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**BRAZIL'S CONSTITUTIONAL FINANCING
FUNDS: HOW TO BUILD A METHODOLOGY
TO EVALUATE THE ECONOMIC AND
SOCIAL IMPACTS**

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LIST OF ACRONYMS

ACRONYMS	MEANING
AGRIN	FNE's Program for the Development of Agribusiness in the Northeast
AMC	Comparable Minimum Areas
ANPEC	National Association of Centers of Postgraduate Studies in Economics
BASA	Bank of Amazon
BB	Bank of Brazil
BNB	Bank of Northeast
BNDES	Brazilian Development Bank
CNAE	National List of Economic Activities
DEA	Análise Envelope of Data
EGC	General Equilibrium Model
FCF	Constitutional Financing Funds
FCO	Constitutional Financing Funds of the Midwest Region
FNE	Constitutional Financing Funds of the Northeast Region
FNO	Constitutional Financing Funds of the North Region
FPE	States Funds
FPM	Municipalities Funds
GDP	Gross Domestic Product
IPEA	Institute of Applied Economic Research
IPI	Tax on Industrialized Products
IR	Income Tax
MI	Ministry of National Integration

ACRONYMS	MEANING
MIP	Input-Output Matrix
MMG	Method of Generalized Moments
PNDR	National Policy for Regional Development
PPA	Federal Branch Multiannual Plan
PROATU	FNE's Program in Support of the Regional
PRONAF	National Program in Support of Family Farm
PSM	Propensity Score Matching
RIDE	Integrated Region for Economic Development
SFRI/MI	Secretariat of Regional Funds and Tax Incentives of Ministry of National Integration
SUDAM	Superintendence of the Development of the Amazon
SUDECO	Superintendence of the Development of the Midwest Region
SUDENE	Superintendence of the Development of the Northeast Region
TJLP	Long-term Interest Rate

1 – INTRODUCTION

Brazil, since the second half of the 20th century, has had one of the major economies of the world capitalist system. Due to its large territory and population, the complexity of its society, its historical conditions, and the peculiar development of its capitalist system, Brazil has also developed one of the greatest inequalities in income over the last few decades, at least in spatial terms. For example, in 2009, the Gross Domestic Product (GDP) from the Southeast Region was 55.3% of the national GDP - four times higher than the GDP of the Northeast Region and almost 11 times higher than the GDP of the North Region. In this context, the creation of Constitutional Financing Funds (FCF) had the main objective of contributing to the economic and social development of the North, Northeast and Midwest Regions. Through support differentiated productive activity in these regions, FCF would thus facilitate the reduction of distortions between the Brazilian regions.

Since the policy's creation, these FCF loans have been fundamental in the economy's development, improving the economic and social conditions of the regions. These loans contribute to the generation of employment and income, and support the potential of development in these regions, in accordance with the guidelines of the National Policy for Regional Development (PNDR), the Ministry of National Integration (MI), and the Deliberative Councils of their Funds.

The strong ability of these loans to contribute to the growth and regional development of the regions is very important. Diagnostics to measure the generated impacts should be developed to build propositions for improvements in order to make the loans even more effective in the process of regional development.

So, it is essential to evaluate the economic and social impacts arising from the FCF investments in order to: (1) verify that the results obtained are in agreement with

the objectives defined for the application of resources; (2) identify possible legal and operational bottlenecks that entail limitations to objectives recommended; (3) optimize the economic and social impacts, with the generation of employment, income, and increase in tax collection; (4) verify the possibility to optimize the reduction of regional inequalities, with the objective of subsidizing its improvement, by adjusting the PNDR so to better direct the investment of the resources towards institutional effort, combat regional inequalities, and eliminate extreme poverty.

Thus, in order to contribute to the fulfilment of the mission of the Ministry of National Integration, it aims to build a methodology to be applied for monitoring and evaluating the Constitutional Financing Funds, involving social and economic aspects arising from its loans.

2 – BRAZIL'S CONSTITUTIONAL FINANCING FUNDS

2.1 – ASPECTS OF INCOME CONCENTRATION IN BRAZIL IN THE 1980'S

After World War II up to the end of the 1970s, The Brazilian economy presented an impressive performance in which the GDP grew at a rate of approximately 7% per year.

While Brazil was creating a diversified industry and the levels of urbanization was rising, income and regional inequalities was increasing. These arose from a model of unequal development.

As shown in the two tables below, the participation of the North, Northeast and Midwest regions in the GDP of Brazil in 1970 corresponded to approximately 17.7%. These three regions inhabited 39.5% of the population of the country.

This scenario of inequality, as shown by the tables below, persisted until the current year, even though a significant reduction was observed in the concentration of

income in the country: in 2010, the North, Northeast and Midwest was responsible for little more than 28% of the Brazilian GDP, while 43.5% of the population was living in these localities.

**TABLE 1: EVOLUTION OF THE BRAZILIAN GDP BY REGION SINCE 1950
(in percentage – %)**

Brazilian Regions	1950	1960	1970	1980	1990	2000	2010
Midwest (a)	1,79	2,42	3,87	5,43	5,16	8,39	9,30
North (b)	1,71	2,23	2,16	3,18	4,94	4,38	5,34
Northeast (c)	14,65	14,79	11,71	12,00	12,86	12,45	13,46
Subtotal (a + b + c)	18,15	19,44	17,74	20,61	22,96	25,22	28,11
South (d)	16,29	17,78	16,71	17,01	18,21	16,47	16,51
Southeast (e)	65,55	62,79	65,55	62,38	58,83	58,31	55,39
Subtotal (d + e)	81,85	80,56	82,26	79,39	77,04	74,78	71,89
TOTAL (a + b + c + d + e)	100,00	100,00	100,00	100,00	100,00	100,00	100,00

Source: own elaboration based on data from ipeadata.gov.br.

