

Federative Republic of Brazil

Country Programme Evaluation

Executive Summary

1. **Background.** This is the second Country Programme Evaluation (CPE) for Brazil by the Independent Office of Evaluation (IOE) of IFAD conducted in 2015. The previous Brazil CPE was undertaken in 2007.
2. The 2015 CPE covers the IFAD-Brazil partnership between 2008 and 2015. It entailed assessing of the 2008 country strategic opportunities programme (COSOP) and eight IFAD-financed projects, two of which had closed and six were ongoing at the time of the evaluation. The findings and recommendations from the CPE are to inform the preparation of a new Brazil COSOP, for presentation to the IFAD Executive Board in 2016.
3. Brazil has the largest IFAD-supported project portfolio in terms of lending volume in the Latin America and the Caribbean region. Since 1980, IFAD has supported 11 loan-funded projects with a total project cost of US\$825 million. Of the total costs, IFAD financing amounts to around US\$260 million; Brazilian counterpart funding is US\$498 million (more than 50 per cent of total project costs). There has been only limited international cofinancing, principally from the Spanish Food Security Cofinancing Facility Trust Fund and the Global Environment Facility. IFAD has also provided 24 grants to Brazil in the past ten years.
4. The Fund has assigned two country programme managers (CPMs) for Brazil since 2008, both based at IFAD headquarters in Rome. IFAD opened a country office in Salvador de Bahia, which became operational in the middle of 2011. The country office currently has three national staff, and its main focus is to undertake supervision and provide implementation support to IFAD-financed projects in the north-east region.
5. **Country context.** In 2014, Brazil was the world's seventh largest economy, with an estimated gross domestic product of US\$2.346 trillion. The Human Development Index (HDI) increased from 0.612 in 1990 to 0.744 in 2013, ranking Brazil 79th out of 187 countries and placing it in the high HDI category. Notwithstanding such economic growth, Brazil's economic progress has decelerated over the past couple of years to the point of negative growth in 2015.
6. The poverty headcount (at national poverty line) in 2012 stood at 9 per cent, down from 21 per cent in 2005. In terms of geographic distribution, there is a higher prevalence of poverty and social deprivation in the northern and north-eastern states. The general dependence on family farming as a primary source of livelihood is also higher in these regions.
7. Family farming has occupied a central role in Brazil's poverty reduction efforts, mainly through support to land redistribution, technical assistance and the provision of financial services for farm and off-farm activities. Brazil has an estimated 16 million family farmers, with a total of around 4.1 million small farm plots. Family farms contributed 38 per cent of the gross value of agricultural production as of 2006, and are also instrumental to the food security of the country, as they produce about 70 per cent of all food products that Brazilians consume.
8. The north-east of Brazil has a large semi-arid area of approximately 970,000 km², occupying 11 per cent of the national territory. The region is inhabited by approximately 25 million people. People living in rural areas are mostly poor, and in spite of aggressive efforts made by the Brazilian government to better distribute wealth and improve the living conditions in the country, the situation of the north-

east region continues to pose a serious challenge to sustainable and inclusive social and economic development.

