

Document of
The World Bank

FOR OFFICIAL USE ONLY

Report No. 143636-BR

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
MULTILATERAL INVESTMENT GUARANTEE AGENCY**

**PERFORMANCE AND LEARNING REVIEW
OF THE COUNTRY PARTNERSHIP FRAMEWORK**

**FOR
THE FEDERATIVE REPUBLIC OF BRAZIL
FOR THE PERIOD FY18-FY23**

April 27, 2022

**Brazil Country Management Unit
Latin America and Caribbean Region**

**The International Finance Corporation
Latin America and Caribbean**

The Multilateral Investment Guarantee Agency

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank Group authorization.

The date of the last Country Partnership Framework was July 13, 2017 (Report No. 113259-BR)

FISCAL YEAR

January 1 – December 31

CURRENCY EQUIVALENTS

Currency Unit = Brazilian Real (BRL)

US\$1 = BRL 4.97 (as of April 27, 2022)

ABBREVIATIONS AND ACRONYMS

ABC	Low Carbon Agriculture (<i>Agricultura de Baixo Carbono</i>)
AC	State of Acre
ACSC	Ambulatory Care Sensitive Conditions
AD	Afro-Descendent
AEM	Amazon Economic Memorandum
AFD	French Development Agency (<i>Agence Française de Développement</i>)
AFOLU	Agriculture, Forestry and Other Land Use
AMC	Asset Management Company
ANEEL	National Energy Agency (<i>Agência Nacional de Energia Elétrica</i>)
ANM	National Mining Agency (<i>Agência Nacional de Mineração</i>)
ANP	National Petroleum Agency (<i>Agência Nacional de Petróleo</i>)
APL	Adaptable Program Loan
ASA	Analytical Services and Advisory
ASL	Amazon Sustainable Landscapes
ASOP	Advisory Services Operational Portal
BDRE	Regional Development Bank (<i>Banco Regional de Desenvolvimento do Extremo Sul</i>)
BF	Federal CCT program (<i>Bolsa Família</i>)
BFP	Forestry Program (<i>Bolsa Floresta Program</i>)
BNDES	Brazilian Development Bank (<i>Banco Nacional de Desenvolvimento Econômico Social</i>)
BOD	Biochemical Oxygen Demand
BPC	Continuous Cash Benefit Program (<i>Benefício de Prestação Continuada</i>)
BRT	Bus Rapid Transit
C3P	Public-Private Partner Transaction Advisory Department
CAF	Development Bank of Latin America. (<i>Corporacion Andina de Fomento</i>)
CAGECE	Water Utility Company - Ceará (<i>Companhia de Água e Esgoto do Ceará</i>)
CAGEPA	Water Utility Company - Paraíba (<i>Companhia de Água e Esgoto da Paraíba</i>)
CAIC	Children's Healthcare Unit (<i>Centro de Atenção Integral à Criança</i>)
CAIMI	Elderly's Healthcare Unit (<i>Centro de Atenção Integral à Melhor Idade</i>)
CAPAG	Federal Guarantees by Credit Rating (<i>Capacidade de Pagamentos</i>)
CAPS	Psychosocial Healthcare Unit (<i>Centro de Atenção Psicossocial</i>)
CAR	Rural Environmental Cadaster (<i>Cadastro Ambiental Rural</i>)
CC	Carta Consulta
CCT	Conditional Cash Transfer
CBTU	Brazilian Company of Urban Trains (<i>Companhia Brasileira de Trens Urbanos</i>)
CE	State of Ceará
CGU	Federal Comptroller's Office (<i>Controladoria Geral da União</i>)
CMU	Country Management Unit
CN	Concept Note
COFIE	Commission of External Borrowings (<i>Comissão de Financiamentos Externos</i>)
COMPESA	Water Utility Company – Pernambuco (<i>Companhia Pernambucana de Saneamento</i>)

CONSEMA	State Council of Environment of Santa Catarina
CPF	Country Partnership Framework
CPFa	Carbon Partnership Facility
CPPR	Country Portfolio Performance Review
CPS	Country Partnership Strategy
CPTM	São Paulo Metropolitan Trains Company (<i>Companhia Paulista de Trens Metropolitanos</i>)
CSA	Climate Smart Agriculture
CTF	Clean Technology Fund
CTF	“Closeness to frontier”
DARP	Pension Collection Document (<i>Documento de Arrecadação de Receitas Previdenciárias</i>)
DB	Doing Business
DC	District of Columbia
DEFRA	Department for Environment, Food and Rural Affairs
DEPASA	State Department for Water – Acre (<i>Depart. Estadual de Águas e Saneamento -Acre</i>)
DESO	Water Utility Company – Sergipe (<i>Companhia de Saneamento de Sergipe</i>)
DGM	Dedicated Grant Mechanism
DLI	Disbursement Linked Indicators
DNIT	Traffic Infrastructure Department (<i>Departamento Nacional de Infraestrutura de Trânsito</i>)
DOTS	Sustainable Transport-Oriented Development (<i>Desenv. Orientado ao Transp Sustentável</i>)
DPF	Development Policy Financing
DPO	Development Policy Operations
DRM	Disaster Risk Management
EDGE	Excellence in Design for Great Efficiencies
EFO	Externally-Funded Output
EFTA	European Free Trade Association
ELETOBRAS	Brazilian Power Companies (<i>Centrais Elétricas Brasileiras S.A</i>)
EPE	Energy Research Company (<i>Empresa de Pesquisa Energética</i>)
ERS-287	Highway in Rio Grande do Sul State
EU	European Union
EX-ACT	Ex-Ante Carbon-balance Tool
FDI	Foreign Direct Investment
FFIN	Financial Fund (<i>Fundo Financeiro</i>)
FGTS	Severance Indemnity Fund (<i>Fundo de Garantia do Tempo de Serviço</i>)
FI	Financial Intermediary
FIDCs	Credit Rights Investment Fund (<i>Fundo de Investimento em Direitos Creditórios</i>)
FIP	Forest Investment Program
FPREV	Pension Fund (<i>Fundo Previdenciário</i>)
FSAP	Financial Sector Assessment Program
FUNDEB	Basic Education and Teacher Valorization Fund (<i>Fundo de Manut. e Desenv. da Educ. Básica e de Valorização de Prof. da Educação</i>)
FY	Fiscal Year
GBV	Gender-based Violence
GDI	Graduation Discussion Income
GDP	Gross Domestic Product
GEF	Global Environment Facility
GEMS	Geo-Enabling Initiative for Monitoring and Supervision
GFDRR	Global Facility for Disaster Reduction and Recovery
GHG	Greenhouse Gas
GIF	Global Infrastructure Facility
GoB	Government of Brazil
GP	Global Practice
HCI	Human Capital Index
HRM	Human Resources Management

IADB	Interamerican Development Bank
IBGE	Brazilian Institute of Geography and Statistics (<i>Instituto Brasileiro de Geografia e Estatística</i>)
IBRD	International Bank for Reconstruction and Development
ICMS	Tax on Circulation of Goods and Services (<i>Imposto sobre Circulação de Mercadorias e Serviços</i>)
ID4D	Identification for Development (<i>World Bank program to promote digital identification systems</i>)
IDB	Inter-American Development Bank
ID-ETF	Issue Driver - a Exchange Traded Funds
IEG	Independent Evaluation Group
IFC	International Finance Corporation
IFI	International Financial Institutions
IMA	Institute of Environment
IPF	Investment Project Financing
IPTC	Indigenous People and Traditional Communities
IPVA	Motor Vehicle Property Tax (<i>Imposto sobre a Propriedade de Veículos Automotores</i>)
ITCMD	Transmission Tax <i>Causa Mortis</i> and Donation (<i>Imposto sobre Transmissão Causa Mortis e Doação</i>)
GIF	Global Infrastructure Facility
GIZ	German Agency for International Cooperation
GRID	Green, Resilient, and Inclusive Development
GTMI	GovTech Maturity Index
GWSP	Global Water Security & Sanitation Partnership
JIP	Joint Implementation Plan
LAC	Latin America and Caribbean
LGBTI	Lesbians, Gays, Bisexuals, Transsexuals, Intersexual
LNG	Liquified Natural Gas
LTF	Long Term Finance
MaaS	Mobility as a Service
MDTFs	Multi-Donor Trust Funds
MFD	Maximizing-Finance for Development
MIC	Middle-Income Country
MFIs	Multilateral Financial Institutions
MIGA	Multilateral Investment Guarantee Agency
MMA	Ministry of Environment
MOH	Ministry of Health
MPA	Multi-phase Programmatic Approach
MSME	Ministry of Micro, Small and Medium Enterprises
MST	Multisectoral
MU	Moderately Unsatisfactory
NDB	New Development Bank
NDC	Nationally Determined Contributions
NRW	Non-Revenue Water
NTFP	Non-Timber Forest Produce
OECD	Organization for Economic Co-operation and Development
PEC	Proposed Amendment to the Constitution (<i>Proposta de Emenda à Constituição</i>)
PEF	Fiscal Equilibrium Plan (<i>Plano de Equilíbrio Fiscal</i>)
PES	Payment for Environmental Services
PforR	Program-for-Results financing
PHC	Primary Healthcare
PI	State of Piauí
PIM	Public Investment Management
PIU	Project Implementation Unit
PLR	Performance and Learning Review

PME	Small and Medium Enterprises (<i>Pequenas e Médias Empresas</i>)
PMU	Project Management Unit
PNAD	National Household Survey (<i>Pesquisa Nacional por Amostra de Domicílios</i>)
PPA	Pluriannual Government Plans
PPP	Public-Private Partnership
PR	State of Paraná
PRA	Environmental Regularization Program
PROFOR	Program on Forests
PWD	People with Disabilities
QER	Quality Enhancement Review
RAS	Reimbursable Advisory Service
REDD+	Reducing Emissions from Deforestation and Forest Degradation
RF	Results Framework
RGPS	Social Security General Regime (<i>Regime Geral de Previdência Social</i>)
RMSP	Metropolitan Region of São Paulo
RN	State of Rio Grande do Norte
ROC	Regional Operations Committee
ROE	Return on Equity
RS	State of Rio Grande do Sul
SABESP	SP Water Utility Company (<i>Companhia de Saneamento Básico do Estado de São Paulo</i>)
SAEB	Basic Education Assessment System (<i>Sistema de Avaliação da Educação Básica</i>)
SAR	Secretariat of Agriculture and Fisheries
SDA	Secretariat of Agrarian Development
SDIB	Standard Infrastructure Bond
SELIC	Brazilian Federal Funds Rate (<i>Sistema Especial de Liquidação e de Custódia</i>)
SEMA	Environmental Secretariat
SENASP	National Secretary of Public Security
SFLAC	Spanish Fund for Latin America and the Caribbean
SICAR	National Rural Environmental Registry System (<i>Sistema Nacional de Cadastro Ambiental Rural</i>)
SIGEN	State of Santa Catarina's Phytosanitary Certification Systems
SIH	Hospital Information System
SIM	Mortality Information System (<i>Sistema de Informação sobre Mortalidade</i>)
SNIS	National Sanitation Information System (<i>Sistema Nacional de Informações sobre Saneamento</i>)
SOE	State-Owned Enterprises
SOL	Online Bidding Solutions (<i>Soluções On-line de Licitações</i>)
SP	São Paulo
SPA	Health Care Unit (<i>Serviços de Pronto Atendimento</i>)
SPBE	Liberalization of Mortgage Lending Funded with Savings Accounts
SPF	State Secretariat of Land Policies
SSKEs	South-South Knowledge Exchange
STEM	Science, Technology, Engineering and Mathematics
STEP	Systematic Tracking of Exchanges in Procurement
STF	Short Term Finance
SUS	Unified Health System
SWAp	Sector-wide Approach
TA	Technical Assistance
TCU	Federal Court of Accounts (Tribunal de Contas da União)
TF	Trust Fund
TJLP	Market Based Long-Term Rate (<i>Taxa de Juros de Longo Prazo</i>)
TLP	New Market Based Long-Term Rate (<i>Nova Taxa de Juros de Longo Prazo</i>)
TRENSURB	Subway System in Porto Alegre
UFGE	Umbrella Facility for Gender Equality
UK	United Kingdom

UN United Nations
VAT Value Added Tax
WBG World Bank Group
WDI World Development Indicators

	IBRD	IFC	MIGA
Vice President:	Carlos Felipe Jaramillo	Stephanie von	Ethiopsis Tafara
Director:	Paloma Anos Casero	Friedeburg	Merli Margaret Baroudi
Country Manager:	N.A.	Martin C. Spicer	N.A.
Task Team Leader:	Sophie Naudeau & Marek Hanusch	Carlos Pinto Marcos Vaena & Diogo Falchano Bardal	Olanrewaju Malik Kassim

THE FEDERATIVE REPUBLIC OF BRAZIL
PERFORMANCE AND LEARNING REVIEW OF THE COUNTRY PARTNERSHIP FRAMEWORK

Table of Contents

INTRODUCTION	1
I. MAIN CHANGES IN COUNTRY CONTEXT	3
II. SUMMARY OF PROGRAM IMPLEMENTATION	10
A. Summary of IBRD lending trends in FY18-FY21	10
B. Portfolio management amidst COVID-19 and virtual supervision missions	14
C. Evidence-based dialogue and innovative approaches.....	14
D. Summary of progress against CPF objectives	17
E. Evolution of Partnerships	18
III. EMERGING LESSONS.....	19
IV. ADJUSTMENTS TO COUNTRY PARTNERSHIP FRAMEWORK	23
V. RISKS TO CPF PROGRAM.....	28
Annex 1: Updated CPF Results Matrix – Brazil PLR	30
Annex 2: Matrix of Changes to Original CPF Results Matrix	46
Annex 3: Matrix summarizing Progress towards CPF Results	60
Annex 4: Institutional Development Assessment	86
Annex 5: Additional details on the World Bank Program in Brazil as of April 2022.....	92
Annex 6: Selected examples of impactful WBG TA	96
Annex 7: Monitoring of the Updated CPF Results Framework / Open Brazil	100
Annex 8. IFC country program, pipeline and priorities: Brazil	101
Annex 9: Public Opinion Survey: Insights for Brazil’s Performance and Learning Review	103
Box 1: Brazil Human Capital Index	6
Box 2. Highlights of Gender and Citizen engagement activities across the Brazil Portfolio	12
Box 3. A robust WBG ASA program informs the policy debate on key priorities,	16
Box 4: WBG’s partnerships for better infrastructure and improved mobility	19
Box 5: Leveraging Public-Private Synergies for greater impact	22
Figure 1: Risk - Credit Default Swap (CDS) for Selected Economies, 2021 and 2022	7
Figure 2: IBRD Portfolio in Brazil – as of late March 2022	13
Figure 3: Country Overview: Brazil’s performance relative to comparators (left) and aspirational (right) countries	87
Figure 4: Anti-Corruption, Transparency and Accountability institutions: Brazil’s performance relative to comparators (left) and aspirational (right) countries.....	88
Figure 5: Business environment and trade institutions: Brazil’s performance relative to comparators (left) and aspirational (right) countries	89
Figure 6: SOE Corporate Governance: Brazil’s performance relative to comparators (left) and aspirational (right) countries.....	90

Figure 7: History of WB engagement in Brazil (1949-2022): IBRD commitments in number of projects approved and US\$ value	92
Figure 8: WBG Country Portfolio Report	95
Figure 9: Brazil IFC Historical Portfolio Exposure	101
Figure 10: Brazil Participation in LAC Portfolio	101
Figure 11: Brazilians' views on COVID-19 time span	103
Figure 12: Brazilians' views on the role of grievance and redress mechanisms by age, income and region	104
Figure 13: Brazilians' views on poverty reduction measures, by relevance	105
Figure 14: Regions that the World Bank Group should focus on, according to Brazilians	105
Figure 15: Which megatrend is most likely to impact the country, according to Brazilians	106
Figure 16: Assessment of megatrends by Brazilians: risks vs opportunities	106
Table 1: Key macroeconomic indicators	9
Table 2: Baseline pipeline projections for IBRD lending in Q4 of FY22 and FY23 as of April 11 th , 2022	25
Table 3: Risks to the CPF Program.....	28
Table 4: WB Overprogramming for FY22 and FY23.....	94
Table 5: Brazil Historical Investment Program Commitments by Fiscal Year	101

Acknowledgements

This Performance and Learning Review (PLR) was prepared under the leadership of Sophie Naudeau (Operations Manager, LCC5C, TTL), Marek Hanusch (Senior Economist, ELCMU, co-TTL), Marcos Vaena (Strategy Officer, CCER3, co-TTL), Diogo Bardal (Associate Operations Officer, CLASP, co-TTL) and Olanrewaju Malik Kassim (Economist, MIGEC, co-TTL). The core team in the final stage of the PLR process also included Renato Nardello (Program Leader, SLCDR), Pablo Ariel Acosta (Program Leader, HLCDR), Luis Alberto Andres (Sector Leader, ILCDR), Shireen Mahdi (Lead Country Economist, ELCDR), Anastassia Alexandrova (Senior Country Office, LCC5C), Tania Lettieri (Operations Officer, LCC5C), Maria Elisa Dias Diniz Costa (Senior External Affairs Officer, LCREC), Daniel de Castro Simplicio (IT Analyst, ITSCR), Claudia Tufani (Consultant, LCC5C), and Juliana Neves Soares Brescianini (Operations Analyst, LCC5C).

The document was produced under the overall guidance of Paloma Anós Casero (Country Director, LCC5C), Martin C. Spicer (Director CLADR), Carlos Leiria Pinto (Country Manager, CLASP, co-TTL), and Merli Margaret Baroudi (Director, MIGES).

The PLR team is grateful for the comments received from peer reviewers (Rafael Munoz Moreno, Lead Country Economist in ELCDR; Harun Onder, Senior Economist in EAEM1; and Damien Shiels, Manager in CEUA1) and for the contributions received from many colleagues at various stages of the preparation process, including: Julia Conter (Operations Analyst, LCC5C), Miguel Vargas-Ramirez (Lead Water Supply and Sanitation Specialist, SAEW2), Gabriel Lara Ibarra (Senior Economist, ELCPV), Liliana D. Sousa (Senior Economist, ELCPV), Fabiano Silvio Colbano (Senior Economist, ELCMU), Mariana Kaipper Ceratti (External Affairs Associate, ECRLC), Alexandre Aebi (Operations Analyst, CLASP), Lars Johannes (Senior Strategy Officer, CELCE), Tatiana Nenova (Manager, CELCE), Alessandra Becker (Operations Analyst, CLASP), Shirley Emerick (Consultant, CLASP), Daniel Rojas (Results Measurement Specialist, CSEIN), Maria Gonzalez de Asis (Practice Manager, SLCSO), Maurizio Guadagni (Senior Agriculture Specialist, SAWA4), Alberto Fabian Arbesu Cardona (Program Assistant, LCC5A), Cornelius Fleischhaker (Economist, ELCMU), Daniel Ortega Nieto (Senior Governance Specialist, ELCG2), Alexandre Borges de Oliveira (Lead Procurement Specialist, ELCRU), Fabiana Rezende Imperatriz (Senior HR Assistant, LCC5C), Adriane Landwehr (Program Assistant, LCC5C), Asta Zviniene (Senior Social Protection Specialist, HLCSP), Heinz P. Rudolph (Lead Financial Sector Economist, ELCFN), Barbara Cristina Noronha Farinelli (Senior Agriculture Economist, SLCAG), Maria de Fatima Amazonas (Senior Rural Development Specialist, SLCAG), Johannes Georges Pius Jansen (Senior Agriculture Economist, SLCAD), Xavier Cirera (Senior Economist, ETIFE), Bujana Perolli (Senior Financial Sector Specialist, ELCFN), Matteo Morgandi (Senior Economist, HLCSP), Edson Correia Araujo (Senior Health Specialist, HEAHN), Andres B. Espejo (Senior Carbon Finance Specialist, SCCFM), Marcelo Becerra (Lead Education Specialist, HLCED), Dorsati Madani (Senior Economist, OPSCE), Leandro Costa (Senior Education Specialist, HAFE3), Sylvia Maria Cesar (Consultant, ESAPV), Daniela Pena de Lima (Senior Operations Officer, HLCHN), Gregoire F. Gauthier (Senior Transport Specialist, IECT1), Bianca Bianchi Alves (Senior Urban Transport Specialist, ISAT1), Satoshi Ogita (Senior Transport Specialist, ILCT1), Keith Patrick Garrett (Senior Geographer, DECAT), Juliana Menezes Garrido (Senior Water Supply and Sanitation Specialist, SLCWA), Paula Pedreira De Freitas De Oliveira (Senior Water Resources Management Specialist, SLCWA), Frederico Ferreira Fonseca Pedroso (Disaster Risk Management Specialist, SLCUR), Ildo Lautharte (Economist, HLCED) Susana Amaral (Senior Financial Management Specialist (ELCG1), Eduardo Mello (Consultant, ELCMU), and João Vicente Campos (Senior Financial Management Specialist, OPSFM). The PLR team is also grateful for the pre-COVID draft co-led by Doina Petrescu (Operations Manager, AECE3) and Marek Hanusch (Senior Economist, ELCMU). Rafael Muñoz Moreno (Lead Country Economist, ELCMU) and Frode Davanger (Senior Country Officer, EACPF) also contributed to this earlier draft. Overall, the PLR team would like to thank the entire Brazil country team for participation in consultations and contributions throughout the preparation process.

INTRODUCTION

1. This Performance and Learning Review (PLR) assesses the implementation of the World Bank Group’s Country Partnership Framework (CPF) for Brazil until January 2022 and proposes adjustments up to June 2023. The CPF for the Federative Republic of Brazil for the period FY18–FY23 (Report No. 113259-BR) discussed by the World Bank Group (WBG) Executive Directors on July 13, 2017, sets out the WBG engagement framework around three focus areas: (i) fiscal consolidation and government effectiveness; (ii) private sector investment and productivity; and (iii) equitable and sustainable development. Based on the evolving government priorities since the election of President Jair Bolsonaro in October 2018 and the unprecedented COVID-19 pandemic, the PLR proposes to focus the remainder of the CPF implementation on addressing the impacts of the pandemic and supporting a greener, more inclusive, and fiscally sustainable recovery. This will be done through a mix of WBG financing, analytics, and institutional strengthening efforts. A new CPF will be prepared in FY24 following the October 2022’s general elections.

2. The WBG’s twin goals of reducing poverty and promoting shared prosperity are as relevant as ever in the current Brazilian context given that pre-existing economic, social, and climate challenges were aggravated by the Covid-19 pandemic. Combined with rising risks to the outlook and institutional gaps, they could jeopardize the country’s prospects for sustainable, inclusive, and green growth. This evolving context calls for renewed WBG financing and knowledge in support of better country development outcomes. As the country emerges from the unprecedented Covid-19 pandemic, it faces the aggravation of some pre-existing structural challenges, namely: high inequality; deterioration in the poverty outlook and in human capital accumulation; high public debt; infrastructure bottlenecks; low total factor productivity; and mounting pressures on natural resources, including deforestation. The three CPF focus areas remain broadly aligned with the Brazilian government’s strategy published in 2020 and provide sufficient flexibility for the WBG to adapt to evolving country needs, as demonstrated during the COVID-19 crisis.

3. WBG support (financing, knowledge, and institutional strengthening) remains relevant to support Brazil in addressing the above-mentioned challenges. WBG support to Brazil, a country that has reached the Graduation Discussion Income (GDI) status, is justified for several reasons, including to address equity gaps (income inequality leaves many areas of the country below the GDI per capita threshold, with large pockets of poverty, and high inequality in access to basic social services), to narrow institutional gaps (such as capacity challenges in the design and implementation of development policies and programs), and to support the external value of global public goods (e.g., home-grown innovations and lessons in development policy that can be useful within and beyond Brazil’s borders, in addition to having one of the largest tropical forests in the world).

4. Brazil enjoys solid national legal frameworks and strong institutions, but the country still faces institutional and regulatory gaps that limit its capacity to implement and enforce complex policies in a vast and heterogenous country. These institutional gaps, along with the high levels of inequality and uneven capacity across and within sub-regions of the country, are holding Brazil back from graduating to a higher income level. Compared to Organization for Economic Co-operation and Development (OECD) countries, Brazil ranks in the bottom 25 percent on most institutional dimensions assessed in the context of this PLR (Annex 4). The proposed WB program aims to address capacity, institutional, and regulatory gaps at both federal and subnational levels. It focusses on International Bank for Reconstruction and

Development (IBRD) lending to subnational borrowers (with limited market access to capital), federal ministries, and public banks through selective operations that can generate development impact, capacity building, and innovation.

5. Private capital mobilization is critical for Brazil’s sustainable and green recovery at a time of global supply shortages, credit-constrained companies, rising climate risks, and infrastructure gaps.

Innovative solutions that leverage global and local know-how, close institutional gaps, and mobilize private financing are a key comparative advantage of the WBG in support of better development outcomes for Brazil. The IBRD lending program is complemented by International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) support to leverage private sector financing. IFC has invested and/or mobilized over US\$9.4 billion in long-term finance (LTF) in Brazil since 2018 and focused its pandemic response on providing liquidity relief to Small and Medium Enterprises (SMEs). IFC is also actively involved in the areas of green growth and productive inclusion, together with the World Bank (WB), through its advisory support on infrastructure development and environmental and social sustainability. MIGA continues to support a sustainable transport infrastructure project, while exploring opportunities to de-risk foreign investment in the renewable energy space.

6. WBG support can also serve as a catalyst for sharing innovations and lessons from Brazil with other emerging and developing countries.

Brazil remains systemically important for the world’s economy and natural assets, including the Amazon (60 percent of which lies within Brazil), and contributes to global public goods. It serves as an innovation lab for policy with relevant lessons for other countries, as demonstrated by Brazil’s experience with the Bolsa Familia (BF)¹, the Food Purchase Program (Programa de Aquisições de Alimentos - PAA), and Crop receipts (Cédula de Produto Rural, or CDR)² programs, among others. The development projects and policy reform pilots carried out in Brazil’s highly diverse states and municipalities often serve as incubators for scale-up, replication, or adaptation elsewhere in the world.

7. While progress in achieving the CPF objectives has been slower than anticipated, the WBG program remains broadly on track while also addressing the impacts of the Covid-19 pandemic.

Critical factors that affected CPF implementation include: (i) the change in administration, with evolving government priorities; (ii) a tighter fiscal situation at federal and subnational levels, which translated into less fiscal room and smaller borrowing limits; (iii) changes in the federal government’s approval criteria for sovereign guaranteed-IFI loans, and (iv) the impact of the unprecedented COVID-19 pandemic since March 2020. Rapid analytics, agile portfolio management, and sustained implementation efforts by federal and subnational borrowers helped ensure that the WBG program could adapt and respond promptly to the COVID-19 crisis while maintaining focus on the development impact. Going forward, the WBG will continue to draw on its financing, institutional strengthening through tailored technical assistance (TA), knowledge products, and strategic partnerships across public and private sectors and with other development partners to mitigate the short- and long-term impacts of COVID-19 and to promote a

¹ Bolsa Familia is a Brazil’s nationwide Conditional Cash Transfer (CCT) program introduced in 2003 to reduce poverty and inequality, incentivize beneficiaries to adhere to core responsibilities, such as ensuring school attendance by their children, and empower beneficiaries by connecting them to employment-related and other social services. The program is managed locally but uses federal infrastructure. A series of Bank operations supported its implementations over the years, and BF continues to be at the cutting edge of CCTs globally, including in relation to registration, delivery of payments, and assistance support to beneficiaries, among others. The Bank also supported the World Without Poverty initiative, www.org.br, to share BF’s innovations and results with other countries.

² Crop receipts is an alternative financing instrument that enables farmers to access pre-season financing using their future crops as collateral. The Brazil model informed a similar approach in Ukraine since 2015 and is now being replicated in other countries, including in Africa.

fiscally sustainable, green, climate-smart, and inclusive recovery. In doing so, the WBG will deploy an equity lens across its engagements.

8. The PLR distills key emerging lessons from the CPF implementation to date and adjusts the IBRD indicative lending amounts for the remainder period (FY22-FY23) to US\$ 2.5 billion. IBRD pipeline operations for planned delivery in FY22-FY23 amount to US\$ 2.532 billion (see Table 2 in Section IV). An additional set of potential pipeline operations (amounting to about US\$2 billion) is in advanced stage of discussion with Brazilian counterparts. In partnership with federal, subnational, and project counterparts, the WB will continue to improve portfolio management by drawing on the lessons learned in recent portfolio reviews and will pursue its policy engagement to influence national debates based on core pieces of analytical work.

9. The PLR also highlights emerging innovative operational engagements, leveraging the WBG’s comparative advantage. New promising engagements include: innovative financing through Brazilian public banks and through consortia of municipalities to advance the climate finance agenda at scale; a series of new subnational Development Policy Financing (DPFs) and Investment Project Financing (IPFs) supporting fiscal sustainability and climate resiliency under the recently approved federal programs (Fiscal Equilibrium Plan – PEF; Fiscal Recovery Regime – RRF; the *Pro-Gestao*- fiscal management TA program seeking to improve expenditure efficiency in subnational governments while also supporting key social and environmental outcomes; and the provision of tailored TA to support Brazil’s accession to the OECD and its upcoming G20 Presidency in 2024.

10. The PLR is accompanied by Open Brazil³, a “one-stop-shop” innovative, open, and interactive online platform that offers real-time data on the performance of the WBG program in Brazil. Open Brazil geo-locates WBG spending and helps visualize the WBG’s portfolio footprint against social, economic, and environmental indicators at local level; it also tracks CPF indicators automatically by drawing on the government’s open data platforms. It leverages social media to track public sentiment on selected reform areas and features the “Smart Supervision App,” which showcases results on the ground and includes a dedicated interactive dashboard on Covid-19 in Brazil. Open Brazil was publicly and jointly launched by the WBG and the government of Brazil on October 4th, 2021. The PLR preparation process is also informed by consultations with government counterparts, development partners, and results from a nation-wide survey in partnership with IPSOS on the country’s priorities and expectations for WBG support (Annex 9).

I. MAIN CHANGES IN COUNTRY CONTEXT

11. One year into the CPF period, the general elections of October 2018 brought in a new government and evolving priorities under President Jair Bolsonaro. The administration defined itself as liberal in economics and conservative in values and it was supported by a reform-minded albeit highly fragmented Congress.⁴ The new administration took office in January 2019, and in 2020 it published the Federal Development Strategy for Brazil for 2020-2031 (Decree n° 10.531/2020). The CPF’s three focus areas remain broadly aligned with the government’s strategy’s core five pillars (economy, institutions, infrastructure, environment, and social issues). Political fragmentation remains high, with twenty-five parties represented in Congress, making it difficult to pass reforms that do not harness wide national consensus.

³ Please visit <https://brasilaberto.worldbank.org/welcome/>

⁴ Supporters of President Bolsonaro’s administration also included groups such as agribusiness, evangelical and gun caucus, as well as those engaged in fighting “white collar crime”, especially after Car Wash Operation scandal.

12. Key elements of the new government’s reform agenda included fiscal sustainability and structural reforms to attract private investment, increase productivity, and reignite growth. A major milestone was the adoption of the constitutional reform of the pension system in 2019. The government also focused on promoting private sector participation in the economy, including through: the introduction of regulatory measures to reduce bureaucratic red tape (including the Economic Freedom Law); formalization of the independence of the Central Bank; adoption of legal and regulatory reforms in the infrastructure sectors (such as the new bill for water and sanitation) to open up infrastructure markets to private sector participation; an ambitious program of privatizations and concessions; and measures to reduce barriers to trade and foreign investment. However, reform efforts slowed considerably during the COVID-19 pandemic. Several reforms seeking to strengthen fiscal sustainability, such as the administrative and tax reforms, were submitted to Congress for approval but are yet to be adopted. Two critical programs to improve the solvency and liquidity positions of states and municipalities (the Fiscal Equilibrium Plan – PEF, and the Fiscal Recovery Regime - RRF) were introduced in early 2022.

13. During the CPF implementation period to date, climate risks have been on the rise, including Amazon deforestation, which has been a leading source of greenhouse gas (GHG) emissions in Brazil. Driving factors include the erosion of environmental protection efforts and the relative increase in the external competitiveness of the Brazilian agriculture sector, which put additional pressure on land conversion from natural forests to farmlands, pastures, and speculative use. Deforestation in the Brazilian Amazon reached 13,200 km² in 2021, compared to 7,500 km² in 2018 and 4,600 km² in 2012.⁵ This is putting a strain on a sensitive and globally systemic ecosystem and is raising the risk of reaching the tipping point of irreversible degradation. Such scenario would have local, regional, and global impacts, adversely affecting the living conditions of communities in the Amazon region and would jeopardize biodiversity, agriculture, and food security prospects (Brazil accounts for 27% of LAC’s agricultural GDP, Gross Domestic Product)⁶ in addition to impacting the global climate. Brazil missed its 2020 deforestation reduction targets,⁷ and deforestation further increased in 2021. If additional measures to contain deforestation are not taken, Brazil may not be on track to meet its economy wide Nationally Determined Contributions (NDC) targets to reduce GHG emissions by 37% by 2025 and by 50% by 2030, relative to the baseline of 2005.

