

Development Effectiveness Matrix		
Summary		BR-L1559
I. Corporate and Country Priorities		
1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Themes	-Social Inclusion and Equality -Productivity and Innovation	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	-Micro / small / medium enterprises financed (#)	
2. Country Development Objectives		
Country Strategy Results Matrix		
Country Program Results Matrix	GN-2991-3	The intervention is included in the 2020 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		The program is consistent with the IDB Group's Proposal for Response against the COVID-19 Pandemic Outbreak (GN-2996) as part of support for the defense of the productive fabric and employment. See paragraphs 1.13 to 1.21 of the loan document.
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		9.6
3.1 Program Diagnosis		3.0
3.2 Proposed Interventions or Solutions		3.6
3.3 Results Matrix Quality		3.0
4. Ex ante Economic Analysis		10.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		3.0
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		1.0
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		1.0
5. Monitoring and Evaluation		9.3
5.1 Monitoring Mechanisms		2.5
5.2 Evaluation Plan		6.8
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Low
Identified risks have been rated for magnitude and likelihood		Yes
Mitigation measures have been identified for major risks		Yes
Mitigation measures have indicators for tracking their implementation		Yes
Environmental & social risk classification		B.13
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Internal Audit.
Non-Fiduciary	Yes	Environmental Assessment National System.
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project		

Note: (*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

The program, BR-L1559, in the amount of US\$200 million, is framed within the Bank's operational response to the COVID-19 Pandemic; a Global Credit Guarantee Fund Program in support of Emergency Investment for Access to Finance (FGI-PEAC). The general objective of the program is to support the survival of small and medium enterprises (SMEs) as a pillar of employment in Brazil in view of the crisis brought about by COVID-19. The specific objective is to support the short-term financial sustainability of SMEs.

The loan proposal presents a solid diagnosis of the problem and a review of international evidence. The proposed solution is an appropriate response for the identified problem and its contributing factors. In view of the crisis SMEs in the country face incremental challenges to their survival which the program seeks to mitigate through the creation of a new guarantee fund (FGI-PEAC), which in turn will catalyze the provision of financing. The program's focus is multisectoral and uptake is subject to demand but utilizing a proxy universe of the Traditional-FGI it was verified that the supported credit lines will amply support the most vulnerable sectors in face of the crisis.

The Results Matrix is coherent with the project's vertical logic, presenting adequate indicators at the outcome and impact level. Outcome indicators are properly defined to measure the program's achievement and fulfillment of its specific objectives. One of the main results is centered on measuring the survival of benefitted companies in comparison to a control group. Moreover, the leverage factor of the guarantee fund on the backed portfolio will be measured. The impact indicator –employment of supported companies – reflects the project's contribution to the general objective.

The economic analysis shows that the operation is efficient with an IRR of 18% and an NPV of US\$38.7MM. In a context of high uncertainty, the analysis captures the benefits derived from (i) the reduction in the decrease in the incomes of beneficiary firms and (ii) the preservation of employment in firms that survive thanks to the program.

The monitoring and evaluation plan proposes a reflexive analysis of outcome indicators in the Results Matrix, complemented by a qualitative analysis of the main challenges during execution and the proposed solutions. Moreover, an impact evaluation will be conducted utilizing propensity score matching and differences-in-differences for the measurement of the firm-survival indicator of beneficiary companies in comparison to a control group. The monitoring and evaluation activities shall be conducted by BNDS, as executing agency, in coordination with the Bank.