

Approach Paper

Brazil 2015-2018

Country Program Evaluation

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ABBREVIATIONS

CDC	Country development challenge
CPE	Country program evaluation
IBGE	Instituto Brasileiro de Geografia e Estatísticas [Brazilian Institute of Geography and Statistics]
IDB	Inter-American Development Bank
IIC	Inter-American Investment Corporation
IMF	International Monetary Fund
NSG	Non-sovereign guaranteed
OECD	Organization for Economic Co-operation and Development
OVE	Office of Evaluation and Oversight
PNAD	Pesquisa Nacional por Amostra de Domicílios [National Household Sample Survey]
PROFISCO	Program to Support the Management and Integration of Fiscal Administrations in Brazil
PROCIDADES	Lending Facility for Financing Brazil's Municípios
PRODETUR	Tourism Development Program
SCF	Structured and Corporate Financing Department
SEDLAC	Socioeconomic Database for Latin America and the Caribbean
SG	Sovereign guaranteed
SME	Small and medium-sized enterprises
WDI	World Development Indicators

I. INTRODUCTION

- 1.1 **The objective of this document is to define the scope and methodology of the evaluation of the Inter-American Development Bank (IDB) Group's country program with Brazil, to be conducted by Office of Evaluation and Oversight (OVE).** Country program evaluations (CPEs) seek “to provide information on Bank performance at the country level that is credible and useful, and that enables the incorporation of lessons and recommendations that can be used to improve the development effectiveness of the Bank's overall strategy and program of country assistance.”¹ To accomplish this, the CPE will analyze the relevance, efficiency, effectiveness, and sustainability of the IDB Group's country program. This exercise will also serve as input for the new country strategy with Brazil now in preparation.
- 1.2 **The CPE will analyze the period from January 2015 to December 2018 and cover two IDB country strategies.** The starting point for the evaluation will be the end of the prior CPE review period: December 2014. Thus, the period under review will span two IDB country strategies: the 2012-2014 country strategy (in force until March 2016) and the 2016-2018 country strategy.

II. COUNTRY OVERVIEW

- 2.1 **Brazil has the largest economy in Latin America and the Caribbean and the seventh largest in the world, with a per capita GDP of US\$14,212 (at purchasing power parity)² in 2017 concentrated in the service sector.** Brazil is a federal country with 208 million inhabitants spread among the Federal District, 26 states, and 5,570 municipios, which possess a high degree of autonomy and are relatively heterogeneous in their development needs and institutional capacity. The service sector accounts for more than 60% of total output, followed by the industrial sector, which is highly concentrated in the South and Southeast regions of the country. Although Brazil is one of the world's largest consumers of energy, it is also an oil exporting country and one of the biggest producers of ethanol and renewable energy from hydropower. Agriculture, forestry, logging, and fishing account for around 5%³ of GDP. Perhaps due to its size, Brazil's economy is not very open and has a low level of integration with the global value chains of the world's large trading blocs (Annex I, Figure I.1).⁴
- 2.2 **Stagnant productivity and competitiveness problems are significant bottlenecks for the country's development.** Factors contributing to the lack of productivity growth include the structure of the productive sector, with low levels of technological complexity⁵ due to limited innovation in the economy's most important

¹ OVE Protocol for Country Program Evaluation (document RE-348-3).

² World Economic Outlook, April 2018. According to the Brazilian Institute of Geography and Statistics (IBGE), GDP per capita was US\$9,898 for 2017.

³ International Monetary Fund, 2018. Brazil: 2018 Article IV Consultation. IMF Country Report 18/253. Washington D.C. The share of the different sectors of the economy varies, depending on the calculation methodology used.

⁴ OECD, 2018. Towards a More Prosperous and Inclusive Brazil. OECD Economic Survey, Brasília.

⁵ Brazil ranked 56th out of 144 countries on the 2014 Economic Complexity Index, which measures the sophistication of a country's productive structure and exports (Global Innovation Index, 2016).

sectors;⁶ a weak business climate;⁷ limited exposure to international trade; low skill level of workers; informality; difficulty in access to long-term finance; and low investment in infrastructure. Businesses seeking financing face tight credit, high borrowing rates of interest, and short tenors. Also, notwithstanding Brazil's leadership on environmental issues and climate change, the challenge of sustainable development persists (in recent years there have been setbacks with deforestation and emissions).⁸ All of this helps to explain the competitiveness problems experienced by Brazil, which ranks 80th out of 137 countries on the 2017-2018 Global Competitiveness Index, lower than the BRICS countries (Brazil, Russia, India, China, and South Africa).⁹

- 2.3 **Brazil ranks 123rd out of 140 countries on quality of overall infrastructure, well below average for countries with similar levels of socioeconomic development, and large regional disparities.**¹⁰ The infrastructure stock accounted for 35.9% of GDP in 2017, when estimates were for above 60%.¹¹ The low level of investment, along with challenges in execution and limited sources of project financing, go a long way in explaining the low quality of transportation infrastructure, which has a significant impact on transportation and logistics costs. Meanwhile, the steep rise in the number of vehicles on the road has created considerable challenges for urban mobility planning and management. The growth of energy sector offerings also poses long-term sustainability problems.¹² Potable water coverage is high, although there are noteworthy differences between the national average for 2016 (93% coverage in urban areas) and the North (67.7%) and Northeast (89.3%) regions. Sanitation coverage has improved in recent years but remains insufficient, while also displaying considerable regional disparities. Wastewater collection in urban areas rose from 53.5% in 2010 to 59.7% in 2016, but only reached 13.4% and 34.7% in the North and Northeast regions, respectively, in 2016. Wastewater

⁶ The percentage of exports from industry has fallen, the import penetration ratio for imported inputs has risen, industry's share of GDP has shrunk 10 percentage points over 30 years (from 22% in 1985 to 9% in 2015, the same level as in 1947), (Confederação Nacional da Indústria [National Confederation of Industry] (CNI), 2015).

⁷ The country ranked 123rd out of 190 countries in *Doing Business 2017*. Nearly 80 days are required to start a business, much longer than the global average.

⁸ Brazil played a key role in framing the agreements for the 2015 United Nations Climate Change Conference (COP21) and has ratified the Paris Agreement. The country voluntarily committed to reducing greenhouse gas emissions by between 36.1% and 38.9% by 2020 and may reach that goal ahead of schedule. Despite this, its emissions rose 9% in 2016, returning to 2008 levels, partly due to the conversion of forests to agricultural lands. While deforestation rates fell by 82% from 2004 to 2014, they have picked up again in the past three years, rising from 5,000 km² in 2014 to 7,900 km² in 2016 and settling to 6,900 km² in 2017. Brazil puts a premium on protecting its biodiversity as a way of sustaining its main tourism draw: natural resources.

⁹ World Economic Forum, 2017.

¹⁰ Brazil ranks 121st in the quality of highways, 98th in railroad infrastructure, 120th in port infrastructure, and 95th in air transport infrastructure (World Bank, 2017).

¹¹ Inter B Consulting, 2018. Infrastructure Letter, Os Investimentos em Infraestrutura em 2017 y Projeções para 2018 [Infrastructure Investments in 2017 and Projections for 2018].

¹² BP Energy Outlook, 2018: <https://www.bp.com/content/dam/bp/en/corporate/pdf/energy-economics/energy-outlook/bp-energy-outlook-2018-country-insight-brazil.pdf>.

- treatment also climbed countrywide from 37.9% in 2010 to 44.9% in 2016, but only reached 18.3% and 36.2% in the North and Northeast, respectively.¹³
- 2.4 **In health and education, Brazil has made significant gains in the past decade, though gaps remain at the regional level and for certain population groups.** In 2016, the infant mortality rate was 13.5 deaths per 1,000 live births (down 48% from 2003), and life expectancy at birth (75.5 years) rose 6% over the same period, surpassing the average change in Latin America and countries of the Organization for Economic Co-operation and Development (OECD). Yet maternal mortality remains high (44 deaths per 100,000 live births in 2015) compared to the OECD average of 14. What is more, gaps persist in all health indicators between the South and Southeast regions and the North and Northeast regions. In education, there are challenges related to quality. While educational spending rose from 1.9% of GDP in 2000 to 5.95% in 2015,¹⁴ similar to other countries of the region,¹⁵ this has not led to better learning outcomes.¹⁶
- 2.5 **The global rise in commodities prices in the 2000s, coupled with strong labor marked performance and the government's expansionary social policies, helped reduce poverty, expand the middle class, and improve income distribution from 2004 to 2013.**¹⁷ The price of Brazil's commodities rose in a climate of strong external demand, which spurred growth and helped generate current account surpluses and build reserves. Employment grew rapidly and informality declined between 2003 and 2013. The government also implemented large-scale social programs, such as Bolsa Família (a conditional cash transfer program that provided assistance to 56 million people by 2016)¹⁸ and Brasil Sem Miséria.¹⁹ In this way, from 2004 to 2013, the portion of the population living in poverty fell from 22.4% to 9%²⁰ (Annex I, Figure I.2) and the Gini index fell from 56.5 to 52.8 (Annex I, Figure I.3). Between 2003 and 2013, it is estimated that more than 44 million Brazilians joined the new middle class (Annex I, Figure I.4).²¹ In 2014, unemployment reached an all-time low of 6.8% (Annex I, Figure I.5).
- 2.6 **Unlike prior years, the period under evaluation (2015-2018) is characterized by an economic contraction, an increase in fiscal imbalances, and the loss of investment grade status.** Since 2014, Brazil has faced unfavorable economic conditions at home and abroad that hindered investment and growth. As a result of

¹³ Sistema Nacional de Informações sobre Saneamento [National Sanitation Information System] (SNIS), 2016. Water and Sewer System Assessment.

¹⁴ World Development Indicators (WDI).

¹⁵ In 2015, spending per student (age 6-15) was US\$38,190 in Brazil, US\$40,607 in Chile, and US\$90,294 in OECD countries (OECD, 2015).

¹⁶ Brazil's PISA standardized test scores (2015) came in below the average of the OECD and other countries in the region (like Chile, Mexico, and Colombia) in science, reading, and math; this trend has held steady since 2006 for the first two subjects (OECD, 2015).

¹⁷ World Bank Group, 2016. Retaking the Path to Inclusion, Growth and Sustainability.

¹⁸ Ibidem.

¹⁹ Brasil Sem Miséria is a policy that aims to coordinate the country's different programs to provide families with (i) income transfers, (ii) access to services, and (iii) inclusion in the productive sector.

²⁰ Moderate poverty line for Brasil Sem Miséria (R\$140/month). Between 2004 and 2014, poverty fell from 41.7% to 17.9%, based on the international poverty line of US\$5.50/day.