14. The unpredictability of climate events heightens other risks at country level, even in the short term, as evidenced by the current drought and its knock-on effects on energy and inflation. Climate change has already increased the frequency of natural disasters, which disproportionately affect Brazil’s poor and vulnerable. The most recurrent and disruptive natural disasters in Brazil are hydro-meteorological, particularly drought and severe rainfall leading to floods and landslides. In 2021, Brazil experienced its worst drought in more than 90 years, which affected food and electricity prices and further impacted the lowest income groups. Overall, one quarter of the BRL \$335 billion of damages from natural disasters during the 1995-2019 period occurred in the last three years.⁸ Poorer municipalities in the already warmer northern regions are likely to suffer more from additional warming than the richer and cooler municipalities in the south. Observed and anticipated climate change impacts may also result in an increase in the transmission of communicable diseases such as malaria, cholera, leishmaniasis,

⁵ INPE PRODES : http://terrabrasilis.dpi.inpe.br/app/dashboard/deforestation/biomes/legal_amazon/rates. Also see forthcoming World Bank Amazon Economic Memorandum for Brazil.

⁶ For example, Brazil is the world largest exporter of beef, sugar, coffee, and poultry meat, the third largest exporter of corn (Embrapa, 2021)

⁷ Brazil’s 2009 National Policy on Climate Change committed to reduce deforestation in the Amazon by 80 percent, compared to the average of the 1996-2005 period (19,625 km²). The target corresponded to less than 4,000 km².

⁸ World Bank GFDRR, 2020: Report on Material Damage and Damage resulting from natural disasters in Brazil (1995-2019).

tuberculosis, and dengue, while the combination of deforestation and climate change may lead to the emergence of vector-borne diseases. Brazilians, especially the poorest, are suffering directly and indirectly from the consequences of climate change.

15. Existing structural issues were amplified by the COVID-19 pandemic, which hit Brazil hard in 2020 and 2021. The health system came under serious stress during the first wave in 2020, and intensive care unit (ICU) capacity collapsed in most states and cities during the second wave between February and May 2021. The aftermath of the pandemic will leave many in need of prolonged health care. As of early April 2022, Brazil recorded more than 660,000 confirmed COVID-19 deaths (the second highest number worldwide, equivalent to more than 10 percent of all deaths, while Brazil only represents 2.7 percent of the world population), and more than 30 million cases (third worldwide). It is also the second country in LAC in terms of per capita deaths, with more than 3,000 recorded deaths per million people since the pandemic started. Vaccination efforts provide room for cautious optimism, with 75% of Brazilians now fully vaccinated. The latest death numbers are well below earlier peaks, but various virus mutations continue to warrant careful monitoring.

16. COVID-19 eroded the social gains of the previous two decades and aggravated pre-existing inequalities. Before the pandemic hit, Brazil was already one of the most unequal countries in the world. The 2015-2016 political, fiscal, and economic crisis stalled the poverty reduction trends registered in the previous decade and exacerbated the vulnerability of a large share of the population, even before the onset of the COVID-19 crisis: Brazil's Gini coefficient stood at 0.53 in 2019, one of the highest in the world. The poorest populations, and poor women especially, who tend to be employed in service sectors (and are thus disproportionately exposed to COVID-19), were hit the hardest by the economic crisis. Workers in low-skilled face-to-face sectors represent the largest share of reported COVID-19 fatalities in Brazil, and labor force participation among Brazilian women has fallen from 66 to 62 percent since the onset of the pandemic. Gender-based violence also increased significantly, with a 1.9 percent increase in the number of femicides in the first half of 2020 alone, compared to a year earlier. Afro-descendants were also disproportionately affected by the ongoing crisis: their unemployment rate increased from 15.2 percent in the first quarter of 2020 to 18.6 percent a year later, compared to an increase from 9.8 to 11.9 percent among white workers over the same period. While social safety nets, including the emergency cash transfer program "Auxilio Emergencial", cushioned the social impacts and temporarily reduced poverty, poverty and inequality are back on the rise since 2021, with widening gaps across income, gender, and racial or ethnic lines.

17. COVID-19 is projected to fully reverse Brazil's steady improvement of the Human Capital Index (HCI) in earlier years. This includes important earlier progress in reducing malnutrition⁹ (with rates below LAC regional averages) and child mortality, along with improvements in enrollment and learning. The HCI (Human Capital Index) for Brazil increased from 0.52 to 0.58 between 2007 and 2019, albeit with large disparities across groups (see Box 1), but it is expected to go back to 2007's level because of the COVID-19 pandemic. Brazil is among the countries that suffered the longest spell of public schools' closure, which is expected to raise "learning poverty"¹⁰ from 48 to 70 percent and to disproportionately affect the poor and vulnerable (remote learning benefited less than 50 percent of students in less developed regions, versus 92 percent in the more developed parts of the country). This situation calls for policy efforts to

⁹ The pandemic is also expected to worsen nutrition and child survival prospects, due to anecdotal reports of increase in hunger in certain areas of the country for children that used to rely on school meals, along with challenges in providing quality prenatal and postnatal care with overstressed health services.

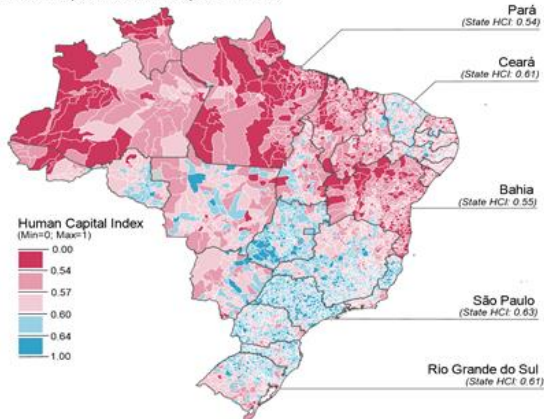
¹⁰ Defined as the proportion of children aged 10 who cannot read or comprehend properly a simple text.

buffer the negative impact of COVID-19 on the human capital and productivity of today’s children and youth, including through accelerated learning.

Box 1: Brazil Human Capital Index

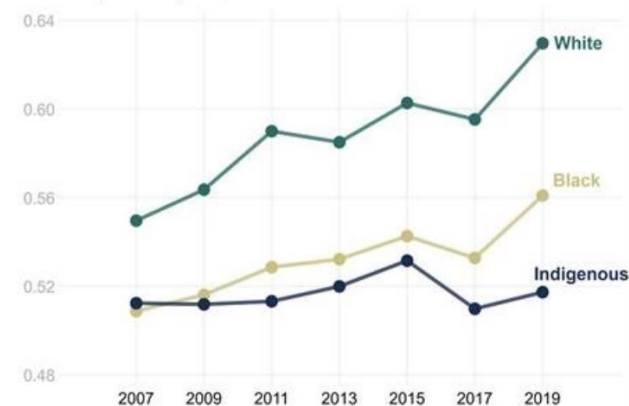
Despite sustained improvements over the twelve years prior to the pandemic, Brazilian children could only expect to achieve 60 percent of their productivity potential when they reached 18 years old due to underinvestment in health and education, along with inefficiencies and inequities in providing good quality social services. This was on par with the regional average and represented an increase from around 52 percent in 2007 thanks to important gains in education coverage and maternal and child mortality. However, there are still many “Brazils”. Even before the COVID-19 pandemic, some areas had an HCI close to 40 percent (e.g., in the North and Northeast regions), akin to Sub-Saharan African countries, while others in the richer Southeastern region had HCI levels comparable with OECD countries at around 70 percent. Similar disparities in human capital accumulation and productivity potential were observed by race (with afro descendants and indigenous populations substantially behind) and gender (with males faring more poorly than women in Human Capital (HC) accumulation but still surpassing them in their capacity to use their HC in the labor market).

The Geography of Human Capital in Brazil
The Human Capital Index at municipal level, 2019



Unshared Prosperity

The Human Capital Indexes per race, from 2007 to 2019



Source: Brazil Human Capital Review (Forthcoming)

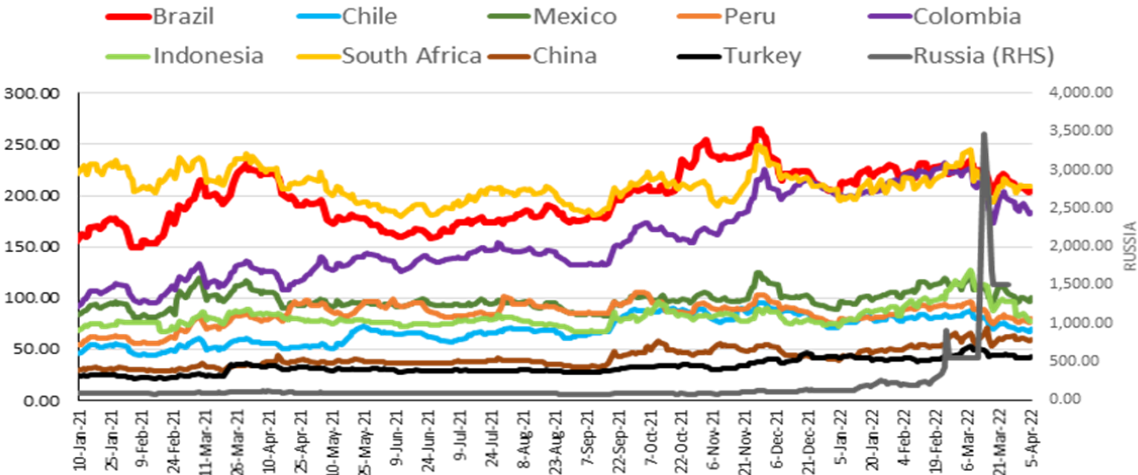
18. In 2020, the Brazilian government launched a sizeable and timely fiscal package to respond to the Covid-19 pandemic (equivalent to 10.6 percent of GDP), cushioning the blow to vulnerable families and the economy. The Brazilian economy was still recovering from the previous 2015-2016 recession when the COVID-19 pandemic erupted. Sizeable fiscal support measures were provided to subnational governments, public banks, companies, and vulnerable households, including through a large, generous, and temporary emergency social program, the *Auxilio Emergencial*. The monetary policy response was also swift and accommodative through the reduction of domestic policy rates. Economic output grew 4.6 percent in 2021 from the contraction of 3.9 percent in 2020, thanks to accelerated vaccination rates and a favorable external environment. However, economic activity is expected to slow-down in 2022 as high inflation, monetary tightening and indebtedness diminish consumer purchasing power and the slow recovery in the labor market prevents further increases in demand. On the supply side, concerns about low growth, slow momentum on policy reform, fiscal risks, and the overall uncertainty linked to the upcoming presidential elections might lead to delays in private investment decisions. The external

environment is also turning less favorable given monetary tightening in advanced economies to mitigate global inflation and the uncertainty arising from the Russia-Ukraine war. Altogether, GDP is expected to return to its pre-pandemic low growth pace in the medium term and to grow at 0.7 and 1.3 percent in 2022 and 2023, respectively.

19. In 2021, the primary fiscal balance shifted from a record-high deficit of 9.5 percent of GDP in 2020 to a surplus of 0.7 percent of GDP. The economy bounced back, and the government withdrew the temporary expansionary fiscal measures, in line with the federal spending cap, while tax collection improved. The constitutional federal expenditure rule approved in 2016 and the federal pension reform approved in 2019 helped anchor the government’s fiscal consolidation commitment. The pension reform of 2019 establishes new retirement rules for the urban private sector employees and federal civil servants, such as minimum retirement ages and new formulas to reduce pension benefits and to increase pension contributions for federal public servants and private sector workers. It also allows states and municipalities to implement parametric changes in their own systems. The baseline fiscal scenario for the macroeconomic framework underpinning the CPF assumes compliance with the federal spending fiscal rule and includes the fiscal savings related to the pension reform.

20. However, sovereign risk premiums are on the rise against a backdrop of fiscal risks, economic, and political uncertainty ahead of the October 2022’s general elections. After the economic recovery in 2021, the latest GDP results point to a deceleration and anemic growth in 2022 and 2023. The labor market remains sluggish and has not recovered from pre-pandemic levels. Monetary policy, which had taken an accommodative stance during the pandemic, swung into a tightening cycle to contain persistent inflationary pressures. A government’s proposal to postpone part of judicial debt payment orders (*precatórios*) has affected market confidence on the fiscal anchor (federal spending rule) in a context of high public debt levels and higher borrowing costs. In addition, heightened uncertainty ahead of the general elections in October 2022 and the Russia-Ukraine war can affect the private investment outlook. All these factors have contributed to the deterioration of the Brazil risk profile, as perceived by Brazil’s CDS (Credit Default Swap) (Figure 1), which increased from 161 at the end of June 2021 to 215 in early April 2022.

Figure 1: Risk - Credit Default Swap (CDS) for Selected Economies, 2021 and 2022



Note that Russia’s CDS is featured in the right axis, due to the abrupt change as a result of the war and to avoid distorting the chart.

Source: Bloomberg, 2021 and 2022

21. Covid-19 also hit the budgets of states and municipalities quite hard, especially since many of them were already fiscally constrained prior to the pandemic. The federal fiscal transfers in 2020 and the improved revenue outlook in 2021 helped to mitigate the fiscal impacts of the pandemic. However, many subnational entities remain fiscally constrained, which in turn impacts public service delivery, investment, and the ability to honor debt obligations adversely. The federal fiscal consolidation programs (RRF and PEF) launched in 2021 are expected to promote fiscal sustainability through reforms and medium-term fiscal consolidation programs at the subnational level, thus helping to widen fiscal space for the states and municipalities that commit.

22. Public infrastructure investments are expected to remain low in a fiscally constrained environment, thus making private finance mobilization a critical element of the economic recovery. Despite privatization and Public-Private Partnerships (PPPs) efforts, the fiscal room for public investment remained limited. Public investment in infrastructure declined from over 5 percent of GDP in the 1980s to just under 2 percent over the last few years. Current investment levels are insufficient to cover depreciation. This chronic underinvestment has left the country with a depleted infrastructure stock and compromised infrastructure services. Estimates indicate that Brazil should invest at least 3.7 percent of GDP per year to meet its existing and future infrastructure development needs.

23. Brazil's macroeconomic framework has several buffers that ensure broad macroeconomic stability. Brazil's fiscal and debt position is somewhat buffered by low FX-denominated debt (at just 6.7 percent of GDP) and 94.1 percent of debt held in the domestic market in early 2022, together with large government treasury positions (estimated at around 19.3 of GDP in early 2022). Brazil enjoys high levels of foreign reserves at 22.1 percent of GDP (US\$ 358.4 billion), a flexible exchange rate regime that absorbs external shocks, an independent and credible monetary authority, a large and deep domestic debt market, and a sound and well capitalized financial sector.

24. However, downside risks to the 2023 economic outlook are substantial. Anemic growth, fiscal risks, and inflationary pressures are leading to a continued decline of real income per capita, which has yet to recover 2014 levels. Modest projected growth rates make it hard to regain the lost ground from the two last recessions (2015/16 and 2020). Bolder reforms to raise productivity will be critical to markedly raise potential growth, including in the areas of trade, taxes, infrastructure, and industrial policy.¹¹ The economic recovery observed in 2021 is largely the result of carry-over effects. Main risks to the 2023 economic outlook include persistent impacts of global supply chain disruptions, the uncertain economic outlook in China, rising energy and food costs, a sluggish labor market (unemployment is still around 11 percent, although closer to 30 percent for youth) and higher inflation risks (inflation reached 10.5 percent in March 2022) which are leading to monetary policy tightening and credit-constrained corporates and households. The Russia-Ukraine war is raising commodities prices further and leading to supply shortages and increased risk aversion that can trigger additional exchange rate devaluations and inflation pressures in Brazil. As a result, poverty is expected to have increased to an estimated 18.7 percent (US\$5.5/day (PPP) in 2021 compared to 13.1 percent in 2020 and 20.6 percent in 2019. Increased political uncertainty as the country heads to the 2022 general elections, combined with rising fiscal risks, are leading to rising sovereign risk premia and modest economic growth estimates in 2022 (GDP growth is projected to drop to 0.7 percent in 2022).

25. In addition to addressing the immediate impacts of Covid-19, pursuing a green, inclusive, and sustainable recovery from the pandemic calls for reforms that support fiscal sustainability, poverty

¹¹ See, e.g., Dutz, M. A. (2018) Jobs and Growth: Brazil's Productivity Agenda.

reduction, and productivity. A reform of the social protection system that would provide broader coverage and more generous benefits cannot be sustainably financed in the absence of fiscal reforms or reallocation of other social expenditures (e.g., benefits to formal workers and subnational public sector pension schemes). The remainder of the CPF will support Brazil's efforts to address the impacts of Covid-19 and the structural foundations for a greener, more inclusive, and more sustainable development.

Table 1: Key macroeconomic indicators

	2018	2019	2020	2021	2022e	2023f	2024f
Real economy	Annual percentage change, unless otherwise indicated						
GDP (nominal - R\$ billion)	7,004	7,389	7,468	8,679	9,585	10,325	10,916
Real GDP	1.8	1.2	-3.9	4.6	0.7	1.3	2.0
Per Capita GDP (In real US\$)	5,679	5,706	5,445	5,659	5,662	5,702	5,783
Contributions:							
Consumption	1.7	1.7	-4.6	2.8	0.7	1.0	1.3
Investment	0.9	0.7	-0.1	3.2	-0.1	0.4	0.8
Net exports	-0.5	-0.5	1.1	-0.8	0.1	-0.1	-0.1
Statistical discrepancy and change in inventories	-0.4	-0.6	-0.4	-0.5	0.0	0.0	0.0
Imports, GNFS	7.7	1.3	-9.8	12.4	-0.5	2.0	3.0
Exports, GNFS	4.1	-2.6	-1.8	5.8	0.5	1.5	2.0
Unemployment rate (ILO definition)	12.4	12.1	13.5	13.2	13.1	12.9	12.1
CPI (end of period)	3.7	4.3	4.5	10.1	5.1	3.4	3.0
Fiscal Accounts	Percent of GDP, unless otherwise indicated						
Expenditures	40.8	41.2	46.0	39.3	40.9	39.9	37.9
Revenues	33.3	34.6	31.8	34.3	32.6	32.5	32.6
Overall Balance	-7.4	-6.6	-14.2	-5.0	-8.3	-7.4	-5.2
Primary Balance	-1.6	-1.0	-9.5	0.8	-0.5	0.0	0.5
General Government Gross Debt (Authorities' definition) ^{1/}	75.3	74.4	88.6	80.1	82.7	84.1	84.7
Selected Monetary Accounts	Annual percentage change, unless otherwise indicated						
Base Money	1.8	4.8	36.3	-5.2	-	-	-
Credit to non-government	5.7	7.6	15.6	17.8	-	-	-
Interest rate - Selic (period average)	6.6	6.0	2.8	4.9	-	-	-
Balance of Payments	Percent of GDP, unless otherwise indicated						
Current Account Deficit	2.7	3.5	1.7	1.7	1.3	1.3	1.7
Imports, GNFS	14.0	14.4	15.7	18.5	18.4	18.8	18.5
Exports, GNFS	14.3	13.9	16.5	19.7	20.1	20.4	19.7
Net Foreign Direct Investment	4.0	2.5	2.8	1.7	2.3	2.3	2.3
Gross Reserves (in US\$, eop)	374.7	356.9	355.6	362.2	365.0	367.8	368.2
In months of next years imports	19.3	16.0	15.9	19.1	14.7	13.2	11.7
As % of short-term external debt ^{2/, 3/}	213.1	179.8	204.6	208.4	200.8	182.4	171.0
External Debt (in US\$, eop) ^{3/}	665.8	675.8	639.3	639.3	668.7	741.5	791.9
External Debt ^{3/}	34.7	36.1	44.2	39.7	36.8	36.8	36.8
Terms of Trade (% change)	0.3	-3.2	0.2	7.2	1.8	0.0	-1.0
Exchange Rate (average)	3.7	3.9	5.2	5.4	-	-	-

^{1/} Brazilian Central Bank definition (2008 methodology), that excludes the Federal securities in the BCB portfolio and includes the stock of BCB repo operations.

^{2/} It includes the long-term debt repayments due in the next 12 months as short-term debt.

^{3/} It includes securities issued in Brazil held by foreign residents and intercompany loans.

II. SUMMARY OF PROGRAM IMPLEMENTATION

26. The WBG portfolio in Brazil stands at US\$ 8 billion, including US\$ 4.37 billion from IBRD, US\$ 3.4 billion from IFC, and US\$ 173 million from MIGA. The WB portfolio comprises 20 IBRD loans totaling US\$4.37 billion, complemented by four stand-alone Recipient-Executed Trust Funds amounting to US\$160.5 million. The size of the IBRD portfolio remains one of the largest among IFIs operating in Brazil and is also one of the largest portfolios across IBRD countries. The IFC's program reached a record high volume of business during 2020 and 2021, with the highest exposure in LAC. MIGA's guarantee covers investments by the State of São Paulo to improve transport and logistics efficiency and safety while enhancing environmental and disaster risk management.

A. Summary of IBRD lending trends in FY18-FY21

27. The CPF implementation exhibited positive trends between July 2018 and March 2020, although recent portfolio reviews revealed underlying implementation challenges. Portfolio quality and disbursements improved during the pre-COVID-19 period of the CPF. Annual IBRD disbursements exceeded US\$500 million and the proactivity rate¹² reached 100 percent between July 2018 and March 2020. At the same time, several longstanding implementation issues continued to require sustained attention in portfolio management: (i) uneven implementation capacity across borrowers, (ii) several projects with too many sectors and coordination failures, and (iii) a few older projects that faced continual delays due to safeguards concerns and weak procurement bidding outcomes, among others. By mid-FY20 (just before the onset of COVID-19), the IBRD portfolio comprised 29 operations, with total net commitments of US\$4.72 billion, of which US\$2.52 billion (56 percent) were undisbursed.

28. IBRD lending targets envisaged in the CPF proved difficult to reach in the pre-Covid period. The projected annual IBRD lending of US\$1.5-2 billion envisaged did not materialize. In the first two years of the CPF implementation, IBRD lending averaged about US\$500 million per year. Several factors contributed to lower than expected lending volumes: (i) the impact of the 2014-2015 fiscal crisis that affected the borrowing capacity of several states and municipalities (some of which were in fiscal and or debt distress and thus unable to borrow, and others had limited fiscal space to borrow); (ii) the federal spending ceiling that limited the lending amounts by federal ministries; (iii) the limited envelope of sovereign guarantees authorized for International Financial Institutions (IFI) loans (US\$2-2.5 billion annually) in spite of the high demand for IBRD financing (i.e., states, municipalities, federal ministries, and public banks submitted more than US\$ 8 billion worth of requests for IBRD financing since the beginning of the CPF period as part of the COFIEX approval process within the Ministry of Economy); (iv) the government's desire to increase non-sovereign guaranteed IFI financing in order to mobilize private capital for infrastructure in a fiscally constrained environment; (v) the ample liquidity by federal treasury and public banks and their easy access to domestic debt markets; and (vi) the challenges in the current fiscal framework for IFI-guarantee financing¹³.

¹² The ratio of projects in "actual" problem status 12 months ago that have had a proactivity action in the last 12 months divided by the total number of problem projects from 12 months ago. After being downgraded to Moderately Unsatisfactory (MU) or lower for DO and/or IP, a project needs to have one of the following actions taken within the next 12 months, otherwise it will be considered a proactivity problem. The actions are upgrade, close, cancel >=20%, suspend, or restructuring (both level 1 and level 2) (note: restructurings for extensions of closing dates or reallocations are not counted unless they are combined with other actions).

¹³ Concerns related to the burden of fiscal risks on the budget, if they were to materialize, limit the appetite for guarantee-based financing given the limited scope of buffer instruments such as the guarantee insurance fund.

29. In response to the unprecedented Covid-19 pandemic, IBRD financing increased swiftly in FY21 to US\$1.325 billion, in support of critical social spending to protect the poor and the vulnerable. The WB response to the pandemic was swift and anchored on a US\$1 billion federal IPF providing countercyclical emergency support¹⁴ (one of the largest worldwide approved during the pandemic) to protect the poor from income and human capital losses resulting from the Covid-19 crisis. A complementary IPF operation in the municipality of Salvador (US\$125 million) was delivered to strengthen social service delivery in one of the largest and poorest municipalities, with a high proportion of Afro-descendants.¹⁵ The First Amazonas DPF (P172455) for US\$200 million, was also delivered in FY21. The state of Amazonas is host to the largest tropical forest in the country. It seeks to support fiscal and environmental sustainability, as well as expanding support to poor rural communities badly impacted by the Covid-19 crisis. In addition to the delivery of these new operations, several operations in the IBRD portfolio were quickly restructured to reallocate resources to fight the Covid-19 pandemic.

30. IBRD financing in FY22 is expected to amount to US\$1.7 billion, supporting Covid-19 vaccine financing, the medium-term impacts of the pandemic on human capital, and programs in support of a greener, more inclusive, and fiscally sustainable recovery. The following seven operations are expected to be delivered in Q4 of FY22: (i) Goiás State DPF (US\$500 million) and the First Rio de Janeiro Municipality DPF (US\$150 million), which seek to promote fiscal sustainability, climate resilience in the infrastructure and agriculture sectors, and environmental preservation; (ii) the first two operations of the Progestão series of IPFs, for the States of Alagoas and Mato Grosso, which support fiscal management reforms to improve expenditure efficiency while also supporting key social and environmental outcomes; (iii) the federal Education PforR (US\$250 million) and the Paraná PforR (US\$130 million), which seek to address the medium-term impacts of Covid-19 on health and education and to ensure more equitable access to quality social services; and (iv) the federal Covid-19 Response and Recovery Project (US\$600 million) which supports vaccine acquisition financing and is complemented by WB non-reimbursable TA to strengthen vaccine deployment, digitalization of health services and improved health surveillance. Overall, with the adjustments made to several CPF indicators and targets impacted by the Covid-19 pandemic, the CPF's implementation through June 2023 is expected to remain broadly on track.

31. Throughout the first four years of the CPF period, the WB made important strides in supporting Brazil in efforts to promote social inclusion and agency across gender and racial or ethnic lines. Redoubled efforts and additional evidence¹⁶ on citizen engagement, racial inclusion, women's empowerment, and gender-based violence were influential across the portfolio, with a few examples as follows: the Bolsa Floresta program of payment for environmental services supported by the Amazonas DPF provides important resources to otherwise marginalized riverside and forest communities; the São Paulo Aricanduva Bus Corridor (P16140) and Belo Horizonte Urban Mobility (P169134) projects address the needs of people with disabilities in public transportations; the Rio Grande Do Norte (P126452) and Piauí (P129342) projects support economic empowerment of rural women; the Salvador Social IPF (P162033) supports strengthening social services to address gender-based violence (which was exacerbated during the pandemic, including among afro-descendant women); and the BR DGM operation

¹⁴ P174197 Income Support to the Poor affected by COVID-19 project approved in October 2020 and effective since July 2021. See also para 32 in this section on the importance of partnerships with other IFIs for this support.

¹⁵ Salvador Multi-Sector Service Delivery Project II (P172605) IPF, approved in September 2020.

¹⁶ Some examples include: Understanding the Challenges of a Human Rights Based Approach in Urban Development and Social Housing (P163701); A Programmatic Approach to Violence Prevention and Public Safety in Brazil (P156728); and Designing Effective Rehabilitation and Reintegration Programs in Brazil and Recovery & Resilience in Selected Vulnerable Territories Impacted by COVID-19 (P172965).

(P143492) helped improve livelihoods, land use and sustainable forest management in Quilombola communities. See additional details and other examples in Box 2.

Box 2. Highlights of Gender and Citizen engagement activities across the Brazil Portfolio

The WBG has mainstreamed social inclusion, citizen engagement and gender equity throughout its portfolio of active projects and pipeline to reduce gaps, enhance productivity, and improve other important development outcomes. Concurrent analytical work strongly contributed to structural policy reforms.

Gender: Since the beginning of the CPF period, 13 new operations were gender-tagged (in addition to ongoing projects with a pre-existing gender focus) and are already generating positive impacts. For example: 41 percent of community-led subprojects in Rio Grande do Norte (P126452) are led by women; an Analytical Services and Advisory (ASA) on Women’s Empowerment and Gender-based Violence (GBV) prevention helped guide the design of Gender Action Plans in eight IPF operations and is informing ongoing dialogue with the Ministry of Women, Family and Human Rights; and a new pipeline project in the municipality of Belo Horizonte (P174619) will give priority to women-headed households in professional qualification activities and job opportunities.

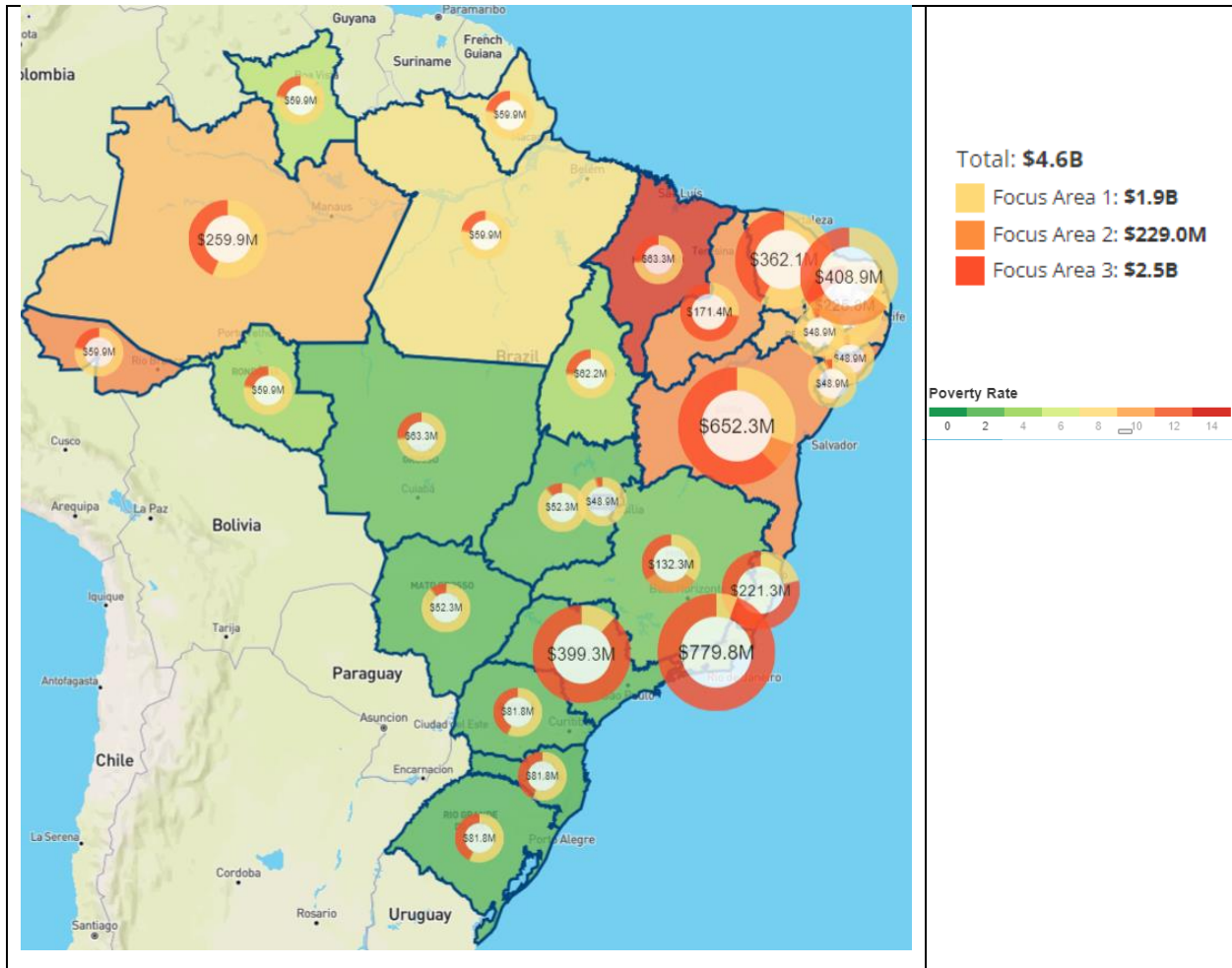
Citizen-engagement: 100 percent of the Brazil portfolio includes citizen engagement mechanisms, including effective feedback loops, that are already generating important value-added. For example, early community engagement with urban slum residents served to design a highly participatory approach to upgrade urban infrastructure and reduce flooding risks in the Ribeirão Izidoro basin (P174619). This included the development of specific channels for effective participation and engagement among stakeholders (including beneficiaries and people to be resettled), the formation of a reference group with community leaders and other local influencers, and the involvement of the beneficiary population in conservation activities, such as encroachment prevention and the protection and sustainable use of the last fragments of important biomes (*Mata Atlântica* and *Cerrado*). This positive experience is informing other similar approaches across the portfolio.

32. A large share of the WB operational support takes place at sub-national level, with a focus on the poorest regions (i.e., the North and Northeast) and/or supporting the poor and vulnerable in otherwise relatively wealthier states and municipalities. As of mid-April 2022, total WB commitments included US\$ 2.58 billion at state level (including a regional operation covering three states), US\$ 1.29 billion at federal level, and US\$ 500.3 million at municipal level. As show in Figure 2, this lending is well-distributed across geographic areas. In addition, four trust funds focus on sustainable environmental practices in both urban and rural areas and provide support to indigenous and traditional communities in the unique Cerrado and Amazon ecosystems.

