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MULTILATERAL INVESTMENT FUND

BRAZIL

**SUPPORT FOR ENVIRONMENTALLY SUSTAINABLE INTEGRATED
PRODUCTION**

(BR-M1040)

DONORS MEMORANDUM

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ABBREVIATIONS

AMUBS	Associação dos Municípios do Baixo Sul da Bahia [Association of Municípios of the Extreme South of Bahia]
APA	Área de Protecção Ambiental [Environmental protection area]
CESI	Committee on Environment and Social Impact
COOPALM	Cooperativa de Produtores de Palmito do Baixo Sul da Bahia [Palm Heart Producers Cooperative of the Extreme South of Bahia]
COOPATAN	Cooperativa de Produtores Rurais de Presidente Tancredo Neves [President Tancredo Neves Rural Producers Cooperative]
COOPEMAR	Cooperativa Mista de Marisqueiros, Pescadores y Aqüicultores do Baixo Sul da Bahia [Joint Shellfish, Fishing and Aquaculture Cooperative of the Extreme South of Bahia]
COOPRAP	Cooperativa de Produtoras e Produtores Rurais da APA de Pratigí [Pratigí APA Rural Producers Cooperative]
IDB	Inter-American Development Bank
IDES	Instituto de Desenvolvimento Sustentável do Baixo Sul da Bahia [Sustainable Development Institute of the Extreme South of Bahia]
MIF	Multilateral Investment Fund
OSCIP	Organização da Sociedade Civil de Interesse Público [Civil society organization of public interest]
Programa DIS	Programa de Desenvolvimento Integrado e Sustentável do Baixo Sul da Bahia [Integrated Sustainable Development Program of the Extreme South of Bahia]
SME	Small and medium-sized enterprises
UEP	Unidade Executiva do Programa [Program execution unit]

SUPPORT FOR ENVIRONMENTALLY SUSTAINABLE, INTEGRATED PRODUCTION

(BR-M1040)

I. EXECUTIVE SUMMARY

Executing agency and beneficiary	Instituto de Desenvolvimento Sustentável do Baixo Sul da Bahia [Sustainable Development Institute of the Extreme South of Bahia] (IDES)		
Beneficiaries	The direct beneficiaries of the program will be: (i) at least 152 fish farmers (104 tilapia and 48 oyster) who are members of the Joint Shellfish, Fishing and Aquaculture Cooperative of the Extreme South of Bahia (COOPEMAR); (ii) at least 390 rural producers who are members of the Palmito Producers Cooperative of the Extreme South of Bahia (COOPALM); (iii) at least 250 rural producers who are members of the President Tancredo Neves Rural Producers Cooperative (COOPATAN); (iv) at least 50 rural producers who are members of the Pratigí APA Rural Producers Cooperative (COOPRAP); and (v) other producers) interested in the project who are members of associations for small-scale rural production, fish farming, and sustainable plant extraction in environmental protection areas (APAs).		
Financing:	Modality:	Nonreimbursable	(Facility III-A)
	MIF	US\$1,100,000	(50%)
	Executing agency	US\$1,100,000	(50%)
	Total	US\$2,200,000	
Objective:	The general objective is to contribute to the socioeconomic development of rural areas in the southern part of the state of Bahia. The specific purpose is to consolidate a replicable model of integrated production for small-scale producers in environmental protection areas, based on sustainable natural resource management.		
Execution timetable:	Execution: 36 months Disbursement: 42 months		
Environmental and social review:	The Committee on Environment and Social Impact (CESI) reviewed and approved the project summary on 11 August 2006 (meeting 33-06). The Committee suggested two additional elements		

be included in the consulting services for the environmental evaluation for the aquaculture production chain (see paragraph 3.5): (i) consultants hired to perform the environmental evaluation will need to take into account best international practices in small-scale aquaculture; and (ii) the consultants will need to discuss possible products with COOPEMAR producers.

Special contractual clauses:	As a condition precedent to the first disbursement, the executing agency must present the project Operating Regulations as agreed with the Bank.
Exceptions to Bank policies:	None
Coordination with other official development finance institutions:	At the present time no similar projects are being financed by other financial institutions in the project area.

II. BACKGROUND

A. The Atlantic forest and the socioeconomic situation in the area

- 2.1 Given its climatic conditions, the Atlantic forest is one of the world's most biodiverse terrestrial ecosystems. Four percent of this area is original native forest and 4% is secondary forest. The main causes of deforestation have been the absence of good employment opportunities enabling people living in this ecological zone (*biome*) to earn a decent income; and a lack of environmental awareness that results in people extracting food indiscriminately from the forest, with no thought for conserving the environment for future generations. A lack of suitable economic and social policies and existing inefficient policies cause economic distortions that produce social imbalances in the countryside. These then spill over into the large cities, which become inundated by massive migrant flows from rural areas. This problem, which is repeated in other Brazilian ecosystems, such as Amazonia, has led the government to create environmental protection areas (APAs),¹ which are managed to ensure human activities are compatible with plant, animal, and water conservation, with a view to improving the quality of life of the local population on a sustainable basis.

¹ Environmental protection areas were created by Federal Law 9,985 of 18 June 2000, and are defined in Article 15 as: "A generally extensive area with some degree of human settlement, endowed with abiotic, biotic, aesthetic, or cultural attributes that are particularly important for the quality of life and well-being of human populations. Their basic objectives are to protect biological diversity, discipline the land settlement process, and ensure sustainable use of natural resources."

- 2.2 To sustainably conserve APA natural resources, it is essential to bring about job creation and income distribution through economic opportunities for the people who live in and around those areas. This means promoting committed development and seeking new business opportunities that strike a balance between economic benefits and sound environmental management.

