



1. Project Data

Operation ID P126351	Operation Name BR-Bahia DPL	
Country Brazil	Practice Area(Lead) Macro Economics & Fiscal Management	
L/C/TF Number(s) IBRD-81770	Closing Date (Original) 31-Dec-2014	Total Financing (USD) 700,000,000.00
Bank Approval Date 28-Jun-2012	Closing Date (Actual) 31-Dec-2014	
	IBRD/IDA (USD)	Co-financing (USD)
Original Commitment	700,000,000.00	0.00
Revised Commitment	700,000,000.00	0.00
Actual	700,000,000.00	0.00

Sector(s)

Other Industry, Trade and Services(29%):Social Protection(29%):Primary Education(14%):Health(14%):Sub-National Government(14%)

Theme(s)

Other social protection and risk management(44%):Education for all(14%):Population and reproductive health(14%):Rural markets(14%):Other Private Sector Development(14%)

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2. Project Objectives and Policy Areas

a. Objectives

The Program Document (PD, p, 2 and para. 107) articulated the Project Development Objective (PDO) as follows: "The objective of the proposed operation is to support the State of Bahia's program to reduce social inequality, develop more efficient institutional infrastructure and logistics, and strengthen public sector management." Therefore, this assessment considers three separate objectives:

Objective 1: Reduce Social Inequality;

Objective 2: Develop more efficient institutional infrastructure and logistics; and

Objective 3: Strengthen public sector management.



- b. Were the program objectives/key associated outcome targets revised during implementation of the series?

No

- c. Pillars/Policy Areas

The DPO supported three policy areas (PD para 107):

1. Social and Productive Inclusion. This area covered measures on primary education, primary health care, support for family farms, social assistance, crime and violence prevention, and gender mainstreaming.

2. Social, physical, and institutional infrastructure for sustainable development. This area covered measures on disaster risk management and transport logistics.

3. Public Sector Management. This area covered measures on budgeting, financial management, human resource management, tax administration, and public private partnerships.

- d. Comments on Program Cost, Financing, and Dates

The \$700 million DPL, comprised of two tranches, was approved on June 28, 2012, signed on December 18, 2012, and declared effective on December 21, 2012. The six month delay in effectiveness was due to the time that the standard internal approval process takes in Brazil. The first tranche in the amount of \$350 million was disbursed on December 27, 2012. The second tranche in the amount of \$350 million was disbursed on December 20, 2013. The DPL closed on schedule on December 31, 2014.

3. Relevance of Objectives & Design

- a. Relevance of Objectives

The program objectives and expected DPO outcomes were relevant to well-documented conditions in the State of Bahia (SB). These conditions include below national average performance on social indicators, disaster management, transport infrastructure, and public sector management. Compared with other states, poverty rates in SB remain high. As with other states, rural poverty is higher. High poverty reflects poor access to basic education and health care as well as poor management of social transfers. Other relevant social conditions include high crime rates, with SB ranking third in terms of homicide rates; and gender disparities, including the relatively high poverty rates of female-headed households, the lower labor participation of women, and the high exposure of women to violence.

Disaster management is fragmented across different government agencies and lacks adequate information, making it ill-prepared to mitigate the impacts of droughts, forest fires, landslides, and flooding. On transport infrastructure and logistics, SB relies more than other states on the road network, which remains sparse and poorly connected from an intra-modal perspective. On public sector management, issues include the limited effectiveness of SB's multi-annual plan as a budget planning tool; fragmented budget planning and execution systems and institutions; poor information on the Government's human resources and inflexible personnel management systems that prevent an adequate human resource deployment and development; a weak tax administration that is reflected in low tax compliance; and the need to scale-up public-private partnerships to help address infrastructure and public service gaps.