²¹ Neri, M., 2014. Brazil's Middle Classes. Economics Working Papers, EPGE, No. 759.

lower revenue and the rigidity of high levels of expenditure (primarily social spending and pensions), fiscal imbalances became an issue at all three levels of government: federal, state, and municipal.²² In fact, several states began failing to comply with the rules of the Fiscal Responsibility Law in 2014. As early as 2015, 15 of the 27 states exceeded the limit set in the Fiscal Responsibility Law for the ratio of personnel expenditures to current net income, and two had even exceeded the debt limit alert.²³ This impacted the guarantees granted by the federal government for external borrowing by the subnational governments. Specifically, the annual growth rate fell from an average of 4.5% per year from 2006 to 2010 to 2.4% from 2011 to 2014, followed by contraction of 3.8% and 3.6% in 2015 and 2016, respectively. Inflation peaked at 10.7% in December 2015, reflecting adjustments in regulated prices and exchange rate depreciation (Annex I, Figure I.6). In 2015, Brazil lost investment grade status with the leading risk rating agencies and has yet to regain it.

- 2.7 **The economic crisis has been felt in the social arena in the form of growing unemployment and poverty.** The unemployment rate reached 13.6% in April 2017 (compared to 7.4% in 2013, for example) and has remained high ever since. The recent gains in poverty reduction have begun to reverse, with poverty rising in 2016 (20.7%) to near-2012 levels.²⁴ Moreover, Brazil has recently experienced a resurgence of crime and violence.²⁵
- 2.8 **At the same time, the corruption investigations under way as part of the “Lava Jato” operation and the handover of the presidency following an impeachment proceeding heightened political tensions in the country and caused changes that hindered the progress of the Bank’s country strategy.** The Lava Jato operation has implicated numerous high-profile figures in government and the private sector, who are currently under investigation or in custody. In August 2016, the Senate voted to remove the President of the Republic from office on charges of violating the Constitution and the Fiscal Responsibility Law. The vice president, Michel Temer, took office halfway through implementation of the Bank’s country strategy and has introduced changes in government priorities that are relevant to the context for the Bank’s work, including changes in the prioritization criteria for the federal government granting guarantees to subnational entities. A new president will be elected in October 2018 to take office in January 2019.
- 2.9 **Brazil’s economy has been recovering in the last two years.** This recovery has been driven by an upturn in international markets, fiscal consolidation, and reforms to foster macroeconomic stability.²⁶ In 2017, the economy grew by 1%, and 2018 projections call for 1.4% growth, according to the Central Bank. Nevertheless, this

²² International Monetary Fund, 2016, IMF Country Report No. 16/349.

²³ International Monetary Fund, Selected Issues Paper on Brazil. November 2016, IMF Country Report No. 16/349.

²⁴ WDI, Socioeconomic Database for Latin America and the Caribbean (SEDLAC), and Povcalnet. International poverty line of US\$5.50/day.

²⁵ For example, in 2016, deaths in civilian and military police interventions rose 25.8% from 2015. Also, in the same year, 453 civilian and military police officers were murdered: 23.1% more than in 2015 (Fórum Brasileiro de Segurança Pública [Brazilian Public Safety Forum]).

²⁶ In 2017, a constitutional amendment (PEC 241) was passed to limit fiscal expansion to the previous year’s inflation rate for a period of 20 years (the “Expenditure Ceiling Law”), as was a reform to make labor laws more flexible.

growth is slow for the economy to absorb an expansion of the workforce, and unemployment is expected to remain high over the next few years (the IMF projects that it will settle gradually from 12.8% in 2017 to 9.5% in 2023). The government did not manage to adopt certain reforms before the election campaign that are essential to the country's fiscal sustainability in the medium term, such as the social security reform.

III. THE BANK'S PROGRAM (2015-2018)

A. IDB Group/Brazil strategic priorities 2015-2018

- 3.1 **Over the period 2015-2018, the IDB Group's work was guided by two country strategies with Brazil, each originally prepared to span three years.** The country strategy for 2012-2014 remained in effect on a de facto basis for slightly more than a year, until the strategy for 2016-2018 was approved in March 2016. For Brazil, the Bank has prepared shorter strategies (three years instead of the average four) that do not coincide with presidential terms of office in response to the cycle of the government's Multiyear Plan, which is generally established during the first year of a new administration.²⁷
- 3.2 **When preparing the 2016-2018 country strategy, the IDB Group acknowledged the economic slowdown that had begun in 2014 and predicted that external conditions would be less favorable for Brazil than in prior years.** The Bank mentioned various factors, in particular, that could adversely affect the country's economic outlook, such as weak commodities prices over the medium term, the potential impact of interest rates on capital flows to emerging markets, and the growth of Brazil's main trading partners (MERCOSUR, China, and the U.S.), forecasted to be positive but limited.²⁸ In this context, the IDB Group proposed working on the structural issue of inclusive and sustainable growth and supporting "the adoption of policies that promote increased productivity and more efficient social spending... in order to underpin a path of sustainable growth with reduced inequality."²⁹
- 3.3 **The current country strategy with Brazil called for supporting the Government Plan by addressing the priority lines of action of the Multiyear Plan for 2016-2018 to advance towards "medium- and long-term inclusive and sustainable growth."** The country strategy, approved in March 2016 and in effect until December 2018, called for work in three **strategic areas**: (i) increase productivity and competitiveness; (ii) reduce inequity and improve public services; and (iii) strengthen institutions at the three levels of government. The strategy also set **strategic objectives** for each of these pillars (Table 3.1) and identified three **implementation approaches** to guide the Bank's actions for priority areas: (i) strengthening of public-private partnerships for development; (ii) sustainable growth of metropolitan areas; and (iii) reduction in regional socioeconomic

²⁷ The government's Multiyear Plans are approved towards the end of an administration's first year in office for a four-year period. This means that they cover three years of the administration in which they are prepared and the first year of the next administration.

²⁸ The country strategy identified four main risks: (i) macroeconomic, (ii) political/institutional, (iii) portfolio execution, and (iv) natural disasters.

²⁹ IDB country strategy with Brazil (2016-2018).

inequalities. The country strategy also identified a series of **crosscutting issues** related to the Bank's Institutional Strategy, which included the social inclusion of vulnerable groups, especially Afrodescendants, and a focus on topics related to climate change. Lastly, the country strategy included several **dialogue areas** (coordination among the different branches of government, innovation, regional integration, agriculture, food security, energy, and the social security system) and a **knowledge agenda** to support the issues identified under the strategic areas.

- 3.4 **The country strategy also called for a more holistic vision in the IDB Group's work.** Based on the Country Development Challenges (CDC) diagnostic assessment, which for the first time presented development challenges in an integrated manner rather than sector-by-sector, the country strategy laid out strategic areas of work to operate as mutually complementary pillars: "grow through increased productivity and greater investment, reduce inequality, and improve the quality of life of the population... within a framework of enhanced government efficiency, effectiveness, and transparency."³⁰
- 3.5 **As most of the strategic objectives of the first country strategy (2012-2014) can be mapped to the strategic objectives of the second country strategy (2016-2018), the CPE will be based on the latter.** The first of the two country strategies was structured around seven strategic objectives, in turn, broken down into priority sectors. The second country strategy grouped its strategic objectives into four large pillars. Most of the strategic objectives of the first strategy can be mapped to the objectives of the second strategy, with some variations³¹ (Table 3.1), so the second strategy will be used as a basis for the evaluation, both of approvals during the evaluation period and the legacy portfolio from the prior period included in the portfolio of this CPE.

³⁰ Ibid., paragraph 3.5.

³¹ The objective "promote the development of sustainable cities" was removed, but the topic was re-added in the "implementation approaches" (sustainable economic development of the metropolitan areas). The objective "improve the management of natural resources and climate change" was folded into the crosscutting issue of "climate change" in the 2016-2018 country strategy; and the objective "promote development through the private sector" was removed as such and included in the implementation approach "strengthening of public-private partnerships."

Table 3.1. Brazil: Evolution of strategic objectives based on country strategies for 2012-2014 and 2016-2018

Country strategies for 2012-2014 and 2016-2018							
Country strategy	Pillar 1: Increase productivity and competitiveness		Pillar 2: Reduce inequity and improve public services		Pillar 3: Strengthen institutions (federal, state, municipal)		Country fiduciary systems
Country strategy for 2016-2018	Strategic objectives: <ul style="list-style-type: none">Improve the business climateExpand and reform the transport and logistics infrastructureSupport the development of SMEs		Strategic objectives: <ul style="list-style-type: none">Support the country in meeting its health goalsImprove the quality of educationSupport the country to prepare young people for the job market by developing technical educationExpand and improve the primary health care networkHelp reduce violence and crime in the 15- to 24-year-old populationExpand and improve water supply and basic sanitation		Strategic objectives: <ul style="list-style-type: none">Enhance efficiency in the management of public resources		Strategic objectives: <ul style="list-style-type: none">Strengthen the country fiduciary systems or subsystemsUse the country fiduciary systems
	Implementation approaches: <ul style="list-style-type: none">Strengthening of public-private partnerships for developmentSustainable economic development of the metropolitan areasReduction of regional socioeconomic inequalities						
Crosscutting issues: gender, diversity, integration, and climate change							
Country strategy for 2012-2014 and update for 2013	Strategic objective 1: Stimulate social and productive inclusion	Strategic objective 2: Improve the condition of the country's infrastructure	Strategic objective 3: Promote the development of sustainable cities	Strategic objective 4: Improve the institutional capacity of public entities	Strategic objective 5: Improve the management of natural resources and climate change	Strategic objective 6: Promote development through the private sector	Strategic objective 7: Use country systems
	Priority sectors: <ul style="list-style-type: none">Social protectionHealthEducationLabor markets	Priority sectors <ul style="list-style-type: none">TransportationWater and sanitationEnergy	Priority sectors: <ul style="list-style-type: none">Urban developmentCitizen security	Priority sectors: <ul style="list-style-type: none">Public managementFiscal management	Priority sectors: <ul style="list-style-type: none">Environmental and rural managementClimate change	Priority sectors: <ul style="list-style-type: none">Productive and capital market developmentScience, technology, and innovationTourism	Priority sectors: <ul style="list-style-type: none">Public financial managementProcurement
	Crosscutting issues: gender, diversity, integration, and climate change						

Source: OVE.

