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MULTILATERAL INVESTMENT GUARANTEE AGENCY

COUNTRY PARTNERSHIP FRAMEWORK

FOR

THE FEDERATIVE REPUBLIC OF BRAZIL

FOR THE PERIOD FY24-FY28

March 14, 2024

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

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

The Multilateral Investment Guarantee Agency

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ABBREVIATIONS AND ACRONYMS

AEM	Amazon Economic Memorandum
AEO	Authorized Economic Operator Program
AFD	Agence Française de Développement / Agencia Francesa de Desenvolvimento
AIMM	Anticipated Impact Measurement and Monitoring
ARPA	Amazon Protected Areas Program
ASA	Advisory Services and Analytics
ATCO	Amazon Treaty Cooperation Agency
BF	Bolsa Familia
BNB	Banco do Nordeste
BNDES	Banco Nacional de Desenvolvimento
BRL	Brazilian Real
BRDE	Banco Regional de Desenvolvimento do Extremo Sul
BRICS	Brazil, Russia, India, China, and South Africa
CAF	Development Bank of Latin America and the Caribbean
CAPAG	Payment Capacity
CAR	Cadastro Ambiental Rural / Rural Environmental Cadaster
CAT	Catastrophe Bond
CC	Carta Consulta
CCB	Climate Co-Benefits
CCDR	Country Climate and Development Report
CDESS	Conselho de Desenvolvimento Econômico e Social Sustentável
CEIS	Complexo Econômico Industrial de Saude
CIF	Climate Investment Fund
CLR	Completion and Learning Review
CO2	Carbon Dioxide
COFIEX	Commission for External Financing
COP-30	Conference on Climate Change 2030
CORSAN	Companhia Riograndense de Saneamento
COVID	Corona Virus Disease
CPF	Country Partnership Framework
CPI	Corruption Perception Index
CPS	Country Partnership Strategy
DER	Departamento de Estradas de Rodagem / Roads Department
DLI	Disbursement Linked Indicator
DPF	Development Policy Financing

DPL	Development Policy Loan
DRM	Disaster Risk Management
EFTA	European Free Trade Association
E&S	Environmental and Social
ESF	Environmental and Social Framework
ESG	Environmental, Social, and Governance
ESS	Environmental and Social Standards
ETP	Ecological Transformation Plan
EU	European Union
FCLP	Forest and Climate Leaders' Partnership
FDI	Foreign Direct Investment
FIP	Forest Investment Program
FY	Fiscal year
G20	The Group of Twenty
GCP	Global Challenges Program
GDI	Graduation Discussion Income
GDP	Gross Domestic Product
GEF	Global Environment Facility
GHG	Greenhouse Gas
GPP	Global Priority Program
GRID	Green, Resilient and Inclusive Development
HCI	Human Capital Index
HLO	High Level Outcomes
IBGE	Brazilian Institute of Geography and Statistics
IBRD	The International Bank for Reconstruction and Development
IBRE	Productivity Observatory under Brazilian Institute of the Economy
ICT	Information and Communication Technology
IDA	International Development Association
IDB	Inter-American Development Bank
IEG	Independent Evaluation Group
IFC	The International Finance Corporation
IFI	International Finance Institutions
IG	Instituto Geologico / Geological Institute
IP	Indigenous People
IPCA	Indice Nacional de Preços ao Consumidor Amplo
IPF	Investment Project Financing
IPTC	Indigenous People And Traditional Communities
KPI	Key Performance Indicator
LAC	Latin America and the Caribbean
LPI	Logistics Performance Index
LTF	Long-Term Finance
MDB	Multilateral Development Bank
MIC	Middle Income Countries
MIGA	Multilateral Investment Guarantee Agency
MOU	Memorandum of Understanding
MPA	Multiphase Programmatic Approach
MSME	Micro Small and Media Enterprises

N.A	Non Applicable
NDB	New Development Bank
NDC	Nationally Determined Contributions
NPC	Nature, People and Climate
OA	Own account
OECD	Organization for Economic Cooperation and Development
P4R	Program for Results
PAC	Growth Acceleration Program
PCM	Private Capital Mobilization
PFM	Public Financial Management
PLR	Performance and Learning Review
PNAD-C	Continuous National Household Sample Survey
PPA	Pluriannual Plan
PPCDAm	Action Plan for Deforestation Prevention and Control in the Legal Amazon
PPP	Public-Private Partnership
RAS	Reimbursable Advisory Services
RBF	Results-Based Financing
REDD	Reducing emissions from deforestation and forest degradation in developing countries
REI	Renewable Energy Integration
RETFs	Recipient-executed Trust Funds
RGPS	Regime Geral de Previdência Social
ROC	Regional Operations Committee
SABESP	Companhia de Saneamento Básico do Estado de São Paulo
SAEB	Sistema de Avaliação da Educação Básica
SCD	Systematic Country Diagnostic
SDG	Sustainable Development Goals
SME	Small and Medium Enterprises
SOE	State-Owned Enterprise
SUS	Unified Health System
TA	Technical Assistance
TF	Trust-Fund
TFFF	Tropical Forest Forever Facility
UMIC	Upper Middle-Income Country
VAT	Value-Added Tax
WB	World Bank
WBG	World Bank Group
WSMEs	Women-owned Small and Medium Enterprises

	IBRD	IFC	MIGA
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FY24-28 COUNTRY PARTNERSHIP FRAMEWORK FOR

THE FEDERATIVE REPUBLIC OF BRAZIL

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FEDERATIVE REPUBLIC OF BRAZIL

I. INTRODUCTION

1. Brazil, the largest upper middle-income country (UMIC) in the Latin American and Caribbean (LAC) region, aspires to become an inclusive and green high-income country and a leader of the global South. In the first year of his third mandate, President Lula has repeatedly emphasized his administration's commitment to fight poverty and social inequality, including by creating more and better jobs; to re-industrialize Brazil, with a greener and more innovative private sector; and to engage in responsible environmental management, with climate and decarbonization as cross-cutting themes. These priorities fit well with the long-standing focus of the World Bank Group (WBG) on helping Brazil to develop a more productive economy that is low-carbon and climate-resilient, that fosters innovative and competitive businesses, and that provides job opportunities for all Brazilians. These objectives are at the core of the WBG's work on fiscal management; private sector development and business support; health, education, social protection, and inclusion; trade, taxation, innovation, and infrastructure; and climate action. Significant progress in transitioning to a green economy would also position Brazil well on the global stage, as it presides over the G20 (from December 2023 to November 2024) and the BRICS (in 2025) and prepares to host the 30th UN Conference on Climate Change in Belém at the end of 2025.

2. Brazil is also a highly heterogeneous country where low- and high-income realities coexist and where an unfinished reform agenda¹ reduces growth potential to a low-level equilibrium. Large pockets of poverty persist across Brazil, and Afro-Brazilians² (half the population), Indigenous People (IP), women, and youth face economic and social disparities that limit their ability to contribute to their full potential. At the same time, the potential for increased incomes and opportunities is limited by high transaction costs, protectionism, and policy-induced distortions that limit investment, competition, and innovation. Governments since 2000 have had some success in improving the country's fiscal position, avoiding large fiscal imbalances, improving factor markets (with some labor, pension, and financial sector reforms) and product markets (with some deregulation), and modernizing infrastructure (mostly in the power and water sectors). In addition, a new fiscal framework and tax reform were approved in 2023. Yet in some areas, such as trade, innovation, and business regulation, important reforms have yet to fully materialize.

3. Achieving higher levels of productivity and sustainable growth remain a key challenge that has become more urgent and will require bolder action. Poverty rates in Brazil today are as they were in 2014; high inequalities are structurally persistent; human capital levels are low, and the COVID pandemic erased a decade of prior progress. Productivity growth in manufacturing and services has been stagnant for 20 years and growth projections remain below UMIC peers.³ While the agriculture sector registered productivity gains (through investments in innovation, technology, and trade logistic, as well as sector-specific government incentives) and sustained Brazil's position as the world's third-largest agricultural and food exporter, part of this success relied on extensive farming methods that threaten important biomes and biodiversity. Overall, it is now clear that Brazil cannot rely on commodity booms and greater inputs of land and labor to reach high-income status. Instead, it needs to shift away from factor accumulation towards a low-carbon productivity-led growth model that is driven by high-quality education and modern infrastructure, including digital, to create more and better jobs. Brazil could also act as a global innovation hub through more competition, higher openness to trade, and integration with regional and global value chains. A more conducive business environment would attract greater private investment in industries

and in the climate transition. Despite the financial system's development, further progress is needed to increase its efficiency. Finally, Brazil could empower its entire workforce to contribute and benefit further, especially by easing the systemic barriers that limit capital accumulation and job opportunities among Afro-Brazilians, IP, women, and youth.

4. Moreover, Brazil's natural endowments position it well to exploit new growth opportunities as the world shifts to low-carbon economic sectors and markets. Since three-quarters of Brazil's greenhouse gas (GHG) emissions result from land-use change and agriculture, stopping deforestation and transitioning towards low-carbon agriculture is a priority. The Amazon rainforest is now near a tipping point beyond which it might not generate enough rainfall to sustain its own ecosystem or the agriculture, hydropower, water supply, and industries that have fueled Brazil's growth, or the environmental services that it provides to the rest of LAC and the world. Efforts to stop deforestation in the Amazon cannot result in more deforestation in other biomes like the Cerrado, as they are also important for similar reasons (see Box 1). The agriculture sector has scope to curb deforestation and scale-up climate-smart land use while raising its productivity further. In addition, given its low-carbon energy matrix, Brazil can decarbonize transport, industry, and cities ("deep decarbonization") at a very low net cost of about 0.5 percent of GDP per annum above "business as usual" costs, on average, between now and 2050.⁴ Doing so would position Brazil extremely well to integrate its businesses into the green economy of the future.

5. Significant progress is within reach, but time is of the essence. The current government brought renewed political will, a strong reform agenda, and ambitious development programs to fight hunger and inequality, promote social justice, re-industrialize Brazil, and embrace a greener economy. It is committed to reaching zero illegal deforestation by 2028 and has launched an ambitious Ecological Transformation Plan (ETP) to promote inclusive and sustainable development while tackling climate change. The ETP's goals are to boost productivity and generate well-paid green jobs, to reduce the economy's environmental footprint, and to promote equitable development through better income distribution and benefits. Significant progress will require sustained efforts and strong buy-in among key actors, including in the private sector, in a way that transcends political divisions and election cycles. If successful, the programs, policies and reforms adopted now would help strengthen Brazil's productive structure and technological innovations in the short-term while also generating stronger foundations for the longer-term.

6. At the same time, the WBG is evolving to become better and bigger, with a new mission to end extreme poverty and boost shared prosperity on a livable planet. Bolder support to Brazil, through financing, knowledge, support to institutions and private capital mobilization, is timely. It will build on the Group's expanded vision and mission, new playbook, and increased financing capacity, as set out at the 2023 Annual Meetings. Brazil is uniquely positioned to benefit from this transformation through WBG engagements that promote scale and replicability, strengthen the effective uses of domestic resources, mobilize more private capital, enhance knowledge delivery, and leverage renewed partnerships. Brazil also has a unique opportunity to contribute to the world's future, including by advancing global public goods in climate and biodiversity and by mobilizing sustainable finance in the context of the WBG transformation and broader multilateral development bank (MDB) reform agenda. The country is actively engaging along these lines, including as part of its G20 leadership.

7. The Brazil Country Partnership Framework (CPF) for FY24-28 is tailored to maximize these opportunities. Lending from the International Bank for Reconstruction and Development (IBRD) is

expected to average about \$2 billion per year and financing from the International Finance Corporation (IFC) to exceed US\$ 5 billion a year. Guarantees from the Multilateral Investment Guarantee Agency (MIGA) are also expected to grow. Demand for WBG support is high. Brazil is IFC's largest client (the portfolio reached US\$ 7.2 billion in November 2023⁵), with a thriving and sophisticated capital market that makes it a solutions lab for climate finance and public-private partnerships (PPPs). Requests for IBRD financing from subnational entities and federal ministries, which articulate demand in Brazil's federal structure, consistently exceed the volume of federal guarantees that the Union allocates to international finance institutions (IFIs) to enable borrowing.⁶ This "bottom-up" articulation of client demand for IBRD financing, together with Brazil's wide range of development challenges, demands new approaches in programming and a bolder articulation of joint WBG work to mobilize private capital and enhance markets. While investor demand for MIGA's guarantees has been low (total gross exposure was \$101 million in March 2024), given low political risks and well-developed capital markets, new opportunities may arise in this CPF period, particularly in support of public banks and subnational entities. The previous CPF covered FY18-23, with important adjustments made in the 2022 Performance and Learning Review (PLR) to address the COVID-19 pandemic. This new CPF will support the priorities of the current administration, as laid out in its Pluriannual Plan (PPA) for 2024-2027 and the ETP, and the ambitions of the Brazilian private sector to take a lead on the global stage.

8. The CPF is consistent with IBRD's graduation policy and reflects IFC and MIGA's evolving additionality. The graduation discussion income (GDI) dialogue emphasizes access to financial markets on favorable terms and the quality and sustainability of institutions for economic and social development. Brazil's recent upgrades in its sovereign credit ratings provide better access to international capital markets. This position is supported by its deep domestic markets, a flexible exchange rate, and a low share of foreign-currency debt. Nevertheless, Brazil faces unique challenges that slow economic and social progress. The WBG program in this CPF period is designed accordingly. IBRD's support systematically aims to strengthen Brazil's key social and economic institutions, which remains a significant agenda. IFC's additionality⁷ is becoming increasingly non-financial, and MIGA is focusing on operations with high value addition for both the public and private sectors, including those with high potential for innovation and replicability and strong alignment with strategic priorities such as climate, gender, and inclusion.

II. COUNTRY CONTEXT AND DEVELOPMENT AGENDA

2.1 Sociopolitical and Institutional Factors

9. Brazil, home to 203 million people with a real GDP per capita of US\$8,802 in 2022, has made enormous progress since the military dictatorship ended in 1985. The 1988 constitution defined citizen and minority rights, protected indigenous lands, advanced environmental concerns, established key democratic practices and institutions, and protected financing for critical services such as health and education. Within this framework, Brazil made major gains in youth literacy, health care, and access to safe water and electricity. GDP per capita quadrupled, helping to create jobs. At the same time, an increase in the real minimum wage⁸ and the introduction of Brazil's flagship cash transfer program *Bolsa Familia* (BF) in 2003 significantly reduced poverty and inequality. The economy today is largely market-oriented; the exchange rate regime is flexible; the central bank is autonomous; and the financial sector is resilient. Monetary and fiscal policy, despite occasional setbacks, have matured greatly since the *Plano Real* eliminated hyperinflation in 1994. Brazil's democratic processes remain robust and resilient,

although persisting inequalities, low economic growth, and large corruption scandals have led to increased polarization and tensions in the last decade.

10. The country is also highly diverse, and racial and gender discrimination systematically limit the opportunities of many individuals and families to break the inter-generational cycle of poverty.⁹ Brazil is a large federal country comprised of the union (federal government), 26 states (plus the Federal District), and over 5,500 municipalities. Its people live in multiple ecosystems across a landmass of 8.5 million km² (about the size of the continental United States), with sharp differences in race, history, culture, and industry manifesting many “Brazils.” The country’s overall Human Capital Index (HCI) shows that Brazilian children born today will have, as adults, only 55 percent of the productivity they would have had with full access to quality health and education opportunities. Factoring in adult unemployment, their productivity falls to 33 percent, implying that 67 percent of Brazil’s talent is lost to society. These losses have entrenched geographic, racial and gender dimensions, as Afro-Brazilians and IP have less access to good-quality schools and health services than whites, and women face job discrimination that limits their earning potential far more than men. Even before COVID, some areas of Brazil had an HCI at around 40 percent (e.g., in the North and Northeast regions), akin to what can be found in Sub-Saharan Africa, while others (e.g., in the richer Southeast of Brazil) had HCI levels around 70 percent, on par with countries in the Organization for Economic Cooperation and Development (OECD).

11. Brazil has made important institutional gains in recent decades but still faces governance challenges that can hold it back from achieving a higher income level.¹⁰ Brazil has solid national legal frameworks, competent institutions, stable and sophisticated financial systems, and a well-established administrative system, particularly at federal level. Its framework for concessions and private sector participation is robust and has contributed to consolidating domestic know-how on structuring PPP contracts. Yet Brazil still ranks in the bottom 25 percent on most institutional dimensions when compared to OECD countries, limiting its capacity to implement and enforce complex policies across its vast territory. The public sector has expanded in recent years,¹¹ in part due to a mix of constitutional expenditure commitments and evolving social demands. Moreover, Brazil’s democratic system involves about 30 political parties and a diverse mix of constituencies across federal, state, and municipal levels, making it difficult to build a nation-wide consensus around key reforms. The legal system is anchored in the rule of law and the separation of powers, and the legal framework to combat corruption is robust, but challenges remain in implementing and enforcing these laws in practice. For example, Brazil’s rank in the Corruption Perception Index (CPI)¹² fell ten places from 94th to 104th out of 180 countries from 2022 to 2023, achieving only 36 points, well below the OCED average of 66. The government’s new PPA for 2024-2027 outlines several actions to reinforce the fight against corruption, with a focus on transparency, integrity, and public security, including by improving public management through audits, access to information, and relevant corrective measures.

2.2 Recent Economic Developments and Outlook

12. Brazil’s economy has been volatile since 2000. Favorable commodity prices, capital flows, and macroeconomic management led to robust growth of about 3.3 percent per year in real terms over 2001-14, which enabled the financing of important social protection programs and helped lift over 27 million people out of poverty by 2011. By 2014, however, falling commodity prices, political turmoil, and unaddressed structural challenges had pushed the economy into a recession, with real GDP growth averaging -0.3 percent in 2014-19 and -3.3 percent in 2020 due to the COVID pandemic. By 2021, the

unemployment rate had doubled to over 14 percent, and many vulnerable Brazilians found themselves out of work or in the informal economy. A post-COVID recovery started in 2021, when growth rebounded to 5 percent, propelled by a strong fiscal stimulus, a successful COVID vaccination campaign, a favorable commodity market, and pent-up demand for services. Growth stood at 3 percent in 2022 and 2.9 percent in 2023, driven by strong agricultural output, exports, and fiscal transfers to low-income households that boosted consumption. Output is expected to moderate to around 2 percent over the next five years (see Table 1), below the country's aspirations. Inflation is projected to stabilize at about 3.5 percent in the medium-term as price pressures reduce, allowing for a gradual easing of monetary policy. On the external front, the current account deficit is expected to remain slightly above 2.0 percent of GDP over the medium term and to be fully financed by foreign direct investment (FDI). But Brazil's tariffs remain high, the country is less open to trade than its peers, and the business environment remains challenging, making it difficult for Brazil to take full advantage of new value chains and nearshoring opportunities. Investment in multimodal logistics is also required to boost value chain competitiveness (in the 2023 Logistics Performance Index (LPI), Brazil ranked 51 out of 139 countries, dropping 10 places since 2010 and falling behind India, China, and South Africa).

13. Several structural challenges contribute to this uneven performance. Economic output over the past decade benefited from an accumulation of labor, skills, and capital. But declining productivity levels over the same period practically eliminated these gains. While productivity rose in the agriculture sector, it stagnated in manufacturing and services (which represent 87 percent of GDP and 90 percent of employment). Although there is still some potential for growth through capital accumulation and higher labor force participation, productivity gains will increasingly be needed to sustain growth, particularly in urban areas. This would require Brazil to adopt market regulations that sharpen competition, increase investment, and facilitate modernization. More specifically, it would involve reducing the "*Custo Brasil*,"¹³ promoting innovation and technological adoption, attracting private capital, modernizing infrastructure, and enriching human capital by improving the quality of education, health, and social services.¹⁴ Greater openness to international trade, in a planned and phased manner, would also help.

14. Economic transformation requires the government to maintain a sound fiscal stance and sustainable debt levels. As Brazil's growth stagnated, structural spending pressures (including for public sector pay, pensions, and social safety nets) inflated recurrent spending, limited policy space, and reduced the scope for public investment. After spiking to 86.9 percent of GDP in 2020, public debt fell to 74.3 percent of GDP by 2023 due to improvements in the primary fiscal balance and recovering economic activity. Still, Brazil's debt-to-GDP ratio is higher than peers,¹⁵ and it would only stabilize in the medium term by implementing a credible fiscal anchor and policies that promote efficiency. However, Brazil's debt composition remains favorable, with low exposure to exchange rate risks and a low share of foreign currency debt. The general government primary balance is expected to reach 0.7 percent of GDP in 2026, from the 2.3 percent deficit observed in 2023. As a result, public debt is projected to peak at 77.7 percent of GDP by 2027 before gradually trending downward. This outlook is sensitive to progress in implementing revenue-enhancing measures and the absence of growth and interest rate shocks. From the expenditure side, the risk of growth in civil service pay, demand for social transfers and new investments could further delay the adjustments needed to ensure medium-term sustainability. Complementary structural fiscal reforms could support the implementation of Brazil's fiscal framework, including measures to increase the efficiency of public spending and promote sustainable public finances at the sub-national level.¹⁶

15. Brazil’s banking sector is resilient, with banks well-capitalized, liquid, and profitable, but challenges remain. Brazil’s Emerging Markets Bond Index spread, at less than 200 basis points, is among the lowest in the region.¹⁷ Despite tight monetary policy, non-performing loan ratios are close to their long-term average (around 3 percent), and investor confidence has remained solid. The banking system has made considerable progress in advancing financial inclusion and greening financial sector policies, but overall credit is relatively low (about half of GDP) considering the size of the economy. Strong potential exists to increase financial inclusion, especially considering that nearly 44% of the adult population is in default on its consumer debt due to high borrowing costs.¹⁸ Selectivity in directed credit¹⁹ (earmarked credit lines often offered at subsidized rates) would help to crowd-in private investment, reduce market volatility, interest rates, and existing barriers for long-term private financing, while also contributing to greater productivity growth.

Table 1: Key Macroeconomic Indicators and preliminary projections throughout the CPF period

	2021	2022	2023 e	2024 f	2025 f	2026 f	2027 f	2028 f
Real GDP growth, at constant market prices	4.8	3.0	2.9	1.7	2.2	2.0	2.0	2.0
Private Consumption	3.0	4.1	3.1	1.5	2.2	2.0	2.1	2.0
Government Consumption	4.2	2.1	1.7	1.2	1.7	1.7	1.5	1.5
Gross Fixed Capital Investment	12.9	1.1	-3.0	1.7	1.5	1.3	2.0	2.0
Exports, Goods and Services	4.4	5.7	9.1	3.0	3.0	3.0	3.0	3.1
Imports, Goods and Services	13.8	1.0	-1.2	2.0	2.3	2.5	2.6	2.8
Real GDP growth, at constant factor prices	4.5	3.1	3.0	1.7	2.2	2.0	2.0	2.0
Agriculture	0.0	-1.1	15.1	0.0	2.0	2.0	2.0	2.0
Industry	5.0	1.5	1.6	1.5	1.7	1.7	1.6	1.5
Services	4.9	4.1	2.1	2.0	2.4	2.1	2.0	2.0
Inflation (Consumer Price Index)	8.3	9.3	4.6	3.9	3.7	3.4	3.5	3.5
Current Account Balance (% of GDP)	-2.8	-2.5	-1.3	-1.8	-2.1	-2.3	-2.2	-2.2
Net Foreign Direct Investment Inflow (% of GDP)	1.8	2.1	1.6	2.0	2.2	2.5	2.5	2.5
Fiscal Balance (% of GDP)	-4.2	-4.6	-8.5	-7.1	-5.1	-4.6	-4.2	-3.8
Debt (% of GDP)^{1/}	77.3	71.7	74.4	77.2	77.3	77.4	77.7	77.5
Primary Balance (% of GDP)	0.7	1.2	-2.3	-0.4	0.4	0.7	1.1	1.2

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Notes: e = estimate, f = forecast. 1/ Brazilian Central Bank definition (2008 methodology), that excludes federal securities in the BCB portfolio and includes stock of BCB repo operations.

2.3 Poverty and Shared Prosperity on a Livable Planet

16. Poverty rates fell sharply at the beginning of the 21st century but remained stagnant in the last decade. Poverty was halved over 2001-12 due to economic growth, increased labor formalization and the expansion of social policies, but the crisis that started in 2014 led to stagnant income growth among the poorest and limited subsequent progress. Brazil implemented a bold set of emergency measures during COVID to support the resilience of the most vulnerable populations, in large part through expanding BF,²⁰ and increased job opportunities arose as part of the economic recovery. Poverty, which peaked at 28.4 percent in 2021, was estimated at 24.1 percent in 2022, on par with 2014 levels.²¹

17. With a Gini coefficient of 0.518 in 2022, Brazil is one of the most unequal countries in the world. The wealthiest one percent own 32.2 percent of Brazil's household wealth. Inequalities are striking across regions, particularly between the poorer northern and richer southern regions, but also within cities and

between rural and urban areas. Brazil's gains in learning, infant and maternal mortality, and access to drinking water, electricity, and job-relevant skills (especially in science, engineering, and technology) still favor richer families, thus reinforcing inequality. Significant gaps also remain in access to basic health care, sanitation, finance, and land tenure (and its associated financial security). Female-headed single-parent households, Afro-Brazilians, and IP are overrepresented among the excluded, with worse labor market outcomes and enduring wage gaps, even within comparable sectors and levels of skills. Real increases in minimum wages and the introduction of more BF benefits for families with children²² are expected to lower poverty to 22.1 percent in 2023 (\$6.85; 2017 PPP), but faster job creation, deeper investments in human capital and more opportunities for disadvantaged groups will be needed as well.

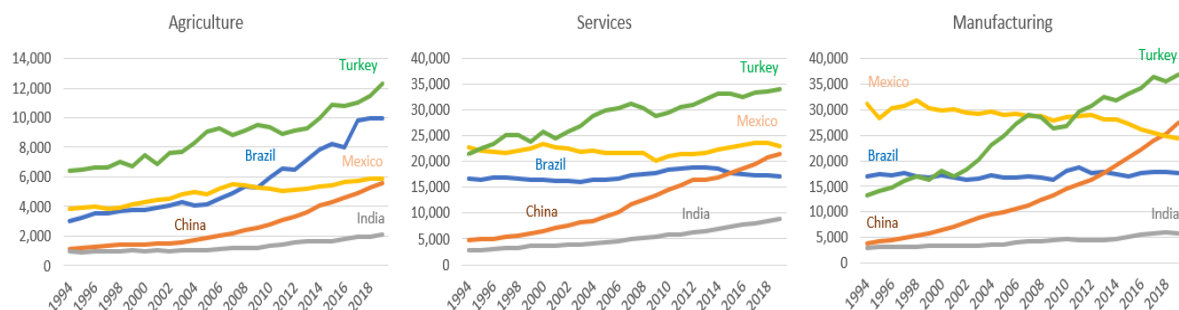
18. Progress in Brazil would enhance livability in the rest of the world, and vice-versa. Brazil's challenges are aligned with six of the eight global challenges²³ in the Evolution Roadmap. Brazil's transformation agenda links directly to the global challenges on "Climate Change Adaptation and Mitigation," "Water Security and Access," and "Protecting Biodiversity and Nature". The country's needs – and opportunities – to develop a more competitive and productive economy are linked to the global challenges on "Energy Access" and "Enabling Digitalization", and the global challenge on "Food and Nutrition Security" is consistent with Brazil's struggles to assist the 70.3 million people who are now moderately to severely food-insecure. The climate agenda is closely inter-related with poverty reduction and shared prosperity in Brazil (see Sections 1, 2.4, 3.1, and 3.3 for further discussion).

2.4 Development Agenda

19. To resume progress towards high-income status, Brazil needs to bring new vigor to addressing old challenges. In accordance with the 2023 SCD update²⁴, renewed focus and innovative solutions are needed to promote productivity-led growth, social inclusion, climate action, and fiscal discipline. These challenges are closely inter-related. In each area, a fundamental re-orientation will be needed.

20. A first key challenge involves creating opportunities for all Brazilians through a focus on productivity-led growth and a competitive economy ("productivity"). The key obstacle to increasing incomes in Brazil is the economy's low productivity.²⁵ Total factor productivity fell by 0.8 percent over 2014 to 2022, causing Brazil's performance to significantly lag some of its peers (see Figure 1). Agriculture has seen productivity gains, but the sector's increasing mechanization translates into lower job creation compared to the more labor-intensive services sector, where most of Brazil's largely urbanized population is employed. Some growth can still happen through increasing inputs of capital and labor, but significant productivity gains are essential to increase and sustain growth in manufacturing and services. This would involve improving the business environment, attracting private investment, expanding access to finance, upgrading workers' skills, effectively promoting innovation, modernizing infrastructure (especially digital, transportation and logistics), and modernizing the tax regime. Deepening regional and global integration through trade and global value chains would also help.

Figure 1. Value added per worker in Agriculture, Manufacturing and Services for Brazil and comparator countries.



Source: 2023 SCD update

21. A second challenge involves developing a people-centric strategy that increases the income-generating capacity of the poor (“inclusion”). Brazil’s ability to promote income opportunities for all, leaving no one behind, will require inclusive policies that close existing gaps in the accumulation of human, natural, financial, and other types of capital. Priorities include measures to boost high-quality educational attainment and health services and households’ resilience to navigate economic, environmental and climate shocks, improved access to digital services, and effective land tenure regulation.²⁶

22. A third key challenge involves unlocking the country’s potential as a sustainable economy and a global climate leader (“climate action”). Brazil’s clean energy matrix and lower carbon emissions profile showcase the country as an attractive destination for green investments. Nonetheless, Brazil’s commitment to achieve net-zero deforestation and its increased exposure to natural hazards require renewed and broader efforts to move towards a much greener economy. As detailed in the Country Climate and Development Report (CCDR) and the Amazon Economic Memorandum²⁷ (AEM), priorities to address these challenges include promoting productivity across the economy, expanding climate-smart agriculture and animal husbandry, increasing the resilience of industries and cities, curbing illegal deforestation further, improving the management of natural resources, and mobilizing climate finance. The Amazon agenda is cross-cutting and further described in Box 1.²⁸

Box 1: The Amazon as a Driver of Sustainable Development

Brazil’s Amazon region lies at the nexus of local, country, and global challenges. It is home to 28 million people. Of these, 75 percent live in cities, and about one million are indigenous people from hundreds of tribes whose traditional ways of life and “know-how” are invaluable assets.

The Amazon rainforest is the world’s most biodiverse biome. Comprising about half of the planet’s remaining rainforest, it extends across 5.5 million km² (60 percent in Brazil). Yet it is fast reaching a tipping point beyond which it could no longer deliver its important ecosystem services (estimated at \$317 billion per year) to Brazil and the world. Preliminary WBG estimates are that US\$5-6 billion per year are needed through 2028 to safeguard the region’s forest and support nature-smart economic opportunities and investments for its people, though only a fraction of this amount is currently available. The bioeconomy²⁹ presents prospects for sustainable livelihoods for some inhabitants but limited skills and capabilities as well as physical and digital connectivity remain as important barriers.

The WBG has contributed to the region’s development since the early 1990s, through its leadership of the PPG7 Multi-Donor Program to Conserve Brazilian Rainforests, significant contributions to the Amazon Protected Areas Program (ARPA, the largest tropical conservation initiative to date), and support to implementation of the forest code. Under this new CPF, WBG support will cut across the productivity, inclusion, and climate agendas, to help achieve deforestation targets and create structures and finance mechanisms that can resist policy reversals over time and yield impact at scale.

WB engagements in Brazil will accord with the LAC Amazon program by focusing on: (i) *a green Amazon* - safeguarding natural assets through strengthening forest, land and water resource management, protected areas, Indigenous Territories, land tenure and environmental regularization; (ii) *a prosperous Amazon* - promoting nature-smart economic opportunities by fostering the bioeconomy and sustainable productive value chains, low carbon agriculture, forest restoration, and green urban jobs; and (iii) *a livable Amazon* – serving people by improving rural health and education services, basic infrastructure and connectivity, and promoting sustainable and resilient cities. IFC’s advisory engagements on green buildings and street lighting in Amazonian cities, together with its growing investments on sustainable land use, forest restoration and connecting with sustainable value chains, will leverage additional private investments for the region. MIGA’s de-risking solutions can also be considered in close coordination with the Bank and the IFC. In addition, the WBG will work closely with IDB to enable investment finance in the Amazon and to leverage Amazonia bonds³⁰ to finance climate- and nature-smart investment.

23. A final challenge involves financing the country’s growth through more efficient spending, a more efficient and progressive tax system, and a sound fiscal framework. Creating fiscal space in a context of limited discretionary spending is not a new challenge for Brazil. However, several factors make financing the needed investments a fundamental policy priority, including the rising fiscal needs caused by COVID, heightened climate change risks, and slow progress in building a competitive economy. Recent government initiatives to increase the efficiency of public spending, harmonize taxes across income sources, eliminate regressive exemptions, and improve the credit market are all promising policy options to address this challenge. This also comes in parallel with increasing private sector participation in the provision of public services, which can increase efficiency without compromising access and quality.

III. WORLD BANK PARTNERSHIP FRAMEWORK

3.1 Government Program and Medium-term Strategy

24. The PPA for 2024-27 was approved by Congress in late 2023 and is already being implemented. It highlights three pillars: (i) Social Development and Guarantee of Rights; (ii) Economic Development and Socio-Environmental and Climate Sustainability; and (iii) Defense of Democracy and Reconstruction of the State and Sovereignty. It also proposes five cross-cutting agendas: women, IPs, racial equality, children and adolescents, and green action. The PPA’s strong commitment to social justice, climate action, and democratic institutions is a trademark of the current administration. It involves renewed emphasis on themes already present in President Lula’s 2003-10 administrations, bold new programs (such as the ETP and its focus on renewable energy), and more ambitious versions of earlier initiatives, such as the third Growth Acceleration Program (PAC), with US\$350 billion in infrastructure-related investments, one-third from the private sector; the fifth Action Plan for Deforestation Prevention and Control in the Legal Amazon (PPCDAm) and its equivalent in other biomes (e.g., the PPCerrado) to support the control of deforestation;

a bolder Plano Safra, with more than US\$70 billion in credit lines for small and large farmers and a stronger focus on climate mitigation; and a new industrial policy, with US\$60 billion of financing until 2026.

25. The authorities' fiscal and structural reform priorities seek to strengthen the macroeconomic foundations for inclusive growth, to promote a more productive and green economy, and to attract greater private capital. To replace a previous cap on expenditure growth, Congress in August 2023 approved a new fiscal framework that seeks to create more space for public investment while stabilizing debt over time.³¹ In December 2023, Congress also approved a long-awaited tax reform that aims to simplify indirect taxation by introducing a value-added tax (VAT) system, reducing compliance costs and distortions in the current system and promoting productivity and growth³². At the same time, Brazil is seeking to expand its trade with premium markets, including through MERCOSUL³³, and to establish a regulated carbon market³⁴ that caps GHG emissions from key sectors. Additional progress in lowering distortions in credit markets, including the composition of earmarked credit through the financial system, will be essential for promoting a more competitive private sector and a more productive economy.