33. Since 2018, the IFC expanded its investment program to a record high and continues to see Brazil as a top priority country, with the highest exposure in LAC at US\$3.7 billion (see Annex 8). From FY18 to FY22 the IFC invested/mobilized over US\$9.4 billion in Brazil in long-term finance (LTF), of which US\$2.2 billion and US\$2.9 billion LTF were in FY20 and FY21, respectively. The IFC’s response to the pandemic focused on providing liquidity relief to Small and Medium Enterprises (SMEs), complemented by advisory support on infrastructure development and on environmental and social sustainability. The IFC supported its financial sector clients through the WCS Crisis Response Facility (committing US\$260 million, or 32.5 percent of the US\$800 million line, plus US\$7.5 million in mobilization) and the Trade Finance program. The real (i.e., non-financial) sectors clients in Health and Education (H&E) and Agribusiness were also supported by IFC’s Corporate COVID-19 facilities.

34. IFC and MIGA were also actively involved in the areas of green growth and productive inclusion. IFC highlights include: Corsan, IFC’s first upstream project in Brazil to support a sanitation company with reducing losses; Desenvolve SP, IFC's first operation with a State-Owned Bank (SOB) in Brazil that will provide lines of credit for SMEs in the water and sanitation sector; Bansicredi, IFC’s first certified Green Bond transaction in Brazil; and Daycoval, a three-year loan to support SMEs, with a share of resources directed to women-managed SMEs and SMEs located in the North or Northeast regions of Brazil (at least 20 and 30 percent, respectively). MIGA’s guarantee, supporting sustainable transport infrastructure, is expected to lower the carbon footprint of moving goods and people in the state of Sao Paulo.

Figure 2: Portfolio in Brazil – as of late March 2022 ¹⁷



Note: Federal operations are distributed evenly across states

¹⁷ This map displays IBRD’s portfolio in Brazil across focus areas and at the sub-national level. Federal operations are evenly distributed across states in the country. Municipal operations are included in state totals. Since MIGA and IFC portfolios are not distributed geographically, they are not displayed in the map (although they are included and reflected in the Open Brazil platform).

B. Portfolio management amidst COVID-19 and virtual supervision missions

35. In terms of project implementation, several innovations have been introduced to address supervision challenges amidst home-based work and virtual missions, and several risks were mitigated accordingly. Tools that simplify and streamline safe procurement processes used by project counterparts include the Online Bidding Solution SOL platform, the Risk Calibration and the STEP-X procurement tools.¹⁸ Smart supervision and remote supervision tools (PowerBI, Smart Supervision app, Kobo)¹⁹ that have been piloted, including through the World Bank's Geo-Enabling Initiative for Monitoring and Supervision (GEMS), also feature in the Open Brazil platform (see Section I), helping the transparency of CPF monitoring. Despite these efforts, several risks inherent to the limits of virtual supervision remain (including in the areas of environmental and social safeguards). Robust action plans have been developed with borrowers on risks that were identified during this period. However, undetected risks may remain and will need to be further documented and addressed, including once mission travel resumes (see section IV).

36. The WB also focused its portfolio management on addressing the slower pace of implementation during the pandemic and proactively made several adjustments to ensure relevance, adequate performance, and steady progress across the portfolio. An extensive Country Portfolio Performance Review (CPPR) conducted between October and November 2020 helped build consensus on the latest priorities, challenges, and opportunities among sub-national lenders, federal authorities, and the WB. Proactive monitoring by task teams and borrowers throughout the pandemic and another CPPR in September 2021 helped identify best practices as well as ongoing and new challenges. As further detailed in Section II D. below, this proactive monitoring of active projects helped ensure that the CPF program achieved important outcomes across its three focus areas in the first four years of implementation.

37. The IBRD portfolio performance remains mostly on track despite challenging project implementation and supervision conditions since March 2020, on account of the impacts of the COVID-19 pandemic. As of mid-April 2022, the WB portfolio stood at 20 IBRD loans, with a total net commitment of US\$4.37 billion, of which US\$2.37 billion (54.16 percent) undisbursed. These are complemented by four Trust Funds for a total amount of US\$160.5 million. Project extension requests from subnational borrowers during this period were handled with selectivity to ensure that financial and human resources were deployed strategically where most needed. Most projects continued to perform in a satisfactory manner and to achieve or surpass their targets within this period, although several projects were candidly downgraded to ensure the adequate level of attention and efforts to regain implementation momentum within a reasonable timeframe (see additional details in Annex 5).

C. Evidence-based dialogue and innovative approaches

38. A robust Advisory Services and Analytics (ASA) program helped ensure evidence-based dialogue throughout the first four years of this CPF period. During the first two years, the WB published several

¹⁸ SOL stands for *Soluções Online de Licitações* (Online Bidding Solution), also meaning sun in Portuguese. SOL is a software application that covers all procurement steps from advertising to signing contracts in only a few clicks (see [SOL article](#) for details).; Risk Calibration is an IT application being developed by the World Bank to monitor and understand the risks and procurement performance of the implementing agencies. STEP-X is an extension of the World Bank's STEP procurement tool (Systematic Tracking of Exchanges in Procurement, see <https://step.worldbank.org/>). It is a user-friendly application capable of issuing reports on the status of contracts and activities and retrieving quick information regarding implementation issues.

¹⁹ For the open software PowerBI and Kobo applications, see <https://powerbi.microsoft.com/en-us/> or <https://www.kobotoolbox.org/>. Smart Supervision (SSA) is a World Bank's a mobile application enabling users to enter and analyze imaging and geo-referencing data, to provide real-time insight into project progress.

impactful ASAs, many of which informed the public policy debate and received significant media attention, as tracked in Open Brazil where these studies are also featured. These included the Brazil Expenditure Review; a flagship report on productivity, skills, and jobs; an in-depth report on the public sector wage bill; a report on Brazil's BF program and the labor market; and a largely disseminated report on Ethics and Corruption in the Federal Public Service, among others - all building on and expanding on key messages in the high-level policy notes that were disseminated in August 2018 ahead of the last presidential elections. As Covid-19 hit, a comprehensive report on transmission channels and projected economic, social, financial, fiscal, and environmental impacts was rapidly prepared by June 2020 to help inform swift WBG support, while an ID4D (Identification for Development, WB program to promote digital identification systems) assessment helped advance the digital dialogue. This was in addition to all the influential TA provided to national and sub-national entities during this period, as further described under Section IV and Annex 6.

39. New ASAs and TFs (Trust Funds) are already influencing the public debate in the remaining period of this CPF and paving the way for the next stage of reforms. Several core and extended core ASAs are now underway to inform the policy dialogue on greener and more inclusive growth amidst the broader recovery efforts post COVID-19 (see Box 3). In parallel, Bank-Executed Trust Funds (BETFs) and Externally Funded Outputs (EFOs) continue to enhance the analytical program, e.g., by supporting studies on social protection reform options and on the impacts of carbon pricing on the economy and the environment, among others. IFC Advisory Services lay the upstream work necessary to open markets and to support greater private sector participation in the economy. The key findings from these various works will help set the stage for a new series of high-level policy notes to further inform the reform agenda ahead of the October 2022 general elections.

Box 3. A robust WBG ASA program informs the policy debate on key priorities, including on the green growth and climate agendas

Core and extended core ASAs to be finalized in FY22 or FY23 include the Country Climate and Development Report (CCDR); the Amazon Economic Memorandum (AEM); a Poverty Assessment (which informed the specific data trends and forward-looking priorities presented across this PLR); a Human Capital (HC) Review (see Box 1); and a climate-resilient Infrastructure Policy Assessment. All ASAs document where Brazil stands vis-à-vis relevant international comparators and bring out the important diversity that exists within Brazil. A Brazil 2040 report will tie key findings across these ASAs with a focus on inclusive and sustainable development, including through presenting ‘alternative futures’ for Brazil over the next 20 years. Key IFC Advisory work includes a PPP study on structuring road and street lighting concessions, the Itaú Mulher Empreendedora program on financial inclusion among female entrepreneurs, and an agribusiness advisory (see below).

The following studies focus specifically on the green growth and climate agendas:

- The CCDR will demonstrate a pathway for Brazil to reduce its carbon footprint and leverage its green assets, from energy and minerals to forests, for the climate agenda, while managing climate risks to promote a more resilient recovery. It will discuss mitigation measures related to (i) curbing Deforestation and Scaling up Climate-Informed Landscape Management, (ii) transitioning to Greener Industries and Manufacturing (through low carbon and resilient energy, infrastructure, and transport), and (iii) enabling Resilient, Low-Carbon and Productive Cities, as well as appropriate carbon pricing. On the adaptation side it will identify concrete climate measures compatible with social welfare, accelerated growth and improved productivity. It will also include a distributional impact analysis to account for the heterogeneity of Brazil.
- The AEM analyzes how to reconcile development with natural forests in the nine Brazilian states comprising the Amazon. During the CPF period, law enforcement in the Amazon weakened, but deforestation also increased because macroeconomic pressures on natural lands strengthened. Notably, Brazil’s agricultural export sector gained considerable competitiveness as the real exchange rate depreciated, partly due to the Covid-19 shock but also due to continuing structural constraints, especially low productivity growth. More competitive agriculture increases incentives to convert natural forests into agricultural land both through direct channels and through illegal forms of land speculation. The AEM shows that efforts to raise productivity in Brazilian sectors beyond agriculture (i.e., mostly urban sectors) can reduce deforestation pressures in the longer term and identifies complementary measures to strengthen forest governance, including through conservation finance. Importantly, and in a way that is aligned with the WBG’s program in Brazil, urban productivity gains across the country can help reduce Amazon deforestation while helping Brazil graduate from a development model of factor accumulation to one based on productivity, thus reconciling higher prosperity with natural forest protection over time.
- The Infrastructure Policy Assessment will point out how much more Brazil needs to invest in infrastructure for growth and climate resilience. More efficient investment is needed but won’t be sufficient: Brazil also needs mechanisms to attract private capital and broader private sector involvement in the infrastructure sectors.
- An Agriculture core sector ASA will analyze existing agriculture support policies and programs (at national and state levels) to identify options for repurposing public support towards a green, resilient, inclusive and competitive growth in the agriculture sector.
- IFC’s Agribusiness advisory assists COFCO’s subsidiary in Brazil in developing a more sustainable supply chain in the Matopiba region.

D. Summary of progress against CPF objectives

40. The volatile political, economic, and social context has affected CPF implementation, but the WBG program remains broadly on track to achieve the expected CPF objectives and outcomes. Areas of significant progress include strengthening fiscal management in support of subnational governments; providing essential services (roads, water, sanitation, safety nets, education, health, etc.) to populations most in need; improving environmental management capacity at the subnational level; and increasing private sector mobilization for development. For the remaining period of the CPF, the critical challenges to address will be: (i) mitigating subnational fiscal risks and capacity gaps in public sector management (ii) mitigating the pandemic impacts on human capital, poverty, and inequality; and (iii) supporting climate resilience and a greener, more inclusive, and sustainable growth model (see Annexes 1, 2, and 3).

- Under *Focus Area 1 (“Fiscal Consolidation and Government Effectiveness for Sustainable, Inclusive and Efficient Service Delivery”)*, the government’s fiscal stabilization efforts led to stronger controls over subnational borrowing and compliance with the fiscal responsibility law. It also boosted adherence to the federal expenditure ceiling, and a move towards solvency of the pension system, with WB support. While the overall fiscal outlook worsened during the COVID-19 pandemic, the authorities resumed fiscal adjustment efforts in 2021 and 2022. The WB remains engaged with subnational clients in support of their fiscal recovery, which is helping to keep many CPF indicators on track. The most recent data on the impact of COVID-19 on service delivery and related outcomes are not always available (e.g., dropout rates and learning outcomes), but indicators were on track prior to the pandemic and WB interventions across human development sectors are expected to help buffer at least some of the more negative trends. The counterfactual trend (i.e., without these interventions) cannot yet be fully estimated in all indicators, but the situation is expected to have been significantly worse without. Important progress was also observed in IFC-supported coverage of students in private education.
- *Focus area 2 (“Private Sector Investment and Productive Growth”)* saw progress across most indicators related to the reduction of credit market distortions and private capital mobilization in infrastructure sectors, especially in roadbuilding and transport. IFC mobilization exceeded US\$6 billion, and these targets will be further increased to reflect the progress expected by the end of the CPF period. However, several engagements did not materialize, such as the development of Standardized Infrastructure Bonds. As per the key findings of the Amazon Economic Memorandum (AEM) (see Box 3), interventions to promote productivity across Brazil will also help attenuate the structural drivers of Amazon deforestation, thus supporting additional objectives under Focus area 3.
- *Focus area 3 (“Inclusive and Sustainable Development”)* also saw progress in capacity building efforts, despite the increase in deforestation rates. A MIGA guarantee mobilized about US\$173million in support of a sustainable transport infrastructure project, expected to boost trade and employment. There was progress towards strengthening subnational environmental protection capacity through relatively small but impactful TFs, which allowed to surpass several CPF targets such as protecting areas of environmental significance, farm holdings adopting sustainable agricultural practices, and institutions benefiting from Bank-supported capacity building in environmental management and deforestation. Most indicators related to provision of inclusive and sustainable rural and urban services are also on track, including significant progress in reducing pollution of river basins, providing rural and urban residents with improved

water and sanitation, and upgrading and rehabilitation of roads. Less progress occurred - and gaps remain- in the country long-term strategy on climate change.

E. Evolution of Partnerships

41. Collaboration between the WBG and development partners has been strong, including on climate and sustainable development. Reforms supported by WBG engagements have been reinforced by TA from development partners: The Forest Investment Program (FIP) and Global Environment Facility (GEF) support environmental conservation in the Cerrado and Amazon regions, strengthening implementation capacity for sustainable development. The Carbon Partnership Facility (CPF) supports transition towards a lower carbon economy. The UK co-financed the WB's Smart Urban Water and Smart Mobility Programs and supported IFC in its work on business regulatory reform, competition policy, and investment promotion (see Box 4). The Global Facility for Disaster Reduction and Recovery (GFDRR) supported a key infrastructure climate resilience program, developing innovative methodologies to monitor climate risks that could jeopardize transport infrastructure. Through South-South Knowledge Exchanges (SSEs) the WBG supported Brazil in learning from other countries and scaling up many of its own innovations in areas such as finance, gender, governance, and natural resources. Finally, IFC also extended collaboration with civil society partners such as the Construction Chamber (CBIC) and Febraban (Brazilian Federation of Banks) and Brazilian development institutions such as the Brazilian Development Bank (BNDES) to develop advisory for increasing expertise in themes such as green buildings, Environment, Social, and Governance standards and climate finance training through the Green Banking Academy.

42. The World Bank also leveraged its convening power with other development partners to enhance the government's COVID-19 response and recovery. The World Bank and five other international financial institutions (IFIs)²⁰ supported the countercyclical expansion of the BF program. Partners coordinated to diversify their support and financing²¹ based on institutional experience; accounting for 66 percent of the Brazilian government's response to the pandemic through new spending in 2020. The WB led coordination of fiduciary arrangements and safeguard policies and continues to coordinate closely with partners on implementation. As part of longer-term sustainable recovery, the WB interacts regularly with the German Agency for International Cooperation (GIZ) on parallel engagements to strengthen implementation capacity for environmental protection and sustainable development in the Amazon. In water and infrastructure, some WB projects continue receiving support from Multi-Donor Trust Funds (MDTFs), e.g., the Global Water Security & Sanitation Partnership (GWSP).

²⁰ The French Development Agency (*Agence Française de Développement*, AFD, which is providing EUR 600,000 to support analytical work around the social protection response to COVID-19 pandemic); the Development Bank of Latin America (*Corporación Andina de Fomento*, CAF); Inter-American Development Bank (IADB); the German *Kreditanstalt für Wiederaufbau* (KfW); and the New Development Bank (NDB).

²¹ On the World Bank side, financing was provided through the P174197 US\$1 billion *Income Support to the Poor affected by COVID-19* IBRD operation approved in Sept. 2020 and effective since July 2021.

Box 4: WBG's partnerships for better infrastructure and improved mobility

The Smart Mobility and Water United Kingdom Prosperity Program Trust Fund is piloting innovative technologies and approaches to improve planning, management and the regulatory framework governing the transport and water sectors in the São Paulo and Recife Metropolitan Regions. In public transport, the Program promoted data integration and use through the Mobility as a Service (MaaS) platform to attract passengers, digitalize bus control centers, and implement innovative PPPs for traffic lights and telecom infrastructures. Overall, the program helped to increase mobility for people who need public transportation, addressing the specific needs of women, children, various racial groups, people with disabilities, and low-income population, while also reducing CO2 emissions by promoting the use of bicycles, improving pedestrian convenience, and increasing road safety. In the water sector, the Program helped to build capacity in non-revenue water management and performance-based contracting, to design and test interventions based on behavioral insights; to predict the most accurate billing tools for each consumer, and to implement a gender inclusive plan for reducing inequality.

The auction of the Nova Dutra concession, a recent project structured by IFC in partnership with BNDES and the Inter-American Development Bank (IADB), took place on October 29th, 2021 at the B3 Stock Exchange. The winning bid presented 15.31 percent of tariff reduction and an upfront concession fee of US\$ 320 million. The project will provide investments in the amount of ~US\$ 3 billion for road modernization, with an emphasis on road safety and the expansion of services to the population. Project outcomes include: i) more than 400 km of capacity expansion - duplications and additional lanes, ii) 35% tariff reductions and introduction of electronic and frequent user discounts, iii) first managed lanes system using the Free Flow system in Latin America, iv) smart #LED lighting and Wi-Fi, v) neutralization of carbon emissions related to the operation of the concession and the adoption of IFC Performance Standards.

The project marks the first “re-auction” of a federal highway asset for a new concession following the scheduled completion of a previous concession (Dutra was the first ever federal highway to be offered for concession in Brazil) and the first concession auctioned to adopt performance standards as part of the bidding process.

III. EMERGING LESSONS

43. Several aspects of the WBG's engagement in Brazil have been effective in the first four years of the CPF implementation period. These include: the strong value-added of WB TA and institutional support across geographic areas and sectors, in a way that informs project design and implementation; the complementarity of WB financing, knowledge-sharing and just-in-time TA to federal ministries in support of policy reform design and implementation; the combination of institutional strengthening with targeted investments and result-based financing at the subnational level; development policy loans in support of fiscal and environmental sustainability; and the WBG's unique capacity to mobilize private financing in support of the country's development priorities. Agile portfolio management, including through identifying innovative implementation arrangements and using smart technologies for implementation support and supervision amidst virtual work, also proved critical to maintain the overall health of the WB's portfolio even as it faced an unprecedented pandemic (as discussed in Section III).

44. Maintaining a robust analytical program, policy dialogue and just-in-time TA to the federal government helped the WB influence the policy reform agenda. Several factors affected IBRD lending

to federal entities and public banks, including: (i) the limited fiscal room and budgetary additionality of federal loans; (ii) the ample liquidity buffers by National Treasury and access to deep domestic capital markets; and (iii) challenges linked to the current design of the fiscal framework, which limits the use of IFI guarantee financing. Brazilian public banks have comfortable liquidity positions and easy access to the domestic capital market, and their demand for IFI lending has resorted by and large to loans without sovereign guarantees. That said, the WB maintained a robust analytical program and policy dialogue at federal level, thus allowing for rapid and effective WBG lending engagement when the government requested it. For example, the US\$ 1 billion Covid-19 Federal Income Support operation approved in early FY21 responded to a temporary federal liquidity shortfall in the aftermath of the COVID-19 pandemic and offered an attractive package of (i) fast disbursing conditions; (ii) timely and highly valued TA that built on long-lasting dialogue in the social protection sector; and (iii) leveraging financial and TA support from several other IFIs. Similarly, the WB leveraged international best practices to mitigate the impact of the COVID crisis on learning by restructuring the ongoing Federal Education Program-for-Results (PforR) to strengthen virtual education delivery. A complementary US\$250m operation is planned for FY22 delivery in response to the Ministry of Education's request to help mitigate the widening learning gap between better-off and poorer children across Brazil. These country-level objectives cannot be achieved through sub-national engagements alone.

45. Tailored TA and solid analytics that draw from global knowledge and international good practices, together with the WBG's credibility and convening power, were critical for several influential federal WB engagements. As mentioned in previous sections, the CPF implementation included the delivery of impactful TA and ASAs that were well received by the government and helped influence policy debates and policy reforms at critical junctures. Examples include the Brazil Expenditure Review; a flagship report on productivity, skills, and jobs; an in-depth report on the public sector wage bill; and a report on Brazil's BF program and the labor market, among others. WB support at federal level can also signal important reforms to financial markets and other stakeholders. For example, the WB's engagement on financial sector reforms helped reduce the misallocation of credit and contributed to managing risks to the financial sector from biodiversity loss.

46. Institutional strengthening efforts tailored to the diverse and complex subnational realities of Brazil proved very effective and helped inform project implementation support and the design of new projects accordingly. IBRD graduation criteria requires Brazil to strengthen its institutional foundations to sustainably reduce poverty and boost shared prosperity. Institutional capacity remains uneven, both at federal and subnational levels (see Annex 4), which can create implementation risks and jeopardize the sustainability of impacts. Given the high heterogeneity of the country in income levels and geo-specific needs and priorities, the WBG's comparative advantage in providing evidence-based TA has proved highly effective (see Annex 6) and remains essential. Greater emphasis on institutional assessments is also needed to support project preparation, so that the complexity of project designs can be calibrated accordingly. Subnational operations planned for FY22 and FY23 are expected to be simpler to implement while still retaining important innovative features. For example, the new Paraná operation planned for FY22 delivery will be focused on fewer sectors than the earlier one, despite the relatively high capacity of the State compared to others. Finding the right balance between addressing the multiple needs of subnational borrowers, pushing the frontiers of innovation, and ensuring a level of complexity that is manageable to implement should continue to inform all project design discussions.

47. Maintaining steady dialogue and promoting innovative approaches in project design and supervision was key when unexpected setbacks and delays occurred. Some WB policy engagements took longer than expected to generate impacts but eventually led to important breakthroughs. The WB

is uniquely positioned to accompany the federal government in its fiscal dialogue with subnational entities and to support them in a way that brings value added to both parties over time. For example, the WB has brought influential TA on the Federal Guarantees by Credit Rating (CAPAG) system and a neutral and rigorous perspective on fiscal modeling and fiscal consolidation programs in the context of the Fiscal Recovery Regime (RRF). In several cases, and despite various delays, this fiscal TA eventually contributed to new entry points for WB lending. Another example is the WB engagement on environmental protection, enshrined in the Brazilian Forest Code whose implementation is mainly in the hands of state and municipal governments. The WB supported nature-based solutions in the state of Mato Grosso through a successful DPF that promoted both fiscal and environmental sustainability. This engagement took time to mature but eventually materialized and paved the way for similar operational engagements through DPFs for the states of Amazonas and Goiás, and the municipality of Rio de Janeiro.

48. New WB operational engagements with public banks and consortia of municipalities offer a promising new entry point that leverages subnational IBRD financing at scale in support of climate-smart investments across Brazil. The BRDE Sul Resiliente IPF project (P170682), approved in FY20, leverages IBRD financing to scale, in partnership with the BRDE regional public development bank, on-lending to over 100 municipalities in the south of the country. This project offers innovative solutions for climate and disaster-risk management in municipalities highly exposed to natural disasters. This approach, if successful, could pave the way for similar operational engagements with other regional banks. Similarly, a highly innovative project in the Foz do Rio Itajai region supports a consortium of 11 municipalities to reduce CO2 emissions through regional green transport investments. This is the first operation of its kind. If successful, it offers an opportunity for replicability at scale, pooling resources to serve several municipalities (which otherwise may not be able to obtain financing on their own) for regional infrastructure projects. These subnational operational engagements are complemented by federal operations. For example, the Mineral and Energy Technical Assistance IPF project (META-II) addresses gaps in policies, regulation, and legal and institutional frameworks in the energy sector while also providing analytical inputs into the climate and private sector participation agendas of the Ministry of Energy and Mines.

49. The WBG's comparative advantage in supporting private sector participation (including through PPP) remains highly relevant and helps to maximize finance for development. IFC, MIGA, and WB worked together in joint integrated projects covering the water, transport, and energy sectors (see Box 5), which are vital for Brazil's recovery from the COVID-19 pandemic. IFC's advisory work on PPPs was instrumental in delivering a series of bankable projects and helped to maintain a strong pipeline (111 projects since 2019, with investments amounting to R\$544 billion).²² The WBG has worked to improve the enabling environment by developing regulatory conditions and building client capacity through advisory services, from water and sanitation, to climate finance, environmental and social standards, and capital markets regulation, all areas in which new regulation would open markets for the private sector. IFC also structured a new upstream unit that would explore and co-develop early-stage investment opportunities in emerging areas such as degraded land recovery, beef traceability, the circular economy, green buildings, electric mobility, water reuse, affordable housing, and asset-backed lending. A MIGA guarantee

²² As noted in Section III, IFC was able to engage in new areas during the first four years of the CPF period and demonstrated greater value-added through early-stage projects with investment horizons of 2-3 years. This helped to increase IFC's knowledge of emerging market trends and opportunities for the private sector, thus creating a strong foundation for sustained private sector mobilization in an expanded set of sectors.

supports the rehabilitation of about 800 kilometers of roads selected for their proximity and connectivity to an inland waterway and railways. The project is expected to boost trade and job creation.

Box 5: Leveraging Public-Private Synergies for greater impact

IFC's transactions in water and sanitation (Corsan and Desenvolve SP) help increase investments and reduce losses to the sector, while the WB is providing a loan to São Paulo Water Utility Company (SABESP) to increase access of vulnerable people to water services and to reduce water losses and pollution loads in the Metropolitan Region of São Paulo. In transport, through PPP and concession structuring, WBG partnerships cover both logistics infrastructure (highways) and urban mobility services (metros, bus rapid transit). The IFC has had an important role in mobilizing private investment through its C3P partnership with BNDES, where about US\$8.0 billion have been mobilized over the past 10 years and an additional US\$20 billion are currently under execution. In the energy sector, IFC is helping to develop a pipeline of high-quality subprojects, a proposal of regulatory adjustments to develop the street lighting PPP market and a capacity building program in project preparation for Caixa. With support from the Global Infrastructure Facility (GIF), the WB has provided complementary TA and capacity building to the Federal Government's Special Secretariat for the Investment Partnerships Program (SPPI) to further support this agenda in 15 municipalities. IFC also supported two investments in liquified natural gas (LNG) to power projects (GNA and Celse) in FY20 to enhance the resiliency of the national energy grid. Finally, joint WB/IFC work is starting to assess the quality of private and public health services providers in the state of Sao Paulo to inform country dialogue on the role of health care provision via private sector.

By providing non-honoring of sub-sovereign financial obligations guarantee for the Sao Paulo State Sustainable Transport Project, MIGA mobilized about US\$173 million of long-term financing from an international commercial bank on competitive terms. Going forward, MIGA will aim to deploy its political risk insurance and credit enhancement instruments to de-risk private sector foreign investments in the financial and renewable energy sectors. MIGA's credit enhancement offerings could complement WB and IFC's work on improving the regulatory environment and developing new domestic capital market instruments.

50. Exogenous variables²³ affected implementation, but several portfolio management strategies helped minimize the negative impacts. While delays in signing IBRD loans typically remain outside the WB's sphere of influence, borrowers and the WB can work together to mitigate the negative impact of any delays by maximizing implementation readiness and by frontloading activities between WB Board approval and project effectiveness. Implementation could be made more effective by ensuring that operations manuals are ready in a timely manner, advancing bidding documents, PIU (Project Implementation Unit) staffing, and addressing social and environmental safeguards.²⁴ Greater flexibility in the design of legal agreements (without compromising due diligence and accountability) could help to reduce delays and to keep government transaction costs under control if any changes are needed during

²³ For instance, depreciation of Brazilian Real between FY18 and FY21 by over 60% (approximately from an average of BR 3.3 to 5.5 per 1 US\$), which affected overall costs and counterpart financing across portfolio projects.

²⁴ For instance, the P165683 Paraíba Water project spent time between IBRD Board approval and effectiveness, using weekly engagements between the WB and the client to advance on bidding documents, capitalizing from similar works done earlier in Ceara.

implementation (see Annex 5).²⁵ Investing in ESF (Environmental and Social Framework) capacity building may also improve project readiness and advance disbursements. Finally, increasing the share of fast-disbursing IPFs in the IBRD portfolio could be explored to respond to time-sensitive needs among borrowers (as was the case for the Income support operation at federal level). These lessons were discussed in the CPPRs conducted in 2020 and 2021 and are informing portfolio management and new project design. They will be carried forward systematically in the remaining CPF period.

51. Despite the high demand for IBRD financing (about US\$8 billion), the limited envelope of federal sovereign guarantees for IFI lending made it difficult for IBRD to reach the CPF's indicative annual lending target (US\$1.5 to 2 billion) during the period of FY18-FY20. Since the start of the CPF period in FY18, borrowers' official requests for IBRD financing amounted to about US\$ 8 billion²⁶ (a total of 45 *cartas consultas* submitted for the Ministry of Economy's approval by various borrowers—states, municipalities, federal ministries, and public banks). In spite of such high demand for IBRD financing (especially considering the rigorous process required on the borrower's side to submit borrowing requests for IFI financing to the Ministry of Economy)²⁷, only 10 *cartas consultas* (amounting to US\$2.5 billion) were approved by the Ministry of Economy for IBRD financing in the first three years of CPF implementation. The projects were subsequently prepared and approved by the WB Board of Executive Directors and are currently under implementation.²⁸

52. Several factors explained the slow progress in meeting the CPF's lending targets during its first three years of implementation (FY18-FY20). The 2015-2016 fiscal crisis prompted the federal government to lower IFI borrowing in subsequent years, with the annual envelope for sovereign guarantees hovering between US\$ 2 and 2.5 billion annually for all IFI lending. Out of this annual envelope, IBRD loans represented between 20 and 25 percent (while other IFIs, most notably the IDB, NDB, and CAF, absorbed the rest). In a fiscally constrained context with large infrastructure gaps, the Ministry of Economy supported a substantial increase in non-sovereign-guaranteed IFI financing to mobilize private capital in infrastructure (with NDB enjoying the largest share, followed by IDB-Invest, CAF, and IFC). Since August 2021, the criteria set by the Ministry of Economy for the approval of *cartas consultas* (i.e., COFIEX) modified the scoring system with greater emphasis on climate, social, governance, and innovation aspects. These criteria are well aligned with the WB's priorities and comparative advantage.

53. Since FY21, IBRD financing surged considerably, with US\$1.3 billion delivered in FY21 and a planned IBRD lending pipeline for FY22-FY23 amounting to US\$2.5 billion. The confirmed pipeline for FY22-FY23 includes 18 projects for which *cartas consultas* were recently approved by the Ministry of Economy, including US\$1.7 billion in lending operations on track for delivery in Q4 of FY22. In addition, several *cartas consultas* amounting to US\$2 billion are in advanced stages of discussion with potential borrowers.

IV. ADJUSTMENTS TO COUNTRY PARTNERSHIP FRAMEWORK

54. The PLR is not proposing to extend the CPF period. The CPF covers the maximum of six years allowed by the WBG Country Engagement policy. More importantly, with the general elections in October

²⁵ Any change in the Legal Agreement requires a review process from the Federal guarantor, which can take several months to be completed.

²⁶ The estimated US\$7.6 bn is a conservative number because it does not include the extra US\$900 million in business development efforts (at least 10 *cartas consultas* that were prepared but were not submitted formally for approval).

²⁷ The *carta consulta* needs to be signed by the mayor, governor, or Minister (depending on the borrowing entity) after formal endorsements from their respective legal, budget, and planning teams.

²⁸ Three IBRD projects, worth US\$ 275 million, were approved in FY20 but are still pending effectiveness for various reasons.

2022, the WBG will maximize the time remaining in this period to ensure that ongoing ASAs and operations are as impactful as possible and to incubate new ideas to support the new government's vision from FY24 onwards.

55. The WB's pipeline in FY22 and FY23 will continue to focus on cyclical factors (the recovery from the pandemic amidst limited growth prospects and worsening social outcomes) and structural issues such as climate and fiscal sustainability. The lending projection of at least US\$ 2.5 billion in FY22 and FY23 (see table 2) could easily be accommodated without increasing exposure to levels that would incur a surcharge. Actual lending amounts will depend inter alia on the Bank's financial capacity, global macroeconomic developments, demand from other countries and country performance, as well as the willingness of the Federal government to guarantee subnational borrowing,

- COVID response and inclusive post-pandemic recovery. Building on the *COVID response* to date,²⁹ the WB's confirmed pipeline in FY22 and FY23 will include a US\$ 600 million federal project to support COVID-19 vaccine acquisition and TA; a US\$130 million PforR to support the state of Paraná; a US\$250 million PforR with the Ministry of Education to address post-Covid learning gaps (a key priority among respondents to our national survey, see Annex 9); a US\$100 million project to support education in the State of Mato Grosso; and a US\$50 million project to support health and social protection activities in the State of Piauí. These new projects could not be envisioned before the onset of the pandemic, so they were not included in the original CPF program, although some are follow-on operations (now with a more acute COVID-response focus) to earlier projects that were indeed included in the CPF program, such as the ongoing Education P4R focused on secondary education.