**TABLE 2: EVOLUTION OF THE BRAZILIAN POPULATION BY REGION
SINCE 1950 (in percentage – %)**

Brazilian Regions	1950	1960	1970	1980	1991	2000	2010
Midwest (a)	2,95	3,74	4,89	5,72	6,42	6,85	7,37
North (b)	3,94	4,13	4,43	5,56	6,83	7,60	8,32
Northeast (c)	34,60	31,51	30,18	29,25	28,94	28,12	27,82
Subtotal (a + b + c)	41,50	39,38	39,50	40,54	42,20	42,57	43,51
South (d)	15,09	16,75	17,71	15,99	15,07	14,79	14,36
Southeast (e)	43,41	43,87	42,79	43,47	42,73	42,65	42,13
Subtotal (d + e)	58,50	60,62	60,50	59,46	57,80	57,43	56,49
TOTAL (a + b + c + d + e)	100,00	100,00	100,00	100,00	100,00	100,00	100,00

Source: own elaboration based on data from ipeadata.gov.br.

The year 1980 interrupted the cycle of accelerated growth, as signified the combination of an inflationary process chronic with the economic stagnation and with the worsening of spatial inequalities and income.

This period was also characterized by a series of successive plans to stabilize the economy. Although these plans alternated orthodox and heterodox characteristics, they did not succeed in combating inflationary process.

Despite these changes in the economic scenario, regional development policy was not abandoned after the 1980s. There were constitutional provisions that elected regional development as one of the fundamental objectives of the Republic and one of the principles of economic order. There were also laws that aimed at achieving these constitutional principles, allocating resources for regional development programs. For example, 1989 Law n° 7827, regulated the article 159, I, "c", of the Federal Constitution, creating the Constitutional Financing Funds of the North, Northeast and Midwest regions.

2.1 – REGIONAL INEQUALITIES IN THE TEXT OF THE 1988 FEDERAL CONSTITUTION

The historical persistence of regional imbalances in Brazil was the background to the establishment of regional policies supported by public funds, with the objective of promoting the development and diversification of productive of the poorest regions in the country. This perception was also present in the latest national constituent assembly when regional and federalism issues were objects of debates that culminated in article 159 of the 1988 Federal Constitution.

This article had a decisive role in federalism and regional issues in the country. First, the Federal Constitution determined that 21.5% and 22.5% of the inflow of the Income Tax (IR) and *Imposto sobre Produtos Industrializados*, translated as the Tax on Industrialized Goods (IPI) were applied, respectively, in the States Funds (FPE) and in the Municipalities Funds (FPM). This created objective conditions for the process of

fiscal decentralisation in the country, which increased the capacity of subnational entities for the provision of services and public policies.

Second, it also reserved 3.0% of that same inflow (IR + IPI) for application in financing programs for the private sector whose investments were found in the North, Northeast and Midwest regions. Through the Federal Government regional financial institutions, in accordance with the regional plans of development, half of the resources intended for their region were reserved to the semi-arid of the Northeast region of Brazil.

The obligation of the formulation, financing, and implementation of development regional policies were recovered with the creation of Constitutional Financing Funds of the North, Northeast and Midwest. These policies abandoned in the context of the crisis of the 1980s shook the fundamentals of the Brazil's economy.

2.3 – THE CREATION OF THE BRAZIL'S CONSTITUTIONAL FINANCING FUNDS

2.3.1 – OBJECTIVES

In Article 159 of the 1988 Federal Constitution, section I, paragraph "c", defined that 3% of the inflow of income taxes (IR) and tax on industrialized goods (IPI) is for financing the private sectors of the North, Northeast and Midwest¹ regions of Brazil.

Subsequently, the 1989 Law n° 7827, which regulated the article 159, section I, paragraph "c" of the 1988 Federal Constitution, created the Constitutional Financing

¹ It's important to define which States compose which recipient regions:

- a) North: States of Acre, Amazonas, Amapa, Para, Roraima, Rondonia, and Tocantins;
- b) Northeast: States of Maranhao, Piaui, Ceara, Rio Grande do Norte, Paraiba, Pernambuco, Alagoas, Sergipe, Bahia, in addition to the north parts of the States of Minas Gerais and Espirito Santo;
- c) Midwest: States of Mato Grosso, Mato Grosso do Sul, Goias and Distrito Federal.

Funds of the North (FNO), the Northeast (FNE) and the Midwest (FCO). This had the objective of promoting the economic and social development of those regions through loans to private sectors.

The FCF loans must look for greater effectiveness, in order to increase the productivity of the companies, create new jobs, raise the tax collection and improve the distribution of income.

2.3.2 – ORIGIN OF RESOURCES

Article 6 of 1989 Law n° 7827 defines the constitution of the sources of resources that make up the budget for these Funds. The main sources are:

- a) 3% of the Income Tax (IR) and Tax on Industrialized Products (IPI). Of this total, the FNE has a share of 1.8% and the other two funds (FCO and FNO) have a share of 0.6 %; and
- b) returns, and results of their applications.

It is important to note that the Federal Government can not impound the resources of these Funds. The resources of the budget in a given year that perhaps is not fully implemented, the availability will provide resources to make new loans in the next financial year. The decision to invest is, therefore, a discretionary act of the administrators of these resources, combined with the demand for credit of these regions.