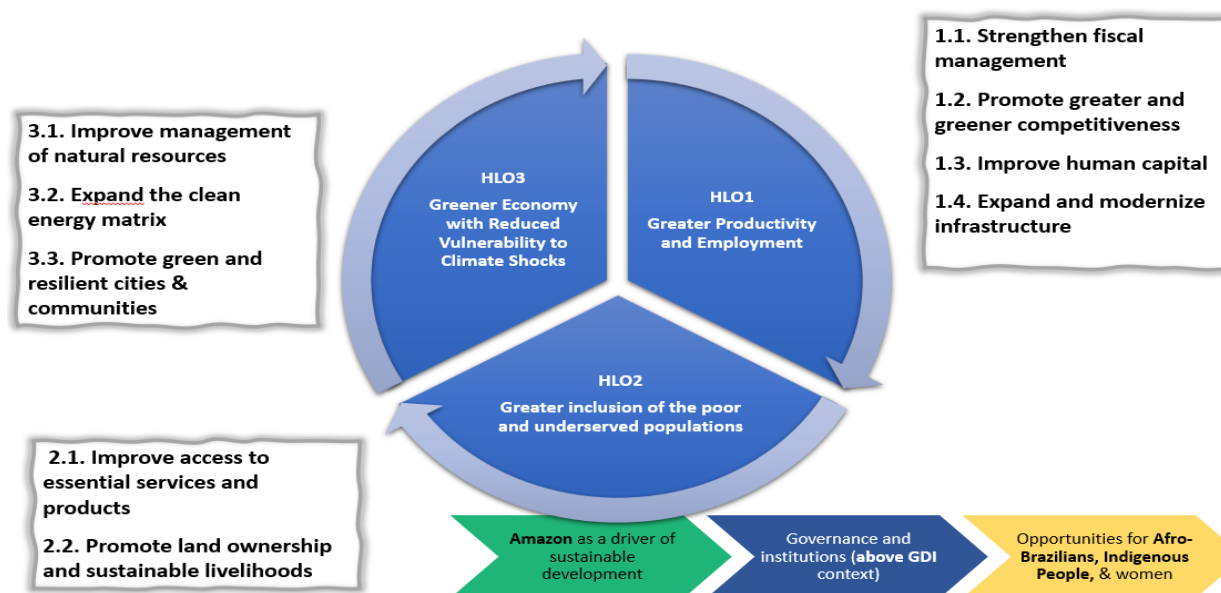
26. Brazil is embracing its G20 presidency to advance key topics at both country and global levels. Brazil's G20 motto is to "help build a fair world and a sustainable planet," with three specific priorities: (i) social inclusion and the fight against hunger; (ii) sustainable development across the social, economic, and environmental strands; and (iii) the reform of international governance. These aspirations reflect Brazil's vision for a new globalization paradigm and open additional opportunities for the WBG to help with global expertise and just-in-time contributions. The government is already seeking WBG engagement in several areas, including the ETP; a new task force to create a Global Alliance against Hunger and Poverty to accelerate progress on SDGs 1 and 2; the digital economy; and pandemic preparedness, among others. Through the Heads of MDBs' Group, Brazil is also leveraging its G20 presidency to help develop a G20 roadmap for a better, bigger, and more effective MDB system.

3.2 Proposed WB Country Partnership Framework

27. The overarching goal of this CPF is to help Brazil build a more productive, more inclusive, and greener economy during the FY24-FY28 period and beyond. The CPF is structured around three HLOs and nine objectives (see Figure 2, Section 3.2., and Annex 1) that build on previous achievements, draw from lessons learned, and give specific emphasis to current government priorities. Together, they strongly echo the WBG's new vision and mission. They promote poverty reduction and shared prosperity in Brazil and support progress on global challenges to make both Brazil and the planet more livable. The cross-cutting CPF themes relate to the Amazon, institutions and governance, and racial and gender disparities (see boxes 1, 3 and 4).

28. This program was defined through the three standard CPF selectivity filters. The filters are: (a) client priorities and demand for WBG support, as articulated in the PPA and ongoing dialogue at federal and subnational levels; (b) the critical pathways towards achieving poverty reduction and shared prosperity on a livable planet, as identified in the SCD update; and (c) the WBG's comparative advantage, given its record of impactful engagements. Additional selectivity criteria relate to: (i) achieving scale and replicability; (ii) increasing efficiency of public spending; and (iii) enabling and mobilizing private capital.

Figure 2. CPF HLOs, Objectives, and Cross-cutting themes



Selectivity filter 1: Client priorities and demand for WBG support

29. Client buy-in, commitment, and absorptive capacity are key determinants of WBG selectivity in Brazil. Clients across Brazil value the WBG’s work for the ideas, innovations, knowledge, and financing that it brings. The quality and robustness of the dialogue consistently indicate that federal and subnational clients see the WBG as a neutral partner that aims to support Brazil’s best interests, building on a long-term partnership based on trust, shared commitment, and pragmatic cooperation to develop and implement sustainable solutions to address Brazil’s most pressing challenges. Although the relative size of WBG financing is modest, at about 0.4 percent of GDP in a US\$2 trillion economy, WBG activities often have an outsized impact, helping to develop and scale-up policy and institutional reform, technological innovation, and improved project management in key development areas. Due to federal budget constraints, demand for IBRD loans from subnational entities consistently exceeds the volume of guarantees that the Union can allocate to IFIs to enable borrowing. Demand for IFC debt, equity, climate finance, PPP structuring and advisory and upstream services are not subject to these limits and continue to grow with the country’s ambitions. New opportunities for MIGA guarantees may also arise to accelerate private capital mobilization for subnational entities, with a focus on climate, gender, and inclusion.

30. To enhance impact in this CPF period, the WBG will further tailor its support to the specific needs and priorities of each region. Additional support will target the North-East, North, and Center-West, where the greatest challenges and opportunities exist for poverty alleviation and climate action, including in the Amazon, Cerrado, and Caatinga biomes.³⁵ Selective engagements in the South and South-East will aim for innovation, positive spillovers, increased resilience to climate-change, and demonstration effects that can be scaled up or replicated within Brazil and beyond.³⁶ Lending at the federal level will focus on systemic issues of national relevance (e.g., social protection, education reform and learning, and the green transformation of the economy). IFC will continue to support innovation, productivity and growth of the Brazilian private sector, while at the same time looking for opportunities for inclusion to address challenges of underserved populations in all regions. The WBG will aim to attract higher levels of

private financing to help support core government priorities. It will build on IFC’s portfolio, the largest worldwide, including its thriving and sophisticated capital market that makes it a solutions lab for climate finance, and on the potential deployment of MIGA de-risking solutions.

Selectivity Filter 2: Achieving poverty reduction and shared prosperity on a livable planet

31. The key development challenges highlighted in Section 2.4 emerged directly from a robust program of ASA completed over FY22-23. Influential ASAs included a Human Capital Review, a Poverty update, an Infrastructure Assessment, and the CCDR and AEM. The key findings of these reports were consolidated in December 2022 into policy notes that focused WBG dialogue with the then-incoming government on four key challenges: (i) building opportunities through productivity-led growth; (ii) increasing the capabilities and economic inclusion of the poor so that they are better able to capture those opportunities; (iii) meeting Brazil’s potential as a leader in green and climate-friendly development; and (iv) financing development sustainably, by situating Brazil’s enormous growth, inclusion and climate action needs within a credible macroeconomic framework and disciplined fiscal policies. Together with ongoing TA, these policy notes and the wealth of robust analytics behind them have already influenced some of the flagship programs and key reforms mentioned above.

32. The 2023 SCD update reflected this large body of evidence and zoomed in on critical pathways for Brazil to achieve poverty reduction and shared prosperity on a livable planet. The SCD introduced three High Level Outcomes (HLOs), namely: (i) increase access to high-quality job opportunities; (ii) improve households’ income-generating capacity through the accumulation and use of productive assets; and (iii) reduce vulnerability to climate shocks. Fiscal sustainability was discussed in a cross-cutting manner as it plays an enabling role that is systemic in its relevance and implications. Twenty-two priorities were selected across the three SCD HLOs, based on their high potential to address Brazil’s development challenges. The proposed HLOs under this CPF are aligned with the SCD’s priorities, albeit more selective.

Selectivity Filter 3: WBG Comparative Advantage

The WBG will continue to focus its efforts on engagements where it may be able to achieve levels of influence and impact that go beyond the size of its financing. The WBG has a strong track record of influencing and supporting Brazil’s success stories. Box 2 provides some examples of the WBG’s ability to achieve impact through its TA, analytics, advisory projects, and resource mobilization from third parties. As the only global MDB, the WBG also serves as a catalyst for sharing innovations and lessons from Brazil with other countries and vice-versa. The projects, policy reforms, private sector interventions, including financial instruments and non-financial additionality delivered in Brazil’s diverse states and municipalities serve as incubators for scale-up, replication, or adaptation elsewhere. In turn, the WBG is well-positioned to bring experiences and successes from other countries to Brazil to support its potential as an innovation hub and to strengthen its institutions and governance (key in an above-GDI context).

Box 2: Selected WBG Contributions to Brazil’s Success Stories

Brazil’s partnership with the WBG spans decades of groundbreaking collaborations since the first loan, in 1949, in support of hydroelectric power facilities that since made Brazil one of the world’s leaders in low-carbon electricity supply. Over time, transformational support from the WBG extended well beyond the scope of its financing and spanned the three interrelated “Ps” of People, Prosperity, and Planet as follows:

People: WB support had significant influence on: (i) Brazil’s flagship conditional cash transfer program, BF, which lifted millions of Brazilians out of poverty since 2003 and continues to be at the cutting edge of crisis response and transparency; (ii) Ceará State’s pioneering approach to transforming education quality, including through robust learning assessments and results-based financing, which has inspired other countries and Brazil’s federal government to attempt to follow suit; and (iii) the inclusive provision of quality health services through a Unified Health System (Sistema Único de Saúde, SUS), one of the most advanced public health systems in the world. Complementary IFC interventions to support private health operators helped ensure affordable access in underserved markets. The WB also helped to pioneer sustainable opportunities for IP, traditional communities, Afro-Brazilians, women, and youth with important breakthroughs in legislation – on social accountability, violence prevention, and the narrowing of racial and gender gaps – that can now be scaled up. IFC launched the first social bond in Brazil through Itaú to support financial solutions for Women-Owned Small and Medium Enterprises (WSME) with an additional focus on underserved businesses in the North and Northeast regions of Brazil.

Prosperity: The WBG supported Brazil’s first PPP as part of an expansion of São Paulo’s Metro Line 4. Since then, IFC and IBRD have supported a substantial PPP program in Brazil that unlocked at least US\$8.5 billion in private investments over the last 10 years, with innovative and impactful PPP models that include the ambitious highway concession program in the State of São Paulo, municipal street lighting across several states, and the Paraná Roads program. These programs have significantly improved urban mobility, services and market access. Over the years, WB analytical work and TA also contributed to advancing Brazil’s fiscal and structural reforms, such as trade policies; the 2019 pension reform; the federal system for rating state capacity to repay loans (“CAPAG”), which helped to establish sub-national borrowing limits since 2017; and the recently approved indirect tax reform.

Planet: WB support in the Amazon region (see Box 1) since the 1990s contributed to the demarcation of indigenous lands in a total area the size of Sweden; the establishment of community-managed extractive reserves; greater adoption of certified forest management approaches; significant institutional strengthening at both federal and state levels; and participatory approaches across hundreds of communities and civil society organizations. Acknowledging the critical importance of other ecosystems, the WB has also been a leading partner in the Cerrado and Caatinga biomes through national and state-level lending programs and grant funding activities to support sustainable water management, agriculture and livestock, environmental regularization, natural resource management, and land use and landscape management. In parallel, IFC pioneered innovative instruments for sustainable finance in Brazil, including the first sustainability-linked loan for the waste management sector across emerging markets, the first blue loan in LAC, the first super green loan through ESG-linked financing, the first social bond, the first loan to a trading company with zero deforestation commitment and a groundbreaking mechanism for currency risk sharing in road concessions.³⁷ In late 2023, Brazil issued its first sovereign sustainability bond (a \$2 billion³⁸ 7-year bond at 6.5 percent coupon rate) under a framework articulated with support from the WBG and Inter-American Development Bank (IDB), which provides a blueprint for sovereign issuances and unlocks potential for new forms of PCM and sustainable finance.

Objectives supported by the WBG Program

33. HLO 1 on “Greater Productivity and Employment” is expected to tackle the challenges of: (i) strengthening fiscal management at all levels of the government;³⁹ (ii) increasing the competitiveness of the Brazilian economy; (iii) improving human capital outcomes, especially education outcomes among the lower-income strata, and (iv) modernizing infrastructure and reducing gaps. Progress on this HLO will be

tracked by monitoring labor productivity, total factor productivity, and the employment rate. HLO1 will be supported by four objectives:

- **Strengthen fiscal management (1.1)** backs efforts to alleviate fiscal constraints and improve public sector efficiency, including in service provision that is relevant for productivity growth, through subnational DPFs and the Progestão series of projects/MPA. Knowledge products and policy dialogue will support complementary progress towards improved fiscal management at the federal level.

- **Promote greater and greener competitiveness (1.2)** focuses WBG lending, knowledge, and TA on removing key constraints to competitiveness and productivity. It supports policy and institutional efforts to reduce the “*custo Brasil*” at the federal and subnational levels, promote the decarbonization of industries, and attract private investment towards the climate transition, including through support to MSMEs. IFC investments and upstream advisory, together with IBRD TA, knowledge and policy support, will leverage private capital in support of this objective. The deployment of MIGA guarantees in support of public banks for green activities could provide complementary support. This objective directly contributes to the global challenge on climate change adaptation and mitigation.

- **Improve human capital (1.3)** supports Brazil’s efforts to accelerate improvements in human capital through interventions in education, health, and social protection, including acquisition of digital skills. The emphasis on literacy, full-time schooling and stronger social assistance will be critical to promote human capital accumulation and resilience among the poor. Enhancing health and nutrition services, including for greater pandemic preparedness, will also be pursued under this objective. IFC will support this objective through tertiary education financing for underserved populations while also exploring innovative PPP models in health and education provision.

- **Expand and modernize infrastructure (1.4)** focuses on infrastructure as a key productivity enabler. IFC will support shared telecom infrastructure and the digitalization of products, services, and processes, while IBRD focuses on a transport MPA (covering mass transportation, including e-buses and rural roads to increase agricultural productivity and develop value chains) and various subnational operations promoting electrical grid expansion, reliability of water supply for production purposes, and expanded logistics. Building on the previous CPF, the WBG will further strengthen PPP frameworks and support new PPPs and concessions across infrastructure sectors. MIGA will explore new opportunities to de-risk infrastructure PPP projects via its political risk insurance guarantees, subject to market demand, and support public sector projects in infrastructure via non-honoring guarantees. Objectives 1.3 and 1.4 both contribute to the global challenge on “Enabling Digitalization”.

Box 3: Improved Governance and Stronger Institutions

Strengthening institutions will remain critical in this new CPF period to support Brazil’s path towards higher-income status. Strong institutional assessments and M&E frameworks will be the norm at design stage to ensure successful project implementation and to inform the use of country systems (including in PFM and ESF) where possible. Activities will seek to raise technical, oversight and transparency standards.⁴⁰ Specific aspects of this CPF’s Results Framework will directly contribute to this objective and are marked as “IS” for “Institutional strengthening” in Annex 1, with a few illustrative examples as follows:

- Under Objective 1.1, engagements with subnational entities will strengthen public investment management systems, internal audit capacity, overall fiscal and debt management functions, and other

institutional mechanisms that help states reach and maintain high payment capacity ratings (i.e., CAPAG A or B)

- Under Objective 1.2, the WBG will support improved business or investment practices across states while also contributing to improvements in the overall regulatory environment for better governance and fewer market distortions. Complementary engagements under Objective 3.2 will support policy and market regulatory changes to improve governance and efficiency in the energy sector.
- Under Objective 1.4, the WBG will support corporate governance improvements in infrastructure sectors (including as part of PPPs and concession mechanisms to leverage private participation). Overall, this support draws from lessons learned, for example on market pricing of procurement packages, on the need for greater documentation when rebalancing contracts, and on adequate long-term management of contracts, including when concessionaires become unable to fulfill their obligations and need to be replaced. Increased governance in water management will also be pursued as part of the water security, reliability, and availability agenda.
- Activities under Objectives 2.1 and 2.2 will support inclusive, transparent, and sustainable land governance models to promote greater land tenure regularization of Indigenous /traditional territories, agrarian reform settlements, and vacant public lands, inter alia.
- Under Objective 3.1, support to Brazil’s deforestation monitoring systems will enable greater transparency and awareness-raising on the scope and sources of the issue, which would in turn lead to enhanced accountability among various stakeholders.
- Institutional strengthening for climate action and climate resilience will also include support to Disaster Risk Management (DRM) systems at subnational level under Objective 3.3.

34. HLO2 on “Greater Inclusion of the Poor and Underserved Populations” focuses on reducing inequality and improving the economic and social stance of lower strata. Progress will be monitored primarily through wage and employment gaps among various groups and the Gini coefficient. Two objectives support this HLO:

- **Improve access to essential services and products (2.1)** helps bridge existing gaps in people’s access to essential services and the specific products needed to deliver these services. IBRD and IFC will support the expansion of access to clean water and adequate sanitation, better and more resilient health services (including by private operators), and hygiene products for the urban and rural poor. IFC will also support the development of affordable housing initiatives, use its advisory services to encourage community engagement of companies, and support creative industries, such as green and sustainable tourism. In addition to direct investments, many IBRD activities will focus on building related institutional capacity. The social registry (*Cadastro Único*) will be strengthened so that social safety nets can be more effective and efficient in responding to shocks. In this way, this objective will directly contribute to achieving the global challenges on “Food and Nutrition Security” and “Water Security and Access.” MIGA guarantees could also be deployed under this objective, subject to market demand.

- **Promote land ownership and sustainable livelihoods among disadvantaged groups (2.2)** supports the development of sustainable and profitable economic activities amongst the most vulnerable, with a particular focus on regularizing land access and ownership and expanding access to financial solutions. IFC, IBRD, and MIGA will foster financial inclusion of micro firms, family farmers, minorities, and vulnerable populations. Solutions for specific groups (IPs, *quilombolas* and other traditional communities),

such as “niche” value chains in the agricultural sector and in the bioeconomy, will be implemented through a mix of investments, including via mobilization of Recipient-Executed Trust Funds (RETFs). As such, this objective contributes indirectly to progress on the global challenge related to “Food and Nutrition Security.”

35. HLO3 on “A Greener Economy with Reduced Vulnerability to Climate Shocks” focuses on realizing Brazil’s full potential as a more sustainable economy, while also supporting mitigation and adaptation in response to the impact of climate change on Brazil’s households, nature, and infrastructure. All three objectives under HLO3 provide direct contributions under the global challenge on “Climate Change Adaptation and Mitigation.” HLO3 supports the implementation of CCDR and AEM recommendations through investments related to natural resource management, climate-smart solutions, greater resilience of industries and cities, and – most importantly given Brazil’s unique profile of greenhouse gas emissions – ending illegal deforestation. Progress against this HLO will be tracked by three indicators: (i) greenhouse gas emissions, (ii) deforestation rates, and (iii) estimated losses from extreme hydrometeorological events. Three objectives contribute to this HLO:

- **Improve management of natural resources (3.1)** supports a holistic approach to disincentivizing deforestation and promoting the protection, sustainable management, and restoration of both natural and modified ecosystems, thus benefiting both human well-being and biodiversity, and directly contributing to the global challenge on “Protection Biodiversity and Nature.” Advisory and policy support from IBRD and IFC will help promote policies and regulations that enable the greening of industries, agricultural production, and the financial sector; attract private capital; and promote incentives to reduce deforestation and support afforestation activities. IBRD and IFC will promote more sustainable value chains, with enhanced traceability of final products, nature-based-solutions, and climate-smart innovations, together with MIGA where relevant. IFC will support private companies in the implementation of traceability systems in agribusiness and forestry and will foster afforestation funds, forest concessions, and other means to promote sustainable land use. Meanwhile, a significant share of the IBRD program will focus on water management and agriculture through technologies and low carbon emission practices that improve land productivity and refrain from extensive use, while increasing climate adaptation in agriculture.

- **Expand the clean energy matrix (3.2)** takes Brazil’s already clean energy matrix to the next level. It promotes greater and more sustainable independence in domestic consumption while also boosting Brazil’s export potential, thus contributing directly to the global challenge on “Energy Access.” The WBG will support the newest technologies and greater renewable energy integration (e.g., in green hydrogen, green ammonia, biofuels, solar and wind energy). Notably, clean hydrogen is an important vector for decarbonizing sectors that cannot be decarbonized using electricity (e.g., steel, cement, refineries, heavy transport, etc.) and therefore a critical enabler of Brazil’s ecological transformation.

- **Promote green and resilient cities and communities (3.3)** focuses on transforming Brazil’s urban areas, and the most lagging communities within them, into areas of high productivity and livability. It supports the implementation of various climate adaptation solutions that reduce disruptions from natural hazards to Brazil’s urban and transport infrastructure, thus generating positive spillovers on the competitiveness of the economy. Specific entry points include disaster preparedness mechanisms (flood prevention, urban regeneration, and protection from landslides), insurance parameterized on climate events,⁴¹ and other measures such as green building certification implemented with IBRD and IFC

financing and supported by IFC upstream advisory work (and MIGA de-risking solutions where feasible).

Box 4: Greater opportunities for Afro-Brazilians, Indigenous Peoples (IPs), and women

Brazil has the largest Afro-descendant population outside of Africa, with Afro-Brazilians representing 56 percent of the country's population. Together with IPs and women, they have faced deeply rooted historical and cultural biases. Addressing these biases is key to achieving racial and gender equity as well as social and economic justice, as they systematically deprive half Brazil's population of key opportunities to live productive lives and to contribute to their country's progress and growth.⁴²

The current administration created the first-ever Ministry for Racial Equality and Ministry for Indigenous Peoples, thus bringing renewed attention and impetus to tackling these disparities. With the Ministry of Women and strong support from the Ministries of Planning and Finance⁴³, they aim to plan, coordinate, and execute policies to promote greater racial and gender equality and to fight discrimination. This momentum creates an opportunity for the WBG to build on its strong track record on racial and gender equity (see Box 2). While activities under HLO2 will directly benefit the Afro-descendants, IPs, and women who are in situations of poverty and exclusion, activities under HLOs 1 and 3 will seek to provide greater opportunities for all Brazilians across racial and gender lines, using disaggregated targets and indicators wherever possible to help narrow existing gaps, including through increased access to credit. For example, efforts to expand skills under Objective 1.3 will explicitly focus on bridging gender and racial gaps, while the expansion, modernization, and increased reliability and resilience of digital and transport infrastructure (see Objectives 1.4 and 3.3) will enable specific groups to make greater use of their skills – and to develop new ones - through enhanced connectivity to jobs, markets, and services. Under Objective 3.1., efforts will be made to ensure that women, Afro-Brazilians, and IPs receive more benefits from the implementation of sustainable environmental practices through enhanced access to regenerative agriculture technologies, low-carbon productive systems, and green financing, among others.

36. These three HLOs and nine objectives are interlinked and mutually reinforcing. Together, they focus the CPF's program on addressing Brazil's most pressing challenges. HLO1 enhances people's capacity to contribute to the country's prosperity, and vice-versa. It focuses on enabling the economy to create more and better jobs, while improving readiness of the current and future workforce to seize these job opportunities through improving people's health, education, resilience, and digital connectivity. HLO2 boosts these efforts and strengthens the social contract by connecting the poorest and most vulnerable people to the services and other enablers they need most for accessing jobs and markets, and for overcoming the economic and social barriers they face. None of this would be possible, let alone sustainable, without HLO3's focus on the decarbonization of growth-driving sectors (e.g., agriculture, water, energy, pharma, transport, and urban infrastructure) and increased resilience to climate shocks.

37. The HLOs also contribute to improving the livability of Brazil, with positive externalities for a livable planet. As discussed in the AEM, greater productivity - especially in manufacturing and services (HLO1) - is key for reducing deforestation pressures because it helps shift opportunities towards non-land-based sectors. It will thus help protect biodiversity and nature together with sustainable land use activities pursued under HLO3. Transforming Brazil's urban areas into low-carbon resilient engines of growth (HLO3) will be complemented by safe, reliable, and green transport solutions connecting people and the economy in an environmentally clean way (HLOs 1 and 2). It will also help on the anti-racism agenda by developing the big cities' poorest and underserved irregular settlements, where Afro-Brazilians are

overrepresented. Integration of small farmers into sustainable and competitive food value chains (HLO3) and support to sustainable tourism (HLO2) will support people's incomes (HLO1) and strengthen community engagement and social inclusion practices, including among private sector companies (HLOs 2 and 1). Taken together, the three HLOs promote making Brazil a cleaner, better connected, and safer place - with opportunities for all. They also contribute to six of the eight global challenges, and can therefore enable global progress as well, including in the context of South-South exchanges.⁴⁴

38. The alignment between the country's objectives and global aspirations organically links many CPF indicators to the emerging corporate scorecard of the WBG (details in Annex 1). Some examples are: (i) HLO3 indicators of GHG emissions, net deforestation rate, and damages from climate events mirror Area 6 "Greener planet"; (ii) many objective-level indicators monitor the number of people provided with access to essential services, infrastructure and assets (e.g., water, sanitation, digital connectivity, transport, education, safety nets or land titles) consistent with Areas 1, 3, 4, 10 and 11⁴⁵; and (iii) the employment and wage rates and gaps indicators under HLOs 1 and 2 feed into Area 8, on jobs.

3.3 Implementing the FY24-FY28 Country Partnership Framework

39. IBRD's lending program for FY24 and FY25 is fully aligned with this CPF's priorities and is expected to grow to about US\$2 billion per year (see Annex 4). After a slowdown in FY23 due to the 2022 general elections and political transitions at federal and state levels, the level of federally approved demand for IBRD financing increased significantly. As of March 2024, twelve operations worth US\$ 1.77 billion have been approved or negotiated for FY24, and 18 additional projects worth US\$ 2.97 billion, with CCs approved, are under preparation—with many more under discussion. This pipeline is expected to tilt the portfolio further towards the three priority regions and to balance three types of engagements: (i) large single-borrower operations (including at the federal level); (ii) programmatic multi-state engagements (e.g., on the efficiency of public spending, climate-smart agriculture, and resilient infrastructure) to enable replicability and to generate impact at scale; and (iii) a selective number of smaller stand-alone operations that are tailored to the unique development needs, fiscal space, and implementation capacity of states and municipalities where IBRD's competitive lending conditions and strong technical support are in high demand. The implementable multi-sectorality recommended in the CLR is consistent with the WBG's simplification and already reflected in the design of pipeline projects.

40. IFC's investments reached US\$ 6.5 billion in FY23,⁴⁶ the highest yearly amount for any country in IFC's history, and future engagements will support the three HLOs of this CPF. For each US\$ 1 of own resources invested, IFC mobilized an extra US\$ 2.2 from other creditors in the past two years, a strategy that will carry forward to leverage greater WBG impact. Financing to Micro, Small and Medium Enterprises (MSMEs) channeled through private banks in local currency, now US\$2.4 billion, will grow further to address a key driver of Brazil's stalled productivity, with larger shares going to women-led businesses. Infrastructure, another productivity bottleneck, is also an IFC priority, with future investments targeting underserved regions and sectors where Brazil lags its peers (e.g., transport, sanitation). IFC will also support enhancements in the quality of basic services and products through increased private sector participation. IFC will keep its footprint in the provision of private health and education services and will foster new PPP frameworks to support the efficiency of public services and universal access to basic needs. Finally, IFC will help Brazil realize its green potential, through investments in the restoration of degraded lands, the growth of the forestry sector, and climate-smart agriculture. It will also help to attract private investment to leverage Brazil's renewable energy matrix (to help create green hydrogen, ammonia, and

methanol industries), decarbonize hard-to-abate sectors, innovate, and expand the use of biofuels, as well as integrate Brazilian companies into global value chains. About 60 percent of the IFC portfolio is already tagged as climate in Brazil, well above LAC's average of 46 percent, and it is expected to increase.⁴⁷

41. MIGA's outstanding exposure in Brazil was US\$101 million in March 2024, for one non-honoring sovereign guarantee issued in 2014 to São Paulo state's transport sector as part of a joint MIGA-IBRD financing package. Going forward, MIGA will leverage IBRD and IFC to explore new opportunities for joint approaches, including to replicate the São Paulo structure at scale to optimize private capital mobilization. MIGA guarantees will also be offered in support of local currency financing, for instance to sub-sovereign entities. Focus areas include climate finance, infrastructure, PPPs, trade finance, municipal finance, and sustainable agriculture.

42. For the WBG to respond effectively to demand, agility and flexibility will remain key. For IBRD, most lending has historically been directly to subnational entities, which are enabled to borrow only when the Union agrees to provide IBRD with a repayment guarantee.⁴⁸ This structure is unique to Brazil, and it involves several additional processes outside of IBRD's control, including (i) the Union's upstream approval of a project's concept (or "Carta Consulta" (CC)) before project preparation can begin; (ii) the local assembly's approval of a law authorizing the project to proceed; and (iii) multiple steps at the federal level from negotiations through Senate approval to enable a negotiated loan to be signed. Between FY18 and FY23, project preparation time from CC approval to IBRD Board approval averaged 12 months (compared to 24 months fifteen years ago), but 14 months were needed on average to obtain Senate approval and loan signature (compared to six months fifteen years ago). The government recently made its processes more transparent and established two new financing windows (one for sustainable financing and the other for PPPs), which may help to address some of these challenges in the future. For IFC and MIGA, there is a more straightforward path to providing financial products (from risk sharing, traditional debt and equity investments or de-risking solutions) to support the growth and expansion of Brazil's dynamic private sector. IFC can also support public companies and development banks to overcome market failures in credit markets. MIGA guarantees can be deployed to crowd foreign investment into priority sectors by way of de-risking financial structures. Overall, given existing constraints to access sovereign guarantees, the growth and impact of the WBG program will hinge on its ability to mobilize private capital.

43. The WBG will continue to seek ways to help simplify, innovate, and trailblaze in transformative areas. Innovative ideas abound in Brazil, but much work may be needed to overcome legal and political roadblocks to achieve a breakthrough. Yet the resulting payoffs can be immense. For example, IFC has pioneered climate finance and sustainability-linked instruments (blue and green loans, commitments to GHG reduction), bringing private sector clients to these frameworks. IFC is also supporting groundbreaking innovations, e.g., by acquiring EcoRodovias' debentures to cover concession fees at a time of credit scarcity and by issuing the first blue loan supporting the universalization of sanitation services. In turn, IBRD recently began working with the Southern Regional Development Bank (BRDE) to extend climate financing through it to smaller municipalities that IBRD cannot reach directly. IBRD is also supporting an integrated urban mobility project across a consortium of 11 municipalities in the State of Santa Catarina, using project payment structures that accommodate differing municipal capacities to pay. If successful, this project would enable further downstream private investments to the urban transport network (including a much-needed river crossing). In addition, IBRD is leveraging Banco do Brasil capital (on a 3-to-1 ratio) to enhance climate finance offerings to corporate clients by enabling interest rate adjustments based on reductions in GHG emissions and by working to convert saved GHG-emissions into

potential carbon credits. All three WBG entities continue to seek further opportunities to engage with new clients and beneficiaries at scale, including by working closely with the federal government to overcome institutional barriers to using guarantee instruments. Both IBRD and IFC are working with subnational governments and state-owned companies to use PPPs to enhance the quality and provision of public services, which could open new opportunities for MIGA. Where possible, IBRD will also continue to expand the use of PFM country systems across its portfolio and the use of Brazil's safeguards for selected ESF requirements.

44. Building on this solid track record, IFC, IBRD and MIGA will deepen upstream coordination to ensure optimal sequencing and complementarity across public and private engagements. Many innovative opportunities already exist in e-vehicles, green hydrogen, agricultural traceability, and green value chains. For example, IFC is working on alternative models to finance concessionaires, utilities and municipalities interested in substituting diesel-powered buses with electric ones, while IBRD helps transport authorities address regulatory gaps and compensate concessionaires in the replacement process. In the green hydrogen and ammonia sectors, IBRD is financing adaptations in Pecém and possibly other ports in the North-East, opening opportunities for IFC to engage in feasibility studies and to finance private sponsors to install small-scale electrolysis plants as a proof of concept. In public asset management, IBRD-financed DPFs help subnational entities establish an enabling regulatory environment, and the Progestão operations⁴⁹ support better public systems through extensive TA. When both engagements materialize in the same state, opportunities arise for IFC to help interested private sector companies to buy or rent these assets, including to promote social housing or solar energy. IFC and IBRD could also expand complementarities in the traceability of agricultural and livestock products: IFC can support large producers to fully comply with existing regulations in a way that promotes greener value chains and greater trade opportunities with premium markets, while IBRD can provide specific TA and financial assistance, through intermediaries, to smaller producers that do not have the means to do so on their own. MIGA is also discussing financing options with subnational entities to credit-enhance projects through guarantees. Finally, IBRD, IFC, and MIGA are developing a specific joint strategy in the water and sanitation sector.

Operationalizing the new WBG playbook in Brazil

45. The WBG's Evolution Roadmap offers timely opportunities for Brazil to benefit further. The ongoing transformation of the WBG, with an expanded vision and mission, a new playbook, and increased financing capacity, puts this CPF on the cusp of incubating better, bolder, and bigger opportunities to address Brazil's urgent challenges. Complementary approaches to advance on critical indicators as part of the evolving WBG scorecard and to leverage the new Global Challenges Programs (GCPs) are presented in Annex 1. Simpler, faster, and innovative approaches to delivery, together with the bold new partnerships that will be required to deliver on this CPF's ambition, are discussed below.

46. To achieve scale and replicability, the WBG is aggregating subprojects and scaling up its interventions with specific clients and entities (such as large corporations, private financial institutions, local development banks, and consortia of municipalities⁵⁰) to reach more beneficiaries faster. In doing so, it draws lessons from past engagements to increase efficiency and mitigate remaining risks. For example, new Multiphase Programmatic Approaches (MPAs) will enable various Brazilian states to incubate and share innovative solutions on common challenges (e.g., through climate-smart agriculture and resilient infrastructure, among others) and engage in friendly competition for the most successful

approaches, so that federal authorities can better support and streamline nationwide. Also, IBRD and IFC engagements through banks, public and private, now benefit from more robust institutional assessments and focus on addressing clear market failures (e.g., by increasing SMEs' ability to green their value chains and engage in traceability efforts, or by supporting agribusiness value chain to develop degraded land restoration) to avoid undue financial distortions. Finally, the WBG will ensure greater selectivity in any repeat projects by financing only those that bring increased additionality or development impact at scale.

47. With revenue mobilization already strong at 37 percent of GDP⁵¹ in 2022, the WB will seek to help the Government of Brazil to create additional fiscal space by achieving greater spending efficiency.

The Progestão series, now approved in five states and with several others under preparation under an MPA approach, supports fiscal efficiency gains across key sectors and whole-of-government functions. DPFs under implementation or preparation (e.g., with the city of Rio de Janeiro and the States of Sergipe and Alagoas) contribute to this agenda through reforms to strengthen fiscal management. IBRD also supports several projects with results-based financing (RBF) approaches, including two federal-level Programs for Results (P4Rs) to enhance the efficiency and impact of public resources in education, a P4R on public sector modernization with the State of Paraná, and several Investment Policy Financings (IPFs) with disbursement-linked indicators (DLIs), for example to enhance the efficiency and impact of social assistance, education, and health services in the city of Salvador.

48. The WBG will also strive to operate seamlessly – across IBRD, IFC, and MIGA – to enable the best public and private solutions for Brazil, including by enabling and mobilizing private capital (see Box 5 and under each HLO).

For example, a landmark IFC investment in a lead pulp and paper manufacturer mobilized US\$5 for each US\$1 financed while addressing critical environmental matters. A pioneer IBRD project with a national development bank (Banco do Brasil) as financial intermediary will expand sustainability-linked finance for climate mitigation and is expected to leverage US\$3 in private capital for each US\$1 loaned. These examples set positive precedents for similar approaches on the bioeconomy, forest and pasture restoration, and increased resilience and sustainability at municipal level (see Box 6). Additional IBRD-financed DPFs at state level will help unblock key bottlenecks to attract the private sector, and the IFC advisory program on PPPs as an essential private capital mobilization vehicle —both building on the successful examples described in Box 2—will attract greater private capital towards critical projects. The IFC PPP program includes a diversified backlog of 27 transactions that could generate up to US\$ 30 billion in private investments in 11 states over the next 10 years.

Box 5: Increased Synergies Across the WBG

IBRD, IFC, and MIGA are expanding their synergies to leverage greater public and private financing in support of Brazil's priorities, including the six axes of the ETP (sustainable financing; technology densification; bioeconomy; energy transition; new infrastructure and climate change adaptation; and the circular economy). Illustrative examples include:

Climate finance: The WBG's portfolio of green assets in the financial system has room to grow. IFC's legal and financial institutions teams are providing inputs on the structuring, policies and procedures for an IBRD-supported climate finance fund to increase its attractiveness to private investors. IBRD and IFC are also joining forces to help the Ministry of Finance to develop and use a taxonomy of sustainable projects.

Forest management and restoration, and sustainable agriculture: IBRD support for policy reforms to accelerate environmental regularization and land titling and to promote the overall enabling environment

creates attractive conditions for private investment in natural resources management, forest restoration and sustainable agriculture, including restoration of degraded land. Through existing and potential clients (e.g., Amaggi, Suzano, and Louis Dreyfus Company), IFC Upstream will support additional efforts in the private sector to increase biodiversity restoration and monitoring, including to identify restoration targets for degraded lands in the Cerrado, Atlantic Forest, and the Amazon.⁵² Additional opportunities for collaboration exist on sustainable agriculture investments and value-chains (e.g., for cocoa). MIGA is also discussing the mobilization of private financing in support of sustainable agriculture with a leading bank.