B. Baixo Sul and the Integrated Sustainable Development Program (DIS)

- 2.3 Bahia's Baixo Sul region (or extreme south) is located in the central corridor of the Atlantic forest — an ecological zone 100 km long by 60 km wide, which, despite the degradation that now exists, still holds one of the world's most biodiverse areas. Encompassing 11 municípios, Baixo Sul is home to some 260,000 inhabitants, most of whom are young people living below the poverty line. Despite the region's natural wealth and agricultural potential, poverty and illiteracy are holding back its development.
- 2.4 Of the 28 environmental protection areas in the state of Bahia, five are in the Baixo Sul region, including Pratigí, Caminhos Ecológicos da Boa Esperança, Tinharé-Boipeba, and Baía de Camamu. The Pratigí APA is considered one of the most important in the region because of its natural and cultural wealth, including the presence of a number of *Quilombola* communities and the Juliana River basin. The Caminhos Ecológicos da Boa Esperança APA covers land areas in the Atlantic forest and serves as a biological corridor for environmental conservation of this rich and extremely important biome. The Tinharé-Boipeba APA includes two of the three main islands of the Tinharé Archipelago, forming a rich estuarine ecosystem of small channels and islets, with dunes, sand bars, and coral reefs. Lastly, the Baía de Camamu APA was created for the purpose of preserving mangrove swamps and ensuring the genetic diversity of native fauna and flora (particularly migratory birds), protecting water resources, and promoting the development of compatible socioeconomic activities.
- 2.5 The Integrated Sustainable Development Program of the Extreme South of Bahia (DIS Baixo Sul) was created by IDES and implemented in conjunction with the government of the State of Bahia, the Baixo Sul Municípios Association (AMUBS), and the Odebrecht Foundation. DIS Baixo Sul comprises 10 projects, led and operated by various NGO/OSCIPs and local cooperatives, with aims that include the promotion of youth education and good citizenship, plant and animal conservation, and the creation of new economic opportunities for producers in the Baixo Sul area.
- 2.6 The main economic activities organized by the DIS program were identified and three main production chains set up, along with a new chain in its early stages that brings producers together into cooperatives with thousands of members:

- Aquaculture production chain—the Joint Shellfish, Fishing, and Aquaculture Cooperative of the Extreme South of Bahia (COOPEMAR), whose main activity is the farming of estuarine tilapia in net pens and oysters in oyster racks.
- Palmito production chain—Palm Heart Producers Cooperative of the Extreme South of Bahia (COOPALM), whose main activity is palm heart (palmito) production.
- Cassava (yucca) production chain—President Tancredo Neves Rural Producers Cooperative (COOPATAN), whose main purpose is to promote sustainable agriculture among small-scale producers, mainly of cassava.

2.7 Recently the DIS program began initiating the pissaba palm production chain, including the creation of the Pratigí APA Rural Producers Cooperative (COOPRAP). This has the following objectives: (i) reintroduction of handicrafts into the region based on coconut, pissaba straw, and fiber; (ii) production of activated carbon and starch; (iii) extraction of oil for the pharmaceutical and cosmetics industries; and (vi) manufacture of high-quality brooms and brushes.

2.8 IDES has participated in creating and strengthening these chains and has also helped cooperative members to improve production and promote business partnerships through cooperatives. To assist with access to local markets, IDES formed a partnership with the Bom Preço supermarket chain and the Empresa Bahiana de Alimentos [Bahian Food Company] (EBAL) and its network of local supermarkets. These partnerships are of limited scope, however, and are not helping producers obtain better prices for their products.

C. Current problem

2.9 The activities mentioned above provide a substantial basis for the proposed project, since there are currently three main chains (aquaculture, palmito, and manioc), encompassing over 800 rural producers organized into local cooperatives. These producers generally operate at unprofitable production levels, however, selling only in local markets and generally through intermediaries. To improve producer profitability, cooperatives need access to specialized markets—the export, fair trade, and organic markets, in particular. For producers, the main barriers to these markets are: (i) variable product quality; (ii) limited knowledge of specialized markets; (iii) a failure to satisfy target market requirements, mainly in terms of volume and more demanding standards (packaging, logistics, certification systems etc.); and (iv) weak bargaining power with prospective customers and international buyers.

2.10 One of the lessons learned from previous IDES experience in the DIS program is that a lack of knowledge among producers on basic aspects of business activity,

such as accounting and finance, requires the institute's close and continuous involvement in the cooperatives. Honing business skills is therefore a key to ensuring that cooperative growth is self-sustainable in the long term.

D. Proposed project

- 2.11 The aim of this project is to help small-scale producers gain access to markets that promote production while also valuing environmental conservation. With this strategy, the project could serve as a model for reconciling economic needs with environmental conservation in an ecologically sensitive zone. Given the number of APAs in Brazil, the project will have a significant demonstration effect with numerous opportunities for replication. As noted above, the main production chains to be included are aquaculture, palmito and manioc; but the project will also extend to activities that help generate potential opportunities in the pissaba palm chain.

III. PROJECT OBJECTIVES AND COMPONENTS

A. Project objectives

- 3.1 The general objective is to contribute to socioeconomic development in rural areas of southern Bahia state. The specific purpose is to consolidate a replicable integrated production model for small-scale producers in environmental protection areas, based on sustainable natural resource management.
- 3.2 To achieve these objectives, the project will have the following components: (i) producer training; (ii) support for new market access; and (iii) systemization of information, monitoring, and dissemination of project outcomes.

B. Project components

Component I. Producer training (MIF: US\$448,100; Local counterpart: US\$284,960)

- 3.3 The aim of this component is to improve the technical skills of rural producers in the project area. The component also seeks to improve business management through producer training on organizational, production, administrative, financial, commercial, and environmental issues. The following activities are planned: (i) training in technical production for small-scale producers and members of cooperatives; (ii) environmental assessment and an aquaculture production expansion strategy; (iii) training in product extraction and processing; (iv) direct technical assistance for cooperatives and in-service training; (v) training in business ventures and partnerships; (vi) support for commercial management and international producer certification; and (vii) basic training in environmental management and worker health and safety.

- 3.4 Training and technical assistance for producers is intended primarily to improve production quality and raise supply to a more attractive level for a variety of buyers. The project will also include activities that enable the different participating cooperatives to support their members and will also serve as an important filter to ensure that product quality meets market requirements.
- 3.5 In this component a consultant will be hired to perform an environmental assessment of the aquaculture chain and identify sustainable local production capacity. This consulting service will also help producers perform their own assessments of local environmental conditions to ensure satisfactory production and product quality.
- 3.6 To help ensure environmentally and socially sustainable management, the three production chains will receive basic training supported by environmental management and worker health and safety measures, with an eye to reducing accidents and improving sanitary conditions.

Component II. Support for new market access (MIF: US\$374,000; Local counterpart: US\$571,600)

- 3.7 The aim of this component is to help producers improve the quality of product supply in order to meet market requirements, with a view to opening up new marketing opportunities, especially those that consider and value environmental and social factors as a key part of production. Marketing support will be provided for the three main production chains (tilapia-oyster, palmito, and cassava) as well as a number of activities for the pissaba palm production chain.
- 3.8 National and international market studies of the tilapia/oyster, palmito, and cassava chains will be performed, as well as an analysis of the competitive position of their various products. Marketing channels will be developed for the products in each chain. A key part of the marketing process will involve obtaining food safety² and fair-trade certification.
- 3.9 The various chains also require specific assistance to help expand and improve their market opportunities. In the case of aquaculture, for example, a study of opportunities for expanding oyster farming in the project area will be performed, as will an analysis of the tilapia production chain. In the case of palm heart production, an organic composting unit will be established for waste material from pejibaye palm production and processing.
- 3.10 Although the project does not target the pissaba palm production chain to the same degree as the others, it will include activities to identify areas of greatest market potential to permit future expansion.

