado de la población objetivo del proyecto a las políticas y los instrumentos que pueden reducir esta vulnerabilidad, y iii) el peligro de que fenómenos climáticos o meteorológicos extremos afecten negativamente a las inversiones del proyecto. Se han determinado las medidas para mitigar estos riesgos, y el proyecto incluye una evaluación específica de la adaptación.

## **D. Sostenibilidad de la deuda**

47. En 2023, la deuda del estado de Paraíba se clasificó en la categoría "A" en relación con su capacidad de pago, la categoría más alta contemplada por la Tesorería Nacional. En 2023, por tercer año consecutivo, el estado de Paraíba también recibió una calificación AA+ de Standard & Poor's Global Ratings.

# **IV. Ejecución**

## **A. Marco organizativo**

### **Gestión y coordinación del proyecto**

48. La Secretaría de Agricultura Familiar y Desarrollo del Semiárido del estado de Paraíba será el organismo de ejecución encargado de la gestión y coordinación de los aspectos técnicos y fiduciarios del proyecto. Establecerá una UGP en el seno de su estructura y tiene amplia experiencia en proyectos desarrollados con financiación internacional, en particular un proyecto anterior del FIDA. La Empresa de Investigación, Extensión Rural y Regularización de Tierras de Paraíba (EMPAER) actuará como organismo de ejecución secundario responsable de las actividades de regularización de tierras.

### **Gestión financiera, adquisiciones y contrataciones, y gobernanza**

49. **Gestión financiera.** El equipo financiero de la UGP establecida por la Secretaría de Agricultura Familiar y Desarrollo del Semiárido se encargará de la gestión financiera del proyecto. El BID será nombrado institución cooperante y será responsable de gestionar y supervisar la ejecución de la financiación del FIDA, en virtud de un acuerdo de cooperación entre el Fondo y el BID. Este acuerdo incluye disposiciones de supervisión (es decir, misiones, informes financieros y auditorías) similares a las del Proyecto de Desarrollo Inclusivo y Sostenible de Piauí y el Proyecto Parceiros da Mata, también cofinanciados con el BID. El FIDA aceptará las políticas y procedimientos financieros del BID, que se ajustan a los requisitos fiduciarios del Fondo. De conformidad con sus Condiciones Generales para la Financiación del Desarrollo Agrícola, el FIDA exigirá la conservación de los registros relativos a la ejecución durante al menos 10 años, mientras que el BID establece el requisito de su conservación durante 3 años.
50. **Financiación retroactiva.** El FIDA reconocerá los gastos efectuados por el gobierno de Paraíba después del 13 de septiembre de 2024, fecha de la aprobación del Grupo de Garantía de Calidad, como financiación de contrapartida para las actividades relacionadas con los servicios de consultoría para los estudios y diagnósticos, el personal y las prestaciones de la UGP y los costos de funcionamiento necesarios, incluida la compra de equipo informático.
51. **Auditoría externa.** El proyecto presentará estados financieros auditados preparados con arreglo a marcos de información con fines específicos y armonizados con las Normas Internacionales de Contabilidad del Sector Público (IPSAS). Serán auditados por el Tribunal de Cuentas del estado de Paraíba, aplicando las normas internacionales de auditoría. El BID presentará los estados financieros auditados al FIDA dentro de los seis meses posteriores al cierre de cada ejercicio económico.
52. **Manual de ejecución del proyecto.** En el manual de ejecución del proyecto, o *Reglamento Operacional do Projeto*, se detallan las disposiciones en materia de gestión financiera, adquisiciones y contrataciones y gobernanza, que se basan en la Guía de Gestión Financiera para Proyectos Financiados por el BID (OP-273-12), las Políticas para la Adquisición de Bienes y Obras Financiadas por el Banco Interamericano de Desarrollo (GN-2349-15) y las Políticas para la Selección y Contratación de Consultores Financiados por el Banco Interamericano de Desarrollo (GN-2350-15). También se aprovechará la experiencia adquirida durante la ejecución del PROCASE I financiado por el FIDA.
53. Según el análisis comparativo de las directrices y los procedimientos del BID, este empleará los siguientes procedimientos del FIDA: i) la autocertificación de los contratistas y consultores en todos los documentos de licitación y contratos, de conformidad con la Política del FIDA en materia de Prevención del Fraude y la Corrupción en sus Actividades y Operaciones y su Política sobre Prevención y Respuesta frente al Acoso Sexual y la Explotación y los Abusos Sexuales, y ii) el uso de la herramienta de seguimiento de los contratos del Fondo, para registrar los contratos firmados y actualizar su estado.

### **Participación y observaciones del grupo objetivo y resolución de reclamaciones**

54. El diseño del proyecto incluye consultas públicas exhaustivas con múltiples partes interesadas, personas de las comunidades que podrían ser beneficiarios del proyecto y posibles asociados en la ejecución, como organizaciones sociales y secretarías estatales, por ejemplo la Secretaría de la Mujer y la Diversidad Humana.

### **Resolución de reclamaciones**

55. En consonancia con el Marco de Política Ambiental y Social del BID, se establecerá durante las consultas y se mantendrá durante la ejecución del proyecto un mecanismo específico de resolución de reclamaciones.

### **B. Planificación, seguimiento y evaluación, aprendizaje, gestión de los conocimientos y comunicación**

56. El sistema de planificación y SyE del proyecto se ajusta a su marco lógico, el cual incluye varios indicadores básicos del Fondo, lo que garantiza la coherencia con los criterios para la incorporación de los temas transversales del FIDA, como son: i) el alcance desglosado; ii) el número total de personas con nuevas oportunidades empresariales y laborales; iii) el porcentaje de mujeres que declaran tener una diversidad alimentaria mínima; iv) las toneladas de equivalentes de CO2 evitadas o secuestradas, y v) el indicador de empoderamiento del FIDA. En el marco del proyecto se realizarán estudios de referencia, de mitad de período y sobre el impacto.

### **Innovación y ampliación de escala**

57. En el PROCASE II se ampliará la escala de las intervenciones con resultados satisfactorios en la primera fase y se introducirán innovaciones como i) la ampliación de la focalización geográfica para incluir un nuevo bioma: la pluviselva atlántica; ii) la ampliación de los objetivos de transversalidad para incluir el carácter transformador en materia de género, la atención a la nutrición y a la juventud, la prioridad a las personas con discapacidad y los Pueblos Indígenas; iii) el incremento de las soluciones basadas en tecnologías sociales para acceder al agua, el saneamiento y las energías sostenibles; iv) un mayor énfasis en la gestión de los conocimientos, la cooperación Sur-Sur y triangular y el diálogo sobre políticas, y v) la inclusión del otorgamiento de títulos de propiedad sobre la tierra y la regularización ambiental.

### **C. Planes para la ejecución**

#### **Preparación para la ejecución y planes para la puesta en marcha**

58. El PROCASE I aumentó sustancialmente la preparación del estado de Paraíba para la ejecución del PROCASE II, lo que facilita una puesta en marcha sin contratiempos y rápida del proyecto. El BID y el FIDA realizarán una misión de puesta en marcha, en apoyo del proyecto, a petición del gobierno del estado de Paraíba, una vez que se haya establecido la UGP.

#### **Supervisión, examen de mitad de período y planes de finalización**

59. El FIDA dará participación al BID como institución cooperante del proyecto por medio de un acuerdo de cooperación entre ambas instituciones en virtud del cual el BID coordinará la supervisión y otras misiones con el FIDA. La participación directa del FIDA en las misiones de supervisión, examen de mitad de período y finalización abarcará temas basados en las necesidades del proyecto, en coordinación con el BID, y podrá centrarse en la focalización, los temas transversales del Fondo, el desarrollo rural, el SyE, la gestión de los conocimientos y la cooperación Sur-Sur y triangular, entre otras cuestiones técnicas.

### **V. Instrumentos jurídicos y facultades**

60. Un convenio de financiación entre la República Federativa del Brasil y el FIDA constituye el instrumento jurídico para la concesión de la financiación propuesta al prestatario. Se adjunta una copia del convenio de financiación negociado como apéndice I.
61. El estado de Paraíba está facultado por su legislación para recibir financiación del FIDA.



62. Me consta que la financiación propuesta se ajusta a lo dispuesto en el Convenio Constitutivo del FIDA y en las Políticas y Criterios en materia de Financiación del Fondo.

## **VI. Recomendación**

63. Recomiendo a la Junta Ejecutiva que apruebe la financiación propuesta con arreglo a lo dispuesto en los términos de la resolución siguiente:

RESUELVE: que el Fondo conceda un préstamo en condiciones ordinarias al estado de Paraíba con garantía soberana de la República Federativa del Brasil por un monto de diez millones de dólares de los Estados Unidos (USD 10 000 000), conforme a unos términos y condiciones que se ajusten sustancialmente a los presentados en este informe.

Álvaro Lario  
Presidente

## **Negotiated financing agreement: "Paraíba Rural Sustainable Development Project (PROCASE II)"**

(Negotiations concluded on 11 November 2024)

Loan No:

Project Name: Paraíba Rural Sustainable Development Project (PROCASE II) (Projeto de Desenvolvimento Rural Sustentável da Paraíba) ("the Project")

State of Paraíba - Federative Republic of Brazil (the "Borrower")

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 seventy million United States dollars (USD 70,000,000) 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 2022, 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 "BRAM 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 BRAM Loan is ten million United States dollars (USD 10 000 000).
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 that 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 Paraiba in a bank selected by the Borrower.
8. The Borrower shall provide counterpart financing for the Project in the amount of twenty-five million United States dollars (USD 25 000 000), which shall include the payment of taxes and duties and of which three million one hundred twenty-five thousand United States dollars (USD 3 125 000) is considered as counterpart funding towards the IFAD Loan.

**Section C**

1. The Lead Project Agency shall be the Secretariat of Family Agriculture and Semi-arid Development (SEAFDS) or its successor with the same attributions and legal competencies, subject to prior approval by the Fund for the purposes of the Project.
2. A Mid-Term Review 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 of the implementation of the Project.
3. 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.