The DPO's objectives support the three pillars of SB's "Participatory Multi-Annual Plan" (inclusion, sustainable development, and management of State). Similarly, the DPO's objectives are consistent with the World Bank Group's Country Partnership Strategy for 2012-15, which focuses on growth and employment, targeting the poor and vulnerable, strengthening governance and promoting global collective action, as well as stimulating private sector innovation and competitiveness.

Rating

High



b. Relevance of Design

Considering the DPO's expected outcomes, two of the three objectives ("reduce social inequality" and "develop more efficient institutional infrastructure and logistics") were too broadly or unclearly articulated. For example, on reducing social inequality, expected outcomes (covering primary education, primarily maternal health care, small farmers, social transfers, crime and violence prevention, gender equality) and their associated results and outcome indicators only partially reflect the objective as articulated, as they miss other critical dimensions of social inequality (e.g., access to water and sanitation). Accordingly, a more specific articulation of the objective would have been appropriate.

Outcomes under the three objectives covered a wide range of areas including education, health, social and productive inclusion, crime, gender, disaster mitigation, transport, budget, financial management and human resource management, taxes, and public-private partnerships. The causal link between the measures and activities supported by the Loan and the objectives was more convincing in some cases than in others. In primary education, for example, municipal schools, under partnership agreements with the State government, were to receive support with pedagogical material, training, and assistance to the teachers with organization of work and teaching techniques. This support and assistance could reasonably be expected to have an impact on learning outcomes. On crime, by contrast, the proposed interventions – a combination of prevention and enforcement measures – appeared to be only exploratory in terms of what activities could actually be expected to reduce crime, in an environment with complex causes of violence, including unemployment, poverty, inequality, and increased crack-cocaine consumption.

Broadly, interventions in education, health, social and productive inclusion, disaster management, budget and financial management, HR management, taxes, and PPPs, were better defined than those on crime, gender, and transport. Even if reforms achieved outcomes, however, it is unclear whether those outcomes would suffice to achieve the broadly articulated objectives. For example, other things being equal, improved access to quality basic education would improve equity. But other things are not equal. Equity would also depend, in particular, on the relative wages of those completing basic education, compared with wages of those achieving middle and higher education levels, which the DPO was not designed to affect.

The PD expected a sustainable macroeconomic environment for the operation at both the federal and state levels, with medium term fiscal projections pointing to declines in both federal and state debt levels. Nevertheless, the PD identified risks on the availability of fiscal space for the expansion of public services and investments, which would bear on the State's ability to implement some of the DPO-supported reforms and which materialized during implementation.

The two-tranche design appropriately provided for a medium-term policy engagement, including Bank support to address capacity issues during implementation.

Rating
Substantial

4. Achievement of Objectives (Efficacy)

Objective 1

Objective
Objective 1: Reduce social inequality.

Rationale

The DPO focused on improving education and health services, social and productive inclusion, preventing crime and violence, and promoting gender equity in the State of Bahia (SB). On **education services**, the DPO intended to improve municipal accountability for educational outcomes. The SB increased the number of municipalities that signed partnership agreements to improve the quality of education and internal efficiency of students in second grade of fundamental (primary) education. Under these agreements, municipalities received pedagogical materials and training. The number of agreements signed by 2015 (403) surpassed the target (329) and the 2011 baseline (217) and was close to the total number of municipalities. However, the number of agreements is only an output, not an outcome.



There is little evidence on the impact of these agreements, which was to be measured by state-standardized language tests and completion rates of second graders, because the state-standardized tests were discontinued and completion rates were not reported. The ICR indicates that students in municipalities receiving support under the partnership agreements performed better than other municipalities, but did not provide the data substantiating this comparison, and concludes that it is not yet evident that the supported measures (i.e., the materials and training) have improved educational outcomes. The Bank task team furnished federal data indicating a positive trend in an education quality index, but there is no indication of how the DPO-supported measures contributed to this trend.