The Funds will also have tax exemption. The financing operations are free of any tax or contribution, including the tax on credit operations or any kind of social contributions.

2.3.3 – ADMINISTRATION OF RESOURCES

The Constitutional Financing Funds of the North Region (FNO) are administered by the Ministry of National Integration (MI) and by the Deliberative Council of the Superintendence of the Development of the Amazon (SUDAM) and Bank of Amazon (BASA).

The FNE are also administered by the Ministry of National Integration and by the Deliberative Council of the Superintendence of the Development of the Northeast Region (SUDENE) and the Bank of Northeast (BNB).

The MI also manages the FCO together with the Deliberative Council of the Superintendence of the Development of the Midwest (SUDECO) and Bank of Brazil.

The MI is responsible for laying down guidelines for the loans, establish standards for operationalization of funding programs, supervise, monitor and control the application of resources and evaluate the performance of these funds.

The Deliberative Council of the SUDECO, SUDENE and SUDAM are responsible for providing, annually, the priorities for the implementation of resources, approving the funding programs, assessing the results obtained with the application of resources, determining measures of adjustments necessary to comply with the established policies and the adequacy of financing activities to regional priorities, and are responsible for routing the funding programs and the results obtained with the application of the resources to the Congress.

The financial agents of FCO (Bank of Brazil), of the FNE (Bank of Northeast) and the FNO (Bank of Amazon) are responsible for applying the resources, defining standards, procedures and operational conditions of banking activity, in addition to analyzing the financing proposals in its multiple aspects, including the relation to economic and financial viability and granting loans.

2.3.4 – TYPE OF COMPANIES AND SECTORS SUPPORTED

The Constitutional Funds finance (grant loans to) farmers and firms that wish to start, expand, diversify or modernize their businesses and to develop productive activities in the following sectors: agriculture, livestock, industry, agribusiness, tourism, infrastructure, trade and services. By Law, the public sector (government and state-owned company) are not allowed to receive any kind of loans.

Family farmers framed in PRONAF², mini and small farmers and micro and small companies receive preferential treatment. Also, the activities that use intensively local raw materials and labor; the production of basic food for the population; projects that preserve the environment and/or adopt good environmental practices and projects that promote science, technology and innovation.

The special treatment reserved for entrepreneurs, sectors and projects mentioned above is given offering loans with extended deadlines, extended funding limits, interest rates and other charges differentiated or favored. The interest rates can also vary according social, economic and spatial aspects.

At this point, it is important to clarify which administrator of these Funds will assume the risk of the loans; in other words, who should pay for the losses if the credit become default. The risks inherent in loans contracted with Constitutional Funds are supported in three different ways:

- a) “full risk” (100%) for the Government: in cases of losses, Government will cover the loans that became default;

² NATIONAL PROGRAM IN SUPPORT OF FAMILY FARM (PRONAF) is intended for financial support of agricultural and non- agricultural activities exploited by direct employment of the workforce of the farmer and his family. It is understood by non agricultural activities services related to agriculture tourism, handicraft production, family agribusiness and other services in agriculture areas, which are compatible with the nature of the farm and with the best use of family labor.

- b) “shared risk” (50%) between Government and Banks: in cases that loans became default, Banks and Government will equally share the losses;
- c) “full risk” (100%) for the Banks: in cases of losses, Banks will cover the loans that became default.

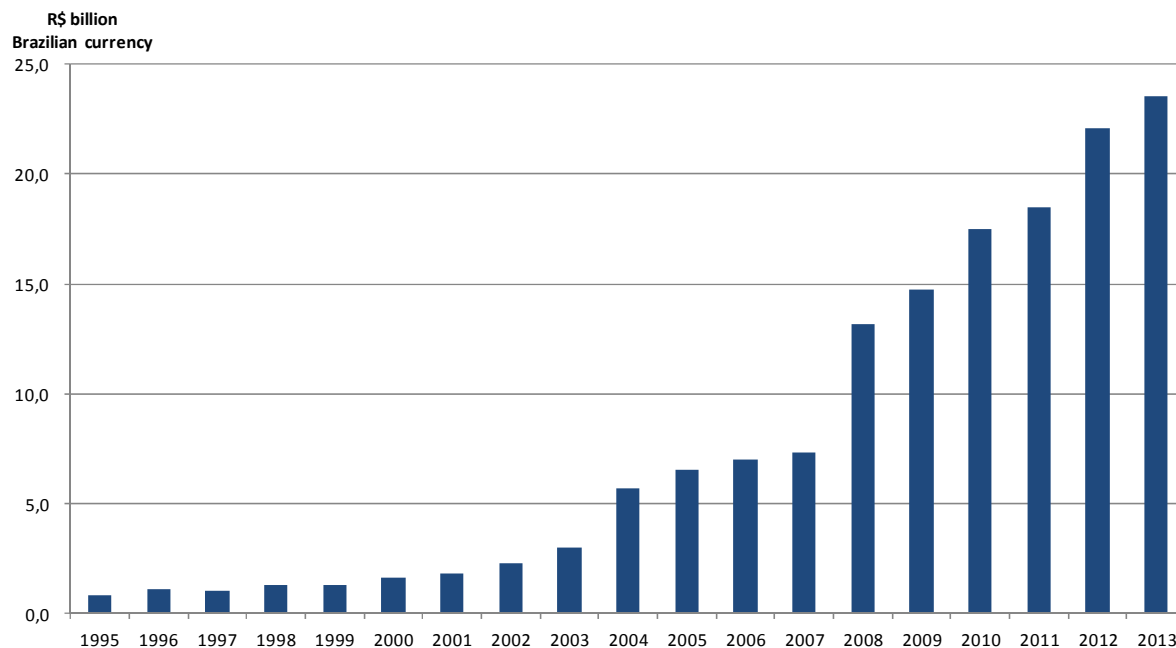
Currently, the risks in the event of loss (default) are fully borne by the Federal Government only for the small family farmer’s loans. Only the Bank of Brazil has taken a “full risk” of loans granted with FCO’s resources. Most of all the loans are contracted under “shared risk”.