**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), or Regulamento Operacional do Projeto (ROP) in IDB terminology, and/or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior

agreement of the Fund 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 conditions precedent to withdrawal:
  - (a) The Guarantee Agreement shall have been duly signed, and the signature thereof by the Guarantor shall have been duly authorized by all necessary administrative and governmental authorities;
  - (b) The approval of the PIM/ROP shall have been confirmed in writing by IDB;
  - (c) The Project Designated Account and the operational accounts shall have been opened;
  - (d) The Project Management Unit (PMU) shall have been established within the SEAFDS and the following key members appointed: i) State Coordinator, ii) Technical Coordinator; iii) Finance and Administrative Coordinator; iv) Monitoring and Evaluation Specialist; and v) Procurement Specialist;
  - (e) A subsidiary execution agreement between the SEAFDS of the State of Paraíba and The Rural Extension, Research, and Land Regularization State Agency (EMPAER) shall have been signed.
  - (f) The IDB Loan Agreement shall have entered into full force and effect.
  - (g) 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.
3. The following provisions of the General Conditions shall be interpreted to read as follows:
  - 3.1 Section 7.05 of the General Conditions: Procurement of goods, works and services financed by the Financing shall be carried out 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.
  - 3.2 Section 7.06 of the General Conditions: The Environmental and Social Policy Framework (ESPF) and the Access to Information Policy (OP-102) of IDB, as amended from time to time, shall apply to this Agreement.
  - 3.3 Section 5.02 c), d), and e) of the General Conditions shall not apply to this Agreement.
  - 3.4. Section 4.07 of the General Conditions shall be interpreted as per Section 2 (b) on Retroactive Financing provided in Annex 2 hereto.
4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower:

Estado da Paraíba  
Av. João da Mata, S/N - Jaguaribe  
João Pessoa - Paraíba - CEP.: 58015-020

E-mail: cg@sefaz365.pb.gov.br

Copy to:

Secretaria do Planejamento, Orçamento e Gestão (SEPLAG)  
Av. João da Mata, S/N - Jaguaribe  
João Pessoa - Paraíba - CEP.: 58015-020  
E-mail: gabinete@seplag.pb.gov.br

For the Lead Project Agency:

Secretaria da Agricultura Familiar e Desenvolvimento do Semiárido (SEAFDS)  
Avenida Rio Grande do Sul, nº 1345 - 16º andar  
João Pessoa - Paraíba - CEP.: 58030-020

E-mail: [agriculturafamiliar@seafds.pb.gov.br](mailto:agriculturafamiliar@seafds.pb.gov.br)  
[coordenadorestadual@procase.pb.gov.br](mailto:coordenadorestadual@procase.pb.gov.br)

For the Fund:

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

5. The Parties commit to share with the Secretaria de Assuntos Internacionais e Desenvolvimento do Ministério do Planejamento e Orçamento (SEAID) copies of all communication related to this Agreement.

The Parties accept the validity of any qualified electronic signature used for the signature of this Agreement and recognise the latter as equivalent to a hand-written signature.

THE STATE OF PARAIBA

\_\_\_\_\_  
João Azevêdo Lins Filho  
Governador

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

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

\_\_\_\_\_  
Alvaro Lario  
President

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

## Schedule 1

### *Project Description and Implementation Arrangements*

#### I. Project Description

1. *Target Population.* PROCASE II will target family farming families in poverty and extreme poverty, especially in municipalities with a lower Human Development Index and more significant deprivation. The Project will directly reach 60,000 families (around 210,000 people), of which 50% will be women, 20% young people, 5% PCTs, and 2% persons with disabilities. The Project's main target groups are: i) family farmers living in poverty and extreme poverty, ii) rural women, iii) rural youth, iv) PCTs, v) persons with disabilities, and v) LGBTQIABP+. To close the income gap, 50% of the Resilient Investment Plan (PIR) funds and 50% of the Business Plans (PN) funds will go to women-led associations and cooperatives, and 20% of the PIR funds will go to youth groups.

2. *Project Area.* PROCASE II will cover the rural areas of all 223 municipalities of the State of Paraíba. The interventions will prioritize communities based on the following technical criteria: i) incidence of rural poverty (Single Registry or Cadastro Único – CadÚnico); ii) presence of traditional peoples and communities (PCTs); iii) incidence of food insecurity and malnutrition; iv) concentration of rural women and youth; v) limited access to water for human consumption and production; vi) overlapping or synergies with other IFAD interventions, such as PROCASE I, Sertão Vivo (PCRP) and PDHC III.

3. *Overall Objective.* The overall objective of the Project is to reduce rural poverty levels, improving food and nutritional security and adapting the rural population to climate change.

*Specific objectives are:*

- a) Increasing the adoption of agricultural technologies that contribute to the adaptation and mitigation of climate change;
- b) Improving the productive and social inclusion of family farmers, prioritizing women, young people, Traditional Peoples and Communities (PCT) and persons with disabilities;
- c) Improving the environmental conditions of rural communities and their surroundings

4. *Components.* The Project will have two interrelated components:

4.1 *Component 1. Resilient production systems to reduce rural poverty.* It will make investments to improve income, food security and nutrition, adapt production systems to climate change, and protect the natural resource base. Productive investments will be made in rural communities and processing units (cooperatives). All the activities will particularly target women, youth, persons with disabilities, LGBTQIAPN+ and families from traditional communities, with activities planned specifically for these groups. Investments will be made through the Resilient Investment Plan (PIR), which will be the instrument for planning and implementing the resources of this subcomponent.

Business Plans (PNs) will be the main instrument for strengthening and diversifying commercialization and will be drawn up with producer organizations, usually cooperatives. The PNs should make it possible to finance structuring investments and include producers who benefited from the PIRs. The component will also finance incentives for innovation such as equipment, machinery, inputs, products and/or implements developed or adapted to meet the demands and needs of family farmers.

4.2 *Component 2. Organizational strengthening, capacity building and knowledge management.* It will invest in strengthening family production units, ensuring that activities are carried out to assist families individually and collectively, and presenting the

main public policies available in the country. The Technical Assistance (TA) and Rural Extension services will support the preparation and implementation of the Resilient Investment Plans (PIRs). The services of Specialized Technical Assistance (STA) will be especially dedicated to the Business Plans (PNs) and to strengthening the capacities of beneficiary organizations. This includes activities aimed at strengthening commercialization by creating participatory guarantee systems (PGS) for agricultural products and establishing fairs and commercialization centers. It will have the following subcomponents:

It will work to strengthen families' capacities, considering the weaknesses identified in various areas, such as production processes; the environmental sustainability of this production and the broader landscape; the protection and recovery of threatened natural resources; organizational and governance issues; administrative and financial management issues; commercialization and access to public policies. This will be done by contracting agroecological TA services, which will elaborate and implement the PIRs.

It will also strengthen beneficiary organizations' capacities, such as cooperatives, prioritizing assistance for better business management, processes, and commercialization. Its main activities will be done by contracting specialized technical assistance (STA) services, which will elaborate and implement the PNs.

The component will also finance Gender, Diversity, Nutrition, and PCT Plans which will be activities to promote gender equality and women's empowerment, as well as the social inclusion and empowerment of Afro-descendants, Traditional Peoples and Communities (PCTs), the LGBTQIAPN+ community and persons with disabilities.

The component will finance activities to promote the guarantee of ownership and the right to property of the land occupied by farming families and traditional communities located in the area covered by the Project, providing legal security and access to public policies. It will also support the organization and systematization of knowledge materials, as well exchanges and knowledge-sharing through South-South and Triangular Cooperation (SSTC).

## **II. Implementation Arrangements**

5. *Lead Project Agency.* The Lead Project Agency will be the Secretariat of Family Agriculture and Semiarid Development (SEAFDS). The Rural Extension, Research, and Land Regularization State Agency (EMPAER) will be Project's sub-executor for activities related to land regularization. The PMU will be established within SEAFDS structure. To guarantee the Project's presence in the field, up to 5 (five) Regional Project Management Units (URGPs) will be established within the physical structure of field offices of EMPAER.

6. *Project Management Unit (PMU).* The PMU's key team, exclusively dedicated to the Project, will include the following members: i) State Coordinator, ii) Technical Coordinator; iii) Finance and Administrative Coordinator; iv) Operational Coordinator of Component 1; v) Operational Coordinator for Component 2; vi) Gender and Diversity Specialist; vii) Traditional Communities and Peoples Specialist; viii) Environmental and Social Safeguards Specialist; ix) Monitoring and Evaluation Specialist; x) Procurement Specialist. The PMU's team will consist of government employees and will be complemented by professionals hired through a partnership agreement to be made with the Inter-American Institute for Cooperation on Agriculture (IICA). The PMU team will be recruited under an open selection process. An exception will be made for professionals who worked on the previous phase I of PROCASE and who have undergone a selection process, who may be hired directly to work on phase II.

7. *Project Steering Committee:* The steering committee function will be implemented by the Executive Committee of Productive Investments (CEGIP) and will have as key role: a) strategic planning and revision of progress reports and approval of the Annual Workplan

and Budget (AWPB), PNs, PIRs which should be previously approved by the Project Evaluation Committee (CAP) within the PMU.

8. *Financial Management.* The Finance Team within the PMU will be responsible for, maintaining project accounts, maintaining adequate internal controls, monitoring budget execution and timely submission of withdrawal applications and justifications of expenditure. The PMU will ensure financial reporting will be generated through an automated system to be operational before the start of Project.

IFAD accepts the IDB formats and procedures for presenting justifications of expenditure and request for disbursements of advances. The PMU will submit withdrawal applications (justifications of expenditure and request for of advances) to the IDB for review and in parallel to IFAD through the IFAD Client Portal (ICP).

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

10. *Project Implementation Manual (PIM or ROP according to IDB).* The Project implementation will be in accordance with this Agreement and the PIM or ROP. In case of discrepancy between this Agreement and the PIM, the Agreement will prevail. Any change or modification in the ROP, will require prior no objection.



## Schedule 2

### *Allocation Table*

1. *Allocation of Loan Proceeds.* (a) The Table below sets forth the components 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<br>Amount<br>Allocated<br><br>(Expressed<br>in USD) | Percentage        |
|--|---|-------------------|
| 1. Resilient production systems to reduce rural poverty                      | 6 030 000   | 100% Net of Taxes |
| 2. Organizational strengthening, capacity building and knowledge management. | 2 970 000   | 100% Net of Taxes |
| 3. Project management, monitoring and evaluation                             | 1 000 000   | 100% Net of Taxes |
| <b>TOTAL</b>   | <b>10 000 000</b>   |                   |

1. The terms used in the Table above are defined as follows:

- (i) "Resilient production systems to reduce rural poverty": Eligible expenditure under Component 1 including subsidies and technical assistance.
- (ii) "Organizational strengthening, capacity building and knowledge management" "Project management": Eligible expenditure under Component 2 including subsidies, technical assistance, goods and services and inputs, Training and Workshops.
- (iii) Eligible Expenditures for the operation of the PMU and monitoring and evaluation of the Project including salaries and allowances, consultancies, operating costs, goods and services (including consultancies and external audits, training and workshops.

#### *Disbursement arrangements*

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

The financial statements of the program will be audited annually by the Court of Accounts of the State of Paraíba (TCE).

**Schedule 3***Special Covenants*

1. Within 6 (six) months of entry into force of this financing agreement, the Borrower shall appoint within the PMU the following key members: i) State Coordinator, ii) Technical Coordinator; iii) Finance and Administrative Coordinator; iv) Operational Coordinator of Component 1; v) Operational Coordinator for Component 2; vi) Gender and Diversity Specialist; vii) Traditional Communities and Peoples Specialist; viii) Environmental and Social Safeguards Specialist; ix) Monitoring and Evaluation Specialist; x) Procurement Specialist.