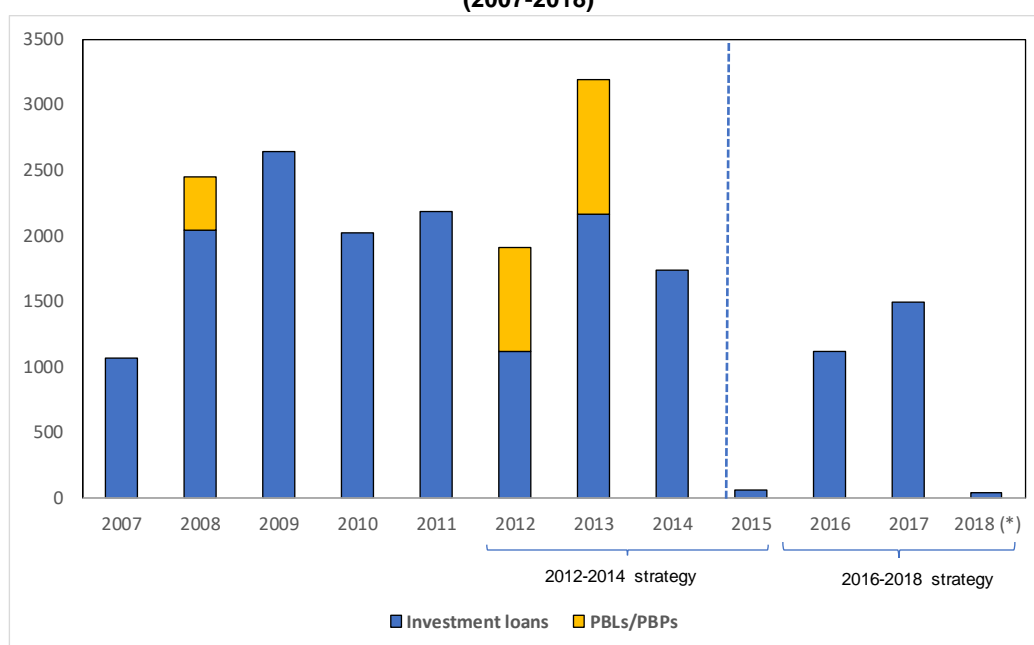
3.6 The 2016-2018 country strategy projected a lending envelope with fewer sovereign guaranteed operations than the previous strategy based on business model directed mainly to the subnational level. The lending envelope in the 2016-2018 country strategy was estimated to range from US\$5 billion to US\$5.5 billion,³² which was less than the 2012-2014 strategy (US\$7 billion). Approvals in the 2016-2018 period were to be absorbed mostly by subnational borrowers and were expected to be backloaded in the final two years of the strategy in view of expected improvements in the economy and fiscal conditions. The country strategy also projected disbursements of US\$3.6 billion and negative net capital flows with the country (US\$1.049 billion) in 2016-2018.

³² These figures, added to actual approvals in 2015 (US\$56 million), comprise a reference SG lending envelope of US\$5.505 billion to US\$5.556 billion for the evaluation period (2015-2018).

B. Program implemented

3.7 **From 2015 to July 2018, the Bank approved 18 sovereign guaranteed (SG) loans for a total of US\$2.7043 billion.** The loans approved over this period have been concentrated mainly in the sectors of financial markets (28%), science and technology (22%), transportation (11%), and energy (10%) (Table 3.2).³³ All were investment loans, with a focus on umbrella programs and work at the subnational level. SG approvals to date have come in below the SG lending envelope for the evaluation period and the level of approvals for prior periods (Figure 3.1). In 2015, only one loan was approved, for US\$56 million.³⁴ The pipeline for the rest of 2018 includes 11 loans for a total amount of US\$2.3448 billion.³⁵

**Figure 3.1. SG loan approvals
(2007-2018)**



Note: (*) Includes amounts originally approved through July 2018.

Source: OVE using data from the Bank's data warehouse.

³³ The sectors with the highest number of operations were reform and modernization of the state (5 operations, 28%) and transportation (3 operations, 17%).

³⁴ The approval of a single loan was the result of the government's decision to restrict the approval of external financing.

³⁵ SG loan pipeline (category A) through 14 August 2018.

Table 3.2. Approvals of SG loans and nonreimbursable operations by sector (2015-2018)*

Sector	Loans			Technical cooperation			Nonreimbursable investment		
	Number	Amount		Number	Amount		Number	Amount	
		US\$ millions	%		US\$ millions	%		US\$ millions	%
Financial markets	1	750.0	27.7%	3	0.7	3.1%			
Science and technology	1	600.0	22.2%	3	0.4	1.7%			
Transportation	3	291.8	10.8%	6	2.5	11.3%			
Energy	1	276.1	10.2%	1	0.6	2.7%			
Modernization of the State	5	222.0	8.2%	3	1.7	7.6%			
Health	2	188.5	7.0%	3	1.0	4.2%			
Water and sanitation	2	167.5	6.2%	7	4.3	18.9%			
Urban development and housing	2	156.0	5.8%	1	0.4	1.7%			
Sustainable tourism	1	52.5	1.9%		0.0	0.0%			
Environment/natural disasters				6	6.6	29.6%	1	32.6	100%
Social investment				7	2.2	9.7%			
Education				3	0.9	4.1%			
Agriculture				3	0.7	3.0%			
Private sector/SMEs				1	0.5	2.2%			
TOTAL	18	2704.4	100%	47	22.4	100%	1	32.6	100%

Note: (*) Includes amounts originally approved through July 2018 following the Bank's official classification.

Source: OVE using data from the Bank's data warehouse.

- 3.8 The Bank has also approved US\$58 million in nonreimbursable funding during the evaluation period.**³⁶ From 2015 to July 2018, the Bank approved 46 nonreimbursable technical cooperation operations (TCs) for a total amount of US\$22.4 million, principally in the following sectors: environment and natural disasters (29.6%), water and sanitation (18.9%), transportation (11.3%), and social investment (9.7%). The vast majority of technical cooperation operations have been "Client Support" (87%), while 4% were "Operational Support," and another 4% were "Research and Dissemination." The Bank also recently approved an investment grant operation (US\$32 million) in the environment sector.
- 3.9 In addition to approvals for the period, there is a sizeable portfolio of legacy operations approved prior to the evaluation period that still have proceeds to be disbursed during this period.** At the start of 2015, there were 102 active SG loans distributed across 11 sectors with an undisbursed balance of US\$7.6639 billion. The largest percentages of proceeds to be disbursed were concentrated in transportation (39%) and water and sanitation (21%). Moreover, at the start of the evaluation period, there were 54 active nonreimbursable technical cooperation operations and 2 investment grant operations with a total undisbursed amount of US\$111 million, mainly in environment and natural disasters (83%).
- 3.10 Additionally, the private sector window of the IDB Group has approved 22 operations for US\$1.3306 billion over the evaluation period.** The former private sector windows at the IDB Group (the Structured and Corporate Financing Department (SCF) and the Opportunities for the Majority Sector (OMJ) approved 6 operations for US\$302.1 million, while the current private sector window,

³⁶ This amount does not include nonreimbursable operations of the Multilateral Investment Fund (MIF).

IDB Invest, approved 16 operations for US\$1.0284 billion.³⁷ The approved amounts during the evaluation period have been concentrated principally in energy (53%), followed by financial markets (24%) and agriculture and rural development (9%). The legacy portfolio of non-sovereign guaranteed (NSG) operations included 9 approved operations for US\$316.6 million in the financial markets, energy, and environment sectors.

IV. EVALUATION SCOPE AND QUESTIONS

- 4.1 **The CPE will review the relevance, implementation and effectiveness, and sustainability of the IDB Group's program in Brazil for the period 2015-2018 (Annex II).** The lending program includes all operations that were active during that period, i.e., SG and NSG operations approved from January 2015 to December 2018, and previously approved loans that had undisbursed balances at the start of 2015. All told, these are 120 SG investment loans and 27 private sector operations. The technical cooperation program includes all operations approved during 2015-2018 (46). The evaluation will be guided by the evaluation matrix attached as Annex III, prepared according to OECD Development Assistance Committee criteria and the OVE Protocol for Country Program Evaluation.³⁸
- 4.2 **The evaluation will also look at crosscutting issues of importance for the IDB Group's Brazil program and implementation of the recommendations from the previous CPE.** The evaluation will look at the extent to which the IDB Group has addressed issues related to the regional approach and the topics of gender and diversity identified in the 2016-2018 country strategy as implementation approaches or crosscutting issues. It will also analyze the Bank's handling of transparency issues that have adversely affected program implementation, as well as actions taken to improve the portfolio profile, and the outcomes achieved through the umbrella program-based approach (PROFISCO, PROCIDADES, and PRODETUR). Lastly, the evaluation will review the extent to which the recommendations from the previous CPE have been implemented (Annex IV).
- A. Relevance³⁹**
- 4.3 **The CPE will try to answer the question, "how relevant were the IDB Group's strategic objectives and the implemented program in addressing Brazil's development needs and the government's plans and priorities during the evaluation period, and how aligned were they with the strategic objectives of the 2016-2018 country strategy?"** The evaluation will seek to determine the following:
- Whether the objectives set in the country strategy document were consistent with Brazil's main development challenges at the national and subnational levels, and with the government's priorities throughout the program;

³⁷ Operations (loans, guarantees, and equity) approved from 2015 to July 2018 by the former Inter-American Investment Corporation (IIC) and recently by IDB Invest. This amount includes resources of the IDB Group and other funding sources administered by the Bank. "B" loans are not included.

³⁸ Protocol for Country Program Evaluation (document RE-348-3).

³⁹ Relevance refers to the degree to which the objectives of the Bank strategy and program of assistance were consistent with the country's development needs and with the government's plans and priorities.

- The degree to which the implemented program was aligned with the country's strategic objectives and needs at the national and subnational levels;
- The degree to which the business model aimed at the subnational level and through umbrella programs was relevant in addressing existing needs;
- The IDB Group's responsiveness to the country's changing needs (considering the economic and political crisis and the shift in priorities due to the government changeover), keeping the right balance between strategy and flexibility;
- The degree to which the mix of lending (SG and NSG) and technical cooperation operations, as well as instruments, was suitable for addressing the country's needs and achieving the strategic objectives set;
- The degree to which the IDB Group successfully coordinated efforts and mobilized resources from other development partners to support its program in Brazil.