2.3.5 – THE FUNDING OVER THE YEARS

Analyzing the historical series from 1989, there is a very positive balance regarding the contribution of Constitutional Financing Funds (FCO, FNE and FNO) for the reduction of regional inequalities and the expansion of opportunities for the development of the North, Northeast and Midwest.

According to the Ministry of National Integration, in twenty-five years of existence, the joint investment of FCO, FNE and FNO was higher than the R\$ 166 billion, allowing for 6.5 million loans. The following chart details the evolution of credit with this FCF’s resources from 1995 (due to the adoption of the Real Plan and the currency stabilization in Brazil) until the year 2013 (latest information available).

GRAPHIC 1: EVOLUTION OF THE AMOUNT CONTRACTED BY CONSTITUTIONAL FUNDS SINCE 1995



Source: own elaboration based on data from the Secretariat of Regional Funds and Tax Incentives from the Ministry of National Integration.

As shown in the graphic, the loans with resources of Constitutional Financing Funds have been growing since 2003 at high rates and became the most important source for financing the private sector in North, Northeast and Midwest regions in Brazil. After 2003, the FCF became the main source of resources of the regional development policy. Therefore, henceforth, this paper will focus on the analysis of the number from 2001 until 2013, in order to understand the reasons that have made the numbers of loans to rise and why it will be necessary to make changes in the administration of these resources.

In 2001, the sum of the loans of the three Constitutional Funds, as seen from the tables below, totaled R\$ 1,805.7 million, while in 2013, the sum of loans totaled R\$ 23,538.72 million; a gross growth exceeding 1,200 %. But what justifies a growth so large in so little time? Over the past 15 years, major changes in the laws of these Funds and in governmental management allowed the growth of loans.

The first amendments of greater relevance occurred in January 2001, with the enactment of Law n° 10177. From 2001, most part of the loans granted with resources of Constitutional Funds are “share risk” between the government and the bank. In other words, in case of default, banks and government split the losses. For some loans contracted with small family farmers, the risk of the operation are exclusively of the government, i.e., in the event of a default the government pays for the losses. The measure forced the banks to be more responsible at the time of the granting credit, by selecting the best projects according technical issues (and not political issues) and allowing the return of the loans for future budgets.

This measure has also allowed the government to afford half of an eventual default loss and encourage the banks to grant credit to those farmers and firms which the risk of the loan is extremely high because of their historical banking or by the economic activity that they play. The measure, although controversial, because FCF is a public policy, has made possible the access to credit for thousands of small farmers and companies who, until then, were not included in the financial market. By inserting these entrepreneurs in the credit market, there is no doubt that the measure was quite successful. Now, it is necessary to respond if this increase in loans allowed the desired economy growth in the undeveloped regions in Brazil.

Secondly, another important measure adopted from 2001 relates to interest rate. From this year, the interest rates have to be pre-set, i.e., at the moment to sign a loan contract, the farmers and firms knew with certainty the interest rate that would apply throughout the contract. Until then, the interest rates varied according to the TJLP³ and

³ TJLP: The Long-term Interest Rate was introduced by 1994 Provisional Measure n° 684. The TJLP has duration of three months and is calculated from the following parameters: I - inflation target calculated pro rata for the twelve months following the first month of validity of rate, including, based on annual targets laid down by the National Monetary Council; II – “premium risk”. The TJLP is fixed by the National Monetary Council and disclosed until the last working day of the quarter immediately prior to its expiry. Currently, in January 31, 2015, the TJLP is fixed at 5.5% a.a.

indexes that measured inflation in the period. This arrangement brought insecurity for entrepreneurs, because they did not know, for sure, which would be the rates that would apply in the course of financing, preventing an adequate planning of its activities. The law also created a reward repayment, a kind of discount for those entrepreneurs who regularly pay their loan installments.

Despite these changes in the form of interest rates, it was determined that by an act of Executive Branch interest rates could be reviewed annually. Thus, the interest rates can be changed, ranging to more or to less, adapting better to the reality of the market. It should be pointed out that the new interest rates can only be extended to old contracts if it is to benefit the borrowers, i.e. , if the new interest rates are lower than the rates originally contracted.

Another important change in the FCF's interest rates occurred in 2001. They have to be differentiated by size of farmers and companies and sector of the economy since then. A little later (in 2012), the law authorized the Executive Branch to set interest rates in accordance with the purpose of financing and by location of the firms and farmers (localities more developed x localities less developed). This change has made possible for the Ministry of National Integration to intensify its policy of differentiation, seeking to achieve in an appropriate intensity the population focus of regional policy.

Up to 2001, FCF granted loans only to the rural and industrial sectors. Important sectors for the Brazilian economy were not possible to finance: trade activities, services and infrastructure. Therefore, it could not finance schools, hospitals, supermarkets, shopping malls, construction of a hydroelectric power plant, a port, among other relevant activities. It is recorded that in the great part of the main cities in the interior of Brazil, mainly those municipalities in the North and Northeast regions of the country,

the main activity after agriculture and livestock, is the provision of services and trade activities.