## Logical framework

### Paraiba Rural Sustainable Development Project

#### Logical Framework

| Results Hierarchy                    | Indicators   |          |          |            | Means of Verification |           |                  | Assumptions  |
|--------------------------------------|--|----------|----------|------------|-----------------------|-----------|------------------|--|
|                                      | Name   | Baseline | Mid-Term | End Target | Source                | Frequency | Responsibility   |  |
| Outreach                             | <b>1 Persons receiving services promoted or supported by the project</b> |          |          |            | Project M&E System    | Annual    | Project M&E Unit | Continuity of public policies and programmes that support rural poverty reduction. |
|                                      | Males – Males  | 0        | 12000    | 30000      |                       |           |                  |  |
|                                      | Females – Females  | 0        | 12000    | 30000      |                       |           |                  |  |
|                                      | Young - Young people   | 0        | 4800     | 12000      |                       |           |                  |  |
|                                      | Indigenous people - Indigenous people                                    | 0        | 1200     | 3000       |                       |           |                  |  |
|                                      | Total number of persons receiving services - Number of people            | 0        | 24000    | 60000      |                       |           |                  |  |
|                                      | Persons with disabilities - Number                                       | 0        | 480      | 1200       |                       |           |                  |  |
|                                      | <b>1.a Corresponding number of households reached</b>                    |          |          |            | Project M&E System    | 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    | Annual    | Project M&E Unit |  |
| Household members - Number of people | 0  | 84000    | 210000   |            |                       |           |                  |  |
|                                      | <b>Poverty reduction (multidimensional)</b>                              |          |          |            |                       |           |                  |  |

|  |   |       |       |       |               |  |                              |  |
|--|---|-------|-------|-------|---------------|--|------------------------------|--|
| <b>Project Goal</b><br>Reduce rural poverty and food and nutrition insecurity for family farmers   | Percentage of reduction - Percentage (%)                      | 43    | 39    | 30    | Impact Survey | Baseline, Mid-Term, and End of Project | Independent consultancy firm | Continuity of public policies and programmes that support rural poverty reduction/ Non-occurrence of acute drought episodes. |
| <b>Development Objective</b><br>Continuity of public policies and programmes that support rural poverty reduction/ Non-occurrence of acute drought episodes. | <b>1.2.8 Women reporting minimum dietary diversity (MDDW)</b> |       |       |       | Impact Survey | Baseline, Mid-Term and End of Project  | Independent consultancy firm | Continuity of public policies and programmes that support rural poverty reduction/ Non-occurrence of acute drought episodes. |
|  | Women (%) - Percentage (%)                                    | 46    | 55    | 68    |               |  |                              |  |
|  | Women (number) - Females                                      | 4140  | 4950  | 6120  |               |  |                              |  |
|  | Households (%) - Percentage (%)                               | 44    | 53    | 64    |               |  |                              |  |
|  | Households (number) - Households                              | 7920  | 9540  | 11520 |               |  |                              |  |
|  | Household members - Number of people                          | 27720 | 33390 | 40320 |               |  |                              |  |
|  | Women-headed households - Households                          | 4140  | 4950  | 6120  |               |  |                              |  |
|  | <b>2.2.1 Persons with new jobs/employment opportunities</b>   |       |       |       | Impact Survey | Baseline, Mid-Term and End of Project  | Independent consultancy firm |  |
|  | Males - Males   | 0     | 40    | 100   |               |  |                              |  |
|  | Females - Females   | 0     | 40    | 100   |               |  |                              |  |
|  | Indigenous people - Indigenous people                         | 0     | 20    | 50    |               |  |                              |  |
|  | Young - Young people  | 0     | 60    | 150   |               |  |                              |  |

|   |   |      |     |               |  |                              |
|---|---|------|-----|---------------|--|------------------------------|
| Total number of persons with new jobs/employment opportunities - Number of people | 0 | 80   | 200 |               |  |                              |
| Persons with disabilities - Number  | 0 | 20   | 50  |               |  |                              |
| <b>IE.2.1 Individuals demonstrating an improvement in empowerment</b>             |   |      |     | Impact Survey | Baseline, Mid-Term, and End of Project | Independent consultancy firm |
| Indigenous people - Percentage (%)  | 0 | 8    | 5   |               |  |                              |
| Indigenous people - Indigenous people   | 0 | 72   | 45  |               |  |                              |
| Young - Percentage (%)  | 0 | 8    | 5   |               |  |                              |
| Young - Young people  | 0 | 288  | 180 |               |  |                              |
| Total persons - Percentage (%)  | 0 | 8    | 5   |               |  |                              |
| Total persons - Number of people  | 0 | 1440 | 900 |               |  |                              |
| Females - Percentage (%)  | 0 | 8    | 5   |               |  |                              |
| Females - Females   | 0 | 720  | 450 |               |  |                              |
| Males - Percentage (%)  | 0 | 8    | 5   |               |  |                              |
| Males - Males   | 0 | 720  | 450 |               |  |                              |
| Persons with disabilities - Number  | 0 | 29   | 18  |               |  |                              |
| Persons with disabilities - Percentage (%)  | 0 | 8    | 5   |               |  |                              |

|  |  |    |       |  |  |                              |  |       |
|--|--|----|-------|--|--|------------------------------|--|-------|
|  | <b>3.2.1 Tons of Greenhouse gas emissions (tCO2e) avoided and/or sequestered</b> |    |       | Impact Survey - Carbon-Balance Tool (EX-ACT) | Baseline, Mid-Term, and End of Project | Independent consultancy firm |  |       |
|  | Hectares of land - Area (ha)   | 0  | 0     |  |  |                              | 13575  |       |
|  | tCO2e/20 years - Number  | 0  | 0     |  |  |                              | 1449802  |       |
|  | tCO2e/ha - Number  | 0  | 0     |  |  |                              | 107  |       |
|  | tCO2e/ha/year - Number   | 0  | 0     |  |  |                              | 5  |       |
| <b>Outcome</b><br>C1. Families increase their resilience through agroecological productive intensification for self-consumption and improved market access | <b>1.2.4 Households reporting an increase in production</b>                      |    |       | Impact Survey                                | Baseline, Mid-Term, and End of Project | Independent consultancy firm | Droughts or climate change are managed with appropriate adaptation measures. |       |
|  | Total number of household members - Number of people                             | 0  | 15120 |  |  |                              |  | 37800 |
|  | Households - Percentage (%)  | 0  | 60    |  |  |                              |  | 60    |
|  | Households - Households  | 0  | 4320  |  |  |                              |  | 10800 |
|  | <b>Households who sell their production in markets</b>                           |    |       | Impact Survey                                | Baseline, Mid-Term, and End of Project | Independent consultancy firm |  |       |
|  | Households - Percentage (%)  | 61 | 66    |  |  |                              |  | 72    |
|  | <b>2.2.5 Rural producers' organizations reporting an increase in sales</b>       |    |       | Project M&E System                           | Baseline, Mid-Term, and End of Project | Project M&E Unit             |  |       |
|  | Percentage of rural POs - Percentage (%)   | 0  | 20    |  |  |                              |  | 20    |
|  | Number of Rural POs - Organizations  | 0  | 5     |  |  |                              |  | 12    |
|  | Rural POs with women in leadership position - Organizations                      | 0  | 4     |  |  |                              |  | 10    |
|  | <b>Resilient Investment Plans (RIP) implemented</b>                              |    |       |  | Annual                                 |                              |  |       |

|   |  |      |      |       |                    |                  |  |                  |
|---|--|------|------|-------|--------------------|------------------|--|------------------|
| <p><b>Output</b><br/>C1. Families and their organizations receive investments to improve their production, adding value to products for sale, as well as infrastructure for access to water and energy, in a context of adaptation to climate change.</p> | Plans - Number   | 0    | 80   | 200   | Project M&E System | Project M&E Unit | Droughts or climate change are managed with appropriate adaptation measures. |                  |
|   | Households - Households  | 0    | 7200 | 18000 |                    |                  |  |                  |
|   | Males - Males  | 0    | 3600 | 9000  |                    |                  |  |                  |
|   | Females - Females  | 0    | 3600 | 9000  |                    |                  |  |                  |
|   | Young - Young people   | 0    | 1440 | 3600  |                    |                  |  |                  |
|   | Indigenous people - Indigenous people  | 0    | 360  | 900   |                    |                  |  |                  |
|   | Persons with disabilities - Number   | 0    | 144  | 360   |                    |                  |  |                  |
|   | <b>3.1.3 Persons accessing technologies that sequester carbon or reduce greenhouse gas emissions</b> |      |      |       | Project M&E System | Annual           |  | Project M&E Unit |
|   | Males - Males  | 0    | 752  | 1880  |                    |                  |  |                  |
|   | Females - Females  | 0    | 752  | 1880  |                    |                  |  |                  |
|   | Young - Young people   | 0    | 301  | 752   |                    |                  |  |                  |
|   | Indigenous people - Indigenous people  | 0    | 75   | 188   |                    |                  |  |                  |
|   | Total persons accessing technologies - Number of people  | 0    | 1504 | 3760  |                    |                  |  |                  |
|   | Persons with disabilities - Number   | 0    | 30   | 75    |                    |                  |  |                  |
|   | <b>2.1.3 Rural producers' organizations supported</b>  |      |      |       | Project M&E System | Annual           |  | Project M&E Unit |
| Total size of POs - Organizations   | 0  | 2000 | 5000 |       |                    |                  |  |                  |
| Rural POs supported - Organizations   | 0  | 24   | 60   |       |                    |                  |  |                  |

|   |  |        |        |       |                    |  |                              |  |
|---|--|--------|--------|-------|--------------------|--|------------------------------|--|
|   | Males - Males  | 0      | 1000   | 2500  |                    |  |                              |  |
|   | Females - Females  | 0      | 1000   | 2500  |                    |  |                              |  |
|   | Young - Young people   | 0      | 400    | 1000  |                    |  |                              |  |
|   | Indigenous people - Indigenous people  | 0      | 100    | 250   |                    |  |                              |  |
|   | Rural POs supported that are headed by women - Organizations   | 0      | 12     | 30    |                    |  |                              |  |
|   | Persons with disabilities - Number   | 0      | 40     | 100   |                    |  |                              |  |
|   | <b>Innovative technologies developed or adapted</b>  |        |        |       | Project M&E System | Annual                                 | Project M&E Unit             |  |
|   | Technologies - Number  | 0      | 5      | 25    |                    |  |                              |  |
| <b>Outcome</b><br>C2. Families adopt environmentally sustainable practices adapted to climate change. | <b>3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices</b> |        |        |       | Impact Survey      | Baseline, Mid-Term, and End of Project | Independent consultancy firm | Maintenance of public policies and access conditions to credit and public procurement/ Non-occurrence of acute drought episodes. |
|   | Total number of household members - Number of people   | 44640  | 46800  | 48240 |                    |  |                              |  |
|   | Households - Percentage (%)  | 62     | 65     | 67    |                    |  |                              |  |
|   | Households - Households  | 11160  | 11700  | 12060 |                    |  |                              |  |
|   | <b>Women who hold management positions in rural organizations</b>  |        |        |       | Impact Survey      | Baseline, Mid-Term, and End of Project | Independent consultancy firm |  |
|   | Females - Percentage (%)   | 5      | 8      | 12    |                    |  |                              |  |
|   | <b>Area of rural properties registered in the CAR in the municipalities covered by the Project</b>                         |        |        |       | Project M&E System | Baseline, Mid-Term, and End of Project | Project M&E Unit             |  |
| Hectares of land - Area (ha)  | 68804  | 108804 | 168804 |       |                    |  |                              |  |