² Hazard analysis and critical control point (HACCP).

Component III. Systemization of information, monitoring, and dissemination of project outcomes (MIF: US\$194,000; Local counterpart: US\$30,000)

- 3.11 This component will systemize and consolidate project information in order to monitor the program and disseminate its outcomes. It will also disseminate the model and establish a strategy for the future. The idea is to heighten awareness on APA sustainable management and to hold workshops and seminars to disseminate lessons learned so they can be replicated by other municipal governments and civil society organizations. The following activities will be undertaken: (i) systemization and validation of transferable experiences; (ii) dissemination of the program through different virtual media and the press; (iii) seminars and local and regional dissemination events; (iv) participation in external national conferences for dissemination and exchange; and (v) an international conference to close the program.
- 3.12 Project monitoring will be based on an adaptation of the existing IDES system for preparation and monitoring of long-term plans, with procedures such as: (i) the preparation of annual programs with objectives, deadlines, and budgets for each project; (ii) monthly technical and financial meetings and reports, making it more viable for people already linked to the DIS program.
- 3.13 For project dissemination, a communication and advertising firm will be hired to develop information material such as brochures and folders that inform local stakeholders about the project and encourage greater participation by other producers in local production chains. In addition, a website will be created with a link to the DIS program as a tool for monitoring and publicizing the project.
- 3.14 Several events are planned to disseminate various aspects of the project. In the case of market studies, four local workshops will be held with the help of different cooperatives and other producers with a potential interest in market opportunities. Local seminars will also be held to publicize project outcomes, with the participation of various local stakeholder entities.
- 3.15 The final conference to disseminate project outcomes will be held in the last year of the project and will be attended by the stakeholders, particularly project beneficiaries and associated institutions and universities. This event will provide an opportunity to discuss a future strategy for APA sustainable management so that lessons learned can be replicated by other municipal governments and civil society organizations.

IV. PROJECT COST AND FINANCING

- 4.1 The estimated cost of the project is US\$2,200,000. The MIF will contribute US\$1,100,000 (50%) in nonreimbursable funding, with IDES being responsible for

ensuring that the local counterpart provides the remainder. The Odebrecht Foundation has confirmed its commitment to provide the counterpart funding.

Table 1. Budget by component (in US\$)				
Components	MIF	Local contribution	Total	%
I. Producer training	448,100	284,960	733,060	33.3
II. Support for new market access	374,000	571,600	945,600	43.0
III. Systemization of information, monitoring, and dissemination of project outcomes	194,000	30,000	224,000	10.2
Project management	3,000	176,040	179,040	8.1
Monitoring and evaluations	45,000	14,400	59,400	2.7
Financial audits	15,000	-	15,000	0.7
Contingencies	20,900	23,000	43,900	2.0
TOTAL	1,100,000	1,100,000	2,200,000	100.0
Percentage	50%	50%		

- 4.2 **Sustainability.** Project sustainability is expected to be achieved in two main ways. First, the activities will strengthen the cooperatives by giving them greater access to new markets with better prices for members. As a result, cooperative members will be better able to sustain and grow their businesses. The second force for sustainability stems from the demonstration effect and the chance to replicate the model among other cooperatives. This is a pilot project for a select group of cooperatives, which could be replicated with others in the same area or elsewhere in the country, especially in environmentally sensitive areas.

V. EXECUTING UNIT AND EXECUTION MECHANISM

A. Executing agency

- 5.1 The project executing agency will be the Sustainable Development Institute of the Extreme South of Bahia (IDES), which was created in 1997 by the Odebrecht Foundation at the initiative of entrepreneurs, foundations, NGOs, and enterprises in the region. The key aim of IDES is to promote sustainable development in the Juliana River basin, through projects that solve local problems relating to agroforestry systems, environmental education, rural tourism, and ecotourism. Its main focus is to make productive activities environmentally sustainable; combining the economic exploration and use of natural resources with their protection and conservation, thereby enabling nature to recover, and ensuring the availability of these resources for future generations.

B. Execution mechanism

- 5.2 Project execution will be governed by Operating Regulations that set out the scope, terms, and conditions of use of project resources. It will be managed by a Project Coordinator and an administrative assistant. The Coordinator will be responsible for: (i) fulfillment of contractual conditions and compliance with the project Operating Regulations; (ii) management of project activities according to the annual work plan (AWP); (iii) supervision of consultants; (iv) oversight of budget management and execution through established procedures; (v) processing of requests for disbursements of Bank financing; (vi) presentation of management and technical reports to the Bank; and (vii) coordination of actions with institutional partners and other entities working on this issue. The Coordinator will be supervised by the IDES Executive Director.
- 5.3 Project execution will also involve other institutions, social organizations, and related cooperatives operating in the Baixo Sul region, including COOPEMAR, COOPALM, COOPATAN, and COOPRAP.
- 5.4 The government council (DIS) will consist of a representative of the government of Bahia, the President of AMUBS (the organization that represents the region's 11 municipalities), the President of the Odebrecht Foundation, and the Executive Director of IDES. The council's project-related functions will be: (i) reviewing AWP's and semiannual work plans; (ii) reviewing semiannual activities reports; (iii) seeking and coordinating suitable partnerships with other initiatives and actions in the project area; and (iv) promoting and disseminating project outcomes through various media and events.
- 5.5 **Execution period.** The project execution period will be 36 months, and the disbursement period 42 months. The Bank will establish a revolving fund for up to 10% of the total MIF/IDB-approved funding.
- 5.6 **Procurement of goods and consulting services.** For the procurement of goods, the executing agency must abide by the *Policies for the Procurement of Works and Goods Financed by the Inter-American Development Bank* (document GN-2349-7). For the procurement of consulting services, the procedures set out in the *Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank* (document GN-2350-7) will apply. Consulting services will be provided by individual consultants selected according to quality and cost, using any of the competitive methods established in the aforementioned policy. For contracts of less than US\$50,000, selection and procurement will be reviewed ex post by the Bank, except for the first three procurements which will be reviewed ex ante. The procedures used must guarantee transparent, competitive processes, with the lowest economic costs. Goods will be procured in accordance with the provision set forth in the *Policies for the Procurement of Works and Goods Financed by the Inter-*

American Development Bank (document GN-2349-7). The technical files include the proposed procurement plan, which will be reviewed annually.