Transport (electric mobility and railway): IFC and IBRD have engaged in joint policy dialogue with the municipalities of Belo Horizonte and São Paulo regarding the piloting of e-buses and related regulatory challenges, and similar engagements are expected to follow. IFC has an advisory mandate with the federal government for structuring the FICO-FIOL railway, which complements IBRD support to the regulatory environment in the railway sector and opens space for MIGA to support these engagements as well.

Water and sanitation: A recent IFC transaction in water and sanitation (DesenvolveSP) stemmed from increased coordination between IFC's Infrastructure and PPP teams and IBRD's Water teams. Others are expected to follow, and MIGA remains actively engaged to explore opportunities for joint operations.

Green buildings and resilient cities: IBRD's urban team coordinates with IFC Upstream in the promotion of green building in Amazon cities. The federal government, through the Ministry of Cities, has set out a series of nation-wide priorities for establishing "Resilient and Sustainable Cities". Investments are foreseen for the new housing program, "Minha Casa Minha Vida"; disaster resilience; risk-sensitive slum upgrading; urban sanitation; solid waste management; and structural investments for risk reduction. In parallel, several Brazilian banks are seeking to finance urban and resilience investments at the state and municipal level through expanded public sector programs. This evolving context provides excellent opportunities for the WBG to innovate in PPPs for resilient urban development.

Incorporating feedback and lessons learned

49. The new CPF for FY24-28 incorporates important lessons from the previous one. In accordance with the 2023 Completion and Learning Review (CLR) presented in Annex 2, the most relevant lessons for this next five-year engagement relate to: (i) the need for differentiated strategies across geographic regions; (ii) the importance of engaging with diverse clients, while also exploring new instruments and innovative financing modalities to yield faster impact at greater scale; (iii) the pragmatic calibration of the CPF results framework, with targets that strike a realistic balance between scale and attributability; (iv) the need for customized mitigation measures and built-in flexibility to navigate complex government procedures, including in the nexus between public and private investments; and (v) sustained efforts to strengthen client capacity through greater reliance on country systems whenever possible.

50. Extensive CPF consultations generated valuable insights and suggestions from public and private stakeholders. These consultations (spanning June 2023 to February 2024) involved a wide range of internal and external stakeholders, including the federal government, subnational entities, the private sector, business associations, youth and female leaders, representatives of IP, quilombolas, other traditional communities, and bilateral and multilateral partners. The Presidency's office also supported CPF consultations with the Federation's Council (composed of regional representatives who coordinate common subnational strategies) and with the Council for Sustainable Economic and Social Development (which gathers prominent representatives from civil society, academia, unions, and the private sector).

Systematically raised as a critical constraint and top priority for Brazil was the importance of quality education and training opportunities. Other emphasized themes included the importance of digital transformation and affordable technology to help level the playing field; the negative impact of the “*custo Brasil*” on entrepreneurs (including start-ups) engaging in routine transactions; the lack of efficient coordination among various utility providers within the same state or municipality; the high correlation among poverty, lack of affordable and decent housing, hunger and food insecurity; the widespread impact of structural racism in Brazil, and therefore the need to include racial disparities as a cross-cutting theme to ensure that IPs and Afro-Brazilians can contribute solutions and “know-how”; the importance of prioritizing climate-related interventions across inter-related biomes (not only the Amazon rainforest); and the benefits of supporting entire value chains to promote greater sustainability and job creations. The richness of the consultations prompted a shared commitment to maintain a dialogue during CPF implementation to help support its implementation and adaptation over time.

51. Based on all feedback provided, there are several areas where the WBG will engage differently during the FY24-FY28 period. The WBG will support specific areas of Brazil's financial sector to promote the modernization of financial sector policies, mobilize capital, develop new financial instruments and thematic bond issuances, expand access to finance to Micro, Small and Medium Enterprises (MSMEs) and disadvantaged sectors, and to shift the banking sector towards more sustainable practices, including in support of the ETP. It will limit its support to statistical capacity building and federal-level public finance management to targeted interventions, given existing capacity in these areas. IBRD is unlikely to engage much in labor regulations, beyond an explicit request to support an independent survey on platform workers. While IFC will continue to support private tertiary education providers that offer quality and affordable options for students from disadvantaged backgrounds, IBRD’s engagement will be limited due to low demand and challenging financing regulations. In line with a June 2022 recommendation by the WBG Independent Evaluation Group (IEG), IFC will maintain its freeze on investments in K-12 private fee-charging schools.⁵³ In addition, IFC will continue to apply its exclusion list, and the WBG will not invest in the coal, oil, and gas sectors. MIGA activities will be anchored in the same selectivity approach.

52. The WBG will also be selective in how it implements the new Knowledge Compact in Brazil. IBRD completed numerous core analytics in FY22-23. During the first half of the current administration, it will focus on implementing key findings and recommendations to deliver more impact at country level and to expand development successes. The specific mix of TA and studies will continue to be prioritized according to client demand (e.g., in support of important structural reforms, institution-strengthening, and Brazil’s G20 presidency) and to maintain a knowledge-bank edge. Important core analytics (e.g., a Green Public Financing Review) are underway, but fewer large studies are expected to be launched until the 12-18 months preceding the next general elections.⁵⁴ IFC will continue to leverage its upstream and advisory engagements, either through the development of new models to finance e-buses, or supporting pharmaceutical companies in internationalization, or through the exploration of new markets in circularity, among others. It will continue to bring non-financial additionality through global knowledge in areas such as sustainable finance, blue finance and best E&S practices for the private sector. MIGA will continue to coordinate closely with IBRD and IFC to leverage the latest knowledge and to deploy its de-risking solutions.

53. Going forward, the WBG will also leverage additional partnerships and sources of financing (such as private investments, including through capital markets, grants, and concessional resources) to address global challenges. It will expand its current levels of TA, with support from donors (e.g., the Forest

Investment Program (FIP), the Global Environment Facility (GEF) and the Climate Investment Fund (CIF), including the Nature, People, and Climate (NPC) and Renewable Energy Integration (REI) Programs) to promote environmental conservation in key biomes and to strengthen implementation capacity for sustainable development. It will also explore approaches to leverage significantly greater partnerships and contributions (see Box 6). Additional concessional financing in the context of the WBG's six GCPs would help incentivize Brazil to support more global public goods during this CPF period, including protection of the Amazon rainforest and its biodiversity. As these resources are likely to remain scarce in UMIC contexts, the WBG will support Brazil in selecting the most critical activities, e.g., in the context of the country's Ecological Transformation Plan, where an infusion of concessional resources could yield large positive impacts.

Box 6: Bold New Partnerships are Required to Deliver on this CPF's Ambition

The WBG is bolstering its partnerships to contribute to ambitious solutions that help change the lives of Brazil's people. The WBG and IDB signed a Memorandum of Understanding (MOU) in August 2023 to partner on sustainable development in the Amazon region and digital transformation and connectivity, with a special focus on education. This will bring economies of scale and capitalize on the two MDBs' convening power to help Brazil achieve ambitious goals on net-zero deforestation, bioeconomy activities, and sustainable development in the Amazon, while also enabling more progress on digital infrastructure, school connectivity, and the promotion of teachers' digital competencies. The WBG and IDB are also collaborating on new Amazon bonds to capitalize on Brazil's new sustainable taxonomy, attract new financing, and emulate similar approaches in neighboring countries. In addition, IFC and IDB launched the Amazon Finance Network during COP28, together with 24 founding signatories, to mobilize capital, share knowledge on innovative financing solutions, and generate synergies with the public sector to create employment opportunities through MSMEs in the Amazon.

IBRD is also partnering with Brazil's national development Bank, BNDES, to implement the country's Climate Fund⁵⁵ and participating in a working group, with potential donors and recipient countries, to determine the feasibility and key features of a new Tropical Forest Forever Facility (TFFF). If viable, the TFFF would help attract new investors (e.g., sovereign investors, sovereign wealth funds, pension funds) to support the protection of tropical forests in Brazil and elsewhere. A complementary partnership between the WBG and the Amazon Treaty Cooperation Agency (ATCO) will support upgrades to the Amazon Monitoring System, a high-tech observatory established to track real-time data on forest cover, water, and fire management.⁵⁶

The WBG is further expanding partnerships with national and regional development banks, consortia, and research entities, including BNDES, Banco do Brasil, Banco do Nordeste (BNB), the Interstate Consortium for Sustainable Development of the Northeast (Consórcio Nordeste), and the National Agency on Agriculture Innovation (EMBRAPA), to achieve key national development goals. Joint efforts already exist to establish a new low-carbon hydrogen facility, support renewable energy across the Northeast, enhance private capital and access to credit for small-scale farmers and Brazil's bioeconomy, and to support other climate-smart, inclusive, and sustainable solutions for agriculture and the resilience of cities.

54. Finally, the Open Brazil platform⁵⁷ launched in 2021 will continue to enhance communication, transparency, and real-time data on the performance of the WBG program throughout this new CPF period. Open Brazil is an interactive online tool that monitors CPF indicators by drawing on the

government’s open data platforms, among other sources. It also leverages social media to track public sentiment on the WBG’s investments, TA, and analytics at federal and subnational levels. Its “Smart Supervision” feature showcases results on the ground.

IV. MANAGING RISKS TO THE CPF PROGRAM

55. The overall risk to the CPF program, based on the likelihood of attaining its objectives once mitigation measures are incorporated, is moderate. Macroeconomic foundations have improved, and the residual risks are deemed moderate at this stage. The evolution of commodity prices and its impact on Brazil throughout this CPF period will depend on evolving demands amidst a possible global slowdown, especially from China (Brazil’s largest trading partner), geopolitical tensions, and unfavorable weather conditions. Slower than expected progress towards fiscal adjustment could delay public debt stabilization and limit future room for policy maneuver. This risk will be monitored and mitigated in the context of the overall political and governance risks, as further discussed below.

56. Two sub-categories (Political and Governance, and Institutional Capacity for Implementation and Sustainability) involve substantial risk. Uncertainties exist as to whether Brazil will have sufficient incentives, capacity, and support to take full advantage of a short window of opportunity to make real progress on the urgent challenges it is facing. After a year in office, the government enjoys relatively high levels of confidence among Brazilians. Flagship programs and reforms introduced during this brief period have benefited from wide-ranging consultations and have been well-received by key stakeholders. Yet divisions still run deep in Brazil’s society, and upcoming elections (municipal in late 2024; federal and state levels in late 2026) could affect the pace of reforms and the level of stability and commitment needed to fully achieve the CPF’s objectives by June 2028. The WBG will mitigate this risk through proactive adjustments to its programming as needed, including with the private sector. The risk on Institutional Capacity for Implementation and Sustainability is also substantial to account for the intentional shift towards greater investments in the North and North-East regions, where institutional gaps remain higher than in other parts of Brazil. This risk will be mitigated through a systematic focus on governance and institutions strengthening across HLOs and objectives, as further described in Box 3. The WBG will continue to closely monitor all risks throughout the CPF period, and the relevant mitigation measures will be updated on a regular basis, including at PLR stage.

Table 2: Risks to the CPF program

Risk Categories	Risk Ratings*
1. Political and Governance	S
2. Macroeconomic	M
3. Sector Strategies and Policies	M
4. Technical Design of Project or Program	M
5. Institutional Capacity for Implementation and Sustainability	S
6. Fiduciary	M
7. Environmental and Social	M
8. Stakeholders	L
9. Other	M
OVERALL	M

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

Notes

¹ Additional details on suggested policy measures can be found in World Bank (2022) “Opportunities for All – Brazil Policy Notes 2023” at <https://openknowledge.worldbank.org/entities/publication/969f34ab-f98d-53c2-8432-5df1db1c7197>

² The Brazilian Institute of Geography and Statistics (IBGE) distinguishes five racial and ethnic categories in its household surveys, according to self-declaration: preto (generally understood as dark-skinned Afro-descendants), pardo (generally light-skinned Afro-descendants or those of mixed race), indígena (indigenous), amarelo (Asian-descendants), and branco (white). In this CPF, we use the term “Afro-Brazilian” when referring to both *preto* and *pardo* demographics together.

³ See for example:

<https://www.worldbank.org/en/publication/global-economic-prospects>

<https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023>

⁴ Details can be found in World Bank (2023) “Brazil Country Climate Development Report (CCDR)” at:

<https://openknowledge.worldbank.org/entities/publication/a713713d-0b47-4eb3-a162-be9a383c341b>

⁵ Committed portfolio exposure including syndications.

⁶ The National Treasury informs the annual ceiling for federal guarantees to IFI loans by the end of March each year. Out of this annual envelope, IBRD loans typically represent 20 to 25 percent of guarantees granted, while other IFIs - notably the IDB, NDB, and CAF - absorb the rest.

⁷ The concept of “additionality” captures premise that IFC’s contributions go beyond what is available in the market and do not crowd out the private sector. In this CPF period, IFC’s additionality will have greater focus on introducing sustainability-linked key performance indicators (KPIs) to its private financing; leveraging its knowledge and experience as a global development institution and standard-setter, especially with regards to environmental and social standards (ESS); supporting feasibility studies in new markets or new technologies that will drive companies’ growth in the future; taking a longer-term view than other market participants and playing a counter-cyclical role; anchoring capital markets transactions, especially in sectors where they are still under-developed; and helping clients to develop strategies in underserved segments (e.g., along income, gender and racial dimensions).

⁸ Engbom, Niklas, and Christian Moser. 2022. “Earnings Inequality and the Minimum Wage: Evidence from Brazil.” *American Economic Review*, 112 (12): 3803-47.

⁹ To address these issues, the government launched 25 actions in 2023 to protect rights and improve gender inequality and another 13 actions to promote racial equality.

¹⁰ The details summarized in this paragraph are available in the 2023 SCD update.

¹¹ As further detailed in the 2023 SCD update, general government revenue and general government expenditure (GFSM) went from 37.7% and 41.1% of GDP in 2004 to 43.3% and 46.4% of GDP, respectively, in 2022.

¹² The report (available at <https://www.transparency.org/en/cpi/2023>) underscores the intertwined issues of corruption and judicial integrity, highlighting Brazil’s challenges with institutional interference, legal setbacks, and compromised oversight bodies.

¹³ “Custo Brasil” or “Brazil cost” refers to the additional operational costs associated with doing business in Brazil, which make Brazilian goods and services more expensive compared to other countries.

¹⁴ Additional details on suggested policy measures can be found in World Bank (2022), “Opportunities for All – Brazil Policy Notes 2023” available at <https://openknowledge.worldbank.org/entities/publication/969f34ab-f98d-53c2-8432-5df1db1c7197>.

¹⁵https://www.imf.org/en/Publications/WEO/weo-database/2023/October/weo-report?c=223,924,233,534,536,273,199,&s=GGXWDG_NGDP,&sy=2021&ey=2028&ssm=0&scsm=1&sc=0&ssd=1&ssc=0&sic=0&sort=country&ds=.&br=1

¹⁶ Since early 2023, the Ministry of Planning and Budget has a dedicated unit (Secretary of Monitoring and Evaluation of Public Policies and Economic Affairs) tasked with evaluating and improving the quality of public expenditures.

¹⁷ Brazil’s credit rating is BB (outlook stable) for Standard & Poor’s; Ba2 (outlook stable) for Moody’s; and BB (outlook stable) for Fitch.

¹⁸ <https://agenciabrasil.ebc.com.br/en/economia/noticia/2023-07/default-cases-brazil-record-first-decline-2023>

¹⁹ The government considers that some targeted credit can be a useful tool for promoting strategic sectors that are viewed as vital for long-term economic development and where there are clear market failures.

²⁰ A conditional cash transfer by design, BF was rebranded as “Auxílio Emergencial” and then “Auxílio Brasil” under the previous administration before retrieving its original name in 2023. Some of the conditionalities had to be lifted during the pandemic and were since restored.

²¹ The government took a series of measure to reduce poverty from 2023 onwards, including through the Bolsa Família program, the “Brazil Without Hunger” Plan, and the resumption of the “Minha Casa, Minha Vida,” among others.

²² Additional programs implemented in 2023 (Brasil sem Fome; Minha Casa, Minha Vida) may have further contributed to this poverty reduction.

²³ Challenges related to “Fragility and Conflict” and “Pandemic Prevention and Preparedness” (i.e. Global Challenges (ii) and (iii), respectively) are not particularly salient in Brazil, compared to other countries, although Brazil certainly contribute to global improvements in these areas.

²⁴ <https://documentsinternal.worldbank.org/Search/34120723>

²⁵ The 2024 World Development Report (WDR) on Economic Growth in Middle-Income Countries (forthcoming) documents the critical role that productivity plays in enabling UMICs to escape the so-called “middle-income trap” through sustained growth over time. Brazil is no exception. It will not reach high-income status without greater productivity-led growth, and the country’s strong commitments to fight hunger and social inequality and to invest in climate change adaptation and mitigation will be difficult to finance without the additional resources that higher growth would generate.

²⁶ A series of policies that were initiated or reactivated by the federal government since 2023, including through Bolsa Família; the “Mais Médicos” program; increases in the minimum wage; the Full-Time School program; and the Savings Program for Secondary Education, which aims to reduce high school dropout rates.

²⁷ See for example World Bank (2023) publications: Amazon Economic Memorandum (AEM) at <https://openknowledge.worldbank.org/entities/publication/26dc1f44-f50e-4a71-b4b6-b5dc143f5dfb> , and Brazil Country Climate and Development Report (Brazil CCDR) at <https://openknowledge.worldbank.org/entities/publication/a713713d-0b47-4eb3-a162-be9a383c341b>.

²⁸ While Box 2 focuses on the Amazon, the WBG will also support other biomes (such as the Cerrado and Caating, as further described in Box 3 and under Objectives 3.1 and 3.3.

²⁹ There are various definitions – some narrower and others broader – that are used with respect to the bioeconomy in Brazil and globally. The G20 working group on the bioeconomy is aiming to reach a consensus on a unified definition. For this report, the bioeconomy is understood as consisting of forest-smart value chains such as timber production, non-timber forest production, agroforestry, sustainable agriculture, and pasture restoration. It can create employment and raise living standards while protecting and restoring ecosystems. Promotion of the bioeconomy is in line with the recent Heads of State Declaration and the Declaration of the Green Coalition of Development Banks (both signed at the Amazon Summit in Belém in August 2023) and the WBG-IDB MoU signed on August 31, 2023.

³⁰ The World Bank and IDB agreed to develop and deploy Amazonia Bonds to support funding of a regional sustainable development program for the Amazon. This work initially includes Brazil, Colombia, Ecuador, and Peru as issuers. The proposal will work on the demand-side of capital markets finance supporting issuers of Amazonia Bonds, building the required issuance, and monitoring institutional capacities, the supply-side of finance with investors, and the regulatory side with international standard setters and local capital market regulators.

³¹ This new framework allows the government to boost spending within a range of 0.6% to 2.5% above the inflation rate but only within the limits of 70% of revenue growth.

³² The WBG supported this reform with Technical Assistance (TA) and analytics aiming to reduce the regressivity of the system. Lara Ibarra, Gabriel, Rubião, Rafael M. and Fleury, Eduardo (2021). Indirect Tax Incidence in Brazil: Assessing the Distributional Effects of Potential Tax Reforms. Policy Research Working Papers No. 9891.

³³ Mercosul signed a free trade agreement with Singapore and is in ongoing negotiations with the European Union (EU), the European Free Trade Association (EFTA), and Canada.

³⁴ Draft laws (PL 528, PL412 and PL 2148) are currently under discussion to create national accounting and carbon trading systems, starting with energy and industrial emissions (the agriculture sector is not yet included). Through the PMI just in time support, the World Bank is currently supporting the Brazilian Ministry of Finance develop the building blocks towards the implementation of an emissions trading system in Brazil, notably a hands-on ETS implementation roadmap.

³⁵ As per the details in Annex 5, this includes new IBRD projects in the States of Acre, Tocantins, Mato Grosso, Ceará, Pará, Bahia, Sergipe, Alagoas, and Rio Grande do Norte.

³⁶ Examples include new IBRD engagements with the municipalities of Rio de Janeiro and São Paulo and with the States of Espírito Santo and Santa Catarina.

³⁷ Conceived by the IFC in conjunction with the State of São Paulo, it has been incorporated in the State’s toll road concessions since 2017 and was recently replicated in federal toll road concessions as well. It allows the concessionaire to deduct from the

variable component of signing bonus installments the adverse impact of FX variation in relation to the principal amount of foreign currency debt.

³⁸ The initial offering was US\$1 billion, but high demand from investors (reaching close to US\$6 billion) led the Brazilian government to go up to US\$2 billion.

³⁹ IBRD will continue to discuss with the federal government ways to unlock the potential for subnational borrowers to exercise the risk management options embedded in IBRD loans (such as currency conversions and interest-rate fixings). These features can support states, municipalities, and SOEs to protect their budgets against financial shock and improve financial resilience.

⁴⁰ Fiduciary risks are assessed as moderate. The WB will continue to ensure that robust fiduciary arrangements are in place at project preparation stage and that these continue to be adequate during project implementation. The WB will also deliver training and capacity building activities, including using the option of an eLearning platform. These activities will be designed to ensure that project staff have the necessary competencies and knowledge to manage project funds effectively.

⁴¹ Where possible, IBRD will also look for opportunities to deploy other financial solutions to cope with disaster risk financing, such as CAT bonds, CAT DDOs, and the recently approved IPF DDO.

⁴² In 2023, for the first time in Brazil's history, the census included the quilombola population and included all indigenous villages at country-level: <https://www.gov.br/planejamento/pt-br/assuntos/noticias/2023/julho/censo-do-ibge-revela-que-ha-1-3-milhao-de-quilombolas-em-1-7-mil-municipios-de-todo-o-pais#:~:text=O%20Censo%20Demogr%C3%A1fico%202022%2C%20do,quilombolas%20est%C3%A3o%20em%201.696%20muni;https://www.gov.br/planejamento/pt-br/assuntos/noticias/2023/agosto/brasil-tem-1-7-milhao-de-indigenas-e-mais-da-metade-deles-vive-na-amazonia-legal>

⁴³ A new MoU between the WB and the Ministry of Planning foresees enhanced collaborations to promote greater gender equity at federal and subnational levels. A specific gender lens will also be applied to new WB-supported training programs currently under discussion with the national Treasury.

⁴⁴ IBRD supports South-South knowledge Exchange activities in Brazil by facilitating the exchange of information, technologies, experiences, skills, and resources between governments, organizations, and individuals in developing countries and promote learning from practical experiences of others with similar challenges.

⁴⁵ Area 1 "Inclusion of the poorest", Area 3 "No learning poverty", Area 4 "Healthier Lives", Area 10 "Sustainable food for all", Area 11 "Connected communities".

⁴⁶ Total commitments including long term and short-term finance and private capital mobilization.

⁴⁷ IBRD's Climate Co-Benefits (CCBs) also reached a record high (87%) in Brazil in FY23 and are expected to systematically exceed corporate commitments in this new CPF period.

⁴⁸ All other relevant comparators, whether their system is provincial (e.g. Argentina), unitary with provinces (e.g., China and Indonesia), or federative with states (e.g., India and Nigeria) have so far opted for sovereign borrowing only and subsequently on-lend to sub-sovereign entities.

⁴⁹ The Progestão program aims to improve the efficiency in public resource management, enhancing long-term fiscal sustainability, implementing administrative reforms, improving asset and debt management, and rationalizing public spending in selected departments of state governments.

⁵⁰ New engagements with small municipalities now benefit from the 2018 resolution that authorizes consortia to borrow from IFIs, with the largest and most fiscally sound municipalities within each consortium bearing the cost of borrowing, with the guarantee of the Union.

⁵¹ WB calculations based on data from the national Treasury (<https://www.tesourotransparente.gov.br/publicacoes/estatisticas-fiscais-do-governo-geral/2021/22>). Note that this number is lower, at 33.7 percent of GDP (<https://www.poder360.com.br/economia/tributos-sobre-o-consumo-dominam-arrecadacao-no-brasil/>) when considering only tax revenues and social contributions, without transfers and donations and other revenues (e.g., equity income, interest income, dividends, and concessions).

⁵² IFC, in its role of prioritizing climate-related interventions across several biomes (not limited to the Amazon rainforest) recognizes the benefits of supporting value chains to promote greater sustainability and job creations in such areas. IFC's strategy in the Caatinga biome is to support sustainable economic inclusion for small farmers and MSMEs, while ensuring sustainable management of the biome's natural resources.

⁵³ IFC globally does not invest in K-12 education, rather IFC's strategic focus in the education sector is on tertiary and vocational training.

⁵⁴ Reimbursable Advisory Services (RAS) have not been possible in Brazil since 2012. Law No. 8.666 (now substituted by Law No. 14.133) on Brazilian Procurement and Public Contracting expressly includes services rendered to the public administration, and

RAS Agreements currently fall under this scope (unlike IBRD loans, which are explicitly excluded from this law). Efforts are underway to address this bottleneck but are unlikely to succeed in the near-term.

⁵⁵ The Climate Fund Program (Fundo Clima) is a key instrument of the National Policy on Climate Change. It is a fund linked to the Ministry of the Environment that aims to guarantee resources to support projects or studies and to finance enterprises that aim to mitigate climate change.

⁵⁶ A variety of activities may be added to support OTCA (in close cooperation with IDB), but initial activities will focus on identifying challenges and opportunities for the use of improved information and information systems for halting deforestation (complementing the existing Regional Amazon Observatory), improved response to emergencies and leveraging new nature-smart economic opportunities through regional cooperation. An institutional assessment note is envisioned to help define future support.

⁵⁷ <https://brasilaberto.worldbank.org/>

G	Gender-related indicators
CC	Climate action-related indicators
GL	Indicators related to the global corporate scorecard
IS	Indicators related to institutional strengthening and governance theme

ANNEX 1: CPF RESULTS MATRIX

High Level Outcome 1 (HLO 1) – Greater productivity and employment		
<p>This HLO is new in its current form, but it is well aligned with Focus Areas 2 (private sector investment and productivity) of the FY18-FY23 CPF. As highlighted in both the 2016 SCD and the 2023 SCD update, tackling the productivity and employment agenda is paramount for addressing some of Brazil’s most fundamental development challenges. Greater productivity gains, together with the creation of more and better-quality jobs, are important for the dignity and well-being of the population and are necessary for Brazil to generate sufficient revenues to finance investments in other areas. Greater productivity, especially in manufacturing and services, is also a key factor for reducing deforestation pressures by shifting opportunities towards non-land-based sectors, and in agriculture, greater and more sustainable productivity gains need to be fostered to improve income for the most vulnerable, without depleting the country’s natural capital nor further increasing its GHG emissions. This HLO is a critical enabler towards greater poverty reduction, equity, and inclusion, and greater efforts to mitigate and adapt to climate change (under HLOs # 2 and 3), and directly related to the twin goals and the new mission of the WBG.</p> <p>This HLO focuses on enhancing the enabling conditions for the private and public sectors to create more and better-quality jobs (Objectives 1.1; 1.2; and 1.4), as well as on improving human capital (Objective 1.3) to provide greater opportunities for all Brazilians.</p>		
High-level Outcome Indicators	Data source	Current value ⁵⁸
<p>1. Labor productivity (G)</p> <p>2. Employment rate (G, GL⁵⁹)</p>	<p>1. Productivity Observatory under Brazilian Institute of the Economy (IBRE) https://ibre.fgv.br/observatorio-produtividade/temas/categorias/pt-anual</p> <p>2. PNAD-C (Continuous National Household Sample Survey by the Brazilian Institute of Geography and Statistics).</p>	<p>1. 2022 values in 2020 Brazilian reais: 76,279 per worker or 36.35 per hour worked. Note also that labor productivity in Brazil dropped by 4.18 % YoY in December 2022.</p> <p>2. 57.5 (2022).</p> <p>Note: disaggregated values emphasize high gender and racial inequalities in Brazil:</p> <ul style="list-style-type: none"> • 2022 employment rate was lower for Afro-Brazilians (56.1%) and women (47.6%) compared to 57.5% nationally and 59.2% for white people and 68% for men in general.
High Level Outcome description		
<p>WBG analysis documents that the primary obstacle to increasing incomes among Brazilian people is the country’s low productivity in non-agricultural sectors. High costs of doing business, the poor state of physical infrastructure, low human capital levels, and the limits to competition due to heavy regulation and relatively high trade barriers are among the underlying causes. Over the past decade, productivity has remained stagnant in manufacturing and many services sectors, where over 90 percent of the workforce is employed: total factors productivity fell by 0.8 percent between 2014 and 2022. The main rationale behind</p>		

HLO1 to is help Brazil untap its potential across all sectors of the economy, to facilitate further global integration, improve tax legislation and business environment, promote innovation, modernize infrastructure in efficient and climate-friendly ways, and raise the human capital of its population. These efforts would raise productivity and build wealth rather than consume it through debt accumulation or the destruction of natural wealth, making growth more fiscally and environmentally sustainable. Brazilian authorities have been pursuing this agenda through several reforms, including a new labor law in 2017, pension system reforms in 2019, an Economic Freedom Law in 2019, the independence of the central bank in 2020, a new sanitation regime in 2020, and ongoing efforts to simplify indirect taxation. On the human capital side, efforts include the early literacy and full-time schooling initiatives, and the enhancements and strengthening of Bolsa Familia and Sistema Unico de Saude. New efforts to further adjust the fiscal framework, which limits primary expenditure growth to a proportion of revenue growth and aims to stabilize public debt as a percentage of GDP by 2026, will need further reforms and implementation support. More recently, the 2023 Ecological Transformation Plan (ETP) of Brazil, with Higher Productivity and Sustainable Jobs as its first main objective, provided an engagement platform, for the WBG policy lending, technical assistance, and advisory work across its pillars. IBRD investment lending and IFC investments will complement the reform-enabling efforts. Work under this HLO will contribute to addressing such global challenges as enabling digitalization, health emergency prevention, preparedness and response, and better energy access.

SDGs associated:

- SDG3 - Health and well-being
- SDG4 - Quality education
- SDG5 – Gender equality
- SDG8 - Decent Work and Economic Growth
- SDG9 - Industry, Innovation, and Infrastructure

CPF Objective 1.1: Strengthen fiscal management

This is a continuation of activities pursued under Focus Area 1 of the FY18-23 CPF.

Intervention Logic:

The WB will continue its support to Brazil to strengthen fiscal sustainability and fiscal management at different levels of government, to strengthen the foundations for productivity led growth. As pointed out in the ‘Opportunities for All’ policy notes and the 2023 SCD update, a credible fiscal policy is critical for Brazil to achieve its development goals in growth and productivity, social inclusion, and climate action. The country has made progress towards rebalancing its budget by winding down much of the pandemic’s emergency spending package, but its debt levels remain elevated, spending pressures are high and a less favorable global and domestic growth outlook presents considerable risks. In the longer-term, inter-generational pressures in the pension and public service system will increase in absence of substantial reforms. Improving the efficiency and effectiveness of fiscal policy are instruments for addressing these challenges. Lessons from the previous CPF engagement in this area show that adherence to the fiscal anchor enforced fiscal consolidation and helped contain federal primary spending despite multiple pressures (e.g., caused by the need to address COVID-19 consequences). IBRD support, including advocacy, demonstrated its effectiveness in helping the authorities to control recurrent spending, especially regarding civil servant pay increases and the pension reform as documented by the Completion and Learning Review (CLR). Implementation of reforms started under the previous CPF will continue and so will be WBG support, e.g., through the knowledge and lending (Progestao program and sub-national DPFs).

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Indicator 1.1.1. Federal government primary current expenditures as a share of total primary expenditure. IS Baseline (2023): 98.96 Target (2028): 98.3</p> <p>Indicator 1.1.2. Number of states and municipalities reaching or maintaining CAPAG B or A with WBG support IS Baseline (2023): 0 Target (2028): 4 of which in the North and Northeast: 2</p>	<p>SPI 1.1.1. Number of states with new integrated public investment management framework approved IS Baseline (2023): 0 Mid-target (2026): 2 Target (2028): 5</p> <p>SPI 1.1.2. Number of states using a unified pension management unit. IS Baseline (2023): 1 Mid-target (2026): 3 Target (2028): 5</p>	<p align="center">Ongoing Financing:</p> <ul style="list-style-type: none"> • Progestão series of projects (SOP): Alagoas (P177070), Mato Grosso (P178339), Acre (P179406), Tocantins (P179088); and Piauí (P178663). • Parana Public Sector Modernization and Innovation for Service Delivery (P168634) • BR State of Goiás Sustainable Recovery DPF (P177632) • Rio de Janeiro Adjustment and Sustainable Development Policy Loan 1 (P178729) • BR State of Ceará Sustainable DPF (P180497) • Rio de Janeiro Fiscal Management and Sustainable Development 2 (P179182) <p align="center">Financing Pipeline:</p> <ul style="list-style-type: none"> • Progestão MPA continued: Amazonas, Minas Gerais, Rio Grande do Sul and other states. • Alagoas DPF (P500614) • Enhancing Prosperity and Sustainability in the State of Sergipe DPF (P181501) • Other subnational DPFs focused on fiscal sustainability and key reforms.

	<p>SPI 1.1.3. Number of state-level control units achieving Level 2 and 3 of the Internal Audit capability level⁶⁰ IS Baseline (2023): 19 in level 1 and 1 in level 2 Target (2028): 13 in level 3 and 7 in level 2</p>	<p>ASA:</p> <ul style="list-style-type: none"> • Brazil: Public Expenditure Review on Greening Fiscal Policy (P179495) • Mainstreaming Whole-of-Economy Approach: Brazil sub-task (P181128) • Strengthening Public Investment Systems to Advance Climate Smart Infrastructure in Brazil (QII) (P178339): • Mainstreaming Climate Change in Governance- Brazil Amazonas (P172569)
CPF Objective 1.2: Promote greater and greener competitiveness.		
<p>With the aim of advancing the previous objective of the FY18-FY23 CPF to “Reduce regulatory barriers and other microeconomic distortions to competition, investment, and trade” further, the WB will continue to focus on improving the regulatory environment to reduce barriers to private sector growth Other important and complementary interventions to promote a greener economy are captured under HLO 3.</p>		
Intervention Logic		
<p>This objective focuses on bottlenecks that prevent the Brazilian economy from being as competitive as it could. This includes: (i) improving the regulatory environment to reduce distortions and transaction costs including implementation of tax reforms for reduction of the ‘Custo Brasil’ burden on the economy; (ii) reducing financing gaps for MSME, including farmers, to open space for investments in new and green technologies; and (iii) supporting state of the art and disruptive technologies, including through strengthening the Venture Capital and Private Equity, especially in the manufacturing sector. A low-carbon economy will boost Brazil’s global competitiveness and enhance the ability of its firms to compete in global markets; therefore, the WBG will increase emphasis on supporting innovations that promote the greening of the Brazilian economy. Lessons from the previous CPF suggest that upstream support to policies and regulations that incentivize the greening is essential. The WBG will focus on sustainable and greener manufacturing, agriculture and infrastructure, financial and health sectors, scientific and technological development, logistics, sustainable packaging, etc. IFC and MIGA will expand their support in these areas, and IBRD will build upon innovative engagements (e.g., with Banco do Brasil) to leverage private capital at scale.</p>		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Indicator 1.2.1. Reform of the VAT system in Brazil. IS Baseline (2023): No Target (2028): Yes (adopted)</p> <p>Indicator 1.2.2. Number of states</p>	<p>SPI 1.2.1. Private capital mobilized by the WBG during the CPF period GL Baseline (FY23): 0 Target (FY28): \$12B</p>	<p>Ongoing Financing:</p> <ul style="list-style-type: none"> • Brazil Climate Finance Project (P178888) • Paraiba Sustainable Rural Development (P147158) • Ceara Rural Sustainable Development and Competitiveness II (P167455) • IFC Investment Portfolio: Daycoval A/B SME (45006); Santander SMEs (41746); Santander GHP Br (45666); Alfa Loan (44697); Banco BV (43661); Eurofarma

<p>and municipalities adopting better business or investment practices with support from the WBG. IS Baseline (2023): 0⁶¹; Target (2028): 6 of which in the North and Northeast 3</p> <p>Indicator 1.2.3. Share of sustainable/climate finance in Brazil's financial sector lending. CC Baseline (2021): 21.41 Target (2028): 25</p> <p>Indicator 1.2.4. Establishment of a regulated carbon market⁶² CC Baseline (FY24): no Target (FY28): yes</p> <p><u>Contributing to this objective:</u> Indicator 3.1.2 and 3.1.3 (HLO3).</p>	<p>SPI 1.2.2. MSMEs portfolio benefiting from WBG support, of which MSMEs led by women G IFC baseline (2024): RS\$ 12.7 B (o/w MSMEs led by women RS\$ 2,1B) Mid-target (2026) RS\$ 14.65 billion (by women RS\$ 3.1B) IFC target (2028): RS\$ 16.6 billion (by women RS\$ 4.1B)</p> <p>IBRD baseline¹ (FY23): 0 Mid-target (FY26): \$200m IBRD target (FY28): \$1B</p> <p>SPI 1.2.3. Long-term financing of disruptive technologies and private equity firms benefiting from IFC investments. Baseline (2024): US\$ 262.4 million Mid-target (2026): US\$ 290 million Target (2028): US\$ 322.8 million</p> <p><u>Contributing to this objective:</u> SPI 3.1.4 (HLO3)</p>	<p>(46047); Uniao Quimica (46445); Fitesa (45571); DCM Red RealFIDC (45178); Bauducco III (37708); Bauducco Growth (40796); Bauducco COVID (44358); Viveo (43082); DCM Patria COF (39271); DCM RedAsset FIDC (41555), (45178); Farmoquimica (39739); Pier (44500); Cantu (48313); DARP NPL Jive (1037756), (46784); Austral Par (782473); Canopus Holding (694325); Valor III (1044504); Cobli (47644); CI Valor (1046062); Crescera Fund IV (1008298); Monashees Expansion Fund (1051568); Vinci CP III (1025539) (47292); Crescera Fund V (1057064); Valor VOF I (1044505); Patria Credit Fund FIDC (1017633); Icatu Equity (51399); Vinci VIR IV (1051574); Valor IV (1057891); Revelo (1039187); Recarga (808107); Monashees X (1058761); Valor Venture II (1023492); Open Co Holding Limited (1038469); Contabilizei (1030823); Creditas (1009020); Patria Infra Credito (1057497); DARP NPL Jive II (1062938); Loggi (1016965); Tembici (43918); Jalles Machado (39264); RSE COVID Jalles (44203); Bansicredi (639345); SPVentures (1038027); Tembici (1052835); Santander Green (45017); DCM Itau GB (46238); ABC Climate II (44866); Suzano Climate (45987); Amadeus JV (42202); SABESP UCL (46253); Klabin Growth (42138); Amaggi Cotton (43740); Cibrafertil (38380); DCM Solis FIDC (45323); Alvoar (47068); Green Buildings Brazil (606983); Brazil Soy (603178).</p> <p style="text-align: center;">Financing Pipeline:</p> <ul style="list-style-type: none"> • Pernambuco Agroecológico (P500431) • Mato Grosso Sustainable Development of Family Farming (P175723) • Bahia Sustainable Rural Development Project - Phase 2 (P180429) • Rio Grande do Norte Phase 2 (P502493) • Piauí Pillars of Growth and Social Inclusion Project - Phase 2 (P177474) • Electromobility and Energy Transition Finance project (P504543) <p style="text-align: center;">ASA:</p> <ul style="list-style-type: none"> • Brazil ASA on productivity and regional development (P180192)
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¹ For IBRD, this indicator measures disbursements to MSMEs.