B. Implementation and effectiveness (results)⁴⁰

4.4 **The CPE will try to answer the question, “to what degree did the program implemented by the IDB Group in Brazil during the evaluation period achieve the objectives set in terms of supporting the country in its efforts to increase productivity and competitiveness, reduce inequity and improve public services, and strengthen institutions at the federal, state, and municipal levels?”** The evaluation will seek to determine the following:

- The degree of progress toward the strategic objectives of the program and the main outcomes of the different work areas and the integration between them;
- The main success factors and bottlenecks for program implementation, taking into account the institutional capacity of the different borrowers and executing agencies.
- Whether the subnational business model implemented by the Bank during the period was efficient and effective;
- The level of coordination between the IDB and IDB Invest on program implementation;
- The use of technical cooperation as operational support for the IDB Group's loan portfolio, client support, and knowledge generation to further the program's strategic objectives.
- Whether the Bank program has been implemented within the planned budget and timeframes, and how it compares to the rest of the Bank in those respects.
- Whether the risks of implementing the country strategy have materialized, and the measures planned and adopted to mitigate them.

⁴⁰ Effectiveness refers to the degree to which the implemented program has achieved the IDB Group's objectives within the planned budget and timeframe.

C. Sustainability⁴¹

4.5 **The CPE will try to answer the question, “is there evidence that the results achieved by the IDB Group program are sustainable?”** The evaluation will seek to determine the following:

- The main factors that could adversely affect the results achieved by the program in Brazil;
- The IDB Group measures to mitigate the identified risk factors.

V. EVALUATION METHODOLOGY AND INFORMATION SOURCES

- 5.1 A combination of methods will be used for the evaluation, including review of relevant documents, financial information, and processes, as well as interviews with Bank staff and country counterparts.
- 5.2 OVE will conduct a desk review of the operations implemented as part of the IDB Group program during the period under evaluation. For the **relevance** analysis, sources of information will include strategy and annual programming documents, sector diagnostics and the CDC assessment, loan and technical cooperation documents, government plans (Multiyear Plan 2016-2019), development and sector plans, economic and social data, and sector studies performed by the Brazilian government, the IDB Group, and other relevant institutions. For the **implementation, effectiveness, and sustainability** analysis, sources of information will include those available in IDB Group systems, project monitoring reports, project completion reports, mission minutes, midterm and final evaluations, portfolio review documents, and others. To supplement the desk review, OVE will interview the team leaders of the operations under review.
- 5.3 Lastly, OVE will select a sample of projects for field visits using three criteria: disbursement level, geographic distribution, and special interest for the sector. The mission will take place in September 2018, before the October presidential elections, and plans to cover a large number of projects. This mission’s objective is to collect information primarily on the **results** of projects, implementation challenges, and specific aspects of the context. OVE will prepare sector analyses prior to the mission that will then be completed with the information gathered on the mission. During the mission, interviews will be conducted with staff of execution units, government authorities, and other relevant stakeholders.
- 5.4 For the analysis, the CPE will consider other OVE evaluations relevant to Brazil, such as the Evaluation of the Bank’s Support for Gender and Diversity (document RE-518-2, 2018); the Evaluation of Public-Private Partnerships in Infrastructure (document RE-504-4, 2017); Assessing Firm-Support Programs in Brazil (document RE-489-1, 2017); the Evaluation of the IDB Group’s Work Through Financial Intermediaries (document RE-486-2, 2016); and the Evaluation of PROCIDADES (document RE-481-1, 2015).

⁴¹ Sustainability refers to the degree to which the results of the implemented program are likely to be sustained after the conclusion of the program.

VI. TEAM AND TIMELINE

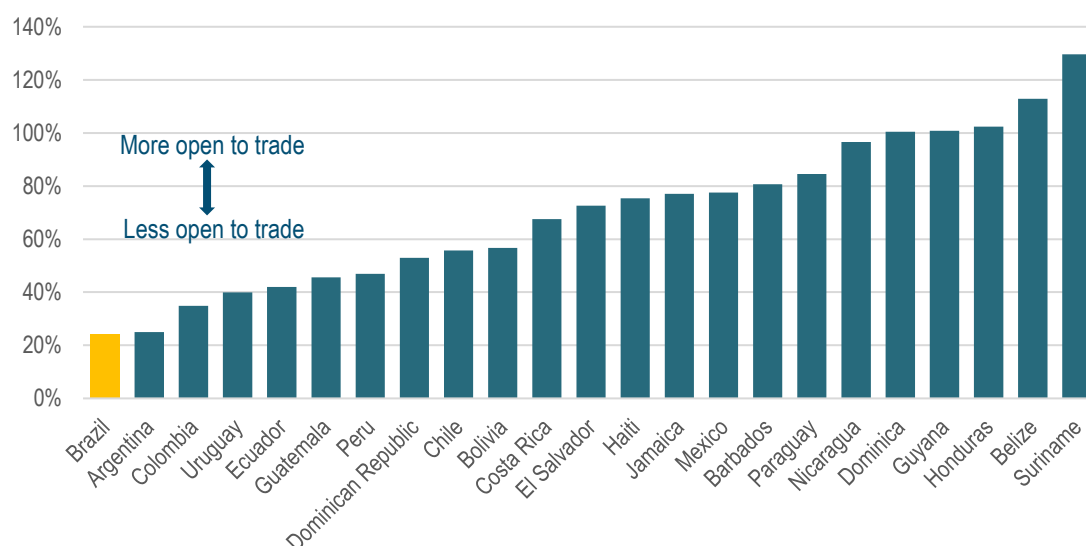
- 6.1 The evaluation team includes Ana María Linares, José Claudio Pires, José Ignacio Sembler, Odette Maciel, Coral Fernández, Almudena Fernández, Jaime Jaramillo, Francisco Mejía, Clara Schettino, Claudia Figueroa, Anna Funaro, Nathaniel Russell and Melanie Putic. The team will also receive support from consultants. Work will be done under the supervision of OVE Director Ivory Yong-Prötzel.
- 6.2 **Tentative timeline.** The current country strategy remains in effect until 31 December 2018. IDB Group Management plans to approve the new country strategy with Brazil in March or April of 2019. Based on that date, the tentative timeline for the CPE is given in the table below.

Table 6.1. Tentative timeline

Activity	Date
Approach paper	September 2018
Mission	September 2018
Draft shared with Management and the Government of Brazil for review	January 2019
Final document delivered to the Office of the Secretary	February 2019
Presentation to the Programming Committee of the Board	March 2019

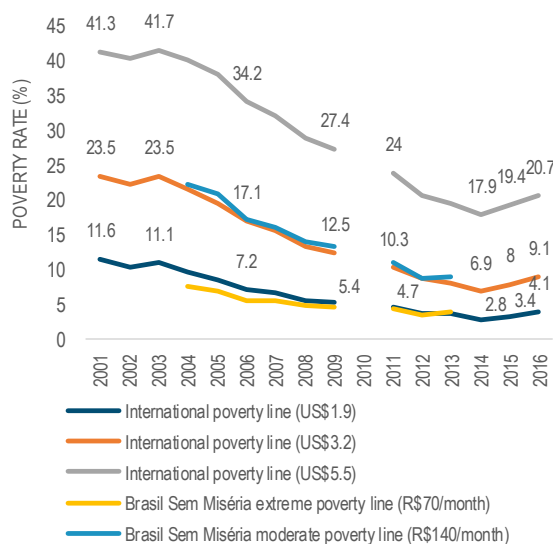
ANNEX I. FIGURES AND TABLES

Figure I.1. Imports and exports (% of GDP)



Source: Data from World Bank national accounts and OECD national accounts data archives.

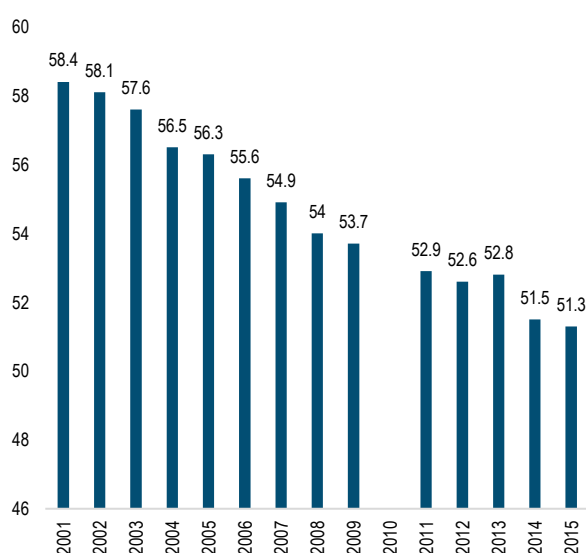
**Figure I.2. Evolution of poverty (%) at the national level
Brazil, 2001-2016**



Note: The 2016 measurement is not fully comparable since the National Household Sample Survey (PNAD) was modified.

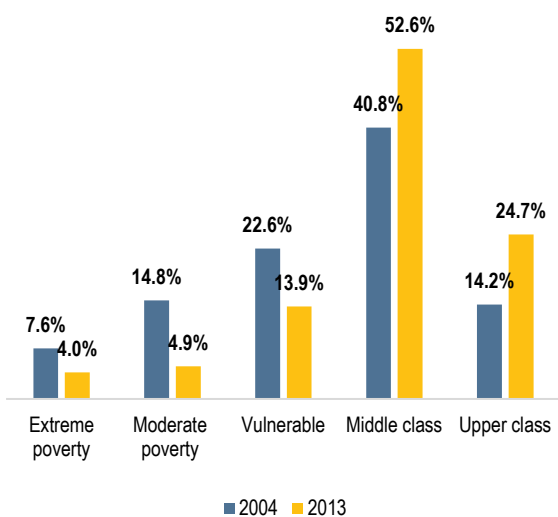
Source: WDI, SEDLAC (CEDLAS and World Bank).

**Figure I.3. Evolution of inequality at the national level
Brazil Gini index, 2001-2015**



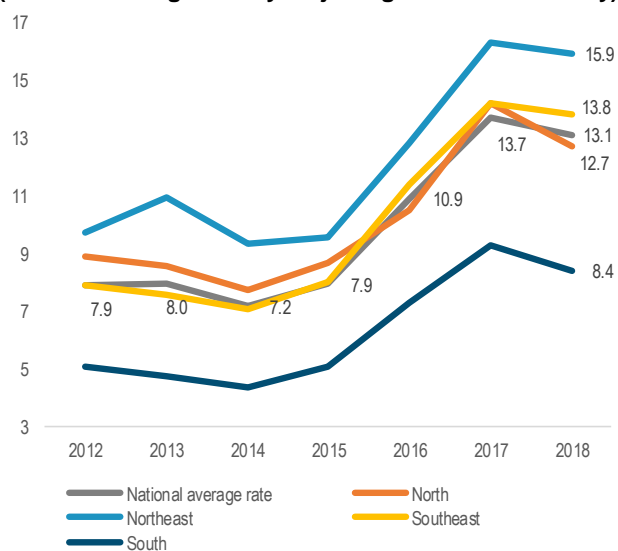
Source: WDI.