TABLE 3: VALUES OF FUNDING BY ECONOMY SECTORS

Values of Funding (in R\$ milhons - Brazilian currency)					
Economy Sectors	2001	2004	2007	2010	2013
Agriculture/Livestock	1.184,45	2.906,85	3.883,54	6.587,89	10.414,93
Industry	458,47	1.185,10	1.560,32	4.670,46	5.591,63
Infrastructure	68,39	878,87	479,16	2.630,04	254,76
Trade and Services	94,39	708,79	1.393,97	3.629,46	7.277,39
Total	1.805,70	5.679,61	7.316,99	17.517,86	23.538,72

Values of Funding (in %)					
Economy Sectors	2001	2004	2007	2010	2013
Agriculture/Livestock	65,60	51,18	53,08	37,61	44,25
Industry	25,39	20,87	21,32	26,66	23,76
Infrastructure	3,79	15,47	6,55	15,01	1,08
Trade and Services	5,23	12,48	19,05	20,72	30,92
Total	100,00	100,00	100,00	100,00	100,00

Source: own elaboration based on data from the Secretariat of Regional Funds and Tax Incentives from the Ministry of National Integration.

Thus, from 2001, financing projects related to infrastructure, provision of services and trade activities became possible. Initially, there was a ceiling up of 10% of the annual budget for each of the Funds to apply to projects related to infrastructure and 10% of the annual budget for each of the Funds to apply to trade activities and services projects. However, in 2007, the ceiling for the financing of infrastructure projects was removed from the law, remaining as a discretionary act of the Ministry of National Integration and the Deliberative Councils of each Fund. With regard to trade and services projects, the maximum limit for financing those kind projects was increased to 20% of the budget of each Fund in 2007. In 2012, this limit was also removed from the law, and the definition of a limit is now determined by a discretionary act of the Ministry of National Integration and the Deliberative Councils of each Fund.

TABLE 4: GDP BY ECONOMY SECTORS – 2009
(in percentage – %)

Economy Sectors	Agriculture/ Livestock	Industry	Trade and Services		Government
Brazilian Regions			Health and Education	Others	
Midwest (a)	8,52	14,42	0,83	52,30	23,94
North (b)	8,48	30,28	0,54	42,42	18,28
Northeast (c)	5,78	21,41	0,91	51,35	20,54
Subtotal (a + b + c)	7,20	20,78	0,81	49,97	21,24
South (d)	2,45	25,18	1,29	50,81	20,27
Southeast (e)	7,02	25,70	1,10	48,10	18,09
Subtotal (d + e)	3,50	25,30	1,24	50,19	19,77
BRAZIL - TOTAL (a + b + c + d + e)	4,54	24,03	1,12	50,13	20,18

Source: own elaboration based on data from the Secretariat of Regional Funds and Tax Incentives from the Ministry of National Integration.

The reason to define limits for financing these economic activities is because of the amount of resources of the annual budget that infrastructure, trade and services projects are able to commit and not allowing loans for other economics activities. For example, a single infrastructure project needs a huge amount of money and the dynamism of trade activities and the provision of services can compromise the entire annual budget in a few weeks. Furthermore, it is believed that these activities can capture resources from other sources, obtaining, in function of the characteristics of its projects, costs (interest rates) compatible with the subsidised costs of Constitutional Funds. These, in turn, should focus their funding on activities that do not have great attractiveness (high risk) to private financial market (private banks) and/or activities that bring great return to the economy and society.

As seen in table 3, it is undeniable that the inclusion of these activities (infrastructure, trade and services) in the list of activities eligible for funding has contributed to the growth of loans. In 2010, infrastructure projects accounted for approximately 15% of the total amount of loans granted, while the activities of trade and services accounted for a little more than 20% of the total funding. Comparing,

infrastructure and trade and services activities accounted for 3.79% and 5.23% of the total amount loans granted in 2001.

In this period, according to the MI, major projects of energy sector were funded, between them, the two hydroelectric power stations on the Madeira River in the State of Rondonia (Santo Antonio and Jirau), the hydroelectric power station in the Xingu River, in the State of Para (Belo Monte), transmission lines, wind power plants in the Northeast Region. In this same period, the main cities of the Northern Region, including state capitals, had financed their first major shopping malls and large retail chains of supermarkets.

However, the Ministry of National Integration returned to regulate the financing of infrastructure projects. It sealed the granting of credit with resources of Constitutional Funds in 2012 for the implementation of projects of generation, transmission and distribution of energy, except in the cases of generation of electricity for their own consumption of the venture.

It is important to record that the funding for the small family farmers, framed in PRONAF (operations that the Government fully accept the risk of the operation), had great importance for the growth of the total values financed. According to information available by the Ministry of National Integration, approximately 10% of the total amount of loans granted in 2013 were for financing these small family farmers.

As shown in the table 3, the loans to the industrial sector always represented a little more than 20% of total amount, year upwards, year down, but without ever losing large representativity. On the other hand, loans for rural producers have fallen of 65.6% in 2001 to 44.2% in 2013. In 2010, the financing granted to the rural sector accounted for 37.6% of the total borrowing in the year.

A second way to examine the loans of Constitutional Funds is to look at the applications according to the size of the company. As defined in Law n° 7827, preferential treatment of productive activities of mini and small agricultures, their associations and cooperatives, and micro and small enterprises is provided. Therefore, the banks must observe the priority to finance the activities of small businesses.