On **health services**, the DPO aimed to improve quality and coverage of primary health care, with a focus on maternal care. The SB increased the share of pregnant women enrolled in primary care from the 2010 baseline of 41.4 percent to 52.2 percent in 2015, surpassing the target (45.0 percent). The share with timely prenatal care increased from the 2010 baseline of 46.7 percent to 51.2 percent in 2015, also exceeding the target (50.0 percent). The ICR could not provide reliable evidence on progress towards the expected medium-term target of overall primary health care coverage (an increase from the 2010 baseline of 60.35 percent to 64.0 percent in 2014) and maternal mortality (a 2.0 percent reduction). Nevertheless, it reports that the target on overall primary health care "appears to have been achieved" and that the maternal mortality reduction target was not achieved. On access to primary health care, the ICR highlights the addition of 1600 new doctors from a new federal program (the "*Mais Medicos*" ("more doctors") program), while questioning the sustainability of this program. This federal program was not part of the DPO.

On **social and productive inclusion**, the DPO intended to foster development of lagging regions and improve access and quality of social services to the extreme poor. To foster development of lagging regions, the SB provided technical assistance to 160,000 producers, exceeding the target of 150,000. Although several other factors affect regional development, this technical assistance may have helped increase the share of small producer sales to the National School Feeding Program (a national program which allows for 30 percent of school meal purchases to be sourced from family agriculture) from a 2011 baseline of 5 percent to 19.4 percent (as reported by the task team), close to the target of 20 percent. To improve access and quality of social services, the SB increased the number of households from the 50 most vulnerable municipalities registered for social assistance and improved monitoring of school attendance conditions for social transfers. Targets were only partially met. Out of the 50 municipalities, 29 achieved the target of a 20 percent increase in registration in the unified cadaster for social assistance and 15 achieved the target of 20 percent increase in registration in the Social Assistance Reference Center (which gathers information for social assistance eligibility purposes). 19 achieved the target of increasing information on school attendance (a condition for social transfers). Nevertheless, these registration and information indicators do not measure actual access to social services to the extreme poor.

On **crime and violence prevention**, the DPO sought to improve SB's capacity to respond to violence through SB-sponsored municipal crime prevention programs. SB increased the number of priority municipalities receiving capacity building programs from the 2011 baseline of 4 to the target of 20. Under these programs, municipalities have introduced various activities, ranging from sports, to music, vocational training, education, employment, and entrepreneurship. However, it is too early to assess the effectiveness of these programs.

On **Gender**, the DPO intended to mainstream gender issues across multiple sectors and expand services to women victims of violence. To mainstream gender, the SB Secretariat for Women Policies entered into 6 formal agreements with other agencies, surpassing the target of 5. The agreements covered cooperation on certain activities. However, the ICR does not provide details on their scope or reach. To expand services to women victims of violence, the SB increased the number of dedicated county centers from the baseline of 13 to the target of 27. These centers offer counseling, psychological evaluations, legal support, and other services. There is no assessment of the effectiveness of the centers.

In sum, there is some evidence of increased maternal care, attention to women victims of violence, and small farmer participation in the School Feeding Program, but only limited evidence on the quality of education services, access to overall primary health care, maternal mortality, or the impact of crime and violence prevention. From the evidence provided, little can be concluded on the DPO's impact on the overall objective of social inequality, which also depends on other factors (e.g. access to basic infrastructure, relative wages) not covered by the DPO.

Rating
Modest

Objective 2



Objective

Objective 2: Develop more efficient institutional infrastructure and logistics.

Rationale

The DPO focused on management capacity to reduce the impact of disasters (droughts, forest fires, landslides, and flooding) and on improving transport. SB made some progress in operationalizing **disaster risk management (DRM)**, which is centralized at the Coordination of Civil Defense Committee. While the SB did not meet the target of establishing 5 regional DRM nodes (it established none), it mapped risks in 2 pilot areas (target achieved), extended mapping to a total of 11 pilot areas, and trained 20 voluntary DRM brigades (target of 10 exceeded), although these brigades received only limited equipment. There is no evidence that disaster impacts declined and the DPO did not address irrigation capacity, a key disaster (drought) risk management factor.