|  |  |      |       |        |                    |  |                              |   |
|--|--|------|-------|--------|--------------------|--|------------------------------|---|
|  | <b>Communities with land and environmental regularization title delivered</b>  |      |       |        | Project M&E System | Baseline, Mid-Term, and End of Project | Project M&E Unit             |   |
|  | Communities - Number   | 0    | 100   | 150    |                    |  |                              |   |
|  | <b>SF.2.1 Households satisfied with project-supported services</b>   |      |       |        | Impact Survey      | Baseline, Mid-Term, and End of Project | Independent consultancy firm |   |
|  | Household members - Number of people   | 0    | 63000 | 157500 |                    |  |                              |   |
|  | Households (%) - Percentage (%)  | 0    | 75    | 75     |                    |  |                              |   |
|  | Households (number) - Households   | 0    | 18000 | 45000  |                    |  |                              |   |
|  | <b>SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers</b> |      |       |        | Impact Survey      | Baseline, Mid-term and End of Project  | Independent consultancy firm |   |
|  | Household members - Number of people   | 0    | 58800 | 147000 |                    |  |                              |   |
|  | Households (%) - Percentage (%)  | 0    | 70    | 70     |                    |  |                              |   |
|  | Households (number) - Households   | 0    | 16800 | 42000  |                    |  |                              |   |
| <b>Output</b><br>C2. Families and their organizations have increased their capacities, including women, young people, PCT and PwD, for agroecological production, improving their food and nutrition, and accessing other public policies. | <b>Training events for TA organizations</b>  |      |       |        | Project M&E System | Annual                                 | Project M&E Unit             | Droughts or climate change are managed with appropriate adaptation measures/ Agricultural products' prices remain favorable for family farmers. |
|  | Events - Number  | 0    | 18    | 20     |                    |  |                              |   |
|  | Trained ATER and CTE technicians - Number  | 0    | 270   | 300    | Project M&E System | Annual                                 | Project M&E Unit             |   |
|  | <b>Families assisted by TA</b>   |      |       |        |                    |  |                              |   |
|  | Households - Households  | 0    | 7200  | 18000  |                    |  |                              |   |
|  | Males - Males  | 0    | 3600  | 9000   |                    |  |                              |   |
| Females - Females  | 0  | 3600 | 9000  |        |                    |  |                              |   |

|   |   |       |       |                    |        |                  |
|---|---|-------|-------|--------------------|--------|------------------|
| Young - Young people  | 0 | 1440  | 3600  |                    |        |                  |
| Indigenous people - Indigenous people                                   | 0 | 360   | 900   |                    |        |                  |
| Persons with disabilities - Number                                      | 0 | 144   | 360   |                    |        |                  |
| <b>Training events and farmer exchanges held</b>                        |   |       |       | Project M&E System | Annual | Project M&E Unit |
| Events - Number   | 0 | 62    | 132   |                    |        |                  |
| <b>Training events for access to Public Policies and Other Programs</b> |   |       |       | Project M&E System | Annual | Project M&E Unit |
| Events - Number   | 0 | 135   | 400   |                    |        |                  |
| Households - Households   | 0 | 10800 | 32000 |                    |        |                  |
| Females - Females   | 0 | 5400  | 16000 |                    |        |                  |
| Young - Young people  | 0 | 2160  | 6400  |                    |        |                  |
| Indigenous people - Indigenous people                                   | 0 | 540   | 1600  |                    |        |                  |
| Persons with disabilities - Number                                      | 0 | 216   | 640   |                    |        |                  |
| <b>Cooperatives and producer organizations assisted with CTE</b>        |   |       |       | Project M&E System | Annual | Project M&E Unit |
| Cooperatives and producer organizations - Number                        | 0 | 24    | 60    |                    |        |                  |
| Cooperative families - Number   | 0 | 2000  | 5000  |                    |        |                  |
| <b>Local fairs and Marketing Centers created/improved</b>               |   |       |       | Project M&E System | Annual | Project M&E Unit |
| Fairs and marketing centers - Number                                    | 0 | 15    | 50    |                    |        |                  |

|   |   |       |       |                    |        |                  |
|---|---|-------|-------|--------------------|--------|------------------|
| <b>Health Inspection Services in operation</b>                                    |   |       |       | Project M&E System | Annual | Project M&E Unit |
| Health inspection services - Number   | 0 | 1     | 2     |                    |        |                  |
| <b>Participatory certification systems pilot in operation</b>                     |   |       |       | Project M&E System | Annual | Project M&E Unit |
| Systems - Number  | 0 | 7     | 15    |                    |        |                  |
| <b>Diversity, gender, youth, nutrition and food security plans prepared</b>       |   |       |       | Project M&E System | Annual | Project M&E Unit |
| Gender Plan - Number  | 0 | 1     | 1     |                    |        |                  |
| Youth Plan - Number   | 0 | 1     | 1     |                    |        |                  |
| PCT Strengthening Plan - Number   | 0 | 1     | 1     |                    |        |                  |
| Nutrition and Food Safety Plan - Number   | 0 | 1     | 1     |                    |        |                  |
| <b>1.1.8 Households provided with targeted support to improve their nutrition</b> |   |       |       | Project M&E System | Annual | Project M&E Unit |
| Total persons participating - Number of people                                    | 0 | 7200  | 18000 |                    |        |                  |
| Males - Males   | 0 | 3600  | 9000  |                    |        |                  |
| Females - Females   | 0 | 3600  | 9000  |                    |        |                  |
| Households - Households   | 0 | 7200  | 18000 |                    |        |                  |
| Household members benefitted - Number of people                                   | 0 | 25200 | 63000 |                    |        |                  |
| Indigenous people - Indigenous people   | 0 | 360   | 900   |                    |        |                  |
| Young - Young people  | 0 | 1440  | 3600  |                    |        |                  |

|   |   |      |      |                    |        |                  |
|---|---|------|------|--------------------|--------|------------------|
| Number of persons with disabilities - Number  | 0 | 144  | 360  |                    |        |                  |
| <b>Local Development Agents hired</b>   |   |      |      | Project M&E System | Annual | Project M&E Unit |
| Agents - Number   | 0 | 200  | 200  |                    |        |                  |
| <b>1.1.1 Number of beneficiaries gaining increased secure access to land</b>          |   |      |      | Project M&E System | Annual | Project M&E Unit |
| Males - Males   | 0 | 1000 | 2500 |                    |        |                  |
| Females - Females   | 0 | 1000 | 2500 |                    |        |                  |
| Indigenous people - Indigenous people   | 0 | 100  | 250  |                    |        |                  |
| Young - Young people  | 0 | 400  | 1000 |                    |        |                  |
| Total number of beneficiaries with increased secure access to land - Number of people | 0 | 2000 | 5000 |                    |        |                  |
| Persons with disabilities - Number  | 0 | 40   | 100  |                    |        |                  |
| <b>Knowledge Management Studies prepared</b>  |   |      |      | Project M&E System | Annual | Project M&E Unit |
| Studies - Number  | 0 | 5    | 25   |                    |        |                  |
| <b>South-South Cooperation exchange events held</b>                                   |   |      |      | Project M&E System | Annual | Project M&E Unit |
| Events - Number   | 0 | 4    | 10   |                    |        |                  |

## Integrated project risk matrix

| Risk Category / Subcategory  | Inherent risk      | Residual risk      |
|--|--------------------|--------------------|
| <b>Country Context</b>   | <b>Moderate</b>    | <b>Moderate</b>    |
| <i>Political Commitment</i>  | <i>Low</i>         | <i>Low</i>         |
| <i>Governance</i>  | <i>Moderate</i>    | <i>Moderate</i>    |
| <i>Macroeconomic</i>   | <i>Low</i>         | <i>Low</i>         |
| <i>Fragility and Security</i>  | <i>Moderate</i>    | <i>Moderate</i>    |
| <b>Sector Strategies and Policies</b>  | <b>Low</b>         | <b>Low</b>         |
| <i>Policy alignment</i>  | <i>Low</i>         | <i>Low</i>         |
| <i>Policy Development and Implementation</i>   | <i>Low</i>         | <i>Low</i>         |
| <b>Environment and Climate Context</b>   | <b>Substantial</b> | <b>Substantial</b> |
| <i>Project vulnerability to environmental conditions</i>                               | <i>Moderate</i>    | <i>Moderate</i>    |
| <i>Project vulnerability to climate change impacts</i>                                 | <i>Substantial</i> | <i>Substantial</i> |
| <b>Project Scope</b>   | <b>Moderate</b>    | <b>Moderate</b>    |
| <i>Project Relevance</i>   | <i>Low</i>         | <i>Low</i>         |
| <i>Technical Soundness</i>   | <i>Moderate</i>    | <i>Moderate</i>    |
| <b>Institutional Capacity for Implementation and Sustainability</b>                    | <b>Substantial</b> | <b>Substantial</b> |
| <i>Implementation Arrangements</i>   | <i>Substantial</i> | <i>Substantial</i> |
| <i>Monitoring and Evaluation Arrangements</i>  | <i>Moderate</i>    | <i>Moderate</i>    |
| <b>Project Financial Management</b>  | <b>Substantial</b> | <b>Moderate</b>    |
| <i>Project Organization and Staffing</i>   | <i>Substantial</i> | <i>Moderate</i>    |
| <i>Project Budgeting</i>   | <i>Substantial</i> | <i>Substantial</i> |
| <i>Project Funds Flow/Disbursement Arrangements</i>                                    | <i>Substantial</i> | <i>Substantial</i> |
| <i>Project Internal Controls</i>   | <i>Substantial</i> | <i>Moderate</i>    |
| <i>Project Accounting and Financial Reporting</i>                                      | <i>Substantial</i> | <i>Moderate</i>    |
| <i>Project External Audit</i>  | <i>Moderate</i>    | <i>Moderate</i>    |
| <b>Project Procurement</b>   | <b>Moderate</b>    | <b>Moderate</b>    |
| <i>A.1 Legal, Regulatory and Policy Framework</i>                                      | <i>Moderate</i>    | <i>Moderate</i>    |
| <i>A.2 Institutional Framework and Management Capacity</i>                             | <i>Low</i>         | <i>Low</i>         |
| <i>A.3 Public Procurement Operations and Market Practices.</i>                         | <i>Low</i>         | <i>Low</i>         |
| <i>A.4 Accountability, Integrity and Transparency of the Public Procurement System</i> | <i>Substantial</i> | <i>Substantial</i> |
| <i>B.1 Assessment of Project Complexity</i>  | <i>Substantial</i> | <i>Substantial</i> |
| <i>B.2 Assessment of Implementing Agency Capacity</i>                                  | <i>Moderate</i>    | <i>Moderate</i>    |
| <i>Project Procurement Overall</i>   | <i>Moderate</i>    | <i>Moderate</i>    |
| <b>Environment, Social and Climate Impact</b>  | <b>Substantial</b> | <b>Moderate</b>    |
| <i>Biodiversity Conservation</i>   | <i>Moderate</i>    | <i>Moderate</i>    |
| <i>Resource Efficiency and Pollution Prevention</i>                                    | <i>Moderate</i>    | <i>Moderate</i>    |
| <i>Cultural Heritage</i>   | <i>Low</i>         | <i>Low</i>         |
| <i>Indigenous People</i>   | <i>Low</i>         | <i>Low</i>         |
| <i>Labour and Working Conditions</i>   | <i>Moderate</i>    | <i>Moderate</i>    |
| <i>Community health, safety and security</i>   | <i>Moderate</i>    | <i>Moderate</i>    |