		<ul style="list-style-type: none"> • Subnational CEM for Brazil’s Northeast Region (P179494) • Brazil 2040 (P173458) • Brazil Agriculture Sector Review (P179206) • Brazil Trade Facilitation Support (P173672) • Digital Development support to reduce the digital gap in Brazil (P179126) • IFC Upstream & Advisory Program: Uniao Quimica Vaccines (607050), Global Pharma REF (607188), Health SME Cred (607260)
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CPF Objective 1.3: Improve human capital

Human capital consists of the knowledge, skills, and health that people accumulate throughout their lives, which are valuable on its own and instrumental for people to realize their potential as productive members of society. This new objective builds on Objective 1.3 (“Increase service delivery in education”) of the FY18-FY23 CPF. It aims to address the negative impact of the COVID-19 pandemic as well as other more structural challenges on human capital acquisition. The WBG will support Brazil’s efforts to accelerate improvements in human capital through interventions in education, health, and social protection.

Intervention Logic

Brazilian children and youth need to be healthy, ready to learn, and in schools where effective learning happens. Being healthy and better educated matter on its own for individual wellbeing, but they also have social and economic returns. Enhancing people’s human capital helps them become better citizens, get better jobs and, on the aggregate, achieve higher productivity and economic growth. According to the 2022 Human Capital Review, children born in 2019 will only achieve 60 percent (HCI of 0.60⁶³) of their potential human capital by age 18, so forty percent of their talent is lost to society and the economy. High unemployment rate among youth (over 27%) also indicates the need to enhance skills and address specific constraints faced by younger generations. Promoting health, learning and skills acquisition for children and youth will help accelerate human capital improvements, strengthen society, and thrust labor productivity gains. Lessons from previous engagements suggest that advancing the resilience, quality and efficiency of social assistance, and health and nutrition services, including in the context of pandemic preparedness, will be needed to support this objective. Additional inclusion and access-related interventions are under HLO 2.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
Indicator 1.3.1. Percentage of 2nd grade students who are literate, disaggregated by gender GL, G Baseline (2023): 43.6 Target (2028): 63.6	SPI 1.3.1. Number of children 0 to 6 years old in Bolsa Familia beneficiary households receiving Beneficio Primeira Infancia G GL Baseline (2023): 9,126,300 Mid-target (2026): 9.2 million	<p style="text-align: center;">Ongoing Financing:</p> <ul style="list-style-type: none"> • Parana Public Sector Modernization and Innovation (P168634) • Support to Upper Secondary Reform in Brazil Operation (P163868) • Recovering Learning Losses from Covid-19 Pandemic In Brazil (P178563) • Salvador Social Multi-Sector Service Delivery Project II (P172605) • Piauí Health and Social Protection Development Project (P178567)

<p>Indicator 1.3.2. Percentage of upper secondary students in public schools enrolled in full-time schooling G Baseline (2023): 24.1 Target (2028): 45.0</p> <p>Indicator 1.3.3. Number of individuals who completed digital skills training through ‘digital skills for work’ programs disaggregated by gender G Baseline (FY23): 0 Target (FY28): 6,000 (of which 3,000 women)</p>	<p>Target (2028): 9.3 million</p> <p>SPI 1.3.2. Immunization coverage of Tetravalent (DTP3) and Triple Viral (MMR2) for children less than 6 years old G Baseline: 70% DTP3; 54% MMR2 Mid-target: 80% DTP3; 70% MMR2 Target: 96% DTP3; 80% MMR2</p>	<ul style="list-style-type: none"> • Mato Grosso Resilient, Inclusive, and Sustainable Learning Project (P178993) • Support to New Bolsa Familia Conditional Cash Transfer Program (P179365) • IFC Investment Portfolio: Anima Growth (37083); Anima Northeast (43130); Revelo (48211); Mauricio Equity (1021808) <p style="text-align: center;">Financing Pipeline:</p> <ul style="list-style-type: none"> • Avanca Para: Sustainable Human Development project (P500524) • Bahia: Supporting Urban Productive Economic Inclusion Program (P504897) • Strengthening Social Assistance and Service Delivery for Vulnerable Families at Social Risk in the Municipality of São Paulo (P504899) • Espirito Santo Digital Acceleration (P180462) • Sergipe Digital Acceleration P500570) • IFC investment pipeline: Afya, Cogna <p style="text-align: center;">ASA:</p> <ul style="list-style-type: none"> • Supporting Resilient, Inclusive, and Sustainable Learning Recovery (P179810) • Digital Development Support to Reduce the Digital Gap in Brazil (P179126) • Brazil Health Policy ASA (P179951) • IFC Upstream & Advisory Program: Education Finance Program (606336); Vitae Employability tool (601920); Digital for Tertiary Education Program D4TEP (606707)
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CPF Objective 1.4: Expand and modernize infrastructure

This objective builds on Objective 2.3. (“Mobilize greater investment in infrastructure to improve services, including through PPPs”) of the FY18-13 CPF. Obsolete and inadequate infrastructure continues to be a key bidding constraint to greater productivity, economic growth, and job creation.

Intervention Logic

Brazil’s infrastructure needs are massive and one of the causes for a stagnant productivity, as emphasized in the 2023 SCD update. The infrastructure financing gap is approaching USD 800 billion, the equivalent to 3.7 percent of GDP per year through 2030. 53 percent of this gap corresponds to transport, where Brazil needs to invest 2 percent of its GDP annually, especially as transport is critical for Brazil’s global competitiveness (through logistics) and for people’s access to jobs and public services, especially female labor force participation and reduction of gender-based violence. Improved urban transit will also help close some of the racial gaps in access to jobs and schooling, supporting the HLO2 agenda. The financing gap is also significant in water and sanitation (where investments need to more than double), health (especially in the North and Northeast regions, where the allocation of investments in innovation is less than 5 percent of their total annual budget), electricity and

telecommunications. Key lesson from the previous CPF is that mobilizing private capital will be essential to closing this gap, hence the WB will continue to support key reforms, strengthen governance, and to promote implementation mechanisms (e.g., PPP and concession structuring) to leverage private financing and participation, including through MIGA guarantees. This objective will be supported by a range of sectoral investments to help upgrade Brazil's physical and digital infrastructure in a 'climate-smart' way in terms of climate mitigation and adaptation as well as the 'Paris alignment' of all IBRD interventions. Attention will be given to greening the infrastructure with complementarities across Objectives 1.2, 3.2 (green hydrogen and other non-conventional renewables' expansion) and 3.3. Work will start on Digital public infrastructure development, e.g., through the Progestao program and digital pipeline projects, to support Brazil's digitalization goals, including Digital ID provision, and align with the Objective 1.1 by promoting effective and cost-efficient public interventions.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Indicator 1.4.1. Job opportunities accessible by public transport system in the WBG projects' influence area within 60-90min⁶⁴ GL Baseline (FY24): 2,404,517 Target (FY28): 2,704,088</p>	<p>SPI 1.4.1 Proportion of primary health care facilities (UBSs) with digital services (using electronic medical records) IS Baseline (FY24): 61% Mid-target (FY26): 70% Target (FY28): 80%</p>	<p style="text-align: center;">Ongoing Financing:</p> <ul style="list-style-type: none"> • São Paulo Aricanduva Bus Rapid Transit Corridor (P169140) • Improving Mobility and Urban Inclusion in Belo Horizonte (P169134) • Espirito Santo Integrated Sustainable Water Management (P130682) • Ceará Water Security and Governance (P165055) • Progestão series of projects: Piauí (P178663), Alagoas (P177070), Mato Grosso (P178339), Acre (P179406); and Tocantins (P179088). • Paraíba Improving Water Resources Management and Services (P165683) • SABESP - Improving Water Service Access and Security (P165695) • Espirito Santo Water Security Management Project (P176982) • Piauí Health and Social Protection Development Project (P178567) • Salvador Social Multi-sector service delivery project II (P172605) • IFC Investment Portfolio: Sabesp UCL (46253); Sabesp UCL II (47451); Sanasa (47383); (39652) CELSE; (46207) Coelba Disco; (47512) Scala DC; (47778) Elektro SLL; (48087) Ecovia NW Bridge; (704970) Hidrovias; (39508) DCM XP Invest Invest; Patria Infra Credito (1057497) • MIGA guarantees: Sao Paulo Sustainable Transport Project <p style="text-align: center;">Financing Pipeline:</p> <ul style="list-style-type: none"> • São Paulo Electrification of the Bus Fleet Project (P500501) • Espirito Santo Digital Acceleration Project (P180462) • Sergipe Digital Acceleration Project (P500570) • Pernambuco Rural Water and Sanitation Project (PROSAR) (P180430) • Integrated Sustainable Mobility Project in the Foz do Rio Itajaí (P178557)
<p>Indicator 1.4.2. Kilometers of Logistic corridors (roads, waterway) with improved⁶⁵ intermodal/connection added during the CPF period Baseline (FY23): 0 (2023 level) Target (FY28): 8,500 added</p>	<p>SPI 1.4.2. Number of beneficiaries of the infrastructure-related WBG interventions in sanitation, water supply, floods mitigation. G, CC Baseline (FY24): 532,258 Mid-target (FY26): 1 m Target (FY28): 2,344,741</p>	
<p>Indicator 1.4.3. Long-term financing⁶⁶ of Brazil's major infrastructure needs generated due to IFC. GL Baseline (FY23): \$9.6B Target (FY28): \$11.9B</p>	<p>SPI 1.4.3. Number of electric buses added with WBG support and their share (%) in the total urban bus fleet CC Baseline (FY23): 0/0% Mid-target (FY26): 0/0% Target (FY28): 1,800/2%</p>	
<p>Contributing to this objective:</p>		

<p>Indicators 2.1.1, 2.1.2 (HLO2), 3.2.1 and 3.2.2 (HLO3).</p>		<ul style="list-style-type: none"> • Piauí Health and Social Protection Development Project (P178567) • Bahia Proactive Safe and Resilient Road Asset Management (P180555) • Espirito Santo Roads (P500469) • Rio Grande do Norte Phase 2 (P502493) • Road Asset Management Program - Phase 3 - Santa Catarina (P504253) • Green and Resilient Sao Paulo Metro Line 2 Extension (P504276) <p style="text-align: center;">ASA:</p> <ul style="list-style-type: none"> • Digital Development support to reduce the digital gap in Brazil (P179126) • Accelerating Clean Energy Transition and Water Security in Brazil (P179030) • Green Mobility and Logistics for Sustainability and Resilience (P179908) • Brazil Health Policy ASA (P179951) • IFC Upstream & Advisory Program: (604506) Utilities for Climate Scoping (605428), Framework to develop e-mobility alternative financing and business models in Brazil; (606983) Green Buildings Brazil; (601450) Sao Paulo Roads; (602410) New Round of Brazilian Road Concessions; (604338) Parana Roads; (606268) Brazil Federal Railroad; (606411) MG Water and Sewage; (604256) Aracaju SL; (604257) Campinas SL; (604258) F. de Santana SL; (604207) Suburban Rails
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High Level Outcome 2 (HLO 2) – Greater inclusion of the poor and underserved populations

This new HLO reflects the strong commitment of Brazil’s government to equity. As Brazil remains one of the most unequal countries in the world, with a Gini coefficient of 0.529 in 2021 and income inequality today as high as in 2011, the government set a firm vision for the entire population to have “access to a dignified life, without exclusions” and to reconcile economic growth with social inclusion. This would require overcoming multiple disparities along geographic, racial and gender lines (see HLO description below).

In this context, under HLO2 the WB will support the government’s vision and focus on enhancing opportunities for the poorest, most vulnerable and underserved people and communities to lift everyone up while also narrowing the existing equity gaps among various groups. As such, this HLO contributes directly to the goals of eradicating extreme poverty and boosting shared prosperity. Under the FY18-23 CPF, this agenda was tackled under Focus area 3 (equitable and sustainable development), but it merits greater attention considering the high levels of structural inequalities in Brazil, especially in the aftermath of the COVID-19 pandemic.

High-level Outcome Indicators	Data source	Current value																														
<p>1. <i>Wage and employment gaps, other gaps and deprivations will also be captured</i> G</p> <p>2. <i>Gini coefficient</i></p>	<p>1. PNAD-C - the Continuous National Household Sample Survey by the Brazilian Institute of Geography and Statistics (IBGE)⁶⁷.</p> <p>2. Poverty and Inequality Platform (https://pip.worldbank.org/home)</p>	<p>1. 2002 data on employment and labor income gaps:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Variable/group</th> <th style="text-align: center;">Overall population</th> <th style="text-align: center;">Men</th> <th style="text-align: center;">Women</th> <th style="text-align: center;">Whites</th> <th style="text-align: center;">Black/pardos</th> </tr> </thead> <tbody> <tr> <td>Unemployment rate (%)</td> <td style="text-align: center;">8.7</td> <td style="text-align: center;">7.0</td> <td style="text-align: center;">10.9</td> <td style="text-align: center;">6.9</td> <td style="text-align: center;">10.2</td> </tr> <tr> <td>Average labor income (in BRL of 2022)</td> <td style="text-align: center;">2,750</td> <td style="text-align: center;">3,018</td> <td style="text-align: center;">2,387</td> <td style="text-align: center;">3,518</td> <td style="text-align: center;">2,111</td> </tr> <tr> <td>Median labor income (in BRL of 2022)</td> <td style="text-align: center;">1,600</td> <td style="text-align: center;">1,800</td> <td style="text-align: center;">1,500</td> <td style="text-align: center;">2,000</td> <td style="text-align: center;">1,400</td> </tr> <tr> <td>Employment rate (%)</td> <td style="text-align: center;">57.5</td> <td style="text-align: center;">68.0</td> <td style="text-align: center;">47.6</td> <td style="text-align: center;">59.2</td> <td style="text-align: center;">56.1</td> </tr> </tbody> </table> <p>2. 52.9 (2021)</p>	Variable/group	Overall population	Men	Women	Whites	Black/pardos	Unemployment rate (%)	8.7	7.0	10.9	6.9	10.2	Average labor income (in BRL of 2022)	2,750	3,018	2,387	3,518	2,111	Median labor income (in BRL of 2022)	1,600	1,800	1,500	2,000	1,400	Employment rate (%)	57.5	68.0	47.6	59.2	56.1
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High Level Outcome Description

Despite the large gains of earlier decades, poverty and disparities remain prominent for many Brazilians. Income disparities are evident along a north-south divide. States in the Northern and Northeast regions have the highest poverty levels. For examples, the States of Alagoas, Amazonas, Maranhão, Pará, Amapá and Piauí all have poverty rates over 50 percent. Poor access to essential services substandard living conditions, increase of non-communicable diseases, high incidence of violence and insufficient human capital accumulation are among the indicators that best illustrate non-monetary disparities and point to sub-populations and geographic areas facing the greatest disadvantages. About 31 percent of households in the North and 27 percent in the Northeast do not have access to water, sanitation, or electricity. 20 percent of poor women and 26 percent of poor Afro-Brazilians, respectively, do not have improved sanitation. Overall, poverty remains highest among households headed by Afro-Brazilians: at 38 percent compared to 18 percent among those headed by whites. This is closely related to employment gaps and income gaps as demonstrated by the above data. Before the pandemic, the richest 10 percent of Brazilians had an average income per capita over 50 times that of the poorest 10 percent. One in five were chronically poor, with most residing in households headed by someone with less than elementary-level education or deprived of a formal job. In rural areas, 48,5% of the rural population is under the national poverty line. The onset of the pandemic widened these existing gaps and set the poor, including children living in poor households, even further behind. Women, youth and Afro-Brazilians were most deeply affected by recent shocks, now facing even greater challenges due to a partial reversal of past welfare gains. Women and Afro-Brazilians obtain lower wages than white men, even when looking at jobs with similar characteristics and after controlling for the education level, location, and sector of employment. Youth, especially youth minority groups (including Afro-Brazilians, Indigenous, rural, and LGBTQ+ young people), face challenges in finding employment: the unemployment rate among youth and adolescents in Brazil is approximately 27.1%.

This HLO focuses the WB activities on reducing economic and social disparities by: (i) Improving access to basic services and products in underserved areas (i.e., the “last mile” access); and (ii) Promoting land ownership and sustainable livelihoods among disadvantaged or marginalized groups. Advancing along these lines would help Brazil contribute to addressing the global challenges of food and nutrition security, water security and access, enabling digitalization (through the activities related to the scaling up inclusive and safe digital public infrastructure), pandemic response and preparedness (through the activities related to the Bolsa Familia interventions, in particular), and climate adaptation (through protecting the interests of indigenous people, small holders etc.in the key Brazil’s biomes that are of paramount importance for the country, regional and global climate).

SDGs associated:

- SDG 2 - Zero Hunger, malnutrition and sustainable agriculture
- SDG 3 - Health and well-being
- SDG 5 - Gender equality
- SDG 6 - Sustainable Water Resources Management
- SDG 8 - Decent Work and Economic Growth
- SDG 10 - Reduced inequalities
- SDG 16 - Peace, Justice and Strong institutions

CPF Objective 2.1. Improve access to essential services and products

This objective builds on a wide range of activities pursued under all three Focus areas of the previous CPF and brings a more holistic approach to addressing the essential needs of the poorest, most vulnerable, underserved and excluded populations of Brazil. Previously, the WB supported (i) provision of more inclusive and sustainable urban services such as water supply, sanitation, sewerage, sidewalks, roads under Focus area 2, (ii) improved land access for the poor under Focus area 3, and (iii) ensuring access of the neediest to social assistance, food, vaccinations, and essential care for mothers and children under Focus area 1. These engagements will continue under the new Objective 2.1 with a greater focus on the disadvantaged regions and social groups.

Intervention Logic

This objective aims to help overcome stubborn social, racial, urban-rural, and gender gaps in access to basic services (and products needed to deliver these services) that are essential for human dignity and equity in access to various opportunities. This objective is complementary to Objectives 1.3 and 1.4. The focus there is on enabling productivity gains among public and private firms to enable them to create more and better jobs, while the focus here is more specifically on equity of access and opportunities.

13 percent of Brazilians living in poor households have no water supply. This share is 39 percent in rural areas, 42 percent for Quilombolas and 51 percent for Indigenous People. Access to sanitation and internet services also lags, especially in the North and North-East: 60 percent of the population does not have access to improved sanitation; and almost 30 percent of the North-East’s population does not have access to the internet. Connectivity constraints hinder critical opportunities, e.g., access to jobs and services, and the quality of life in underserved communities. To help governments counter these gaps, mostly at subnational level, WBG interventions will contribute to the expansion of essential services to reduce inequality in access, coverage and use. One of the lessons learned is that WBG support is effective in expanding people’s access to services, but private engagement is essential to complement services from the public sector. The private sector is developing affordable healthcare services offering and growing networks outside capitals to reach patients in Tier 2 and Tier 3 cities. IFC is supporting companies with affordable health insurance plans and clinical and diagnostic services expand their footprint in the Brazilian territory. Another lesson is that the COVID-19 pandemic highlighted the country’s dependency on imports for essential life-saving products (pharmaceutical ingredients, complex medicines, some vaccines and medical technology and personal protective equipment). Hence, IFC interventions focus on strengthening the health ecosystem to ensure a better preparedness of the providers and products for the next pandemic. IFC will also support the development of affordable housing initiatives, use its advisory services to encourage community engagement of companies, and support creative industries, e.g., green tourism. MIGA guarantees could also be deployed under this objective, subject to market demand.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
Indicator 2.1.1. People with access to safely managed water disaggregated by gender and race G CC GL Baseline (FY24): 408,043 of which	SPI 2.1.1. New sewerage connections due to WBG projects CC Baseline (FY22): 0 (FY22 level) Mid-target (2026): 60,000 households	<p align="center">Ongoing Financing:</p> <ul style="list-style-type: none"> • Espírito Santo Integrated Sustainable Water Management (P130682) • Ceará Water Security and Governance (P165055) • Ceará Rural Sustainable Development Phase II (P167455)

<p>213,811 women Target (FY28): 1,211,990 of which 644,697 women</p> <p>Indicator 2.1.2. People with access to safely managed sanitation disaggregated by gender G CC GL Baseline (FY24): 124,215 of which 62,337 women Target (FY28): 330,819 (of which 166,282 women)</p> <p>Indicator 2.1.3. Beneficiaries of social safety net programs (Bolsa Familia and Benefício de Prestação Continuada) GL Baseline (FY23): 60.3 million Target (FY28): 60 million</p> <p>Indicator 2.1.4. States and municipalities that develop Action plans to prevent femicide and join the National Femicide Prevention Pact G IS Baseline: (2023): 0 Target (2028): 2</p>	<p>Target (2028): 120,000 households</p> <p>SPI 2.1.2. Financing of non-infra basic services and products due to IFC investments Baseline (2024): US\$ 944 million Mid-target (2026): US\$1B Target (2028): US\$ 1,161 million</p> <p>SPI 2.1.3. Social Inclusion and GBV Indices of IBRD interventions⁶⁸ G Baseline (FY24): 0.58 Social, 0.60 GBV Mid-target (FY26): 0.65; 0.65 Target (FY28): 0.75; 0.75</p> <p>SPI 2.1.4. Premature mortality from noncommunicable diseases in adults 30-69 years old Baseline (2023): 275.5/100,000 Target/mid-target: 2% reduction per year</p> <p><u>Contributing:</u> SPI 1.3.1, 1.3.2 (HLO1), 2.2.1 (HLO2).</p>	<ul style="list-style-type: none"> • Paraiba Water Resources Management and Services (P165683) • Paraiba Sustainable Rural Development (P147158) • SABESP - Improving Water Service Access and Security (P165695) • Espirito Santo Water Security Management (P176982) • Mato Grosso Resilient, Inclusive, and Sustainable Learning (P178993) • Fortaleza Sustainable Urban Development Project (P153012) • Piauí Health and Social Protection Development Project (P178567) • Improving Mobility and Urban Inclusion in Belo Horizonte (P169134) • Support to New Bolsa Familia Cash Transfer Program (P179365) <p style="text-align: center;">Financing Pipeline:</p> <ul style="list-style-type: none"> • São Paulo Electrification of the Bus Fleet (P500501) • Avanca Pará (P500524) • Sustainable Mobility Project in the Foz do Rio Itajaí (P178557) • Piauí Pillars of Growth and Social Inclusion Phase 2 (P177474) • Rio Grande do Norte Phase 2 (P502493) • Bahia: Supporting Urban Productive Economic Inclusion (P504897) • Social Assistance and Service Delivery in São Paulo (P504899) • IFC Financing pipeline: Hapvida <p style="text-align: center;">ASA:</p> <ul style="list-style-type: none"> • IFC Upstream and Advisory: Recife Primary Healthcare (606741); Primary Healthcare Jaboatao (606756); Aracaju Primary Healthcare (606740); Minas Gerais Hospitals Complex (607333); Ribeirão Preto Street Lighting (606518); Olinda Street Lighting (606519); Foz do Iguaçu Street Lighting (606520); Timon Street Lighting (606521); Ponta Grossa Street Lighting (606526); Camacari Street Lighting (604259); Uniao Quimica Vaccines (607050). • Social Protection Reforms for Restructuring and Recovery (P174836) • Contributory and noncontributory pension in Brazil (P174836) • Racial Inclusion for Peacebuilding in Brazil (P181402) • Brazil Poverty and Equity Program FY24 (P500749) • Brazil Health Policy ASA (P179951)
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CPF Objective 2.2: Promote land ownership and sustainable livelihoods among disadvantaged groups

This has been a continuous effort spanning across several country engagements. The World Bank Group will continue to support productive inclusion of the poor and disadvantaged communities in the economy and society. This should be done, inter alia, through investments that enhance access of beneficiaries to productive assets, services, markets and technologies that enable productivity growth and climate resilience of their households and businesses.

Intervention Logic

This objective foresees a wide range of activities and grass-root approaches that promotes solutions for specific groups in a way that values their unique “know-how” while also addressing their specific needs. This approach has been well tested under the previous country engagements through projects that have been contributing to more sustainable land use practices among Indigenous People, greater inclusion of rural territories of traditional peoples and communities under environmental protection and bioeconomy, fostering financial inclusion of minorities and vulnerable populations, reaching small, remote, and disadvantaged communities with agricultural assets or services, etc. Interventions of these kind will continue and would be expanded by an even stronger emphasis on promoting “niche” value chains in the bioeconomy. This will contribute to reduction of food insecurity (indirectly)⁶⁹ as well as to productivity and climate resilience objectives under HLOs 1 and 3 through wider adoption of sustainable agriculture and land use practices and integration of small farmers into sustainable and competitive food value chains leading towards accelerated income growth and higher sustainability of family farming and community-level economic activities in key biomes of Brazil. Additional focused solutions to be pursued would include IFC support to creative industries, particularly the establishment of green and sustainable tourism infrastructure, promoting of community engagement and social inclusion practices among private sector companies, development of social taxonomy at the national level, and support to the inclusion of forced displaced populations.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Indicator 2.2.1. Increase in gross value of sales by family farmers (disaggregated by gender) participating in WBG-financed activities G Baseline: 0 (2023 level) Target (FY28): by 20% (same for women)</p> <p>Indicator 2.2.2. Number of isolated communities, Quilombola and Traditional Communities with access to financial resources Baseline: 0 (2023 level)</p>	<p>SPI 2.2.1. Updating the land governance framework at the state level aiming at modernizing the cadaster and supporting the land regularization policies. G CC IS Baseline (2023): 0 Mid-target (2026): 1 state Target (2028): 2 states</p> <p>Contributing: SPI 1.2.2 (HLO1), Indicator 3.1.1 (HLO3)</p>	<p>Ongoing Financing:</p> <ul style="list-style-type: none"> • Rio Grande do Norte (P126452) • Paraíba Sustainable Rural Development (P147158) • Ceara Rural Sustainable Development Phase II (P167455) • BR State of Goiás Sustainable Recovery DPF (P177632) • Amazon Sustainable Landscapes Project (P158000) • Integrated Landscape Management in the Cerrado Biome (P164602) • IFC Investment Portfolio: Bansicredi CL Gr (44773); DCM Itau Social (47350); WCS COVID Daycoval (47014); BOP Omni Loan (43584); Creditas (1057497); Open Co Holding (1030823). <p>Financing Pipeline:</p> <ul style="list-style-type: none"> • Mato Grosso Sustainable Development of Family Farming (P175723) • Piauí Pillars of Growth and Social Inclusion Project - Phase 2 (P177474) • Pernambuco Agroecológico (P500431)

<p>Target (FY28): 79 communities</p> <p>Indicator 2.2.3. Number of households with land rights established in rural settlements.</p> <p>IS</p> <p>Baseline (FY23): 1,050,000 as defined by the Brazilian National Institute for Agrarian Reform (INCRA/2024)</p> <p>Target (FY28): 1,850,000</p>		<ul style="list-style-type: none"> • Rio Grande do Norte Phase 2 (P502493) • Bahia Sustainable Rural Development Project - Phase 2 (P180429) <p style="text-align: center;">ASA:</p> <ul style="list-style-type: none"> • Agriculture Sector Review (P179206) • SPF: Racial Inclusion for Peacebuilding in Brazil (P181402) • Overview Assessment of the ESF of Brazil - Phase 3 (P500578) • IFC Upstream and Advisory Program: (604230) Itaú Brazil Women SME NFS III; (606101) SICREDI Women-owned MSME; (606217) Itaú BOW NFS IV; (603706) Creating markets for Forcibly Displaced Populations.
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High Level Outcome 3 (HLO 3) – A Greener Economy with Reduced Vulnerability to Climate Shocks

While this is a new HLO, it was already embedded under Focus Area 3 (“equitable and sustainable development”) of the FY18-FY23 CPF. It reflects the strong commitment of Brazil’s new government to stop illegal deforestation by 2028, to reduce GhG emissions by 53.1 percent by 2030⁷⁰, and to reach net-zero emissions by 2050, as per Brazil’s National Adaptation Plan and the Nationally Determined Contribution (NDC). Climate shocks have become more frequent and severe in Brazil, with disproportionate impacts on the poorest populations and significant disruptions across the economy. As such, the climate agenda is of critical importance for Brazil itself. Brazil’s leadership in how it preserves and protects its key biomes also has important regional and global implications (e.g., 60 percent of the Amazon rainforest is in Brazil). This HLO is directly linked to the expanded mission of the World Bank (i.e., “a world free of poverty on a livable planet”) and to how MICS countries such as Brazil can both contribute and benefit in the context of the evolution roadmap. Together with HLO1, it is aligned with the Ecological Transformation Plan of the Government of Brazil, especially its pillars of Bioeconomy, Energy Transition, and Circular Economy.

Measures to promote the economic competitiveness in a climate-friendly and sustainable way under HLO 1 (Objective 1.2) are relevant here as well.

High-level Outcome Indicators	Data source	Current value
<ol style="list-style-type: none"> 1. <i>Net GhG emissions per year</i> CC GL 2. <i>Annual net deforestation rate</i> CC GL 3. <i>Estimated losses from extreme hydrometeorological events</i> CC GL 	<ol style="list-style-type: none"> 1. Brazil’s Ministry of Science, Technology and Innovations 2. National Institute for Space Research (INPE) 3. EM-DAT: The Emergency Events database by Université Catholique de Louvain – CRED, Brussels, Belgium. This is the database used for the WB climate risk country profile for Brazil. Data are updated annually. 	<ol style="list-style-type: none"> 1. 1.785.352 (2020) 2. 11,594 km² according to SCD update (2022). 3. Between 2000 and 2022, climate shocks (hydrometeorological extreme events) costed USD 32 billion.

High Level Outcome Description

Brazil’s growing exposure to hydrometeorological hazards, together with its commitment to net-zero emissions and deforestation, require renewed and broader efforts towards a greener economy and specific interventions to counter the projected negative effects of climate change. WB estimates place

Brazil's annual investment needs for climate action at around 0.8 percent of GDP between 2022-2030. These investments would yield significant savings, equivalent to 0.3 percent of GDP over 2022-2030 through avoided energy spending in transport and industry and reduced costs from congestion and air pollution, bringing overall net economic costs of Brazil's resilience and net zero pathway to about 0.5 percent of GDP annually over this period.

This HLO will support policies, incentives, and investments to significantly contribute to reducing deforestation, greening Brazil's energy matrix further, and improving the climate resilience of urban centers and communities. These interventions would enable productivity growth across sectors, improve quality of life and contribute to more efficient spending and overall greater efficiency at the level of the entire Brazilian economy (as pursued under HLO1). They will also contribute to addressing such global challenges as climate adaptation and mitigation, water security, energy access, enabling digitalization and food security. In line with the "Recipe for a Livable Planet" flagship report (forthcoming) the WBG program will focus on the significant potential for Brazil's agriculture and food sector to reduce GHGs through greening both export-oriented and domestic value chains.

SDGs associated:

- SDG 2 (Zero Hunger and Sustainable Agriculture)
- SDG 6 (Sustainable Water Resources Management)
- SDG 9 (Industry, Innovation and Infrastructure),
- SDG 11 (Sustainable cities and communities),
- SDG 12 (Responsible consumption and production patterns),
- SDG 13 (Climate action), and
- SDG 15 (Life on land)

CPF Objective 3.1: Improve management of natural resources

This is a new objective building on the previous CPF engagement that supported the achievement of Brazil's NDC with a particular focus on natural resources' management and land use. Recent WBG Analytics (e.g., the 2023 Brazil CCDR and Amazon Economic Memorandum) and lessons from the FY18-23 CPF call for a more precise focus on curbing deforestation, environmental regularization of landholdings, land conversion, and water resources management, without which the Amazon could reach a tipping point, resulting in permanent forest dieback and impacts on precipitation patterns, economy and well-being of people in Brazil and South America.

Intervention Logic

This objective will support complementary aspects of the deforestation paradigm: (i) addressing the underlying drivers of both legal and illegal deforestation; (ii) promoting sustainable agriculture and land use through a variety of mechanisms designed to make climate-friendly growth models more attractive for people and businesses; and (iii) improving the management of water resources, in both quantity and quality, in order to satisfy the demand of a growing economy and population while preserving ecosystems water requirements. This will support the government's recent low-carbon policies and actions in agriculture that have

contributed to lowering the sector’s emissions intensity but require further efforts. On the policy and advisory side, the focus will be on better regulation and faster development of carbon markets and expanded green financing. The WB will also support the implementation of the 2023-2027 Plan for Deforestation Prevention and Control in the Legal Amazon and PPCerrado (PPCDAM) to focus on improving land administration systems and land tenure regularization including measures to avoid the expansion of the agricultural frontier. Similarly, the WB will support the implementation of the 2022-2040 National Water Resources Plan (PNRH) and the National Water Security Plan, notably through strengthening the institutional and regulatory framework for water resources management, improving the application of management instruments, and investing in hydraulic infrastructure. Both IBRD and IFC investments and advisory work will support traceability initiatives in the agriculture, mining, and logging value chains and will increase afforestation activities, sustainable forest management, bioeconomy and land restoration to compensate for earlier deforestation. This objective will also support expanded access to technology and irrigation solutions for greater productivity on existing land and faster growth (in sustainable ways) of the private sector.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Indicator 3.1.1. Area reforested, restored or put under improved sustainable management practices (hectares) CC GL Baseline (FY23): 60 million Target (FY28): 71.9 million</p> <p>Indicator 3.1.2. Number of farmers (disaggregated by gender) that adopt climate-smart agriculture² G CC Baseline (FY23): 104,198 Target (FY28): 172,000 (15% women)</p>	<p>SPI 3.1.1. Number of institutions and systems strengthened to better manage natural resources CC IS Baseline (FY24): 27 Mid-target (FY26): 30 Target (FY28): 34</p> <p>SPI 3.1.2. IFC support to sustainably managed land through Advisory Services CC Baseline: 0 (FY22) Mid-target: 25,000 Ha (FY26) Target: 50,000 Ha (FY28)</p>	<p>Ongoing Financing:</p> <ul style="list-style-type: none"> • Rio Grande do Norte: Regional Development and Governance (P126452) • Paraíba Sustainable Rural Development (P147158) • Ceará Rural Sustainable Development and Competitiveness II (P167455) • Sustainable Multiple Use Landscape Consortia in Brazil (P172497) • Amazon Sustainable Landscapes Project (P158000) • Integrated Landscape Management in the Cerrado Biome (P164602) • Brazil Climate Finance Project (P178888) • Espírito Santo IWRM and River Basin Revitalization Project (P176982) • Ceará Water Security and Governance (P165055), • Paraíba Improving Water Resources Management and Services (P165683) • DGM for Indigenous People and Traditional Communities Phase 2 (P177957) • IFC Investment Portfolio: LDC Brasil (44281) <p>Financing Pipeline:</p> <ul style="list-style-type: none"> • Mato Grosso Sustainable Development of Family Farming (P175723) • Pernambuco Agroecológico (P500431)

² E.g., regenerative agriculture, bio-inputs, low-carbon productive systems and other sustainable environmental practices.