Figure I.4. Middle class in Brazil, 2004 2013



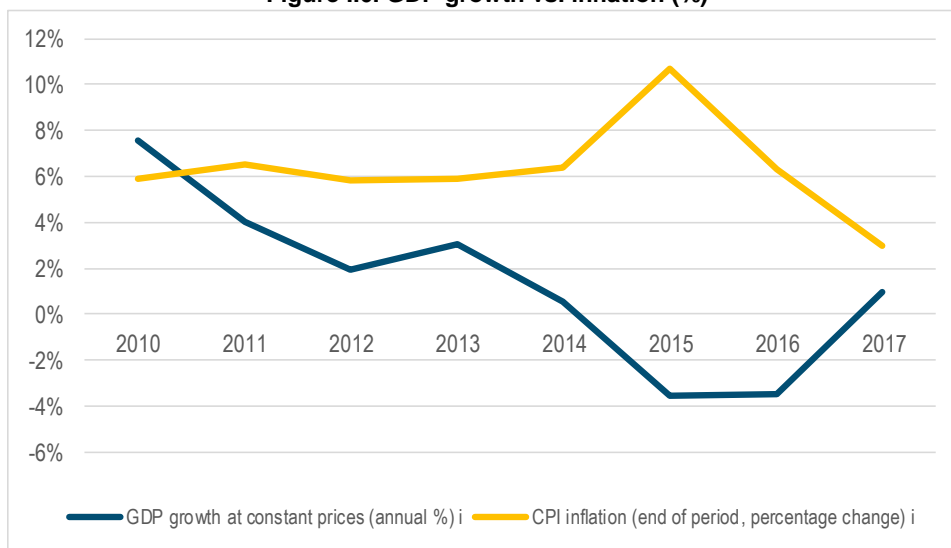
Source: PNAD, 2004 and 2013.

**Figure I.5. Unemployment rate
(1st quarter of each year)
(national average and by major regions of the country)**



Source: IBGE. Ongoing PNAD.

Figure I.6. GDP growth vs. inflation (%)



Source: IMF. World Economic Outlook.

ANNEX II. PORTFOLIO OF OPERATIONS

Table II.1. Loans and investment grant operations approved during 2015-2018

Sector	Operation number	Operation name	Year of approval	Actual amount approved	% Disbursed
WATER AND SANITATION	BR-L1383	Federal District Environmental Sanitation and Land Management Program Sustainable Brasilia Program II	2016	\$100,000,000.00	0.0%
	BR-L1487	Environmental Sanitation and Urban Development Program in the Mané Dendê River Basin	2017	\$67,500,000.00	0.0%
SCIENCE AND TECHNOLOGY	BR-L1490	Innovation for Growth Program	2017	\$600,000,000.00	0.0%
URBAN DEVELOPMENT AND HOUSING	BR-L1422	Program for Integrated Urban Development of the Municipality of Campo Grande – VIVA CAMPO GRANDE II	2015	\$56,000,000.00	4.9%
	BR-L1421	Integrated Sustainable Urban Development Program for the Municipality of João Pessoa	2017	\$100,000,000.00	0.0%
ENERGY	BR-L1491	CELSC-D Energy Infrastructure Investment Program	2017	\$276,051,000.00	0.0%
ENVIRONMENT AND NATURAL DISASTERS	BR-G1004	Conservation, Restoration and Sustainable Management of the Caatinga, the Pampa and the Pantanal – GEF Terrestre	2018	\$32,621,820.00	0.0%
FINANCIAL MARKETS	BR-L1442	Financing Program for Sustainable Energy	2016	\$750,000,000.00	100.0%
REFORM AND MODERNIZATION OF THE STATE	BR-L1498	Fiscal Management Modernization Project for the State of Piauí - PROFISCO II PI	2017	\$44,935,000.00	0.0%
	BR-L1499	Fiscal Management Modernization Project for the State of Pará - PROFISCO II PA	2017	\$35,100,000.00	0.0%
	BR-L1500	Fiscal Management Modernization Project for the State of Maranhão - PROFISCO II MA	2017	\$35,000,000.00	0.0%
	BR-L1502	Fiscal Management Modernization Project in Brazil - PROFISCO II	2017	\$70,000,000.00	0.0%
	BR-L1501	Fiscal Management Modernization Project for the State of Pernambuco - PROFISCO II PE	2018	\$37,000,000.00	0.0%
HEALTH	BR-L1408	Program for the Expansion and Improvement of Specialized Health Care in the State of Ceará II – PROEXMAES II	2016	\$123,000,000.00	4.7%
	BR-L1414	Program for Strengthening Social Inclusion and Healthcare Networks – PROREDES Fortaleza	2016	\$65,475,000.00	4.4%
TRANSPORTATION	BR-L1402	Santo André Sustainable Urban Mobility Program	2016	\$25,000,000.00	0.0%
	BR-L1434	Strategic Program for Transportation Infrastructure and Logistics in Paraná	2017	\$235,000,000.00	0.0%
	BR-L1445	Maracanaú Transportation and Urban Logistics Program	2017	\$31,784,500.00	0.0%
SUSTAINABLE TOURISM	BR-L1412	National Tourism Development Program in Salvador (PRODETUR SALVADOR)	2016	\$52,512,340.00	1.1%

Note: Includes approvals and disbursements through 16 August 2018.

Source: OVE using data from the Bank's data warehouse.

Table II.2 Loans and investment grant operations approved before 2015 and in execution during 2015-2018

Sector	Operation number	Operation name	Year of approval	Actual amount approved	% Disbursed
AGRICULTURE AND RURAL DEVELOPMENT	BR-L1152	Development Program for the Southwest Region of the State of Tocantins	2010	\$9,231,698.37	100.0%
WATER AND SANITATION	BR-L1081	Porto Alegre Integrated Socio-Environmental Program	2008	\$64,362,292.31	100.0%
	BR-L1166	Tiete River Cleanup Program, Stage III	2009	\$600,000,000.00	81.2%
	BR-L1216	Tietê Várzea Program	2010	\$115,700,000.00	82.9%
	BR-L1282	Environmental Sanitation Program for Municipios in the Guanabara Bay Area - PSAM	2011	\$451,980,000.00	22.5%
	BR-L1297	Social and Environmental Program for the Igarapés in Manaus - PROSAMIM III	2011	\$259,000,000.00	80.0%
	BR-L1295	Environmental Sanitation Program for the Ipojuca Basin	2012	\$200,000,000.00	58.1%
	BR-L1314	Maués Integrated Sanitation Program - PROSAIMAUES	2012	\$24,500,000.00	44.0%
	BR-L1335	Belo Horizonte Environmental Restoration Program (DRENURBS Program) – Supplemental Financing to Stage I	2013	\$55,000,000.00	82.1%
	BR-L1215	CAESB Environmental Sanitation Program	2014	\$170,840,000.00	22.9%
	BR-L1369	Estrada Nova Watershed Basic Sanitation Program (PROMABEN II)	2014	\$125,000,000.00	2.6%
	BR-L1405	Project Viva Cidade 2 – Environmental and Urban Revitalization of the Municipality of Joinville	2014	\$70,000,000.00	0.0%
URBAN DEVELOPMENT AND HOUSING	BR-L1006	Macambira Anicuns Urban Environmental Program	2008	\$56,700,000.00	100.0%
	BR-L1057	PROCIDADES – Vitória Urban Development and Social Inclusion Program	2008	\$37279033.27	100.0%
	BR-L1084	Integrated Urban Development and Social Inclusion Program of Aracaju	2009	\$25,335,948.32	100.0%
	BR-L1087	PROCIDADES-Maringá: Municipality of Maringá Urban Mobility Program	2009	\$11,400,000.00	71.2%
	BR-L1078	Urban Renewal and Social Inclusion Program	2009	\$14677384.8	100.0%
	BR-L1083	PROCIDADES – Município of Curitiba Integrated Social and Urban Development Program	2009	\$50000000	99.7%
	BR-L1088	Program for Urban Development and Socioenvironmental Inclusion in Manaus	2009	49059206.57	100.0%
	BR-L1160	São José dos Campos Urban Structuring Program	2010	\$85,672,400.00	48.8%
	BR-L1163	PROCIDADES – Integrated Development Program for the Município of Passo Fundo - PRODIN	2010	\$9,719,847.45	100.0%
	BR-L1175	Rio de Janeiro Low-income Neighborhood Urban Development Program – Stage III	2010	\$150,000,000.00	87.7%
	BR-L1226	Integrated Social and Urban Development Program of the Município of Paranagua	2011	\$13,882,965.00	78.7%
	BR-L1117	Historic Center Revitalization Program for the Município of São Luís	2012	\$13,590,000.00	4.0%
	BR-L1176	Program for Urban Development of Regional Hubs	2012	\$60,775,945.00	82.9%
	BR-L1183	PROCIDADES - Colatina	2012	\$11,000,000.00	92.5%
	BR-L1187	PROCIDADES - Novo Hamburgo	2012	\$23,910,000.00	17.8%
	BR-L1076	Federal District Economic Development Program – EDAS - PROCIDADES	2013	\$50,000,000.00	13.2%
	BR-L1344	PROCIDADES-CASCADEL Município of Cascavel Integrated Development Program	2013	\$28,750,000.00	83.5%
	BR-L1386	Update to BR-L1055 – Niterói Urban Development and Social Inclusion Program	2013	\$26,470,000.00	70.8%
	BR-L1327	Program to Improve the Quality and Expand the Coverage of Basic Education in the State of Pará	2013	\$200,810,000.00	44.7%
EDUCATION	BR-L1328	Program to Accelerate Educational Progress in Amazonas State (PADEAM)	2013	\$151,180,000.00	23.8%
	BR-L1329	Project to Expand and Improve Early and Basic Education in Florianópolis	2013	\$58,860,000.00	44.0%