On **transport**, the DPO aimed at improving logistics and institutions. Little was achieved. A Logistics Advisory Committee was established but did not become fully operational (it issued 2 resolutions, an indicator of operation, below the target of 3). The Bahia Road Agency, which was initially reorganized towards a focus on planning and results, was later incorporated into the Infrastructure Secretariat, with no evident improvement in management. All in all, although the DPO produced outputs relevant to disaster risk management, there is no evidence of reduced impact of disasters or that the efficiency of the institutional infrastructure (which was left undefined) and logistics improved.

Rating
Modest

Objective 3

Objective

Objective 3: Strengthen public sector management.

Rationale

The DPO focused on improving budget, financial and human resource management; tax administration; and Public-Private Partnerships (PPPs). On **budget management**, the DPO aimed at strengthening the budget's focus on results and its multi-annual and cross-sectoral settings. The ICR states that the budget now links budget allocations to goals and expenditures to physical execution and project progress, and that the Government is also increasing the number of priority programs in the budget with improvement plans. Individual agencies are now responsible for presenting information on how their intended actions contribute to government goals and report on advancements towards measurable results. These actions suggest an increased focus on results. The ICR did not provide evidence on improvements of the budget's multi-annual and cross-sectoral dimensions that the DPO sought to achieve, except to say, vaguely, that the new multi-annual plan for 2016-19 is being prepared with greater results orientation.

On **financial management (FM)**, the DPO aimed at coherence, efficiency, and transparency. The ICR reported that SB is following National Treasury standards on the schedule to adopt International Public Sector Accounting Standards. The target to adopt such standards was not met because the federal deadline was extended from 2015 to 2023, reflecting the additional time needed by low capacity municipalities. Other reported progress on FM includes full budget integration into a single FM system, greater transparency (in terms of access by different agencies and oversight bodies and updated reporting, which links execution to targets) and efficiency (e.g., on tracking expenditures and liabilities), although these dimensions are bereft of baselines or targets, and thus difficult to evaluate.

On **human resource (HR) management**, the DPO also aimed at coherence, efficiency, and transparency. As a first step, SB completed a documented HR cadaster for the Secretariats of Health and of Public Security, but still needs to load it into a new HR system (a DPO target, expected for 2016). Merit-based selections for promotion and transfers at the secretariats of health and of public security (a DPO target) were not implemented, although some career path evaluation standards have been developed.

On **tax administration**, the DPO supported measures expected to increase revenues. Tax arrears collection improved from the 2010 baseline of 1.02 percent of tax revenue to 2.0 percent, thereby surpassing the target of 1.8 percent. The task team reported that overall tax revenues, the indicator for the expected medium term outcome, increased 20 percent in real terms between 2010 and 2014.

On **PPPs**, the DPO aimed at improving the institutional framework. It supported the implementation of a new expression of interest process



for the origination of PPP transactions, with two processes implemented (a DPO target). It also introduced clauses in all contracts allowing for private auditors to review compliance (a DPO target). Progress was also made in procedures for handling private sector participation requests, screening proposals, holding public hearings, and selecting the projects. The ICR also notes challenges that PPPs are facing, including fiscal restrictions and political and administrative issues.

In sum, there was some progress on the results orientation of the budget, financial management, HR cadasters, tax compliance, and PPP management, but little evidence of improvements on the multi-annual and cross-sectoral dimensions of the budget and on merit-based HR management.

The ICR did not provide a self-contained discussion of the State's financial and macro-economic conditions that framed the operation, except to say that the Bank analyzed those conditions to verify that the State would remain within federal Fiscal Responsibility Limits, despite its ambitious investment program. In several places, however, the ICR notes that fiscal conditions indeed became binding with respect to the DPL's resource needs. For example, it notes that services to women at risk of violence are increasingly limited by fiscal constraints, which had become increasingly binding.