| <b>Risk Category / Subcategory</b>   | <b>Inherent risk</b> | <b>Residual risk</b> |
|--|----------------------|----------------------|
| <i>Physical and Economic Resettlement</i>  | <i>Low</i>           | <i>Low</i>           |
| <i>Greenhouse Gas Emissions</i>  | <i>Moderate</i>      | <i>Moderate</i>      |
| <i>Vulnerability of target populations and ecosystems to climate variability and hazards</i> | <i>Substantial</i>   | <i>Substantial</i>   |
| <b>Stakeholders</b>  | <b>Moderate</b>      | <b>Moderate</b>      |
| <i>Stakeholder Engagement/Coordination</i>   | <i>Low</i>           | <i>Low</i>           |
| <i>Stakeholder Grievances</i>  | <i>Moderate</i>      | <i>Moderate</i>      |
| <b>Overall</b>   | <b>Moderate</b>      | <b>Moderate</b>      |

|  |                 |                 |
|--|-----------------|-----------------|
| <b>Country Context</b>   | <b>Moderate</b> | <b>Moderate</b> |
| <b>Political Commitment</b>  | <b>Low</b>      | <b>Low</b>      |
| <p><b>Risk:</b></p> <p>There will be elections for state and federal governments throughout the implementation, which may alter the degree of political priority given to the Project, leading to changes in technical teams, implementation delays, discontinuity of correlated rural development public policies, and budgetary restrictions.</p>  | Low             | Low             |
| <p><b>Mitigations:</b></p> <p>The Project directly responds to the priorities and interests of the state government. Phase II of PROCASE will be one of the main instruments for combating rural poverty in the state, mobilizing more territories and local actors. PROCASE is included in the state's Pluriannual Plan, which ensures programmatic and budgetary stability for at least the next three years and is aligned with the Pluriannual Plan and priorities of the federal government. The SEAFDS team actively participated in the Project's design and the consultation process involving local farmers and civil society organizations. IDB and IFAD will closely follow up on the evolving political situation and 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. The IFAD Office in Salvador will play a critical role in monitoring changes in the political scenario.</p> |                 |                 |
| <b>Governance</b>  | <b>Moderate</b> | <b>Moderate</b> |
| <p><b>Risk:</b></p> <p>The Project Management Unit and partner institutions may not possess all the knowledge and capacities necessary for the geographic expansion of the Project and implementation of new activities. The design of the structure, positions, and competencies of the PMU may not be the most suitable for Project implementation.</p>  | Moderate        | Moderate        |
| <p><b>Mitigations:</b></p> <p>The challenges and lessons learned from the implementation of phase I have been considered in the design of phase II, minimizing, or pre-emptively addressing future implementation risks. Similarly, the design of the new PMU and institutional arrangements with key partners will be defined considering these lessons learned and challenges to improve the governance and the effective implementation of activities. The Project design also includes capacity-building and institutional strengthening activities for partner organizations with the same objective. IFAD systematic monitoring will also identify potential governance issues in the Project and contribute to finding timely solutions.</p>  |                 |                 |
| <b>Macroeconomic</b>   | <b>Low</b>      | <b>Low</b>      |

|   |          |          |
|---|----------|----------|
| <p><b>Risk:</b></p> <p>There may be difficulty mobilizing the counterpart funding from the State Government for the Project. A downturn in economic activity could lead to a decrease in tax revenue and, consequently, budgetary constraints on public policies complementary to the Project.</p>  | Low      | Low      |
| <p><b>Mitigations:</b></p> <p>The design of phase II is incorporated into the Pluriannual Plan 2024-2027, ensuring a minimum level of programmatic and budgetary stability. The State of Paraíba has a well-evaluated fiscal management by the federal government due to low indebtedness, current savings, and a favorable liquidity index. The state has been evolving in its macroeconomic context post-COVID, and the projections for the coming years are favorable.</p>   |          |          |
| <p><b>Fragility and Security</b></p>  | Moderate | Moderate |
| <p><b>Risk:</b></p> <p>Brazil as a whole, and especially the poorest states, still suffer from the effects of the country's political and economic crisis and the global health crisis of COVID-19, which have caused high unemployment rates, an exponential increase in the population living below the poverty line, as well as food insecurity. Food insecurity has increased throughout the pandemic, especially in the North and Northeast regions. Additionally, data reveals the growing negative effects of climate change in Project areas, especially the concentration and spatial and temporal irregularity of rainfall, increased temperatures, and more frequent, longer, and more severe droughts. This could require expansion and/or reformulation of interventions to achieve the planned objectives.</p>  | Moderate | Moderate |
| <p><b>Mitigations:</b></p> <p>Since 2023, the country's economic and fiscal situation has improved, with an increase in GDP and a significant decrease in unemployment and food insecurity rates. The forecasts for the national macroeconomic scenario are favorable for the coming years. PROCASE II will contribute to this scenario by seeking to increase the income and food security of beneficiary families, especially women, youth, traditional communities, and Indigenous people. The Project will seek to implement an integrated resilience approach to assist family farmers in adapting to, coping with, and/or recovering more rapidly from future climatic, economic, and environmental shocks, prioritizing, for example, social technologies for water access, technical assistance with an agroecological approach, as well as marketing strategies for family agriculture products.</p> |          |          |
| <p><b>Sector Strategies and Policies</b></p>  | Low      | Low      |
| <p><b>Policy alignment</b></p>  | Low      | Low      |
| <p><b>Risk:</b></p> <p>Non-alignment of PROCASE II with the main public policies of the Government of Paraíba and/or the Federal Government.</p>  | Low      | Low      |
| <p><b>Mitigations:</b></p> <p>Since phase I, PROCASE has been included in the state's Pluriannual Plan and is aligned with the main federal government programs to support family farming and fight rural poverty and hunger (including topics such as food security, water, rural women, youth, and PCTs empowerment, agroecology, and sustainable natural resources management). The current and new IFAD COSOPs were formulated considering this alignment with the federal government and the state governments of the Northeast (through close coordination and collaboration with the Governors' Northeast Consortium). The Project was also designed considering IDB's development goals and strategy for Brazil.</p>  |          |          |
| <p><b>Policy Development and Implementation</b></p>   | Low      | Low      |

|  |                           |                           |
|--|---------------------------|---------------------------|
| <p><b>Risk:</b></p> <p>Considering the design process involving the state government and local organizations and focused on the continuity of actions to combat rural poverty, there is no identified risk that it will not represent or be in conflict with such priorities, targeted beneficiary population, and the main programs to combat rural poverty.</p>  | Low                       | Low                       |
| <p><b>Mitigations:</b></p> <p>The Project design envisages collaboration and complementary activities with other state agencies and partners. The Project will have knowledge management activities and will seek to strengthen the monitoring and evaluation system. IFAD's systematic monitoring will track proper implementation and timely corrective actions when needed.</p>   |                           |                           |
| <p><b>Environment and Climate Context</b></p>  | <b>Substantial</b>        | <b>Substantial</b>        |
| <p><b><i>Project vulnerability to environmental conditions</i></b></p>   | <b><i>Moderate</i></b>    | <b><i>Moderate</i></b>    |
| <p><b>Risk:</b></p> <p>The Project will be executed in two biomes: the Caatinga and the Atlantic Forest (Portuguese: Mata Atlântica or Zona da Mata). The challenges family farmers face, however, are similar in both biomes. These include adverse soil conditions (shallow, with little organic matter and subject to erosion and desertification processes) and restrictions on water availability (quality and quantity), which can affect the productive activities supported by the Project. Some traditional practices of clear-cutting, slash and burn, and overgrazing are exacerbating deforestation and desertification trends, accentuating the negative effects of any environmental restrictions on the Project's activities.</p>   | Moderate                  | Moderate                  |
| <p><b>Mitigations:</b></p> <p>The Project will promote agroecological farming practices, with a focus on agroforestry systems, combined with restoration projects of degraded areas. In combination and at the landscape level, these practices can improve air and water quality and mitigate extreme events such as floods and droughts. In addition, agroecological practices can improve the productivity of agricultural areas, thereby reducing the pressure on existing natural areas. Native species will be prioritized during the implementation of productive systems, increasing climate resilience. The Project will also promote social technologies for water resource management to improve communities' resilience during drought periods, including cisterns for human consumption and agricultural production, gray water reuse, and subterranean dams.</p> |                           |                           |
| <p><b><i>Project vulnerability to climate change impacts</i></b></p>   | <b><i>Substantial</i></b> | <b><i>Substantial</i></b> |
| <p><b>Risk:</b></p> <p>Using the ThinkHazard tool reveals the incidence of floods, droughts, landslides, fires, and extreme heat events. Climate models point to a significant increase in temperature and higher variability of precipitation events. They also predict a drop in precipitation, although it is not significant. Such changes will affect crop and animal production, as well as local biodiversity and supply chains. The tendency is for family income to deteriorate, contributing to an increase in inequality and exacerbating existing conflicts and migratory flows.</p>   | Substantial               | Substantial               |