Sector	Operation number	Operation name	Year of approval	Actual amount approved	% Disbursed
	BR-L1392	Project to Improve Quality and Expand Coverage of the Manaus Municipal Public Education System (PROEMEM)	2014	\$52,000,000.00	2.1%
ENERGY	BR-L1278	Rehabilitation Program for the Furnas and Luiz Carlos Barreto de Carvalho Hydroelectric Power Plants	2011	124558841.5	100.0%
	BR-L1284	Pro-Energy RS Distribution	2012	\$130,556,650.00	100.0%
	BR-L1303	CEEE Generation and Transmission Project	2012	\$88,655,996.00	100.0%
INDUSTRY	BR-L1016	Program to Boost the Competitiveness of Business in Local Production Systems in the State of São Paulo	2007	\$8,115,590.50	100.0%
	BR-L1020	Innovation and Dissemination Local Cluster Competitiveness State of Pernambuco	2009	\$6,331,722.15	100.0%
SOCIAL INVESTMENT	BR-L1053	Support for Social Reforms in Ceará - PROARES Phase II	2009	\$45000000	100.0%
	BR-L1122	Program of Integrated Public Policies for Fortaleza Youth	2009	\$33066000	100.0%
	BR-L1269	Program for Modernization of Pension System Management II – PROPREV II	2012	\$4,300,000.00	88.1%
	BR-L1287	Social Inclusion and Opportunities for Youth in Rio de Janeiro	2012	\$19,348,702.66	100.0%
	BR-L1331	Paraná Seguro Program	2013	\$67,200,000.00	8.7%
	BR-L1372	Integrated Prog. for Social Inclusion and Urban Requalification: Fam. Paranaense	2013	\$60,000,000.00	24.1%
	BR-L1343	Opportunities and Rights Program in the State of Rio Grande do Sul	2014	\$50,000,000.00	74.3%
	BR-L1387	Project Estado Presente: Citizen Security in Espírito Santo	2014	\$56,000,000.00	0.0%
	BR-L1406	Program of Support for Social Reforms - Ceara - PROARES III	2014	\$50,000,000.00	27.8%
ENVIRONMENT AND NATURAL DISASTERS	BR-L1103	Bahia Environmental Development Program	2010	\$9,875,000.00	100.0%
	BR-L1241	Serra do Mar and Atlantic Forest Mosaics System Socioenvironmental Recovery Program	2010	\$162,454,000.00	82.1%
	BR-L1289	The Acre Sustainable Development Program (PDSA-II)	2013	\$72,000,000.00	63.9%
	BR-G1003	Recovery and Protection of Climate and Biodiversity Services in Brazil's Southeast Atlantic Forest Corridor	2014	\$31,505,960.00	10.7%
REFORM AND MODERNIZATION OF THE STATE	BR-L1060	Assessment, Prospects, and Development Alternatives in Brazil – IPEA Research	2007	\$4,557,839.90	100.0%
	BR-L1068	Multiphase Program Supporting Electronic Legislative Development in Brazil	2007	\$4204833.19	100.0%
	BR-L1174	Ceará State Fiscal Management Modernization Program	2008	\$41,000,000.00	100.0%
	BR-L1093	Program to Support Fiscal management Modernization and Transparency in the State of Pará (PROGEFAZ)	2008	\$10000000	100.0%
	BR-L1102	Program to Modernize the Management Systems and Instruments of the Federal Public Administration	2009	\$4,675,466.86	100.0%
	BR-L1165	PROFISCO Pernambuco	2009	\$15,000,000.00	100.0%
	BR-L1205	PROFISCO - Espírito Santo. Finance Administration Development Plan	2009	\$16,075,532.93	100.0%
	BR-L1206	PROFISCO Santa Catarina – State Administration Management Modernization Program	2009	\$28,499,272.70	100.0%
	BR-L1207	PROFISCO – State of Rio Grande do Norte	2009	\$6,747,803.19	100.0%
	BR-L1208	PROFISCO- Fiscal Modernization Program of the State of Paraíba	2009	\$7,479,000.00	100.0%
	BR-L1252	National Program to Support the Administrative and Fiscal Management of Brazilian Municípios – Phase II (PNAFM)	2009	\$150,000,000.00	100.0%
	BR-L1202	PROFISCO – State of Maranhão	2010	\$13,200,000.00	100.0%
	BR-L1234	PROFISCO-Mato Grosso – Finance Administration Development Program	2010	\$15,032,000.00	80.1%
	BR-L1235	PROFISCO - Mato Grosso do Sul	2010	\$12,000,000.00	100.0%

Sector	Operation number	Operation name	Year of approval	Actual amount approved	% Disbursed
	BR-L1238	PROFISCO – State of Piauí Fiscal Management Development and Improvement Project	2010	\$16,938,775.18	100.0%
	BR-L1239	PROFISCO – Fiscal Management Modernization Program of the State of Rio de Janeiro	2010	\$19,721,014.41	100.0%
	BR-L1240	PROFISCO-Rondônia – State of Rondônia Tax, Financial, and Property Administration	2010	\$6,231,000.00	97.3%
	BR-L1251	PROFISCO – Fiscal Management Strengthening Project of the State of Rio Grande do Sul	2010	\$60,000,000.00	100.0%
	BR-L1268	PROFISCO-São Paulo – Support the Management and Integration of Financial Administration in Brazil	2010	\$119,999,921.27	100.0%
	BR-L1224	Program for Modernization of Federal Government Immovable Asset Management in Brazil	2011	\$7,000,000.00	88.5%
	BR-L1254	PROFISCO – Fiscal Modernization Project of the State of Sergipe (PROMOFAZ)	2011	\$5,788,000.00	100.0%
	BR-L1233	Finance Administration Modernization Program - PROFISCO	2012	\$11,577,000.00	75.2%
	BR-L1255	PROFISCO-Tocantins. Fiscal Modernization Program for the State of Tocantins (PMF/TO)	2012	\$40,431,000.00	69.0%
	BR-L1223	Program to Strengthen Measures to Prevent and Combat Corruption in Brazil's Public Administration	2013	\$8,294,281.34	77.7%
	BR-L1230	PROFISCO – Alagoas Finance Management Development Project	2013	\$7,000,000.00	66.9%
	BR-L1237	PROFISCO – Paraná	2013	\$8,500,000.00	80.4%
	BR-L1250	Financial Development Project of the Federal District (PROFISCO/DF)	2013	\$31,997,000.00	24.4%
	BR-L1319	PROFISCO – Bahia State Fiscal Modernization and Strengthening Program	2013	\$45,270,000.00	77.1%
	BR-L1349	PROFISCO PMIMF – Finance Ministry Integrated Modernization Program	2013	\$13,800,000.00	45.7%
	BR-L1377	National Program to Support the Administrative and Fiscal Management of Brazilian Municipalities PNAFMIII	2014	\$150,000,000.00	1.3%
HEALTH	BR-L1044	Health Modernization and Humanization Program	2011	\$21,600,000.00	100.0%
	BR-L1376	Strengthening Health Management in the State of São Paulo	2013	\$270,000,000.00	65.6%
	BR-L1389	Strengthening the Unified Health System in Salvador	2014	\$200,000,000.00	26.1%
	BR-L1415	Strengthening the Unified Health System in São Bernardo do Campo	2014	\$59,050,000.00	36.2%
TRANSPORTATION	BR0302	Fortaleza Urban Transportation Program	2004	\$85200000	100.0%
	BR-L1018	Urban Transportation Program for the Federal District	2008	\$170100000	95.6%
	BR-X1021	Local Contribution to ATN/KK-12380-BR	2010	4754000	97.6%
	BR-L1227	São Paulo Metro Line 5 (Purple Line) Extension Project	2010	\$480,958,000.00	55.5%
	BR-L1263	Highway Program for the State of Espírito Santo III	2010	\$175,000,000.00	95.7%
	BR-L1296	Mario Covas Rodoanel Project – Northern Section	2011	\$1,148,633,000	92.4%
	BR-L1272	Blumenau's Sustainable Urban Mobility Program (IDB-Blumenau Program)	2012	\$59,000,000.00	57.2%
	BR-L1315	Sao Bernardo do Campo Urban Transportation Program II	2012	\$125,000,000.00	52.7%
	BR-L1336	Santa Catarina Logistics Infrastructure Program	2012	\$250,000,000.00	90.9%
	BR-L1326	Road Program for Integration and Logistics - Ceará IV	2013	\$400,000,000.00	99.4%
	BR-L1373	São Paulo State Road Investment Program	2013	\$480,135,000.00	73.5%
	BR-G1006	Low-carbon Urban Mobility for Large Cities	2014	\$6,000,000.00	40.5%
	BR-L1333	Fortaleza Urban Transportation Program II	2014	\$57,908,000.00	72.9%
	BR-L1363	Road Program for Integration and Logistics - Ceará IV-B	2014	\$200,000,000.00	14.1%
	BR-L1401	São Paulo State Road Investment Program II	2014	\$480,135,000.00	47.3%

Sector	Operation number	Operation name	Year of approval	Actual amount approved	% Disbursed
SUSTAINABLE TOURISM	BR-L1195	Support for the National Tourism Development Program (PRODETUR Nacional)	2009	\$3,394,934.75	100.0%
	BR-L1204	National Tourism Development Program (PRODETUR-Ceará)	2010	\$123,600,000.00	73.9%
	BR-L1210	National Tourism Development Program - PRODETUR Nacional - Rio de Janeiro	2010	\$112,000,000.00	37.0%
	BR-L1212	National Tourism Program - PRODETUR Nacional - Pernambuco	2010	\$75,000,000.00	99.9%
	BR-L1256	Tourism development Program of Sergipe	2013	\$32,320,000.00	35.6%
	BR-L1300	National Tourism Development Program in Bahia (PRODETUR NACIONAL-Bahia)	2013	\$50,822,905.00	6.4%

Note: Includes disbursements through 16 August 2018.

Source: OVE using data from the Bank's data warehouse.