- 5.7 **Project readiness.** Agreement has been reached on project objectives, components, and activities; as well as on the main project documents, including a draft detailed budget, Operating Regulations, and a timetable (see Annexes IV, V, and VI in the technical files).

VI. MONITORING AND EVALUATIONS

A. Supervision and monitoring

- 6.1 The Bank's Country Office in Brazil will be responsible for supervision and oversight activities, monitoring of compliance with contractual clauses, processing disbursement requests, and receiving audited financial statements. The executing agency, acting through the program execution unit (PEU), will present semiannual status reports to the Bank's Country Office, in line with the Bank's standard reporting requirements. A closing workshop will be scheduled for the end of the project to evaluate the outcomes and any actions needed to increase the project impact.
- 6.2 The executing agency will implement a monitoring system containing both quantitative and qualitative progress indicators. The latter will include: (i) the beneficiary profile; (ii) an evaluation by beneficiary entrepreneurs themselves; and (iii) the program's development impact and the efficiency of its activities. The quantitative indicators will include: (i) project participation by the direct beneficiaries; (ii) the impact of the first component on training for producer families; (iii) the impact of the second component on the number of product marketing agreements; and (iv) the impact of the third component on the dissemination of program results for other environmental protection areas.

B. Evaluations

- 6.3 Two audits will be performed, one in the second year and another upon completion of the project. In collaboration with the executing agency, the Bank will hire consulting services to perform the evaluations and establish the indicator baseline and the outcomes monitoring system at the outset of the project. Two evaluations will be made: a midterm evaluation 18 months into the project or when 50% of the MIF financing has been disbursed, whichever occurs first, and a final evaluation three months before the end of the project. The midterm evaluation will cover the following key points: (i) the extent to which programmed activities have been completed and the extent to which intermediate indicators described in the logical framework have been met; (ii) the efficiency and quality of the service cooperative leaders and consultants provide to beneficiaries; (iii) effectiveness of actions to

implement and energize cooperatives and family units; and (iv) beneficiary satisfaction. The final evaluation will cover: (i) project sustainability; (ii) the dynamism of the production chains; (iii) the types of cooperatives and beneficiary associations; (iv) the outcomes indicators described in the logical framework (financial sustainability of each cooperative, sales volume and prices of project-related products, commercial channels, incomes of beneficiaries and their families); (v) beneficiary satisfaction; and (vi) economic, social, and environmental aspects of developmental impact.

- 6.4 Based on the logical framework indicators and project reports, the evaluations will check for any significant deviation in project execution, and will recommend corrective measures, and highlight lessons learned.

VII. PROJECT BENEFITS AND RISKS

A. Benefits

- 7.1 The project's direct benefits will have to do with helping to improve and expand new market access for participating small-scale producers. Accordingly, many families will earn higher incomes and obtain a better quality of life. The project will facilitate the introduction of environmentally and socially sustainable production practices. Hence, it is expected to serve as a development model for other parts of the country, in environmentally sensitive or ecologically important regions, thus demonstrating the possibility of linking economic growth with environmental conservation.
- 7.2 **Beneficiaries.** The direct beneficiaries of project activities will be: (i) at least 152 fish farmers who are members of COOPEMAR (104 tilapia farmers and 48 oyster farmers); (ii) at least 390 rural producers who are members of COOPALM; (iii) at least 250 rural producers who are members of COOPATAN; (iv) at least 50 rural producers who are members of COOPRAP; and (v) other producers interested in the project, who are members of associations for small-scale rural production, fish farming, and sustainable plant extraction in environmental protection areas (APAs).
- 7.3 The indirect beneficiaries will be: (i) the general population, thanks to an improvement in their quality of life arising from employment and incomes generated through more consolidated production chains; (ii) local socioenvironmental institutions; (iii) local microenterprises and small businesses, support services and technical assistance providers; (iv) vocational NGOs with proven experience in promoting and technically assisting microenterprises, small businesses, and cooperatives; and (v) local consultants who will have a wider employment market.

B. Risks

- 7.4 Two main risks were identified during project preparation. The first is that the products of the different production chains may prove unsuitable or undesirable to international or national markets. *Mitigating factor:* the project will include market studies among its initial activities to ensure that a destination market exists for the proposed products before starting work with the producers. The second risk is that the quality of the products of some chains may not be up to market requirements, thus causing problems and difficulties for other projects. *Mitigating factor:* The project will strengthen the various participating cooperatives to help them ensure an acceptable level of market quality.

VIII. SOCIAL AND ENVIRONMENTAL IMPACT

- 8.1 The present operation is not expected to have negative environmental impacts, but positive ones because, by definition, the proposed activities and certification systems (see Component II) are consistent with environmental conservation measures for the *Pratigi*, *Caminhos Ecológicos da Boa Esperança*, *Tinharé-Boipeba* and *Baía de Camamu* APAs. In the aquaculture sector, funding will be provided for an environmental impact analysis of tilapia and oyster production; and adequate and sustainable production capacity in the project area will be established. This analysis will include physical and chemical studies of the production area, and a self-assessment plan that can be used by the producers themselves to optimize production on a sustainable basis. The project is expected to have a positive social impact because of its scope and because of the new employment opportunities it will be creating in the communities.
- 8.2 The Committee on Environment and Social Impact (CESI) reviewed and approved the program summary on 11 August 2006 (meeting 06-33). The Committee suggested two additional elements be included in the consulting services for the environmental assessment of the aquaculture production chain (see paragraph 3.5): (i) consultants hired for the environmental assessment will need to consider best international practices for small-scale aquaculture; and (ii) the consultants will need to discuss possible products with COOPEMAR producers.

IX. SPECIAL CONTRACTUAL CLAUSES

- 9.1 As a condition precedent to the first disbursement, the executing agency will must present the project Operating Regulations as agreed with the Bank.