Brazil's *inclusive post-pandemic recovery* is hindered by current unemployment trends (especially among women and specific racial groups), and the limited medium-term prospects for job creation in the context of weak growth projections. Therefore, the WB plans to put more focus than initially anticipated in the CPF on strengthening urban job creation, increasing the efficiency of services in rural areas, and promoting skills acquisition among existing and future workers. Building on the ASAs described in Boxes 1 and 3 (such as the Human Capital review, the Poverty Assessment, and Brazil 2040), the above-mentioned pipeline operations in Piauí and Belo Horizonte will support economic opportunities for vulnerable groups, while the federal education PforR will promote new technical tracks and the development of socio-emotional skills among high-school students to enhance labor market insertion among graduates.

- Green recovery/climate agenda. Climate change is a key priority among Brazilians, as per the survey results presented in Annex 9. The WBG will continue to emphasize building resilience against natural disasters and promoting climate change mitigation, with a specific focus on the inclusiveness of green growth. This approach is fully aligned with the World Bank's approach to Green, Resilient, and Inclusive Development (GRID) and consistent with the original CPF program, with the exception of the Finbrazeec Project to support energy-efficient cities. This project was dropped after the financial intermediary (Caixa) informed the WB that it was no longer financially attractive to them. In terms of mitigation, the WB is leveraging the experience of the Mato Grosso and Amazonas DPFs to engage with other borrowers interested in addressing both fiscal and environmental sustainability through WB operations. It is also leveraging the ongoing META

²⁹ The US\$1 billion Income Support to the Poor Affected by COVID19 in Brazil project, the US\$125 million Salvador Project, and the restructuring of the MEC project, among others.

project to provide complementary expertise and support on the latest drought and energy-related risks. Overall, the WB’s confirmed pipeline for the green recovery and climate agenda in FY22 and FY23 will support various operations with high adaptation climate co-benefits by reducing flood risks and improve living conditions in the municipality of Belo Horizonte (US\$134 million); promoting integrated water resources management and river basin revitalization in the state of Espirito Santo (US\$86 million); revitalizing Porto Alegre’s city center, including inclusive access to important infrastructure (US\$91 million); supporting integrated and sustainable mobility across 11 municipalities in the Foz do Rio Itajai region in Santa Catarina State (US\$90 million); and supporting climate-resilient agriculture in the States of Mato Grosso and Piauí (US\$ 80 million and US\$ 50 million, respectively).

- **Fiscal sustainability.** As foreseen in the CPF, policy reforms in this area will be supported through programs that promote subnational fiscal adjustment. In particular, the Progestão series, designed to help Brazilian states improve the efficiency of public expenditure and to address fiscal imbalances to deliver better services in the areas of human resources and pensions; public procurement; public investment, expenditure, and debt management; improvements in SOE governance and management; and asset management. The series could reach up to US\$1 billion over time, starting with US\$220 million of confirmed pipeline lending in FY22 and FY23 across the states of Alagoas, Mato Grosso, Piauí, Tocantins, and Acre. The newly approved federal programs (RRF and PEF) offer additional entry points for subnational DPFs in support of fiscal sustainability, starting with the state of Goiás (P177632; US\$500M) and the municipality of Rio (P178729; US\$150M), both expected to be approved before the end of FY22.

Table 2: Pipeline projections for IBRD lending for the remainder of the CPF period

P code	Projects planned for delivery in FY22 or FY23 Cartas (based on Consultas approved by the Ministry of Economy in past COFIEX meetings)	Commitment (US\$M)
P168634	Paraná Public Sector Modernization and Innovation for Service Delivery with a Focus on COVID-19 Response and Recovery (State)	130
P177632	Goiás (State) Fiscal and Environmental Sustainability DPF	500
P178563	Covid Recovery Education PforR (Federal)	250
P177070	Progestão Alagoas (State)	40
P178339	Progestão Mato Grosso (State)	40
P178729	Rio de Janeiro (Municipality) DPF	150
P176796	Covid-19 Response and Recovery Project (Federal)	600
P176982	Espirito Santo Integrated Water Resources Management and River Basin Revitalization (State)	86.1
P178663	Progestão Piauí (State)	50
P178993	Mato Grosso Education Project (State)	100
P178567	Piauí Health and Social Protection Project (State)	50

P178072	Porto Alegre (Municipality) – revitalization of the city center	91.76
P174619	Reducing flood risks and improving living conditions in Ribeirão Isidoro Basin, Belo Horizonte (Municipality)	134.4
tbc	Progestão Tocantins (State)	50
tbc	Progestão Acre (State)	40
P178557	Foz do Rio Itajaí Mobility (consortium of municipalities)	90
P175723	Mato Grosso Territorial Sustainable Development (State)	80
P177474	Piauí Pillars of Growth and Social Inclusion Project – phase 2 (State)	50
	Total in planned WB financing for FY22 + FY 23	US\$ 2.532 billion

56. The CPF’s focus areas and objectives remain broadly relevant. This PLR proposes various adjustments to indicators and targets to reflect the latest evolutions in the WBG portfolio. Most importantly, it promotes a shift in monitoring, accountability, and transparency through the new Open Brazil platform. Section 2 above provides a summary of progress to date, with further details on this – and proposed adjustments at PLR stages are detailed in Annexes 1, 2, and 3. Overall, this PLR is an important opportunity to revisit the relevance of all indicators and targets and the level of ambition that is reasonable to expect by June 2023 amidst various setbacks linked to the COVID-19 pandemic, the related economic and social crisis, and the worsening outlook described under Section 1 above. It is also a timely opportunity to revisit WBG attribution and to start envisioning broader contributions to higher level objectives in preparation for the next CPF period. New/revised indicators are proposed to better capture the shift in WBG emphasis as described above and to ensure more transparent data monitoring³⁰. Where data allow, the PLR also proposes additional disaggregation (for specific indicators and targets) to demonstrate the relatively higher impact of specific activities on the poorest and/or most disadvantaged groups across gender, racial, and geographic lines.

57. The PLR is accompanied by an innovative and interactive online monitoring tool, Open Brazil, a “one-stop-shop” platform that provides transparent and real-time information to a large range of stakeholders on the WBG’s engagement in Brazil. Open Brazil was launched jointly by the Government of Brazil and the WBG in October 2021. Close monitoring in FY22 and FY23 will help understand how it is being used and to what extent it adds value to the engagement in Brazil. Depending on these data, Open Brazil could be adapted and expanded to become a broader knowledge platform beyond the WBG program.

58. The WBG will continue to incubate innovative ideas, as a complement to its financing, to push the frontiers of its comparative advantage in an above-GDI context such as Brazil. The remaining time in this CPF period provides an opportunity to explore promising engagements that could gain further traction in the medium term, including as part of the next CPF period. These include:

- The Partnerships with national and regional banks: The FY20 BRDE project (P170682) paves the way in this new type of engagement, with ongoing dialogue across several other national and regional banks to explore support for SMEs (on climate-related aspects) and the infrastructure

³⁰ Indicators with openly accessible data sources were prioritized and updated in real time through the Open Brazil platform.

sector. While the need for sovereign guarantee may limit further demand (at least for guaranteed loans), the innovative technical aspects of these engagements can help create a demonstration effect, including on how to support municipalities that are too small to access WBG support through stand-alone operations. Further dialogue is underway with various banks to explore partnerships that accelerate long-term finance for exports, climate finance, and infrastructure. This includes advanced dialogue with a large Brazilian bank for a new project to strengthen private sector financing for climate mitigation and carbon credit market development, which could gain traction in the coming months.

- **Digital transformation:** As per the IPSOS survey findings (see Annex 9), 73 percent of respondents consider technological change to be an important opportunity. The WBG is already engaged in this pivotal agenda through several entry points in specific sectors (e.g., support to distance learning in education, TA on Auxilio Emergencial/Bolsa Familia and the health sector) and Govtech systems with subnational borrowers (e.g., through the Progestão series and the Paraná project) and will continue to incubate new initiatives in this area. Stronger engagement at federal level would help bring these various engagements to scale in the future.
- **OECD accession process:** Brazil is currently the Latin American candidate with the highest number of adhering instruments (103 out of 250) and memberships among other prospective countries. The WBG is uniquely positioned to support the next steps based on relevant international experiences (including most recently in Colombia, Costa Rica, and Peru) and through its technical, convening, and neutral validation roles. TA, requested by the authorities, is expected to start in 2022 and would open additional opportunities to engage and support various reform agendas spanning trade, taxation, education, infrastructure, agriculture, and the environment.

59. There is strong potential for increased collaboration across the WBG to leverage the cumulative impact of public and private support in new areas, such as developing PPPs in health, education, infrastructure, and water/sanitation sectors. A consolidated WBG offer here could include IBRD support for developing the right policy framework, IFC support for project structuring, debt, or equity investments, and MIGA's political risk and credit enhancement products. Further collaboration for promoting increased competition in the financial sector, improving environmental and social sustainability standards, and leveraging new ICT infrastructure investment opportunities deriving from the recently approved telecommunications law may also be explored. Given the limited time remaining under the CPF implementation and the volatile pre-electoral period ahead, WBG teams will continue to hone this vision to propose specific joint plans in selected sectors as part of the next CPF from FY24 onwards.

60. IFC's business development will continue to be linked to its strategic priorities for Brazil, as mentioned in earlier sections. IFC expects its climate approach to gain more traction and to progressively represent a large portion of its program following the trends that emerged with COVID-19, initiatives that increase access to finance and improve access to quality services are expected to materialize in the next FYs. IFC has updated its business plan and expects its investment program to be between US\$1.5 and US\$2.4 billion per year including mobilization for FY22 and FY23. As a result of a greater focus in the green recovery agenda, IFC will develop transactions that leverage financial institutions and financial instruments such as green and sustainable linked financing across all sectors from energy and transportation to sanitation and waste management. IFC will continue to work with experienced local and regional growth private equity fund managers and venture capital firms to invest in innovative early-stage companies with high growth potential. Over the course of the CPF, IFC has already processed more than 20 transactions summing US\$135 million in equity investments in this industry.

61. For MIGA, CPF priorities aim to encourage foreign investment in high development impact projects. MIGA will promote cross-border climate finance projects, especially in the renewable energy sector, by providing political risk insurance and credit enhancement solutions. MIGA will also explore opportunities to de-risk foreign investments in the financial sector.

V. RISKS TO CPF PROGRAM

Table 3: Risks to the CPF Program

Risk Categories	Initial CPF ratings	PLR Rating (H, S, M, L)
Political and governance	H	S
Macroeconomic	S	M
Sector strategies and policies	S	M
Technical design and project or program	M	L
Institutional capacity for implementation and sustainability	M	M
Fiduciary	M	L
Environmental and social	L	S
Stakeholders	L	L
Others	M	L
Overall	S	M

H = high; S = Substantial; M = Moderate; and L = Low

62. The overall risk to the CPF program, based on the likelihood of attaining the CPF objectives, is rated as moderate at PLR stage. The proposed overall risk rating at PLR stage accounts for the residual risk assessment based on the likelihood of attaining the CPF objectives, as measured through results and targets by end 2022, once mitigation measures are taken into consideration.³¹ Two main categories of risk (“political and governance” and “environmental and social”) are rated as substantial, while all other categories are rated at either low or moderate risk.

63. Political and governance risks are substantial at PLR stage, even after accounting for mitigation strategies. On the political side, significant uncertainty remains regarding the extent to which the October 2022 general elections could affect client commitment and ownership of IBRD lending operations underpinning the CPF program. The WBG plans to mitigate such risks by continuing to engage with Brazilian counterparts on key policy areas through analytical work and just-in-time TA support. In the governance area, substantial risks remain. Three IBRD lending operations³² approved by the Board of Executive Directors in FY20 are not yet effective due to delays across the legislative, judicial, and executive branches of government (at municipal, state, or federal levels). Another IBRD lending operation, prepared and appraised in FY21, has not been negotiated yet because of the pending approval of the project’s authorizing law by the municipality’s congress. A mitigating strategy to address these governance risks, including for all pipeline operations planned for delivery in the remainder of the CPF period, is the frontloading of implementation readiness activities (such as preparing key bidding documents and making

³¹ Most CPF targets draw on official data produced on a yearly basis. The updated CPF results at PLR stage run through end 2022, even though the CPF implementation runs through June 2023.

³² These three projects are: Improving Mobility and Urban Inclusion in the Amazonas Corridor in Belo Horizonte; São Paulo Aricanduva Bus Rapid Transit Corridor; and the Credit Line for Urban Resiliency in the South of Brazil.

use of retroactive financing when appropriate) before project effectiveness. However, this may not be sufficient to fully protect the CPF program and its related targets against the impacts of governance risks.

64. Environmental and social risks increased during the CPF period and are rated as substantial at PLR stage. Several projects are facing pending safeguard issues. Specifically, two projects³³ remain with MU ratings on safeguards at PLR stage, one of which will close in December 2022 with pending safeguard issues. These risks are related to a great extent to limited borrowers' capacity to prioritize and address promptly safeguard issues, raising risks for vulnerable populations and for ecosystems, and in turn, raising potential reputational risks for the WBG. These risks are mitigated through intensified attention towards safeguard issues by task teams and management during supervision, well ahead of project closing; and through additional technical support to borrowers, including after project closing as needed. While both borrowers and WB task teams have been proactive in promoting innovations to support virtual project supervision amidst the COVID-19 pandemic (especially in the fiduciary area - see below), environmental and social risks may have remained undetected. After more than two years of virtual home-based-work since the onset of the COVID-19 pandemic in March 2020, the WBG is gradually resuming face-to-face supervision missions (albeit with reduced number of WB mission participants and relevant protective measures while the COVID virus remains active). WB teams will prioritize field visits and supervision missions to projects facing the most environmental and social risks in FY22 and FY23. It is possible that additional environmental and social risks, undetected at PLR stage, would be uncovered as part of this process.

65. Other risks are considered low or moderate at PLR stage, given the limited impact that these risks may have on the achievement of CPF objectives. Macroeconomic risks relate to Brazil's uncertain economic outlook for 2023, driven by domestic and external risks (see Section I above for details). However, the residual risk that macroeconomic risks would derail the CPF objectives, as measured through revised CPF targets and results by end-of-2022, is considered low. Risks related to sector strategies and policies and risks related to technical design benefited from the lessons learned through the first four years of CPF implementation (as documented above). The residual risk at PLR stage for these two risk categories is considered as moderate and low, respectively. Fiduciary and other risks are considered low at PLR stage. This reflects innovative fiduciary monitoring approaches developed throughout the COVID-19 pandemic. The successful Brazil's vaccination campaign has also limited the negative impact that any new COVID variant may have on CPF implementation.

³³ Rio Grande do Norte: Regional Development and Governance (P126452), and Sabesp - Improving Water Service Access and Security in the Metropolitan Region of São Paulo Project (P165695).

Annex 1: Updated CPF Results Matrix – Brazil PLR

CPF Core Indicators	CPF Supplementary Indicators ³⁴	Key WBG Activities
Focus Area 1: Fiscal Consolidation and Government Effectiveness for Sustainable, Inclusive and Efficient Service Delivery		
Objective 1.1: Strengthening Fiscal management at all levels of government		
<p>Indicator 1 Fiscal stabilization at Federal level: Federal government primary expenditures (subject to the expenditure ceiling) in real terms (index, 2016 = 100) Baseline (2016) = 100 Progress (December 2020): 102.3 Target (2022) = <110</p> <p>Indicator 2 Number of sub-national entities reaching CAPAG rating B with Bank support Baseline (2016): 0 Progress (2021): 1 Target (2022): 2</p>	<p>Indicator 1.1 (Pilot) Relevance score of WBG advocacy on fiscal policy (cumulative mentions in online media, including social media). Baseline (2020): 26 Progress (2021): 66,141 Target (2022): 80,520 NOTE: indicator updated through API in OpenBrazil</p> <p>Indicator 2.1 Budget composition: civil service remuneration / contracted spending (value of the total amount of signed contracts in a given year) Baseline (2019): 2.87 Baseline (2020): 3.39 Target (2022): 2.94</p>	<p>Financial Services</p> <p>Mato Grosso Fiscal and Environmental Sustainability DPL (P164588) Amazonas DPL (P172455) Goias DPL (P177632) Rio Municipality DPL (P178729) Progestão Alagoas: Public Sector Management Efficiency (P177070) Progestão Mato Grosso: Public Sector Management Efficiency (P178339) Knowledge Services</p> <p>Brazil Expenditure Review - (P154992) Intergovernmental Fiscal ASA – (P165693) Subnational Fiscal Modelling (P172861) Wage Bill & Public Workforce Reform (P166281) Fiscal Sustainability in Santa Catarina -(P169572) Brazil 2040 (P173458)</p>

³⁴ While CPF Supplementary indicators are not typically necessary at PLR stage, they bring value added in this case (and are therefore maintained in Annexes 1 and 3) given the exceptional circumstances of the last few years. They will serve as a useful record as part of the Completion Learning Review (CLR) for the next CPF.

CPF Core Indicators	CPF Supplementary Indicators ³⁴	Key WBG Activities
Objective 1.2: Increase Fiscal Sustainability and fairness of pension system, and effectiveness of social protection system		
<p>Indicator 3 Proportion of new RGPS pensioners retiring under “Length of contribution” regime³⁵ Baseline (Dec 2016) 35% Progress (May 2021) 23% Target (2022): below 25%</p> <p>Indicator 4 Number of social programs that coordinate their beneficiary registry with Cadastro Unico. Baseline (2016): 11 Progress (2021): 19 Target (2022): 25</p>	<p>Indicator 3.2 Number of states that adopted complementary pension law Baseline (2016): 8 Progress (April 2021): 20 Target (2022): 27</p> <p>Indicator 4.1 The number of children 0-6 that are benefitting from Criança Feliz. Baseline (2016): 0 Progress (2021): 1,113,227 Target (2022): 2,000,000</p> <p>Indicator 4.2 New families who are maintained above extreme poverty with conditional cash transfer program supported by the Bank Baseline (2020): 0 Progress (2021): 1,200,000 Target (2022): 1,200,000</p>	<p>Financial services</p> <p>Salvador Social Multi-Sector Service Delivery Project II (P172605) Brazil Income Support for the Poor affected by COVID-19 (P174197) Bolsa Família Second APL (P101504) Strengthening Service Delivery Ceará P4R (P127463) Salvador Social Multi-Sector Service Delivery Project (P162033) Mato Grosso Fiscal Adjustment and Environmental Sustainability DPL (P164588)</p> <p>Knowledge services</p> <p>Pensions TA Brazil (P157609) Brazil Tax and Social Benefits Reform Models (P168285) Brazil Labor Market Intermediation System TA (P168286) Brazil Social Protection Reforms for Restructuring and Recovery During COVID-19 (P174836) Skills and Jobs II (P156683) Brazil Expenditure Review (P158800)</p>

³⁵ Eligibility for the “length of contribution” retirement option depends only on the number of years that social security contributions were paid (30/35 for regular female/male retirees; 25/30 for teachers; reduced requirements for hazardous working conditions and/or disability) and does not include any minimum retirement age conditions.

CPF Core Indicators	CPF Supplementary Indicators ³⁴	Key WBG Activities
		Brazil Poverty Measurement & Monitoring (P160742) Brazil Programmatic Poverty Analysis (P157875) World Without Poverty (P147146) Pension reform implementation at Federal and Subnational level TA (P172230) Brazil Human Capital Review (P174674) Brazil 2040 (P173458)
Objective 1.3: Increase Effectiveness of service delivery in education		
<p>Indicator 5 Drop-out rate in the 6th grade in state and municipal schools in North and Northeast</p> <p>Baseline (2016): 6.1 percent (overall), 5.0 percent (women), 7.0 percent (men) Progress (2019): 3.7 percent (3.1 percent for women, 4.3 percent for men). Target (2022): 3.4 percent (2.9 percent for women, 3.9 percent for men).</p> <p>Indicator 6 Average learning scores (combined scores for math and Portuguese) in Prova Brasil-SAEB in grades 9 for public schools and 12 for state schools in Brazil. Baseline (2015): grade 9 = 5.0 Baseline (2015): grade 12= 4.2 Progress (2019): grade 9 = 5.2 Progress (2019): grade 12 = 4.5</p>	<p>Indicator 6.1 Number of innovative management interventions adopted to promote more effective service delivery in education in states and municipalities supported by the Bank. Baseline (2015): 0 Progress (2018): 8 Target (2022): 17</p> <p>Indicator 6.2</p>	Financial services Recovering Learning Losses from COVID-19 Pandemic in Brazil (P178563) Salvador Social Multi-Sector Service Delivery Project II (P172605) Support to Upper Secondary Reform in Brazil Operation (P163868) Piaui: Pillars of Growth and Social Inclusion Project (P129342) Recife Education and Public Management (P126372) Acre Social and Economic Inclusion and Sustainable Development Project – PROACRE (P107146) Tocantins Integrated Sustainable Regional Development (P121945) SWAp for Paraná Multi-sector Development Project (P126343) Rio Grande do Norte Regional Development and Governance (P126452)

CPF Core Indicators	CPF Supplementary Indicators ³⁴	Key WBG Activities
<p>Target (2022): grade 9 = 5.2 Target (2022): grade 12 = 4.5</p>	<p>IFC: Number of students reached through private education. Baseline (2016): 792,251, o/w 442,337 female students – as per IFC DOTS system Progress: 816,015 (o/w 440,756 female students) Target (2022): 1,3500,000 (o/w female – 740,000)</p>	<p>Strengthening Service Delivery Ceará PforR (P127463) Manaus Service Delivery and Fiscal Management DPL (P153203). Fortaleza sustainable development project (P153012) IFC Anima Northeast (43130) IFC Estacio Participações (37805) IFC Anhanguera – Kroton Educacional (28097) IFC SER Educacional (28755, 33578, 32648) IFC Rede D’Or (33914) IFC Alliar (31524) IFC Canopus Holding (31059)</p> <p>Knowledge services</p> <p>Support for Education Policy Reforms in Brazil (P162334) New Evidence for Education Reforms in Brazil ASA (P168046) Expenditure Review of Education (P158801) Brazil Expenditure Review (P158800) Increasing Efficiency in Education to Improve Learning in Brazil (P171447) Brazil Human Capital Review (P174674) Brazil 2040 (P173458)</p>
Objective 1.4.: Increase Effectiveness of service delivery in health		
Indicator 7	Indicator 7.1	Financial services

CPF Core Indicators	CPF Supplementary Indicators ³⁴	Key WBG Activities
<p>Premature mortality rate in Brazil (30-69 age group) from the main non-communicable chronic diseases (cardiovascular diseases, cancer, diabetes and chronic respiratory diseases). Baseline (2018): 301.4/100,000 population Progress (2019): 301.1/100,000 population Target (2022): 297/100,000 population (10 percent reduction)</p> <p>Indicator 8 IFC: Number of patients reached through private provision of healthcare: Baseline (2016): 4,616,591 Progress (2019): 5,257,945 Target (2022): 4,792,000</p>	<p>Percentage of hospitalization for ambulatory care sensitive conditions (ACSC) in Brazil. Baseline (2018): 17.89 percent Progress (2021): 18.22 Target (2022): 16 percent (10 percent reduction)</p> <p>Indicator 7.2 Number of people enrolled in PHC (capitation component of the new financing). Baseline (2018): 74,7 million Progress (2021): 142.8 million Target (2022): 150 million</p>	<p>Salvador Social Multi-Sector Service Delivery Project II (P172605) Salvador Social Multi-Sector Service Delivery Project (P162033) Parana Public Sector Modernization and Innovation for Service Delivery Operation (P168634) Brazil Covid-19 Response and Recovery Project (P176796) Rio Grande do Norte Regional Development and Governance (P126452) Piaui: Pillars of Growth and Social Inclusion Project (P129342) Acre Social and Economic Inclusion and Sustainable Development Project – PROACRE (P107146) Tocantins Integrated Sustainable Regional Development (P121945) SWAp for Paraná Multi-sector Development Project (P126343) Rio Grande do Norte Regional Development and Governance (P126452) Strengthening Service Delivery Ceará P4R (P127463) MST Bahia Health and Water Management SWAp (P095171) Manaus Service Delivery and Fiscal Management DPL (P153203). Fortaleza sustainable development project (P153012) IFC Anima (37804, 34325, 37083, 43130)</p>

CPF Core Indicators	CPF Supplementary Indicators ³⁴	Key WBG Activities
		<p>IFC Estacio Participações (31080, 28565, 37805, 37292) IFC Ser Educacional (28755, 33578, 32648) IFC Alliar (31524)</p> <p>Knowledge services</p> <p>Brazil: Health Sector Reforms and Sustainability of Public Health Spending (P172406) Aging and Health Study (P157776) Brazil Expenditure Review (P158800) Brazil Human Capital Review (P174674) Brazil 2040 (P173458)</p>
Focus Area 2: Private Sector Investment and Productive Growth		
Objective 2.1: Reduce regulatory barriers and other microeconomic distortions to competition, investment, and trade		
<p>Indicator 9 Average time to release imported goods</p> <p>Baseline (2015): 14.4 days Progress (2020): 7.4 days Target (2022): 6.5 days</p>	<p>Indicator 9.1 Relevance score of WBG advocacy on investment climate/ private sector development (cumulative mentions in online media, including social media). Baseline (2017): 37 Progress (2021): 102,420 Target (2022): 152,800</p> <p>NOTE: indicator updated through API in OpenBrazil</p>	<p>Financial Services (including IFC):</p> <p>Ceará Strengthening Service Delivery P4R (P127463) IFC Alfa Loan IFC Bansicredi</p> <p>MIGA Sao Paulo Sustainable Transport (12191)</p> <p>Knowledge Services:</p>

CPF Core Indicators	CPF Supplementary Indicators ³⁴	Key WBG Activities
		<p>Strengthening the Business Environment (P155768)</p> <p>Subnational Doing Business in Brazil study (P172906)</p> <p>Productivity for Shared Prosperity (P152871), including:</p> <p>Productivity Growth Flagship Report (P162670)</p> <p>Strengthening the Business Environment TA (P155768)</p> <p>Strengthening Infrastructure Regulatory Frameworks (P156356)</p> <p>Brazil Expenditure Review (P158800)</p> <p>Brazil 2040 (P173458)</p>
Objective 2.2: Reduce financial market distortions in order to improve the availability and allocation of credit		
<p>Indicator 10 Proportion of directed corporate credit to total corporate credit: Baseline (2016): 51.6 percent Progress (2021): 37.0 percent Target (2022) <40 percent</p> <p>NOTE: indicator updated through API in OpenBrazil</p> <p>Indicator 11 Number and volume of MSMEs reached by IFC financing. Baseline (2016): 522,979 and \$19,559,166,382 Progress: 437,838 and US\$20,002,710,323 Target (2022): 570,000 and US\$9.1 billion</p>	<p>Indicator 10.1 Share of new housing loans to physical persons that have been originated based on market indices (IPCA, Outros and Prefixado) rather than the Taxa Referencial.</p> <p>Baseline (Sept. 2018): 2.5 percent Progress (Mar 2021): 13.7 percent Target (2022): 18 percent</p>	<p>Knowledge services</p> <p>Housing finance diagnostic and advisory inputs</p> <p>Enhancing the financial infrastructure (Advisory inputs on credit reporting system (Cadastro Positivo, collateral execution and insolvency framework diagnostic, advisory inputs on secured transactions framework)</p> <p>Agriculture fiscal and finance diagnostic and advisory inputs</p> <p>Financial intermediation efficiency</p> <p>Financial Services (including IFC):</p> <p>IFC Lending to MSME's, Banco Cooperativo Sicredi, Banco Santander, Banco Industrial e Comercial, Banco ABC Brasil, Banco Indusval, Bando Daycoval, Banco Alfa</p>

CPF Core Indicators	CPF Supplementary Indicators ³⁴	Key WBG Activities
		Knowledge Services: Financial Sector Credit Allocation (P158245) Brazil Expenditure Review (P158800) Brazil Financial Sector Policy (P166550) Brazil 2040 (P173458)
Objective 2.3: Mobilize greater investment in infrastructure to improve services, including through PPPs		
<p>Indicator 12 Number of km of roads upgraded, including under PPPs, supported by WBG investment. Baseline (2016): 2,365 Progress (2021): 7,383 Target (2022): 7,600</p> <p>Indicator 13 Number of people benefitting from PPPs with IFC investment. Baseline (2016): 0 Progress (2019): 175,000 Target (2022): 8.4 million</p>	<p>Indicator 12.1 Volume of funding leveraged through IBRD investments in the transport sector. Baseline (2016): US\$300 million Progress (2021): US\$600 million Target (2022): US\$600 million</p> <p>Indicator 13.1 Baseline (2016): \$5.4 billion Progress (2019): \$7.4 billion Target (2022): US\$8.9 billion</p>	<p>Financial Services (including IFC):</p> <p>Energy and Mineral Sector Strengthening (P126537) ELETROBRAS Distribution Rehabilitation (P114204) Rio Grande do Sul Swap (P120830) Tocantins Integrated Sustainable Regional Development (P121495) São Paulo Sustainable Project (P127723) São Paulo Sustainable Project (MIGA 12191) Bahia Road Rehabilitation and Maintenance (P147272) Rio Grande do Norte Regional Development and Governance Project (P126452)</p> <p>IFC BH Primary Care (579487) Belo Horizonte Schools (582687) Bahia Health – Imaging and Telemedicine (588887) Brazilian Airports (595567)</p>

CPF Core Indicators	CPF Supplementary Indicators ³⁴	Key WBG Activities
		<p>Bahia Roads (600597) Para Schools (601015) BR 116 (24443) BA 093 (26967) Bahia Health (27857) Brazil Federal Roads (602410) Paraná Roads (604338) São Paulo Roads (601450) Street Lighting – Franco da Rocha, Sapucaia do Sul, Feira de Santana, Campinas, Camaçari, Aracaju, Belém.</p> <p>MIGA Sao Paulo Sustainable Transport (12191)</p> <p>Knowledge Services:</p> <p>Supporting Private Sector Financing of Infrastructure (P157610) Improving Infrastructure Efficiency (P156662) Strengthening Governance in Infrastructure (P156825) IFC work with BNDES on pipeline of bankable projects</p>
Focus Area 3: Inclusive and Sustainable Development		
Objective 3.1: Support the Achievement of Brazil’s NDC with a particular focus on land use		
Indicator 14	Indicator 14.1	Financial Services (including IFC):

CPF Core Indicators	CPF Supplementary Indicators ³⁴	Key WBG Activities
<p>Areas of environmental significance under protection measures in target areas in Amazon and coastal/marine regions. Baseline (2016): 58.6 million ha Progress (2021): 195.66 million ha Target (2022): 63.8 million ha</p> <p>Indicator 15 Number of farm holdings adopting landscape management and/or sustainable agricultural practices as a result of WBG support. NOTE: Under Open Brazil indicator includes satellite imagery Baseline (2016) 356,000 Progress (2021): 348,950 Target (2022): 416,000</p>	<p>Tons of GHG emissions avoided through conservation and enhancement of carbon stocks in forests and other forms of native vegetation. Baseline (2016): 0 Progress: (2021): not measured until MTR 10/2021 Target (2022) 300 million tons of CO2 equivalent</p> <p>Indicator 15.1 Number of institutions provided by Bank projects with capacity building support (endnote 64 in CPF) to improve environmental management at the landscape level and/or to enact policies to reduce deforestation and forest fire in the Amazon and Cerrado biomes, including REDD+ policies (number of states). Baseline (2016): 6 states where land use planning under development (in TO, RS, SP, capacity building support to BA and PI focus on CAR system; capacity building support to SP, PR, RS and TO focus on licensing and environmental management; capacity building support focus on land administration to PI) Progress (2021): 17 states Target (2022): 11 states and MMA (federal) with improved environmental and land planning management systems supported.</p> <p>Indicator 15.2</p>	<p>Acre Social and Economic Inclusion Project (P107196) Piauí Pillars of Growth and Social Inclusion SWAp (P129342) Paraná MST Development Swap (P126343) Rio Grande do Norte Regional Dev. (P126452) GEF Amazon Sustainable Landscapes Program (P159233) GEF Marine Protected Areas Project (P128968) FIP Cerrado Monitoring System (P143185) Pro Cerrado Federal (P150892) FIP ABC Cerrado (P143184) Brazil DGM for Indigenous Peoples and Traditional Communities (P143492) Pernambuco Rural Economic Inclusion (P120139), Bahia Sustainable Rural Development (P147157) Platform Warning of Forest Fires (P149189) Mato Grosso Fiscal and Environmental Sustainability DPL (P164588) – FY19-FY22 Amazonas DPL (P172455)</p> <p>IFC Vale do Paraná (IFC 560782) USJ Acucar e Alcool (IFC 576661) Banco Cooperativo Sicredi (IFC 639345) Minerva (IFC 656868) Vonpar Alimentos (IFC 705847) Klabin (IFC 718944) Bauducco (37708)</p>