Table II.3. Portfolio of public sector technical cooperation operations approved during 2015-2018

Sector	Operation number	Operation name	Year of approval	Actual amount approved	% Disbursed
WATER AND SANITATION	BR-T1312	Support for Participatory Solid Waste Management in the Guanabara Bay	2015	\$500,000.00	100.0%
	BR-T1315	Support for Participatory Solid Waste Management in the Guanabara Bay	2015	\$100,000.00	100.0%
	BR-T1318	Support for the Preparation of Project Macro Drainage, Protection of Valleys	2015	\$750,000.00	100.0%
	BR-T1320	Support for the Preparation of the Environmental Sanitation and Requalification Project in the Município of Goiânia	2015	\$700,000.00	100.0%
	BR-T1321	Support for the Preparation of the Environmental Sanitation and Construction Program	2015	\$750,000.00	97.9%
SCIENCE AND TECHNOLOGY	BR-T1314	Comparative Evaluation of Strategic Value Chains in Two Countries in LA	2015	\$19,740.70	100.0%
EDUCATION	BR-T1322	The Role of Education for Youth Affected by Violence and Other Risks	2015	\$420,000.00	97.0%
PRIVATE FIRMS AND SME DEVELOPMENT	BR-T1301	Afro-Brazilian Consumer Market Entrepreneurship Support Program	2015	\$500,000.00	87.2%
SOCIAL INVESTMENT	BR-T1319	YouthBuild Brasil: Mobilizing Youth and Communities for Change	2015	\$620,000.00	100.0%
	BR-T1323	Financial Instrument to Promote Private Sector Diversity and Inclusion	2015	\$330,000.00	37.8%
ENVIRONMENT AND NATURAL DISASTERS	BR-T1310	Strengthening Funding for Mitigation in Brazil Based on Results-oriented Management	2015	\$600,000.00	95.5%
	BR-T1313	Instituto Inhotim: Strengthening Regional Development, Climate Change, and Biodiversity	2015	\$506,256.84	95.5%
TRANSPORTATION	BR-T1327	Brazil Infrastructure Investment Platform	2015	\$300,000.00	90.8%
URBAN DEVELOPMENT AND HOUSING	BR-T1328	Supporting the Implementation of the ICES Methodology in Brazil	2016	\$379,274.63	100.0%
EDUCATION	BR-T1339	Analysis of Finance and Resource Allocation in Basic Education in Pernambuco, Brazil	2016	\$300,000.00	52.6%
SOCIAL INVESTMENT	BR-T1324	Strengthening Dialogue and Knowledge Dissemination in Citizen Security	2016	\$200,000.00	99.3%
	BR-T1331	Monitoring and Evaluation System of Labor Market Policies	2016	\$300,000.00	63.0%
REFORM AND MODERNIZATION OF THE STATE	BR-T1332	Support for Improving Public Administration for Citizens	2016	\$665,000.00	40.5%
	BR-T1335	Strengthening the Fiscal Management of States in Brazil	2016	\$300,000.00	1.9%
HEALTH	BR-T1330	Support for Impact Evaluation of the Cresça com Seu Filho and Primeira Infância Melhor Programs	2016	\$300,000.00	4.0%
TRANSPORTATION	BR-T1336	Support for the Structuring of Sustainable Infrastructure Projects in the State of Mato Grosso through Public-Private Partnerships (PPPs)	2016	\$500,000.00	47.8%
	BR-T1341	Support for the Development of a Sustainable Infrastructure Portfolio for Public Investments which Take into Consideration Climate Change and Tourism Potential in the State of Mato Grosso	2016	\$500,000.00	30.5%
AGRICULTURE AND RURAL DEVELOPMENT	BR-T1369	Brazil-Mexico Exchange Visit on Food Safety and Animal and Plant Health	2017	\$15,820.55	100.0%
	BR-T1370	Strengthening of Plant and Animal Health and Food Safety Services	2017	\$500,000.00	22.8%
WATER AND SANITATION	BR-T1362	Support for the Preparation of the "Program for Improving the Sanitation Services of the State of Rio Grande do Sul – PRONANSUL"	2017	\$500,000.00	0.0%

Sector	Operation number	Operation name	Year of approval	Actual amount approved	% Disbursed
SCIENCE AND TECHNOLOGY	BR-T1367	How Innovation Agencies Work in Latin America: Potential Areas for Regional Collaboration	2017	\$9,309.79	100.0%
	BR-T1374	Digital Transformation for Innovation	2017	\$350,000.00	6.6%
EDUCATION	BR-T1347	Supporting the Policy Dialogue and Innovations in Early Education	2017	\$200,000.00	49.8%
ENERGY	BR-T1340	Support for Diversification of São Paulo's Energy Matrix	2017	\$600,000.00	13.4%
SOCIAL INVESTMENT	BR-T1357	Monitoring and Evaluation of the Public Employee Retirement System (PERS)	2017	\$120,000.00	18.2%
ENVIRONMENT AND NATURAL DISASTERS	BR-T1304	Capacity Building and Institutional Strengthening on the National Framework for Access and Benefit Sharing under the Nagoya Protocol	2017	\$4,401,931.00	100.0%
	BR-T1371	Sustainable Rural Development - Phase II - MATOPIBA Kick-Off Project	2017	\$237,871.03	100.0%
	BR-T1377	InfraInvest: Sustainable Infrastructure in Brazil	2017	\$600,000.00	26.2%
FINANCIAL MARKETS	BR-T1311	Support to Public Development Agencies in Brazil to Leverage the Financing for Private Sector Investments	2017	\$200,000.00	2.6%
HEALTH	BR-T1353	Support for the Improvement of Health Services in Ceará	2017	\$389,427.65	100.0%
TRANSPORTATION	BR-T1366	Support for Design of Strategies and Instruments for Structuring Infrastructure Projects with Private Participation in Brazil	2017	\$450,000.00	4.9%
	BR-T1375	Open Innovation for Infrastructure Projects for Municipalities in Brazil	2017	\$450,000.00	4.9%
AGRICULTURE AND RURAL DEVELOPMENT	BR-T1383	Recent Transformations in Rural Brazil and the Transition Towards a New Generation of Public Policies	2018	\$165,000.00	0.0%
WATER AND SANITATION	BR-T1351	Strengthening of Capacity Building for Prevention and Water Crisis Management by the State of São Paulo	2018	\$950,000.00	0.0%
SOCIAL INVESTMENT	BR-T1389	Delivering Parenting Interventions via Group Meetings in Boa Vista	2018	\$470,000.00	0.0%
	BR-T1397	Medium-term Impacts of Access to Daycare on School Outcomes: Experimental Evidence from Rio de Janeiro	2018	\$135,000.00	5.0%
FINANCIAL MARKETS	BR-T1361	Enhancing Brazil's Capacity to Access Green Climate Fund (GCF) Finance for NDC Implementation	2018	\$250,000.00	0.0%
	BR-T1399	Alternatives for the Reduction of the Banking Spread in Brazil for Priority Segments	2018	\$250,000.00	42.4%
REFORM AND MODERNIZATION OF THE STATE	BR-T1352	Strengthening Transparency in Brazil	2018	\$750,000.00	0.0%
HEALTH	BR-T1393	Support to Improve the Efficiency of Brazil's Public Health Sector – Partnership between the IDB, Ministry of Health, and BNDES	2018	\$250,000.00	0.0%
TRANSPORTATION	BR-T1398	São Paulo Intercity Train Pre-feasibility Studies	2018	\$337,000.00	18.8%

Note: Includes approvals and disbursements through 16 August 2018.

Source: OVE using data from the Bank's data warehouse.

ANNEX III. EVALUATION DESIGN MATRIX

Questions	Information source	Scope and methodology	Limitations
RELEVANCE			
To what extent was the IDBG's CS and operational program aligned with the country's development needs, with the government's development strategies, and the IDBG's mandate?	<ul style="list-style-type: none"> Government strategy documents, IDBG country strategy documents (including annual CPDs) and sector framework documents and policies, economic analysis from IDBG and other institutions, Government economic and social data, Data from other institutions. Also, IDBG operational documents (loans, investment grants, TCs) IDBG project databases Interviews with Government and IDBG staff and other experts. 	<ul style="list-style-type: none"> Context note and Document review to compile a complete list of Government development priorities, country development needs, IDBG country strategy priorities. Portfolio review Use all relevant evidence to determine the alignment of the Bank's CS priorities to the Government development priorities and country development needs. 	<ul style="list-style-type: none"> The analysis will be based on information provided by Government and IDBG documents. It is possible that the program and operations deviate from the priorities written in these documents. Economic and social data may not be complete and updated. The number and volume of IDBG approvals by priority area/sector might not adequately measure Bank's relevance. Sometimes small Loan or TCs might be of great relevance.
To what extent was the operational program aligned with the IDBG CS	<ul style="list-style-type: none"> IDBG project databases Loan and TC documents CS and sector notes Interviews with Government and IDBG staff and other experts. 	<ul style="list-style-type: none"> Portfolio review Project and TC desk review Use all relevant evidence to determine the alignment of the IDBG operational program with the CS 	<ul style="list-style-type: none"> Alignment of operational program to IDBG CS may lose relevance, with respect to country development needs and government priorities, if country conditions change during the CS period.
What has been the IDBG's role and business model in the country and how has it evolved over time?	<ul style="list-style-type: none"> The Bank's Enterprise Data Warehouse National statistics Approval data from other multilateral institutions IDB Invest approval and disbursement data Approval data from other multilateral private sector windows GPS Stakeholder perceptions Documentation of umbrella programs (PROFISCO, PROCIDADES, PRODETUR) 	<ul style="list-style-type: none"> For the periods [2005-2015 and 2015-2018] analyze the trends of IDB disbursements and approvals For the periods [2005-2015 and 2015-2018] compare the trends of IDB disbursements and approvals to other multilateral institutions For the periods [2005-2015 and 2015-2018] analyze the trends of IDB Invest approvals For the periods [2005-2015 and 2015-2018] compare the trends of IDB Invest approvals to other multilateral private sectors Analysis of GPS results Interviews and focus groups with stakeholders Analysis of documentation related to umbrella programs 	<ul style="list-style-type: none"> Patterns and trends of approvals and disbursements may be difficult to explain with certainty given that OVE will rely on stakeholder perceptions from surveys and interviews and focus groups. There is not necessarily a positive correlation between lending and disbursement volume and IDBG relevance.

