

# Federative Republic of Brazil

## Gente de Valor – Rural Communities Development Project in the Poorest Areas of the state of Bahia Project Performance Assessment

### Executive Summary

1. **Background.** The Independent Office of Evaluation of IFAD (IOE) carried out a project performance assessment (PPA) of Gente de Valor - Rural Communities Development Project in the Poorest Areas of the State of Bahia (Brazil) with the objectives to provide an independent assessment of the overall results of the project and generate lessons and recommendations for the design and implementation of ongoing and future operations within the country.
2. The PPA is based on a desk review of the available documentation and on a field mission conducted in March 2015, during which the PPA team held discussions with a number of development partners and visited selected project sites in the two project's sub-regions in the state of Bahia. Facing limited availability of data on the project's results and impacts, IOE conducted a mini-survey to collect qualitative data on people's perceptions of changes brought about by the project and on their appreciation of the activities. Three types of communities were selected for the survey: (i) communities with major productive investments supported by the project; (ii) communities with a smaller amount of investments (mainly on human and social capital) funded by the project; and (iii) communities without project support, for comparison purposes.
3. **The project.** The Executive Board of IFAD approved a loan under the original title of "Rural Communities Development Project in the Poorest Areas of the State of Bahia" in April 2006. The project was renamed "Gente de Valor" in 2008. It had a total foreseen cost of US\$60.5 million, to be financed by an IFAD loan of US\$30 million (and a loan-component grant of US\$0.5 million), Government counterpart funding of US\$29.4 million (later increased to US\$55.9 million), and beneficiary contributions of US\$0.6 million. The loan became effective in December 2006, was completed in December 2012 and closed in September 2013. The project was implemented by a public agency of the State of Bahia: the Bahia Development and Regional Action Company (*Companhia de Desenvolvimento e Ação Regional - CAR*), originally under the responsibility of Secretariat of Planning (*Secretaria do Planejamento*), then from 2008 under the Secretariat of Development and Regional Integration (*Secretaria de Desenvolvimento e Integração Regional - SEDIR*) and, since 2015, under the Rural Development Secretariat (*Secretaria de Desenvolvimento Rural - SDR*).
4. The project's development goal was to reduce poverty, especially extreme poverty levels, of semi-arid communities of the State of Bahia. Specific objectives were to: (a) empower the rural poor and their grass-roots organizations by improving their capacities to participate in local, micro-regional and municipal social and economic development processes; and (b) improve the target population's income-generating capacities, transforming subsistence economic activities into a profitable agricultural and non-agricultural rural business, and using the environment and natural resources in a sustainable manner.

#### Performance

5. The objectives of the project were **relevant** to the strategies of the Government of the State of Bahia, and IFAD's country strategy, notably in terms of the geographic focus on the semi-arid zones in the North-east of Brazil and on family farming.

According to the design, the project areas would include the poorest 29 municipalities in the State of Bahia within two sub-regions: the North-east and the South-east, selected according to municipality-level human development indicators and taking into account basic needs, strength of local associations and their independence from political parties.

6. The project's "theory of change" addressed social and economic constraints to development in a participatory manner. The envisaged sequence of activities was appropriate: (i) mobilizing interest of and strengthening grassroots organizations; (ii) improving basic infrastructure; (iii) providing technical support services to agricultural and non-agricultural production; and (iv) supporting the marketing of products. Without satisfying basic needs (access to water), it would have been impossible to initiate the majority of productive activities.
7. The design was very well adapted to the challenging agro-ecologic environment of the area. Scarcity of water, for human consumption and agriculture, is a structural characteristic of the semi-arid region of the Brazilian North-east. The project placed special emphasis on the provision of water tanks (for human consumption and horticultural production), as well as on building water reservoirs for livestock consumption. Agricultural techniques were promoted that would enhance soil moisture retention, restoration of soil nutrients and erosion control (e.g. cactus/leguminous/millet mixed cropping).
8. There were two shortcomings in the design. First, interactions with municipal governments and other public programmes were limited out of fear of politicization and mission drift. Limited involvement of the local (municipal) administration may constrain sustainability in the longer term. Second, the envisaged six-year implementation plan was not sufficient to complete all the activities. Most investments in processing of agricultural products were completed between 2014 and 2015 (after the loan closure) and with funding from the Government. As communities gained confidence and knowledge, the degree of needs expressed evolved from basic ones (e.g. potable water, some vegetable production to bolster household food security) to more sophisticated production and technology (e.g. modern processing plants, desalinization equipment, tanks for fish farming).
9. In terms of **effectiveness** in attaining the main project objectives, overall the social and human capital development objective can be considered as achieved: services, training and infrastructures delivered were in the range of magnitude foreseen, and were found useful. After the 2011 IFAD mid-term 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 mid-term review, even when these communities had come up with meaningful, albeit more modest, investment plans.
10. 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 fledgling initiatives (such as agricultural produce processing) whose viability and results are still to be proven.
11. **Efficiency.** Overall the IFAD project funding respected the deadlines but the activities were not completed and had to be continued for two years and a half with government funding, reflecting ambitious expectations. Management cost ratios are low but this is also due to incorrect recording in the accounting system. While economic activities such as productive backyards and small livestock have favourable cost-benefit ratios, there are serious concern on the profitability and value for money of the larger processing plants built often without an accurate business plan. The overall efficiency of the project is rated moderately satisfactory.