|   |                    |                    |
|---|--------------------|--------------------|
| <p><b>Mitigations:</b></p> <p>The Project aims to develop climate-resilient agroecological agriculture in synergy with environmental recovery and preservation through the adoption of agroecological practices, such as restoration of degraded lands (pastures, agricultural soils, and riparian areas), agroforestry systems, integrated pest management (IPM), species diversification and adoption of green fertilizers. The Project will promote the adoption of native species adapted to the local climate and strengthen the production chains of family farming products, increasing marketing and processing capacity. The Project also aims to increase access to agroecological, climate-resilient technical assistance (TA). PROCASE II will also provide access to better quality water for the community, promoting social technologies such as cisterns for human consumption and agricultural production, subterranean dams, and water tanks. Water treatment and recycling solutions will be adopted to ensure that part of the communities have access to basic sanitation and, as a result, reduce soil, land, and water contamination, in addition to preventing diseases associated with waste produced in family units.</p> |                    |                    |
| <b>Project Scope</b>  | <b>Moderate</b>    | <b>Moderate</b>    |
| <b>Project Relevance</b>  | <b>Low</b>         | <b>Low</b>         |
| <p><b>Risk:</b></p> <p>There is no significant risk that the Project's objectives and relevance are not fully aligned with the development priorities of the IDB, IFAD (new COSOP 2024-2032), or the state government. The Project addresses the central challenges of rural development, and its design is also aligned with Paraíba's policies and priorities.</p>  | Low                | Low                |
| <p><b>Mitigations:</b></p> <p>Nonetheless, mitigation measures will be taken through permanent dialog between the IDB, IFAD, and the State Government. The full involvement of stakeholders during preparation and implementation, including civil society and farmers' organizations, should allow adjustments to be made in an aligned and early manner.</p>  |                    |                    |
| <b>Technical Soundness</b>  | <b>Moderate</b>    | <b>Moderate</b>    |
| <p><b>Risk:</b></p> <p>The area of operation will be much larger than during the first phase, which presents the risk of dispersion of the Project's activities as well as greater complexity for operational management.</p>   | Moderate           | Moderate           |
| <p><b>Mitigations:</b></p> <p>The Project's intervention will follow a plan based on the definition of priority areas, which will consider the location of the target group and the interventions of other projects (Sertão Vivo, PDHC III, COOPERAR). The Project's intervention will also consider the priorities defined for each of the state's 15 Rural Territories.</p>   |                    |                    |
| <b>Institutional Capacity for Implementation and Sustainability</b>   | <b>Substantial</b> | <b>Substantial</b> |
| <b>Implementation Arrangements</b>  | <b>Substantial</b> | <b>Substantial</b> |
| <p><b>Risk:</b></p> <p>i) The risk that the Project executing agency's capacities are insufficient for adequate and effective Project management, leading to delays and lower quality of execution. ii) EMPAER should take on the role of sub-executor and be in charge of land and environmental regularization activities, as well as being responsible for part of the TA services that will be provided to beneficiary families, with a methodology and intensity that is quite different from what the institution's technical staff is used to. In PROCASE I, EMPAER only took on the provision of TA on a limited scale. iii) The risk related to two multilateral actors (IFAD and IDB) involved in the project supervision and implementation.</p>   | Substantial        | Substantial        |

|  |                    |                    |
|--|--------------------|--------------------|
| <p><b>Mitigations:</b></p> <p>i) PROCASE II will establish a Project Management Unit (PMU) in SEAFDS that has extensive experience in project execution, including from International Financial Institutions, such as IFAD, and keep key staff with vast experience in executing the previous phase. ii) Based on the institutional capacity assessment carried out in the final design phase, the needs to be considered can be identified to define an operational mode and a project management organization that considers the most fragile areas and plans mitigation actions. A training program for TA teams and evaluations will also be implemented. iii) The Coordination Agreement drafted and to be signed between IFAD and IDB clearly sets roles and responsibilities. This is the third Type C project with IDB and the PSI in Piauí has entered into force in November 2023 and the “implementation arrangements” between IFAD and IDB are working well with both agencies well-coordinated.</p> |                    |                    |
| <p><b>Monitoring and Evaluation Arrangements</b></p>   | <b>Moderate</b>    | <b>Moderate</b>    |
| <p><b>Risk:</b></p> <p>PROCASE has not adopted an information management system that could monitor activities and account for beneficiaries efficiently. PROCASE I's current M&amp;E team is reduced.</p>  | Moderate           | Moderate           |
| <p><b>Mitigations:</b></p> <p>PROCASE II will have resources for developing or acquiring an M&amp;E system to monitor all Project information. Regarding management, there are resources for hiring 2 M&amp;E professionals exclusively for the Project, as well as resources for attending courses to strengthen the team's capacities.</p>   |                    |                    |
| <p><b>Project Financial Management</b></p>   | <b>Substantial</b> | <b>Moderate</b>    |
| <p><b>Project Organization and Staffing</b></p>  | <b>Substantial</b> | <b>Moderate</b>    |
| <p><b>Risk:</b></p> <p>i) risk of implementation delays if dedicated finance staff PMU is not hired in a timely manner; ii) Incompliance with finance policies and procedures and financing agreements if requirements are not well understood by PMU Finance Staff</p>  | Substantial        | Moderate           |
| <p><b>Mitigations:</b></p> <p>(i) include budget for PMU finance staff in project budget and recruitment and appointment of key finance staff as a condition for first disbursement in FA; ii) During start up phase training on IDB and IFAD finance policies and procedures.</p>   |                    |                    |
| <p><b>Project Budgeting</b></p>  | <b>Substantial</b> | <b>Substantial</b> |
| <p><b>Risk:</b></p> <p>If the state's fiscal situation worsens, the budget allocated to the project could be reduced with as a result delays in implementation.</p>  | Substantial        | Substantial        |
| <p><b>Mitigations:</b></p> <p>Close coordination with SEFAZ to ensure the availability of a sufficient budget from the start date of the Project.</p>  |                    |                    |
| <p><b>Project Funds Flow/Disbursement Arrangements</b></p>   | <b>Substantial</b> | <b>Substantial</b> |
| <p><b>Risk:</b></p> <p>Implementation delays if counterpart funds are not transferred on time to the Project to cover salaries and operating costs, which are fully funded by the government of Paraíba.</p>   | Substantial        | Substantial        |

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| <p><b>Mitigations:</b></p> <p>Close coordination with SEFAZ to ensure the availability of a sufficient budget from the start date of the Project.</p>   |                    |                 |
| <p><b>Project Internal Controls</b></p>   | <b>Substantial</b> | <b>Moderate</b> |
| <p><b>Risk:</b></p> <p>i) Use of funds transferred to farmers organizations under investment or business plans not used for intended purposes.<br/>ii) Lack of segregation of duties, in particular during the start-up phase, if the hiring of finance staff is delayed</p>  | Substantial        | Moderate        |
| <p><b>Mitigations:</b></p> <p>i) Establish in the Program's Operational Regulations (ROP) clear mechanisms for the approval, disbursements and reporting on the use of funds transferred in the form of investment and business plan and include in agreements signed with producer organizations details of responsibilities and procedures. The approval of the Program's Operational Regulations (ROP), by IDB and IFAD as a condition for first disbursement; ii) Hiring of key finance staff as a condition for disbursement in FA; segregation of duties incorporated in the ROP.</p>   |                    |                 |
| <p><b>Project Accounting and Financial Reporting</b></p>  | <b>Substantial</b> | <b>Moderate</b> |
| <p><b>Risk:</b></p> <p>(i) Reliance on Excel for preparation of Interim Financial Reports in Excel, resulting in human errors and delays in submission; ii) Delays or inadequate quality of reporting on use of funds from investment and business plans by farmers organizations and/or cooperatives; iii) Incomplete or delayed reporting of counterpart funding in particular since, as per IDB's standard practice, beneficiary contributions are not included in total project.</p>  | Substantial        | Moderate        |
| <p><b>Mitigations:</b></p> <p>(i) Before the start of the Project and as a condition for disbursement in FA, implementation of a complementary automated reporting system similar to the SIGMA system used within the Worldbank financed Cooperar project, that generates basic financial statements and financial reports as required by IDB and accepted by IFAD as equivalent to IFRS and allows for budget monitoring by component and categories based on data from the governmental SIAF system.ii) The ROP and agreements signed with farmers organization and cooperatives will establish a clear procedures for reporting on the use of funds transferred under investment and business plans (iii) Establish and document in the ROP a process for capturing beneficiaries' contributions in conjunction with M&amp;E data, training of technicians, and clear criteria for recording and valuation of the same and ensure the technical assistance provided to producer organization includes support on administrative matters and reporting on use of funds.</p> |                    |                 |
| <p><b>Project External Audit</b></p>  | <b>Moderate</b>    | <b>Moderate</b> |
| <p><b>Risk:</b></p> <p>Accounting standards used for preparation of audited financial statements not disclosed in audit opinion and/or notes</p>  | Moderate           | Moderate        |
| <p><b>Mitigations:</b></p> <p>In coordination with BID ensure accounting standard to be used and disclosure of the same is included in TdR for external audits.</p>   |                    |                 |
| <p><b>Project Procurement</b></p>   | <b>Moderate</b>    | <b>Moderate</b> |
| <p><b>A.1 Legal, Regulatory and Policy Framework</b></p>  | <b>Moderate</b>    | <b>Moderate</b> |

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| <p><b>Risk:</b></p> <ul style="list-style-type: none"> <li>- This limitation of methods can lead to inefficient procurement if it does not take into account the different Priority Elements that may be involved in determining the need for procurement (quality, time, etc);</li> <li>- Absence of a consolidated instrument, in the format of a manual, that contains detailed information about the procedures and content of the documents required for the contracting process;</li> <li>- National law does not contain express prohibitions regarding the disclosure of information during the evaluation phase;</li> <li>- National Law does not provide for an autonomous review body for procurement activities;</li> <li>- Lack of standard contractual conditions;</li> </ul>  | Moderate   | Moderate   |
| <p><b>Mitigations:</b></p> <ul style="list-style-type: none"> <li>- Development training and capacity building program on the procurement procedures for the entire procurement cycle;</li> <li>- Define in the PIM clear rules on: a) the content of bidding documents; b) evaluation stage; c) main management and monitoring documents; d) document storage and their respective deadlines; e) security protocols;</li> <li>- Consider the full use or adoption of international standards with their manuals and standardized instruments;</li> <li>- Intensify planning and preparation of consultancy procurement activities, taking into account the complexity of the object;</li> <li>- Evaluate the possibility of using international methods defined in clear policies and detailed in specific manuals;</li> <li>- Adopt a review committee and/or alternative conflict resolution methods;</li> <li>- Adopt a regulation proposed by an official body as a reference for good procedural practices;</li> <li>- Prepare standard bidding documents or use existing models that have been duly adapted;</li> <li>- Drawn up general clauses for the main types of contracts celebrated by the Project. IFAD GCC may be adopted with appropriate adaptations;</li> <li>- Standard contractual conditions should include provisions on Alternative Dispute Resolution (ADR), specifically through arbitration, in alignment with international standards;</li> <li>- Develop an acquisition procedures manual aligned with national laws and international good practices;</li> <li>- Capacity building on use of sustainable contracting criteria in the Project's procurement cycle;</li> <li>- Adhering to IFAD SECAP and IFAD policies.</li> </ul> |            |            |
| <p><b>A.2 Institutional Framework and Management Capacity</b></p>  | <b>Low</b> | <b>Low</b> |
| <p><b>Risk:</b></p> <ul style="list-style-type: none"> <li>- Low priority for planning.;</li> <li>- Absence of extratified statistical information on procurement can make it difficult to evaluate policies and identify the efficiency of the system.</li> </ul>   | Low        | Low        |
| <p><b>Mitigations:</b></p> <ul style="list-style-type: none"> <li>- Facilitate capacity building on strategic planning;</li> <li>- Adopt procurement management systems that allow evaluation through statistical information, as well as market planning and analysis</li> </ul>  |            |            |
| <p><b>A.3 Public Procurement Operations and Market Practices.</b></p>  | <b>Low</b> | <b>Low</b> |
| <p><b>Risk:</b></p> <ul style="list-style-type: none"> <li>- Fragility in the integration between procurement planning and technical areas;</li> <li>- Use of contracts templates with General Clauses is still not frequently used;</li> <li>- The rules to ensure the confidentiality of the evaluation procedure are not present in a clear way and a single manual;</li> <li>- Punctual delays in the execution of contracts.</li> </ul>   | Low        | Low        |