CPF Core Indicators	CPF Supplementary Indicators ³⁴	Key WBG Activities
<p>Indicator 16 Number of sectors for which a specific NDC implementation plan was designed and adopted. Baseline (2016): 0 Progress (2019): 1 (agriculture) Target (2022): 2 (indicative sectors: Energy, agriculture, forestry, industry and transport)</p>	<p>Number of properties where legal reserves and permanently protected areas are implemented and/or land restoration practices adopted (reforestation, restoration, natural regeneration or invasive species control): Baseline (2016): 17,500 landholdings registered in SICAR Progress (2021): 267,340 land holdings registered Target (2022): 156,123 land holdings registered</p> <p>Indicator 15.3 IPTC organizations with increased involvement, role and voice in REDD+/climate change decision-making (see endnote 65 in CPF). Baseline (2016): 9 Progress (2021): 27 Target (2022): 24</p> <p>Indicator 15.4 (IFC) Number of farmers benefitting from IFC investments in large farms, agroindustry. Baseline (2016): 30,297 Progress (2019): 43,318 Target (2022): 339,000</p> <p>Indicator 16.1 (IFC) Volume of climate finance provided through financial institutions. Baseline (FY17): US\$87 million Progress (2021): US\$499.96 million Target (2022): US\$119 million</p>	<p>São Martinho (37083) Biosev (IFC 771619) Usina Delta (IFC 775608) Jalles Machado (39264;44203) Cocal Bio (43265) Paraiba Sustainable Rural Development (P147158) Cerradinho Bio (35523) LD Celulose (42202) Amaggi Cotton (43740) São Manoel (40264)</p> <p>Knowledge Services:</p> <p>TA DEFRA Cerrado Climate Change (P145822) Support for Setting Post-2020 Scenarios (PMR) (P153109) Revisiting Power and Gas Reforms in Brazil (161056) Brazil Energy Efficient Cities Program (150942) Market Instruments for Climate Change (P146371) Support to Brazil's NDC Implementation (P157893) Towards Water Security in Brazil IFC Green Buildings Advisory (EDGE) Brazil ASL phase 2 (P171257) FIP Coordination (P152285) PROFOR analytics in support NDC implementation NDC Partnership Facility Forest Investment Program</p>

CPF Core Indicators	CPF Supplementary Indicators ³⁴	Key WBG Activities
		Bio Carbon Fund ISFL Initiative

CPF Core Indicators	CPF Supplementary Indicators	Key WBG Activities
Objective 3.2: Provide more inclusive and sustainable urban services		
<p>Indicator 17 People provided with improved urban living conditions (def. see CPF endnote #66). Baseline (2016): 1,969,552 Progress (2021): 3,345,083 Target (2022): 3,890,174</p>	<p>Indicator 17.1 People with improved access to sanitation (urban): Baseline (2016): 130,700 Progress (2021): 610,621 Target (2022): 694,114</p> <p>Indicator 17.2 People benefiting from more reliable water services Baseline (2019): 290,000 Progress (2021): 585,610 Target (2022): 915,937</p> <p>Indicator 17.3 Number of green buildings certified through IFC EDGE program: Baseline (2016): 0 Progress (2019): 22 Target (2022): 250</p> <p>Indicator 17.4 Pollution load reduction in river basins supported by Bank projects. Baseline (2016): 2,502 tons of BOD/year Progress (2021): 10,691 tons of BOD/year Target (2022): 12,645 tons of BOD/year</p> <p>Indicator 17.5</p>	<p>Financial Services (including IFC): AF Upgrading and Greening Rio Railways Rio de Janeiro Mass Transit II (P106473) São Paulo Metro Line 4 (Phase 2) (P106390) São Paulo Metro Line 5 (P116170) Sergipe Water (P112074) Rio de Janeiro Municipal Strengthening PSM (P127245) Espírito Santo Integrated Sustainable Water Management (P130682) Pernambuco Sustainable Water (P108654) Teresina Enhancing Municipal Governance and Quality of Life Project (P088966) Corsan Water (IFC 43626) River Cleanup (43609) Fortaleza Sustainable Development Project (P153012) Paraíba Improving Water Resources Management and Services Provision (P165683) SABESP – Improving Water Service Access and Security in the Metropolitan Region of São Paulo Salvador Social Multi-Sector Service Delivery Project (P162033)</p> <p>Knowledge Services: Innovation in DRM Decision Making in Brazil (P153019) Online Retail and Urban logistics (P156916)</p>

CPF Core Indicators	CPF Supplementary Indicators	Key WBG Activities
<p>Indicator 18 Number of urban citizens using more efficient and greener urban transport (Sao Paulo and Rio de Janeiro). Baseline (2016): 1,510,000 pax/day Progress (2021): 2,000,000 pax/day Target (2022): 2,000,000 pax/day</p>	<p>IFC: Freshwater saved (M m3) through IFC investments: Baseline (2016): 216.84 Progress (2019): 508.92 Target (2022): 508.92</p> <p>Indicator 17.6 Disaster risk mechanism and response integrated into government plans. Baseline (2016): 0 Progress (2019): 1 Target (2022): 2</p> <p>Indicator 18.1 Number of users/day in improved public transport with less than 4 minimum salaries. Baseline (2016): 680,000 users/day Progress (2021): 1,000,000 users per day Target (2022): 1,000,000 users/day</p>	<p>ASA: Revisiting the Power and Gas Sector Reforms in Brazil (P161056) Towards Water Security in Brazil (P161649) IFC Green Buildings Advisory (EDGE)</p> <p>MIGA Sao Paulo Sustainable Transport (12191)</p>
	<p>Indicator 18.2 Quality of Citizen Engagement in Bank Operations Baseline (Oct, 2021): 0.5 Progress (Mar, 2022): 0.81 Target (Dec, 2022): 0.75</p>	<p>Financial Services: Fortaleza Sustainable Urban Development Project (P153012) Paraíba Sustainable Rural Development (P147158) SABESP – Improving Water Service Access and Security in the Metropolitan Region of São Paulo Project (P165695)</p>

CPF Core Indicators	CPF Supplementary Indicators	Key WBG Activities
		Paraíba Improving Water Resources Management and Services Provision (P165683) Ceará Rural Sustainable Development and Competitiveness Phase II (P167455) Ceara Water Security and Governance (P165055)
Objective 3.3: Promote socio economic development of small rural producers and protect vulnerable groups		
Indicator 19 Number of farmers reached with agricultural assets or services. Baseline (2016): 280,000 (of which women 105,000) Progress (2021): 661,295 (of which women 100,566) Target (2022): 750,000 (of which women 450,000)	Indicator 19.1 Number of farmers adopting improved and sustainable agriculture practices and technologies as a result of Bank supported projects (also related to indicator 14). Baseline (2016): 54,000 Progress (2021): 128,954 Target (2022): 179,000 Indicator 19.2 Number of rural producers reached with assets or improved technical services. Baseline (2016): 107,000 Progress (2021): 305,565 Target (2022): 353,000 Indicator 19.3 Rural roads constructed or rehabilitated (km). Baseline (2016): 719 Progress (2021): 11,699 Target (2022): 12,000 Indicator 19.4	Financial Services (including IFC): MST Rio Grande do Norte Regional Development (P126452) Piauí Pillars of Growth and Social Inclusion Swap (P129342) Acre Social and Economic Inclusion Project (P107196) AF MST Proacre (P107146) Paraná MST Sustainable Development SWAp (P126343) Ceará Rural Sustainability and Competitiveness (P121167) Pernambuco Rural Economic Inclusion (P120139) Bahia Sustainable Rural Development (P147157) Brazil Dedicated Grant Mechanism for Indigenous Peoples and Traditional Communities (P143492) Rural Environmental Cadaster and Forest Fire Prevention in Bahia State (P143376) Rural Environmental Cadaster and Forest Fire Prevention in Piauí State (P143362) Paraíba Sustainable Rural Development (P147158)

CPF Core Indicators	CPF Supplementary Indicators	Key WBG Activities
<p>Indicator 20 Number of beneficiaries from traditional communities with improved livelihoods (def. see CPF endnote #67). Baseline (2016): 172 Progress (2021): 64,511 Target (2022): 54,190</p>	<p>Rural dwellers provided with improved access to water (number). Baseline (2016): 24,500 Progress (2021): 242,997 Target (2022): 292,890</p> <p>Indicator 19.5 Rural dwellers provided with improved access to sanitation (number). Baseline (2016): 32,000 Progress (2021): 51,595 Target (2022): 59,125</p>	<p>Ceara Rural Sustainable Development and Competitiveness (P167455)</p> <p>Knowledge Services: Brazil Poverty Measurement & Monitoring (P160742) Brazil Programmatic Poverty Analysis (P157875) BR Gender & Knowledge Dissemination (P160743) BR Transport and Gender Mainstreaming UFGE – Expanding Women’s Agency through Productive Inclusion in Rural Areas of Northeast Brazil UFGE – Strengthening Subnational Government Capacity to Promote Economic Empowerment and Prevent Violence Against Women ASA: Towards Water Security in Brazil (P161649) BR Gender & Knowledge Dissemination (P160743) BR Transport and Gender Mainstreaming UFGE – Expanding Women’s Agency through Productive Inclusion in Rural Areas of Northeast Brazil UFGE – Strengthening Subnational Government Capacity to Promote Economic Empowerment and Prevent Violence Against Women Piloting an Agricultural Drought Monitoring and Prediction system in Brazil (P166896)</p>

Annex 2: Matrix of Changes to Original CPF Results Matrix

Original Objectives and Indicators	Revised indicators	Rationale for change
Focus Area 1: Fiscal Consolidation and Government Effectiveness for Sustainable, Inclusive and Efficient Service Delivery		
Objective 1.1: Strengthening Fiscal management at all levels of government		
<p>Indicator 2 Quality of fiscal adjustment: Reduction of ratio of firm subsidies (subsidized credits, tax exemptions, and direct spending) to social transfers (social assistance and labor markets programs) as percentage of GDP (as defined in Brazil Expenditure Review). Baseline (2015): (4.5 percent / 2.6 percent) = 1.73 Target (2022): = 1.5</p>	<p>None.</p>	<p>The PLR rationalizes indicators to two key indicators per objective. Due to relatively weak attribution to WBG engagement, this indicator is rationalized.</p>
<p>Indicator 2.1 (Pilot) Relative distance of “relevance score” of Bank work on fiscal policy and improving quality of public spending from the frontier (as defined by score of DB report: see endnote 62): Baseline (2016): 1 Target (2022): TBD</p>	<p>Indicator 1.1 (Pilot) Relevance score of WBG advocacy on fiscal policy (cumulative mentions in online media, including social media). Baseline (2017): 37 Target (2022): 80,520</p>	<p>Under Open Brazil, this indicator was redesigned to improve automatized monitoring, based on social media and other online information.</p>
<p>Indicator 3 Fiscal stabilization at subnational level: Number of states (supported by the Bank) that met their primary surplus targets in 2022: Baseline (2016): 0 Target (2022): 2</p>	<p>Indicator 2 Number of states reaching CAPAG rating B rating with Bank support Baseline (2016): 0 Progress (2021): 1</p>	<p>This indicator was updated to better capture the objective of WBG engagement, which is a stronger fiscal position at the state level as captured in a CAPAG score of B or higher. This new indicator also allows for rationalizing previous indicator 3.1.</p>

Original Objectives and Indicators	Revised indicators	Rationale for change
	Target (2022): 2	
<p>Indicator 3.1 Amount of debt restructuring at subnational level, with Bank support Baseline (2016): 0 Target (2022): US\$800m</p>	None.	This supplementary indicator was rationalized and combined into new indicator 2.
<p>Indicator 3.2 Number of states and municipalities which adopt Integrated Procurement Systems (with assistance by the Bank projects in AC, CE, PI, PR, RN, RS, and Manaus and Teresina municipalities): Baseline (2016): 0 Target (2022): 8</p>	<p>Indicator 3.2: (Same indicator but new name) Budget composition: civil service remuneration / contracted spending (value of the total amount of signed contracts in a given year)</p> <p>Baseline (2019): 2.87 Progress (2021): 3.39 Target (2022): 2.94</p>	Revised to better capture outcomes under the procurement engagement in Brazil.
Objective 1.2: Increase Fiscal Sustainability and fairness of pension system, and effectiveness of social protection system		
<p>Indicator 4 Projected RGPS pension system deficit in 2050 (percent GDP): Baseline (2016): 16 percent Target (2022): 12 percent</p>	<p>New Indicator 4 “Number of states that adopted complementary pension law” Value in 2016: 8 Value in 2019: 14 Value in 2021: 20 Target value in 2022: 27</p>	The original indicator could not be tracked. Limiting the indicator only to RGPS system and observing it in current year rather than 2050 would be possible. However, setting its target for 2022 would be difficult, as pension scheme deficit is very volatile, depends on many factors outside of government’s control, and is slow to react to changes in pension system parameters which tend to be introduced

Original Objectives and Indicators	Revised indicators	Rationale for change
		<p>with long lags. The original intent on monitoring pension policy progress can be better accomplished utilizing the new indicator 4.</p> <p>Significant part of World Bank’s work in the area of pensions in Brazil centers on improving management and financial standing of pension schemes at sub-national level. While the improvements in financial situation of the states is hard to track, the proposed indicator is an easily trackable proxy for the overall administrative and financial strength of state pension regimes. It can be found in the periodical “Boletim de Finanças dos Entes Subnacionais” issued annually by the Treasury Secretariat.</p>
<p>Indicator 4.1 Statutory retirement age for labor market entrants after 2019: Baseline (2016): 65/60 for men and women in urban areas; 60/55 for men and women in rural areas; Progress (2019): 65/60 for men and women in urban areas; 60/55 for men and women in rural areas; Target (2022): 65/62 for men and women</p>	<p>New Indicator 4.1 Proportion of new RGPS pensioners retiring under “Length of contribution” regime Baseline (2019): 35% Progress (2021): 23% Target (2022): 25%</p>	<p>The original indicator value implies that the indicator is reported for “Idade” retirement program which is one of the two available retirement options in the RGPS pension scheme. It is also clear from the original indicator value that “statutory” rather than effective retirement age is reported. In the absence of legal changes, statutory retirement age does not change, as is not a very valuable indicator to track. In 2019, statutory retirement ages for men and women in the urban and rural “Idade” program remained at 60/65 and 55/60, as in 2016, although legal changes are expected by the end of 2019, gradually raising retirement ages in urban “Idade” retirement option to 62/65 by 2023.</p> <p>The main focus of pension reform in the 2016-2022 period is on the increase of retirement age in urban areas. This indicator allows to track the effect of the pension reform and is easily trackable, even though</p>

Original Objectives and Indicators	Revised indicators	Rationale for change
		<p>with a lag, through the “infologo” website provided by the Pensions Secretariat.</p> <p>Retirement behavior has changed dramatically due to COVID-19. This makes previously tracked indicators, related to average effective retirement ages, unreliable for the period of the following few years. In addition, the online reporting format for the time series previously used to calculate these indicators has changed, and the indicators can no longer be calculated based on the same public information.</p> <p>The newly proposed indicator follows the spirit of previously tracked indicators of effective retirement ages. As “Length of contribution” regime, with much younger retirement ages, is being gradually phased out in the following 20 years, the Proportion of new RGPS pensioners retiring under “Length of contribution” regime should decline.</p>
<p>Indicator 5 Share of per capita pension subsidy going to the richest two quintiles: Baseline (2016): 47 percent Target (2022): <40 percent</p>	<p>Dropped.</p>	<p>“Share of per capita pension subsidy going to the richest two quintiles”.</p> <p>The implicit subsidy in RGPS regime is not directly reported and requires assumptions to be estimated. The team is not aware of the source and calculation methodology behind the original reported value of this indicator and cannot track its progress. Currently, implicit regressive subsidies in RGPS scheme to high income population primarily come in the form of earlier retirement which is available through “Tempo de contribuição” retirement option,</p>

Original Objectives and Indicators	Revised indicators	Rationale for change
		<p>while poorer population, which tends to have shorter contribution periods, is only eligible to retire through “Idade” retirement option, resulting in significantly shorter benefit payment periods. Average income of “tempo de contribuição” retirees in 2017 was 90 percent higher than average income of “Idade” retirees, and their average retirement age stood at 54.2 compared to 64.5 average retirement age for “Idade” retirees. The 2019 pension reform should gradually equalize the retirement ages in the two programs.</p> <p>Therefore, the proposed change in the indicator keeps the spirit of measuring reduction in inequality within the RGPS, but introduces an easily trackable indicator to do so.</p>
<p>Indicator 6 Percentage of long-term unemployed (for over 5 months) in the first quintile covered by BF: Baseline (2015): 43.5 Target (2022): 50</p>	<p>Indicator 6 Number of social programs that coordinate their beneficiary registry with Cadastro Unico. Baseline (2016): 11 Progress (2021): 19 Target (2022): 25</p> <p>AND</p> <p>Indicator 6.1 The number of children that received home visits as part of the program Criança Feliz Baseline (2016): 0 Progress (2021): 1,064,995 Target (2022): 2,000,000</p>	<p>This indicator was dropped as this indicator does not represent objectives and achievements of BF program well. It is replaced with two indicators that better measure progress in Brazil’s social protection system, with better attribution to WBG support. The WBG current has a TA to support Criança Feliz and also directly provided financial assistance to the Brazilian government to expand the BF program in the context of the COVID-19 pandemic.</p>

Original Objectives and Indicators	Revised indicators	Rationale for change
	<p>AND</p> <p>Indicator 6.2 New families who are maintained above extreme poverty with conditional cash transfer program supported by the Bank</p> <p>Baseline (2020): 0 Progress (2021): 1,200,000 Target (2022): 1,200,000</p>	
Objective 1.3: Increase Effectiveness of service delivery in education		
<p>Indicator 7</p> <p>Drop-out rate (abandono escolar) in the first year of public secondary schools:</p> <p>Baseline (2016): 9.7 percent (overall), 8.5 percent (women), 10.8 percent (men) Progress (2019): 6.8 percent (5.9 percent for women, 7.8 percent for men) Target (2022): 6.8 percent (5.9 percent for women, 7.8 percent for men)</p>	<p>New Indicator 7</p> <p>Drop-out rate in the 6th grade in state and municipal schools in North and Northeast</p> <p>Baseline (2016): 6.1 percent (overall), 5.0 percent (women), 7.0 percent (men) Progress (2019): 3.7 percent (3.1 percent for women, 4.3 percent for men). Target (2022): 3.4 percent (2.9 percent for women, 3.9 percent for men).</p>	<p>Indicator 7 was dropped and replaced with a regionally disaggregated indicator to show how operations impact the poorest regions in the country and to demonstrate the relatively higher impact that they have on the most disadvantaged groups across gender and geographic lines.</p>

Original Objectives and Indicators	Revised indicators	Rationale for change
<p>Indicator 8 Increase in average learning scores (combined scores for math and Portuguese) in Prova Brasil-SAEB in grades 9 for public schools and 12 for state schools in selected states supported by the Bank.</p>	<p>New Indicator 8 Average learning scores (combined scores for math and Portuguese) in Prova Brasil-SAEB in grades 9 for public schools and 12 for state schools (Brazil): Baseline (2015): grade 9 = 5.0 Baseline (2015): grade 12= 4.2 Progress (2019): grade 9 = 5.2 Progress (2019): grade 12 = 4.5 Target (2022): grade 9 = 5.2 Target (2022): grade 12 = 4.5</p>	<p>Indicator now tracks all states and not only selected states because the Bank started an operation to support the Ministry of Education in implementing the new curricula for high school students across all state schools in the country.</p>
<p>Indicator 8.2 Number of impact evaluations in education in states and municipalities supported by the Bank: Baseline (2015): 0 Target (2022): At least 7</p>	<p>Dropped.</p>	<p>The updated results framework seeks to focus more on outcomes rather than just inputs or outputs, hence this indicator is dropped. However, Open Brazil brings out a focus on impact evaluations, tagging projects that are being evaluated and summarizing insights from existing impact evaluations.</p>
<p>Indicator 9 IFC: Number of students reached through private provision of education: Baseline (2016): 838,000 (o/w female – 462,000) Target (2022): 1,3500,000 (o/w female – 740,000)</p>	<p>Revised indicator: Number of students reached through private education. Revised Baseline (2016): 792,251 (o/w female – 442,337)</p>	<p>Value reported in 2018 is below original target and is inconsistent with baseline value. Clients in DOTS 2018 decreased almost 50 percent so this might be one of the reasons for changes in values reported. DOTS reports 5 projects for this indicator.</p>
<p>Objective 1.4.: Increase Effectiveness of service delivery in health</p>		
<p>Indicator 10 Premature mortality rate (30-70 age group) from the main Non-Transmissible Chronic Diseases</p>	<p>New Indicator 10</p>	<p>The indicator is revised to be monitored at the national level, as most state-level operations will be</p>

Original Objectives and Indicators	Revised indicators	Rationale for change
<p>(cardiovascular diseases, cancer, diabetes and chronic respiratory diseases) in selected states (AC, BA, PR, PE, PI and RN):</p> <p>Baseline (2018): 301.4//100,000 population</p> <p>Target (2022): 262/100,000 population (10 percent reduction)</p>	<p>Premature mortality rate in Brazil (30-69 age group) from the main non-transmissible chronic diseases (cardiovascular diseases, cancer, diabetes and chronic respiratory diseases)</p> <p>Baseline (2018): 301.4/100,000 population</p> <p>Progress (2019): 301.1/100,000 population</p> <p>Target (2022): 297/100,000 population (10 percent reduction)</p> <p>(source: Mortality Information System (SIM, MOH))</p>	<p>closed in 2020, besides having baseline and targets updated.</p>
<p>Indicator 9.1</p> <p>Percentage of hospitalization for ambulatory care sensitive conditions (ACSC) in selected states (AC, BA, PR, PE, PI and RN).</p> <p>Note: Percentage of hospital admissions avoidable by adequate primary health care.</p> <p>Baseline (2015): 33.6 percent</p> <p>Target (2022): 23.6 percent (10 percent reduction)</p>	<p>New indicator 9.1</p> <p>Percentage of hospitalization for ambulatory care sensitive conditions (ACSC) in Brazil</p> <p>Baseline (2018): 17.89 percent</p> <p>Progress (2021): 18.22 percent</p> <p>Target (2022): 16 percent</p>	<p>The indicator is revised to be monitored at the national level, as most state-level operations will be closed in 2020, besides having baseline and targets updated.</p>
<p>New Indicator 10</p>	<p>New indicator 10:</p> <p>Number of people enrolled (capitation) in PHC</p> <p>Baseline (2018): 74,7 million</p> <p>Progress (2021): 142.8 million</p> <p>Target (2022): 150 million</p>	<p>Given the World Bank’s current engagement and dialogue on health efficiency analysis, including reforms of the financing scheme of primary health care, the team proposes to slightly revise the objective to read “Increase effectiveness and efficiency of service delivery in health”, and update</p>

Original Objectives and Indicators	Revised indicators	Rationale for change
		the RF as follows: (i) a new indicator would be included, and (ii) indicators 10 and 9 would be kept, with minor adjustments, as they remain relevant and are good proxies of health sector efficiency and effectiveness.
<p>Indicator 11 IFC: Number of patients reached through private provision of healthcare: Baseline (2016): 3,489,000 Progress (2019): 5,257,945 Target (2022): 4,792,000</p>	<p>Indicator 11 Same indicator with revised Baseline (2016): Revised Baseline: 4,616,591</p>	<p>Value reported in 2018 is below original target and is inconsistent with baseline value. Values in DOTS are not consistent with CPF baseline value. DOTS reports 2 projects for 2016 and 1 for 2018. CPF includes 7.</p>
<p>Indicator 13: Number and volume of MSMEs reached by IFC financing: Baseline (2016): 477,000 and US\$8.6 billion Target (2022): 570,000 and US\$9.1 billion</p>	<p>Indicator 13 Same indicator with revised Baseline (2016): 522,979 and US\$19.6 billion</p>	<p>The revised baseline now includes new IFC client (Santander – which started to report in 2017), so the baseline had to be adjusted to reflect new client’s MSME financing portfolio.</p>
Focus Area 2: Private Sector Investment and Productive Growth		
Objective 2.1: Reduce regulatory barriers and other microeconomic distortions to competition, investment, and trade		
<p>Indicator 12 Doing Business composite measure of barriers to competition and distortions: Distance from Frontier (Frontier = 100) Baseline (2016): 55.6 Progress (2018): 60.01 Target (2022): 62.0</p>	<p>Average time to release imported goods Baseline (2015): 14.4 days Progress (2020): 7.4 days Target (2022): 6.5 days</p>	<p>The indicator on “ease of doing business” has been dropped because the report has been discontinued. The indicator is now replaced with data from Anvisa, which measures time to release imported goods. The work on trade facilitation has been a key area of work with the Brazilian authorities in support of growth and private sector development and attributable contributions of the WB team. Alternatives to the DB indicators were explored, such as the OECD PMR indicators or WEF indicators, but the relevant measures relied on DB indicators or</p>

Original Objectives and Indicators	Revised indicators	Rationale for change
		had important changes in methodology that would have made comparisons difficult during the PLR period.
<p>Indicator 12.1 (Pilot) Relative distance of “relevance score” of Bank work on developing a transparent and competitive business environment from the frontier (as defined by the score of DB report; see endnote 62): Baseline (2016): 1 Target (2022): TBD</p>	<p>Indicator 12.1 Relevance score of WBG advocacy on investment climate/ private sector development (cumulative mentions in online media, including social media). Baseline (2017): 37 Progress (2021): 102,420 Target (2022): 152,800</p>	
Objective 2.2: Reduce financial market distortions in order to improve the availability and allocation of credit		
<p>Indicator 13 Pricing differential between free (non-earmarked credit (series 20718) and the TJLP $(1+r(\text{free}))/ (1+\text{TJLP}) - 1$): Baseline (2016): 21.2 percent Target (2022): 15 percent</p>	<p>New Indicator 10.1 Increase of origination of non-TR (Taxa Referencial) priced housing loans to total housing loans: Baseline (Sept. 2018)³: 2.5 percent Progress (Mar 2021): 13.7 percent Target (2022): 18 percent</p>	<p>In January 2018, the Government adopted a major reform to earmarked credit, the introduction of a market based long term interest rate (TLP) as a new interest rate for BNDES. The TJLP is outdated now, although there is still some credit that is issued using TJLP. Hence the original indicator 13 is dropped. It is replaced by a new indicator (consecutively renumbered as 10.1) to better capture WBG engagements on the financial sector, partly in light of other engagements that did not develop as foreseen (e.g., on Standardized Infrastructure Bonds, see old indicators 15 and 15.1).</p>
<p>Indicator 14 Number and volume of MSMEs reached by IFC financing:</p>		<p>Baseline and target values adjusted based on the IFC DOTS system information.</p>

Original Objectives and Indicators	Revised indicators	Rationale for change
Baseline (2016): 522,979 and \$19,559,166,382 Progress: 437,838 and US\$20,002,710,323 Target (2022): 570,000 and US\$9.1 billion		
Objective 2.3: Mobilize greater investment in infrastructure to improve services, including through PPPs		
Indicator 15 Volume of funding raised through the SDIBs infrastructure bonds: Baseline (2016): 0 Target (2022): US\$2 billion AND Indicator 15.1 Number of pilot projects for Standardized Infrastructure Bonds (SDIBs), in coordination with the federal government by 2022: Baseline (2016): 0 Target (2022): 2	Dropped.	Indicators were dropped as the IBRD operation on SDIBs did not go forward.
Indicator 17.1 Volume of IFC mobilization 2018-2022: Baseline (2016): \$5.4 billion Progress (2019): \$7.4 billion Target (2022): US\$8.9 billion	Revised Baseline: it considers value of 5 year mobilization (e.g. 2016 IFC mobilization were to continue in the 5 subsequent years)	IFC has updated its business plan and expects an investment program to be between US\$1.5 and US\$2.4 billion per year including mobilization for FY22 and FY23. Total mobilization considers syndicated loans and private investment mobilized through PPPs structured by IFC. As result of a greater focus in the green recovery, IFC will develop transactions that leverage financial institutions and financial instruments such as green and sustainable linked financing across all sectors from energy, transportation to sanitation and waste management

Original Objectives and Indicators	Revised indicators	Rationale for change
Focus Area 3: Inclusive and Sustainable Development		
Objective 3.1: Support the Achievement of Brazil's NDC with a particular focus on land use		
<p>Indicator 19.2 Number of properties where legal reserves and permanently protected areas are implemented and/or land restoration practices adopted (reforestation, restoration, natural regeneration or invasive species control): Baseline (2016): 17,500 landholdings registered in SICAR Target (2022): 77,000 landholdings registered in SICAR</p>	<p>Target is revised at 156,123 landholdings registered</p>	<p>Target already surpassed.</p>
<p>Indicator 19.4 (IFC) Number of farmers benefitting from IFC investments in large farms, agroindustry: Baseline (2016): 30,297 Progress (2019): 43,318 Target (2022): 339,000</p>	<p>Revised Baseline: 30,297 Revised Target: 66,000</p>	<p>Revised baseline and target to reflect dropped agri-finance project previously reporting towards this indicator.</p>
<p>Indicator 20.1 (IFC) Volume of climate finance provided through financial institutions: Baseline (FY17): US\$47 million Target (2022): US\$119 million</p>	<p>Revised Baseline: US\$87 million</p>	<p>Value reported by the IFC Climate Business Department. This indicator might also have some investments under general regional umbrella.</p>
Objective 3.2: Provide more inclusive and sustainable urban services		
<p>Indicator 21 People provided with improved urban living conditions (def. see CPF endnote #66).</p>		<p>Since this is a compounded indicator, baseline and target values were revised to consider all projects that contribute to the achievement of this indicator</p>

Original Objectives and Indicators	Revised indicators	Rationale for change
<p>Baseline (2016): 1,969,552 Progress (2021): 3,317,159 Target (2022): 3,653,484</p>		
	<p>Indicator 21.2 People benefiting from more reliable water services Baseline (2019): 290,000 Progress (2021): 585,610 Target (2022): 915,937</p>	<p>This indicator was added to align the focus between urban and rural areas (there is an equivalent indicator in rural areas).</p>
<p>Indicator 21.3 Number of green buildings certified through IFC EDGE program: Baseline (2016): 0 Target (2022): 250</p>		<p>The information for this indicator should have as source IFC Green Buildings Advisory (EDGE). For being a regional program, actual value is the value for the total program. Team should validate with Strategist in order to get the information for Brazil.</p>
<p>Indicator 21.5 IFC: Freshwater saved (M m3) through IFC investments: Baseline (2016): 216.84 Progress (2019): 508.92 Target (2022): 508.92</p>	<p>Revised Baseline: 216.84</p>	<p>Revised baseline as reported by IFC DOTS system</p>
<p>Indicator 22.1 Number of users/day in improved public transport with less than 4 minimum salaries: Baseline (2016): 68,000 users/day Target (2022): 400,000 users/day</p>	<p>Number of users/day in improved public transport with less than 4 minimum salaries: Baseline (2016): 680,000 users/day Progress (2019): 1,000,000 users/day Target (2022): 1,200,000 users/day</p>	<p>The baseline and target value need to be corrected: (i) the baseline was clearly wrong, by a factor ten ("0" mission). The baseline value should read 680,000 users per day. (ii) the target value has been accordingly readjusted to 1,200,000 users per day. These results show the capacity of metrorail systems in São Paulo and Rio de Janeiro to attract a significant fraction of metropolitan poorer</p>

Original Objectives and Indicators	Revised indicators	Rationale for change
		populations to rail transport systems, in an affordable manner.
	<p>Indicator 22.2 Quality of Citizen Engagement in Bank Operations Baseline (Oct. 2021): 0.5 Progress (Mar. 2022): 0.81 Target (Dec. 2022): 0.75</p>	<p>This proposed CE indicator for the BR PLR/CPF will build and expand on the WB CE Corporate monitoring, adding the quality of the engagement and comprising all Investment Project Financing (IPF) of the portfolio approved by IBRD from 2015 under objective 2 of Focus Area 3. The indicator will help to track trends across the different quality characteristics and identify risk areas which can be targeted for support and capacity building activities.</p>
Objective 3.3: Promote socio economic development of small rural producers and protect vulnerable groups		
<p>Indicator 23.3 Rural roads constructed or rehabilitated (km): Baseline (2016): 719 Target (2022): 2190</p>	<p>Target revised. Rural roads constructed or rehabilitated (km): Baseline (2016): 719 Target (2022): 9317</p>	<p>The indicator has significantly exceeded the expected target by 325 percent. Those achievements are related to road rehabilitation or construction under WB agriculture projects. Information was retrieved from ISRs and ICRs.</p>
<p>Indicator 24 Number of traditional communities with improved livelihoods (def. see CPF endnote #67). Baseline (2016): 172 Target (2022): 306</p>	<p>Number of beneficiaries from traditional communities with improved livelihoods (def. see CPF endnote #67). Baseline (2016): 172 Progress (2021): 64,511 Target (2022): 54,190</p>	<p>The indicator was initially designed to capture number of “traditional communities” with improved livelihoods, but was then revised to measure number of beneficiaries from these communities. There are 7 projects contributing to this indicator. The main ones are Proacre (around 30 thousand beneficiaries), DGM for Indigenous people (around 9k) and Bahia Sustainable Development (around 22k). This information was retrieved from ISRs and ICRs.</p>