9. Brazil's national budget for 2014 was 2.49 trillion Brazilian *reais* (R\$). Of this, 6.7 per cent of was allocated to the agriculture sector. In June 2015, the Government announced an increase in its 2015/2016 annual national budget for agriculture credit (*Plano Agrícola e Pecuário*) by 20 per cent, as compared to the 2014/2015 budget. The 2015/2016 agriculture credit budget is R\$187.7 billion (equivalent to US\$56 billion).
10. High-level political will to eliminate poverty was demonstrated through the programmes of *Fome Zero* (Zero Hunger) and *Brasil Sem Miséria* (Brazil without Poverty). The Fome Zero initiative was launched in 2002 to encompass a range of initiatives aimed at guaranteeing quantity, quality and regularity of access to food for the population. Brasil Sem Miséria was announced by President Dilma Rousseff in 2011, building on the *Fome Zero* initiative and aiming to consolidate the gains made to completely eradicate extreme poverty by 2014.
11. Brazil received US\$4.9 billion as country programmable aid in 2004-2012. In 2013, total Official Development Assistance (ODA) commitment per year to Brazil was US\$782 million. From 2005 to 2013, total ODA commitment to Brazil's agriculture and rural development sector was US\$2.6 billion, averaging around US\$263 million per annum. In 2013, the ODA for agricultural and rural development was around 3 per cent of the Government budget for the sector in the same period. Brazil is also a donor country: its annual aid disbursement is not reported to the OECD-DAC, but estimates by the Overseas Development Institute put the annual aid disbursement at US\$1 billion.
12. **IFAD country strategies and operations.** IFAD produced its first COSOP for Brazil in 1997. Building on the 2007 Brazil CPE recommendations, a second COSOP was produced in 2008. The 2007 Brazil CPE made five overarching recommendations: (a) Strengthen innovation promotion, including knowledge management; (b) Intensify partnerships with Government agencies; (c) Explore other geographic areas and targeting options; (d) Redefine priority areas of operations; and (e) Redefine IFAD's operating model, for example by outposting the CPM and considering the establishment of a sub-regional office in Brazil.
13. The 2008 Brazil COSOP included four main strategic objectives: (a) To increase commercial agricultural production by small farmers; (b) To improve access by poor rural people to off-farm employment and business activities in rural areas and villages; (c) To improve, through knowledge generation and dissemination, the capacity of poor rural people and of relevant institutions in the north-east to co-exist with semi-arid conditions; and (d) To deepen the discussion on rural poverty reduction and family farming policies at the national and international levels.
14. IFAD financed six new loan-funded projects following the adoption of the 2008 COSOP, for a total cost of US\$452.4 million. These six operations cover the following states in the north-east: Alagoas, Bahia, Ceará, Paraíba, Pernambuco, Piauí, Rio Grande do Norte and Sergipe; they are implemented by the respective state governments. However, the federal Ministry of Agrarian Development is the executing agency of one of the six projects, the Dom Hélder Câmara II.

Project portfolio performance

15. In assessing project portfolio performance, the CPE covers eight IFAD-funded projects in Brazil. Of these, only two have been completed, and six are in early phases of implementation. As such, the CPE has only been able to rate the criterion of relevance of the entire portfolio.
16. **Relevance.** Relevance of the entire portfolio is satisfactory (5). Projects have targeted family farmers including women and youth. They have been implemented in the north-east of the country, where a large number of poor people live in

remote rural areas. Projects objectives have been consistent with the needs of the rural poor, IFAD country strategy and Government priorities for rural poverty reduction. Projects have focussed on community development, empowerment and grassroots institution building, rural infrastructure, strengthening linkages with public policies, water management, and improvement of food security through productive investments including in off-farm activities.