It is important to note that the size of the company is defined by its annual gross revenues: increased annual revenue, increased the size of the company, as shown in the Figure 1 below:

FIGURE 1: COMPANY SIZE

Company Size by Annual Gross Revenue (Brazilian currency)	
Micro	Until R\$ 360,000
Small	R\$ 360,000 to R\$ 3.6 million
Small-Medium	R\$ 3.6 million to R\$ 16 million
Medium	R\$ 16 million to R\$ 90 million
Large	Above R\$ 90 million

Source: own elaboration based on data from the Secretariat of Regional Funds and Tax Incentives from the Ministry of National Integration.

In 2011, the definition of size between companies and rural producers became the same. This amendment had the objective of reducing any distortions that could adversely affect rural producers and enterprises whose levels of billing result in separate framework, because of the different criteria used by other federal financial institutions.

In that year, the MI also set an important guideline. It established that 51% of the resources of the three FCF must be intended for smaller entrepreneurs (micro, small and small-medium businesses). The objective of this measure was to force the banks of Constitutional Funds to make more efforts to grant loans preferably to this priority

public and, thus, contribute to decrease the values customarily applied in medium and large entrepreneurs and those projects that can be financed by other sources.

The values applied according the size of the company varies considerably among the three Funds. Therefore, despite the fact that the table below presents consolidated data, the observations are actually made Fund by Fund. The numbers in detail can be obtained in the appendix of this document.

In the FNE, at the beginning of the 2000s, there was a significant change relative to the size of the companies' borrowers. Between 1995 and 1999, micro and small enterprises accounted for approximately 80% of the total amount of loans granted, while medium and large enterprises accounted for the remaining 20%. From 2003, the values reverse: medium and large companies are responsible for a percentage that varies from 60% to 80% of the total amount of loans granted, while the micro and small businesses receive from 20% to 40%. Also it is important to mention that the participation of large companies, which also covers the medium-sized enterprises has peaks in 2004 and 2007, with a recent trend of decline.

The financing by size of the enterprises, in FCO, shows some important trends. Up to 2003, the trends showed an increase in the participation of medium and large enterprises, with a significant reduction from the following year. Thus, there were clearly two periods of stability separated by a boom of medium and large until 2003, and that the most recent period has even greater participation of micro and small enterprises. In the case of FCO, the Bank of Brazil, since 2003, has a goal to fit at least half of the resources made available annually with this segment of small businesses.

In Constitutional Financing Fund of North Region (FNO), when the data series is broken down by size of company, it is clear that the predominance of micro and small enterprises in the last few years. During the period of greatest retraction, between 2001

and 2003, there was an increase in the participation of medium-sized and large companies, which come in downward trend at the end of the three years and reach the lowest percentage since 2010. The participation of micro and small businesses operate as a mirror of the medium and large.

TABLE 5: VALUES OF FUNDING BY COMPANY SIZE

Values of Funding (in R\$ milhons - Brazilian currency)					
Company Size	2001	2004	2007	2010	2013
Small	497,84	1.638,35	2.809,87	5.750,53	13.051,22
Medium	545,79	906,44	1.387,26	2.729,71	3.085,53
Large	762,07	3.134,82	3.119,86	9.037,62	7.402,06
Total	1.805,70	5.679,61	7.316,99	17.517,86	23.538,81
Values of Funding (in %)					
Company Size	2001	2004	2007	2010	2013
Small	27,57	28,85	38,40	32,83	55,45
Medium	30,23	15,96	18,96	15,58	13,11
Large	42,20	55,19	42,64	51,59	31,45
Total	100,00	100,00	100,00	100,00	100,00

Source: own elaboration based on data from the Secretariat of Regional Funds and Tax Incentives from the Ministry of National Integration.

To complete the analysis of loans granted with resources of Constitutional Funds, it is important to mention how behaved loans per beneficiary State⁴.

To avoid concentration of loans in only one State, which contributes to regional inequalities, the Ministry of National Integration adopts mechanisms to avoid the banks granting loans to high-demand states, where economic activity is quite prosperous.

Understanding also that each Fund has a number of beneficiaries and different levels of resources available, the Ministry created a different rule for each of the Funds. The rule created a kind of free flow of the resources between the States, respecting, up to a certain point, the rules of supply and demand, seeking also avoid the idleness of resources.

⁴ Tables with numbers of the FCF's loans in States are in the Apenndix of this text because of the quantity of existing States. Also, because of the frequent and extremely irregular loan's oscillations by State will not be a thorough analysis of the States loan's numbers.

Thus, since 2010 the banks must finance in each of the localities a minimum percentage, limited to a maximum percentage. For example, in the Northeastern Region, the minimum of the available resources of the FNE on year to each of the States is 4.5%, and the maximum is 30% of annual resources. Since the existence of the rule, it was not possible to reach the minimum percentage of application only in the Distrito Federal (DF), federal unit in the Midwest Region.

2.4 – NEW DIRECTIONS: THE NEED TO EVALUATE AND POINT TO NEW ALTERNATIVES

Since 2010, the resources of Constitutional Financing Funds, according to Ministry of National Integration, prove insufficient to attend the demand for credit of the firms and farmers located in the beneficiary regions and, even more important, unable to accelerate the reduction of regional inequalities that still exist at high levels.

In recent years, the economic growth of Brazil, combined with the various social programs of the Federal Government, the agribusiness, the high demand for investments and the drop in interest rates for the long-term financing, worned all availabilities remnants of years of low application of Constitutional Funds. Also contributed to this scenario of scarcity of these resources the insertion of economic activities without the slightest concern about the ability of such activity contribute to the fulfilment of the objective of the Fund.

Alternatives in the short term were adopted to minimize the lack of funding at a cheap cost for the entrepreneurs of the beneficiary regions. The Ministry of Finance proposal conformed to equalize the interest rates of funding from other sources, but alternatives such as this, in a scenario of national fiscal adjustment, will be in the coming years not wel welcome.