LOGICAL FRAMEWORK MATRIX

BRAZIL – SUPPORT FOR ENVIRONMENTALLY SUSTAINABLE INTEGRATED PRODUCTION (BR-M1040)

Summary of objectives	Indicators	Means of verification	Assumptions
GOAL			
To contribute to the socioeconomic development of rural areas in the extreme south (Baixo Sul area) of the state of Bahia.	<p>Three years after the end of the project:</p> <ol style="list-style-type: none"> 1. Gross income per family will be up by at least 30% in the project area. 2. Number of families involved in the program will be up by roughly 40%. 3. At least three project-supported cooperatives will be financially self-sustainable and recording annual increases in both sales volume and members. 4. At least three new chains in the Baixo Sul region will be implementing the integrated production model promoted by the project. 	<ol style="list-style-type: none"> 1. Statistics from monitoring program beneficiaries in relation to the baselines. 2. Cooperative production and sales data. 3. Final evaluation and project completion report (PCR). 	<ul style="list-style-type: none"> • No major changes in the macroeconomic scenario (exchange-rate fluctuations, inflation, other); • Public policies on integrated sustainable development of production chains can be gradually introduced in the program area.
PURPOSE			
To consolidate a replicable integrated production model for small-scale producers in environmental protection areas (APAs), based on sustainable natural resource management.	<p>By the end of the program:</p> <ul style="list-style-type: none"> - At least three production chains will have been consolidated and will be directly benefiting 700 rural family units. - At least 60% of beneficiary cooperative producers report they are satisfied with the assistance received. - At least three cooperatives will have become financially self-sustainable. - The following outcomes will have been achieved in each participating cooperative: <ol style="list-style-type: none"> a. Aquaculture: Tilapia fillet sales volume will be up by at least 125% (baseline 2,109 kg/month); producer revenue will have increased by 250% (baseline R\$200/month); production costs will have declined by 20% (baseline R\$13.43/kg); 	<ol style="list-style-type: none"> 1. Semiannual project reports prepared by the executing agency. 2. Midterm and final project evaluation reports. 3. Baseline reference data for each production chain. 4. Reports of program management oversight and monitoring systems. 5. Project Performance Monitoring Report (PPMR) and Project Completion Report (PCR) – IDB internal oversight. 	<ul style="list-style-type: none"> • The beneficiaries continue to participate actively in the program and make use of the tools and techniques learned; • IDES and other entities continue to provide the support they currently provide for local production initiatives in Bahia. • Market access for cooperative products continues to be strong and growing; • Basic physical and social infrastructure available to meet existing beneficiary demand.

Summary of objectives	Indicators	Means of verification	Assumptions
	<p>b. Palmito (palm hearts): Palmito sales volume will be up by at least 80% (baseline 2,500 boxes/month); Cost of maintenance/fertilizers for production areas will be down by 15%; average cooperative member income will be up by 30% R\$379);</p> <p>c. Cassava: Monthly cooperative member income will be up by 10% based on sales of tilapia feed meal, feeding blocks, and modified starch (baseline: 465 individuals benefited/R\$129; with 37 associations, averaging 35 cooperative members or 1,833 family units/ R\$33);</p>	6. Reports on technical assistance for cooperatives.	
COMPONENTS			
<p>I. Producer training</p> <p>Improve qualifications and technical skills of rural producers in the project area, as well as management of business initiatives, through training in organizational, administrative, financial, commercial and environmental issues.</p>	<p>12 months into the program:</p> <p>1.1 Aquaculture</p> <ul style="list-style-type: none"> - 1 phase of environmental impact study will have been completed (Estuário Norte); - 1 phase of production expansion and support capacity study will have been completed (Estuário Norte); - At least 56 trained cooperative families will be participating in tilapia production (baseline: 32 families). <p>1.2 Palmito</p> <ul style="list-style-type: none"> - At least 270 families trained in palmito production according to alternative market requirements (baseline 220 families). <p>1.3 Cassava</p> <ul style="list-style-type: none"> - Start of aquaculture and livestock feed supplement production, using cassava meal (through an outsourced factory). <p>16 months into the program:</p> <p>1.1 Aquaculture</p> <ul style="list-style-type: none"> - Two studies of production support capacity and expansion will have been held and disseminated (Estuário Norte). - Two environmental impact studies conducted and disseminated. (Estuário Norte). 	<ol style="list-style-type: none"> 1. Semiannual project reports prepared by the executing agency; 2. Agreements between IDES and institutions associated with the project to implement training activities; 3. Teaching materials prepared for the courses; 4. Consultants' technical reports 5. Evaluations of course results; 6. PPMR and PCR; 7. Midterm evaluation 	<ul style="list-style-type: none"> • Environmental studies are accurate; • Contents are adapted to training needs; • Selection of beneficiaries trained is based on a profile suited to their function; • Beneficiaries remain committed to participating in the program. Consultants and instructors are available for local activities.

Summary of objectives	Indicators	Means of verification	Assumptions
	<p>1.2 Palmito</p> <ul style="list-style-type: none"> - Composting unit set up with a trained five-person team. <p>24 months into the program:</p> <p>1.1 Aquaculture</p> <ul style="list-style-type: none"> - At least 80 cooperative families are participating and are trained to adapt production as recommended in the environmental impact study. - At least 32 families trained in oyster production. <p>1.2 Palmito</p> <ul style="list-style-type: none"> - At least 330 cooperative families are trained and are participating. <p>1.3 Cassava</p> <ul style="list-style-type: none"> - At least 200 producers trained in meal and feeding block production. <p>By the end of the program:</p> <p>1.1 Aquaculture</p> <ul style="list-style-type: none"> - At least 104 trained cooperative families will be involved in tilapia production. - At least 48 cooperative families trained will be involved in oyster production. <p>1.2 Palmito</p> <ul style="list-style-type: none"> - At least 390 cooperative families trained will be involved. <p>1.3 Cassava</p> <ul style="list-style-type: none"> - Cooperative structured with two technicians and 250 producers trained and participating in feed meal and feeding block production. 		

Summary of objectives	Indicators	Means of verification	Assumptions
<p>II. Support for new market access</p> <p>Assist producers in improving the quality of product supply, while meeting market requirements, with a view to opening up new marketing opportunities that includes valuing the socioenvironmental aspects of production.</p>	<p>12 months into the program:</p> <ul style="list-style-type: none"> - Marketing strategy defined for the four participating chains and at least five customers identified, preferably in alternative markets (fair trade and organic); <p>24 months into the program:</p> <p>2.1 Aquaculture</p> <ul style="list-style-type: none"> - At least three distribution channels consolidated. - Cooperative fair-trade certified, and processing unit HACCP certified. <p>2.2 Palmito</p> <ul style="list-style-type: none"> - At least three distribution channels consolidated. - Cooperative fair-trade certified. <p>2.3 Cassava</p> <ul style="list-style-type: none"> - Cooperative FSC and fair-trade certified for marketing feeding blocks. - At least three distribution channels consolidated for marketing feed meal and feeding blocks. <p>2.4 Pissaba</p> <ul style="list-style-type: none"> - Two distribution channels consolidated to market brooms and brushes. <p>By the end of the program:</p> <ul style="list-style-type: none"> - On average, at least three commercial agreements reached with each chain to market tilapia and oyster (COPEMAR), palmito (COOPALM), feed meal and feeding blocks (COOPATAN), and brooms (COOPRAP), preferably under certified fair trade. 	<ol style="list-style-type: none"> 1. Database of studies and evaluations; 2. Documentation on cooperative certification; 3. Documentation on product certification; 4. Commercial agreements; 5. Consultants' technical reports; 6. Semiannual project reports prepared by the executing agency; 7. PPMR and PCR; 8. Midterm evaluation 	<ul style="list-style-type: none"> • The IDES obtains external support for construction and outfitting of the tilapia and oyster processing unit; • Entrepreneurs remain committed to participating in the program; • Studies and evaluations are accurate; • Consultants with suitable profile are available for local activities; • Cooperatives are able to satisfy international certification procedures and standards; • The market for certified products remains in an uptrend.