17. However, the CPE found that none of the operations it assessed are formally classified as 'agriculture' projects by the IFAD Management. In this regard, while non-agricultural activities are important to ensuring wider rural transformation, the CPE underlines the need for IFAD to devote greater attention to its core mandate, specialization and comparative advantage of enhancing on-farm agricultural production and productivity for improved food security, nutrition and incomes. In sum, moving forward, the CPE calls for a better balance between agricultural and non-agricultural activities in IFAD-funded projects in Brazil.
18. Moreover, the ongoing portfolio of six projects covers a vast geographic area in eight states in the north-east region. This poses a challenge to implementation, supervision and monitoring and evaluation (M&E). Related to this and based on experience in the country, the implementation period designed for the current projects (an average of six years) might under-estimate the time actually required to achieve expected results, also because of the relatively long time taken for project start up.
19. **Effectiveness.** The effectiveness of the Dom Hélder Câmara I project was satisfactory (5), whereas the Gente de Valor project was moderately satisfactory (4). The Dom Hélder Câmara I project had positive effects on the capacity of family farmers to organize themselves into autonomous associations. It invented a compelling and easily communicable concept – *Conviver com o semi-árido* – to promote the idea that it is possible for family farmers to establish a sustainable relationship with the environment of the semi-arid north-east and at the same time develop their business skills. Another great merit of the project was its contribution to easing one of the main constraints to agricultural development in the semi-arid north-east – access to water. In many communities, however, water continues to be scarce: the management of limited water resources needs improvement.
20. The adult literacy campaigns produced good results as a consequence of an innovative learning method inspired by one of the NGO partners that provided incentives for teachers to deliver results. Although project actions for promoting education were effective at the individual level, they have not yet generated changes in official school curricula. Leadership training for young women and men led to employment opportunities and improved the management of associations and rural institutions. The project also attempted to promote market-oriented, bottom-up financial services suitable for the rural poor, but success rates were lower in these areas.
21. The evaluation of the Gente de Valor project concluded that its overall social and human capital development objective was achieved: services, training and infrastructures delivered were in the range of magnitude foreseen, and were found both to be useful and utilized. After the 2011 midterm review, the project concentrated investment on processing plants for agricultural produce in about 30 per cent of the project sub-territories ("focus territories"). While it makes sense to concentrate productive investments in areas of higher potential, the project was too fast in moving out of the "non-focus" communities after the 2011 midterm review, even when these communities had come up with meaningful, albeit more modest, investment plans.
22. As for the productive and market development objective (which was assigned the largest amount of resources), many of the activities, services and physical constructions have been delivered very recently, well after IFAD loan closure,

and some of them can be considered as still being “fledgling” initiatives (such as agricultural produce processing) with viability and results still to be proven.

23. With regard to the ongoing portfolio of projects, there are some issues that need to be considered to ensure long-standing effectiveness. Constraining factors include the sustainable management of resources, value addition of agricultural produce and linkages with markets, and human and social capital formation. Other concerns will also need to be addressed to ensure effectiveness, including finalizing the procurement and contracting of technical assistance services, strengthening institutional capacities in some states, staffing project management units, and preparing implementation manuals.
24. The 2015 CPE concludes that there are opportunities for ensuring better portfolio effectiveness in the future, also given IFAD’s undertaking of direct supervision and implementation in all new operations. However, this will require greater attention to “coordination and continuity of action” moving forward.
25. **Efficiency.** Operational efficiency of the two closed operations was rated as moderately satisfactory (4). In particular, the Dom Hélder Câmara I project experienced a 24-month delay in becoming effective. Such prolonged duration inevitably brought about an increase in expenditure on management and supervision. Despite this initial delay, the resources available were efficiently administered. The evaluation of the Gente de Valor project noted that project funding respected the deadlines, but the activities were not completed and had to be continued for two and a half years with government funding, reflecting ambitious expectations.
26. In the six ongoing projects, efficiency is a concern: the average time taken by the projects for “entry into force” from Board approval was 19.3 months, well above IFAD’s overall average of 10.2 months. The field visits revealed there were delays in start-up and implementation, and overall poor project planning, management and monitoring. Disbursement performance is also a concern and was probably over-estimated at appraisal, as is the proportion of costs allocated to project management (including salaries and operation costs), which were found to be somewhat on the higher side.
27. The CPE found some issues that need to be addressed in financial management, such as the weak financial systems for accounting and reporting in some projects, insufficient knowledge in some states and projects of IFAD procurement guidelines, delays in preparation of audit reports, and the lack of manuals to support project staff in their financial management activities.
28. **Rural poverty impact.** The evaluation of the Dom Hélder Câmara project I concluded that its overall impact on poverty was satisfactory (5). In fact, all impact domains were rated as satisfactory, and the impact on human and social capital and empowerment was rated as highly satisfactory. The evaluation of the Gente de Valor project also assessed the operation’s overall impact as satisfactory (5).
29. No clear judgement can yet be made on the impact of ongoing operations, as they are still in very early stages of implementation. However, based on observations from the field, there are several driving factors that need to be strengthened to ensure that the current portfolio is able to achieve the envisaged impacts. In particular, greater attention will be needed to rural financial services, natural resources and environmental management and climate change, access to markets and private sector engagement, including and commercialization of agriculture.
30. **Sustainability.** Both closed projects were rated only moderately satisfactory (4) for sustainability of benefits. The Dom Hélder Câmara I project evaluation concluded that social and economic effects of the operation at the family farm level have a good chance of being sustained. One condition would be the further consolidation of the production capacities of family farmers, upgrading of the