Annex 3: Matrix summarizing Progress towards CPF Results

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
Focus Area 1: Fiscal Consolidation and Government Effectiveness for Sustainable, Inclusive and Efficient Service Delivery			
Objective 1.1: Strengthening Fiscal management at all levels of government			
<p>Indicator 1 Fiscal stabilization at Federal level: Federal government primary expenditures in real terms (index, 2016 = 100). Baseline (2016) = 100 Progress (December 2020): 102.3 Target (2022) = <110</p> <p>Indicator 2 Quality of fiscal adjustment: Reduction of ratio of firm subsidies (subsidized credits, tax exemptions, and direct spending) to social transfers (social assistance and labor markets programs) as percentage of GDP (as defined in Brazil Expenditure Review).</p>		<p>Indicator 1 Progress: There has been moderate progress. Fiscal rules have been strengthened through the federal expenditure cap and stronger control of subnational borrowing and compliance with the fiscal responsibility law. The indicator exceeded 100 for much of the past 2 years, due to the initial design of the expenditure cap (“teto de gastos”) legislation and 2018 election expenditures (which fall outside the cap). However, overall, the trend is in line with the target. On track</p> <p>Indicator 2: N/A (dropped, see Annex 2).</p>	<p>Financial Services</p> <p>Mato Grosso Fiscal and Environmental Sustainability DPL (P164588) – FY19-FY22 Amazonas DPL (P172455) Progestão Alagoas: Public Sector Management Efficiency (P177070) Progestão Mato Grosso: Public Sector Management Efficiency (P178339)</p> <p>Knowledge Services</p> <p>Brazil Expenditure Review - (P154992) FY18 Intergovernmental Fiscal ASA – (P165693) FY18 Wage Bill & Public Workforce Reform (P166281) FY19 Fiscal Sustainability in Santa Catarina -(P169572) FY19</p>

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
<p>Baseline (2015): (4.5 percent / 2.6 percent) = 1.73 Progress: N/A Target (2022): = 1.5</p> <p>Indicator 3 Fiscal stabilization at subnational level: Number of states (supported by the Bank) that met their primary surplus targets in 2022: Baseline (2016): 0 Progress (2019): 1 Target (2022): 2</p>	<p>Indicator 2.1 (Pilot) Relative distance of “relevance score” of Bank work on fiscal policy and improving quality of public spending from the frontier (as defined by score of DB report: see endnote 62): Baseline (2016): 1 Target (2022): TBD</p> <p>Indicator 3.1 Amount of debt restructuring at subnational level, with Bank support</p>	<p>Indicator 2.1: Indicator has been revised (see Annex 2). On track.</p> <p>Indicator 3 Progress: The Bank is engaging with multiple states, including policy lending to Mato Grosso in FY19 and Amazonas in FY20 and more states and municipalities (including Goiás and Rio Municipality) expected in FY22. In addition, the Bank is planning to support several states through the Progestão program. On track (but revised, see Annex 2)</p> <p>Indicator 3.1</p>	

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
	<p>Baseline (2016): 0 Progress (September 2019): US\$248.9m Target (2022): US\$800m</p> <p>Indicator 3.2 Number of states and municipalities which adopt Integrated Procurement Systems (with assistance by the Bank projects in AC, CE, PI, PR, RN, RS, and Manaus and Teresina municipalities): Baseline (2016): 0 Progress (2019): 4 Target (2022): 8</p>	<p>Progress: The Mato Grosso DPF, which closed in December 2021, resulted in US\$248.9m in debt refinancing by the state. Partly on track (but revised, see Annex 2)</p> <p>Indicator 3.2 Progress: The Bank successfully supported 5 subnational governments (3 states and 2 municipalities) with the implementation of integrated procurement systems. As of 2019, 2 states have implemented the integrated systems, but it is expected that by 2022 another state, Piauí, will have a system. On track (but revised, see Annex 2)</p>	
Objective 1.2: Increase Fiscal Sustainability and fairness of pension system, and effectiveness of social protection system			
<p>Indicator 4 Projected RGPS pension system deficit in 2050 (percent GDP): Baseline (2016): 9 percent Progress (2018/19): NA Target (2022): 5 percent</p>	<p>Indicator 4.1</p>	<p>Indicator 4: On track (but revised, see Annex 2)</p> <p>Indicator 4.1: N/A (dropped, see Annex 2)</p>	<p>Financial services Salvador Social Multi-Sector Service Delivery Project II Bolsa Família Second APL (P101504) Strengthening Service Delivery Ceará P4R (P127463) Salvador Social Multi-Sector Service Delivery Project (P162033)</p>

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
<p>Indicator 5 Share of per capita pension subsidy going to the richest two quintiles: Baseline (2016): 47 percent Progress (2018): Na Target (2022): <40 percent</p> <p>Indicator 6 (Percentage of long-term unemployed (for over 5 months) in the first quintile covered by BF. Baseline (2015): 43.5 Target (2022): 50</p>	<p>Statutory retirement age for labor market entrants after 2019: Baseline (2016): 65/60 for men and women in urban areas; 60/55 for men and women in rural areas; Progress (2019): 65/60 for men and women in urban areas; 60/55 for men and women in rural areas; Target (2022): 65/62 for men and women</p>	<p>Indicator 5: N/A (dropped, see Annex 2)</p> <p>Indicator 6: Indicator revised, see Annex 2</p>	<p>Mato Grosso Fiscal Adjustment and Environmental Sustainability DPL (P164588)</p> <p>Knowledge services</p> <p>Pensions TA Brazil (P157609) Brazil Tax and Social Benefits Reform Models (P168285) Brazil Labor Market Intermediation System TA (P168286)</p> <p>Skills and Jobs II (P156683)</p> <p>Brazil Expenditure Review (P158800)</p> <p>Brazil Poverty Measurement & Monitoring (P160742)</p> <p>Brazil Programmatic Poverty Analysis (P157875)</p> <p>World Without Poverty (P147146)</p> <p>Pension reform implementation at Federal and Subnational level TA (P172230)</p>

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
Objective 1.3: Increase Effectiveness of service delivery in education			
<p>Indicator 7 Reduction in drop-out rate in the first year of public secondary schools: Baseline (2016): 9.7 percent Progress (2019): 6.8 percent Target (2022): 6.8 percent</p> <p>Indicator 8 Increase in average learning scores (combined scores for math and Portuguese) in Prova Brasil-SAEB in grades 9 for public schools and 12 for state school in selected states (RN, RS, Piauí, Paraná,</p>		<p>Indicator 7 Progress: On track (but revised, see Annex 2). On track</p> <p>Indicator 8 Progress: results are encouraging, since average learning scores (combined scores for math and Portuguese) in SAEB in grades 9 for public schools and 12 for state school in selected states (RN, RS, Piauí, Paraná, Tocantins, Acre and Ceará) supported by the Bank have increase from 2015 to 2017: for grade 9 from 5 to 5.3 and grade 12, from 4.2 to 4.3, in both cases an increase of around 6 percent, which makes very close already to final targets in 2023 (grade 9: 5.4 and grade 12: 4.5). On track (see Annex 2 for revision)</p> <p>Indicator 8.1</p>	<p>Financial services</p> <p>Recovering Learning Losses from COVID-19 Pandemic in Brazil (P178563)</p> <p>Salvador Social Multi-Sector Service Delivery Project II (P172605)</p> <p>Support to Upper Secondary Reform in Brazil Operation (P163868)</p> <p>Piauí: Pillars of Growth and Social Inclusion Project (P129342)</p> <p>Recife Education and Public Management (P126372)</p> <p>Acre Social and Economic Inclusion and Sustainable Development Project – PROACRE (107146)</p> <p>Tocantins Integrated Sustainable Regional Development (121945)</p> <p>SWAp for Paraná Multi-sector Development Project (126343)</p> <p>Rio Grande do Norte Regional Development and Governance (P126452)</p> <p>Strengthening Service Delivery Ceará PforR (P127463)</p>

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
<p>Tocantins, Acre and Ceara) supported by the Bank: Baseline (2015): grade 9 = 5.0 Baseline (2015): grade 12= 4.2 Progress (2019): grade 9 = 5.2 Progress (2019): grade 12 = 4.5 Target (2022): grade 9 = 5.2 Target (2022): grade 12 = 4.5</p>	<p>Indicator 8.1 Number of innovative management interventions adopted to promote more effective service delivery in education in states and municipalities (RN, RS, Piaui, Paraná, Tocantins, Acre, Ceara, Salvador municipality and Recife municipality) supported by the Bank: Baseline (2015): 0 Progress (2018): 8 Target (2022): 17</p> <p>Indicator 8.2 Number of impact evaluations in education in states and municipalities supported by the Bank: Baseline (2015): 0 Progress (2019): 4 Target (2022): At least 7</p>	<p>Progress: The Number of innovative interventions adopted to promote more effective service delivery in education in states and municipalities supported by the Bank increased from none in 2015 to 8 in 2018. The performance of the indicator is satisfactory and on track to reach the final target of 17. On track</p> <p>Indicator 8.2 Progress: The Number of impact evaluations in education in states and municipalities supported by the Bank increased from 0 in 2015 to 4 in 2018 and is fully on track to final target of 7. The impact evaluations in Ceará, Recife an RN have been completed and impact evaluations with MEC, Tocantins, Piaui and another one in Recife are expected to be completed by the end of FY20. On track, but dropped (see Annex 2 for further information)</p> <p>Indicator 9 Progress: Baseline revised (see Annex 2) On track</p>	<p>Manaus Service Delivery and Fiscal Management DPL (P153103). Fortaleza sustainable development project (P153012) IFC IDEAL Invest (22497) IFC Estacio Participações (31080, 28565, 37805, 37292) IFC Anhanguera – Kroton Educacional (28097) IFC GAEC Educacional (37083) IFC Mauricio- SER Educacional (28755, 33578, 32648) IFC FEBR (24398) IFC Real Student Fin (25527) IFC Rede D’Or Sao Luiz (38202, 33914, 38202) IFC Alliar (31524) IFC Canopus Holding (31059)</p> <p>Knowledge services</p> <p>Support for Education Policy Reforms in Brazil (P162334) New Evidence for Education Reforms in Brazil ASA (P168046) Expenditure Review of Education Brazil Expenditure Review (P158800) Increasing Efficiency in Education to Improve Learning in Brazil (P171447)</p>

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
<p>Indicator 9 IFC: Number of students reached through private provision of education: Baseline (2016): 792,251 (o/w female – 442,337) Progress (2019): 816,015 (o/w 440,756) Target (2022): 1,350,000 (o/w female – 740,000)</p>			
Objective 1.4.: Increase Effectiveness of service delivery in health			
	<p>Indicator 9.1 Percentage of hospitalization for ambulatory care sensitive conditions (ACSC) in selected states (AC, BA, PR, PE, PI and RN). Note: Percentage of hospital admissions avoidable by adequate primary health care. Baseline (2015): 18.8 percent Progress (2018): 17.9 percent Target (2022): 15.0 percent Source: Hospital Information System – SIH, Ministry of Health)</p>	<p>Indicator 9.1 Progress: Indicator revised, see Annex 2 for further information.</p>	<p>Financial services Salvador Social Multi-Sector Service Delivery Project II (P172605) Salvador Social Multi-Sector Service Delivery Project (P162033) Rio Grande do Norte Regional Development and Governance (P126452) Piaui: Pillars of Growth and Social Inclusion Project (P129342) Acre Social and Economic Inclusion and Sustainable Development Project – PROACRE (107146) Tocantins Integrated Sustainable Regional Development (121945)</p>

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
<p>Indicator 10 Premature mortality rate (30-70 age group) from the main Non-Transmissible Chronic Diseases (cardiovascular diseases, cancer, diabetes and chronic respiratory diseases) in selected states (AC, BA, PR, PE, PI and RN): Baseline (2015): 288/100,000 population Progress (2018): 283/100,000 Target (2022): 262/100,000 population (10 percent reduction)</p> <p>Indicator 11 IFC: Number of patients reached through private provision of healthcare: Baseline (2016): 4,616,591 Progress (2019): 5,257,945</p>		<p>Indicator 10 Progress: Indicator revised, see Annex 2 for further information.</p> <p>Indicator 11 Progress: Baseline revised (see Annex 2). On track</p>	<p>SWAp for Paraná Multi-sector Development Project (126343) Rio Grande do Norte Regional Development and Governance (P126452) Strengthening Service Delivery Ceará P4R (P127463) MST Bahia Health and Water Management SWAp (P095171) Manaus Service Delivery and Fiscal Management DPL (P153103). Fortaleza sustainable development project (P153012) IFC IDEAL Invest (22497) IFC Estacio Participações (31080, 28565, 37805, 37292) IFC FEBR (24398) IFC Affero Lab (34700, 41325) IFC Rede D'Or Sao Luiz (38202, 33914, 38202) IFC Alliar (31524) IFC Hosp Sao Luiz (25344)</p> <p>Knowledge services Brazil: Health Sector Reforms and Sustainability of Public Health Spending (P172406) Aging and Health Study (P157776) Brazil Expenditure Review (P158800)</p>

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
Target (2022): 4,792,000			
Focus Area 2: Private Sector Investment and Productive Growth			
Objective 2.1: Reduce regulatory barriers and other microeconomic distortions to competition, investment, and trade			
<p>Indicator 12 Doing Business composite measure of barriers to competition and distortions: Distance from Frontier (Frontier = 100) Baseline (2016): 55.6 Progress (2020): 59.1 Target (2022): 60</p>	<p>Indicator 12.1 (Pilot) Relative distance of “relevance score” of Bank work on developing a transparent and competitive business environment from the frontier (as defined by the score of DB report; see endnote 62): Baseline (2016): 1 Progress (2021) 117,279 Target (2022): 152,800</p>	<p>Indicator 12: This indicator has been replaced (see Annex 2)</p> <p>Indicator 12.1: Indicator has been revised (see Annex 2). On track.</p>	<p>Brazil Improving Business Environment for Prosperity (602136) supports some of the reform working groups for the pillars of the DB</p> <p>Financial Services (including IFC):</p> <p>Ceará Strengthening Service Delivery P4R (P127463) Subnational DB in all states to guide the reform process</p> <p>MIGA Sao Paulo Sustainable Transport (12191)</p> <p>Knowledge Services: Productivity for Shared Prosperity (P152871) Productivity Growth Flagship Report (P162670) Strengthening the Business Environment TA (P155768)</p>

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
			<p>Strengthening Infrastructure Regulatory Frameworks (P156356) Brazil Expenditure Review (P158800)</p>
Objective 2.2: Reduce financial market distortions in order to improve the availability and allocation of credit			
<p>Indicator 13 Pricing differential between free (non-earmarked credit (series 20718) and the TJLP $(1+r(\text{free}))/((1+\text{TJLP})-1)$: Baseline (2016): 21.2 percent Target (2022): 15 percent</p> <p>Indicator 14 Number and volume of MSMEs reached by IFC financing:</p>	<p>Indicator 13.1 Proportion of directed corporate credit to total corporate credit: Baseline (2016): 51.6 percent Progress (2021): 37.0 percent Target (2022) <40 percent</p>	<p>Indicator 13 Progress: N/A (dropped, see Annex 2)</p> <p>Indicator 13.1 Progress: There has been a decline in directed credit. The share of directed corporate credit/total corporate credit has declined from 51.6 percent in 2016 to 37 percent as of July 2021. On track</p> <p>Indicator 14 Progress: The baseline has been revised (see Annex 2) On track.</p>	<p>Financial Services (including IFC): IFC Lending to MSME's, Banco Triângulo, Banco Cooperativo Sicredi, Banco Fibra, Banco Santander, Banco Industrial e Comercial, Banco ABC Brasil, Banco Indusval, Bando Daycoval, Banco Industrial do Brasil</p> <p>Knowledge Services: Financial Sector Credit Allocation (P158245) Brazil Expenditure Review (P158800) FSAP</p>

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
<p>Baseline (2016): 477,000 and US\$8.6 billion Progress: 437,838 and US\$20,010,351,210 Target (2022): 570,000 and US\$9.1 billion</p>			
<p>Objective 2.3: Mobilize greater investment in infrastructure to improve services, including through PPPs</p>			
<p>Indicator 15 Volume of funding raised through the SDIBs infrastructure bonds: Baseline (2016): 0 Target (2022): US\$2 billion</p> <p>Indicator 16 Number of km of roads upgraded, including under PPPs, supported by WBG investment: Baseline (2016): 2,385 Progress (2021): 7,383</p>	<p>Indicator 15.1 Number of pilot projects for Standardized Infrastructure Bonds (SDIBs), in coordination with the federal government by 2022: Baseline (2016): 0 Target (2022): 2</p>	<p>Indicator 15 Progress: N/A (dropped, see Annex 2)</p> <p>Indicator 15.1 Progress: N/A (dropped, see Annex 2)</p> <p>Indicator 16 Progress: Three projects (Tocantins, São Paulo, and Bahia) have contributed to achieving this indicator. The first two projects have made actual progress and are completed whereas Bahia is yet to achieve results. The São Paulo and Tocantins</p>	<p>Financial Services (including IFC): IBRD Energy and Mineral Sector Strengthening (P126537) ELETROBRAS Distribution Rehabilitation (P114204) Rio Grande do Sul Swap (P120830) Tocantins Integrated Sustainable Regional Development (P121495) São Paulo Sustainable Project (P127723) Bahia Road Rehabilitation and Maintenance (P147272) Rio Grande do Norte Regional Development and Governance Project (P126452) IFC BH Primary Care (579487) Belo Horizonte Schools (582687) Bahia Health – Imaging and Telemedicine (588887) Brazilian Airports (595567) Bahia Roads (600597)</p>

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
	<p>Indicator 17.1 Volume of IFC mobilization 2018-2022: Baseline (2016): \$5.4 billion Progress (2019): \$7.4 billion Target (2022): US\$8.9 billion</p>	<p>Not on track</p> <p>Indicator 17.1 IFC has updated its business plan and expects an investment program to be between US\$1.5 and US\$2.4 billion per year including mobilization for FY22 and FY23. Indicator is on track. On track</p>	
Focus Area 3: Inclusive and Sustainable Development			
Objective 3.1: Support the Achievement of Brazil’s NDC with a particular focus on land use			
<p>Indicator 18 Areas of environmental significance under protection measures in target areas in Amazon and coastal/marine regions: Baseline (2016): 58.6 million ha Progress (2019): ASL: 60.3 million ha + marine 95.9 million ha Total = 156.2 million Progress (2021): 195.66 million</p>	<p>Indicator 18.1</p>	<p>Indicator 18 Progress: From December 2017 to June 2019, a total of 863,461 ha of new state Protected Areas have been incorporated into the ASL project. The Transition Fund currently supports 117 Protected Areas, i.e. 60.3 million ha. In addition, to date, 8 new Coastal and Marine Protected Areas were established and one expanded representing a total of 95.9 million ha. Achieved</p> <p>Indicator 18.1</p>	<p>Financial Services (including IFC): Acre Social and Economic Inclusion Project (P107196) Piauí Pillars of Growth and Social Inclusion SWAp (P129342) Paraná MST Development Swap (P126343) Rio Grande do Norte Regional Dev. (P126452) GEF Amazon Region Protected Areas Phase 2 (P159233) GEF Marine Protected Areas Project (P128968) FIP Cerrado Monitoring System (P143185) Pro Cerrado Federal (P150892)</p>

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
<p>Target (2022): 63.8 million ha</p> <p>Indicator 19 Number of farm holdings adopting landscape management and/or sustainable agricultural practices as a result of WBG support (disaggregated by gender and minorities): Baseline (2016) 356,000 Progress (2021): 348,950 Target (2022): 416,000</p>	<p>Tons of GHG emissions avoided through conservation and enhancement of carbon stocks in forests and other forms of native vegetation: Baseline (2016): 0 Progress (2021): not measured until MTR 10/2021 Target (2022): 300mio tons of CO2 equivalent</p> <p>Indicator 19.1 Number of institutions provided by Bank projects with capacity building support (endnote 64 in CPF) to improve environmental management at the landscape level and/or to enact policies to reduce deforestation and forest</p>	<p>Indicator 19 Progress: The collectively efforts from the agriculture and environmental projects substantially exceeded the expected target (45.6 percent). Main interventions supported to promote the adoption are TA to farmers on climate smart agriculture and landscape technologies and practices and physical investments. Achieved</p> <p>Indicator 19.1 Progress: There has been impressive progress under this indicator. For example, 4 States in the Amazon are being supported to increase their capacity for implementation of the Forest Code, in addition to 12 under the Cerrado Projects+ Others. Therefore, the total current progress is 16, which is beyond the target. Achieved</p>	<p>FIP ABC Cerrado (P143184) Brazil DGM for Indigenous Peoples and Traditional Communities (P143492) Pernambuco Rural Economic Inclusion (P120139), Bahia Sustainable Rural Development (P147157) Platform Warning of Forest Fires (P149189) Vale do Paraná (IFC 560782) USJ Acucar e Alcool (IFC 576661) Banco Cooperativo Sicredi (IFC 639345) Minerva (IFC 656868) Vonpar Alimentos (IFC 705847) Klabin (IFC 718944) ASA Participacoes e Administracao (IFC 743752) Bertin (IFC 525903) Biosev (IFC 771619) Usina Delta (IFC 775608)</p> <p>GEF Brazil Amazon Sustainable Landscapes Project (P171257) Paraiba Sustainable Rural Development (P147158) Cerradinho Bio (35523) IFC climate on-lending through financial institutions</p> <p>Knowledge Services:</p>

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
	<p>fire in the Amazon and Cerrado biomes, including REDD+ policies (number of states): Baseline (2016): 6 states where land use planning under development (in TO, RS, SP, capacity building support to BA and PI focus on CAR system; capacity building support to SP, PR, RS and TO focus on licensing and environmental management; capacity building support focus on land administration to PI) Progress (2020): 17 Target (2022): 11 states and MMA (federal) with improved environmental and land planning management systems supported.</p> <p>Indicator 19.2 Number of properties where legal reserves and permanently protected areas are implemented and/or land restoration practices adopted (reforestation, restoration, natural regeneration or invasive species control): Baseline (2016): 17,500 landholdings registered in SICAR</p>	<p>Indicator 19.2 Progress: There has been great progress, and there are currently 267,340 landholders registered in the SICAR as result of 9 projects. The main contributing projects are FIP Cerrado (190k landholding registries) and Rural Environmental Cadastre and Fire Prevention in Bahia State Project (25k landholding registries) . Due to success of various projects, this target was successfully achieved. Achieved</p>	<p>TA DEFRA Cerrado Climate Change (P145822) Support for Setting Post-2020 Scenarios (PMR) (P153109) Revisiting Power and Gas Reforms in Brazil (161056) Brazil Energy Efficient Cities Program (150942) Market Instruments for Climate Change (P146371) Support to Brazil's NDC Implementation (P157893) Towards Water Security in Brazil IFC Green Buildings Advisory (EDGE) Amazon Sustainable Landscape TA (P159233) FIP Coordination (P152285) PROFOR analytics in support NDC implementation NDC Partnership Facility Forest Investment Program Bio Carbon Fund ISFL Initiative</p>

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
<p>Indicator 20 Number of sectors for which a specific NDC implementation plan was designed and adopted: Baseline (2016): 0 Progress (2021): 0 Target (2022): 2 (indicative sectors:</p>	<p>Progress (2021): 267,340 land holdings registered Target (2022): 156,123 land holdings registered</p> <p>Indicator 19.3 IPTC organizations with increased involvement, role and voice in REDD+/climate change decision-making (see endnote 65 in CPF): Baseline (2016): 9 Progress (2021): 27 Target (2022): 24</p> <p>Indicator 19.4 (IFC) Number of farmers benefitting from IFC investments in large farms, agroindustry: Baseline (2016): 338,000 Progress: 43,318 Target (2022): 339,000</p>	<p>Indicator 19.3 Progress: The indicator is on track. In terms of IPTC organizations with increased involvement, role and voice in REDD+/climate change decision-making, the current status is 19, having increased from a baseline of 9. The target for the end of the CPF is 24, so the indicator has been achieved. Achieved</p> <p>Indicator 19.4 Progress: Value reported in 2018 is below original baseline. Values in DOTS are not consistent with CPF baseline value. DOTS report info for 9 projects, CPF includes 13.</p> <p>Indicator 20 Progress: The Brazilian government prepared the National Plan on Climate Change in 2008, the National Adaptation Plan (PNA) in 2016, and eight sectoral plans for mitigation and adaptation to climate change in different periods. The sectoral plans and the National Plan on Climate Change were not revised after the Paris Agreement and NDC 2015.</p>	

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
Energy, agriculture, forestry, industry and transport)	Indicator 20.1 (IFC) Volume of climate finance provided through financial institutions: Baseline (FY17): US\$47 million Progress (2019): 499.96 million Target (2022): US\$119 million	Targets: The indicator is off track to achieve the 5 sectors plan target, therefore the Target (2022) has been revised downwards. Not on track Indicator 20.1 Progress: Value reported by the IFC Climate Business Department. This indicator might also have some investments under general regional umbrella	
Objective 3.2: Provide more inclusive and sustainable urban services			
Indicator 21 People provided with improved urban living conditions (def. see CPF endnote #66). Baseline (2016): 1,969,552 Progress (2021): 3,317,159 Target (2022): 3,653,484	Indicator 21.1 People with improved access to sanitation (urban): Baseline (2016): 130,700 Progress (2021): 610,621 Target (2022): 694,114	Indicator 21. This is a compounded indicator, for which indicators 21.1, 21.2 and 22 contribute to. In addition, results from Fortaleza Sustainable Project are also considered. The indicator is on track of being achieved by 2022. On track. Indicator 21.1 Progress: Four projects (Espírito Santo, Teresina, Sabesp, and Fortaleza), currently contribute to achieving this indicator. The first three have made actual progress whereas Fortaleza is yet to achieve results.	Financial Services (including IFC): AF Upgrading and Greening Rio Railways Rio de Janeiro Mass Transit II São Paulo Metro Line 4 (Phase 2) (P106390) São Paulo Metro Line 5 (P116170) Sergipe Water (P112074) Rio de Janeiro Municipal Strengthening PSM (P127245) Espírito Santo Integrated Sustainable Water Management (P130682) Pernambuco Sustainable Water (P108654)

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
	<p>Indicator 21.2 People benefiting from more reliable water services Baseline (2019): 290,000 Progress (2021): 585,610 Target (2022): 915,937</p>	<p>Three other projects contributed to this indicator (Acre, Sergipe, and Pernambuco) and are now closed. Targets: Considering estimated results to be reached by June 2022 (driven by Sabesp, Acre and Fortaleza), the indicator is on track to achieve and surpass the 680,000 target, therefore the target (2022) has been revised upwards. On track</p> <p>Indicator 21.2 Progress: Three projects (Sabesp, Ceara and Paraíba) currently contribute to achieving this indicator. The first has made actual progress whereas Ceara and Paraíba are yet to achieve results. Three other projects contributed to this indicator (Acre, Sergipe and Pernambuco) and are now closed. Pernambuco had not been included in the Baseline (2019). The current inclusion of its results, in addition to the numbers from Sabesp, contributed to the sharp increase in Progress (2021). Targets: Considering estimated results to be reached by June 2022 (driven largely by Sabesp), the indicator is on track and has already surpassed the 540,000 target, therefore the target (2022) has been revised upwards. On track</p>	<p>Teresina Enhancing Municipal Governance and Quality of Life Project (P088966) Aegea Saneamento (IFC 715224) Fortaleza Sustainable Development Project (P153012) Paraíba Improving Water Resources Management and Services Provision (P165683) SABESP – Improving Water Service Access and Security in the Metropolitan Region of São Paulo (P165695) Salvador Social Multi-Sector Service Delivery Project (P162033) Recife Project (P160868) Aegea Equity II Knowledge Services Innovation in DRM Decision Making in Brazil (P153019) Online Retail and Urban logistics (P156916) ASA: Revisiting the Power and Gas Sector Reforms in Brazil (P161056) ASA: Towards Water Security in Brazil (P161649) IFC Green Buildings Advisory (EDGE)</p> <p>MIGA Sao Paulo Sustainable Transport (12191)</p>

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
	<p data-bbox="499 378 877 586">Indicator 21.3 Number of cities with public lighting concession contracts: Baseline (2016): 2 Progress (2019): 0 Target (2022): 6</p> <p data-bbox="499 841 877 1081">Indicator 21.4 Number of green buildings certified through IFC EDGE program: Baseline (2016): 0 Progress (2019): 22 Target (2022): 250</p> <p data-bbox="499 1198 877 1398">Indicator 21.5 Pollution load reduction in river basins supported by Bank projects Baseline (2016): 2,502 tons of BOD/year</p>	<p data-bbox="909 272 1430 724">Indicator 21.3 Progress: In order to provide more inclusive and sustainable urban services, the World Bank, with support from the IFC team and Global Infrastructure Facility (GIF), is working on the structuring and procurement of efficient public street lighting PPPs in 7 municipalities. The target of 6 cities with public lighting concession contracts is likely to be achieved, as the concession contracts expected to be signed by end 2020. On track</p> <p data-bbox="909 773 1430 1081">Indicator 21.4 Progress: The information for this indicator should have as source IFC Green Buildings Advisory (EDGE). For being a regional program, actual value is the value for the total program. Team should validate with Strategist in order to get the information for Brazil. Not on track</p> <p data-bbox="909 1130 1430 1398">Indicator 21.5 Progress: There are four ongoing projects (Espírito Santo, Teresina, Sabesp and Paraíba), which currently contribute to achieving this indicator. The first two have made actual progress whereas Sabesp is yet to achieve results. Paraíba has not made any actual progress but had its baseline</p>	

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
	<p>Progress (2021): 10,691 tons of BOD/year Target (2022): 12,645 tons of BOD/year</p> <p>Indicator 21.6 IFC: Freshwater saved (M m3) through IFC investments: Baseline (2016): 216.84 Progress (2019): 508.92 Target (2022): 508.92</p> <p>Indicator 21.7 Disaster risk mechanism and response integrated into government plans: Baseline (2016): 0 Progress (2019): 1 Progress (2020): 1</p>	<p>included in line with World Bank guidance. The other two projects contributing to this indicator (Sergipe and Pernambuco) have been closed.</p> <p>Targets: based on results to be reached by June 2022 (driven by Sabesp), the indicator is on track to achieve and surpass the 11,700 target, therefore the target (2022) has been revised upwards On track</p> <p>Indicator 21.6 Progress: Target has been met. This indicator is reporting results from two projects. Considering the results reported in DOTS, team reviewed the baseline for 2016, which was 216.84. Achieved</p> <p>Indicator 21.7 The DRM agenda has lost some steam in recent years with the country's focusing on managing the fiscal and political crises, and later COVID. While the approval of the Resilient South Project (P170682) in March 2020 was a major progress for the DRM agenda in</p>	

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
<p>Indicator 22 Number of urban citizens using more efficient and greener urban transport (Sao Paulo and Rio de Janeiro): Baseline (2016): 1,510,000 pax/day Progress(2021): 2,000,000 pax/day Target (2022): 2,000,000 pax/day</p>	<p>Target (2022): 2</p>	<p>Brazil, the COVID-19 pandemic has so far delayed loan effectiveness. The remaining part of the DRM Indicator is likely to be achieved by the end of the CPF the continuation of DRM dialogue under the Sur Resiliente project and/or as a result of AT support to Brazil’s National Civil Defense (SEDEC). Presidential Decree 10.593 of December 2020 https://www.in.gov.br/en/web/dou/-/decreto-n-10.593-de-24-de-dezembro-de-2020-296427343), regulating the National DRM/Civil Defense Law 12.608/2012, requires SEDEC to define and approve the National DRM Plan by the end of 2022. On track</p> <p>Indicator 22 Progress: There are three projects (Sao Paulo’s Line 4 and 5 - P106390, P116170, Greening Rio de Janeiro Suburban Rail - P111996) which contributed to achieving this indicator. However, the first two have been closed and the last update of the Rio’s project was on Jun 2019. No further progress recorded so far. Targets: Considering estimated results to be reached by June 2022, the indicator is off track to achieve the 2.400.000 target,</p>	

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
	<p>Indicator 22.1 Number of users/day in improved public transport with less than 4 minimum salaries: Baseline (2016): 680,000 users/day Progress (2019): 1,000,000 users per day Progress (2021): 1,000,000 users per day Target (2022): 1,000,000 users/day</p>	<p>therefore the target (2022) has been revised downwards. On track (target revised)</p> <p>Indicator 22.1 Progress: There are three projects (Sao Paulo's Line 4 and 5 - P106390, P116170, Greening Rio de Janeiro Suburban Rail - P111996) which contributed to achieving this indicator. However, the first two have been closed and the last update of the Rio's project was on Jun 2019. No further progress recorded so far. Targets: Considering estimated results to be reached by June 2022, the indicator is off track to achieve the 1.200.000 target, therefore the Target (2022) has been revised downwards. On track (target revised)</p>	
	<p>Indicator 22.2 Quality of Citizen Engagement in Bank Operations Baseline (Oct. 2021): 0.5 Progress (Mar. 2022): 0.81 Target (Dec. 2022): 0.75</p>	<p>Indicator 22.2 Progress: Six projects are contributing to the achievement of this indicator (Fortaleza, Paraíba, Sabesp, Paraíba Water, Ceará Rural and Ceará Water). Targets: Considering results reached by March 2022, the indicator has been achieved. Achieved.</p>	<p>Fortaleza Sustainable Urban Development Project (P153012) Paraíba Sustainable Rural Development (P147158) SABESP – Improving Water Service Access and Security in the Metropolitan Region of São Paulo Project (P165695) Paraíba Improving Water Resources Management and Services Provision (P165683)</p>