Summary of objectives	Indicators	Means of verification	Assumptions
III. Systemization of information, monitoring, and outcomes dissemination Systemize and consolidate project information to allow for monitoring and outcomes dissemination.	6 months into the program: 3.1 The structure of program execution will have been implemented and will be functioning, including baselines, information management tools, monitoring and dissemination; 12 months into the program: 3.2 At least four regional events will have been held to disseminate the findings of the market study; 24 months into the program: 3.3 At least eight regional events will have been held for dissemination and exchange of technical assistance with at least 100 participants per event, with a view to developing other chains. By the end of the program: 3.4 An international event will have been held to disseminate the project.	1. Information products for program dissemination; 2. Semiannual project reports prepared by the executing agency; 3. Reports on monitoring system measurements; 4. Consultants' technical reports 5. Midterm and final evaluations; 6. PPMR and PCR.	<ul style="list-style-type: none"> • IDES partner institutions continue to be interested in expanding the program in the environmental protection areas of the Baixo Sul region of Bahia; • Other production chains, regions and countries are interested in replicating the model(s) developed in APAs and have the capacity to do so.
Activities			
1. Component I. Producer training 1.1 Training in production <ul style="list-style-type: none"> • Tilapia and oyster production system • Production of pupunha palm hearts (palmito de pupunha) • Cassava production 1.2 Environmental assessment and study of support capacity to establish production expansion strategy (Estuário Norte).	3 months into the program: - Based on identified training needs, at least one training event per chain will have been held for producers. 6 months into the program: - Two attendance-based production training activities will have been held in each of the chains; - Consulting services hired to perform the environmental impact and support capacity study (Estuário Norte); - One attendance-based enhancement and processing activity will have been held in each of the chains;	1. Semiannual project reports prepared by the executing agency; 2. Agreements between IDES and institutions associated with the project to implement training activities; 3. Teaching materials prepared for training activities; 4. Consultants' technical reports 5. Evaluations of course results; 6. Entrepreneurship training business plans;	<ul style="list-style-type: none"> • Environmental studies are accurate. • Contents adapted to training needs. • Selection of beneficiaries trained based on profile suited to the function. • Beneficiaries remain committed to participating in the program. • Consultants and instructors are available for local activities.

Summary of objectives	Indicators	Means of verification	Assumptions
<p>1.3 Training in product enhancement and processing</p> <ul style="list-style-type: none"> • Tilapia and oysters • Composting units for pupunha palm residues • Cassava products <p>1.4 Direct technical assistance for cooperatives and in-service training</p> <ul style="list-style-type: none"> • Aquaculture and product processing; • Pupunha palm production • Cassava production and processing. <p>1.5 Training in entrepreneurship/business partnership.</p> <p>1.6 Improvement of commercial management/international certification.</p> <p>1.7 Environmental management basic training (including worker safety and health).</p>	<ul style="list-style-type: none"> - Consultants selected will be providing direct technical assistance to the four cooperatives (baseline of family units: tilapia - 32, pupunha palm hearts - 220, pissaba/brooms and brushes - 20); - One entrepreneurship training event will have been held for beneficiaries identified in the three production chains; - One business partnership training event will have been held for beneficiaries identified in the three production chains; - One commercial management and certification training event will have been held for beneficiaries identified in the three production chains; - One environmental management basic training event will have been held for beneficiaries identified in the three production chains. <p>12 months into the program:</p> <ul style="list-style-type: none"> - Production training activities continue with at least 10 events held; - Environmental impact study completed (Estuário Norte); - Enhancement and processing training activities continue with the least seven events held; - At least five people from the pupunha production chain will have been trained to operate the composting unit; - Systematic direct technical assistance and in-service training activities continue in the four cooperatives, serving 56 family units producing tilapia and 270 pupunha producers; - Entrepreneurship and partnership training activities continue with at least three events held; - Commercial management/certification training events continue with at least two events held; - Environmental management basic training activities continue with at least two events held; 	<p>7. Records of visits and meetings held in technical assistance activities;</p> <p>8. PPMR and PCR;</p> <p>9. Midterm evaluation</p>	

Summary of objectives	Indicators	Means of verification	Assumptions
	<p>16 months into the program:</p> <ul style="list-style-type: none"> - Study of the Estuário Norte support capacity completed. <p>24 months into the program:</p> <ul style="list-style-type: none"> - Attendance-based training activities continue on production, enhancement and processing, entrepreneurship/business partnership; commercial management/certification and environmental management system; - Systematic direct technical assistance and in-service training activities continue in the four cooperatives, serving 80 family units producing tilapia and 80 producing oysters; 330 pupunha producers; 200 cassava and pissaba/broom and brush producers - 40. <p>By the end of the program:</p> <ul style="list-style-type: none"> - At least 60 attendance-based training activities will have been held in production, enhancement and processing, entrepreneurship/business partnership; commercial management/certification and environmental management system; - Systematic direct technical assistance and in-service training activities in three cooperatives, are being conducted with participation by local consultants (Baixo Sul), serving 104 family units producing tilapia and 48 producing oysters; 390 producers of pupunha, 250 producers of cassava and pissaba/ brooms and brushes 50. 		