quality of farm produce and integration with other markets including small- and medium-scale agribusiness companies. The evaluation of the Gente de Valor project noted that the stream of benefits generated by the project will be bolstered by some enabling factors and could be constrained by some risks. Among the main threats to sustainability is the infancy stage of the agricultural produce processing units that the project created.

31. For ongoing projects, the emerging experience highlights how projects do not have well-articulated exit strategies, clarifying the roles and responsibilities of IFAD, Government and other partners after project completion. Such strategies should be developed as early as possible, to ensure the continuation of benefits. Another important issue is that beneficiaries themselves have insufficient capacities to take advantage of marketing opportunities. Adequate measures will need to be taken to address these challenges, for instance by enhancing the skills of technical assistance providers, improving the capacities of smallholders to enhance product quality and produce in bulk quantities, and to strengthen partnerships with the private sector.
32. **Innovation and scaling up.** The two closed projects were both rated as satisfactory (5) in promoting innovations and scaling up. For Dom Hélder Câmara I, the evaluation found that its design was characterized by innovations that were successfully applied: these included the adoption of a territorial development strategy and a multi-dimensional approach to poverty reduction, and involvement of a wider range of partners. The same holds true for the Gente de Valor project, where a number of initiatives were innovative: the project introduced agricultural and non-agricultural technologies and methodologies with promising results.
33. With regard to the ongoing projects, some are introducing meaningful innovations in targeting. These include: the recruitment of rural youth to work as social mobilizers/local development agents, which provides them with skills development and employment opportunities; the recruitment of young "bolsistas" to support the project management unit in project implementation; and the involvement of young people to use information and communication technology for project monitoring and reporting.
34. With regard to scaling up, the Dom Hélder Câmara I project has been scaled up into Dom Hélder Câmara II project, for a total project cost of US\$125 million, with the Government contributing US\$82 million and the beneficiary US\$25 million. The evaluation of the Gente de Valor project concluded that it was not well-articulated with municipal governments, which could be a constraint to scaling up. However, the state government of Bahia is aware of the innovative approaches introduced by the project and has expressed interest in scaling up some activities in the semi-arid area.
35. It is premature to assess the scaling-up potential of the six ongoing projects as they have just started implementation. However, four of the six have been rated in the 2014-2015 annual portfolio review for 'potential for scaling up and replication'. Three projects are rated as moderately satisfactory and one as satisfactory, so there is room for improvement. Finally, across the portfolio, however, the CPE finds two factors that are likely to further enhance prospects for scaling up impact. These include: (i) greater engagement of a wider range of federal agencies; and (ii) the outposting of the CPM to Brazil.
36. **Gender equality and women's empowerment.** The Gente de Valor project evaluation from 2015 assessed gender equality and women's empowerment, and rated it as satisfactory (5). The Dom Hélder Câmara I project evaluation (2010) does not include a specific rating, but assessed the performance of the project as broadly satisfactory for gender equality and women's empowerment. Among other achievements, the Dom Hélder Câmara I project ensured women obtained national identity cards, facilitating access to credit and other development services. Overall,

closed projects contributed to all pillars of the gender policy, particularly strengthening women's social and economic potential.