There is a need to develop a long-term sustainable solution. An alternative is better allocate resources of Constitutional Funds with the resources of The Brazilian Development Bank (BNDES).

BNDES is the main financing agent for development in Brazil. Since its foundation, in 1952, the BNDES has played a fundamental role in stimulating the expansion of industry and infrastructure in the country. Over the course of the Bank's history, its operations have evolved in accordance with the Brazilian socio-economic challenges, and now they include support for exports, technological innovation, sustainable socio-environmental development and the modernization of public administration.

The Bank offers several financial support mechanisms to Brazilian companies of all sizes as well as public administration entities, enabling investments in all economic sectors. In any supported undertaking, from the analysis phase up to the monitoring, the BNDES emphasizes three factors it considers strategic: innovation, local development and socio-environmental development.

The BNDES also finances the expansion of national companies far beyond the borders of the country and seeks to diversify the sources of its resources on the international market. In addition, the BNDES has strengthened its efforts that are already traditionally conducted, such as financing exports of Brazilian goods and services in projects carried out overseas and institutional fundraising through multilateral organizations, sharing experiences and promotion opportunities.

The table below shows the values applied by the BNDES since 2001. As the applications of Constitutional Funds, applications by the Bank accelerate from 2003, reaching almost R\$ 200 billion at the end of the analyzed period. It is to be noted that the participation of the applications of the BNDES in the regions (North, Northeast and

Midwest) that act Constitutional funds jumped from 23.4% (in 2001) to 31.7% (in 2013).

TABLE 6: BNDES VALUES OF FUNDING BY BRAZILIAN REGIONS

Values of Funding (in R\$ milhons - Brazilian currency)					
Brazilian Regions	2001	2004	2007	2010	2013
Midwest (a)	1.703,40	5.160,54	5.754,68	11.366,57	20.898,73
North (b)	859,70	1.954,07	3.460,88	11.748,24	13.751,80
Northeast (c)	3.334,22	2.737,28	5.322,08	17.210,81	25.657,18
Subtotal (a + b + c)	5.897,32	9.851,89	14.537,64	40.325,62	60.307,71
South (d)	14.493,74	21.299,21	37.581,30	97.971,48	87.042,88
Southeast (e)	4.825,46	8.682,80	12.772,85	30.125,65	43.068,44
Subtotal (d + e)	19.319,21	29.982,01	50.354,16	128.097,13	130.111,32
TOTAL (a + b + c + d + e)	25.216,52	39.833,90	64.891,80	168.422,75	190.419,04
Values of Funding (in %)					
Brazilian Regions	2001	2004	2007	2010	2013
Midwest (a)	6,76	12,96	8,87	6,75	10,98
North (b)	3,41	4,91	5,33	6,98	7,22
Northeast (c)	13,22	6,87	8,20	10,22	13,47
Subtotal (a + b + c)	23,39	24,73	22,40	23,94	31,67
South (d)	57,48	53,47	57,91	58,17	45,71
Southeast (e)	19,14	21,80	19,68	17,89	22,62
Subtotal (d + e)	76,61	75,27	77,60	76,06	68,33
TOTAL (a + b + c + d + e)	100,00	100,00	100,00	100,00	100,00

Source: own elaboration based on data from the Brazilian Development Bank (BNDES).

Therefore, from the table above it is possible to infer that the BNDES is capable of supplying the demand for credit regions answered by Constitutional Funds. The biggest barrier is perhaps in fact which economic activities would be priority answered by Constitutional Funds since the financial cost (interest rate) of BNDES loans are higher. This measure will need to be implement with dialog with: society, the entrepreneurs and administrators of Constitutional Funds. But of course, this measure will only be achieved if it is based on a systematic evaluation of the social and economic impacts that the application of these resources provide.

3 – WHY EVALUATE?

One of the first questions evaluators should ask is: why is it necessary to evaluate? Making clear the reasons for evaluation is one of the first steps to making well-informed decisions when the evaluation process is confronted with the limitations of everyday life. To say that is to recognize that it is impossible to evaluate everything in every manner, and that we have to deal with the constraints of resources – in terms of budget, personnel and expertise.

Discussing motivations for evaluation we should recognize that this process usually involves interests of a wide range of groups. In a governmental program, citizens and elected officials may be interested in the outcomes of a program that receives a significant amount of public resources. Program staff are interested in improving program performance through evaluation. Finally, managers and leaders have to make decisions based on some evidence about the results of the program. Recognizing that, we see that a useful evaluation that is worth the cost and the work involved should not only answer accountability questions, but also be used to improve program performance.

The development of a systematic monitoring and evaluation of the Constitutional Financing Funds is vital, not only to the actions of the Secretariat of Regional Funds and Tax Incentives (SFRI), but also to the activity of the Ministry of National Integration (MI) as a whole, with a view, that the results of these processes will contribute to continuous improvement of public policies of this Ministry and its remit - in this case, the management of Regional Funds and Tax Incentives, in addition to pursuing the completion of the institutional mission of this Ministry: to promote national integration, sustainable development and overcoming regional inequalities in the country, ensuring social inclusion and improving the quality of life.

The implementation of a systematic monitoring and evaluation of the FCF will also improve the management tools of Superintendence of Regional Development (SUDAM, SUDECO and SUDENE) and the financial institutions (Bank of the Amazon, Bank of Brazil and the Bank of Northeast).