Summary of objectives	Indicators	Means of verification	Assumptions
<p>2. Component II. Support for access to new markets</p> <p>2.1 Tilapia and oyster markets</p> <ul style="list-style-type: none"> • Study of national and international tilapia and oyster markets; • Study of oyster farming opportunities; • Study of competitive positioning of the tilapia chain; • Development of tilapia fillet and oyster marketing channels; • Certification of the COOPEMAR cooperative (fair trade); • Certification of tilapia and oyster enhancement (HACCP); <p>2.2 Market for pupunha palm hearts</p> <ul style="list-style-type: none"> • Study of national and international markets for pupunha palm hearts; • Study of competitive positioning of the pupunha palm hearts chain; • Development of marketing channels for pupunha palm hearts; • Establishment of a composting unit for pupunha residue production and processing; • Certification of COOPALM (fair trade); 	<p>2 months into the program:</p> <ul style="list-style-type: none"> - Consulting services contracted to conduct market studies for selected products from the tilapia/oyster, pupunha palm heart, cassava, and pissaba production chains; - Research commissioned on an aquaculture feed formula, based on cassava meal. - Study commissioned to improve pissaba fiber broom and brush design. <p>6 months into the program:</p> <ul style="list-style-type: none"> - Market study will have been undertaken to identify at least five customers from alternative markets (national and international) for tilapia fillets and oysters. - Market study will have been undertaken to identify at least five customers from alternative markets (national and international) for pupunha palm hearts. - Market study will have been undertaken to identify at least five customers from alternative markets (national and international) for cassava feeding blocks. - Market study will have been undertaken to identify at least five customers from alternative markets (national and international) for modified cassava starch. - Market study will have been undertaken to identify at least five customers from alternative markets (national and international) for pissaba products (brooms, oils -fatty acids and activated carbon). 	<ol style="list-style-type: none"> 1. Semiannual project reports prepared by the executing agency; 2. Agreements between IDES and institutions associated with the project to undertake market development activities; 3. Database of the market, competitive positioning, and investment opportunity studies; 4. Product obtained in feed formulation; 5. Database and prototype design studies for pissaba products; 6. Commercial contracts; 7. Promotional materials; 8. Documentation on cooperative certification; 9. Documentation on product certification; 10. Consultants' technical reports 11. PPMR and PCR; 12. Midterm evaluation 	<ul style="list-style-type: none"> • The IDES obtains external support for construction and outfitting of the tilapia and oyster processing unit; • Beneficiaries remain committed to participating in the program; • The studies are accurate; • Consultants with a suitable profile are available for local activities; • Cooperatives are able to satisfy international certification procedures and standards; • The market for certified products remains in an uptrend.

Summary of objectives	Indicators	Means of verification	Assumptions
<p>2.3 Market for cassava products</p> <ul style="list-style-type: none"> • Feed meal- conclude research on formulation of the cassava-based feed meal; • Feed meal- Contract (social partnership) between COOPATAN, COOPEMAR, and the Primor factory, to produce and supply feed; • Feeding block - Identification of national market and customers; • Feeding block - Prospecting of international fair trade market for feeding blocks; • Feeding block - Cooperative certification (FSC, fair trade); • Modified starch - Identification of national market and customers • Modified starch - Prospecting of international fair-trade market; • Study of competitive positioning for selected products from the cassava chain; • Development of marketing chains for cassava products; <p>2.4 Market for pissaba products</p> <ul style="list-style-type: none"> • Study of national market for pissaba products (brooms, oil and activated carbon); • Study of international market for pissaba products (brooms, oil and activated carbon); • Study of potential for sustainable extraction of pissaba; 	<p>12 months into the program:</p> <ul style="list-style-type: none"> - Study of oyster production potential; - Study of sustainable pissaba extraction potential; - Study of competitive positioning of the tilapia chain; - Study of competitive positioning of the pupunha palm hearts chain; - Research will have been completed on development of an aquaculture feed formula using cassava starch; - Commercial contract will have been signed between COOPATAN, COOPEMAR, and the Primor factory to produce and supply tilapia feed; - Study of pissaba broom and brush design completed; - Promotional material prepared and disseminated for the products of each chain. <p>15 months into the program:</p> <ul style="list-style-type: none"> - Activities for certification in the aquaculture production chain - Activities for certification in the pupunha palm heart production chain - Composting unit implemented with a five-person team. - Activities carried out for certification in the cassava production chain <p>18 months into the program:</p> <ul style="list-style-type: none"> - COOPEMAR certified in fair trade; - Enhancement of tilapia fillets and oysters HACCP certified; - COOPALM fair-trade certified; - COOPATAN FSC and fair-trade certified; 		

Summary of objectives	Indicators	Means of verification	Assumptions
<ul style="list-style-type: none"> Improvement of pissaba fiber broom and brush design. 	<p>24 months into the program: Program activities continue for consolidation of production chain distribution channels.</p> <p>By the end of the program:</p> <ul style="list-style-type: none"> Production chain distribution channels consolidated, resulting in sales growth of 125% for tilapia fillet and 80% for pupunha palm hearts. 		
<p>3. Component III. Systemization of information, monitoring, and outcomes dissemination</p> <p>3.1 Program dissemination</p> <ul style="list-style-type: none"> Preparation of dissemination materials; Regional event to launch the program; DIS website - development and maintenance of link. <p>3.2 Seminars and local and regional dissemination events</p> <ul style="list-style-type: none"> Four workshops to disseminate market studies; Five seminars to disseminate outcomes; Dissemination in local and regional media. <p>3.3 Participation in external national conferences for dissemination and exchange</p> <p>3.4 Systemization and validation of experiences</p> <ul style="list-style-type: none"> Systemization of experiences for subsequent publication. 	<p>2 months into the program:</p> <ul style="list-style-type: none"> Dissemination materials created, produced and published; Regional events held to launch the program. <p>6 months into the program:</p> <ul style="list-style-type: none"> DIS website with link to the program being accessed by interested parties; <p>12 months into the program:</p> <ul style="list-style-type: none"> Four workshops will have been held to disseminate the findings of the market, competitive positioning, and socioenvironmental entrepreneurship opportunities studies; One dissemination seminar held in Baixo Sul attended by at least 100 people; Dissemination using local and regional media; Participation in three external conferences on corporate social responsibility and related issues, to disseminate program outcomes. <p>24 months into the program:</p> <ul style="list-style-type: none"> Seven dissemination seminars held in Baixo Sul, with average attendance of at least 100 per event; Dissemination continues using local and regional media. Participation in six external conferences on corporate social responsibility and related issues, to disseminate program outcomes. 	<ol style="list-style-type: none"> Publications and dissemination materials prepared. Web portal operational; Records of the outcomes of events held; Program papers presented in external conferences; Semiannual project reports prepared by the executing agency; Reports on monitoring system measurements; Consultants' technical reports Publications by IDES and partner institutions on program outcomes; Midterm and final evaluations; PPMR and PCR. 	<ul style="list-style-type: none"> IDES partner institutions remain interested in expanding the program in the environmental protection areas in the Baixo Sul zone of Bahia; Other production chains, regions, and countries continue to be interested in replicating the model(s) developed in APAs and have the capacity to do so.