Rating
Modest

5. Outcome

Objectives were broadly relevant to well-documented conditions in SB. Results chains were fairly well-defined with respect to some expected outcomes, but with gaps in other areas, e.g., on disaster management). It is unclear whether anticipated outcomes would have sufficed to achieve the three broadly articulated objectives. Increased provision of maternal care, small farmer participation in the School Feeding Program, and attention to women victims of violence; and some progress on disaster risk management could be partly attributed to the programs. There were also some advances in public sector management, although reported enhancements in the budgeting system lack both baselines and targets and are therefore difficult to evaluate. Little or no evidence is presented of progress in other areas, including quality of education services, overall primary health care, maternal mortality, the impact of crime and violence prevention, and transport logistics. The efficacy of all three objectives is rated modest. Overall, these amount to significant shortcomings, and the outcome of the operation is rated **moderately unsatisfactory**.

- a. Outcome Rating
Moderately Unsatisfactory

6. Rationale for Risk to Development Outcome Rating

Fiscal and capacity constraints are the main sources of risk to development outcomes. Fiscal risks stem from Brazil's currently adverse macroeconomic conditions and prospects, from possible reforms affecting transfers of federal taxes, and from natural disasters (e.g., droughts) affecting production and revenues. Current fiscal constraints are likely to limit government services and could thus adversely affect social and disaster risk management outcomes. Capacity constraints may endanger outcomes in such areas as social inclusion, where municipal readiness to implement registration in the Social Assistance Reference Centers is limited, and more generally, where municipalities provide services.

- a. Risk to Development Outcome Rating
Substantial

7. Assessment of Bank Performance



a. Quality-at-Entry

The DPO had strategic relevance. Its objectives addressed well-documented conditions of social inequality, exposure to disasters, weak transport infrastructure and weak public sector management. Its design identified some of the relevant reforms to address those conditions, although it did not cover some key areas needed to achieve outcomes (e.g., improved irrigation infrastructure to mitigate disaster risks). It was further limited in its relevance to the broader objectives (e.g., social inequality).

A Poverty and Social Impact Analysis substantiated socioeconomic inequalities and argued that the DPO would reduce those inequalities, although it did not offer any impact estimates. While the PD noted SB's increasingly sound fiscal conditions through 2010, it also flagged the challenge of creating fiscal space for expanding public services, as well as other fiscal risks related to possible federal fiscal reforms. However, few measures were supported in the program to augment that space. The PD identified institutional, capacity, and implementation risks together with relevant mitigation measures that included Bank support throughout DPO implementation. The PD's discussion of the DPO's expected environmental impact was weak, with limited focus on specific consequences of the DPO-supported actions, although the discussion of fiduciary aspects was stronger. M&E arrangements were an important shortcoming, suffering from weak indicators of intended outcomes, with most indicators reflecting outputs, not outcomes. Overall, quality at entry displayed significant shortcomings.

Quality-at-Entry Rating
Moderately Unsatisfactory

b. Quality of supervision

Supervision was strong, with four missions that included the visit to certify compliance with the conditions for disbursement of the second tranche and the preparation mission for the successor DPLII operation. The Bank provided additional support through sectoral missions covering all of the DPO's areas. The ICR notes positive feedback from the State authorities on the inputs that the Bank provided through the DPO supervision activities. The Bank filed four implementation status and results reports. These monitored some of the results indicators (mainly intermediate) and progress towards the second tranche conditions, summarized implementation progress, and identified implementation issues (e.g., on delays regarding disaster management policies) and how the Bank was addressing them. Aide Memoires also reflect attention to implementation issues, including, by way of example, education reforms, budget policies and tax revenues. Perhaps a stronger focus on final outcomes (e.g., women with timely prenatal care) would have been appropriate.