<p>Indicator 3.1.3. Number of carbon credits generated with WBG support CC Baseline: 0 (2023 level) Target (FY28): 100 million added</p> <p>Indicator 3.1.4. Landholdings and Community Territories adopting environmental regularization procedures (number)³ Baseline (FY23): 23,000 Target (FY28): 55,500</p>	<p>SPI 3.1.3. Volume of climate finance for SMEs leveraged by WBG support CC Baseline (2024): US\$ 2.8B Mid-target (FY26): US\$3.5B Target: US\$ 4.2B</p> <p>SPI 3.1.4. Water Resources Instruments⁷¹ implemented to improve water resources management CC IS Baseline: 0 Target: 11</p>	<ul style="list-style-type: none"> • Pernambuco Rural Water and Sanitation Project (P180430) • Sustainable Human Development Project in the State of Pará (P500524) • Rio Grande do Norte Phase 2 (P502493) • Bahia Sustainable Rural Development Project - Phase 2 (P180429) • Piauí Pillars of Growth and Social Inclusion Project 2 (P177474) • Amazon Sustainable Landscape - Phase 3 (P504126) • Brazil Electromobility and Energy Transition Finance Project (P504543) <p style="text-align: center;">ASA:</p> <ul style="list-style-type: none"> • Brazil Agriculture Sector Review (P179206) • Amazon Regional Technical Assistance - ASL Phase 2 (P173602) • Support to the Scientific Panel for the Amazon (P179236) • Supporting Carbon Pricing in Brazil (P5021171) • IFC Upstream and Advisory Program: Degraded Lands and Sustainable Land Management (605776) and Towards Water Security in Brazil (P502121)
CPF Objective 3.2: Expand the clean energy matrix		
This is a new objective introduced to capture unique advantages presented by Brazil’s already green energy matrix.		
<p>Intervention Logic</p> <p>Brazil has a relatively low-carbon energy supply, with large additional renewable energy potential, and could have a power sector with zero (gross) emissions by 2050 at a negligible incremental cost to the power system compared to business as usual. The WBG will support implementation of policies helping Brazil not only to decarbonize its energy system but also to do so at a lower economic cost and with increased energy security, economic competitiveness, and innovation. This will also contribute to green competitiveness, private sector development and job creation objectives pursued under HLO 1, especially Objective 1.4 on greening Brazil’s infrastructure as part of its modernization. The expanded production of clean hydrogen, and wind & solar energy would meet the growing demand of various industries in a climate-friendly way and diversify the energy sector away from heavy reliance on water resources, thus contributing to higher water security and climate resilience (as of 2021, 85% of the electricity mix was generated from renewable sources, of which 64% was from hydropower plants.) Supporting the clean</p>		

³ This indicator will measure the number of landholdings or Community Territories in which new and/or environmental regularization practices have been introduced as a result of IBRD-supported projects. The environmental regularization process includes rural environmental cadaster registration, analysis, rectification, and, when necessary, commitment to and formulate recovery plans, implementation of recovery plans.

energy expansion, the WBG will also engage in promoting various emergent technologies aside from green hydrogen: i.e., green ammonia, biofuels, biomass, floating solar, offshore wind, etc. This would help Brazil achieve its ambition of becoming a global leader in the green hydrogen export market and decarbonize key sectors of the domestic economy such as agriculture (using green ammonia as fertilizer), mining, heavy industry, and long-haul freight. A significant part of this agenda will be devoted to the continued promotion of green transport solutions (e.g., e-buses). Use of MIGA guarantees will be explored to mobilize private sector capital in support of this objective. Overall, embracing innovation in clean energy production and use will be key to drive decarbonization, expand the circular economy/bioeconomy model, improve resilience, and offer opportunities to increase economic competitiveness in various sectors.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Indicator 3.2.1. Clean hydrogen installed production capacity (MW) CC Baseline: 0 Target: 150</p> <p>Indicator 3.2.2. Renewable energy (excluding hydropower) generated through WBG projects during the CPF period GL CC Baseline (2024): 0 Target (2028): 988 MW Installed Capacity</p>	<p>SPI 3.2.1. Policy and market regulatory changes, to enhance market efficiency⁷², published for consultation (Number). IS Baseline (FY23): 0 Mid-point: n/a Target (FY28): 7</p>	<p>Ongoing Financing:</p> <ul style="list-style-type: none"> • Brazil Climate Finance Project (P178888) • Green, Resilient and Inclusive Regeneration of Porto Alegre (P178072) • Energy and Mineral Sectors Strengthening Project II (P170850) • IFC Investment Portfolio: COCAL_Bio (43265); Sao Martinho I (37809); SM Cogen (43319); COCAL_Bio (43265); Santa Adelia (45828); Sao Manoel (40264); Cerradinho Bio (35523) <p>Financing Pipeline:</p> <ul style="list-style-type: none"> • Expanding Clean Hydrogen in Brazil - Ceará Green Hydrogen Hub (P181511) <p>ASA:</p> <ul style="list-style-type: none"> • Accelerating Clean Energy Transition and Water Security (P179030) • IFC Upstream and Advisory Program: Circularity Plus LAC Umbrella (607005)

CPF Objective 3.3: Promote green and resilient cities and communities

This is a new CPF objective building on the earlier work under Focus area 3 (“Inclusive and Sustainable Development”) of the FY18-23 CPF, where focus was on provision of inclusive and sustainable urban services. WB interventions in urban areas revealed a lesson on a growing need to address the bigger issue of urban development and revitalization in a more holistic manner, especially by applying a ‘green development lens’ to ensure that investments in infrastructure and services are climate resilient.

Intervention Logic

This objective will support implementation of the CCDD and AEM recommendations to transform Brazil’s urban areas⁷³ into low-carbon resilient and safe engines of growth. It also intends to work towards reducing the disruptions that natural hazards bring to Brazil’s urban and transport infrastructure, thus generating positive

effects for the competitiveness of Brazil’s economy (this would also contribute to Objectives 1.2 and 1.4). WB reported significant nationwide losses from climate-related events (especially, drought, flash floods, and riverine floods), pointed out that solid waste management contributes a significant share of emissions from Brazil’s urban areas, and concluded that the concentration of people, infrastructure, and economic activity in Brazil’s cities means that inadequate urban adaptation would result in large overall economic costs. Activities supporting accelerated urban regeneration and development would encompass economic/productivity, social and climate aspects to ensure maximization of the number of people benefiting from climate-smart and resilient infrastructure and public spaces, improved disaster risk management practices (including flood prevention and mitigation) and more reliable and resilient public urban services (e.g., water, solid waste management). This objective contributes strongly to the cross-cutting theme of institutional strengthening through multiple institutional development components under the portfolio operations, e.g., the Porto Alegre Climate Action Plan, Fortaleza Water and Sanitation Plan. It is important from the poverty and social inclusion angle as the urban poor are particularly vulnerable to disasters: low-income households typically reside in informal settlements often located on flood-prone land, and in structures easily damaged during floods and landslides. The WBG will continue supporting disaster preparedness of its public and private sector clients and developing insurance mechanisms parameterized by climate events. Use of MIGA guarantees will be explored to mobilize private capital in support of this objective.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p>Indicator 3.3.1. Number of people benefitting from the reduction of risks related to water security, landslides, floods disaggregated by gender and race G CC GL Baseline (FY23): 0 Target (FY28): 300,000</p> <p>Indicator 3.3.2. People benefiting from improved urban living conditions disaggregated by gender and race CC G Baseline (FY23): 100,000 (53.6% female) Target (FY28): 700,000 (53.6% female)</p> <p>Indicator 3.3.3. Pollution load reduction in river basins supported by WBG (measured as reduction of</p>	<p>SPI 3.3.1. Green building certification for existing plants with WBG support (number) CC Baseline (FY20): 8,176 Mid-target (FY26): 44,000 Target (FY28): 80,000</p> <p>SPI 3.3.2 Number of states with Disaster Risk management systems and other policy tools for climate resilience CC IS Baseline (FY23): 0 Mid-target (FY26): 1 Target (FY28): 2</p> <p>SPI 3.3.3. Number of cities with enabling institutional and policy conditions improved to invest in green and resilient strategies IS CC</p>	<p style="text-align: center;">Ongoing Financing:</p> <ul style="list-style-type: none"> • Fortaleza Sustainable Urban Development Project (P153012) • Linha de Crédito para Resiliência Urbana no Sul do Brasil (P170682) • Green, Resilient and Inclusive Regeneration of Porto Alegre (P178072) • Espirito Santo Integrated Sustainable Water Management (P130682) • Espirito Santo Water Security Management Project (P176982) • Improving Mobility and Urban Inclusion in Belo Horizonte (P169134) • São Paulo Aricanduva Bus Rapid Transit Corridor (P169140) • IFC Investment Portfolio: CORSAN Water (43626); SP River CleanUp (43609) <p style="text-align: center;">Financing Pipeline:</p> <ul style="list-style-type: none"> • São Paulo Electrification of the Bus Fleet Project (P500501) • Integrated Sustainable Mobility Project in the Foz do Rio Itajaí (P178557) • Espirito Santo Proactive Safe and Resilient Road Management (P500469) • Bahia: Supporting Urban Productive Economic Inclusion (P504897) <p style="text-align: center;">ASA:</p> <ul style="list-style-type: none"> • ASA Risk Mapping Ministerio das Cidades; • BH Jatoba Strategic Plan (under P169134) • IFC Upstream and Advisory Program: Sao Paulo Urban Mobility (607865); Brazil

<p>BOD discharges in Tons/Year) CC Baseline (FY23): 4,349 Target (FY28): 11,643</p>	<p>Baseline (FY23): 0 Mid-target (FY26): 3 Target (FY28): 6</p>	<p>Solar PPP (607883).</p>
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Notes

⁵⁸ CPFs track the trajectories of HLO indicators but do not formulate target values.

⁵⁹ Employment rate (ratio of the employed to the working age population) is similar to the emerging WBG Scorecard indicator “waged employment share of working age population”, though it captures all types of both formal and informal employment, with the latter being highly relevant in Brazil.

⁶⁰ The IA-CM is a framework that identifies the fundamentals needed for effective internal auditing in government and the broader public sector. It encompasses five levels. Each level describes the characteristics and capabilities of the internal audit activity. The five levels of the internal audit maturity model are Initial, Infrastructure, Integrated, Managed and Optimizing. In Brazil, the CGEs are intended to achieve levels: Level 2 – Infrastructure - is about ensuring that internal audit departments are equipped with the right set of tools (including audit analysis technology) to perform their work. The union of skilled people with the right tools results in improved benefits to the audit process. Level 3 – Integrated - is about building a cohesive audit team that works collaboratively together in a coordinated way. By achieving level 3, the auditors can improve the way in which they manage audit data, results, and documents, providing stakeholders with more tangible and supported audit results.

⁶¹ NB: all indicators that have zero baseline are constructed using the same approach of measuring only the progress achieved with WBG support during the CPF period (and therefore not counting the previously attained levels).

⁶² This is an instrumental milestone towards mobilizing financing in a sustainable way.

⁶³ Later estimates suggest HCl for Brazil may even be lower and equal to 0.55.

⁶⁴ This indicator reflects the contribution of transport projects focused on improving public transportation to make a greater number of jobs accessible within the same duration of travel.

⁶⁵ The notion of ‘improved’ is of importance because the roads covered by the WBG program will be brought to higher safety and climate resilience standards than before.

⁶⁶ Long-term financing encompasses both IFC’s own resources and third-party money mobilized by IFC.

⁶⁷ <https://www.ibge.gov.br/en/statistics/social/labor/18083-annual-dissemination-pnadc3.html?edicao=37314&t=o-que-e>

⁶⁸ SPI 2.1.3 and 2.1.4 are calculated as indices combining a set of variables taken from each portfolio and pipeline project and reflecting such aspects of the project design as measures to overcome barriers for the disadvantaged and vulnerable social groups or design and implementation of GBV prevention plans.

⁶⁹ Brazil is the country with the highest number (70.3 million) of moderately to severely food insecure individuals in LAC and is also one of the few LAC countries where the prevalence of food insecurity has increased greater than by 10 percent compared to 2019-2021 period.

⁷⁰ This target was increased in 2023 from 50% in the same timeline – another reflection of the government’s strong commitment.

⁷¹ Plans, data info, water rights and fees, etc.

⁷² The new regulations are to focus on expanding clean energy production (hydrogen and offshore wind), overhauling the regulation of the electricity market, internalizing environmental externalities (implementing a carbon market).

⁷³ While the focus here is on urban communities, other objectives (e.g., under HLO 2 and Objective 3.1.) support climate resilience in rural areas.

ANNEX 2. BRAZIL FY18-FY23 COMPLETION AND LEARNING REVIEW

Document of

The World Bank Group

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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

INTERNATIONAL FINANCE CORPORATION

MULTILATERAL INVESTMENT GUARANTEE AGENCY

COMPLETION AND LEARNING REVIEW

FOR THE

COUNTRY PARTNERSHIP FRAMEWORK

FOR

THE FEDERATIVE REPUBLIC OF BRAZIL

FOR THE PERIOD FY18-FY23

November 3, 2024

Brazil Country Management Unit

Latin America and Caribbean Region

The International Finance Corporation

Latin America and the Caribbean

The Multilateral Investment Guarantee Agency

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CURRENCY EQUIVALENTS

Currency Unit = Brazilian Real (BRL)

US\$1 = BRL 4.90 (as of November 3rd, 2023)

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

A consolidated list of all abbreviations and acronyms is included at the beginning of the CPF document, including the CLR

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BRAZIL FY18-FY23 COMPLETION AND LEARNING REVIEW

INTRODUCTION

- 1. This Completion and Learning Review (CLR) assesses how the Country Partnership Framework (CPF) for Brazil for FY18–23 (Report No. 113259-BR) achieved its expected development outcomes.** It is based on the updated results matrix in the Brazil Performance and Learning Review (PLR, Report No. 143636-BR). It reviews the quality of CPF design and implementation and draws lessons for the next CPF.
- 2. Progress toward achieving CPF objectives was Moderately Satisfactory.** Despite evolving priorities due to two changes of government and the impact of COVID-19, the CPF remained relevant. Its implementation resulted in significant progress in all three focus areas. Out of ten CPF objectives, four were fully achieved, four mostly achieved, and two partially achieved.
- 3. World Bank Group’s (WBG) performance in designing and implementing the CPF was Good.** Drawing lessons from past experience and based on the first Systematic Country Diagnostics for Brazil (SCD, Report No. 101431-BR), the CPF responded to key development priorities, with flexibility to adjust the program as needed. WB collaboration was strong, leveraging over US\$11 billion of private capital. Analytical work strongly supported policy reforms and operational design. The PLR adjusted the program to keep it on track and to focus WBG support on a green and inclusive recovery from the pandemic.
- 4. The CLR offers lessons for the new country engagement.** It highlights CPF features to be retained (outcome orientation, public data, working as One World Bank Group, and delivering influential analytical work). It suggests being explicit about geographic priorities, impact at scale and implementation risks.

I. PROGRESS TOWARDS CPF DEVELOPMENT OUTCOMES

- 5. A concerted effort of World Bank Group and client counterparts ensured significant progress across all CPF focus areas in an evolving context.** Substantial developments occurred in strengthening fiscal management; providing social protection and essential services to the poor; mobilizing the private sector for development; improving environmental management capacity at subnational levels; and promoting the inclusion of vulnerable groups. Overall, progress towards achieving the CPF development outcomes was Moderately Satisfactory. The WB delivered a robust lending program (although below levels anticipated), advisory services, analytics, and knowledge products that enabled the Government and counterparts to implement activities that supported the CPF outcomes and countered negative effects of COVID. CLR Annexes 1 and 2 provide details of indicator ratings, baselines, targets, and activities.

Focus Area 1: Fiscal consolidation and government effectiveness for service delivery

Objective 1.1: Strengthen fiscal management at all levels of government – achieved

- 6. At the start of the CPF period, Brazil was struggling with stagnant revenues, budget deficits, increasing spending obligations, and a need for fiscal consolidation.** In response, the federal government adopted a fiscal rule that capped primary spending. World Bank supported this through an expenditure review (A Fair Adjustment), intergovernmental fiscal ASA, subnational fiscal modelling, a report on the federal wage bill, and the Brazil 2020 report. It also supported implementation of the spending cap by analyzing its impact on public debt. Adherence to the fiscal anchor enforced fiscal consolidation and maintained the CPF target of keeping federal primary spending below 110 percent of the 2016 baseline, despite pressures to increase spending (e.g., to address COVID). Although many factors affected the fiscal balance (including concessions revenues and inflation), World Bank activities helped the authorities to control recurrent spending, especially regarding civil servant pay increases and the 2019 pension reform. The WB advocacy (including social media) on fiscal policy worked well and exceeded its relevance target.

7. World Bank supported operations to help subnational governments recover fiscal sustainability. Development policy operations helped Mato Grosso, Goiás and Rio de Janeiro to raise their “capacity to pay” (CAPAG) rating to B in 2022, exceeding the CPF target of two subnationals. World Bank’s analytical support also helped raise the CAPAG rating in other subnationals (e.g., fiscal, wage bill, and procurement assessments in Santa Catarina) building on its previous work designing the CAPAG system in 2017-18.

8. Consistent with Objective 1.1, World Bank helped the federal government to achieve efficiency gains in public administration and expenditure. Rooted in A Fair Adjustment⁷⁴ expenditure review, the government implemented regulatory improvements (modernizing its electronic reverse auction regulations and procurement law), strongly improving efficiency in its procurement functions⁷⁵ compared to the 2016 baseline. IBRD also supported a new *Progestão*⁷⁶ Program – a joint federal-state effort to implement a set of public sector management reforms that aim to increase the efficiency of public expenditures⁷⁷. Implementation of the subnational *Progestão* operations will occur under the next CPF.

Objective 1.2: Increase fiscal sustainability and fairness of pension system, and effectiveness of social protection system – achieved

9. World Bank ASA helped the government to improve the fairness and fiscal sustainability of the pension system and the effectiveness of the social protection system. Rooted in recommendations of the Pensions TA, the Wage Bill and Public Workforce Reform ASA, and the Fair Adjustment report, a constitutional pension reform was passed in December 2019, establishing new retirement rules, and allowing states and municipalities to implement similar changes to their own sub-national schemes. Key to this reform is increasing effective retirement ages, taxing benefits above the minimum wage, and revising survivor benefits. This allowed the proportion of new public-sector pensioners retiring under the “length of contribution” program to fall from 35 percent in 2016 to 21 percent in 2022. Twenty-six of the 27 states adopted complementary pension laws by 2022, against a baseline of 8. The scope of reforms is expected to deepen further, with support under the next CPF.

10. Brazil’s social protection programs improved. With World Bank support, the government enhanced its flagship conditional cash transfer program Bolsa Familia and expanded its social registry — *Cadastro Único* — as the instrument for targeting the poor. By 2022, 34 social programs coordinated their beneficiary registry with *Cadastro Único*, above the CPF target of 25. The same project helped link Bolsa Familia beneficiaries to vaccinations, breastfeeding, access to food, and essential care for mothers and children, addressing the beneficiaries’ needs in a more complex way and thus increasing the overall effectiveness of the assistance provided. Using *Bolsa Familia*, social protection was also expanded to mitigate the COVID shock, by bringing 1.8 million new families into *Auxilio Brasil* program in 2021 (supported by an World Bank operation). During the CPF period, *Bolsa Familia* and *Auxilio Brasil* helped to reduce poverty and inequality⁷⁸, far exceeding the CPF target to maintain 1.2 million families above extreme poverty levels. Also, the *Programa Criança Feliz* – an early childhood education program for vulnerable families – covered at least 1.1 million children younger than 6 by 2021; while data gaps impede reporting whether the program reached the supplemental CPF target of 2 million, reports⁷⁹ suggest that the program continued to expand in 2022. Work on this agenda will continue under the next CPF.

Objective 1.3: Increase effectiveness of service delivery in education – partially achieved

11. Changes in the government’s data management rules in 2022 impede assessment of changes in the education system. During the CPF’s early years, WBG support contributed to lower drop-out rates and better learning scores. A federal project supporting upper secondary reform, prioritizing vulnerable schools, helped improve learning scores through 2021, when the project was restructured to respond to

COVID. It is hard to assess program impacts post-COVID, as schools were closed for some 200 days; students in vulnerable areas lacked internet access, etc. As students return to normal school shift, governments reassess dropouts and education outcomes. The 2022 Data Protection Law which allows data transfers only with consent of the individual concerned has prevented disaggregating data to the level of CPF indicators. Yet proxy methods to estimate drop-out rates in the North and Northeast show an improvement (2.8%, against a baseline of 6%), so there is hope that learning targets will be met in 2023. The Human Capital Review⁸⁰ and ASA on learning recovery assessed the impacts of COVID on education and suggest policies to recover learning losses and remove the constraints for the acceleration of learning.

12. A drop in enrollment also occurred in the private sector, while some sponsors accelerated some digitalization initiatives. The IFC could only report reaching 950,774 children (of which 510,728 were females) with private education – short of the 1,350,000 target. This reflects not a lack of engagement but difficulties in the results monitoring during the 2020 transition to new data system that could not capture projects closed by then. IFC strategically only invests in tertiary education, with a focus on promoting inclusion of the poor and vulnerable population by expanding the private tertiary education services to underserved areas, such as smaller towns and the Northeast of Brazil.

Objective 1.4: Increase effectiveness of service delivery in health – mostly achieved

13. The CPF sought to help the government improve the efficiency of health spending, while improving health service delivery and enhancing access for the poor. A wide-ranging engagement⁸¹ aiming to reduce premature mortality among 30–69-year-olds from the non-communicable chronic diseases to 297 deaths per 100,000 of the population was successful: this indicator reached 299.1 in 2021 (slightly above target), even though it is estimated to have dropped to 285 in 2022. The number of patients reached through private healthcare provision with IFC support exceeded 5.9 million by 2019, ahead of the 4.8 million target. World Bank TA helped to improve primary care referral systems, the management of hospital systems, and medium- to high-complexity care. The percentage of hospitalizations for conditions sensitive to ambulatory care fell from 21 percent in 2016 to 15.5 percent by 2021, surpassing the target. World Bank TA also helped to design a performance-based system-incentivizing enrollment in primary health care that rose from 74.7 million people in 2016 to 170.8 million in 2022.

Focus Area 2: Private sector investment and productive growth

Objective 2.1: Reduce regulatory barriers and other microeconomic distortions to competition, investment, and trade – partially achieved

14. Over 2016-2020, the average time to process imported goods from arrival at the border to exit was halved. Measured by the average time to release imported goods - an indicator assessed through a World Bank-supported study⁸²—the time fell from 14.4 to 7.4 days, nearing the target of 6.5 days. This indicator does not fully reflect the competition, investment and trade agenda. Complementary data show that trade facilitation continues to improve: e.g., the time taken at customs dropped from 19.5 hours in 2019 to 15.3 in 2021; the coverage of imports processed through the Trade Single Window rose to about 40% in 2022, reducing fragmented processing; and an Authorized Economic Operator Program (AEO⁸³) is effective, covering about a third of external trade and enabling a company operating under it to save about a third of the time it takes outside the program. World Bank supported the Trade Single Window, AEO and Time Release Study primarily through ASA, facilitated knowledge exchange, stakeholder engagement, international agreements, and process digitalization. WB advocacy achieved 128,000 online media mentions by the end of 2022, short of its target but demonstrating an active presence. The WBG in 2021 also published a subnational Doing Business study, which generated demand for TA in

Pernambuco. Additional TA at the federal level complemented an IFC-led engagement that covered several areas of reforms (business environment, competition policy, and investment policy).

Objective 2.2: Reduce financial market distortions in order to improve the availability and allocation of credit – mostly achieved

15. A steady decline in directed corporate credit as part of the total manifests a shift from public to private capital markets. The target of below 40% was achieved by 2021 and reached 36% in 2023. The share of new housing loans originating from market indices rather than the public referential rate reached 13.7 percent in 2020, though by late 2022 the share fell to 5.7 percent as inflation rose, carrying mortgage rates upwards. WBG support to this objective consisted in knowledge services (e.g., credit allocation ASA, housing finance diagnostics, advisory on credit reporting system and financial IFC services).

16. WBG support to SMEs continued, helping to close a formal SME finance gap of US\$440 billion. Although MSMEs contribute 27 percent of GDP and 54 percent of employment, their access to finance remains limited. To help, IFC anchored a US\$400 million social bond (US\$200 million OA) to support World Bank lending program to women-owned SMEs (WSMEs) with a 10% carve-out to WSMEs in the underserved North and Northeast regions. Over FY18-23, IFC's MSME support mobilized US\$839 million.

Objective 2.3: Mobilize greater investment in infrastructure to improve services, including through PPPs – mostly achieved

17. WBG investments contributed significantly to upgrading roads. The target of 7,600 km was surpassed in 2022, reaching 9,964 km. The Tocantins performance-based contracting showed how roads could be kept in good condition for longer and at lower costs, with the right incentives. World Bank-IFC work on road rehabilitation in Bahia showed how concessions and PPPs provide solutions even under severe fiscal constraints. IFC has been expanding this approach to other sectors (street lighting, health, education, public transport), while promoting quality improvements through milestones and KPIs implemented by private operators. In the Dutra Federal Road–Piracicaba-Panorama highway and the São Paulo metro IFC supported bidding process of a concession, for new investments, operation, and maintenance. Private mobilization from IFC road projects reached 5,460 km built with total investments of \$12.8 billion.

18. The WBG reached its target of leveraging US\$ 600 million of investments in the transport sector. By providing non-honoring of sub-sovereign financial obligations guarantee in support of a public sector project, MIGA mobilized about US\$173 million of long-term financing from an international commercial bank on competitive terms as part of the São Paulo State Sustainable Transport Project. The IFC mobilization target of US\$8.9 billion was surpassed, with total core mobilization for FY18-23 of US\$10.2 billion. PPP program in Brazil is one of the largest in IFC. During the CPF period, the team has engaged in different large projects from Roads Concessions to Public Lighting and Primary Care. In April 2021, a 35-year concession was granted for the BR-153 highway, which mobilized \$530 million. The mobilization amount (debt issuance for the project) was recognized in the supplemental indicator that have been overachieved. IFC has built a strong PPP advisory program but has not invested in such projects with own account resources, as the unavailability of local currency financing has left IFC less competitive than the market; in the next CPF cycle, though, IFC will be able to offer local currency loans.

Focus area 3: Inclusive and Sustainable Development

Objective 3.1: Support achievement of Brazil's NDC with a focus on land use – mostly achieved

19. Significant progress was made in protecting the Amazon and coastal and marine regions. Two GEF-supported engagements expanded protected areas by some 212 million hectares, far beyond the targeted 63.8 million: of this, 95.9 million hectares were in the Amazon, and 116 million hectares involved marine biodiversity. Data show that the Amazon's protected areas reduced deforestation by 21% between 2008 and 2020 and that conservation units with ARPA support reduced 104±10 Mtons of CO2 emissions⁸⁴.

20. Fourteen projects, supported by IBRD and Trust Funds (TFs) including the Forest Investment Program (FIP)⁸⁵, significantly contributed to more sustainable land use practices in Brazil. Together, they overachieved on several indicators, such as the number of institutions provided with capacity-building to improve landscape environmental management and/or to enact policies to reduce deforestation in the Amazon and *Cerrado* biomes (target exceeded by 4.5 times), and IPTC organizations with increased involvement, role and voice in REDD+/climate change decision-making. A FIP-supported effort in the *Cerrado* enabled 3.8 million beneficiaries to register their landholdings in the rural environmental cadaster (CAR)—a key first step to comply with land use regulations. Moving to the next steps of reversing land degradation will need more time and effort: at present, the number of farm holdings adopting landscape management and sustainable agricultural practices through WBG support could be verified at 148,435, but eventually the 3.8 million CAR-registered landholders will develop and validate plans for land recovery and sustainable use. Land restoration will continue attracting private participation as an opportunity for the recovery of degraded pastures into crops: this is at the core of the IFC agribusiness strategy for Brazil.

21. World Bank took a multi-pronged approach to Brazil's climate agenda, through ASA, TF resources, and subnational investment and policy lending. A lack of data impedes reporting on avoidance of GHG emissions through conservation and enhancement of carbon stocks in forests (to date 144 million tons has been reported, against a target of 300 million). A shortfall against another NDC indicator, concerning ASA support to Brazil's NDC, reflects a shift in federal priorities away from the climate agenda over 2019-2022, during which World Bank maintained subnational dialogue and engagement. IFC's exposure to climate projects is 36% of the portfolio, expected to grow: this includes a US\$227 million portfolio in biofuels, e.g., sugar and ethanol production and cogeneration, for which Brazil has clear competitive advantages.

Objective 3.2: Provide more inclusive and sustainable urban services – mostly achieved

22. World Bank exceeded its initial target for people provided with improved urban living conditions but fell short of the revised target (3.79 million) set at the PLR. The new target incorporated a compound definition⁸⁶, against which the WBG supported investments in improved water supply, sanitation, sewerage, sidewalks, public parks, and roads. By end-2022, supplemental indicators⁸⁷ fell short of targets due to COVID-related delays. The number of urban people with improved access to sanitation, safe water, and high-quality public spaces exceeded 1.3 million, below a target of 1.79 million⁸⁸. The reduction in river-basin pollution fell 600 units short of the target of 12,645 tons of biochemical oxygen demand a year. IFC supported water SOEs in raising long-term finance to reduce water losses and improve efficiency (Corsan and Sabesp), and in efforts to clean the Rio Pinheiros, through sustainability-linked and blue loans that rewarded sponsors for non-revenue water performance.

23. The WBG also helped bring 2 million urban citizens more efficient and greener urban transport. In São Paulo, a multi-modal engagement involved the Aricanduva Bus Corridor and the Sustainable Transport World Bank projects, the IFC Roads initiative and a MIGA guarantee covering state investments to improve transport efficiency, safety, and resilience. In Rio de Janeiro, WBG support, including through the Suburban Rail Systems project, benefited about 600,000 (100,000 additional) users with an improved

urban rail system by mid-2019. Ridership targets were missed as COVID reduced passengers using urban rail to 250,000 per day in January 2023 (less than half of pre-pandemic levels), but it is expected to recover.

24. The target for quality of Citizen Engagement in World Bank operations, measured at the project level, was fully achieved. Examples can be found in the PLR (paras. 31-23) and in Section III below.

25. Progress for Objective 3.2 partly resulted from integrating disaster risk assessment and response mechanisms (DRM) into subnational plans. The target of building two plans was achieved. WBG TA to Santa Catarina enabled the state to improve DRM policies by utilizing CAT Model⁸⁹; *Santa Catarina Resiliente*⁹⁰ is a significant outcome. In addition, São Paulo developed, with TA Component in a transport project, contingency plans for its Roads Department: the operation also supported the state's Geological Institute to conduct disaster risk mapping activities in key municipalities and to integrate actions from the State Civil Defense with the DER and IG to improve highway monitoring before and during extreme events.

Objective 3.3: Promote development of small rural producers and protect vulnerable groups: achieved

26. The number of farmers reached with agricultural assets or services rose from 280,000 to over 4.2 million, exceeding the PLR target of 750,000. Most of this resulted from a FIP *Cerrado* project that reached more than 3.8 million landholders. Other contributing rural development projects were in Rio de Janeiro (60,000 farmers), São Paulo (54,000), Rio Grande do Norte (100,000) and Bahia (41,000), with 16 IBRD operations contributing. The target number of traditional communities with improved livelihoods⁹¹ was met with support from seven operations, including in Bahia and Acre. Notably, 55% of beneficiaries of a Pernambuco rural project saw an increase in real gross sales values by more than 20%, and an additional 32% also had an increase (30% were women-headed households and 5% from vulnerable groups). IFC reached 49,771 farmers, including through the financial institution Bansicredi.

II. WORLD BANK PERFORMANCE

27. WBG performance for the CPF is rated Good. Focus areas and objectives reflected key development challenges and remained valid amid changing government priorities and contexts. Attention to cross-cutting issues such as gender and climate change was preserved at the program level and through projects (para. 47). The CPF provided flexibility to adapt to changes in government and COVID challenges. Delivery and disbursements were kept largely on track. In the final years, guided by the PLR, the WBG focused on COVID recovery while sustaining a greener, more inclusive, and fiscally sustainable approach. Support to the recovery was mobilized across the program and used new fast-disbursing lending, portfolio management and supervision innovations. Adaptation of individual indicators, despite some challenges (para. 51), provided lessons for the next CPF. Development partnerships were aligned mutually reinforcing and contributed to CPF objectives.

28. World Bank Group collaboration was strong, leveraging the cumulative impact of public and private support in transport, water and sanitation, other infrastructure, and the health and education sectors. Private participation was mobilized through IFC and World Bank instruments. ASA provided a platform for operational design and an early engagement with the Government elected in 2022, through a set of Policy Notes prioritizing the development agenda for coming years. WBG collaboration grew through the CPF period and with more focus on promoting financial sector competition, improved environmental and social standards, and ICT infrastructure investment opportunities.

29. In addition to COVID, the main program challenges were a tighter fiscal situation translating into lower fiscal room and borrowing limits and several instances of delays between World Bank Board approval and project effectiveness. Going forward, some uncertainties remain related to the Government's external borrowing strategy, and the time needed for getting the new loans signed and

effective. Yet a robust program was built under the FY18-23 CPF, paving the way for strong engagement in the new cycle.

CPF Design

30. The FY18-23 CPF built its intervention logic on the three constraints to sustained poverty reduction and shared prosperity identified in the SCD⁹²; these translated into the CPF’s three Focus Areas: (i) fiscal consolidation and government effectiveness issues, (ii) private investments and productivity, and (iii) longer-term issues of equitable and sustainable development. Program design reflected key lessons from the CPS FY12-15, including the need to support the Government in tackling structural weaknesses (refocusing the growth model on productivity, strengthening fiscal policy, governance, and infrastructure development). The shift to a balanced engagement across federal and subnational levels with attention to fiscal sustainability at all levels of government was another CPS lesson.

31. CPF design was continuous with the previous engagement but introduced some strategic shifts and incorporated flexibility. The CPF carried forward engagements in natural resource management; climate change adaptation and mitigation; and improved service delivery to the poor and vulnerable, especially during the COVID. It added focus on public spending efficiency, necessary in a context of tighter fiscal space; on expanding instruments for federal engagement; and on ASA and knowledge work for advocacy. The CPF design took into account the knowledge gaps identified by the SCD, e.g., (i) the need to analyze public spending to identify areas of change in social transfers and restoring the fiscal balance was reflected in the Objectives 1.2 - 1.4, and (ii) identification of economic opportunities from better management of natural assets was prioritized under the Focus area 3 and culminated in the core ASA, including the CCDD, the Amazonas Economic Memorandum and the “Opportunities for All” policy notes. The CPF was designed with substantial flexibility, justified by political and economic uncertainties, and helpful for COVID response. It used a phased approach to align with the electoral cycle of Brazil, which in 2023 facilitates creating the next engagement strategy with the new Government. Program design had a solid foundation of the structural issues (productivity, climate change, social exclusion) that transcended the political cycles, and thus it achieved a balanced approach.