Summary of objectives	Indicators	Means of verification	Assumptions
3.5 International conference for project closure to disseminate outcomes and exchange information.	<p>By the end of the program:</p> <ul style="list-style-type: none"> - Nine dissemination events (seminars and workshops) held in Baixo Sul, with average attendance of at least 100 per event. - Participation in nine external conferences on corporate social responsibility and related issues, to disseminate program outcomes. - Program outcomes will have been systemized and disseminated through publications, including digital books, and through IDES communication vehicles and institutional partners; - A final international conference held. 		

SUMMARY BUDGET
BRAZIL – SUPPORT FOR ENVIRONMENTALLY SUSTAINABLE INTEGRATED PRODUCTION
(BR-M1040)

	TOTAL			
	MIF	Counterpart	IDES	Subtotal
		Financial	Economic	
Component I: Producer training	448,100	43,000	241,960	733,060
Activity 1.1: Training in production	102,600	16,200	61,200	180,000
A. Tilapia and oysters	34,200	5,400	20,400	60,000
B. Pupunha palm hearts (palmito de pupunha)	34,200	5,400	20,400	60,000
C. Cassava	34,200	5,400	20,400	60,000
Activity 1.2: Environmental assessment and support capacity—Estuário Norte	145,000	0	23,600	168,600
Activity 1.3: Training in product enhancement and processing	41,600	3,900	18,200	63,700
A. Tilapia and oysters	18,600	1,800	7,800	28,200
B. Pupunha palm hearts - composting unit	4,400	300	2,600	7,300
C. Cassava	18,600	1,800	7,800	28,200
Activity 1.4: Direct technical assistance	94,100	0	124,560	218,660
Activity 1.5: Training in entrepreneurship/business partnership	21,600	6,800	4,800	33,200
Activity 1.6: Improvement in commercial management/certification	21,600	6,800	4,800	33,200
Activity 1.7: Basic training in environmental management system	21,600	9,300	4,800	35,700
Component II: Support for new market access	374,000	454,000	117,600	945,600
Activity 2.1: Tilapia and oyster markets	83,000	145,000	26,880	254,880
Activity 2.2: Pupunha palm heart market	83,000	145,000	26,880	254,880
Activity 2.3: Cassava product market	97,000	130,000	50,400	277,400
A. Feed meal	0	20,000	0	20,000
B. Cassava market and certification	97,000	110,000	50,400	257,400
Activity 2.4: Pissaba palm product market	76,000	19,000	13,440	108,440
Component III: Systemization of information, monitoring and outcomes dissemination	194,000	30,000	0	224,000
Activity 3.1: Program dissemination	49,000	5,000	0	54,000
Activity 3.2: Seminars and local and regional dissemination events	44,000	10,000	0	54,000
Activity 3.3: Participation in external national conferences	13,500	0	0	13,500
Activity 3.4: Systemization and validation of experiences	25,500	10,000	0	35,500
Activity 3.5: International conference for project closure, to disseminate results and exchange information	62,000	5,000	0	67,000

	TOTAL			
	MIF	Counterpart	IDES	Subtotal
		Financial	Economic	
Project administration and management	3,000	0	176,040	179,040
Monitoring and evaluation	45,000	0	14,400	59,400
Audit	15,000	0	0	15,000
Contingencies	20,900	23,000	0	43,900
TOTAL	1,100,000	550,000	550,000	2,200,000

RELATED PROJECTS
BRAZIL: SUPPORT FOR ENVIRONMENTALLY SUSTAINABLE INTEGRATED PRODUCTION
(BR-M1040)

A. MIF projects related to the same sector/issue in the country.

Project No. / Approval date	Project name, executing agency, and amount	Date of contract signing and original disbursement period in months	Percentage Disbursed	Observations: Satisfactory or problematic execution, including delays, overruns, reformulation, change of executing agency, etc.
ATN/ME-8031-BR 25 September 2002	Promotion of Socially Responsible Market Opportunities Visão Mundial Brasil (World Vision Brazil) US\$975,000	27 December 2002 48 months	52%	Highly satisfactory execution. Project targets are being met and surpassed in some cases.
ATN/ME-8512-BR 19 November 2003	Promotion of Commercial Opportunities among Rural Small Producers Lyndolpho Silva Foundation US\$1,125,000	15 March 2004 42 months	10%	Yellow flag. Project start up was delayed until August 2005. Initial activities, however, have now been satisfactorily integrated and the project is now proceeding in the six selected areas.
ATN/ME-8595-BR 4 December 2003	Support to Community-based Microenterprises in Alagoas Oceanus Project US\$88,130	2 January 2004 36 months	78%	Generally satisfactory. The first stage of the project is being successfully completed.
ATN/ME-8699-BR 12 April 2004	Competitiveness of the Productive Chain of the Rattan Sector SEBRAE-SC US\$89,500	24 June 2004 24 months	68%	Generally satisfactory. Activities in the first component, despite minor delays, are now being completed satisfactorily, and activities in the other components are ready to get under way.
ATN/ME-8677-BR 13 April 2004	Support for the Productive Chain of the Honey Industry in Piauí Federação das Entidades Apícolas do Piauí (Piauí Honey Industry Federation) US\$65,000	15 April 2004 32 months	50%	Generally satisfactory. Although activities were at a standstill for eight months as a result of staff changes in the executing agency, the latter expects to complete planned activities with a rescheduling.
ATN/ME-8835-BR 13 August 2004	Tourism Microenterprises Integration into the Formal Economy Instituto Floresta Viva (Live Forestry Institute) US\$46,870	18 October 2004 24 months	90%	Generally satisfactory. The project is in its final stages and activities are being implemented according to plan with a high number of participants.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

PROPOSED RESOLUTION

Brazil. Nonreimbursable Technical Cooperation ATN/-----BR Support for Environmentally
Sustainable Integrated Production

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank or such representative as he shall designate is authorized, in the name and on behalf of the Bank, as Administrator of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the Instituto de Desenvolvimento Sustentável do Baixo Sul da Bahia (IDES), and to take such additional measures as may be pertinent for the execution of the project proposal contained in document MIF/AT- with respect to a technical cooperation to support environmentally sustainable integrated production.
2. That up to the amount of US\$1,100,000, or its equivalent in other convertible currencies, shall be authorized for the purpose of this resolution, chargeable to the technical cooperation resources of the Small Enterprise Development Facility of the Multilateral Investment Fund.
3. That the above-mentioned sum is to be provided on a nonreimbursable basis.