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| <p><b>Mitigations:</b></p> <ul style="list-style-type: none"> <li>- Internal flows must promote the integration and participation of the procurement area in the planning cycle of Project activities;</li> <li>- Training on Project and IFAD's policies;</li> <li>- Adopt standard bid documents whenever possible;</li> <li>- Use of contractual clauses containing the general conditions of the contract is encouraged. (IFAD standard documents as well as their CGC can be adapted for use by the project);</li> <li>- The evaluation rules must be clearly defined in the Project implementation manual;</li> <li>- Use of IFAD's Contract Monitoring Tool (CMT) to gather information about the contracts implementation.</li> </ul>   |                    |                    |
| <p><b>A.4 Accountability, Integrity and Transparency of the Public Procurement System</b></p>   | <b>Substantial</b> | <b>Substantial</b> |
| <p><b>Risk:</b></p> <ul style="list-style-type: none"> <li>- The sharing of teams for technical assistance in different decision-making bodies;</li> <li>- The inclusion of standard contract clauses that provide for prohibited practices is not mandatory;</li> <li>- Low perception about the application of laws on fraud, corruption and other prohibited practices with the application of penalties declared;</li> <li>- Lack of information about special integrity training programs offered to procurement teams;</li> <li>- Stakeholders are not actively participating in promoting good practices and actions for integrity and ethics;</li> <li>- lack of standardized forms for archiving conflict of interest information;</li> </ul>  | Substantial        | Substantial        |
| <p><b>Mitigations:</b></p> <ul style="list-style-type: none"> <li>- Define an independent appeals body or entity;</li> <li>- Clearly and expressly define in its compliance/integrity documents and policies what are considered prohibited practices and how to avoid them;</li> <li>- Development of Internal communication plans and training programs on the Project's fundamental policies and values;</li> <li>- Include clauses and policies that address prohibited practices in the main contractual documents;</li> <li>- Implement integrity and anti-corruption training as part of the project;</li> <li>- Establish clear documents on ethics and integrity as a requirement in the project;</li> <li>- Include IFAD's mandatory policies in all contractual documents, including for subcontractors;</li> <li>- Conduct comprehensive due diligence before formalizing any contracts;</li> <li>- Include evaluation criteria that recognize the adoption and appreciation of good practices and innovative practices by bidders;</li> <li>- Adopt clauses and policies that address prohibited practices in the main contractual documents;</li> <li>- Adopt forms of declaration on conflict of interest and property information and keep them filed in the procurement processes (IFAD standard forms can be adapted).</li> </ul> |                    |                    |
| <p><b>B.1 Assessment of Project Complexity</b></p>  | <b>Substantial</b> | <b>Substantial</b> |

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| <p><b>Risk:</b></p> <p>This is a type C project where IDB Procurement rules will be followed. The state of Paraíba's legislation allows for the use of IFIs procurement rules. Moreover, the State Comptroller's Office (CGE) has a system where all project procurements are entered, and this system includes all the procurement methods of these financing organizations, in accordance with the Loan Agreement. IICA - Inter-American Institute for Cooperation on Agriculture will also be an implementing partner and they already work on several projects using the rules of the World Bank and IFAD, which are similar to those of the IDB. IICA has also an online system storing all the procurement documents, which can be made available to lenders. This system has already been inspected by IFAD without any problems. Procurement that may be carried out directly by the Project will have all their documents registered in the CGE system. The procurement that will be carried out by the beneficiary farmers' associations will also be monitored by the Project's technicians and registered in the agreement control system, which reduces risk and promotes greater transparency.</p> <p>Another complexity of the Project is due to the fact that procurement will be done by both the PMU and the associations and farmers.</p> <p>The procurement done by farmers' associations will be of low complexity, but with a large number of acquisitions, as the project will cover the entire semi-arid region of the State, with 194 municipalities. This may require a great effort of coordination and monitoring.</p> | Substantial     | Substantial     |
| <p><b>Mitigations:</b></p> <ul style="list-style-type: none"> <li>• Provide training on IDB procurement rules to the project teams: including teams of potential implementers, the Attorney General's Office, and the State Comptroller's Office, to strengthen the understanding of the agreed rules.</li> <li>• PMU's procurement activities do not present highly complex selections or acquisitions and the Project team already has experience with the methods of international financial organizations, having carried out IFAD and IBRD projects. They also intend to hire IICA to carry out the selection and hiring of individual consultants, as occurred in phase 1 of PROCASE. Consider the support of civil servants who have worked in the previous phase and inviting consultants who have worked in the previous phase or who have worked on projects with similar procurement rules to take part in the selection process.</li> <li>• Farmer associations will have bidding committees and they will execute the "Request for Quotation" method for planned purchases. These commissions will be trained by the PROJECT and will have the support of technical experts in purchasing. The complexity of the project is high, but with full conditions for risk mitigation and adequate management.</li> </ul>  |                 |                 |
| <p><b>B.2 Assessment of Implementing Agency Capacity</b></p>   | <b>Moderate</b> | <b>Moderate</b> |
| <p><b>Risk:</b></p> <p>The State of Paraíba has the technical capacity in both national and international public procurement, and the Project will be executed in accordance with the IDB's procurement regulations but there is the risk that the capacity of the implementing agency is insufficient to adequately manage the Project, causing delays in execution.</p> <p>The public procurement processes used by the state of Paraíba are generally carried out using the Electronic Auction modality, which is also accepted by the IDB with the suppression of the negotiation clause after the award of the lowest price. This modality could also be used in the Project's procurements.</p>  | Moderate        | Moderate        |

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| <p><b>Mitigations:</b></p> <p>The implementation of the project will be centralized in the Secretariat of Family Agriculture, with the partnership of EMPAER as technical sub-executor. Due to the good execution of phase 1 of PROCASE, the PMU acquired successful experience with this type of arrangement. Control and monitoring of the execution of the Investment Plans of producer organizations will be carried out through an agreement (convênio) system. The technical assistance teams will monitor the bid process, the receipt of goods and services and the rendering of accounts. The implementing agency will have the support of IICA for the selection and hiring of consultants, which is an institution experienced in implementing rural projects and applying the financing partners procurement rule and operates with an adequate and transparent system. The implementing Agency has good execution capacity but will need to maintain good coordination of the actors involved to avoid delays in implementation.</p> <ul style="list-style-type: none"> <li>• Involve procurement staff with experience in public procurement of IFIs that have rules similar to those of the IDB and provide training to project staff involved in procurement on the rules established in the Loan Agreement.</li> <li>• Train the auctioneer on the Electronic Auction method adapted to IDB's procurement policy as agreed in the Loan Agreement.</li> </ul> |                    |                 |
| <p><b>Project Procurement Overall</b></p>   | <b>Moderate</b>    | <b>Moderate</b> |
| <p><b>Risk:</b></p> <p>With a moderate risk at both the country and projects levels, it can be mitigated by implementing the actions defined during design. Mainly, the use of IDB rules as the implementing partner and adjusting any gap determined in the gap analysis.</p>  | Moderate           | Moderate        |
| <p><b>Mitigations:</b></p> <p>Provide training on IDB procurement rules to the project teams: including teams of potential implementers, the Attorney General's Office, and the State Comptroller's Office, to strengthen the understanding of the agreed rules.</p>  |                    |                 |
| <p><b>Environment, Social and Climate Impact</b></p>  | <b>Substantial</b> | <b>Moderate</b> |
| <p><b>Biodiversity Conservation</b></p>   | <b>Moderate</b>    | <b>Moderate</b> |
| <p><b>Risk:</b></p> <p>The agricultural components of the Project will be developed in an already altered landscape on landholdings with an average area of 10 hectares. The risk of conversion or degradation of biodiversity, habitats, ecosystems, and ecosystem services resulting from Project activities is thus limited. Furthermore, the Project will invest in the environmental restoration of critical habitats, such as riparian forests, and promote agroforestry systems, thus increasing biodiversity in the beneficiary's farms.</p> <p>Animal farming systems, which are historically linked to deforestation and desertification trends, will be strengthened by PROCASE II with agroecological productive systems, environmental monitoring, and land restoration activities, among others, limiting their potential negative impact and increasing the region's vegetation cover.</p> <p>The Project will not promote the planting of invasive species, but independent introduction by farmers may occur.</p>  | Moderate           | Moderate        |

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| <p><b>Mitigations:</b></p> <p>Investment plans at plot or farmers' association levels will be required to observe Brazilian Law guidelines regarding the conservation of biodiversity and native vegetation. Those will be reflected in the Project's ESMF and ESMP.</p> <p>Moreover, the Project will implement a variety of measures that will limit the impact of animal husbandry activities, including agroforestry, diversification of fodder trees including native forage trees, optimal rotation, agroecological Technical Assistance, genetic improvement of animal breeds, participatory management of natural habitats, sustainable use of protected areas, project-level monitoring of deforestation, construction of nurseries and expansion of processing and marketing capacities, increasing the profitability of production systems. The gain in productivity brought by agroforestry systems will also serve as a deterrent to deforestation since degraded pasture lands have much lower yields.</p> <p>Regarding invasive species, the Project will only promote productive systems that use native species and non-invasive exotic species, avoiding species with invasive potential, such as Neem, Algaroba, and Leucaena.</p> |                        |                        |
| <p><b>Resource Efficiency and Pollution Prevention</b></p>  | <p><b>Moderate</b></p> | <p><b>Moderate</b></p> |
| <p><b>Risk:</b></p> <p>The Project will not seek or support the use of hazardous substances nor the significant extraction of natural resources. Nonetheless, pesticides may be needed in the case of pest outbreaks.</p> <p>Extraction of water resources for human use and irrigation will observe best practices and national regulations and will not jeopardize the sustainability or quality of water stocks. Most water infrastructures will be rainfed cisterns and dams, with limited impact on groundwater and surface water resources.</p> <p>The Project will also promote the installation of efficient stoves that will reduce the need for firewood in the region, reducing deforestation trends.</p> <p>The Project will focus on green fertilizers and will not encourage the purchase of chemical fertilizers. It will also support small livestock production, so there may be an increase in herd size.</p>   | <p>Moderate</p>        | <p>Moderate</p>        |
| <p><b>Mitigations:</b></p> <p>The risk associated with the eventual use of pesticides will be mitigated through the judicious assessment of the need for their use, and the WHO guidelines will be followed regarding handling, application, disposal, and risk class. No WHO Ia and Ib class toxicity hazard substances will be allowed to be used.</p> <p>The Project will support environmentally sustainable practices and help farmers modify their production systems if they have unsustainable practices (for example, overgrazing or cutting and burning native vegetation). It will also contribute to increasing forest coverage through reforestation practices and the restoration of degraded areas, especially near animal husbandry activities.</p>   |                        |                        |
| <p><b>Cultural Heritage</b></p>   | <p><b>Low</b></p>      | <p><b>Low</b></p>      |
| <p><b>Risk:</b></p> <p>The Project will not cause significant degradation of cultural or physical resources, including threats to or loss of resources of historical, religious, or cultural importance. The Project will only work on land already being used for agriculture and will not implement activities in recognized cultural heritage sites.</p>   | <p>Low</p>             | <p>Low</p>             |
| <p><b>Mitigations:</b></p> <p>The Project will ensure that cultural considerations are made during the implementation of the proposed activities. Project activities will foster the respect and preservation of traditional culture, knowledge, and practices of Indigenous Peoples and Traditional Communities.</p>   |                        |                        |
| <p><b>Indigenous People</b></p>   | <p><b>Low</b></p>      | <p><b>Low</b></p>      |