Quality of Supervision Rating
Satisfactory

Overall Bank Performance Rating
Moderately Unsatisfactory

8. Assessment of Borrower Performance

a. Government Performance

DPO prior actions and full compliance with second tranche release conditions indicate substantial government commitment to the program at the design stage, as well as provision of relevant policy and institutional environment covering reforms in the three policy areas. The macroeconomic environment upon preparation of the program was also adequate, albeit subject to risks stemming from both federal and state fiscal conditions and performance. During implementation, macroeconomic performance deteriorated, with an adverse impact on SB's service delivery capacity.

While the State Government did not carry out stakeholder consultations on the program, the Bank's Poverty and Social Impact Analysis relied on Bank consultations with state and municipal authorities, scholars and experts as well as on State Government consultations that were conducted for other purposes.

Within the Government, the State Secretary of Finance was in charge of coordinating the activities of 14 sectors. Nevertheless, the ICR suggests that implementation readiness was uneven, particularly at the municipal level (which is hardly surprising given the breadth of the objectives). Implementation issues indeed emerged and the Government did not always resolve them (e.g., on merit-based promotion and on transport logistics and institutions, neither of which was implemented). The State Government committee of government officials responsible for M&E provided information on the indicators for the ICR, albeit somewhat unevenly. Nevertheless, the ICR reports some gaps in the monitoring of implementation as a result of the complex results framework.



Taken together with the deterioration in macroeconomic performance, which -- although a Federal responsibility -- limited SB's fiscal ability to implement the program, the shortcomings in overall Government performance are assessed as significant.

Government Performance Rating
Moderately Unsatisfactory

b. Implementing Agency Performance

Implementing Agency Performance Rating

Overall Borrower Performance Rating
Moderately Unsatisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

Considering the DPO's expected outcomes, two of the objectives ("reduce social inequality" and "develop more efficient institutional infrastructure and logistics") were too broadly articulated. For example, on reducing social inequality, expected outcomes (covering primary education, primarily maternal health care, small farmers, social transfers, crime and violence prevention, gender equality) and their associated results and outcome indicators only partially reflect the objective as articulated, as they miss other critical dimensions of social inequality (e.g., access to water and sanitation)..

The PD defined both intermediate results and medium term outcome indicators, but some of these indicators were imprecise. For example, an indicator on social inclusion was "Increase in the information available on school attendance (monitoring of education conditionality) in the 50 municipalities with the lowest IGD-M". The target was a "5% increase in the 50 municipalities with the lowest IGD-M". The metric for "information" was not well defined and the ICR measured a different outcome indicator: that "9 out of 50 municipalities reported an increase on school attendance monitoring". The set of proposed indicators on budget management provides another example of imprecise definition. Furthermore, some expected outcomes (e.g., on crime and violence) lacked associated indicators. In some cases, baselines for the indicators were not defined.

The PD and the ICR provided little detail on how the data collection and analysis was to proceed, except to indicate that the overall responsibility would rest on a Project Implementation Committee made up of officials from the agencies involved in the project and with no discussion of stakeholder ownership of M&E arrangements.

b. M&E Implementation

Several important indicators were not monitored, including results of standardized basic education testing, basic education completion rates, primary health care coverage rates, and planning and budgeting indicators. This was because some information ceased to be collected (e.g., on primary education, where state-level standardized testing was discontinued) and in other cases because the indicators were poorly defined (on budget management), despite efforts to improve their definition during implementation. The data that were collected were generally of acceptable quality, although much of the information was output-oriented.

c. M&E Utilization

The ICR did not discuss the use that the Government gave to M&E outputs in its decision making in, for example, in designing the follow-up program (also supported by a DPO) that continues the focus on fiscal management. The ICR provides little indication that M&E was used to direct any shifts in the program. As reflected in the ICR, evaluation focused primarily on establishing the extent to which the program was



implemented and the targets were achieved, and less on validating the theory of change that underpinned the reform program. In one case, education, such validation was impeded because the targeted outcomes (better performance on standardized tests and higher completion rates) were not measured because of an unexpected development (the discontinuance of state standardized tests).