37. A review of design documents for ongoing projects reveals that they address gender and, more broadly, targeting issues in a comprehensive manner. Overall, however, during implementation, there is scope to enhance the participation of women and other groups such as youth and *quilombola*¹ communities in developing the community or investment plans and as members and leaders of community/producer organizations. This is an area that will require attention in the future.
38. In general, while the promotion of gender equality and women's empowerment was satisfactory in the completed projects, gender strategies and actions need to be more fully developed and implemented in the ongoing portfolio.

Performance of partners

39. **Performance of IFAD.** The CPE assesses IFAD's performance as a partner to be satisfactory (5). IFAD has made concerted efforts to develop a significant portfolio of projects since 2008 and to strengthen its overall partnership and dialogue with Brazil. It has mobilized grants for non-lending activities, including South-South and Triangular Cooperation (SSTC), and has quite a good self-evaluation system. Management values the partnership with Brazil, and has invested time in advancing the cooperation. However, there are opportunities for further improvements, in particular in consolidating activities in ongoing operations to ensure desired outcomes.
40. The establishment of the IFAD Country Office in mid-2011 has enabled IFAD to conduct more timely supervision and provide implementation support to projects, and to strengthen dialogue in the north-east, especially on operational issues. In fact, direct supervision and implementation support in all projects have been an important adjustment to IFAD's operating model since the 2007 Brazil CPE. However, the location of the Brazil CPM at IFAD headquarters in Rome is a factor that will need to be carefully considered, as it may be constraining further improvements in the overall effectiveness of the IFAD-Brazil partnership.
41. **Performance of Government.** The consolidated performance of the federal and state governments is satisfactory (5). In spite of some challenges, the Government of Brazil has shown a high degree of commitment to reducing rural poverty, for instance by introducing pro-poor agriculture and rural development policies and programmes, increasing its agriculture budget in spite of the country's financial challenges, providing very high levels of counterpart funding to IFAD operations, and constructively engaging in independent evaluations to promote accountability and learning for better results.
42. However, weaknesses in M&E and results measurement have been common problems across the portfolio, although there are some signs of improvement. M&E systems are inadequate to capture outcome- and impact-level data. The application of IFAD's Results and Impact Management System has also posed a challenge at the project level. M&E of grant-funded activities, especially non-lending activities, has not been systematic; sharper and more easily measurable indicators as part of the COSOP results measurement framework would have facilitated the task. Baseline surveys had not been undertaken in any of the six new projects at the time of the CPE.

Non-lending activities

43. **Policy dialogue.** Policy dialogue at the sub-national and regional levels has improved since the last CPE in 2007. For example, through the Mercosur Specialized Meeting on Family Farming (REAF), the Ministry of Agrarian

¹ Marginalized communities of African descent.

Development and IFAD have managed to bring to the table the priorities of Brazilian family farmers and included their representatives in the dialogue alongside Government officials and other policy- and decision-makers.