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
			Ceará Rural Sustainable Development and Competitiveness Phase II (P167455) Ceara Water Security and Governance (P165055)
Objective 3.3: Provide more inclusive and sustainable urban services			
CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
Indicator 23 Number of farmers reached with agricultural assets or services: Baseline (2016): 280,000 (of which women 105,000) Progress (2021): 661,295 (of which women 100,566) Target (2022): 750,000 (of which women 450,000)		Indicator 23 – Indicator is on track of being achieved by 2022. Currently, there are 16 projects contributing to this indicator and projects with largest contributions are: Rio Grande do Norte: Regional Development and Governance (100k) and FIP Environmental Regularization of Rural Lands in the Cerrado (190k). On track.	Financial Services (including IFC): <ul style="list-style-type: none"> • MST Rio Grande do Norte Regional Development (P126452) • Piauí Pillars of Growth and Social Inclusion Swap (P129342) • Acre Social and Economic Inclusion Project (P107196) • AF MST Proacre (P107146) • Paraná MST Sustainable Development SWAp (P126343) • Ceará Rural Sustainability and Competitiveness (P121167) • Espírito Santo Integrated Sustainable Water Management (P130682) • Pernambuco Sustainable Water (P108654)

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
	<p>Indicator 23.1 Number of farmers adopting improved and sustainable agriculture practices and technologies as a result of Bank supported projects (also related to indicator 14):</p> <p>Baseline (2016): 54,000 Progress (2021): 128,954 Target (2022): 179,000</p> <p>Indicator 23.2 Number of rural producers reached with assets or improved technical services:</p> <p>Baseline (2016): 107,000 Progress (2021): 305,565 Target (2022): 353,000</p> <p>Indicator 23.3 Rural roads constructed or rehabilitated (km):</p> <p>Baseline (2016): 719 Progress (2021): 11,699 Target (2022): 12,000</p>	<p>Indicator 23.1 – There are 11 projects contributing to this indicator. Main projects include Pernambuco Rural Economic Inclusion (34k) and Rio de Janeiro Sustainable Rural Development Project (37k). The indicator is expected to be achieved by 2022. On track.</p> <p>Indicator 23.2: There are 9 projects contributing to this indicator. The projects with most beneficiaries are Paraná MST Development Swap and Rio de Janeiro Sustainable Rural Development and Access to Markets. Progress has been consistent, and the indicator is expected to achieve its target by 2022.</p> <p>Indicator 23.3 Progress: Two projects (Tocantins and Bahia) contributed to achieving this indicator. The Tocantins project has made actual progress and is now closed whereas Bahia almost achieved the expected target (minus 300 km)</p>	<ul style="list-style-type: none"> • Pernambuco Rural Economic Inclusion (P120139) • Bahia Sustainable Rural Development (P147157) • Brazil Dedicated Grant Mechanism for Indigenous Peoples and Traditional Communities (P143492) • PRORURAL Pernambuco (P120139) • Rural Environmental Cadaster and Forest Fire Prevention in Bahia State (P143376) • Rural Environmental Cadaster and Forest Fire Prevention in Piauí State (P143362) • Paraíba Sustainable Rural Development (P147158) <p>Knowledge Services: Ongoing:</p> <ul style="list-style-type: none"> • Brazil Poverty Measurement & Monitoring (P160742) • Brazil Programmatic Poverty Analysis (P157875) • BR Gender & Knowledge Dissemination (P160743) • BR Transport and Gender Mainstreaming

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
	<p data-bbox="499 630 846 760">Indicator 23.4 Rural dwellers provided with improved access to water (number):</p> <p data-bbox="499 808 800 906">Baseline (2016): 24,500 Progress (2021): 242,997 Target (2022): 292,890</p>	<p data-bbox="907 272 1430 516">Targets: The indicator is on track to achieve and surpass 9,317, therefore the Target (2022) has been revised upwards. Those achievements are also related to road rehabilitation or construction under WB agriculture projects. On track</p> <p data-bbox="907 557 1430 1222">Indicator 23.4 Progress: Four ongoing projects (Bahia, Rio Grande do Norte, Ceara Phase II and Paraiba) currently contribute to achieving this indicator. The first two have made actual progress whereas Ceara Phase II is yet to achieve results. Paraiba has not made actual progress but had its baseline included in line with World Bank guidance. The other four projects contributing to this indicator (Acre, Ceara Phase I, Pernambuco and Paraná) have been closed. Targets: Considering estimated results to be reached by June 2022 (driven by Bahia, Ceara Phase II and Paraiba), the Target (2022) of 299,000 is close to be achieved, considering the revised projection of almost 293,000 by June 2022. On track</p> <p data-bbox="907 1304 1073 1336">Indicator 23.5</p>	<ul data-bbox="1459 272 1894 548" style="list-style-type: none"> • UFGE – Expanding Women’s Agency through Productive Inclusion in Rural Areas of Northeast Brazil • UFGE – Strengthening Subnational Government Capacity to Promote Economic Empowerment and Prevent Violence Against Women • Towards Water Security in Brazil

CPF Outcomes	CPF Supplementary Indicators	Progress during FY18-21: intermediate data on CPF outcomes and milestones	Key WBG Activities
<p>Indicator 24 Number of beneficiaries from traditional communities with improved livelihoods:</p> <p>Baseline (2016): 172 Progress (2021): 64,511 Target (2022): 54,190</p>	<p>Indicator 23.5</p> <p>Rural dwellers provided with improved access to sanitation (number):</p> <p>Rural dwellers provided with improved access to sanitation (number). Baseline (2016): 32,000 Progress (2021): 51,595 Target (2022): 59,125</p>	<p>Progress: There are two ongoing projects (Bahia and Ceara Phase II), which currently contribute to achieving this indicator. The other two projects contributing to this indicator (Ceara Phase I and Pernambuco) have been closed.</p> <p>Targets: Considering estimated results to be reached by June 2022 (driven by Bahia and Ceara Phase II), the indicator is off track to achieve the 72,300 target, therefore the Target (2022) has been revised downwards. On track (target revised)</p> <p>Indicator 24 – The indicator was originally designed to capture number of communities with improved livelihoods but was then modified to capture number of beneficiaries living in those communities. The indicator was surpassed expectations and has already been achieved. Achieved.</p>	

Annex 4: Institutional Development Assessment

- 1. Significant institutional gaps keep holding Brazil back from graduating to higher income levels (and out of IBRD).** Strengthening Brazilian public institutions is crucial for the country's long-term development. Institutional development enables structural reforms that create the conditions for sustainable growth in economic productivity, higher quality of jobs, equitable distribution of economic opportunities and resources, as well as better service delivery. This is particularly relevant for countries struggling to adjust to the new challenges of sustainable economic growth after reaching middle-income levels. The historical experience of countries that have converged toward high-income status suggests that a range of institutional reforms are instrumental to create a level playing field among firms, enable contract enforcement and more efficient resource allocation, and, ultimately, contribute to long-term growth and productivity.³⁶ While the precise reform trajectories might differ and be context-specific, the ability of institutions to adapt to a changing economic context has often made the difference by delivering high quality public services through institutions that are both effective and accountable and by empowering local actors to find innovative solutions to evolving problems.³⁷
- 2. As part of this PLR, the team conducted a country-level institutional assessment.** In particular, the analysis is based in an institutional benchmarking exercise used to screen the quality of Brazil's institutional capital in a comparative perspective across a set of institutional clusters.
- 3. The benchmarking exercise employs the "closeness to frontier" (CTF) methodology to standardize and compare range of institutional indicators.** The CTF methodology facilitates the assessment of a country's performance across institutional indicators by comparing it with the "global frontier," which corresponds to the world's best performer. For each indicator, a country's performance is rescaled on a 0–1 scale using a linear transformation, where 1 represents the best performer and 0 the worst performer. The higher the score, the closer a country is to the best performer and the lower the score, the closer a country is to the worst performer, and more distant to the frontier. The best and worst performers are identified using available data from the global sample (i.e., considering all countries for which data are available) across the last five-years. In the case of Brazil, we use indicators for 2015–20 (or a shorter period if data not available). Next, for each institutional category, the CTF scores obtained for each indicator are aggregated through simple averaging into one aggregated CTF score. This captures the overall performance for a category relative to the "global frontier." Performance across the indicators will help identify priority areas for institutional strengthening.
- 4. Relative institutional weaknesses and strengths are then defined based on the quantile in which the specific indicator belongs.** Traffic-light coloring indicates where the largest institutional gaps exist relative to the comparator countries, based on the following quantile categories (figure 3): "weak institutional capital" (bottom 25 percent—red); "emerging institutional capital" (25–50 percent—yellow); and "advanced institutional capital" (top 50 percent—green).
- 5. The benchmarking analysis is implemented twice, each time using a different sets of substantively relevant comparator countries,** namely: (i) regional comparators, that is, all economies in

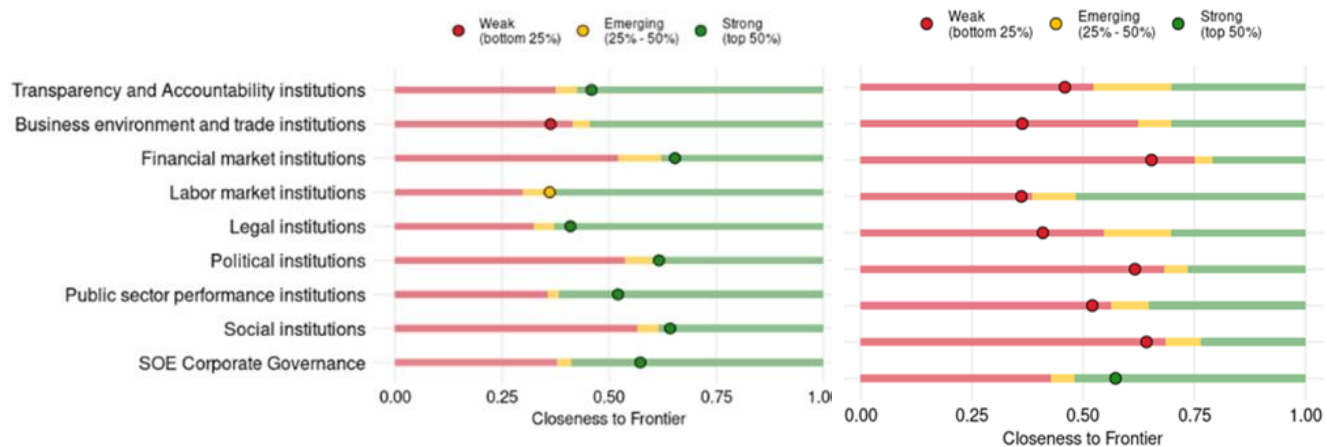
³⁶ See World Bank. 2017. *Governance and the Law*. World Development Report. Washington, DC: World Bank.

³⁷ See: Ang, Yuen Yuen. 2016. *How China Escaped the Poverty Trap*. Ithaca, NY: Cornell University Press; Fukuyama, Francis. 2014. *Political Order and Political Decay: From the Industrial Revolution to the Globalization of Democracy*. New York, NY: Farrar, Straus and Giroux; and Melguizo, Á., et al. (2017), "No sympathy for the devil! Policy priorities to overcome the middle-income trap in Latin America", OECD Development Centre Working Papers, No. 340, OECD Publishing, Paris.

Latin America and the Caribbean; and (ii) aspirational comparators (i.e., countries of the Organization for Economic Co-operation and Development OECD).

6. The institutional benchmarking exercise shows that significant institutional gaps remain (summary results in Image 1). While Brazil’s performance relative to the region, despite come clear challenges, seems mostly positive, once Brazil’s performance is evaluated vis-à-vis the set of aspirational countries, Brazil shows a weak performance in all but one institutional cluster. In these institutional categories, Brazil performs at the bottom 25th percentile relative to OECD countries. Recent reforms across these functional areas have started to produce tangible results, but important gaps remain.

Figure 3: Country Overview: Brazil’s performance relative to comparators (left) and aspirational (right) countries



Source: Authors’ own elaboration.

Note: The bar reflects the simple average of the score for all subindicators included in a given institutional cluster. For each cluster, the x-axis shows the “closeness to the frontier” (length of the bar), which captures the gap between a country’s performance and the best performer among countries for which data are available (global frontier). The large circles show Uruguay’s performance. The traffic lights coloring indicates areas where the largest institutional gaps exist in Uruguay relative to comparator countries, as follows: red = weak institutional capital (bottom 25 percent); yellow = emerging institutional capital (25 percent–50 percent); green = advanced institutional capital (top 50 percent). See World Bank (2021) for a detailed discussion on the methodology as well as a detail description and sources of indicators in each institutional cluster.

7. This institutional landscape and the potential structural reforms associated with it must be placed in the current fiscal context, where a large share of federal and subnational budgets is earmarked for regular expenditures, leaving little room of other expenses. Estimates show that about 90 percent of the federal government’s entire budget is already allocated. Brazil's wage bill takes up a considerable share of fiscal resources. Similar trends are seen at the subnational level, among states and municipalities, which means that there is limited room for evidence-based policy making during the budget process.

8. The performance of state institutions has a profound impact on a country’s ability to deliver high quality public services. Brazil’s public sector is among the better endowed in Latin America, in terms of staff and resources. Nevertheless, the combination of constitutional spending commitments, social pressures, and the dynamics of the political system, have led to a significant increase in the size and scope of the Government. The career structure of the federal and state governments is extremely fragmented

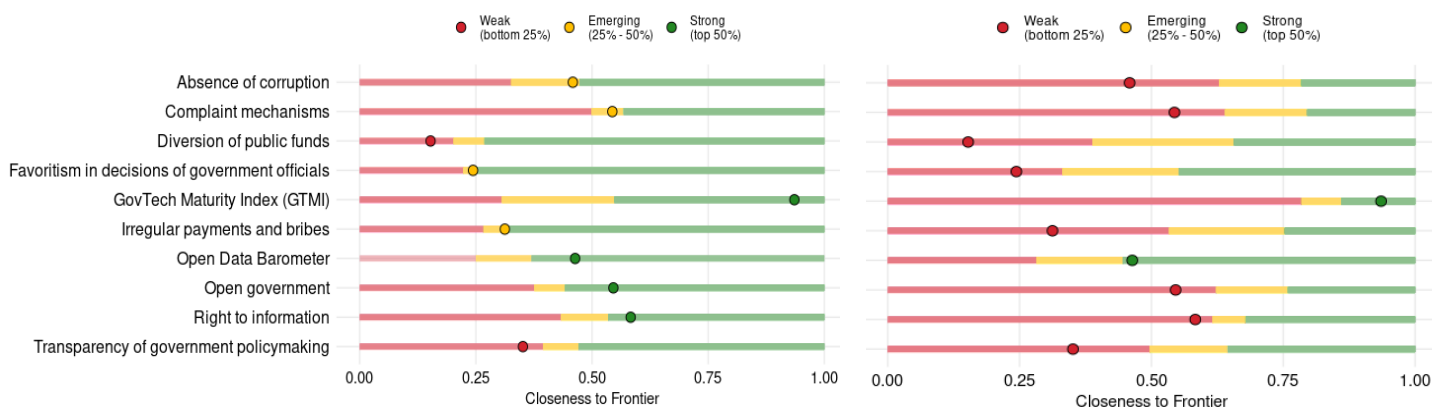
and rigid, and does not allow for much mobility, either vertical or horizontal. This has generated differentiated employment conditions, duplication and overlap across job categories, and competing claims that create pressures for further ad-hoc changes rather than systematic changes.

9. Progress in structuring institutional capacity within the Brazilian state enabled important policy innovations at the federal level. Over time, politicians developed rules that insulated key government areas from excessive political pressure, partly as a way of limiting what future administrations could do³⁸ and partly to achieve short-term policy goals. As such, a few islands of excellence emerged to deliver social programs like conditional cash transfers, CGU’s (Federal Comptroller’s Office) anti-corruption audits, or to manage complex issues such as monetary and foreign policies.

10. The development of institutional capacity has been an uneven process across and within government. At the federal level, there is an elite group of highly educated civil servants and human capacity is high, although some level of heterogeneity remains. In some crucial sectors, including healthcare and education, inefficiencies still prevail at times and political patronage continues to play at least a partial role in shaping incentives for civil servants. This has hampered the quality of public services and the incorporation of procedures critical for capacity building, such as large-scale monitoring and evaluation of government programs and incorporation of digital services. At the state and municipality level, this problem can be exacerbated further. Lower salaries and less promising career prospects mean that elected officials often exert significant influence over the day-to-day policymaking process and may use such powers to advance short-term political agendas to the detriment of policy effectiveness.

11. Accountability remains one of the most pressing institutional gaps at federal and local levels in Brazil. The results of the Accountability cluster are displayed in Figure 4. Rules over job security were designed to address excessive politicization within the policymaking process, however they haven’t been backed up by appropriate performance evaluation systems. Skepticism by civil servants over performance evaluation has also hindered the incorporation of monitoring and evaluation, and other administrative practices critical for improving the quality of public services. It is therefore difficult to create incentives for lessons to be learned and for best practices.

Figure 4: Anti-Corruption, Transparency and Accountability institutions: Brazil’s performance relative to comparators (left) and aspirational (right) countries



Source: author’s own elaboration

³⁸ On bureaucratic professionalization as a response to political competition, see Moe, Terry M. "Toward a theory of public bureaucracy." *Organization theory: From Chester Barnard to the present and beyond* 116 (1995).

12. Accountability issues must be addressed to improve the quality of public policies in Brazil over the next decade. Lack of clear accountability mechanisms may hamper citizens' trust in government and may reduce contact and engagement with government services and processes. Numerous surveys show that Brazilians have some of the lowest levels of trust in government in Latin America. According to the latest Latinobarómetro poll (2021), 71 percent of Brazilians believe their country is governed "for a few powerful groups in their own interest". Similarly, the latest World Values Survey (2020) indicates that less than 10 percent of Brazilians report that they have much of a say in what the government does.

13. It is important to remember that these institutional gaps are also heterogeneous across states and municipalities. While subnational variation in Brazil's local political institutions is smaller relative to other large federal Latin American countries such as Mexico and Argentina³⁹, it is nonetheless substantive and consequential. Indeed, the high degree of political and fiscal decentralization, which provides local authorities with large amounts of resources and wide discretionary power, is a structural condition that requires federal oversight but can only improve if local capacity is also developed.⁴⁰ This is evident, for example, in the realm of public procurement, where while the federal legal framework for public procurement is solid and transparent and takes precedence over those of subnational levels, the institutional arrangements for state and municipal procurement systems vary, most states lack adequate procurement information systems and most face capacity constraints.

14. As can be seen by the GovTech Maturity Index (GTMI), the national government has made progress in improving access to digital government services, but further work is needed to deliver digital government services at the subnational level to the same standards as the national administration. Many subnational units lack resources or capacity to develop a complex e-government strategy and the digital governance gap between the wealthier and more populated regions vis-à-vis the rest of the country has increased over time⁴¹. This requires further investment in applications that are geared to the needs of subnational administrations. It also requires a better understanding of the underlying institutional capacity that enable digital solution to achieve their expected results in terms of enhanced efficiency of decision-making process and government's ability to deliver goods and services to the citizens.

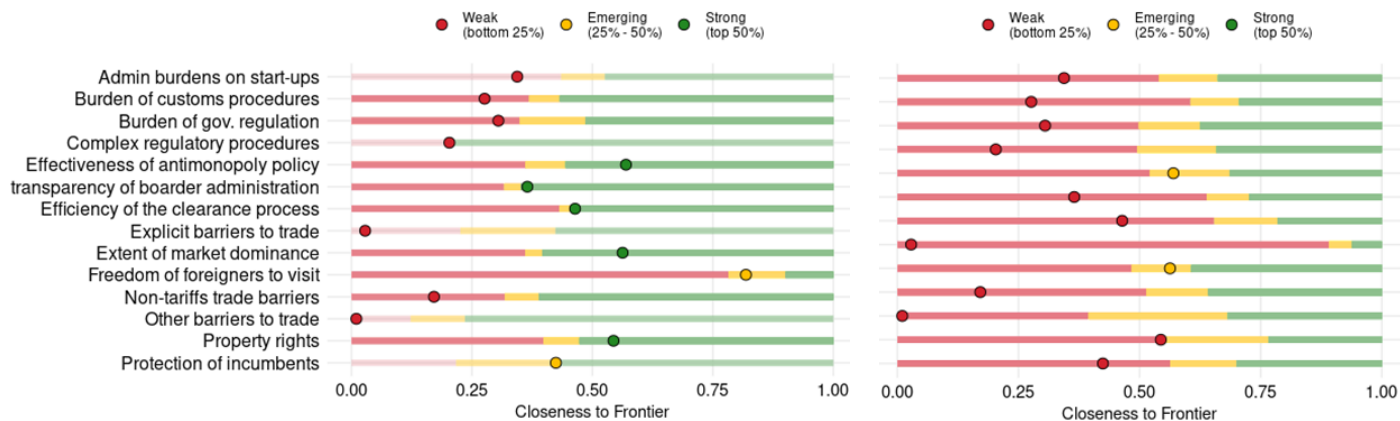
15. The institutional benchmarking also sheds light on the performance around the business and trade institutional family, which appears to be weak, even when compared to the LAC region. Outdated and overburdensome business regulations undermine trade and export potential, acting as a key constraint to the competitiveness of the economy (Figure 5). Brazil took a step toward the liberalization of foreign trade with entry into the Mercosur in the early 1990s, and there have also been improvements in areas such as import procedures, customs, and intellectual property protection. Despite this progress, customs procedures are cumbersome, creating delays and high costs for exporters and importers, significantly exceeding the standards in OECD countries.

Figure 5: Business environment and trade institutions: Brazil's performance relative to comparators (left) and aspirational (right) countries

³⁹ See Gervasoni, Carlos. 2018. *Hybrid Regimes within Democracies: Fiscal Federalism and Subnational Rentier States*. New York: Cambridge University Press.

⁴⁰ See Desposato, Scott. 2005. "Explaining Patterns of Oversight in Brazilian Subnational Governments, Legislative Oversight and Budgeting: A World Perspective." The World Bank Institute Development Studies.

⁴¹ From not published/released background paper: "Building Professional Bureaucracies: A Municipal Lens", by Galileu Kim, Eduardo Mello, Daniel Ortega, and Kjetil Hansen



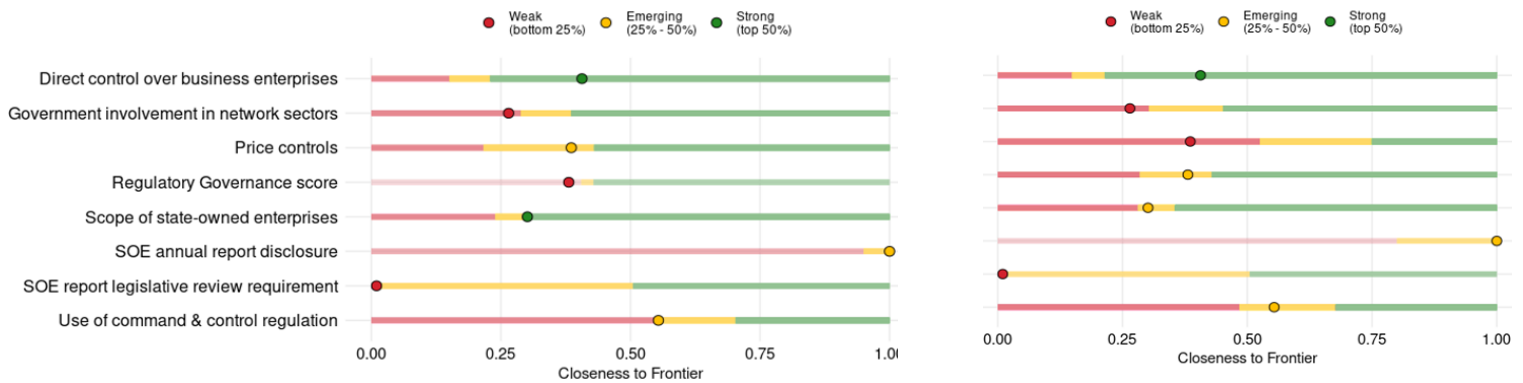
Source: author's own elaboration

16. Brazil's business environment exhibits a wide variation at the subnational level.⁴² This heterogeneity is found across regions and income levels, as well as across issue areas. For instance, starting a business in Minas Gerais takes 9.5 days versus 21 in Tocantins. Similarly, the cost of doing business is about 1.4 percent of the income per capita in Ceará, whereas it represents 13.6 percent in Mato Grosso. This emphasizes the importance of focusing on local practices at the subnational level and ensuring that the best ones are replicated across states and municipalities. Action areas addressing common themes across indicators --such as strengthening coordination between federal, state, and municipal agencies-- can improve the prospect that reforms will bear fruit.

17. The institutional benchmarking also highlights Brazil's SOE Corporate Governance, which appears to be relatively strong, even when compared to OECD countries (Figure 6). Nonetheless, uneven performance across specific indicators remains (Figure 6). This fact is even more relevant when exploring state SOEs, across different sectors. Overall, there are 203 federal SOEs, mainly concentrated in finance, oil and gas, and the postal service, and a further 302 state SOEs --concentrated geographically in the northeast region (93) and the southeast (63). 46 percent of state SOEs are dependent, receiving funds from the controlling institution to cover payroll, operating and investment. In 2020, 44 percent of SOEs were loss making – 66 percent of the dependent state SOEs – up from 35 percent in 2019. The largest losses were sustained by state SOEs in the transport sector. This emphasizes the importance of further unpacking institutional clusters, be it at the geographical and administrative level (i.e., subnational units) or across sectors.

Figure 6: SOE Corporate Governance: Brazil's performance relative to comparators (left) and aspirational (right) countries

⁴² See World Bank's Subnational Doing Business in Brazil 2021 report.



Source: author's own elaboration

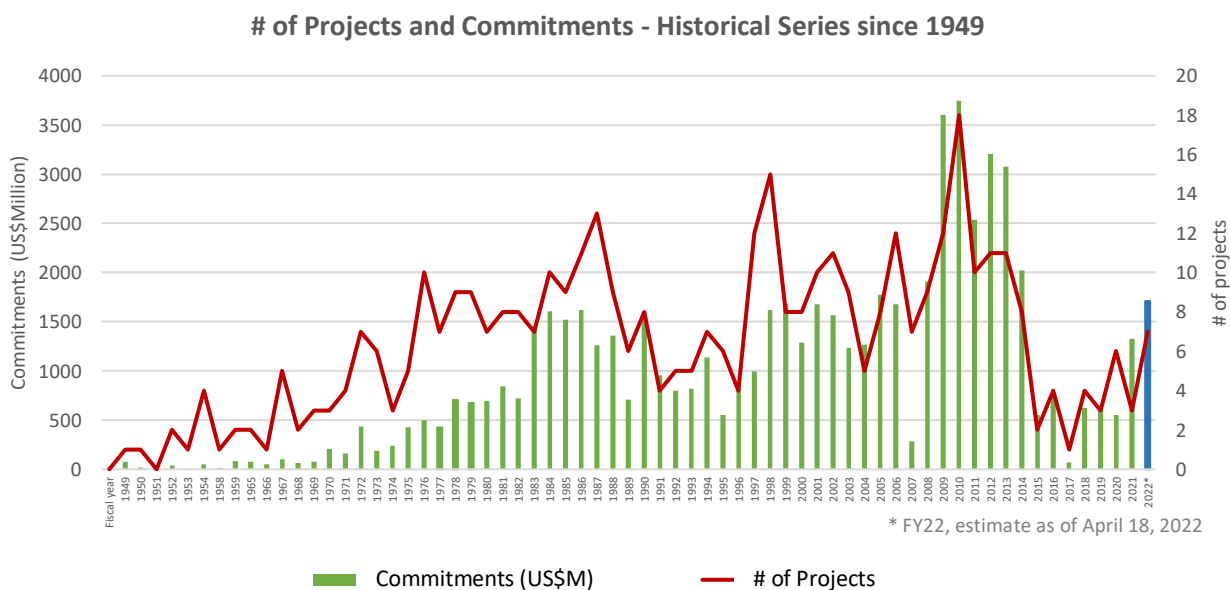
18. Overall, greater emphasis on institutional assessments is also needed to support project preparation, so that the complexity of project designs can be calibrated accordingly. Institutional reforms are generally long-term processes that require sustained political commitment over time, adequate resources, and technical support for their effective implementation. Such reforms go beyond a single administration and are usually accompanied by a process of profound cultural, political, and social change within a country. Moreover, processes of institutional change are expected to alter the relative power and influence of political and economic actors, creating winners and losers. Resistance to the adoption and implementation of new rules and practices will be strongest where it directly threatens vested interests of powerful groups that benefit from the status quo, making these reform efforts particularly challenging.

19. Understanding different degrees of complexity associated with the proposed institutional reform priorities, especially at the subnational level, is a key element to guide government actions. Some reforms will be politically challenging, as their impact will be observed in the medium and long run, but action will create winners and losers in the short term. Moreover, certain priorities will require effective coordination and cooperation across multiple stakeholders, and government agencies (and/or across levels of government), adding to the complexity of the reform agenda. In this context, a proper sequencing of the reform process – informed by technical as well as political economy considerations - is critical.

Annex 5: Additional details on the World Bank Program in Brazil as of April 2022

1. The World Bank has a long history of lending in Brazil, with total net commitments of US\$63.9 billion since 1949 (see Figure 7). This historical perspective portrays a growing pattern (albeit irregular) in the number of projects and commitments until the fiscal crisis of 2014-2015, which had long-lasting political, economic, and institutional ramifications that translated into lower-than expected IBRD lending during this CPF period. FY21 saw an uptick in lending with a total of \$1.325 billion in new operations (in large part due to the US\$ 1 billion income support operation in response to the COVID-19 pandemic) and FY22 lending promises to be on par with FY21. As of mid-April 2022, the WB portfolio stood at 20 IBRD loans, with a total net commitment of US\$4.37 billion, of which US\$2.37 billion (54.16 percent) undisbursed. These are complemented by four Trust Funds for a total amount of US\$160.5 million.

Figure 7: History of WB engagement in Brazil (1949-2022): IBRD commitments in number of projects approved and US\$ value



2. Overall, the WB portfolio remains mostly on track despite challenging implementation conditions since March 2020, an acute worsening of the COVID-19 pandemic between February and June 2021, and the ongoing impact of the latest variants. Two comprehensive CPPRs were held since the beginning of the pandemic (Oct. 2020 and Sept. 2021) to work closely with clients and guarantor to help the monitoring of projects and maintain the WB portfolio in good health (various over-age projects are now closing). The WB disbursement ratio slowed down in recent years (partly as a result of the impact of COVID-19, the evolving exchange rate, and long delays between board approval and loan signings⁴³) and dropped to 10.4 percent in FY21, but it is expected to exceed 25 percent in FY22.

3. Project extension requests from subnational borrowers were handled with selectivity to ensure that financial and human resources could be deployed strategically where most needed. Of eight

⁴³ Two loans approved in 2020 are still pending signing as follows: The Improving Mobility and Urban Inclusion in the Amazonas Corridor in Belo Horizonte (P169134); and the Linha de Crédito para Resiliência Urbana no Sul do Brasil (P170682)

projects that requested extensions in FY21 (with a total of US\$447 million in undisbursed balance at the time), four were granted, but with tighter implementation schedules and partial cancellations, two benefited from very short extensions to allow for significant disbursements (in the case of the Sao Paulo State Sustainable Transport Project – P127723) or reductions in pending safeguard issues (in the case of the Teresina Enhancing Municipal Governance and Quality of Life Project – P088966), and the other two closed on schedule so that relevant resources could be redirected where most needed.