32. The CPF focus areas remained relevant, especially as COVID aggravated pre-existing challenges. Brazil has been implementing reforms for more openness, competitiveness, and private sector participation, and for stronger fiscal systems⁹³. The pillars of the 2020-31 Federal Development Strategy – economy, institutions, infrastructure, environment, and social issues – are broadly aligned with the CPF focus areas. That said, over 2019-22, climate was not as strong a priority for the government as fiscal sustainability and growth-oriented reforms (Brazil missed its 2020 deforestation reduction targets⁹⁴). The administration elected in 2022 is strongly committed to ending deforestation, reducing GHG emissions, and protecting Brazil’s key biomes, boosting relevance of the Focus area 3. The 2023 SCD Update confirms that Brazil’s development needs and priorities remain broadly the same, with the need to shift to productivity-led growth model having become even more urgent in recent years.

33. The CPF identified risks associated with political uncertainty, resistance to fiscal consolidation, and low appetite for structural reforms. To address these risks, it proposed continued advocacy for a high-quality fiscal adjustment that shelters the poor and vulnerable. Recognizing that the government faced difficult trade-offs at the federal level, the WBG placed greater emphasis on ASA to inform the design and implementation of key reforms, with financial support at the subnational level.

CPF Implementation

34. World Bank lending levels were modest compared to demand and lending space. The reasons are laid out in the PLR⁹⁵. Over FY18-23, proposals for potential projects (*cartas consultas*) submitted to the federal Committee for External Financing (COFIEX) exceeded US\$10 billion, reflecting strong demand. In the first three CPF years uncertainties related to government transitions, borrowing space limits and delays in COFIEX approvals resulted in an average IBRD lending at about US\$600 million per year. As these constraints have been easing, lending picked up in the later CPF years to US\$1 billion per year on average; with a drop to US\$750 million in FY23 due to the post-electoral government transition.

35. World Bank portfolio performance was impacted by COVID and a legacy of implementation challenges, although it improved steadily. At the start of the CPF, one in three projects had at least one unsatisfactory or moderately unsatisfactory rating. This was due to older projects facing delays due to safeguards concerns and weak procurement bidding. Then COVID-19 impacts (lost capacity, interrupted supply chains), as well as remaining uneven capacity across borrowers, multisectoral nature of some projects, and coordination failures also affected performance. Effectiveness delays also impacted implementation: as of June 2023, 3 IBRD projects were pending effectiveness for over 9 months since Board approval⁹⁶.

36. The WBG actively tackled portfolio challenges, including on safeguards and fiduciary side. Several problem projects were restructured; others closed; project extension requests were handled selectively to deploy resources strategically. The WBG supported institutional capacity building and knowledge sharing in public financial management (PFM) and safeguards management through multiple engagements, e.g., the enhanced fiduciary support during the COVID-19 lockdown, or technical assistance to strengthen the National Treasury Secretariat. Hands-on support has been delivered to the borrowers on the preparation and implementation of the Environmental and Social Framework (ESF) tools. Teams intensified attention towards safeguard issues and have been providing additional technical support to borrowers, including after project closing if needed. Supervision approach adjusted to home-based work⁹⁷. Response to COVID was swift: reallocating portfolio resources and raising World Bank financing to US\$1.325 billion in FY21 in new social spending to protect the poor. Actions on unsatisfactory projects in FY22-23 raised disbursements to US\$1.4 billion in FY22⁹⁸ and US\$800 million in FY23 – the highest annual levels during this CPF cycle. As of end-June 2023, IBRD portfolio included 24 projects (US\$ 3.82 billion total commitments) and three TFs (US\$0.13 million). Nine projects were in problem status; three of them were downgraded at the end of the month reflecting proactivity and candidness of reporting. IEG reviewed 33 projects that exited the portfolio of Brazil in FY18-22⁹⁹ and rated 25 (75%) moderately satisfactory or satisfactory on outcomes.

37. IFC long-term finance (LTF) commitments since FY18 amounted to US\$18.7 billion. The last three FYs were investment program records, bringing LTF commitments to \$18.7 billion over FY18-23 (of which \$6.1 billion was own account). This resulted from expanding IFC countercyclical role after the pandemic; the approval of sector reforms, particularly in the water and sanitation sector; the financing of large pulp and paper and energy projects (e.g., Klabin and Suzano) with high mobilization; a strong pipeline of concessions and PPPs, especially in roads and street lighting, which mobilized more than US\$ 7 billion in LTF; and a strong venture capital and private equity ecosystem that enabled IFC to grow its equity portfolio from US\$433 million to US\$634 million over FY19-23. The main sectors for IFC are financial institutions, agriculture, forestry, trade finance, and infrastructure; 38% of the portfolio is focused on climate-related assets and 21% on gender. The IFC advisory program focuses on PPPs and concessions (half the portfolio) while infrastructure, manufacturing, agribusiness, and services comprise another 34%.

38. World Bank introduced multiple innovations during program implementation. These included: (i) a pipeline project in Itajaí that supports a consortium of municipalities to reduce CO2 emissions through

green transport and will model bringing local engagements to scale; (ii) the Climate Finance project with Banco do Brazil as a financial intermediary to expand sustainability-linked finance for climate mitigation¹⁰⁰, (iii) a credit line with the Regional BRDE Bank to promote urban resilience and address natural disasters, and (iv) a joint co-financing with AFD to support the Porto Alegre IPF – a model of partnership for amplified results and impact, which tackles the combined urban livability, flood management, connectivity, and social integration challenges. Multi-pronged strategies support common goals at the federal and subnational levels simultaneously, e.g., state-level Progestão project series; supporting post-COVID learning recovery through operations and ASAs; and addressing climate impacts through investments, ASA, policy lending, and convening.

39. IFC started to look at projects with a 2-to-5-year horizon under its new upstream units, which focused on (pre-)feasibility studies with prospective clients securing investment rights. This has allowed IFC to enter new sectors and explore emergent investment in digitalization of pharma, vaccines, water and sanitation, electric buses, restoration of degraded lands and green hydrogen. These innovations will support business development and steer IFC to more innovative projects. The main areas of focus for the upstream units are emerging areas where Brazil can expect to attract private investment, e.g., beef traceability, e-mobility, green hydrogen, fiber optics, degraded land restoration, digitalization of health services, affordable housing, water reuse, circular economy, and fiber optics.

40. World Bank, IFC and MIGA demonstrated the power of joint action through integrated projects and advisory engagements, highlights of which are covered by the PLR¹⁰¹. The latest advances of the World Bank's collaboration are the Foz do Itajai and the Brazil Climate Finance projects (PLR para. 40).

41. The CPF kept a strong outcome orientation and relied heavily on public data for reporting. The PLR adjusted indicators in a pragmatic way, although it missed an opportunity to capture all the dimensions of the objective 2.1 and to adjust the indicator 13 (number of people benefitting from PPPs with IFC investment)¹⁰². Increased ambition and accuracy proved difficult to achieve, considering the political, economic, and COVID-related uncertainties. The PLR scaled back targets for three indicators¹⁰³. Under Focus Area 3, there were overlaps that could lead to a distorted view of the actual achievement¹⁰⁴. Several indicators were also skewed by overachievement of a single intervention, which masked underachievement by others and some indicators could not be adjusted to match IFC's new AIMM system, making verification difficult¹⁰⁵. Some important contributions were not captured by the results framework, e.g., the work to reduce gender, ethnic and racial gaps.

42. The World Bank Group response to COVID was swift (see PLR paras. 29, 33, 35-36). It included a US\$1 billion federal World Bank loan supporting spending to protect the poor, restructuring operations to allocate resources to fight the pandemic¹⁰⁶, portfolio management innovations, and the US\$800 IFC COVID facility (for short-term liquidity relief to SME clients and for US\$260 million from the Working Capital Solutions Crisis Response for financial institutions). The WB also leveraged its convening power with development partners to enhance the government's COVID-19 response (see PLR para 42). In FY22-23 the program maintained 100% proactivity in addressing the multiple implementation challenges that emerged during and after COVID. IFC made investments linked to the COVID response of clients, e.g., the US\$50 million Fiteas loan to expand the production of tissue used in the local production of masks.

43. A robust ASA program helped ensure evidence-based dialogue through the CPF period. World Bank published several impactful ASAs (e.g., a Poverty Assessment, a Human Capital Review, a Country Climate and Development Report, and the Amazonas Economic Memorandum) that informed the policy debate and received significant media attention. This was in addition to influential TA provided to national and sub-national entities, to the FY22 Infrastructure Assessment, and to IFC upstream advisory work. The

“Opportunities for All” Policy Notes published in December 2022 help inform the reform agenda and support the new Government in reviewing key issues and policy options¹⁰⁷.

44. The Open Brazil online platform (<https://brasilaberto.worldbank.org/>) introduced in 2021 is an interactive tool offering real-time data on the performance of the WBG program. It tracks CPF indicators by drawing on the government’s open data and leverages social media to track public sentiment on selected reform areas. Its “Smart Supervision” feature showcases results on the ground. Open Brazil continues to guide program development and will track progress towards the next CPF targets.

III. ALIGNMENT WITH CORPORATE GOALS

45. The CPF was fully aligned with the twin goals of reducing poverty and promoting shared prosperity as well as to the Green, Resilient and Inclusive Development (GRID) framework. Under Focus Area 1, the WBG pursued stronger fiscal management, aiming to ensure that adjustment does not fall on the poor. The CPF helped the federal fiscal consolidation, pension reform, improving social spending quality, and fiscal sustainability at the state level¹⁰⁸. Focus Area 2 sought to leverage private investment for more and better jobs, to reduce poverty and build prosperity. The CPF saw the private sector as key to job creation, budget revenue growth and infrastructure modernization; the WBG contributed to PCM and continues to support the Government in pursuing better business environment. Under Focus Area 3, the WBG promoted inclusive and sustainable development, environmental protection, and climate risk mitigation. Building a low-carbon future and safeguarding people are key, as climate shocks could push 3 million Brazilians into extreme poverty by 2030.

46. The PLR confirmed that WBG’s twin goals remain “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”. The Policy Notes *“Opportunities for All”*¹⁰⁹ also show that Brazil’s ability to become richer depends on improving productivity (including competitiveness through openness to trade), expanding inclusion (particularly for women and Afro-descendants), and addressing climate change.

47. Social inclusion, citizen engagement, gender and climate action were mainstreamed across the program. Gender-focused IBRD financing reached \$4.2 billion across 29 projects, supporting women’s economic empowerment, strengthening services against gender-based violence, or prioritizing women’s access to job-related services¹¹⁰. Since 2018, 9 in 10 operations incorporated gender design, since FY21 all of them did. IFC focused on increasing access to finance for women owned MSMEs. A hundred percent of IBRD portfolio includes citizen engagement, e.g., feedback loops, e.g., helping to involve beneficiaries in infrastructure development and biome preservation (see PLR para. 31, Box 2). IBRD’s active portfolio also includes about US\$2.15 billion in positive climate impact, 46% of the total commitments.

IV. LESSONS LEARNED

48. The CPF had a strong outcome orientation that provides a good basis for introducing High-Level objectives (HLOs) in the next cycle. Its long-term focus ensured relevance and continuity across administrations. Built-in flexibility allowed a focus on key development challenges, while responding swiftly to COVID. These features are important to preserve. The next CPF will be designed for 5 years (FY24-FY28) to allow the WBG to align its strategy with the priorities of the current administration while capturing evolving development trends and results after the electoral cycle ends in June 2028.

49. The CPF could be more explicit about its focus on the poorest and most climate-vulnerable regions of Brazil. World Bank took a pragmatic approach of engaging where relevant, without articulating geographic prioritization. The next CPF will try to expand and deepen engagements in the North,

Northeast and Centre-West, which have the greatest challenges and opportunities for poverty alleviation, inclusion, and climate. Engagements elsewhere will focus on innovations with demonstration impacts.

50. WBG can leverage more financing and generate impact at a scale much larger than individual projects. In sectors with improved regulation, e.g., water and sanitation, the private sector responded well, using a mature framework for concessions and PPPs. The WBG can improve the enabling environment by developing regulatory conditions and building client capacity through advisory services. This requires (i) a stronger focus of operations on development programs that can be scaled up significantly, using domestic (tax) resources; (ii) leveraging new clients, e.g., the regional/national development banks and consortia of municipalities, and (iii) ensuring that sector reforms are oriented to private sector participation. IFC expects to be more active in Municipal/Public Finance and Cities Initiatives. As sub-nationals and SOEs go under financial stress, advisory services¹¹¹ in PPPs, privatizations, and concessions become even more relevant. Though market has been subdued for MIGA guarantees (given investors' favorable perception of Brazil's investment climate, preference for local currency financing and MDBs competitive positioning), local currency solutions, climate pricing and trade finance are expected to unlock new opportunities for MIGA in Brazil.

51. The next CPF should take more care in choosing indicators, identifying the results chain, and using public data. Focus areas 1 and 2 used public data, which creates greater ownership but can make attribution more complex. Progress in Focus area 3 was tracked mostly by indicators derived from projects, which helped attribution but weakened the outcome focus. Learning from the limitations of the indicators 9 and 13, the next CPF should capture all the dimensions of its objectives. For IFC, changes in the results monitoring systems and reporting requirements created difficulties in verifying several results. Indicators for the next CPF will need to align better with internal and public systems.

52. Flexibility will continue to be critical, as government procedures call for frequent adjustments in IBRD plans for new lending. The three key steps are: (i) COFIEX needs to confirm its endorsement of the proposal (and related federal guarantee) by agreeing a *carta consulta*¹¹² before identification can begin; (ii) a law ("*lei autorizativa*") needs to be passed by the legislative branch of the borrowing entity to authorize the loan; and (iii) the federal Senate needs to approve the project before loan signing and project effectiveness can take place. World Bank teams need to stay abreast of operational developments around each of these steps and adjust the pace of engagement as needed.

53. Implementation support and capacity building are effective in the diverse context of Brazil. Based on IEG evaluations, operations need to further address capacity weaknesses that compromise success. World Bank can work effectively with lower capacity clients if it designs operations appropriately, offers solutions based on analytics, and anticipates capacity issues. Implementation problems tend to concentrate in projects covering multiple sectors, or significant resettlement needs. Design complexity can be calibrated by focusing on manageability and incorporating implementation support into project design early on. The next CPF should aim at 'implementable multisectorality', including hands-on support on anticipated difficulties, safeguards complexities, and multiple implementing agencies.

54. Focused efforts to help implementing agencies manage World Bank's Environmental and Social Framework (ESF) will continue to be needed. In Brazil, there are opportunities to take advantage of a favorable systemic environment through (i) developing electronic templates for Borrowers to report E&S measures, (ii) disseminating tip-sheets on the major gaps between country system and the requirements of each ESS, and (iii) carrying out a continuous training process to respond to specific shortcomings.

Notes

- ⁷⁴ <https://www.worldbank.org/en/country/brazil/publication/brazil-expenditure-review-report>
- ⁷⁵ Measured as a ratio of the procurement officials' payroll to the total expenditures managed by public procurement.
- ⁷⁶ <https://www.gov.br/previdencia/pt-br/assuntos/rpps/pro-gestao-rpps-certificacao-institucional>
- ⁷⁷ By September 2023, four operations were delivered under this program.
- ⁷⁸ Brazil Poverty and Equity Assessment (2022) <https://openknowledge.worldbank.org/handle/10986/37657>
- ⁷⁹ <https://www.gov.br/cidadania/pt-br/acoes-e-programas/crianca-feliz>
- ⁸⁰ <https://www.worldbank.org/en/country/brazil/publication/brasil-relatorio-de-capital-humano-investindo-nas-pessoas>
- ⁸¹ E.g., ASA on aging, Asa on taxes to reduce consumption of alcohol, tobacco, and sugary drinks, TA to strengthen the management of hospital systems and medium to high complexity care.
- ⁸² https://www.gov.br/receitafederal/pt-br/aceso-a-informacao/dados-abertos/resultados/estatisticas_comercio_exterior/estudos-e-analises/time-release-study-brasil.
- ⁸³ <https://www.gov.br/receitafederal/pt-br/assuntos/aduana-e-comercio-exterior/importacao-e-exportacao/oea/estatisticas-do-programa-oea>
- ⁸⁴ <https://www.sciencedirect.com/science/article/pii/S0006320723000289>
- ⁸⁵ <https://climatefundsupdate.org/the-funds/forest-investment-program/>
- ⁸⁶ The cumulative number of people in urban areas with access to improved services, housing, tenure, neighborhoods, public spaces, parks, resilience, and/or urban environmental conditions. See the CPF footnote 66 for a detailed definition.
- ⁸⁷ Including, more recently, Espirito Santo Water Management, Fortaleza Urban Development, Teresina Municipal Governance.
- ⁸⁸ Note that transport services are excluded from both the target and the result to avoid double counting.
- ⁸⁹ Catastrophe (CAT) modelling generates a set of simulated events to determine the probable losses.
- ⁹⁰ <https://www.scesiliente.sc.gov.br/>
- ⁹¹ For the definition, see the CPF footnote 67.
- ⁹² The i) creation of sufficient productive and well-remunerated jobs to provide employment opportunities for all Brazilians of working age; ii) more efficient and better-targeted government spending; and iii) smarter management of Brazil's natural resources and better mitigation of environmental pollution and the risk of natural disasters
- ⁹³ See SCD update paras. 17, 26 and PLR para 12.
- ⁹⁴ In 2009 Brazil committed to reduce deforestation in the Amazon by 80 percent, i.e. to less than 4,000 km².
- ⁹⁵ Para.28.
- ⁹⁶ The Government of Brazil's process for approving external borrowing operations includes parliamentary (Congress) approval.
- ⁹⁷ As laid out in the PLR (paras. 35 and 50).
- ⁹⁸ This is a positive outlier, driven by the US\$1 billion fast-disbursing Income support to the poor affected by COVID-19 project.
- ⁹⁹ The latest data available at the time of the CLR.
- ¹⁰⁰ This project is expected to become a model for climate-focused engagement under the next CPF.
- ¹⁰¹ See para. 49 and Box 5 of the PLR for details.
- ¹⁰² As noted in Annex 2.2, IFC mobilization would be preferable as a core indicator because generation of benefits at the level of people takes a long time after the IFC projects closing.
- ¹⁰³ Indicators 2.2, 15 and 19.1.
- ¹⁰⁴ Indicator 17 counted beneficiaries also covered under Indicator 18; indicator 15 overlaps with Indicator 19.1.
- ¹⁰⁵ Indicator 15 "Number of farm holdings adopting landscape management and/or sustainable agricultural practices as a result of WBG support" and Indicator 15.2 "Number of properties where legal reserves and permanently protected areas are implemented and/or land restoration practices adopted".
- ¹⁰⁶ Acre Social and Economic Inclusion, Espirito Santo Sustainable Water Management, Upper Secondary Reform, Upgrading and Greening the Rio de Janeiro Urban Rail were among the projects that achieved a turn-around through restructuring.
- ¹⁰⁷ The WB also prepared policy notes that were disseminated in August 2018 ahead of the previous presidential elections.
- ¹⁰⁸ In the states supported by the WB interventions.
- ¹⁰⁹ <https://www.worldbank.org/en/country/brazil/brief/opportunities-for-all-brazil-policy-notes>
- ¹¹⁰ For an illustration of the results achieved with the World Bank support, go to [this brief](#).
- ¹¹¹ Led by IFC Advisory Units for PPPs (C3P and Corporate Financial Services).
- ¹¹² The carta consulta indicates the federal government's potential readiness to provide a federal guarantee on subnational loans.

Annex 2.1: Status of Brazil's FY18-FY23 CPF Results Matrix (Summary table)

	Status at CLR	Overall Rating
Focus Area 1: Fiscal consolidation and government effectiveness for sustainable, inclusive and efficient service delivery		
Objective 1.1: Strengthen fiscal management at all levels of government		Achieved
Indicator 1: Fiscal stabilization at Federal level: Federal government primary expenditures in real terms (index, 2016 = 100)	Achieved	
Indicator 2: Number of states reaching CAPAG B rating with Bank support	Achieved	
Objective 1.2: Increase fiscal sustainability and fairness of pension system, and effectiveness of social protection system		Achieved
Indicator 3: Proportion of new RGPS pensioners retiring under "Length of contribution" regime	Achieved	
Indicator 4: Number of social programs that coordinate their beneficiary registry with Cadastro Unico	Achieved	
Objective 1.3: Increase effectiveness of service delivery in education		Partially achieved
Indicator 5: Drop-out rate in the 6th grade in state and municipal schools in North and Northeast	Partially achieved	
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.	Almost achieved	
Objective 1.4: Increase effectiveness of service delivery in health		Mostly achieved

Indicator 7: Premature mortality rate in Brazil (30-69 age group) from the main non-transmissible chronic diseases (cardiovascular diseases, cancer, diabetes and chronic respiratory diseases)	Partially achieved	
Indicator 8: IFC: Number of patients reached through private provision of healthcare	Achieved/ exceeded	

Focus Area 2: Private sector investment and productive growth		
Objective 2.1: Reduce regulatory barriers and other microeconomic distortions to competition, investment, and trade		Partially achieved
Indicator 9: Average time to release imported goods	Partially achieved	
Objective 2.2: Reduce financial market distortions in order to improve the availability and allocation of credit		Mostly achieved
Indicator 10: Proportion of directed corporate credit to total corporate credit (updated through API)	Achieved	
Indicator 11: Number and volume of MSMEs reached by IFC financing.	Partially achieved	
Objective 2.3: Mobilize greater investment in infrastructure to improve services, including through PPPs		Mostly achieved
Indicator 12: Number of km of roads upgraded, including under PPPs, supported by WB investment	Achieved/ exceeded	
Indicator 13: Number of people benefitting from PPPs with IFC investment	Not verified	
Focus Area 3: Inclusive and sustainable development		
Objective 3.1: Support the Achievement of Brazil's NDC with a particular focus on land use		Mostly achieved
Indicator 14: Areas of environmental significance under protection measures in target areas in Amazon and coastal/marine regions	Achieved/ exceeded	
Indicator 15: Number of farm holdings adopting landscape management and/or sustainable agricultural practices as a result of WBG support	Partially achieved	

Indicator 16: Number of sectors for which a specific NDC implementation plan was designed and adopted	Partially achieved	
Objective 3.2: Provide more inclusive and sustainable urban services		Mostly achieved
Indicator 17: People provided with improved urban living conditions (def. see CPF footnote #66)	Mostly achieved	
Indicator 18: Number of urban citizens using more efficient and greener urban transport (Sao Paulo and Rio de Janeiro)	Achieved	
Objective 3.3: Promote socio economic development of small rural producers and protect vulnerable groups		Achieved
Indicator 19: Number of farmers reached with agricultural assets or services:	Achieved/exceeded	
Indicator 20: Number of traditional communities with improved livelihoods	Achieved/exceeded	

Annex 2.2: Brazil 2018-2023 CPF Results Matrix Evaluation

Objective	Overall Rating	Indicator	Status at CLR	Lessons Learned and Suggestions for the New CPF	WB Program Instruments
Focus Area 1: Fiscal consolidation and government effectiveness for sustainable, inclusive and efficient service delivery					
Objective 1.1: Strengthen fiscal management at all levels of government	Achieved	Indicator 1: Fiscal stabilization at Federal level: Federal government primary expenditures in real terms (index, 2016 = 100) Baseline (2016): 100 Result (2023): 106.3 Target: below 110	Achieved	During the PLR exercise, indicator 1.1 was updated to include relevance score of WBG advocacy to measure attribution more clearly	Financial Mato Grosso Fiscal Sustainability DPL (P164588) Amazonas DPL (P172455) Goiás DPL (P177632) Rio Municipality DPL (P178729) Progestão Alagoas: Public Sector Management Efficiency (P177070) Progestão Mato Grosso: Public Sector Management Efficiency (P178339) Parana Public Sector Modernization and Innovation for Service Delivery Operation (P168634)
		<i>Indicator 1.1: Relevance score of WBG advocacy (including social media) on fiscal policy</i> Baseline (2016): 26 Result (2022): 136,300 Target: 80,520	Achieved/ Exceeded		Knowledge Brazil Expenditure Review – (P154992) Intergovernmental Fiscal ASA – (P165693) Subnational Fiscal Modelling (P172861) Wage Bill & Public Workforce Reform (P166281) Fiscal Sustainability in Santa Catarina – (P169572)
		Indicator 2: Number of states reaching CAPAG B	Achieved	The PLR updated this indicator to better capture the objective of WBG engagement, which is a stronger fiscal position at the	Brazil 2040 (P173458)

Objective	Overall Rating	Indicator	Status at CLR	Lessons Learned and Suggestions for the New CPF	WB Program Instruments
		rating with Bank support Baseline (2016): 0 Result (2022): 2 Target: 2		state level as captured in a CAPAG score of B or higher	
		<i>Indicator 2.1: Efficiency of procurement: Function Cost (Procurement Budget/ Managed Spend)</i> Baseline (2016): 2.87 Result (2022): 1.73 Target: 2.94	Below		
Additional evidence:					
Objective 1.2: Increase fiscal sustainability and fairness of pension	Achieved	Indicator 3: Proportion of new RGPS pensioners retiring under “Length	Achieved One of the major measures of	The original indicator proposed under the CPF could not be tracked. At PLR stage, the indicator was updated. Going forward, the teams will ensure	Financial services Salvador Social Multi-Sector Service Delivery Project II (P172605) Brazil Income Support for the Poor affected

Objective	Overall Rating	Indicator	Status at CLR	Lessons Learned and Suggestions for the New CPF	WB Program Instruments
system, and effectiveness of social protection system		<p>of contribution” regime</p> <p>Baseline (2016): 35% Result (2022): 21% Target: <25%</p> <p>Note: The RGPS is the federal pension program which, before 2019, allowed pensioners to choose one the two options: (1) retire through “length of contribution” with minimal age restrictions (most people retired between 53 and 55) or (2) retire after reaching the minimum age (60/65) with at least 15 years of contribution required. Higher income people with stronger labor force attachment tended to retire young through option 1, qualifying to a large</p>	<p>2019 reform involves gradual raising of minimum retirement age for both options, affecting option 1 eligibility conditions in a much stronger way. This reduces fiscal pressure on pension scheme and gradually removes subsidies associated with option 1</p>	<p>that proposed indicators have readily available data and are straightforward to track.</p>	<p>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) 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) Brazil Poverty and Equity Assessment (P174691) Brazil Poverty and Equity (P177527)</p>

Objective	Overall Rating	Indicator	Status at CLR	Lessons Learned and Suggestions for the New CPF	WB Program Instruments
		subsidy in the form of a very long pension receipt period.			Brazil: Overview Assessment of the Environmental and Social Borrower Framework (P177058) Expanding the GBV portfolio in Brazil (P177107)
Indicator 3.2: <i>Number of states that adopted complementary pension law</i> Baseline (2016): 8 Result (2022): 26 Target: 27	Almost achieved				
Indicator 4: Number of social programs that coordinate their beneficiary registry with Cadastro Unico Baseline (2016): 11 Result (2023): 28 Target: 25	Achieved/ /exceeded				
Indicator 4.1: <i>The number of children 0-6 that are benefitting from Criança Feliz.</i>	At least partially achieved	Going forward, the team will adjust CPF indicators based on the current publicly available data.			

Objective	Overall Rating	Indicator	Status at CLR	Lessons Learned and Suggestions for the New CPF	WB Program Instruments
		<p>Baseline (2016): 0 Result (2022): n/a Target: 2,000,000</p>			
		<p>Indicator 4.2: <i>New families who are maintained above extreme poverty with conditional cash transfer program supported by the Bank</i></p> <p>Baseline (2016): 0 Result (2022): 9,959,838 Target: 1,200,000</p>	Achieved	This is so large with respect to the target due to the unexpected (at time of preparation) re-expansion of the AB program in 2022.	
		<p>Additional evidence: For the partially achieved indicator on the Crianca Feliz, the reported levels are likely to underrepresent progress. The program covered at least 1,1 million children younger than 6 in 2021, and while no data is yet available for 2022 due to an intra-ministerial restructuring, the government reports suggest that progress is on track.</p>			
Objective 1.3: Increase effectiveness of service delivery in education	Partially achieved	<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% overall; 5% girls; 7% boys</p>	Partially achieved	Although revised during the PLR stage, this indicator became challenging to measure because INEP stopped releasing the school dropout microdata (which allowed the desegregation by sex and specific regions). This change in INEP's data governance follows a data privacy law that was approved	<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</p>

Objective	Overall Rating	Indicator	Status at CLR	Lessons Learned and Suggestions for the New CPF	WB Program Instruments
		<p>Result (2022): 2.8% (overall) Target: 3.4% (overall); 2.9% (girls); 3.9% (boys)</p>		<p>recently. For the next CPF, the teams will consider these new data restrictions when designing indicators. COVID-19 pandemic affected results due to long school closures</p>	<p>(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) Strengthening Service Delivery Ceará PforR (P127463) Manaus Service Delivery and Fiscal Management DPL (P153203). Fortaleza sustainable development project (P153012) IFC Anima Northeast (43130) Anima Growth (37083) 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)</p>
		<p>Indicator 6: Average learning scores (combined for math and Portuguese) in Prova Brasil-SAEB in grades 9 for public schools and 12 for state schools.</p> <p>Baseline (2016): 5 (grade 9); 4.2 (grade 9) Result (2022): 5.1 (grade 9); 4.4 (grade 9) Target: 5.2 (grade 9); 4.5 (grade 9)</p>	<p>Almost achieved</p>	<p>COVID-19 pandemic affected results due to long school closures</p>	
		<p>Indicator 6.1: <i>Number of innovative management interventions adopted to promote more effective service delivery in education in states and municipalities supported by the Bank.</i></p>	<p>Partially achieved</p>	<p>COVID-19 pandemic affected results due to long school closures</p>	

Objective	Overall Rating	Indicator	Status at CLR	Lessons Learned and Suggestions for the New CPF	WB Program Instruments
		<p>Baseline (2016): 0 Result (2022): 8 Target: 17</p>			<p>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>
		<p>Indicator 6.2: <i>IFC: Number of students reached through private provision of education:</i></p> <p>Baseline(2016): 792,251 2021: 950,774 (female 510,728) Target: 1,350,000 (740,000 female)</p>	Partially Achieved	<p>The reduction of FIES program has impacted enrollment in the private sector. However, IFC investments have been focused on areas of expansion where there is not enough provision of tertiary education, such as the northeast. Covid-19 has also pushed our clients to adopt digitalization solutions which managed to maintain enrollment growth.</p>	
		<p>Additional evidence: For IFC, the latest reference date available is 2021; the projects feeding into this total number were IdealInvest (currently closed), Estacio (currently closed), Anima, Mauricio – D, Afferro Lab (currently closed).</p>			
<p>Objective 1.4: Increase effectiveness of service delivery in health</p>	Mostly achieved	<p>Indicator 7: 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>	Mostly Achieved	<p>During CPF design, this indicator considered states where World Bank had ongoing operations. By the PLR review, those operations had ended, and a federal indicator was proposed to reflect World Bank’s engagement with the federal government. For the next CPF, the team will design indicators that match high level objectives instead of relying on current portfolio operations.</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</p>

Objective	Overall Rating	Indicator	Status at CLR	Lessons Learned and Suggestions for the New CPF	WB Program Instruments
		<p>Baseline (2016): 301.4/100k Result (2021): 296.1 Target (2022): 297/100k</p>		COVID-19 pandemic affected results due to prioritization of emergency care in most health units and postponements of non-urgent treatments	<p>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) IFC Estacio Participações (31080, 28565, 37805, 37292) IFC Ser Educacional (28755, 33578, 32648) IFC Alliar (31524) Primary Care PPPs – Jaboatão dos Guararapes, Recife and Aracaju (606659). Eurofarma (46047) Viveo (43082) Farmoquímica (39739)</p>
		<p>Indicator 7.1: <i>Percentage of hospitalization for ambulatory care sensitive conditions (ACSC) in Brazil</i></p> <p>Baseline (2016): 21% Result (2022): 15.5% Target: 16%</p>	Achieved		
		<p>Indicator 7.2: <i>Number of people enrolled in PHC (capitation component of the new financing).</i></p> <p>Baseline (2016): 74.7 M Result (2022): 170.8 M Target: 150 M</p>	Achieved	This indicator was added during the PLR exercise to reflect World Bank's engagement the expansion in enrollments which was incentivized through PREVINE Brasil (a project supported via Bank TA). Data for this indicator has been publicly available and easy to track.	<p>Knowledge services</p> <p>Brazil: Health Sector Reforms and</p>

Objective	Overall Rating	Indicator	Status at CLR	Lessons Learned and Suggestions for the New CPF	WB Program Instruments
		<p>Indicator 8: IFC: Number of patients reached through private provision of healthcare</p> <p>Baseline (2016): 4,616,591 Target: 4,792,000 Actual: 5,990,193</p>	Achieved/ Exceeded	Over the course of the CPF IFC strategy for health has shifted from the support of direct healthcare providers (like hospitals and HMOs) to the health supply chain (which has also been affected by covid-19). On the advisory side we have started a few PPP structuring projects for primary healthcare.	<p>Sustainability of Public Health Spending (P172406) Aging and Health Study (P157776) Brazil Expenditure Review (P158800) Brazil Human Capital Review (P174674) Brazil 2040 (P173458)</p>
<p>Additional evidence: the number updated by the Results Management unit is 5,990,193 patients. The last year of reporting was 2019 because the projects feeding into this indicator – Rede Dor, Alliar and Alliar equity – all closed</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	Partially achieved	Indicator 9: Average time to release imported goods Baseline (2016): 14.4 Result (2022): n/a, 2020 progress was 7.4 Target: 6.5	Partially Achieved	While for the Indicator 9 the target has mostly been achieved, the indicator itself covers only a narrow part of the trade aspect, leaving the competition or investment aspects of the Objective 2.1 untouched. This indicator will need to be adjusted to match the objective and the current public/government data systems.	Knowledge Strengthening the Business Environment (P155768) Subnational Doing Business in Brazil study (P172906) Productivity for Shared Prosperity (P152871), including: Productivity Growth Flagship Report (P162670) Strengthening the Business Environment TA (P155768) Strengthening Infrastructure Regulatory Frameworks (P156356) Brazil Expenditure Review (P158800) Brazil 2040 (P173458) Tocantins - Pará Logistics Corridor: Enhancing Arco Norte Connectivity (P171581) Brazil Infrastructure Policy Assessment (P174544) Brazil Private Sector Covid19 and Green Recovery. Building a more productive, resilient, green and equitable recovery (P177628)
		Indicator 9.1: <i>Relevance score of WBG advocacy (including social media) on the business environment</i> Baseline (2016): 37 Result (2022): 128,300 Target: 152,800	Partially achieved	The PLR updated this indicator to measure attribution more clearly	
		<i>Additional evidence:</i>			
Objective 2.2: Reduce financial	Mostly achieved	Indicator 10:	Achieved	This indicator was updated through an API that connected directly to the Central Bank	Knowledge services Housing finance diagnostic and advisory

market distortions in order to improve the availability and allocation of credit		<p>Proportion of directed corporate credit to total corporate credit</p> <p>Baseline (2016): 51.6% Result (May 2023): 36% Target: <40%</p>		<p>database. For the next CPF, the teams will try to automatize more indicators to make the monitoring exercise simpler.</p>	<p>inputs Enhancing the financial infrastructure (Advisory inputs on credit reporting system (Cadastro Positivo, collateral execution and insolvency framework diagnostic, advisory inputs on secured transactions framework) Agriculture fiscal and finance diagnostic and advisory inputs 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> <p>Knowledge Services:</p> <p>Financial Sector Credit Allocation (P158245) Brazil Expenditure Review (P158800) Brazil Financial Sector Policy (P166550) Brazil 2040 (P173458)</p>
		<p>Indicator 10.1: <i>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.</i></p> <p>Baseline (2016): 2.5% Result (2022): 5.66% Target: 18%</p>	Not achieved	<p>Performance of this indicator was affected by high inflation; the new CPF will need to develop new indicators to monitor opening up of markets in the current macroeconomic context.</p>	
		<p>Indicator 11: Number and volume of MSMEs reached by IFC financing.</p> <p>Baseline (2016): 522,979 and \$19,559,166,382</p>	Mostly achieved	<p>During FY22 IFC has committed more than US\$700 million to financial institutions focused on MSME financing. The progress indicator has to do with the changes in portfolio (some loans have been repaid).</p>	