44. However, IFAD has not devoted sufficient attention to family farming policy development at the federal level, and its role in federal policy processes has been limited. There are opportunities that need to be explored, in particular strengthening policy dialogue with a wider range of federal institutions, which can also open up opportunities for scaling up impact. The lack of an outpost CPM is one critical constraining factor in enhancing IFAD's brand, visibility and capacity for national policy dialogue in Brazil. All in all, the CPE assesses policy dialogue as moderately satisfactory (4).
45. **Partnership-building.** Partnership with the Ministry of Planning, Budget and Management is very good. The same is true for the partnership with the Ministry of Agrarian Development. However, partnership and dialogue with a wider range of federal agencies involved in agriculture and rural development are limited. Partnerships have been good with state governments though involvement of municipalities, and the private sector deserves added attention. Partnerships with multilateral and bilateral agencies are limited and the same applies to partnership with FAO and WFP, which is a priority for the Government and IFAD.
46. IFAD has developed strong partnerships with NGOs, which are key partners in providing services and technical assistance to the beneficiaries. However, there is insufficient capacity among NGOs, and projects aim to enhance the skills of these providers. All in all, partnership-building is rated as moderately satisfactory (4), as there is scope for expanding partnership with federal government agencies, international development partners and the private sector.
47. **Knowledge management.** There is indeed growing interest in Brazil to pursue an active knowledge-sharing programme for better development effectiveness on the ground as well as to use their experiences and lessons for better livelihoods in other IFAD developing Member States.
48. Over the evaluated period, there has been an ongoing intensification of knowledge management activities and outputs, even though M&E and learning from project experiences have not been sufficiently developed, and deserve more attention moving forward. Moreover, IFAD is not yet consistently regarded as being at the forefront among development partners for generating and disseminating knowledge products on family farming, food security and related topics, which can contribute to policy-making, programme development or further research. All in all, knowledge management is assessed as moderately satisfactory (4).
49. **Consolidated assessment of non-lending activities.** The final assessment by the CPE is that performance in non-lending activities has been moderately satisfactory (4), which is nevertheless an improvement since the 2007 CPE. However, there is increasing demand for non-lending activities in Brazil, including SSTC, and more can be done to leverage non-lending activities to support institutional and policy transformation for better development effectiveness.
50. **Grants.** Between 2008 and 2015, Brazil benefitted from 24 IFAD-funded grants with a total amount of US\$28.6 million. The emphasis of IFAD grants has been on agricultural research, policy dialogue, and knowledge management, among others. For example, IFAD grants in support of REAF have helped highlight the concerns and priorities of family farmers among key policy- and decision-makers. In sum, grants have been an important part of IFAD's programme in Brazil and have been particularly instrumental in furthering non-lending activities. However, there is not sufficient data and information on grant activities to enable a comprehensive assessment of grant outcomes.

51. **South-South and Triangular Cooperation.** Brazil is helping other developing countries through SSTC, which has also increasingly been recognized as a key priority for IFAD to achieve its mandate. There is a convergence between IFAD and Brazil's attention and interest in using SSTC as a development instrument to promote sustainable family farming in Brazil and beyond.
52. The Fund has assisted Brazil in its efforts to cooperate with African and other Latin American and Caribbean (LAC) countries in exchanging knowledge and experience, in terms of public policies for family agriculture, associations and cooperatives, and agricultural research and technology development. Two IFAD grants provided support to knowledge sharing and capacity-building between the Brazilian Agricultural Research Corporation (EMBRAPA - *Empresa Brasileira de Pesquisa Agropecuária*) and a number of institutions in Africa (e.g. in Angola, Ghana and Mozambique). The Africa-Brazil Innovation Marketplace is a mechanism designed to involve researchers from different countries in joint efforts to devise rapid, efficient and low-cost solutions to some of the challenges that family farmers face. Similarly, the LAC-Brazil Agricultural Innovation Marketplace grant, also led by EMBRAPA, is a multi-country IFAD grant project that has so far benefitted ten LAC countries.
53. There are some challenges that will need to be addressed moving forward to enhance the effectiveness of IFAD's contribution in promoting SSTC in Brazil. First of all, currently most activities undertaken do not have a systematic approach, limiting the potential synergies among them. In this regard, it would be useful for IFAD to select focus areas for its engagement in SSTC. One such example could be family farming policies and programmes, which are at the centre of the country's food security objective and areas in which IFAD has accumulated rich experience from its decades of operations in Brazil.
54. Another dimension for IFAD will be to strengthen partnership with the United Nations Rome-based agencies (FAO and WFP) in Brazil, which also focus on food and agriculture issues and are active in SSTC. Stronger institutional partnerships beyond those already in place for the design and implementation of individual investment projects – with other national institutions such as the ABC (the Brazilian Cooperation Agency) already involved in south-south cooperation - would also be beneficial. However, for this to happen effectively, among other issues, the country programme evaluation underlines the need for a stronger synergy between IFAD's lending activities and the grant-financed SSTC initiatives, aspects that would be further facilitated by out-posting the CPM from IFAD headquarters in Rome to Brazil.