In others, the M&E design did not lend itself to assessing outcomes. For example, on crime and violence, where the expected outcome was an improvement in the state’s capacity to respond to violence, the outcome indicators fell short of providing an adequate measurement of such capacity. More generally, many indicators measured outputs, not outcomes, and did not then provide robust bases to assess outcomes. As a result, evaluation of outcomes was limited, with little indication, for example, on whether the program improved primary education outcomes, increased access to social services to the extreme poor, or reduced the impact of disasters.

M&E Quality Rating
Modest

10. Other Issues

a. Environmental and Social Effects

The ICR did not discuss the positive environmental effects that had been expected according to the PD. Social effects are discussed in section 4.

b. Fiduciary Compliance

The ICR did not discuss fiduciary compliance.

c. Unintended impacts (Positive or Negative)

None reported.

d. Other

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Unsatisfactory	Relevance of design and efficacy related to all three objectives were modest.
Risk to Development Outcome	Modest	Substantial	Current fiscal constraints are likely to limit government services and could thus adversely affect social and disaster risk management outcomes.
Bank Performance	Moderately Satisfactory	Moderately Unsatisfactory	There were significant shortcomings in Quality at Entry.



Borrower Performance	Moderately Satisfactory	Moderately Unsatisfactory	Macroeconomic performance during implementation deteriorated and implementation performance was uneven.
Quality of ICR		Modest	---

Note
When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

12. Lessons

IEG draws the following lessons from the DPO:

1. Achievement of objectives is likely to suffer when the expected outcomes are not well-matched to the objectives. To reach an objective as broad as "reducing social inequality", an operation needs to identify the critical outcomes that will be make a difference for that objective, underpinned by a credible "theory of change" that covers the complex array of variables with a bearing on the objective. Alternatively, an operation can seek more modest objectives (e.g., improve access to education), where outcomes (e.g., increased enrollment and improved test reforms) clearly depict the more limited objective and where needed reforms (e.g., teacher training) can be more readily identified.
2. A lack of outcome indicators is a serious constraint on the value of M&E. The DPO's efforts on primary education are a case in point. It was one of the few areas where M&E design included adequate outcome indicators (results of standardized testing and completion rates). In the event, unexpected developments impeded the collection of data on these indicators and the impact of those efforts could not be assessed. In several other areas, designed indicators only covered outputs (e.g., pilot risk maps) that will not suffice to assess the extent to which the expected outcome (reduction of the impact of disasters) was achieved.
3. Some risks may be difficult, if not impossible, to mitigate. The deterioration of Brazil's macroeconomic conditions resulted in fiscal constraints that undermined public expenditures on government services, on which several of the DPO's outcomes depended. A possible approach to mitigation of this risk is planning on protection of critical social expenditures in the event of fiscal retrenchment. These expenditures would be likely to include those on which many of the DPO's outcome depended.

13. Assessment Recommended?

Yes

Please explain

A field-based assessment of this, together with other state-level programs in Brazil supported by DPOs, would provide useful lessons which may also be relevant for other federal systems. In the case of this operation, such an assessment would also verify the ratings.

14. Comments on Quality of ICR

The ICR provides an informative discussion of the DPO's context at appraisal, although it could have given more consideration to the macroeconomic conditions, both in the section covering preparation and under the section on factors affecting implementation. The discussion of relevance of design could have provided more detail, with more of a focus on results chains towards outcomes. The discussion of achievement of objectives is informative, but could also have benefited from more attention to outcomes (e.g., did disaster risk management interventions reduce the impact of disasters?). It does not discuss the environmental impact anticipated in the PD.



- a. Quality of ICR Rating
Modest