		Progress (2021): 546,149 and US\$20.9 billion Target (2022): 570,000 and US\$9.1 billion			
		Additional evidence:			
Objective 2.3: Mobilize greater investment in infrastructure to improve services, including through PPPs	Mostly achieved	Indicator 12: Number of km of roads upgraded, including under PPPs, supported by WBG investment: Baseline (2016): 2,365 km Result (2022): 9,964 km Target: 7,600 km	Achieved/ /exceeded		Financial Services (including IFC): 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 Transport Project (P127723) São Paulo Sustainable Transport Project (MIGA 12191) 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)
		Indicator 12.1: Volume of funding leveraged through World Bank investments in the transport sector:	Achieved		

Focus Area 3: Inclusive and sustainable development

Objective 3.1: Support the Achievement of Brazil's NDC with a particular focus on land use	Mostly achieved	Indicator 14: Areas of environmental significance under protection measures in target areas in Amazon and coastal/marine regions Baseline (2016): 58.6 M ha Result (2022): 136.5 M ha Target: 63.8 M ha	Achieved//exceeded		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 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) Sustainable Multiple Use Landscape Consortia in Brazil (P172497) Brazil Climate Finance Project (P178888)
		Indicator 14.1: <i>Tons of GHG emissions avoided through conservation and enhancement of carbon stocks in forests and other forms of native vegetation:</i> Baseline (2016): 0 Result (2022): 144M Target: 300M	Partially achieved		
		Indicator 15: Number of farm holdings adopting	Partially achieved		

		<p>landscape management and/or sustainable agricultural practices as a result of WBG support:</p> <p>Baseline (2016): 356,00 Result (2022): 195,000 Target: 416,000</p>			<p>USJ Acucar e Alcool (IFC 576661) Banco Cooperativo Sicredi (IFC 639345) Minerva (IFC 656868) Vonpar Alimentos (IFC 705847) Klabin (IFC 718944) Bauducco (37708) 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)</p>
		<p>Indicator 15.1: <i>Number of institutions provided by Bank projects with capacity building support (endnote 64 in CPF) to improve</i></p>	Achieved //exceeded		

		<p><i>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).</i></p> <p>Baseline (2016): 6 Result (2022): 57 Target: 11</p>			<p>PROFOR analytics in support NDC implementation NDC Partnership Facility Forest Investment Program Bio Carbon Fund ISFL Initiative</p>
		<p>Indicator 15.2: <i>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):</i></p> <p>Baseline (2016): 17,500 Result (2022): 66,047 Target: 156,123</p>	<p>Partially achieved</p>	<p>This indicator was designed to include direct beneficiaries of the FIP Environmental Regularization of Rural Lands project, which, if counted, would make the 2022 result exceed 4 million. But, the FIP beneficiaries have not yet adopted landscape management and/or sustainable agricultural practices as the project provided the prerequisite for such an adoption by registering their landholdings in the CAR (see CLR main body). Thus, the FIP results are not counted, for full clarity, even though they are expected to overachieve this target and bring sustainable adoption of reforestation and regeneration.</p>	

				The next CPF would benefit from monitoring the implementation of CAR separately from the adoption of restorative and regenerative practices per se.
		<p>Indicator 15.3: <i>IPTC organizations with increased involvement, role and voice in REDD+/climate change decision-making (see endnote 65 in CPF):</i></p> <p>Baseline (2016): 9 Result (2022): 25 Target: 24</p>	Achieved	
		<p>Indicator 15.4: <i>Number of farmers benefitting from IFC investments in large farms, agroindustry:</i></p> <p>Baseline (2016): 30,297 Result (2022): 29,218 Target: 339,000</p>	Partially achieved	IFC continues to have a US\$157 million debt and equity exposure to bansicredi, which is responsible for more than 200 thousand of that number. This has not been reported probably because the type of projects with this bank has changes (not in agribusiness), we will confirm.
		<p>Indicator 16: Number of sectors for which a specific NDC implementation plan</p>	Partially achieved	

		<p>was designed and adopted:</p> <p>Baseline (2016): 0 Result (2022): 1 (agriculture) Target: 2</p>			
		<p>Indicator 16.1: <i>Volume of climate finance provided through financial institutions:</i></p> <p>Baseline (2016): \$47m Result (2022): \$1,008B Target (2022): \$119m</p>	Achieved/exceeded		
		Additional evidence:			
Objective 3.2: Provide more inclusive and sustainable urban services	Mostly achieved	<p>Indicator 17: People provided with improved urban living conditions (def. see CPF footnote #66)</p> <p>Baseline (2016): 1,969,552 Result (2022): 3,360,904 Target: 3,890,174</p>	Mostly achieved		<p>Financial Services (including IFC):</p> <p>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)</p>

		<p>Indicator 17.1: <i>People with improved access to sanitation (urban):</i></p> <p>Baseline (2016): 130,700 Result (2022): 658,453 Target: 694,114</p>	Mostly achieved		<p>Teresina Enhancing Municipal Governance and Quality of Life Project (P088966) Corsan Water (IFC 43626) River Cleanup (43609) Fortaleza Sustainable Development Project (P153012) Paraiba 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) Corsan water (43626) River Cleanup (43609) Sabesp UCL (46253)</p>
		<p>Indicator 17.2: <i>People benefiting from more reliable water services</i></p> <p>Baseline (2016): 290,000 Result (2022): 718,738 Target: 915,937</p>	Mostly achieved	<p>The results fell significantly short of the target due to delays in procurement in the Sabesp Project, resulting in works not yet advancing to reach the projected targets. However the number is expected to increase in the next few months once works initiate and/or pick up speed.</p>	<p>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) Towards Water Security in Brazil (P161649) IFC Green Buildings Advisory (EDGE) Supporting Smart Urban Water Management in the Recife Metropolitan Region (P173624)</p>
		<p>Indicator 17.3: <i>Number of green buildings certified through IFC EDGE program</i></p> <p>Baseline (2016): 0 Result (2022): n/a Target:250</p>	Not verified	<p>IFC EDGE advisory in Brazil is being developed since 2021. The program includes support to municipalities to create incentives for green buildings and the support for banks to grow their portfolio of certified buildings. This is indeed an area where there has been no investment from IFC (due to the</p>	<p>MIGA Sao Paulo Sustainable Transport (12191)</p>

				inexistent portfolio of banks to be but we expect this to grow in the next years.
		<p>Indicator 17.4: <i>Pollution load reduction in river basins supported by Bank projects</i></p> <p>Baseline (2016): 2,502 tons of BOD/year Result (2022): 12,062 tons of BOD/year Target: 12,645 tons of BOD/year</p>	Mostly achieved	The results fell slightly short of the target due to delays in procurement in the Sabesp Project. However the sanitation components are now progressing well and expected to reach targets.
		<p>Indicator 17.5: <i>IFC: Freshwater saved (M m3) through IFC investments</i></p> <p>Baseline (2016): 216.84 Result (2022): n/a Target: 508.92</p>	Not verified	During FY21 and FY22 IFC has initiated the utilities for climate program (U4C) which helped to finance projects for losses reduction (non-revenue water). These investments have just entered in the portfolio and therefore we do not have indicators to report.
		<p>Indicator 17.6: <i>Disaster risk mechanism and response integrated into government plans</i></p> <p>Baseline (2016): 0 Result (2022): 2 Target: 2</p>	Achieved	

		<p>Indicator 18: Number of urban citizens using more efficient and greener urban transport (Sao Paulo and Rio de Janeiro)</p> <p>Baseline (2016): 1,510,000</p> <p>Result (2022): 2,000,000</p> <p>Target: 2,000,000</p>	Achieved		
		<p>Indicator 18.1: <i>Number of users/day in improved public transport with less than 4 minimum salaries:</i></p> <p>Baseline (2016): 680,000</p> <p>Result (2022): 1,000,000</p> <p>Target: 1,000,000</p>	Achieved		
		<p>Indicator 18.2: <i>Quality of Citizen Engagement in Bank Operations</i></p> <p>Baseline (2016): 0.5</p> <p>Result (2022): 0.84</p> <p>Target: 0.75</p>	Achieved / exceeded	The 'last mile' of implementation of the more advanced citizen engagement practices is always more difficult and slower to achieve visible results than at the early stages when progress is fast against a low baseline.	
<p>Additional evidence: on the Indicator 17.1, the results will improve when the delays in procurement in the Sabesp Project and slower pace of works in the Espirito Santo Project are overcome – for both operations restructurings are underway.</p>					

Objective 3.3: Promote socio economic development of small rural producers and protect vulnerable groups	Achieved	Indicator 19: Number of farmers reached with agricultural assets or services: Baseline (2016): 280k Result (2022): 4,254,376 Target: 750,000	Achieved// exceeded		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) Bahia Road Rehabilitation and Maintenance - 2nd Phase P147272 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) Paraiba Sustainable Rural Development (P147158) Ceara Rural Sustainable Development and Competitiveness (P167455) Tocantins Integrated Sustainable Regional Development (P121495)
		Indicator 19.1: <i>Number of farmers adopting improved and sustainable agriculture practices and technologies as a result of Bank supported projects (also related to indicator 14 in objective 3.1)</i> Baseline (2016): 54,000 Result (2022): 1138,017 Target: 179,000	Partially achieved		Knowledge Services: Brazil Poverty Measurement & Monitoring (P160742) Brazil Programmatic Poverty Analysis
		Indicator 19.2: <i>Number of rural producers reached with assets or improved technical services:</i>	Achieved		

		Baseline (2016): 107,000 Result (2022): 353,000 Target: 353,000			(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)
		Indicator 19.3: <i>Rural roads constructed or rehabilitated (km):</i> Baseline (2016): 719 Result (2022): 17,177 Target: 12,000	Achieved	The results have surpassed the targets, driven largely by the Bahia and Tocantins Roads Project (P147272 and P121495)	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)
		Indicator 19.4: <i>Rural dwellers provided with improved access to water (number):</i> Baseline (2016): 24,500 Result (2022): 298,275 Target: 282,890	Achieved /exceeded	The results have surpassed the targets, driven largely by the Bahia Sustainable Project advancing at a quicker pace on concluding new-piped household water connections.	

		<p>Indicator 19.5: <i>Rural dwellers provided with improved access to sanitation (number)</i></p> <p>Baseline (2016): 32,000 Result (2022): 54,379 Target: 59,125</p>	<p>Mostly achieved</p>	<p>The target is expected to be reached as the Ceara Rural Project continues to progress.</p>	
		<p>Indicator 20: Number of traditional communities with improved livelihoods (def. see CPF footnote #67).</p> <p>Baseline (2016): 172 Result (2022): 64,765 Target: 54,190</p>	<p>Achieved / exceeded</p>		
<p>Additional evidence:</p>					

Annex 2.3 IBRD Lending program FY18-23: Planned Vs Actual

Project Name	Proj Code	Status	Approval Date	Closing Date	Commit.
Focus Area 1: Fiscal consolidation and government effectiveness					
Acre Social and Economic Inclusion and Sustainable Development Project - PROACRE	P107146	Carryover/Closed	18-Dec-08	31-Dec-21	\$206.53
Bolsa Família Second APL	P101504	Carryover/Closed	16-Sep-10	31-Dec-18	\$200.00
MST Bahia Integrated Health and Water Management SWAp	P095171	Carryover/Closed	2-Nov-10	31-Oct-17	\$60.00
Rio Grande do Sul Swap to Strengthen Public Investment	P120830	Carryover/Closed	1-May-12	31-May-19	\$480.00
Recife Education and Public Management	P126372	Carryover/Closed	29-May-12	31-Dec-19	\$130.00
MST Tocantins Integrated Sust. Reg. Dev.	P121495	Carryover/Closed	26-Jul-12	31-Dec-21	\$281.02
Paraná MST Development Swap	P126343	Carryover/Closed	6-Nov-12	30-Nov-19	\$333.63
Rio Grande do Norte Regional Development and Governance	P126452	Carryover/Active	25-Jun-13	31-Dec-23	\$360.00
Ceará Strengthening Service Delivery P4R	P127463	Carryover/Closed	21-Nov-13	31-Jan-19	\$350.00
Manaus Service Delivery and Fiscal Management DPL	P153203	Carryover/Closed	3-Dec-15	31-Jul-17	\$150.00
Piauí Pillars of Growth and Social Inclusion SWAp	P129342	Carryover/Closed	21-Dec-15	31-Dec-21	\$116.14
Fortaleza sustainable development project	P153012	Carryover/Active	28-Apr-17	31-Mar-24	\$73.30
Support to Upper Secondary Reform in Brazil	P163868	Delivered	14-Dec-17	31-Dec-23	\$250.00
Salvador Social Multi-Sector Service Delivery Project	P162033	Delivered	19-Dec-17	30-Jun-23	\$125.00
Mato Grosso Fiscal Adjustm. and Environmental Sustainability DPL	P164588	Delivered	24-May-19	31-Dec-21	\$248.88
Salvador Social Multi-Sector Service Delivery Project II	P172605	Delivered	22-Sep-20	30-Dec-24	\$125.00
Brazil: Income Support for the Poor affected by COVID-19	P174197	Delivered	29-Oct-20	31-Dec-22	\$1,000.00
First Amazonas Fiscal and Environmental Sustainability Programmatic DPF	P172455	Delivered	11-Dec-20	30-Dec-22	\$200.00
BR State of Goias Sustainable Recovery DPF	P177632	Delivered	28-Apr-22	31-Dec-24	\$470.17
Parana Public Sector Modernization and Innovation for Service Delivery Operation	P168634	Delivered	28-Apr-22	31-Oct-27	\$130.00

Recovering Learning Losses from COVID-19 Pandemic in Brazil	P178563	Delivered	12-May-22	31-Dec-27	\$250.00
Rio de Janeiro Adjustment and Sustainable Development Policy Loan	P178729	Delivered	16-Jun-22	31-Dec-24	\$135.24
Progestão Alagoas: Public Sector Management Efficiency	P177070	Delivered	21-Jul-22	31-Mar-28	\$40.00
Progestão Mato Grosso: Public Sector Management Efficiency	P178339	Delivered	23-Aug-22	30-Jun-28	\$40.00
Brazil Covid-19 Response and Recovery Project	P176796	Dropped			\$600.00
Pará COVID-19 Health Project	P174164	Dropped			\$100.00
Ceará Education and Health Covid Emergency Project		Dropped			\$91.03
Santa Catarina Refinancing of Debt, fiscal and agriculture	P172401	Dropped			\$345.00
Federal Pro-Gestão	P173202	Dropped			\$35.00
Programa de Apoio à Implantação da Reforma da Atenção Primária à Saúde (APS) no Sistema Único de Saúde	P171977	Dropped			\$100.00
Programa de Promoção da Aprendizagem, da Conclusão e da Empregabilidade dos Jovens do Ensino Médio do Estado de São Paulo		Dropped			\$250.00
Total					\$7,275.94
Focus Area 2: Private sector investment and productivity growth					
ELETRONBRAS Distribution Rehabilitation	P114204	Carryover/Closed	3-Jun-10	29-Dec-17	\$495.00
Energy and Mineral Sector Strengthening	P126537	Carryover/Closed	20-Dec-11	31-Dec-18	\$33.44
Rio Grande do Sul Swap to Strengthen Public Investment	P120830	Carryover/Closed	1-May-12	31-May-19	\$480.00
Tocantins Integrated Sustainable Regional Development	P121495	Carryover/Closed	26-Jul-12	31-Dec-21	\$281.02
São Paulo Sustainable Project	P127723	Carryover/Closed	14-Jun-13	30-Mar-21	\$300.00
Rio Grande do Norte Regional Development and Governance Project	P126452	Carryover/Active	25-Jun-13	31-Dec-23	\$360.00
Ceará Strengthening Service Delivery P4R	P127463	Carryover/Closed	21-Nov-13	31-Jan-19	\$350.00
Bahia Road Rehabilitation and Maintenance	P147272	Carryover/Closed	29-Jan-16	30-Jun-22	\$200.00
Private Bond Investor Infrastructure Finance Project (Standard Infrastructure Bond SDIB)	P158080	Dropped	20-Mar-18	---	\$500.00

Linha de Crédito para Resiliência Urbana no Sul do Brasil	P170682	Delivered	24-Mar-20	30-Jun-26	\$98.80
São Paulo Aricanduva Bus Rapid Transit Corridor	P169140	Delivered	22-Apr-20	30-Jun-26	\$97.00
Energy and Mineral Sectors Strengthening Project II	P170850	Delivered	22-May-20	31-Dec-25	\$38.00
Parana Public Sector Modernization and Innovation for Service Delivery Operation	P168634	Delivered	28-Apr-22	31-Oct-27	\$130.00
Brazil: Fiscal sustainability and investment climate DPF	P165533	Dropped			\$500.00
FICO-FIOL / East West Freight Rail Corridor		Dropped			\$234.00
Agronorte		Dropped			\$200.00
Linha de Crédito BIRD-BNDES, Instrumentos Financeiros p/ o Desenvolv do Setor de Infraestrutura		Dropped			\$100.00
Total					\$4,397.26

Focus Area 3: Inclusive and sustainable development					
Acre Social and Economic Inclusion and Sustainable Development Project - PROACRE	P107146	Carryover/Closed	18-Dec-08	31-Dec-21	\$206.53
Upgrading and Greening the Rio de Janeiro Urban Rail System	P111996	Carryover/Closed	9-Jul-09	30-Dec-22	\$730.93
Pernambuco Sustainable Water	P108654	Carryover/Closed	14-Jan-10	30-Mar-20	\$190.00
São Paulo Metro Line 5	P116170	Carryover/Closed	20-Apr-10	30-Dec-20	\$650.40
São Paulo Metro Line 4 (Phase 2)	P106390	Carryover/Closed	4-May-10	28-Feb-18	\$130.00
BR Sergipe Water	P112074	Carryover/Closed	26-Jan-12	30-Apr-20	\$70.28
GEF Amazon Region Protected Areas Phase 2	P114810	Carryover/Closed	23-Feb-12	31-Jul-17	\$15.89
Pernambuco Rural Economic Inclusion	P120139	Carryover/Closed	6-Mar-12	30-Jun-20	\$75.00
Ceara Rural Sustainable Development and Competitiveness	P121167	Carryover/Closed	5-Apr-12	30-Apr-19	\$100.00
Paraná MST Development Swap	P126343	Carryover/Closed	6-Nov-12	30-Nov-19	\$333.63
Rio de Janeiro Municipal Strengthening PSM	P127245	Carryover/Closed	14-Jun-13	30-Jun-18	\$12.44
Rio Grande do Norte Regional Development and Governance Project	P126452	Carryover/Active	25-Jun-13	31-Dec-23	\$360.00
Espirito Santo Integrated Sustainable Water Management	P130682	Carryover/Active	28-Mar-14	30-Jun-24	\$172.40
Rural Environmental Cadaster and Forest Fire Prevention in Piauí State	P143362	Carryover/Closed	8-Apr-14	31-Dec-17	\$4.40
Bahia Sustainable Rural Development	P147157	Carryover/Closed	27-Jun-14	30-Dec-22	\$150.00
FIP ABC Cerrado	P143184	Carryover/Closed	18-Jul-14	20-Nov-19	\$10.31
Market Instruments for Climate Change - Vale do Parana	P146371	Dropped	27-Aug-14	---	\$3.00
Rural Environmental Cadaster and Forest Fire Prevention in Bahia State	P143376	Carryover/Closed	12-Sep-14	31-Dec-17	\$4.28
GEF Marine Protected Areas Project	P128968	Carryover/Closed	19-Sep-14	31-Mar-20	\$18.20
Platform of Monitoring and Warning of Forest Fires in the Cerrado	P149189	Carryover/Closed	15-Dec-14	31-Dec-17	\$1.10

Brazil Dedicated Grant Mechanism for Indigenous Peoples and Traditional Communities	P143492	Carryover/Closed	3-Mar-15	31-Jan-22	\$6.50
Pro Cerrado Federal Project	P150892	Carryover/Closed	27-Apr-15	30-May-18	\$4.30
Piauí Pillars of Growth and Social Inclusion SWAp	P129342	Carryover/Closed	21-Dec-15	31-Dec-21	\$116.14
FIP Cerrado Monitoring System	P143185	Carryover/Closed	28-Mar-16	29-Dec-21	\$9.15
Fortaleza sustainable development project	P153012	Carryover/Active	28-Apr-17	31-Mar-24	\$73.30
Paraiba Sustainable Rural Development	P147158	Delivered	20-Oct-17	15-Dec-23	\$50.00
Brazil FIP Coordination	P152285	Delivered	28-Nov-17	30-Nov-24	\$1.00
GEF Brazil Amazon Sustainable Landscapes Project	P158000	Delivered	14-Dec-17	31-Dec-26	\$79.61
Recife Municipality PforR	P160868	Dropped	31-May-18	---	\$120.00
FinBRAZEEC: Financing Energy Efficient Cities*	P162455	Dropped	29-Jun-18	---	\$200.00
Integrated Landscape Management in the Cerrado Biome Project	P164602	Delivered	29-Oct-18	29-Dec-23	\$21.00
SABESP – Improving water Service Access and Security in the Metrop. Region of São Paulo	P168695	Delivered	18-Dec-18	16-Jun-25	\$250.00
Paraiba Improving Water Resources Management and Services Provision	P165683	Delivered	28-Feb-19	30-Jun-26	\$126.89
Mato Grosso Fiscal Adjustment and Environmental Sustainability DPL	P164588	Delivered/Closed	24-May-19	31-Dec-21	\$248.88
Ceara Rural Sustainable Development and Competitiveness Phase II	P167455	Delivered	18-Jul-19	31-Dec-25	\$100.00
Ceará Water Security and Governance	P165055	Delivered	8-Aug-19	31-Dec-26	\$139.88
First Amazonas Fiscal and Environmental Sustainability Programmatic DPF	P172455	Delivered/Closed	11-Dec-20	30-Dec-22	\$200.00
Sustainable Multiple Use Landscape Consortia in Brazil	P172497	Delivered	4-Nov-22	30-Nov-27	\$24.58
Brazil Climate Finance Project	P178888	Delivered	22-Dec-22	30-Apr-28	\$500.00
Green, Resilient and Inclusive Regeneration of the Central Area of Porto Alegre	P178072	Delivered	7-Jun-23	29-Dec-28	\$84.55

Brazil: Espirito Santo Water Security Management Project	P176982	Delivered	9-May-23	30-Jun-29	\$86.10
Total					\$5,680.67

Annex 2.4 IBRD portfolio and advisory program in Brazil FY18-23

2.4.1 IBRD Portfolio

Project Name	Proj Code	Status	Approval Date	Closing Date	Commit.
Manaus Service Delivery and Fiscal Management DPL	P153203	Carryover/Closed	3-Dec-15	31-Jul-17	\$150.00
GEF Amazon Region Protected Areas Phase 2	P114810	Carryover/Closed	23-Feb-12	31-Jul-17	\$15.89
MST Bahia Integrated Health and Water Management SWAp	P095171	Carryover/Closed	2-Nov-10	31-Oct-17	\$60.00
ELETROBRAS Distribution Rehabilitation	P114204	Carryover/Closed	3-Jun-10	29-Dec-17	\$495.00
Rural Environmental Cadaster and Forest Fire Prevention in Piauí State	P143362	Carryover/Closed	8-Apr-14	31-Dec-17	\$4.40
Rural Environmental Cadaster and Forest Fire Prevention in Bahia State	P143376	Carryover/Closed	12-Sep-14	31-Dec-17	\$4.28
Platform of Monitoring and Warning of Forest Fires in the Cerrado	P149189	Carryover/Closed	15-Dec-14	31-Dec-17	\$1.10
São Paulo Metro Line 4 (Phase 2)	P106390	Carryover/Closed	4-May-10	28-Feb-18	\$130.00
Pro Cerrado Federal Project	P150892	Carryover/Closed	27-Apr-15	30-May-18	\$4.30
Rio de Janeiro Municipal Strengthening PSM	P127245	Carryover/Closed	14-Jun-13	30-Jun-18	\$12.44
Bolsa Família Second APL	P101504	Carryover/Closed	16-Sep-10	31-Dec-18	\$200.00
Energy and Mineral Sector Strengthening	P126537	Carryover/Closed	20-Dec-11	31-Dec-18	\$33.44
Ceará Strengthening Service Delivery P4R	P127463	Carryover/Closed	21-Nov-13	31-Jan-19	\$350.00
Ceará Strengthening Service Delivery P4R	P127463	Carryover/Closed	21-Nov-13	31-Jan-19	\$350.00
Ceara Rural Sustainable Development and Competitiveness	P121167	Carryover/Closed	5-Apr-12	30-Apr-19	\$100.00
Rio Grande do Sul Swap to Strengthen Public Investment	P120830	Carryover/Closed	1-May-12	31-May-19	\$480.00
Rio Grande do Sul Swap to Strengthen Public Investment	P120830	Carryover/Closed	1-May-12	31-May-19	\$480.00
FIP ABC Cerrado	P143184	Carryover/Closed	18-Jul-14	20-Nov-19	\$10.31

Paraná MST Development Swap	P126343	Carryover/Closed	6-Nov-12	30-Nov-19	\$333.63
Paraná MST Development Swap	P126343	Carryover/Closed	6-Nov-12	30-Nov-19	\$333.63
Recife Education and Public Management	P126372	Carryover/Closed	29-May-12	31-Dec-19	\$130.00
Pernambuco Sustainable Water	P108654	Carryover/Closed	14-Jan-10	30-Mar-20	\$190.00
GEF Marine Protected Areas Project	P128968	Carryover/Closed	19-Sep-14	31-Mar-20	\$18.20
BR Sergipe Water	P112074	Carryover/Closed	26-Jan-12	30-Apr-20	\$70.28
Pernambuco Rural Economic Inclusion	P120139	Carryover/Closed	6-Mar-12	30-Jun-20	\$75.00
São Paulo Metro Line 5	P116170	Carryover/Closed	20-Apr-10	30-Dec-20	\$650.40
São Paulo Sustainable Project	P127723	Carryover/Closed	14-Jun-13	30-Mar-21	\$300.00
FIP Cerrado Monitoring System	P143185	Carryover/Closed	28-Mar-16	29-Dec-21	\$9.15
Acre Social and Economic Inclusion and Sustainable Development Project - PROACRE	P107146	Carryover/Closed	18-Dec-08	31-Dec-21	\$206.53
MST Tocantins Integrated Sust. Reg. Dev.	P121495	Carryover/Closed	26-Jul-12	31-Dec-21	\$281.02
Piauí Pillars of Growth and Social Inclusion SWAp	P129342	Carryover/Closed	21-Dec-15	31-Dec-21	\$116.14
Mato Grosso Fiscal Adjustm. and Environmental Sustainability DPL	P164588	Delivered	24-May-19	31-Dec-21	\$248.88
Tocantins Integrated Sustainable Regional Development	P121495	Carryover/Closed	26-Jul-12	31-Dec-21	\$281.02
Acre Social and Economic Inclusion and Sustainable Development Project - PROACRE	P107146	Carryover/Closed	18-Dec-08	31-Dec-21	\$206.53
Piauí Pillars of Growth and Social Inclusion SWAp	P129342	Carryover/Closed	21-Dec-15	31-Dec-21	\$116.14
Mato Grosso Fiscal Adjustment and Environmental Sustainability DPL	P164588	Delivered/Closed	24-May-19	31-Dec-21	\$248.88
Brazil Dedicated Grant Mechanism for Indigenous Peoples and Traditional Communities	P143492	Carryover/Closed	3-Mar-15	31-Jan-22	\$6.50
Bahia Road Rehabilitation and Maintenance	P147272	Carryover/Closed	29-Jan-16	30-Jun-22	\$200.00
First Amazonas Fiscal and Environmental Sustainability Programmatic DPF	P172455	Delivered	11-Dec-20	30-Dec-22	\$200.00

Upgrading and Greening the Rio de Janeiro Urban Rail System	P111996	Carryover/Closed	9-Jul-09	30-Dec-22	\$730.93
Bahia Sustainable Rural Development	P147157	Carryover/Closed	27-Jun-14	30-Dec-22	\$150.00
First Amazonas Fiscal and Environmental Sustainability Programmatic DPF	P172455	Delivered/Closed	11-Dec-20	30-Dec-22	\$200.00
Brazil: Income Support for the Poor affected by COVID-19	P174197	Delivered	29-Oct-20	31-Dec-22	\$1,000.00
Salvador Social Multi-Sector Service Delivery Project	P162033	Delivered	19-Dec-17	30-Jun-23	\$125.00
Paraiba Sustainable Rural Development	P147158	Delivered	20-Oct-17	15-Dec-23	\$50.00
Integrated Landscape Management in the Cerrado Biome Project	P164602	Delivered	29-Oct-18	29-Dec-23	\$21.00
Rio Grande do Norte Regional Development and Governance	P126452	Carryover/Active	25-Jun-13	31-Dec-23	\$360.00
Support to Upper Secondary Reform in Brazil	P163868	Delivered	14-Dec-17	31-Dec-23	\$250.00
Rio Grande do Norte Regional Development and Governance Project	P126452	Carryover/Active	25-Jun-13	31-Dec-23	\$360.00
Rio Grande do Norte Regional Development and Governance Project	P126452	Carryover/Active	25-Jun-13	31-Dec-23	\$360.00
Fortaleza sustainable development project	P153012	Carryover/Active	28-Apr-17	31-Mar-24	\$73.30
Fortaleza sustainable development project	P153012	Carryover/Active	28-Apr-17	31-Mar-24	\$73.30
Espirito Santo Integrated Sustainable Water Management	P130682	Carryover/Active	28-Mar-14	30-Jun-24	\$172.40
Brazil FIP Coordination	P152285	Delivered	28-Nov-17	30-Nov-24	\$1.00
Salvador Social Multi-Sector Service Delivery Project II	P172605	Delivered	22-Sep-20	30-Dec-24	\$125.00
BR State of Goias Sustainable Recovery DPF	P177632	Delivered	28-Apr-22	31-Dec-24	\$470.17
Rio de Janeiro Adjustment and Sustainable Development Policy Loan	P178729	Delivered	16-Jun-22	31-Dec-24	\$135.24
SABESP – Improving water Service Access and Security in the Metrop. Region of São Paulo	P168695	Delivered	18-Dec-18	16-Jun-25	\$250.00
Energy and Mineral Sectors Strengthening Project II	P170850	Delivered	22-May-20	31-Dec-25	\$38.00

Ceara Rural Sustainable Development and Competitiveness Phase II	P167455	Delivered	18-Jul-19	31-Dec-25	\$100.00
Linha de Crédito para Resiliência Urbana no Sul do Brasil	P170682	Delivered	24-Mar-20	30-Jun-26	\$98.80
São Paulo Aricanduva Bus Rapid Transit Corridor	P169140	Delivered	22-Apr-20	30-Jun-26	\$97.00
Paraiba Improving Water Resources Management and Services Provision	P165683	Delivered	28-Feb-19	30-Jun-26	\$126.89
GEF Brazil Amazon Sustainable Landscapes Project	P158000	Delivered	14-Dec-17	31-Dec-26	\$79.61
Ceará Water Security and Governance	P165055	Delivered	8-Aug-19	31-Dec-26	\$139.88
Parana Public Sector Modernization and Innovation for Service Delivery Operation	P168634	Delivered	28-Apr-22	31-Oct-27	\$130.00
Parana Public Sector Modernization and Innovation for Service Delivery Operation	P168634	Delivered	28-Apr-22	31-Oct-27	\$130.00
Sustainable Multiple Use Landscape Consortia in Brazil	P172497	Delivered	4-Nov-22	30-Nov-27	\$24.58
Recovering Learning Losses from COVID-19 Pandemic in Brazil	P178563	Delivered	12-May-22	31-Dec-27	\$250.00
Progestão Alagoas: Public Sector Management Efficiency	P177070	Delivered	21-Jul-22	31-Mar-28	\$40.00
Brazil Climate Finance Project	P178888	Delivered	22-Dec-22	30-Apr-28	\$500.00
Progestão Mato Grosso: Public Sector Management Efficiency	P178339	Delivered	23-Aug-22	30-Jun-28	\$40.00
Green, Resilient and Inclusive Regeneration of the Central Area of Porto Alegre	P178072	Delivered	7-Jun-23	29-Dec-28	\$84.55
Brazil: Espírito Santo Water Security Management Project	P176982	Delivered	9-May-23	30-Jun-29	\$86.10
Total (\$M)					\$13,975.84

2.4.2 Advisory Program FY18-23

Task Name	Task Id	Advisory/ Analytical	ACS date
Completed ASA			
Brazil Expenditure Review of Education	P158801	Analytical	08-Dec-2017
BR Transport Gender Mainstreaming	P157959	Analytical	14-Dec-2017
Pensions TA Brazil	P157609	Advisory	19-Dec-2017
BR Online Retail and Urban Logistics	P156916	Analytical	27-Dec-2017
Brazil expenditure review	P158800	Analytical	30-Dec-2017
Knowledge Products on Social Assistance	P153017	Analytical	18-Feb-2018
Brazil Expenditure Review and Macro-Fiscal Diagnostics (programmatic)	P154992	Analytical	20-Mar-2018
Strengthening the Business Environment	P155768	Advisory	15-May-2018
Productivity growth Flagship Report	P162670	Analytical	17-May-2018
Conferences, workshops and other events	P153016	Analytical	30-May-2018
Productivity for Shared Prosperity	P152871	Analytical	01-Jun-2018
Political-Economy Informed Support to the Implementation of the New Public Finance Law	P165082	Advisory	15-Jun-2018
Brazil: Improving Efficiency of Health Service Delivery	P161452	Analytical	20-Jun-2018
BR WWP Learning Initiative (SoD Hub)	P147146	Analytical	20-Jun-2018
NLTA DEFRA Cerrado Climate Change Mitigation Program	P145822	Advisory	21-Jun-2018
Brazil Skills and Jobs AAA Phase II	P156683	Analytical	22-Jun-2018
Brazil Climate Smart Agriculture Innovation Launchpad Initiative	P162091	Analytical	23-Jun-2018
UFGE Expanding Women's Agency through Productive Inclusion in Rural Areas of Northeast	P161293	Advisory	26-Jun-2018
Cities and Productivity in Brazil	P166311	Analytical	26-Jun-2018
Towards Water Security in Brazil	P161649	Analytical	28-Jun-2018
Subtask 3: Drought Management	P162900	Analytical	28-Jun-2018
Brazil Intergovernmental Fiscal Relations	P165693	Analytical	29-Jun-2018

An Approach to Share Water in a Sustainable and Cost Effective Way in the São Francisco River Basin:	P162899	Analytical	30-Jun-2018
Urban-Transport Infrast. and Redevelop. Financing through Land Value Capture: Case Studies of Fortaleza Metrofor	P164683	Advisory	25-Jul-2018
BR Cerrado Climate Change Program Coordination	P167973	Analytical	28-Sep-2018
Brazil Poverty Program	P164270	Analytical	16-Oct-2018
Brazil Policy Notes 2018	P168510	Analytical	06-Nov-2018
Brazil FSAP	P163750	Analytical	29-Jan-2019
Territorial Development in Maranhão - a spatial diagnostic	P162516	Analytical	26-Mar-2019
A Programmatic Approach to Violence Prevention and Public Safety in Brazil	P156728	Advisory	09-May-2019
Understanding the Challenges of a Human Rights Based Approach in Urban Development and Social Housing in Brazil	P163701	Analytical	09-May-2019
Improving climate resilience of federal road network in Brazil	P165991	Analytical	21-May-2019
MARANHÃO FISCAL ANALYSIS TA	P170104	Analytical	21-May-2019
Improving climate resilience of federal road network in Brazil	P165991	Analytical	21-May-2019
Innovation in Disaster Risk Management Decision Making in Brazil	P153019	Advisory	31-May-2019
Revisiting the Power and Gas Sector Reforms in Brazil (programmatic)	P161056	Analytical	17-Jun-2019
Brazil Tax Reform Support	P168664	Advisory	18-Jun-2019
Health Sector Reforms in Brazil	P168533	Analytical	21-Jun-2019
Promoting Economic Empowerment and Preventing Violence Against Women in Piaui	P163209	Advisory	24-Jun-2019
Improving productivity analysis and governance in Brazil	P169464	Analytical	25-Jun-2019
New Evidence for Education Reforms in Brazil	P168046	Advisory	26-Jun-2019
Brazilian Ministry of Planning Price Panel Impact Evaluation	P167218	Analytical	26-Jun-2019
New Evidence for Education Reforms in Brazil	P168046	Analytical	26-Jun-2019
Brazil Intergovernmental Fiscal Transfers: policy options to achieve a more effective redistribution	P169568	Analytical	27-Jun-2019
DIME Brazil Sexual Harassment on Public Transport	P168717	Analytical	27-Jun-2019