Questions	Information source	Scope and methodology	Limitations
Were the program and individual operations designed in a manner consistent with the government's institutional capacity for implementation and the identified development priorities?	<ul style="list-style-type: none"> • Program and operational documents (including CPDs, PCRs, PMRs, XSRs). • PEFA and other assessments of institutional capacity. • Interviews with executing agency staff and IDB country representative, COO, country economist, country coordinator, procurement specialist, financial management specialist, and project team leaders. 	<ul style="list-style-type: none"> • Document and indicator review to determine institutional capacity in financial management, procurement, and project management. Complement the review with stakeholder interviews. • Desk Review: Detailed methodology for loan and investment grants and TCs. 	<ul style="list-style-type: none"> • Indicators for institutional capacity may not be very reliable. Therefore, we must look at trends over time and triangulate with other information (interviews and PMR/PCR reports). • Some of the Bank's support for institutional capacity may be difficult to substantiate (i.e., C&D funds are likely used but will not have and M&E framework to provide us with reliable evidence).
Was the mix of financial and technical assistance instruments appropriate given the level of institutional capacity, fiscal priorities, and market conditions?	<ul style="list-style-type: none"> • Program and operational documents (including CPDs, PCRs, PMRs, XSRs). • PEFA and ICA. • Interviews with executing agency staff and IDBG country representative, COO, country economist, country coordinator, procurement specialist, financial management specialist, and project team leaders. • IDBG portfolio data • Terms of IDBG instruments • Government data on debt profile and terms. • Operational documents and HRD data showing coordination within IDBG. 	<ul style="list-style-type: none"> • Document review, supplemented with interviews, to determine if the mix of instruments was appropriate given the level of institutional capacity. • Review of the Bank's use of financial instruments (loans and grants) in the context of the Government's fiscal needs and priorities. • Analysis and comparison of terms of lending for IDBG instruments, Government debt terms, and market terms. • Document and data review of IDBG coordination. 	<ul style="list-style-type: none"> • Indicators for institutional capacity may not be very reliable. Therefore, we must look at trends over time and triangulate with other information (interviews and PMR/PCR reports). • Some of the Bank's support for institutional capacity may be difficult to substantiate (i.e., C&D funds are likely used but will not have and M&E framework to provide us with reliable evidence. In fact, most TCs do not have or have poor M&E frameworks).
How did the Bank coordinate its support in key priority areas with that of other development partners?	<ul style="list-style-type: none"> • Program and operational documents: i.e., CS, CPDs, loan and TC proposals, PMRs, PCRs, XSRs. • Program and operational documents of other development partners. • Interviews with implementing agencies, other donors, IDBG country representative, COO, country coordinator, and project team leaders. 	<ul style="list-style-type: none"> • Use evidence available to determine the level of complementarity and duplication of IDBG support. 	<ul style="list-style-type: none"> • The Government, IDBG, and other development partners may not be forthcoming with information about coordination given their own differing incentives.
To what extent did the IDBG leverage funds from other development partners in support of its program?	<ul style="list-style-type: none"> • EDW • IDB Invest project and financial data • Program and operational documents 	<ul style="list-style-type: none"> • Use the financial data in the program and operational documents to determine the share of funds in the IDBG program provided by other donors. 	<ul style="list-style-type: none"> • The Government, IDBG, and other development partners may not be forthcoming with information about coordination given their own differing incentives.
To what extent was IDBG responsive to the changing needs/context of the country?	<ul style="list-style-type: none"> • Government strategy documents, IDBG country strategy documents (including annual CPDs) and sector framework documents and policies, economic analysis 	<ul style="list-style-type: none"> • Use all relevant evidence to determine how IDBG responded to changes in country context while maintaining a balance with strategic priorities 	<ul style="list-style-type: none"> • Evidence may be difficult to gather so triangulation of interviews will be key.

Questions	Information source	Scope and methodology	Limitations
	<p>from IDBG and other institutions, Government economic and social data, Data from other institutions. Also, IDBG operational documents (loans, investment grants, TCs)</p> <ul style="list-style-type: none"> • IDBG project databases • Interviews with Government and IDBG staff and other experts. 		
IMPLEMENTATION, EFFECTIVENESS, EFFICIENCY			
What were the principal factors affecting program implementation and achievement of proposed outputs and outcomes?	<ul style="list-style-type: none"> • CS and CPDs, Project and TC proposals, PMR, PCR, XSRs • Data gathered from executing agencies and IDB team leaders. • Information collected during site visits. • Interviews with IDB country representative, COO, procurement officer, financial management officer, and executing agency staff. 	<ul style="list-style-type: none"> • Desk review: Detailed methodology for loan and investment grants and TCs. For this sub-question we will tally the different factors affecting project implementation. 	<ul style="list-style-type: none"> • The interviews will give us different perspectives on implementation challenges. • Therefore, our desk review will include as much documentary evidence collection as possible related to implementation challenges (especially from the Bank's procurement databases). This evidence may be difficult to gather and may not be complete.
To what extent was the IDBG's business model through umbrella programs effective and efficient in addressing the needs of subnational entities?	<ul style="list-style-type: none"> • CS and CPDs, Project and TC proposals, PMR, PCR, XSRs • Data gathered from executing agencies and IDB team leaders. • Information collected during site visits. • Interviews with IDB country representative, COO, procurement officer, financial management officer, and executing agency staff. • Documentation on umbrella programs PROFISCO, PRCIDADES, PRODETUR 	<ul style="list-style-type: none"> • Desk review, qualitative analysis of interviews and comparative analysis of umbrella program results 	<ul style="list-style-type: none"> • Comparability among the three umbrella approaches may be limited.
<p>a) How well did the Bank anticipate risks to program implementation?</p> <p>b) How did the Bank respond to implementation challenges that may have occurred?</p>	<ul style="list-style-type: none"> • CS and CPDs, Project and TC proposals, PMR, PCR, XSRs • Data gathered from executing agencies and IDB team leaders. • Information collected during site visits. • Interviews with IDB country representative, COO, procurement officer, financial management officer, and executing agency staff. 	<ul style="list-style-type: none"> • Desk review: Detailed methodology for loan and investment grants and TCs. 	<ul style="list-style-type: none"> • Linking the Bank's actions to anticipating and responding to challenges may be difficult, • We will need to rely on interviews and then confirm in project or TC documentation the actions taken to anticipate, mitigate, and address implementation challenges.
How did program implementation compare to bank-wide and sub-regional averages?	<ul style="list-style-type: none"> • Project and TC proposals, PMR, PCR, XSRs 	<ul style="list-style-type: none"> • Analysis of the evolution of: (i) cost of investment loan preparation implementation 	<ul style="list-style-type: none"> • The comparisons will be dependent on comparable Bank-wide implementation data.

Questions	Information source	Scope and methodology	Limitations
	<ul style="list-style-type: none"> Data gathered from executing agencies and IDB team leaders. Information collected during site visits. Interviews with IDB country representative, COO, procurement officer, financial management officer, and executing agency staff. 	<ul style="list-style-type: none"> (nominal and %); (ii) execution time. Desk review: Detailed methodology for loan and investment grants and TCs. 	<ul style="list-style-type: none"> Therefore, to facilitate comparison, we will likely focus primarily on the length of the project cycle.
<p>a) To what extent did the Bank's interventions generate the outputs and outcomes identified in the CS?</p> <p>b) To what extent did the individual operations achieve the outputs and outcomes identified in their respective results framework?</p>	<ul style="list-style-type: none"> CS and CPDs, Project and TC proposals, PMR, PCRs, XSRs Data gathered from executing agencies and IDB team leaders. Information collected during site visits. 	<ul style="list-style-type: none"> Compilation, verification, and assessment of CS results matrix indicators to determine the level of achievement of proposed targets. Desk review⁴⁴: Detailed methodology for loan and investment grants and TCs. Site visits to verify and gather further data on project implementation. 	<ul style="list-style-type: none"> Many projects will not be fully disbursed or closed, so we will not be able to report on final outputs and outcomes. Data availability and reliability may present limitations to rigorously determining the achievement of targets.
To what extent did the program support the strengthening of national systems?	<ul style="list-style-type: none"> PEFA and other institutional capacity indicators. CS and CPDs Loan, investment grant, and TC documents. Interviews with IDB country representative, COO, procurement officer, financial management officer, executing agency staff and other donors. 	<ul style="list-style-type: none"> Assess the information provided in the PEFA and other surveys of institutional capacity and CPDs. Determine if there are trends over time. Desk review: Detailed methodology for loan and investment grants and TCs. Supplement above analysis with clear examples of challenges/successes related to institutional capacity. 	<ul style="list-style-type: none"> Quality and reliability of indicators of institutional capacity. Interviews will provide subjective impressions, which may not be substantiated by other evidence. We will have to use the interview information to identify potential examples of improvements or weaknesses in institutional capacity that we can verify with data or documentary evidence.
SUSTAINABILITY			
<p>What is the likelihood that program results will be sustainable?</p> <p>a) What are the principal risks to sustainability?</p> <p>b) What measures have been taken to mitigate these risks?</p>	<ul style="list-style-type: none"> Program and operation documents (including PMRs, PCRs, and XSRs). Stakeholder perceptions of sustainability Country context note 	<ul style="list-style-type: none"> Document review Interviews and Focus Groups with stakeholders Review of information gathered to develop a list of principal risks to the sustainability of the program and measures taken to mitigate these risks. Analysis of identified risks and mitigation measures to determine which, if any, risks remain unmitigated. 	<ul style="list-style-type: none"> Sustainability will depend in part on factors that are out of the IDBG's control and OVE may not have full access to information on these.

ANNEX IV. CPE RECOMMENDATIONS FOR 2011-2014

Recommendation	Response from the Board
<p>1. Work with the client to define a limited set of strategic thematic priorities to structure and integrate the Bank's program, taking into account country demands and the Bank's comparative advantage. While it is understandable, given Brazil's size and heterogeneity of borrowers, that the Bank should support a number of themes and activities, strategic prioritization is still important for Bank effectiveness. Increasing the program's focus on poverty, including on poorer areas of the country, could be one strategic priority to consider.</p>	Not endorsed
<p>2. Seek long-term partnerships with subnational governments (both states and municipalities) where possible, and devote substantial resources to cross-learning. Because the lack of previous experience in working with the Bank and weaker institutional capacity appear to be factors behind higher costs, longer-term relationships (such as CCLIPs with specific subnational governments) can reduce preparation and implementation costs and enhance institutional capacity. Heightened attention to sharing experiences across programs, states, and municipalities (for example, replicating mechanisms similar to PROFISCO's Finance Secretaries Commission) can enhance effectiveness while also controlling costs.</p>	Endorsed
<p>3. To the extent demanded by clients, continue to work with states and municipalities on deepening public finance reform. A better fiscal position, more efficient public spending policies, and stronger public expenditure management will be critical to subnational governments if they are to extend the coverage and improve the quality of public services and infrastructure. The Bank has strong multi-sector expertise that can contribute to those reforms. Policy-based lending to states—particularly those with immediate financial need—appears to be an efficient and effective instrument for support, supplemented where appropriate with technical cooperation and/or investment lending. Given the breadth of important fiscal issues, programs of fiscal support should engage multiple Bank divisions to help clients identify some of the most pressing expenditure rigidities and inefficiencies and design appropriate solutions.</p>	Endorsed
<p>4. Seek ways to work with the Brazilian authorities to help strengthen regulatory frameworks for public-private partnerships at various levels of government. Facilitating private investment in the delivery of public services will be essential to meeting the country's growing infrastructure needs, and can also be instrumental in increasing investments in the social, environment, and other areas.</p>	Endorsed
<p>5. Develop a concrete plan to promote more effective cross-sector and public-private collaboration in the country program. Such collaboration will be essential to the achievement of the goals of strategic prioritization and support for integrated fiscal reform at the subnational level, as envisioned in the prior recommendations.</p>	Endorsed
<p>6. Continue to strengthen the monitoring and evaluation of the Bank's portfolio. The evaluability of the Bank's approved portfolio has improved significantly, as evidenced by higher Development Effectiveness Matrix scores in recent years. Carrying these improvements through to project completion and ex post evaluation can help the Bank learn more from experience and fine-tune future interventions.</p>	Endorsed

Source: Country Program Evaluation: Brazil 2011-2014 (document RE-482-1).