4. Most projects continued to perform in a satisfactory manner and to achieve or surpass their targets within this period, while problem projects benefited from candid ratings, additional support, and proactive actions. As of mid-April 2022, the active portfolio includes five problem projects, i.e., about one-fourth of IBRD operations in Brazil and about 27.5 percent of commitments at \$1.20B. Most projects that were in MU status in FY21 will have closed or upgraded by the end of FY22. This includes: the Sao Paulo State Sustainable Transport project (P127723), which closed in MS status in March 2021 after a short 3-month extension; the Acre Social and Economic Inclusion and Sustainable Development Project (P107146) which closed in December 2021 after a restructuring and US\$ 50 million cancellation; the Espirito Santo Integrated Sustainable Water Management project (P130682), which upgraded to MS after a restructuring that ensured greater focus and a selective extension of closing date with partial cancellation; the Upper Secondary Reform in Brazil project (P163868), which was upgraded to reflect recent adjustments to the PDO and various activities (a restructuring was completed in order to address new challenges resulting from the Covid-19 Pandemic); the Upgrading and Greening the Rio de Janeiro Urban Rail System project (P111996), which is in the final stages of a restructuring expected to lead to improved performance and upgrading by the end of FY22; and the Teresina Enhancing Municipal Governance and Quality of Life Project (P088966), which has closed in April 2022 after a final and very short extension to facilitate progress on important safeguard aspects. Three other projects (the Fortaleza Sustainable Urban Development Project (P153012); the SABESP - Improving Water Service Access and Security in the Metropolitan Region of São Paulo Project (P165695); and the Linha de Crédito para Resiliência Urbana no Sul do Brasil (P170682)) were candidly downgraded in FY22 and are already the object of proactive action plans to regain momentum within a reasonable timeframe.

5. The vast majority of effective projects are performing well in the Safeguards and PFM areas, although some projects require additional support and close follow up. Three projects are currently rated MU on safeguards, for the most part in relation to dam-related risks: the Rio Grande do Norte Regional Development and Governance (P126452), and the Sabesp - Improving Water Service Access and Security in the Metropolitan Region of São Paulo Project (P165695). Three projects (in Pernambuco and Acre states and Teresina municipality) had to close with pending safeguard issues despite all the support deployed during implementation and will continue to require the WB's full attention post-closing. The Rio Grande do Norte and Sabesp projects are also rated MU on procurement. The above-mentioned action plans for problem projects also include specific follow up activities on these aspects. All projects are within the satisfactory range on FM.

6. Looking forward, and in addition to the planned lending described under Section IV, WB's overprogramming for FY22 and FY23 includes a total of about US\$ 550 million worth. Table 4 only captures the three operations for which prospective borrowers (two at state level and one at municipal level) already submitted their CC, thus reflecting explicit demand. Several other operations are currently under discussion, and the relevant borrowers are expected to submit a CC in the coming months. These will help ensure a robust pipeline in the transition to the next CPF period from FY24 onwards.

Table 4: WB Overprogramming for FY22 and FY23

List of operations awaiting COFIEX review (i.e., Cartas Consultas submitted by borrowers but not yet approved by the Ministry of Economy)		
Project Name	IBRD Commitment (US\$M)	Expected Delivery if CC approved in next COFIEX
Pernambuco Rural Water and Sanitation (State)	90	FY23
Progestão Rio Grande do Sul (State)	30	FY23
São Paulo (State) line 2 extension	430	FY23
Overprogramming for the remainder of the CPF	US\$ 550 M	

Annex 6: Selected examples of impactful WBG TA

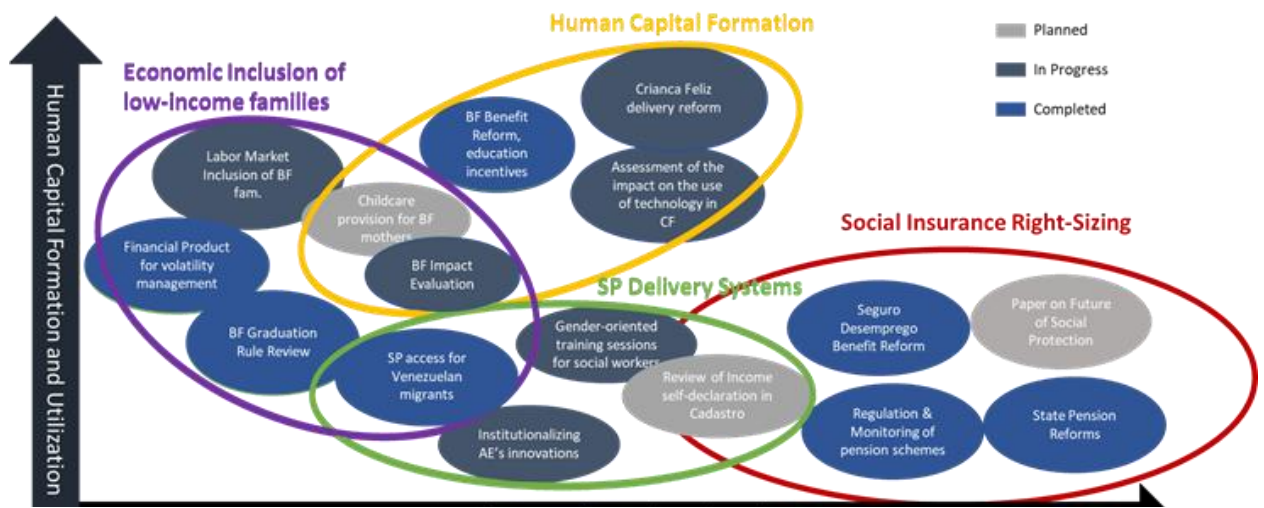
1. The WBG is known for engaging in TA projects and providing high quality analytics services to its clients. In Brazil, the team has successfully delivered impactful TAs across all Global Practices (GPs). Recently, TAs in social protection, transportation, water and sanitation and forest fire prevention have been particularly successful in promoting changes and influencing policy making at the national and subnational levels.

2. The ASA on Social Protection Reforms after COVID-19 is supporting the GoB in evaluating and improving programs and processes across the Social Protection system, the objective is to sustain poverty alleviation, rebuild human capital, and improve efficiency of expenditures in social insurance (see Box 6). The ASA is a complement the lending operation "Brazil: Income Support for the Poor affected by COVID-19" that finances the expansion of BF Conditional Cash Transfer (CCT), during COVID-19. In FY21 and FY22, the TA supported the Ministry of Citizenship, through several background studies, with (i) drafting the reform of the BF CCT, (ii) planning new delivery modalities for the early childhood development program Criança Feliz, and (ii) designing its new economic inclusion strategy. The team produced five thematic notes, which are helping to systematize lessons learned from the delivery of Auxílio Emergencial and this is expected to inform the innovation of the SP delivery system after COVID-19. The TA also produced a policy note to inform the public debate on the reform of the contributory unemployment programs delivered by the Labor Ministry, and another on ways to expand financial instruments that will help reduce income volatility of informal workers who are ineligible for unemployment benefits. In the Ministry of Economy, the Bank team is supporting the Secretariats of Pension and Treasury in monitoring and regulating pension schemes at the subnational level. Each of these technical efforts was accompanied by a robust dissemination strategy, with stakeholders across several sector ministries and through engaging with the media and academics.

Box 6: Social Protection Reforms ASA

The ASA in “Social Protection Reforms after Covid-19” comprises a series of technical studies, agreed with partners in the Ministries of Citizenship and Economy, to support strategic priorities during the recovery period and complement the implementation of the IPF Social Protection COVID operation . Several EFOs/TFs (financed by AFD, FCDO, UNHCR, and RSR TF window) support different activities, which include:

- **Human Capital Formation:** (i) Redesign of the early childhood development program *Criança Feliz* and studies to improve service provision in remote areas; (ii) Impact Evaluation of the expansion of BF during covid-19; (iii) Global lessons learned on the use of cash incentives to enhance education outcomes of low-income children.
- **Economic Inclusion of BF Beneficiaries:** (i) Labor profile of the BF beneficiaries and strategies for economic inclusion; (ii) A review of BF graduation rule; (iii) policy note on improving resilience of informal low-income workers through financial inclusion.
- **SP Delivery Systems:** (i) Lessons learned from the *Auxilio Emergencial* emergency benefits delivery during the COVID-19, along with the *Cadastro Único* social registry expansion; (ii) gender-based violence response through social assistance services; (iii) assess the socioeconomic impacts and access to social protection for forcibly displaced Venezuelans and host communities in Brazil.
- **Social Insurance Right-Sizing:** (i) Support to Ministry of Economy in monitoring and regulatory activities of subnational pension schemes to achieve better fiscal sustainability; (ii) support projections of federal pension programs; (iii) Provision of options to reform unemployment programs in Brazil and to extend coverage to the informal/independent workers.



3. Beyond social protection, the WB has used TA projects to make significant contributions to the transportation, and water and sanitation sectors. The Smart Mobility and Water United Kingdom Prosperity Program Trust Fund is piloting innovative smart mobility and water technologies to improve the planning and management processes and the regulatory and policy framework governing the transport sector in the São Paulo Metropolitan Region. This is also helping to improve the non-revenue water management program and to support the modernization of water supply and sanitation service delivery of the Pernambuco State Water Utility (Compesa) in the Recife Metropolitan Region (RMR).

4. In São Paulo, the Smart Mobility Program has resulted in better integrated and efficient transportation planning; management has also improved and there is now an inclusive regulatory and policy framework for transportation. The Program's results showed the possibilities of data integration within the transport sector and its use in transport planning through a Mobility as a Service (MaaS) platform, to attract more passengers. As a result, the Municipality is planning to continue the work started under the program, and intends to prepare a MaaS platform, create digitized bus control centers, and innovative PPPs for traffic lights and telecom infrastructure. The bus corridor program will also be improved.

5. In Recife, the Water Program succeeded in reducing water loss through capacity building on non-revenue water and performance-based contracts to Compesa staff. In addition, the TA also provided insights to better understand consumer behavior related to on-time bill payment, design and testing of interventions, and it provided human-centered and behavioral trainings to Compesa staff. Other results include business innovations such as data analysis and machine learning algorithms for predicting the most accurate billing tools for each customer. Finally, a gender inclusive plan focused on reducing inequality in the utility.

6. The Brazil ID4D Country Diagnostic (P172634) included separate reports on (i) the ID ecosystem in Brazil including, covering the main foundational and functional IDs in use, their institutional arrangements and the main strengths and limitations of the ecosystem and an expanded version on digital identification for remote authentication and online access to services (ii) an analysis of the legal framework for identification ecosystem and (iii) a report on Digital Identity Federation with specific lessons for Brazil. The main counterpart for this work was the Secretariat of Digital Development but dialogue also included other institutions managing various parts of the ID ecosystem in Brazil. The findings were presented to multiple stakeholders in a series of meetings and workshops in 2020. The dialogue between authorities and Bank experts on digital ID issues provided important inputs and a sounding board for the government's evolving strategy for digital ID. The Bank and the GoB continue to explore ways to support the digital ID agenda.

7. The technical advisory services on Intergovernmental Fiscal Transfers (P172560) conducted a diagnostic of the main funding mechanism for Brazilian states (*Fundo de Participacao dos Estados, FPE*) and proposed reforms to the current methodology and criteria for calculating states' allocations, taking into account existing disparities in expenditure needs and fiscal capacity across states. The Bank team worked with counterparts in the Treasury department, applying the Fiscal Gap approach, which is in international best practice for calculating fiscal transfers, making them more equitable and based on clearer technical criteria. The findings were shared with the authorities through several presentations and technical workshops including a two day face to face workshop in Brasilia and separate presentations to the Casa Civil and Tribunal de Contas. The technical analysis is summarized in a report entitled "Diagnostic and Reform Options for the System of Intergovernmental Fiscal Transfers to Brazilian States" and has been used by Treasury as an input into their own reform proposal of the FPE.

8. Other impactful TAs have improved the sustainability and efficiency of forest resource management; have supported landholding registration and have strengthened the national cadaster system (CAR). The Brazil Forest Investment Program (FIP) generates synergies between different agencies and stakeholders at the biome level to improve the sustainability and efficiency of forest resource management and land use in the Cerrado and to increase the combined impact of the projects. Good examples of this synergy are projects as the FIP Monitoring (Development of Systems to Prevent Forest fires and Monitor Vegetation Cover in the Brazilian Cerrado) and the FIP CAR (Environmental Regularization of Rural Lands in the Cerrado of Brazil). FIP Monitoring has been developing work involving federal institutions, universities, conservation units/parks all over the region. Project outcomes are publicly accessible through the [Terrabrasilis](#) platform, which publishes the biome deforestation data that are being used by institutions directly involved in this and other BIP projects, such as the Rural Landscapes Project. The FIP CAR Project aims to unite federal, state, and local institutions in a joint effort to support landholding registration, and to strengthen the national cadaster system.

9. The PLR is accompanied by an online platform, Open Brazil (<https://brasilaberto.worldbank.org/>). “Open” is the new normal, and the development community is increasingly using new technology, such as open data, online portals, mobile applications, and social media, to bring openness and transparency to development. New technology is helping address major and persistent development challenges by sparking debate, informing policy dialogue, developing innovative solutions, and improving service delivery. Open Brazil will leverage technology to inform the world about what the WBG is doing in Brazil to further its mission of eliminating extreme poverty and boosting shared prosperity.

10. Open Brazil showcases data related to the implementation and monitoring of the Brazil FY18-23 CPF and its most recent update through the FY22 PLR. Open Brazil will breathe life into the updated strategy and transform it into a “living” platform that guides the country program over the next four years, and most importantly tracks progress toward the achievement of program targets. In a way this can be a ‘mission center’ for the WBG’s work in Brazil till 2023.

11. Open Brazil provides an alternative, non-manual (i.e., automatized), method of continuously tracking progress toward achieving the CPF/PLR indicators. The platform is a cutting-edge interactive application that is optimized for mobile devices, desktop, and hard-copy use, and supports data analytics and data visualization. The application is available in English and Brazilian Portuguese. Open Brazil was designed to target high-level users and technical staff in ministries, state sectoral secretariats, other government officials, as well as the general public.

12. Open Brazil is a one stop shop for various users. It provides an overview of the WBG strategy in Brazil, the projects supporting the strategy, and the financing leveraged through WBG interventions. In addition, the platform tracks progress on PLR indicators and results, leveraging new technologies for indicators (including satellite images). Other innovations include tracking public sentiment for reforms, through the TalkWalker software as well as geo-locating WBG spending, and benchmarking it against local social, economic, and environmental indicators (a “portfolio footprint”). The platform allows users to benchmark Brazil against other countries on selected development indicators, using data from World Development Indicators. The platform also allows for remote project supervision as it is integrated with various monitoring tools, such as the SmartSupervision App and the Kobo Tool box, and it collates lessons from impact evaluations to build a repository of development solutions that work (in this case with a Brazil focus.)

13. Country team consultations on Open Brazil have informed the platform design. The design of the platform has benefited from early country team consultations facilitated by the Agile Bank Program. The consultations pointed out to the need to differentiate information displayed, the potential roles and responsibilities for data entry and curation and the need to ensure adequate staff arrangements at the onset of the platform design to ensure long-term relevance and sustainability.

14. The platform was successfully launched in September 2021. The launch of the platform was delivered in a webinar format and was live streamed on the Ministry of Economy YouTube channel. The event had more than 600 views and various newspaper pieces were published following the launch. The platform received special praise from the Ministry of Economy stakeholders, who appreciated the Bank’s commitment to transparency, accountability, and openness.

Annex 8. IFC country program, pipeline and priorities: Brazil

Table 5: Brazil Historical Investment Program Commitments by Fiscal Year

	FY18	FY19	FY20	FY21 YTD	FY18-FY21
Long Term Finance (LTF)	1,678.3	2,493.60	2,182.90	2,852.4	9,207.2
of which IFC Own Account	828.5	642.4	614.7	1107.7	3193.3
of which Core Mobilization	849.8	1,851.20	1,568.10	1744.7	6013.8
Short Term Finance (STF)	374.9	326.4	521.9	588.9	1812.1

Figure 9: Brazil IFC Historical Portfolio Exposure

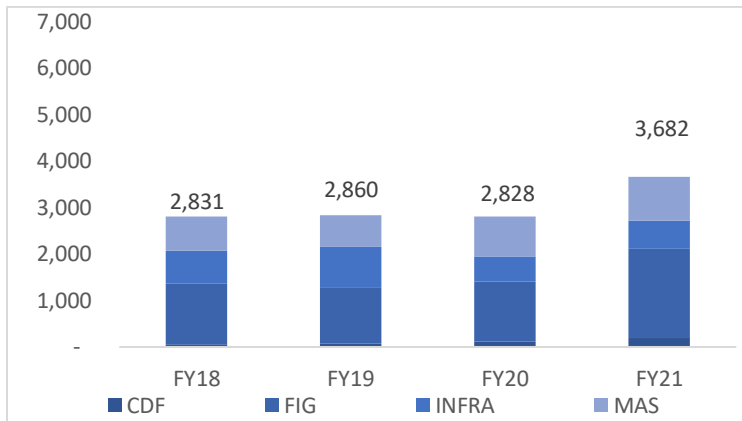
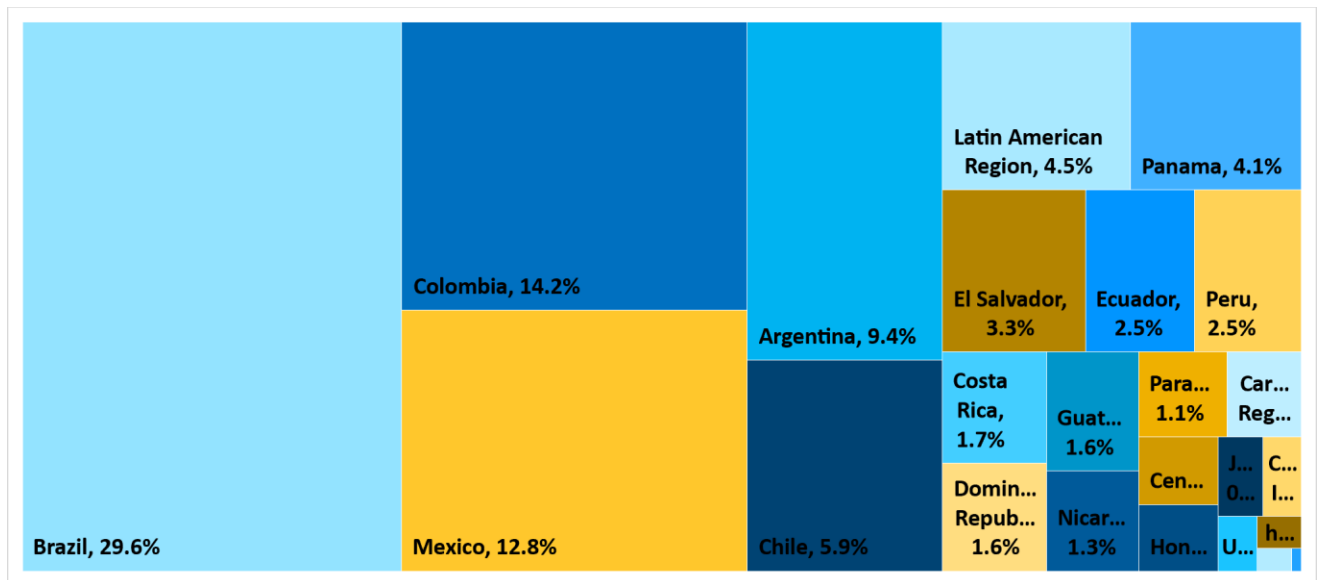


Figure 10: Brazil Participation in LAC Portfolio



FY22-23 IFC Strategic Priorities for FY22-FY23

1. **Water and Sanitation** is IFC's No. 1 priority in Brazil, given the recently approved legal framework that provides for the universalization of services by 2033.
2. **Support economic recovery** through increasing access to finance to SMEs and providing working capital solutions.
3. **Support for Upstream initiatives** related to the post-Covid scenario (involving Health and Education, financial inclusion, water and sanitation, etc.), developing innovative projects in a horizon of 3-5 years.
4. **Strengthen long-term investments**, both in equity and long-term financing, reinforcing IFC's countercyclical role.
5. **Support the structuring of PPPs and Concessions**, in highways and public lighting but also in Health, Education, Water, Sanitation and Railways.
6. **Focus on developing sectors undergoing digital transformation** (eg connectivity, fintechs, edtechs, medtechs, climate smart agriculture, etc.).
7. **Attracting investments in mergers, acquisitions and privatizations** and help to increase competition in local markets given the current fiscal restrictions.

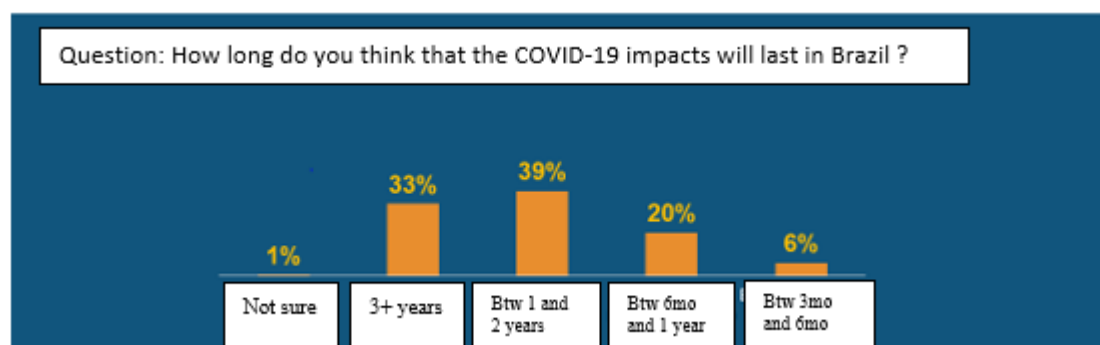
IFC Areas of Development for Upstream



1. To support PLR consultations, the WB used IPSOS to conduct an opinion poll in June 2021. The survey was structured around nine areas, ranging from how Brazilians see public policy in the country and how long they expect the impact of COVID to last to their views on the WB and issues such as racial equality and climate change. 1,200 Brazilians were interviewed in a design framed to be representative of the Brazilian population, including at the regional level.

2. Most Brazilians believe that the economic impact of COVID will continue to persist in the medium and long term; however, there are stark regional differences, mostly driven by how regional economies were affected by the pandemic. Interestingly, the Midwest region⁴⁴ is the most optimistic about recovery: 35 percent believe that the economic impacts of the pandemic will end within a year. In the North and Northeast regions, 37 percent of respondents said the impacts will last more than 3 years, 27 percent of respondents reported this in the Midwest. Conversely, residents in the North and Northeast regions, where labor informality is extremely high (above national average), are more pessimistic about the duration of COVID impacts in the economy. In fact, informal (often low skilled workers) were the hardest hit by lockdown measures and were more likely to experience negative economic shocks than other workers. Overall, 72 percent of Brazilians believe the impact will persist in the medium- (1 to 2 years) and long-term (3+ years).

Figure 11: Brazilians’ views on COVID-19 time span



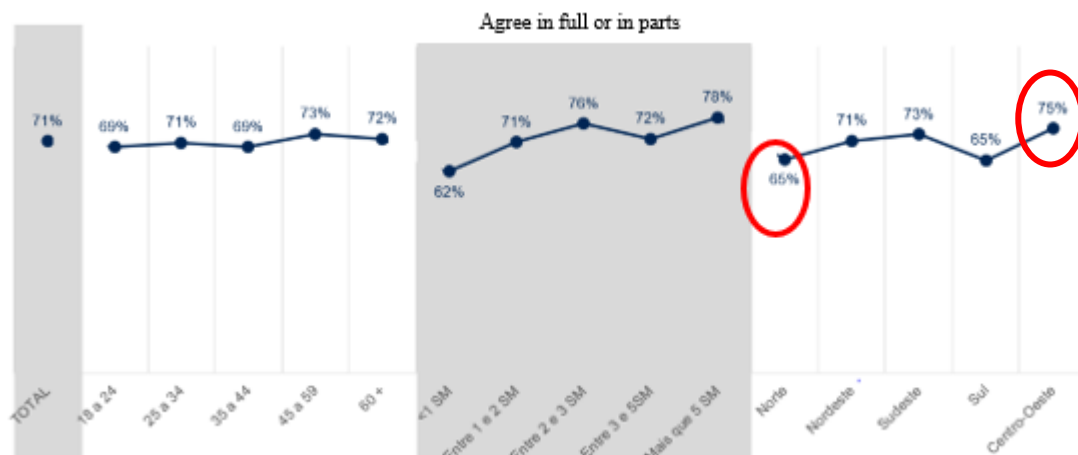
3. Affluent Brazilians are significantly more likely than poorer ones to see investments in public policies as essential for their country’s development, but there is almost no difference in opinion across age cohorts. Overall, 82 percent of the respondents said that it is important to invest in public policies to foster national development (in the Midwest, the rate was 73 percent and 86 percent in the North, the lowest and highest rates respectively). Interestingly, the poor are less likely to see the importance of such investments: while 76 percent of those who earn up to 1 minimum wage agreed in full or in part with the statement, 90 percent of those who earn more than 5 minimum wages agreed with the importance of investing in public policies to foster development.

4. Brazilians’ views on grievance and redress mechanisms vary markedly by income and region. While only 62 percent of the poor agree in full or in part with the statement that of local community opinions should be taken into account when planning public policies, almost 80 percent of richer segments

⁴⁴ Including the states of Mato Grosso, Mato Grosso do Sul, Goiás, and the Federal District.

do. Similarly, variations across regions are also large. For those in the North and South, 65 percent agree in full or in part that grievance and redress mechanisms should be considered when deciding on public investments. 75 percent of respondents in the Mid-West agreed with the statement in full or in part.

Figure 12: Brazilians' views on the role of grievance and redress mechanisms by age, income and region



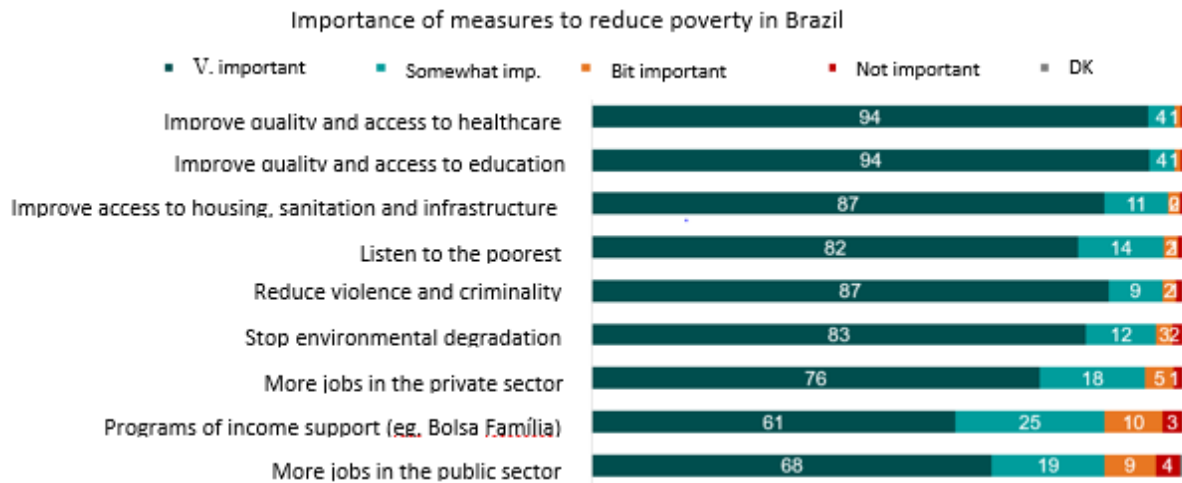
5. Brazilians are relatively split with respect to the role played by multilateral financial institutions in supporting public policies, younger Brazilians are more likely to be in favor of borrowing from multilateral financial institutions (MFIs) than older ones. While 14 percent of young Brazilians (ages 18-24) are totally against public policies being financed by MFIs, 37 percent of the older cohort (60+) are against it. This gap is larger than the gap across income groups or across regions. It is possible that older Brazilians are more wary of government borrowing from international institutions as the country mismanaged such loans in the past. In fact, much of the growth that the country experienced in the 60s, 70s and 80s was supported via international investments, these were often poorly managed. In the late 80s, a period of economic turbulence, Brazil had to request a moratorium on its debts, similar to other countries in Latin America. Older Brazilians are likely to remember the challenges that international borrowing brought to the economy during those years.

6. Young Brazilians may be more likely to be in favor of MFIs, but they are less likely to have a positive view of the World Bank. Overall, 58 percent of Brazilians know about the World Bank⁴⁵, and of these 43 percent have a favorable view; 38 percent don't know enough to comment and only 14 percent have a negative view of the institution, there are wide variations across age groups. 35 percent of young Brazilians have a positive view of the institution, the rate is 51 percent in the 45-59 cohort (a difference of 16 percent between lowest and highest). Increasing the Bank's presence in social media as well as increasing the Bank's online footprint could help to improve the image of the institution among young people (for example, platforms such as the recently launched OpenBrazil). Overall, the major determinant of favorability with respect to the World Bank is income. 60 percent of those in the highest income group have a favorable view of the World Bank, but only 39 percent of poorer Brazilians do. There is not a large difference in favorability views across respondents from different regions.

⁴⁵ The question asks the respondent if he/she has ever heard of the World Bank, regardless of any knowledge/understanding of the what the institution does: "Você conhece, mesmo que seja só de ouvir falar, do Banco Mundial?"

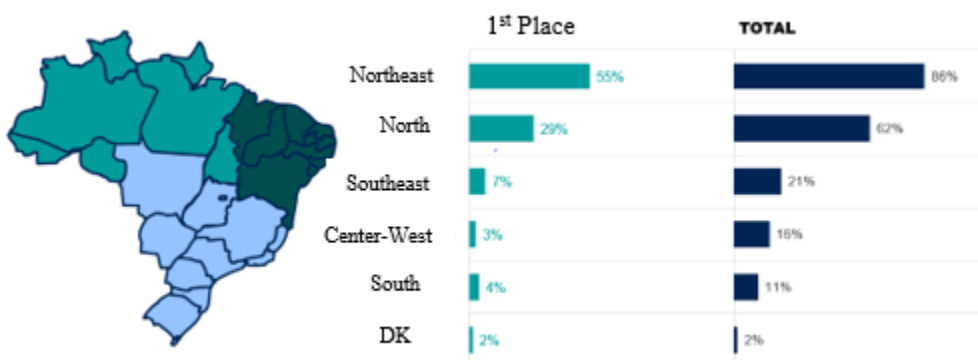
7. **Education and health were identified by Brazilians as the most important areas to reduce poverty and were also identified as the main areas on which the World Bank should focus.** While Brazilians placed infrastructure as the third priority to reduce poverty, they ranked “providing opportunities to the poorest and most vulnerable” in third place for Bank support. Support for improving infrastructure was rated 6th in terms of areas of World Bank focus.

Figure 13: Brazilians’ views on poverty reduction measures, by relevance



8. **Brazilians believe that the World Bank should focus its activities on the Northeast and North of Brazil.** These are the poorest 2 regions in Brazil, and Brazilians agree that the institution should focus its operations in the North and Northeast regions of the country.

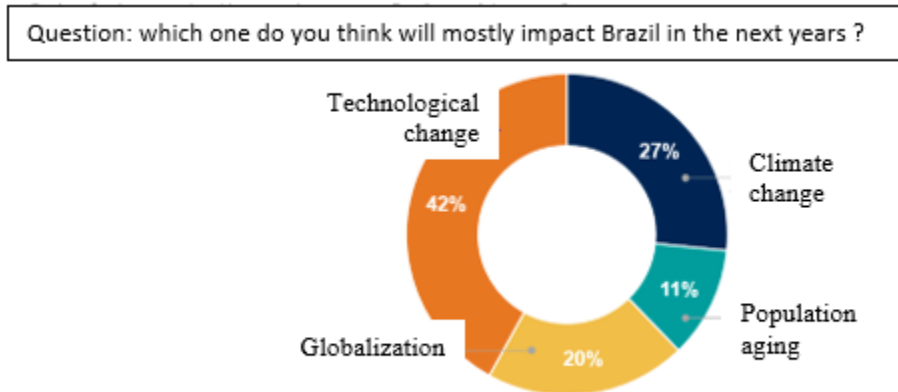
Figure 14: Regions that the World Bank Group should focus on, according to Brazilians



9. **When thinking about long-term trends, poor Brazilians are particularly worried about globalization and technological change, and all respondents consider technological change to be a greater shock than climate change, globalization, or aging.** While 70 percent of rich Brazilians see globalization as an opportunity, only 45 percent of poor people agree with the statement in full or in part. With respect to technological change, the differences across income levels are just as large: only 65 percent of poor Brazilians see technological change as an opportunity, while this figure is 84 percent for

rich Brazilians. The results reflect the fact that globalization and technological change can represent a job loss for low-skilled, poorer workers, whose jobs are more susceptible to automatization, and it is not surprising that they are feeling cautious. Overall, when asked to identify which of the long-term trends would have the most impact in the country in the next years, 42 percent of respondents identified technological change as the main shock (compared to 27 percent for climate change, 20 percent for globalization and 11 percent for population aging).

Figure 15: Which megatrend is most likely to impact the country, according to Brazilians



10. Almost 70 percent of Brazilians believe that climate change is a risk for the future, however only 27% believe that this will have major impact in Brazil in the coming years. Perhaps not surprisingly, across the regions, respondents in the North were most concerned about climate change, where 75 percent identified it as a risk, and 61 percent in the Northeast (the highest and lowest rates). Perhaps contrary to trends in other countries, older age cohorts (60+) in Brazil are more likely to see climate change as a risk compared to the youngest (18 to 24), among whom 65 percent identified climate change as a risk. Across income levels, 74 percent of the highest income groups identified climate change as a risk compared to 60 percent in the lowest income group.

Figure 16: Assessment of megatrends by Brazilians: risks vs opportunities