12. The main areas of project **impact** were food security, human and social capital and natural resource management. The introduction of productive backyards enhanced availability and diversity in the household food basket by adding some types of vegetables (e.g. lettuce, beetroot, cabbage, onion) and fruits (e.g. orange, lemon, and mango). Communities assisted by the project reported better availability of fruits and vegetables in their diet, either through consumption of their own produce or because small earnings from the backyards were directed to purchase higher-quality food.
13. Communities, through the Sub-territorial Development Councils, elaborated their development plans, prioritized the interventions to be carried out by the project, identified the beneficiaries, and were responsible for their implementation and financial management. The project's participatory approach has contributed to creating strong bonds and a sense of solidarity in the communities, and has promoted farmers' willingness to learn and to improve their living conditions.
14. Beneficiaries have acquired technical, organizational and managerial skills (e.g. basic accounting and financial management, computer literacy), information on public programmes, and technical knowledge on horticulture, sustainable use of natural resources, and food-processing technologies. Still many beneficiaries had a poor grasp of the profitability situation of their enterprises, which is an important condition for sustainability.
15. Mainstreaming environmental concerns across all project activities was an adequate strategy, taking into account the environmental constraints of the intervention area (scarce water resources, soil degradation and strong deforestation pressure) exacerbated by the effects of climate change. Above all, through agro-ecological trials and planting of seedlings, farmers were introduced to conservation practices that favour the best use of the *caatinga* and value local species, regenerating vegetation.
16. **Sustainability** of the stream of benefits generated by the project will be bolstered by some enabling factors and could be constrained by some risks. Among the former, the associations and the sub-territorial councils created by the project may enable the establishment of partnerships and implementation of projects in the future. In addition, the productive backyards, agro-ecological trials and small livestock-raising show good chances of economic viability although they still require support (financial and technical) for consolidation.
17. Among the main threats to sustainability is the infancy stage of the agricultural produce processing units created by the project, which still depend on public procurement schemes and are often away from reaching the break-even point.
18. From the institutional sustainability perspective, the Government of the State of Bahia has supported the project since the beginning. Recent institutional arrangements (the creation of the Rural Development Secretariat, the reform of the extension system, the establishment of proximity technical services) provide encouraging signals for the sustainability of the project. While many pre-conditions are in place to provide much needed consolidation support to farmers, this is not going to translate automatically into support to the same communities assisted by *Gente de Valor* and for exactly the type of services that are required. Such support would need to be deliberately targeted and linked to an assessment of the consolidation needs.
19. The project **gender** strategy aimed to reduce poverty through the active participation of women in economic organizations and reducing gender inequalities that exist in rural communities of the semi-arid zones. The project incorporated women as direct beneficiaries (48.6 per cent) and was successful in achieving gender balance in the participation of women in the training activities. It encouraged women's participation in productive activities, especially in backyard

vegetable farming, fruit and cassava processing and handicrafts. Although there are still some weaknesses in terms of marketing and management of the enterprises, women have access to and control over part of the household income for the first time.

20. The project adapted some investments to women's needs, including the construction of potable water tanks close to their houses and the introduction of drudgery-reduction technologies (727 eco-efficient stoves and 31 bio-digesters). In addition, investments in some productive activities, such as the construction of irrigation tanks near the productive backyards and the *ouricuri*-processing machine, have also contributed to reduce the heavy workload of women.
21. IFAD and the Government of Bahia have shown dedication and commitment to this project from policy and operational points of view. On the other hand, they have not dedicated sufficient attention to the monitoring, analysis, documentation and systematization of the results and experiences. This could constrain the dissemination of knowledge to other programmes, whether funded by international cooperation or not. In addition, they did not update the consolidation and phase-out plan which was sketched at the design phase and is needed to enhance sustainability.

### **Key recommendations**

22. Below are key recommendations for consideration by IFAD and the Government of the State of Bahia. These recommendations are particularly relevant to the implementation of the new *Pro-semiárido* project, which will assist part of the beneficiary population of *Gente de Valor*, envisaging the consolidation of the economic activities, and to other pro-poor interventions in the semi-arid region. In addition, country-specific or regional grants with a knowledge management component could help implement some of the recommendations.
23. **Prepare a consolidation plan.** The time frame of six years was not sufficient to complete and consolidate the project activities. Benefiting from the presence of a new IFAD-funded project, the Fund and the Government of the State of Bahia should prepare a plan for the consolidation of *Gente de Valor* productive activities.
24. This plan should include an assessment of the needs (e.g. in terms of training, access to financial services). For the processing plants it should include a business case analysis, identifying the requirements for economic profitability and the conditions for reaching a break-even point. This would help focus efforts and resources where there are chances to for processing plants to succeed as profitable enterprises.
25. For projects of this type, a second phase is typically required and, depending on the availability of funding, may be co-financed by IFAD and the state government or by the latter on its own. IFAD can help the state government prepare an analysis of consolidation needs and a support plan.
26. **Enhance institutional connectivity** of IFAD-supported interventions in the State of Bahia. There is a need to: (i) better coordinate with publicly supported social programmes to enhance synergy and reduce duplication; (ii) strengthen collaboration with state service delivery offices, such as Bahiater (for agricultural extension) as well as with programmes funded by other donors (such as the new World Bank-supported *Bahia Produtiva*); and (iii) improve coordination with local governments, such as municipalities.
27. **Systematize innovations and best practices for scaling up.** An in-depth review should be conducted of the innovations and best practices of the project as described in the main report. This may be done by CAR with IFAD's support. Knowledge and learning resulting from these best practices and innovations can contribute to institutional decisions regarding new and ongoing public policies and programmes, not only in the State of Bahia but also at the country level.

28. **Improve monitoring and evaluation (M&E) and reporting systems.** From IFAD's side, an upgrading of the Result and Impact Management System (RIMS) could help improve the flexibility of this system. To help improve the implementation agency's M&E capacity, IFAD could promote exchange visits with other projects where analytical work has been conducted at a satisfactory level.