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| <p><b>Risk:</b></p> <p>Indigenous peoples will not be adversely impacted by Project activities, but there is a risk that there will be no effective participation of Indigenous peoples in Project decisions that affect them.</p>  | Low             | Low             |
| <p><b>Mitigations:</b></p> <p>i) The Project strengthens the protection of indigenous people's cultural and physical resources, promotes economic development through productive investments, values traditional agricultural systems, and recognizes and rescues indigenous food culture. Thus, Project interventions are expected to increase incomes, food security, and improved nutrition for IPs. ii) Project eligibility/exclusion criteria prohibit the acquisition or restriction of land use in areas of indigenous and traditional communities. iii) The Environmental, Social, and Climate Management Plan (ESCMP) 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. iv) The ESCMP will also include a Social Communication and Community Participation program that respects and includes forms of documentation and means of communication that are accessible and adequate to the cultural specificities of Indigenous peoples and traditional communities of the Project area. v) The Project's methodology is participatory and demand-driven, with indigenous and traditional communities presenting their development plans and co-creating the Project's activities in a process of self-determined development. vi) The Project will ensure the Free, Prior, and Informed Consent (FPIC) of the Project-affected Communities of Indigenous Peoples. vii) The Project will elaborate a socio-cultural analysis of indigenous populations and traditional communities living in the project area.</p> |                 |                 |
| <p><b>Labour and Working Conditions</b></p>   | <b>Moderate</b> | <b>Moderate</b> |
| <p><b>Risk:</b></p> <p>Employment conditions in impoverished rural areas of Brazil, as is the case in the Project's intervention area, may not be fully compliant with national and international labor and working regulations. This can lead to risks of payment below the minimum wage, child labor, unsafe conditions, or excessive hours, among others.</p>  | Moderate        | Moderate        |
| <p><b>Mitigations:</b></p> <p>i) All contracts with contractors, suppliers, and third parties to be financed with IFAD resources will include provisions that prohibit child labor and promote decent working conditions. ii) The PMU (Project Management Unit) will establish a mechanism to supervise and monitor the Project's activities, considering working condition issues. iii) Through the Project's complaints and grievances mechanism (GRM), stakeholders or society, in general, will be able to submit anonymous complaints regarding abusive labor practices (e.g., forced or child labor), cases of gender-based violence, discriminatory working conditions, and unsafe/unsanitary working conditions, which will be addressed and resolved as indicated in the mechanism. iv) The Executing Agency will prepare and maintain an Environmental and Social Management System (ESMS) for the operation with specific elements related to Labor and Working Conditions under ESPS 2 of IDB. Therefore, the Project will lead to an improvement in labor and working conditions.</p>  |                 |                 |
| <p><b>Community health, safety and security</b></p>   | <b>Moderate</b> | <b>Moderate</b> |

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| <p><b>Risk:</b></p> <p>There is no risk that the Project activities will have adverse effects on the physical, mental, nutritional, or social health and safety of an individual, group, or population. However, recurrent gender-based violence in the Project area may have potential adverse effects on the physical, mental, or social well-being of individuals or groups. Works to be carried out under the Project may entail a limited influx of project workers from outside the beneficiary's communities. As proposed works, such as building cisterns, are small, the duration of such an influx and the quantities of works are expected to be small with no adverse impacts. Another potential risk relates to the piloting project approach to new target groups (e.g. LGBTQIAPN+ and persons with disabilities), which may involve some complexities.</p>   | Moderate        | Moderate        |
| <p><b>Mitigations:</b></p> <p>The Project will contribute to improving the health and nutrition of rural populations, promoting agroecological practices, supporting access to water and sanitation, and improving food and nutrition security.</p> <p>In accordance with IFAD's Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation, and Abuse (2020), the Project will ensure that adequate safeguard measures are in place for a safe and harassment-free working environment, including sexual harassment and free from sexual exploitation and abuse in its activities and operations. All Project implementation teams, partners, and Project participants will receive training on preventing and responding to sexual harassment and SEA. Any complaint of sexual harassment, exploitation, or abuse received through the Project's complaint procedure will be referred immediately to the IFAD Ethics Office for further action. Project interventions focusing on gender will include orientations to beneficiaries on the different forms of violence against women, available protective measures safeguarded by the Maria da Penha Law, and how to report it.</p> <p>The Project works involve the implementation of social technologies (ST) with the active mobilization and participation of communities, whose members will receive capacity-building on how to implement and maintain STs with the support of a few outside trainers.</p> <p>The Project will partner with civil society organizations and movements representative of the LGBTQIAPN+ community and with experience working with this target group to ensure transformational approaches are implemented and that the LGBTQIAPN+ are effectively included in project activities.</p> |                 |                 |
| <p><b>Physical and Economic Resettlement</b></p>  | <b>Low</b>      | <b>Low</b>      |
| <p><b>Risk:</b></p> <p>The Project's intervention should not cause the physical resettlement of families or significant adverse economic effects, especially to marginalized groups.</p>  | Low             | Low             |
| <p><b>Mitigations:</b></p> <p>The Project will have a solid targeting strategy and will promote positive social, physical, cultural, and economic impacts, especially for marginalized groups.</p>  |                 |                 |
| <p><b>Greenhouse Gas Emissions</b></p>  | <b>Moderate</b> | <b>Moderate</b> |
| <p><b>Risk:</b></p> <p>Emissions from Project activities are likely to be negligible as the Project will focus on activities that should increase biomass on farms through the promotion of agroforestry systems, reduction in the use of fire as an agricultural management tool, improved pasture management and better soil conservation practices. Such an increase in biomass and adoption of agricultural practices may offset eventual emissions of other project activities, such as support to small agro-industries (that consume energy in processing, packaging, and transport). A detailed EX-ACT assessment prepared confirms the above.</p>  | Moderate        | Moderate        |

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| <p><b>Mitigations:</b></p> <p>The Project will most likely have negative emissions (carbon sequestration). It will contribute to increasing forest coverage with reforestation practices, sustainable use of riparian areas, recovery of degraded areas, and introduction of energy-efficient stoves.</p>  |                    |                    |
| <p><b>Vulnerability of target populations and ecosystems to climate variability and hazards</b></p>  | <b>Substantial</b> | <b>Substantial</b> |
| <p><b>Risk:</b></p> <p>The target population and ecosystems are vulnerable to climate variability and extreme events, notably droughts and hot spells, especially in the Caatinga biome. In the Zona da Mata region (Atlantic Forest), the risks are more related to extreme rainfall events, such as floods and landslides. These problems are compounded by poverty and limited access of the targeted population to public policies geared towards reducing their vulnerability to climate change.</p>  | Substantial        | Substantial        |
| <p><b>Mitigations:</b></p> <p>A Targeted Adaptation Assessment was prepared to provide guidance on adaptation measures that farmers and rural extension agents can implement. Since climate resilience is a focus of PROCASE II, many project activities will have adaptive potential, such as social technologies that increase access to water (cisterns, subterranean dams) and climate-resilient agriculture (agroecological TA, agroforestry based on native species, etc.).</p>  |                    |                    |
| <p><b>Stakeholders</b></p>   | <b>Moderate</b>    | <b>Moderate</b>    |
| <p><b>Stakeholder Engagement/Coordination</b></p>  | <b>Low</b>         | <b>Low</b>         |
| <p><b>Risk:</b></p> <p>There is a risk that the relevant stakeholders are not identified, that there is inadequate/insufficient disclosure of information, and that the key stakeholders invited to be part of the Project show little interest in or commitment to the Project's objectives and activities.</p>   | Low                | Low                |
| <p><b>Mitigations:</b></p> <p>At the community and family level, the Project will implement a participatory and demand-driven process in defining activities that meet the needs and aspirations of the beneficiaries. The Project will also establish continuous communication, awareness-raising, and coordination with the various partners at different levels (local, regional, and state), starting at the Project preparation stage. It will foster visibility activities to publicize and clarify doubts about the Project activities' results, both for the target groups and the partners involved in implementation. Promoting awareness and participation among local communities, farmers, and other key players is essential to ensure adherence and commitment to the proposed activities. A stakeholder engagement plan for the lifetime of the Project (including equal participation of women and men and considering Indigenous Peoples and vulnerable groups) will be prepared. The Project will also conduct a public consultation process, considering culturally appropriate mechanisms and the progress of studies and management plans.</p> |                    |                    |
| <p><b>Stakeholder Grievances</b></p>   | <b>Moderate</b>    | <b>Moderate</b>    |
| <p><b>Risk:</b></p> <p>The implementation of the Project may lead to the submission of complaints by various stakeholders involved in or impacted by the Project's activities, thus affecting the continuity of activities and the established schedule. There is a risk that the Project will have ineffective grievance redress processes, leading to unaddressed grievances that jeopardize the achievement of the Project's development objectives.</p>  | Moderate           | Moderate           |

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| <p><b>Mitigations:</b></p> <p>The Project will incorporate a clear and effective Grievance Redress Mechanism (GRM) in accordance with IDB's Safeguard Policy and IFAD's guidance documents - Framework for Operational Feedback from Stakeholders and IFAD Guidelines 2021 on Engagement, Feedback and Redress of Project Target Group Grievances. The procedure includes mechanisms for expressing the complaint or grievance, the response time, and the resolution spheres. This mechanism should be easily accessible to the population and have a rapid resolution, ensuring that the submitted complaints are quickly analyzed and that the situations are mutually agreed upon to satisfy the parties involved. The Project will also raise awareness among stakeholders about the available GRM. It will also include this information as part of IFAD/IDB missions and part of the training of the technical assistance teams that will work with the beneficiaries.</p> |  |  |
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