Wage Bill & Public Workforce Reform in Brazil	P166281	Analytical	28-Jun-2019
Brazil Public Financial Management Support	P169571	Analytical	28-Jun-2019
Brazil Federal Corridors and Modernization of Institutions	P170507	Analytical	30-Aug-2019
Brazil Poverty Program	P168059	Analytical	09-Sep-2019
Sao Paulo – Americana Intercity Trains (TIC) & CPTM Line 7	P166533	Analytical	09-Sep-2019
Aging and Health in Brazil	P157776	Analytical	25-Sep-2019
Brasil Labor Market Intermediation System TA	P168286	Analytical	30-Sep-2019
Brazil Labor Market Intermediation System TA	P168286	Advisory	25-Oct-2019
Advisory services to the Brazilian government on fiscal and financial aspects of pension reform	P165591	Advisory	17-Nov-2019
Supporting Smart Water Management in Recife Metropolitan Region - UK Prosperity Fund	P169073	Advisory	20-Dec-2019
Piloting an Agriculture Drought Monitoring and Prediction System in Brazil	P166896	Analytical	30-Dec-2019
Brazil Social Benefits Reform Models	P168285	Analytical	30-Jan-2020
Supporting Smart Mobility in the Sao Paulo Metropolitan Region - UK Prosperity Fund	P168834	Advisory	26-Feb-2020
IE - Evaluating Procurement Reforms in the State of Amazonas and Manaus	P156357	Analytical	03-Mar-2020
The impact of an online platform to disseminate business practices contents on economic performance of small and micro cos	P158216	Analytical	03-Mar-2020
Advisory services to the Brazilian government on fiscal and financial aspects of pension reform	P165591	Advisory	31-Mar-2020
Brazil - Decoupling agricultural production and deforestation: domestic benefits, efficiency and finance	P166174	Analytical	31-Mar-2020
Public Private Partnerships for Transport Infrastructure Services Delivery in Brazil	P157817	Analytical	31-Mar-2020
Market Instruments for the Brazilian Climate Change Policy	P164170	Analytical	31-May-2020
Brazil: Wage Bill / HRM & Inter-Governmental Fiscal Transfers Reform	P172560	Analytical	12-Jun-2020
Technical assistance for the implementation of a mandatory or semi-mandatory funded pension scheme	P172908	Advisory	27-Jun-2020
BR Subnational Fiscal Modeling	P172861	Advisory	27-Jun-2020
COVID Brazil Subnational Fiscal Adjustment Analysis and Support TA	P173059	Analytical	27-Jun-2020
Brazil Financial Sector Policy Reform	P166550	Advisory	29-Jun-2020

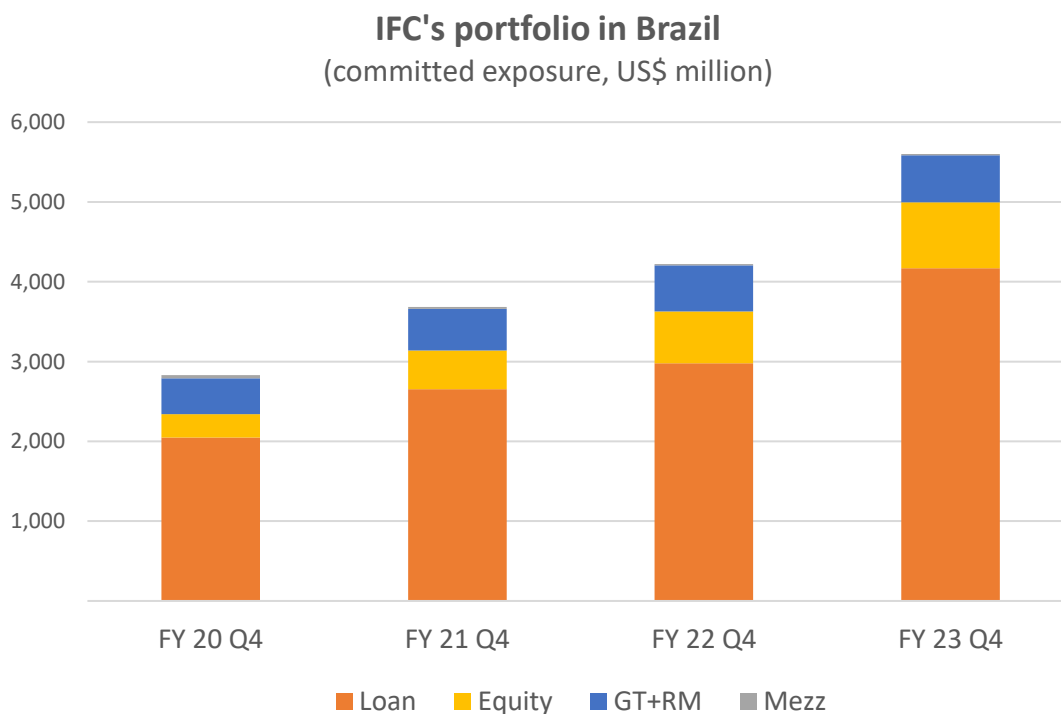
Brazil Financial Sector Policy Reform	P166550	Advisory	29-Jun-2020
DIME AADAPT Brazil	P132069	Analytical	29-Jun-2020
Brazil: Public Sector Reform	P171506	Advisory	30-Jun-2020
Brazil - Financial sector analytical and advisory work	P173248	Analytical	30-Jun-2020
Brazil Poverty and Inclusion	P171105	Analytical	30-Jun-2020
Pension Reform Implementation at Federal and Subnational Level TA	P172230	Advisory	10-Jul-2020
Brazil: health sector reforms and sustainability of public health spending	P172406	Analytical	10-Jul-2020
Brazil Social Protection and Labor Benefits Reform and TA	P168285	Analytical	22-Jul-2020
Brazil Support for Structural Reforms and Trade Policy ASA	P172039	Analytical	02-Nov-2020
Brazil ID4D Country Diagnostic & Workshop	P172634	Analytical	19-Nov-2020
Brazil: Foz Do Rio Itajai BRT Project	P170886	Analytical	17-Jun-2021
COVID recovery private sector Brazil. FCI work.	P173105	Analytical	28-Jun-2021
Subnational Doing Business in Brazil study	P172906	Analytical	04-Nov-2021
Brazil Poverty and Equity Assessment	P174691	Analytical	22-Feb-2022
Brazil Poverty and Equity	P177527	Analytical	13-Jun-2022
Brazil: Overview Assessment of the Environmental and Social Borrower Framework	P177058	Analytical	15-Jun-2022
Brazil Infrastructure Policy Assessment	P174544	Analytical	29-Jun-2022
Brazil Private Sector Covid19 and Green Recovery. Building a more productive, resilient, green and equitable recovery.	P177628	Analytical	19-Dec-2022
Brazil Policy Notes 2022	P178762	Analytical	15-Jun-2023
Brazil: Overview Assessment of the Environmental and Social Borrower Framework Phase 2	P180658	Analytical	15-Jun-2023
Amazon Economic Memorandum	P173457	Analytical	16-Jun-2023
Governance Risk Assessment System Scaling-up	P176859	Analytical	22-Jun-2023
Brazil Poverty and Equity Program	P179603	Analytical	23-Jun-2023
Dropped ASA			
Sao Paulo CPTM and metro concession development	P172609	Analytical	15-Jun-2020

Brazil: Public Sector Reform	P171506	Advisory	30-Jun-2020
Structuring of the SP Suburban Railways Lines 8 and 9 PPP	P172667	Advisory	30-Apr-2021
Brazil Federal Urban Rail SOE Privatization (CBTU, TRENSURB)	P172602	Analytical	30-Jun-2021
Active ASA (as of June 30, 2023)			
Brazil 2040	P173458	Analytical	31-Oct-2023
Brazil Trade Facilitation Support	P173672	Analytical	29-Dec-2023
Accelerating Clean Energy Transition and Strengthening Water Security in Brazil	P179030	Analytical	30-May-2024
Brazil ASA on productivity and regional development	P180192	Analytical	03-Jun-2024
Subnational CEM for Brazil's Northeast Region	P179494	Analytical	14-Jun-2024
Brazil: Public Expenditure Review on Greening Fiscal Policy	P179495	Analytical	15-Jun-2024
Green Mobility and Logistics for Sustainability and Resilience	P179908	Analytical	20-Jun-2024
BR Social Protection Reforms for Restructuring and Recovery during COVID-19	P174836	Analytical	28-Jun-2024
Digital Development support to reduce the digital gap in Brazil	P179126	Analytical	28-Jun-2024
Supporting a Resilient, Inclusive, and Sustainable Learning Recovery in Brazil	P179810	Analytical	28-Jun-2024
Brazil Health Policy ASA	P179951	Analytical	30-Jun-2024
Agriculture Sector Review – Repurposing public support towards a green, resilient, inclusive and competitive sector.	P179206	Analytical	29-Nov-2024

Annex 2.5 IFC Brazil Portfolio FY23

IFC's portfolio in Brazil (committed exposure, US\$ million)

Product Overview	FY 20 Q4	FY 21 Q4	FY 22 Q4	FY 23 Q4
GT+RM	447	520	577	591
Loan	2,047	2,653	2,979	4,170
Mezz	39	24	17	13
Equity	295	488	650	825
Total	2,828	3,684	4,223	5,600



Annex 2.6 MIGA Brazil Portfolio FY23 (as of October 2023)

FY	Project	Effective Date	Expiry Date	Outstanding Gross Exposure (USD)	Description
FY15	Sao Paulo Sustainable Transport Project	Nov-14	Oct-26	118,374,090	The project involved the rehabilitation of about 800 kilometers of roads selected for their proximity and connectivity to inland waterway and railways, reconstruction of two bridges to enhance the navigability of the Tiete inland waterway corridor complex, and other works to improve road safety.
Total Portfolio				118,374,090	

ANNEX 3. SELECTED INDICATORS OF BANK PORTFOLIO PERFORMANCE AND MANAGEMENT

CAS Annex B2 - Brazil

Selected Indicators* of Bank Portfolio Performance and Management

As of Date 03/01/2024

Indicator	FY21	FY22	FY23	FY24
Portfolio Assessment				
Number of Projects Under Implementation ^a	26.0	24.0	25.0	32.0
Average Implementation Period (years) ^b	4.5	3.7	3.4	2.9
Percent of Problem Projects by Number ^{a, c}	19.2	29.2	36.0	12.5
Percent of Problem Projects by Amount ^{a, c}	25.8	32.9	27.0	7.4
Percent of Projects at Risk by Number ^{a, d}	19.2	29.2	36.0	12.5
Percent of Projects at Risk by Amount ^{a, d}	25.8	32.9	27.0	7.4
Disbursement Ratio (%) ^e	10.2	44.5	14.9	9.5
Portfolio Management				
CPPR during the year (yes/no)				
Supervision Resources (total US\$)				
Average Supervision (US\$/project)				

Memorandum Item	Since FY80	Last Five FYs
Proj Eval by IEG by Number	369	19
Proj Eval by IEG by Amt (US\$ millions)	52,443.6	4,431.1
% of IEG Projects Rated U or HU by Number	28.9	26.3
% of IEG Projects Rated U or HU by Amt	25.4	19.0

a. As shown in the Annual Report on Portfolio Performance (except for current FY).

b. Average age of projects in the Bank's country portfolio.

c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).

d. As defined under the Portfolio Improvement Program.

e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.

* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

ANNEX 4. OPERATIONS PORTFOLIO (IBRD/IDA AND GRANTS)

CAS Annex B8 - Brazil Operations Portfolio (IBRD/IDA and Grants) As of 01/31/2024

Closed Projects		425										
<u>IBRD/IDA*</u>												
Total Disbursed (Active)		1,265.60										
of which has been repaid(1)		5.21										
Total Disbursed (Closed)		54,739.99										
of which has been repaid		43,923.85										
Total Disbursed (Active + Closed)		56,005.59										
of which has been repaid		43,929.06										
Total Undisbursed (Active)		2,788.81										
Total Undisbursed (Closed)		0.00										
Total Undisbursed (Active + Closed)		2788.81013										
<u>Active Projects</u>												
Project ID	Project Name	Last PSR			Original Amount in US\$ Millions					Difference Between Expected and Disbursements ^a		
		Supervision Rating	Implementation Progress	Fiscal Year	IBRD	IDA	Grants	Cancel.	Undisb.	Orig.	Frm Rev'd	
P179182	2nd Rio Fiscal and Sustainable DF	#	#	2024	135.2	0.0		0.0	0.0	0.0	0.0	
P158000	Amazon Sustainable Landscapes I	S	MS	2018	0.0	0.0	79.6	0.0	44.8	25.5	9.1	
P179365	Bolsa Familia 4	#	#	2024	300.0	0.0		0.0	300.0	350.0	0.0	
P171257	Brazil ASL Phase 2	#	#	2022	0.0	0.0	19.3	0.0	0.0	0.0	0.0	
P178888	Brazil Climate Finance Project	S	S	2023	500.0	0.0		0.0	500.0	108.6	0.0	
P178563	Brazil: Education Recovery from C	MS	MS	2022	250.0	0.0		0.0	250.0	136.3	0.0	
P165695	Brazil -SABESP- SP Water Utility f	MS	MS	2019	250.0	0.0		0.0	206.5	104.3	24.4	
P130682	BR ES Integrated Sust. Water Mgt	MS	MS	2014	225.0	0.0		52.6	25.6	78.2	-0.8	
P176982	BR ES Water Security Managemer	S	S	2023	86.1	0.0		0.0	86.1	2.0	0.0	
P147158	BR Paraiba Sustainable Rural Dev	MS	MS	2018	50.0	0.0		0.0	19.8	19.8	3.5	
P165055	Ceará Water Security and Govern:	MS	MS	2020	139.9	0.0		0.0	73.6	56.6	0.0	
P178072	Centro+4D	S	S	2023	84.6	0.0		0.0	84.6	1.7	0.0	
P153012	Fortaleza Sustainable Urban Deve	MS	S	2017	73.3	0.0		0.0	37.2	33.1	21.5	
P175723	Mato Grosso Produtivo	#	#	2024	80.0	0.0		0.0	80.0	0.3	0.0	
P170850	META II	MU	MU	2020	38.0	0.0		0.0	34.8	22.1	13.8	
P169134	Mobility and Inclusion in Belo Horiz	MU	S	2020	80.0	0.0		0.0	79.0	59.1	0.7	
P178993	MT Sustainable Learning	#	#	2024	100.0	0.0		0.0	100.0	0.0	0.0	
P178729	Mun. RJ Adjustment and Sust. dev	S	S	2022	135.2	0.0		0.0	0.0	0.0	0.0	
P165683	Paraiba Improving Water Security	MS	MS	2019	126.9	0.0		0.0	110.2	46.0	0.0	
P168634	Parana Public Sector Modernizatio	S	MS	2022	130.0	0.0		0.0	99.9	36.1	0.0	
P178567	Piauí Health and Social Protection	#	#	2024	50.0	0.0		0.0	50.0	0.7	0.0	
P179046	Progestao Aore	S	S	2024	40.0	0.0		0.0	40.0	4.3	0.0	
P177070	Progestão Alagoas	S	S	2023	40.0	0.0		0.0	40.0	9.7	0.0	
P178339	Progestão Mato Grosso	S	S	2023	40.0	0.0		0.0	40.0	4.8	0.0	
P178663	Progestão Piauí	#	#	2024	50.0	0.0		0.0	50.0	5.3	0.0	
P179088	Progestão Tocantins	S	S	2024	50.0	0.0		0.0	50.0	1.2	0.0	
P167455	Projeto Ceara Sao Jose IV	MU	MS	2020	100.0	0.0		0.0	71.6	61.9	43.4	
P172605	Salvador Social Project II	MS	MS	2021	125.0	0.0		0.0	51.9	44.2	1.9	
P169140	São Paulo Aricanduva BRT Corridi	MS	MU	2020	97.0	0.0		0.0	92.9	49.5	1.2	
P177632	State of Goias Sustainable Recove	#	#	2022	500.0	0.0		29.8	0.0	0.0	0.0	
P170682	Sul Resiliente	MS	MS	2020	98.8	0.0		0.0	98.8	35.5	0.0	
P163868	Upper Secondary Reform in Brazil	MS	MS	2018	250.0	0.0		19.3	47.1	66.4	6.2	
P172497	Vertentes Project	MS	MS	2023	0.0	0.0	24.6	0.0	24.6	2.4	0.0	
Overall Result					4,225.0	0.0	123.5	101.7	2,788.8	1,365.7	124.9	

* Disbursement data is updated at the end of the first week of the month.

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

ANNEX 5. LENDING PIPELINE (IBRD)

Project Id	Project Name	GP	Inst.	Total Comm.	Board Date
FY24					
Series of Progestão operations⁴		GOV/SPL		\$140.00	
P179046	Acre: Public Sector Management Efficiency		IPF	(\$40.00)	24-Jul-2023
P179088	Tocantins: Public Sector Management Efficiency		IPF	(\$50.00)	24-Jul-2023
P178663	Piauí: Public Sector Management Efficiency		IPF	(\$50.00)	03-Oct-2023
P178567	Piauí Health and Social Protection Development	HNP	IPF	\$50.00	05-Oct-2023
P178993	Mato Grosso Resilient, Inclusive, and Sustainable Learning	EDU	IPF	\$100.00	24-Oct-2023
P179182	Rio de Janeiro Fiscal Management and Sustainable Development Policy Loan	TDD	DPF	\$135.24	16-Nov-2023
P179365	Income Support for the Poor Affected by Economic Crises	SPL	IPF	\$300.00	06-Dec-2023
P175723	Mato Grosso Sustainable Development of Family Farming	AGR	IPF	\$80.00	05-Feb-2024
P177474	Piauí Pillars of Growth and Social Inclusion - Phase 2	AGR	IPF	\$50.00	14-Mar-2024
P180497	State of Ceará Sustainable DPF	MTI	DPF	\$541.88	28-Mar-2024
P500524	Reducing Food Insecurity, Promoting Learning, and Protecting the Environment in the State of Pará	EDU	IPF	\$280.00	28-Mar-2024
P178557	Integrated Sustainable Mobility Project in the Foz do Rio Itajaí Region	TDD	IPF	\$90.00	12-Apr-2024
P180430	Pernambuco Rural Water and Sanitation (PROSAR)	WAT	IPF	\$90.00	16-May-2024
P180462	Espirito Santo Digital Acceleration	DDT	IPF	\$61.22	22-May-2024
Subtotal FY24				\$1918.34	
FY25					
MPA - Climate-Smart Agriculture^{cxiii5}		AGR		\$330.00	
P180429	Bahia Sustainable Rural Development (2 nd)		IPF	(\$100.00)	12-Aug-2024
P500431	Pernambuco Agroecology and Sustainable Rural Development		IPF	(\$50.00)	05-Nov-2024
P502493	Rio Grande do Norte Sustainable and Resilient Regional Development (2 nd)		IPF	(\$180.00)	22-Nov-2024
MPA - Proactive Safe and Resilient Road Asset Management⁶		TDD		\$612.40	
P180555	Bahia Pro-roads		IPF	(\$150.00)	03-Sep-2024
P500469	Espirito Santo Pro-roads		IPF	(\$162.40)	27-Nov-2024
P504253	Santa Catarina Pro-roads		IPF	(\$300.00)	24-Feb-2025
P500614	State of Alagoas Sustainable DPF	MTI	DPF	\$300.00	29-Aug-2024
P181501	Enhancing Prosperity and Sustainability in the State of Sergipe DPF	MTI	DPF	\$120.00	01-Aug-2024
P500501	Electrification and Improvement of the São Paulo Urban Transport	TDD	IPF	\$250.00	11-Sep-2024

Notes

⁴ Future Progestão operations (including several with CCs pending approval) to be processed as an MPA

⁵ Four other phases (pending CC approval by March 2024) are expected to be included in this MPA program

⁶ Several other phases are also expected to be including in this MPA program (pending CC submission and approval by June 2024)

P504276	Green and Resilient São Paulo Metro Line 2 Extension	TDD	IPF	\$250.00	20-Sep-2024
P504543	Electromobility and Energy Transition Finance Project	TDD	IPF	\$500.00	30-Jan-2025
P181511	Ceará Green Hydrogen; Programa de Transição Energética do Pecém	EAE	IPF	\$123.50	10-Feb-2025
P504897	Bahia Vida Melhor Urbano: Inclusão Socioprodutiva p/ a Superação da Fome e Pobreza	SPL	IPF	\$120.00	Q3 FY 25
P500570	Sergipe Digital, Conectado e Sustentável	DDT	IPF	\$53.90	Q3 FY 25
P504899	Social Assistance and Service Delivery for vulnerable families – Municipality of São Paulo.	SPL	IPF	\$149.20	Q3 FY 25
Subtotal to be delivered by end of FY25				\$2809.00	
Total (FY24 + FY25)				\$4655.46	

ANNEX 6. STATEMENT OF IFC'S HELD AND DISBURSED PORTFOLIO

B8 (IFC) For Brazil

Committed and Disbursed Outstanding Investment Portfolio

As of 01/31/2024

(In USD Millions)

FY	Approv. Company	Committed					Disbursed Outstanding				
		Loan	Equity	**Quasi Equity	*GT/RM	Participant	Loan	Equity	**Quasi Equity	*GT/RM	Participant
FY22	ABC BRASIL	100.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00
FY12	AEGEA	0.00	9.85	0.00	0.00	0.00	0.00	9.85	0.00	0.00	0.00
FY14	AEGEA	0.00	7.21	0.00	0.00	0.00	0.00	7.21	0.00	0.00	0.00
FY16	AEGEA	0.00	40.64	0.00	0.00	0.00	0.00	40.64	0.00	0.00	0.00
FY15	AFFERO LAB	0.00	2.00	0.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00
FY16	AFFERO LAB	0.00	0.10	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00
FY23	ALVOAR	0.00	32.87	0.00	0.00	0.00	0.00	32.87	0.00	0.00	0.00
FY21	ANDRE MAGGI PART	100.00	0.00	0.00	0.00	70.00	100.00	0.00	0.00	0.00	70.00
FY16	ANIMA	2.56	0.00	0.00	0.00	0.00	2.56	0.00	0.00	0.00	0.00
FY20	ANIMA	20.57	0.00	0.00	0.00	0.00	20.57	0.00	0.00	0.00	0.00
FY14	ASA PART	0.00	0.00	2.36	0.00	0.00	0.00	0.00	2.36	0.00	0.00
FY14	AUSTRAL PAR	0.00	35.88	0.00	0.00	0.00	0.00	35.88	0.00	0.00	0.00
FY21	BANCO ALFA DE IN	130.00	0.00	0.00	0.00	60.00	130.00	0.00	0.00	0.00	60.00
FY24	BANCO BRADESCO S	250.00	0.00	0.00	0.00	0.00	250.00	0.00	0.00	0.00	0.00
FY22	BANCO BV	150.00	0.00	0.00	0.00	0.00	150.00	0.00	0.00	0.00	0.00
FY21	BANCO DAYCOVAL	86.67	0.00	0.00	0.00	189.00	86.67	0.00	0.00	0.00	189.00
FY22	BANCO DAYCOVAL	100.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00
FY12	BANSICREDI	0.00	10.00	0.00	0.00	0.00	0.00	10.00	0.00	0.00	0.00
FY14	BANSICREDI	0.00	4.61	0.00	0.00	0.00	0.00	4.61	0.00	0.00	0.00
FY21	BANSICREDI	108.00	0.00	0.00	11.71	0.00	108.00	0.00	0.00	11.71	0.00
FY22	BANSICREDI	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	100.00
FY18	BAUDUCCO	13.46	0.00	0.00	0.00	11.67	13.46	0.00	0.00	0.00	11.67
FY22	BAUDUCCO	20.00	0.00	0.00	0.00	0.00	20.00	0.00	0.00	0.00	0.00
FY15	BIOSEV	0.00	10.75	0.00	0.00	0.00	0.00	10.75	0.00	0.00	0.00
FY17	BRAZIL PORT	10.37	0.00	0.00	0.00	0.00	10.37	0.00	0.00	0.00	0.00
FY12	CANOPUS HOLDING	0.00	6.97	0.00	0.00	0.00	0.00	6.97	0.00	0.00	0.00
FY99	CIBRASEC	0.00	0.91	0.00	0.00	0.00	0.00	0.91	0.00	0.00	0.00
FY22	CM HOSPITALAR	40.40	0.00	0.00	0.00	0.00	40.40	0.00	0.00	0.00	0.00
FY23	COBLI VALOR II	0.00	0.00	8.41	0.00	0.00	0.00	0.00	8.41	0.00	0.00
FY22	COELBA	111.11	0.00	0.00	0.00	0.00	111.11	0.00	0.00	0.00	0.00
FY10	CONSTELLATION	0.00	96.52	0.00	0.00	0.00	0.00	96.52	0.00	0.00	0.00
FY19	CONTABILIZEI	0.00	3.00	0.00	0.00	0.00	0.00	3.00	0.00	0.00	0.00
FY21	CONTABILIZEI	0.00	0.80	0.00	0.00	0.00	0.00	0.80	0.00	0.00	0.00
FY22	CONTABILIZEI	0.00	1.49	0.00	0.00	0.00	0.00	1.49	0.00	0.00	0.00
FY21	CORSAN	60.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FY13	CPFL RENOVAVEIS	0.00	34.81	0.00	0.00	0.00	0.00	34.81	0.00	0.00	0.00
FY17	CREDITAS	0.00	3.24	0.00	0.00	0.00	0.00	3.24	0.00	0.00	0.00
FY18	CREDITAS	0.00	3.83	0.00	0.00	0.00	0.00	3.83	0.00	0.00	0.00
FY19	CREDITAS	0.00	0.36	0.00	0.00	0.00	0.00	0.36	0.00	0.00	0.00
FY24	CREDITAS	0.00	0.00	8.00	0.00	0.00	0.00	0.00	8.00	0.00	0.00
FY18	CRESCERA FUND IV	0.00	20.00	0.00	0.00	0.00	0.00	18.90	0.00	0.00	0.00
FY22	CRESCERA FUND V	0.00	20.00	0.00	0.00	0.00	0.00	14.13	0.00	0.00	0.00
FY14	CRUSADER RES	0.00	0.29	0.00	0.00	0.00	0.00	0.29	0.00	0.00	0.00

FY13	CVENTURES	0.00	4.56	0.00	0.00	0.00	0.00	4.56	0.00	0.00	0.00
FY20	DARP NPL JIVE I	0.00	60.09	0.00	0.00	0.00	0.00	55.48	0.00	0.00	0.00
FY23	DARP NPL JIVE II	0.00	80.00	0.00	0.00	0.00	0.00	9.58	0.00	0.00	0.00
FY10	DARP SFP	0.00	1.83	0.00	0.00	0.00	0.00	1.83	0.00	0.00	0.00
FY23	DB IF LP	0.00	7.62	0.00	0.00	0.00	0.00	7.26	0.00	0.00	0.00
FY24	DB IF LP	0.00	9.35	0.00	0.00	0.00	0.00	8.49	0.00	0.00	0.00
FY21	DESENVOLVE SP	18.75	0.00	0.00	0.00	6.25	18.75	0.00	0.00	0.00	6.25
FY18	DIVCOM	7.46	0.00	0.00	0.00	0.00	7.46	0.00	0.00	0.00	0.00
FY23	ECO NOROESTE	141.41	0.00	0.00	0.00	0.00	141.41	0.00	0.00	0.00	0.00
FY23	ELEKTRO	161.61	0.00	0.00	0.00	0.00	161.61	0.00	0.00	0.00	0.00
FY22	EUROFARMA	157.05	0.00	0.00	0.00	0.00	157.05	0.00	0.00	0.00	0.00
FY22	FITESA SA	50.00	0.00	0.00	0.00	0.00	50.00	0.00	0.00	0.00	0.00
FY24	FITESA SA	59.61	0.00	0.00	0.00	0.00	59.61	0.00	0.00	0.00	0.00
FY21	GRUPO COCAL	35.54	0.00	0.00	0.00	24.55	35.54	0.00	0.00	0.00	24.55
FY16	GUIA BOLSO	0.00	3.50	0.00	0.00	0.00	0.00	3.50	0.00	0.00	0.00
FY18	GUIA BOLSO	0.00	1.89	0.00	0.00	0.00	0.00	1.89	0.00	0.00	0.00
FY15	HIDROVIAS	0.00	20.74	0.00	0.00	0.00	0.00	20.74	0.00	0.00	0.00
FY10	IDEALINVEST	0.00	4.30	0.00	0.00	0.00	0.00	4.30	0.00	0.00	0.00
FY13	INTERNEXA PART	0.00	19.43	0.00	0.00	0.00	0.00	19.43	0.00	0.00	0.00
FY14	INTERNEXA PART	0.00	1.85	0.00	0.00	0.00	0.00	1.85	0.00	0.00	0.00
FY15	INTERNEXA PART	0.00	0.57	0.00	0.00	0.00	0.00	0.57	0.00	0.00	0.00
FY16	INTERNEXA PART	0.00	1.87	0.00	0.00	0.00	0.00	1.87	0.00	0.00	0.00
FY22	ITAU UNIBANCO	309.72	0.00	0.00	0.00	0.00	309.72	0.00	0.00	0.00	0.00
FY23	ITAU UNIBANCO	212.59	0.00	0.00	0.00	0.00	212.59	0.00	0.00	0.00	0.00
FY18	JALLES MACHADO	9.28	0.00	0.00	0.00	3.33	9.28	0.00	0.00	0.00	3.33
FY21	JALLES MACHADO	14.68	0.00	0.00	0.00	4.28	14.68	0.00	0.00	0.00	4.28
FY20	KLABIN	103.00	0.00	0.00	0.00	127.39	103.00	0.00	0.00	0.00	127.39
FY18	KOIN	0.00	2.00	0.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00
FY20	LD CELULOSE	187.50	0.00	0.00	0.00	229.17	187.50	0.00	0.00	0.00	229.17
FY22	LDC FINANCE BV	100.00	0.00	0.00	0.00	125.00	100.00	0.00	0.00	0.00	125.00
FY23	LOCALIZA RENT A	202.02	0.00	0.00	0.00	0.00	202.02	0.00	0.00	0.00	0.00
FY17	LOGGI	0.00	5.00	0.00	0.00	0.00	0.00	5.00	0.00	0.00	0.00
FY18	LOGGI	0.00	0.58	0.00	0.00	0.00	0.00	0.58	0.00	0.00	0.00
FY19	LOGGI	0.00	4.00	0.00	0.00	0.00	0.00	4.00	0.00	0.00	0.00
FY18	MANDAE	0.00	2.50	0.00	0.00	0.00	0.00	2.50	0.00	0.00	0.00
FY13	MINERVA_EQ	0.00	6.98	0.00	0.00	0.00	0.00	6.98	0.00	0.00	0.00
FY15	NETSHOES	0.00	1.09	0.00	0.00	0.00	0.00	1.09	0.00	0.00	0.00
FY17	NETSHOES	0.00	0.10	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00
FY22	OMNI	11.49	0.00	0.00	1.65	10.00	11.49	0.00	0.00	1.65	10.00
FY20	OPEN CO HOLDING	0.00	8.00	0.00	0.00	0.00	0.00	8.00	0.00	0.00	0.00
FY22	OPEN CO HOLDING	0.00	8.00	0.00	0.00	0.00	0.00	8.00	0.00	0.00	0.00
FY22	ORIZON SA	26.28	0.00	0.00	0.00	0.00	26.28	0.00	0.00	0.00	0.00
FY17	PATRIA CREDIT FU	30.29	0.00	0.00	0.00	0.00	30.29	0.00	0.00	0.00	0.00
FY23	PATRIA INFRA CRE	0.00	157.57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FY69	PETRO UNIAO	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FY22	PIER	0.00	0.00	5.15	0.00	0.00	0.00	0.00	5.15	0.00	0.00
FY70	POLIOLEFINAS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FY17	RECARGA	0.00	5.00	0.00	0.00	0.00	0.00	5.00	0.00	0.00	0.00
FY22	RED ASSET RED RE	48.48	0.00	0.00	0.00	0.00	48.48	0.00	0.00	0.00	0.00
FY20	REVELO	0.00	5.00	0.00	0.00	0.00	0.00	5.00	0.00	0.00	0.00
FY22	REVELO	0.00	0.95	0.00	0.00	0.00	0.00	0.95	0.00	0.00	0.00
FY23	REVELO	0.00	1.50	0.00	0.00	0.00	0.00	1.50	0.00	0.00	0.00

FY22	SABESP	150.46	0.00	0.00	0.00	0.00	150.46	0.00	0.00	0.00	0.00
FY23	SABESP	202.02	0.00	0.00	0.00	0.00	202.02	0.00	0.00	0.00	0.00
FY23	SANASA CAMPINAS	52.52	0.00	0.00	0.00	0.00	52.52	0.00	0.00	0.00	0.00
FY21	SANTANDER BRASIL	150.00	0.00	0.00	0.00	0.00	150.00	0.00	0.00	0.00	0.00
FY22	SANTANDER BRASIL	150.00	0.00	0.00	0.00	0.00	150.00	0.00	0.00	0.00	0.00
FY18	SAO MANOEL	10.00	0.00	0.00	0.00	3.10	10.00	0.00	0.00	0.00	3.10
FY17	SAO MARTINHO	30.00	0.00	0.00	0.00	0.00	30.00	0.00	0.00	0.00	0.00
FY21	SAO MARTINHO	59.10	0.00	0.00	0.00	45.00	59.08	0.00	0.00	0.00	45.00
FY22	SOLIS FUND	8.08	0.00	0.00	0.00	0.00	8.08	0.00	0.00	0.00	0.00
FY13	SUL AMERICA SA	0.00	75.00	0.00	0.00	0.00	0.00	75.00	0.00	0.00	0.00
FY23	SUZANO	250.00	0.00	0.00	0.00	545.00	250.00	0.00	0.00	0.00	350.00
FY22	TEMBICI	0.00	5.00	0.00	0.00	0.00	0.00	5.00	0.00	0.00	0.00
FY11	TERRA BRASIS	0.00	2.78	0.00	0.00	0.00	0.00	2.78	0.00	0.00	0.00
FY23	UNIAO QUIMICA	68.80	0.00	0.00	0.00	0.00	68.80	0.00	0.00	0.00	0.00
FY22	USINA SANTA ADEL	32.32	0.00	0.00	0.00	19.18	32.32	0.00	0.00	0.00	19.18
FY20	VALOR III	0.00	30.00	0.00	0.00	0.00	0.00	28.88	0.00	0.00	0.00
FY22	VALOR IV	0.00	16.00	0.00	0.00	0.00	0.00	8.14	0.00	0.00	0.00
FY18	VALOR VENTURE II	0.00	7.00	0.00	0.00	0.00	0.00	7.00	0.00	0.00	0.00
FY20	VALOR VOF I	0.00	10.50	0.00	0.00	0.00	0.00	10.35	0.00	0.00	0.00
FY19	VINCI CP III	0.00	15.08	0.00	0.00	0.00	0.00	13.43	0.00	0.00	0.00
FY23	VINCI CP IV	0.00	50.00	0.00	0.00	0.00	0.00	1.46	0.00	0.00	0.00
FY21	VINCI VIR IV	0.00	20.00	0.00	0.00	0.00	0.00	10.72	0.00	0.00	0.00
FY14	VIX LOGISTICA	0.00	27.58	0.00	0.00	0.00	0.00	27.58	0.00	0.00	0.00
FY24	VOTORANTIM CIMEN	150.00	0.00	0.00	0.00	0.00	150.00	0.00	0.00	0.00	0.00
Total Portfolio:		4,501.58	1,030.90	23.92	13.36	1,572.92	4,440.96	719.33	23.92	13.36	1,377.92

ANNEX 7. MIGA’S GUARANTEE PORTFOLIO

As of March 1, 2023

FY	Project	Effective Date	Expiry Date	Outstanding Gross Exposure (USD)	Description
FY15	Sao Paulo Sustainable Transport Project	Nov-14	Oct-26	100,653,358	The project involved the rehabilitation of about 800 kilometers of roads selected for their proximity and connectivity to inland waterway and railways, reconstruction of two bridges to enhance the navigability of the Tiete inland waterway corridor complex, and other works to improve road safety.
Total Portfolio				100,653,358	

^{cxiii} Four other phases (pending CC approval by March 2023) are expected to be included in this MPA program