COSOP performance

55. **COSOP relevance.** The 2015 CPE considers the 2008 COSOP objectives to be broadly relevant in relation to IFAD's Strategic Framework (covering the period 2007-2010), which emphasized the need to improve agriculture technologies for enhanced productivity, promote access to markets, develop off-farm employment and small and medium enterprises, and for IFAD to be engaged in national and international policy processes. However, the COSOP objectives did not explicitly underline the need to promote private sector engagement and strengthen financial inclusion of the rural poor.
56. In terms of priorities, the COSOP rightly selected the semi-arid north-east of Brazil as the focus of IFAD operations, with state governments as the main executing partners in most cases. The CPE agrees with such a choice, but also suggests that the Fund not rule out working in the future in other non-semi-arid regions of the north east and in the north of the country, where rural poverty rates are also high.
57. The 2008 COSOP is not costed, as there is no indication of the estimated administrative resources that were needed to achieve COSOP objectives, nor specific resources that would be required for achieving COSOP objectives and

planned activities related to non-lending activities. In fact, the CPE finds that insufficient resources is one limitation that has constrained further achievements, especially in non-lending activities. All in all, the CPE rates the 2008 COSOP's relevance as satisfactory (5).

58. **COSOP effectiveness.** It is not possible to assess or rate the effectiveness of COSOP objectives, since all six new operations funded after the 2008 COSOP are in very early stages of implementation.
59. With regard to knowledge management, IFAD has recently helped the Government establish a Forum for Secretaries of Agriculture/Rural Development of the north-eastern states. Moreover, the grant-funded knowledge management programme in the north-eastern semi-arid region is helping support the strengthening and/or establishment of collaborative networks related to the programme's strategic thematic areas. On policy dialogue, the 2008 COSOP's results management framework indicators state that the country programme would contribute to "improved policy dialogue and knowledge sharing between Brazil and other countries (MERCOSUR and African countries) about rural poverty reduction and family farming" and "south-south cooperation activities supported by IFAD with strong Brazilian participation". Encouraging efforts are under way, including through the REAF platform, and the Agricultural Innovation Marketplace.
60. **Overall Government-IFAD partnership assessment.** All in all, the IFAD-Government of Brazil partnership is performing well and there has been a decisive improvement since the 2007 CPE. A new portfolio of projects has been developed since 2009, a country office was established in 2011, and direct supervision and implementation support is enabling IFAD to more closely support its operations. Good activities are being carried out in the areas of policy dialogue, knowledge management and partnerships, including SSTC.
61. However, IFAD-funded projects have not devoted sufficient attention to the engagement of private sector actors, rural finance and market access, and there are concerns with operational efficiency and the sustainability of benefits. There have been start-up delays in all six new operations, needing concerted actions towards consolidating initiatives to ensure they achieve the desired results. With regard to targeting of IFAD financing, opportunities for working with indigenous peoples in partnership with FUNAI² could be explored in the future, given IFAD's strong track record of supporting indigenous peoples in Latin America and Asia.
62. There are challenges that need to be addressed moving forward to raise the bar to the next level. This will require outpostting the CPM to Brazil, consolidating the ongoing portfolio of projects to achieve effectiveness, devoting increased attention to agricultural activities, ensuring better linkages between lending and non-lending activities, and enhancing partnerships with the federal government and other multilateral organizations.

Recommendations

63. **Recommendation 1: Focus country strategy and operations more on agricultural activities.** The country strategy and projects should devote more resources to smallholder agricultural activities, while providing continued attention to supporting essential non-agricultural services and inputs.
64. **Recommendation 2: Strengthen engagement in non-lending activities.** This will require more attention to: capturing project experiences and disseminating lessons learned and good practices; closer dialogue with a wider range of federal agencies; and concrete partnerships with multilateral and bilateral development organizations, including for SSTC.

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

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