The adoption by MI of a systematic monitoring and evaluation of the FCF will allow the improvement of the management of resources. And there is a growing need to improve the management of the Funds, since the resources available for implementation, year by year, are increasingly inadequate to attend the entire demand for credit of the beneficiary regions, even with the estimate to be applied over the next ten years of R\$ 278.0 billion, as shown in the table below.

TABLE 7: ESTIMATE VALUES OF FUNDING UNTIL 2024

R\$ bilhons - Brazilian currency

PERIOD/FUNDS	FCO	FNE	FNO	TOTAL
2015	5,30	13,30	5,70	24,30
2016	5,48	13,63	5,90	25,01
2017	5,67	13,97	6,11	25,75
2018	5,87	14,32	6,32	26,52
2019	6,08	14,68	6,54	27,30
2020	6,29	15,05	6,77	28,11
2021	6,51	15,42	7,01	28,94
2022	6,74	15,81	7,25	29,80
2023	6,98	16,20	7,51	30,69
2024	7,22	16,61	7,77	31,60
TOTAL	62,14	149,00	66,87	278,02

Source: Secretariat of Regional Funds and Tax Incentives from the Ministry of National Integration.

4 – REVIEW OF LITERATURE: SOME METHODOLOGIES OF EVALUATION ALREADY USED

In 2004, signed with the National Association of Centers of Postgraduate Studies in Economics (ANPEC), with the intervention of the Institute of Applied Economic

Research (IPEA), agreement with the objective of developing and disseminating methodology for measurement of impacts arising from the investment of the resources of these Funds.

Since then, the Ministry has been promoting meetings with the participation of representatives of banks of Constitutional Financing Funds (Bank of Amazon: FNO; Bank of Brazil: FCO and Bank of Northeast: FNE), the Superintendence of the Development of the Midwest (SUDECO), of the Amazon (SUDAM) and of the Northeast (SUDENE), aiming to draw up guidelines for the improvement of the assessment of FCO, the FNO and the FNE.

As a result of measures taken, the information requested for this Ministry assess the economic impacts and social arising from loans with resources of Constitutional financing funds comes presenting sensitive developments, mainly in the case of the FNO and the FNE, which are presented on reports on activities and results of these Funds.

The contribution to the analysis of the financial instruments of regional development is offered by the Bank of Northeast (BNB) from the formulation, which began in 2005, an array of logical structure that tariff all assessment instruments and describes - in absolute values and in frequency, activity, product, and location - various data on the implementation, effectiveness and the results of their applications. The reports BNB (2009a), BNB (2009b) and BNB (2009g) compare with data from the periods 2000 to 2004, 2000 to 2005 and 2000 to 2006, respectively, the relative variation and accumulated in the level of employment, be based on mobile or stationary, the companies that received those that do not receive funding from the FNE. To describe the evolution each year from stock of employment; the number of persons employed by region and second 12 sectors of activity; labor income by income range

and gender; and admissions, by range of salary, age and gender. These studies conclude that the growth in the number of jobs in all companies financed is superior to those who form the group of not financed, contributing to a rise in employment in the Northeast, and that the resources of the FNE influenced, as a matter of priority and in degree of importance, the generation of jobs in sectors of farming, industry and agriculture.

In BNB (2009c) the database identifies the subsectors of economic activity intensive labor-intensive, and that provide the highest labor income in the Northeast region from 2000 to 2005 and concluded that 55% of the resources of the FNE were applied in these sectors, which were: livestock, agriculture, retail trade, industry, food products and wholesale trade.

In four following papers the BNB used field research reconciled to analyzes of the array of logical structure. The report BNB (2009d), built from questionnaires in 140 industries by all states in the Northeast, it was concluded that the Program for the Development of Agribusiness in the Northeast (AGRIN) contributed to the generation of employment and income, for the increase of the value added of agricultural production and for the technological modernization of agro-industrial ventures between the years of 1998 to 2006, even though in a somewhat significant due to the small volume of loans.

The BNB (2009e) points: an increase of resources contracted from 2003, in the period from 1989 to 2007; the implementation of legal obligation to apply half of the resources in semi-arid regions; a focus on micro and small enterprises; and a positive impact on socioeconomic variables in periods of greater disbursement, even without isolating the effects of the FNE.

The BNB (2010a) concludes, on the basis of a socioeconomic diagnosis from questionnaires applied to 180 beneficiaries, (109 men and 46 women in rural areas and

18 men and seven women in seats of municipalities) and compared to the performance variables; whereas the impacts of PRONAF, type B, are still incipient on various socioeconomic indicators, given its low amount of resources in comparison to the FNE-Total, for the period 2000 to 2008.

The BNB (2010c) describes the evaluation of the Program in Support of the Regional Tourism (PROATUR) from questionnaires in 90 companies and the analysis of data for the period 2000 to 2008 by Input-Output Matrix (MIP) to evaluate the impact of this program on production, income, employment, wages and taxation.

The findings indicate that there was no impact on the generation of jobs, revenue, and in the flow of income, particularly in the states of Bahia, Ceara, Alagoas and Rio Grande do Norte, concentrated, mainly in the activity of housing. Subsequently, the bank uses the same methodology for analysis of MIP for the years 2009, 2010 and 2011, published in the reports BNB (2010d), (2011), (2012), to check the impact of the resources of the FNE on seven key sectors of the Northeast region. These reports indicate that the rural sector is the one that has the largest multiplier effects on employment, taxes and income; followed by Trade and Services sectors, Industry, Tourism and Infrastructure.

The Bank of Amazon has published several studies with outbreaks in impacts of Constitutional Financing Funds and the PNDR on the Northern region from 2013. From estimates of data models in painel, Bank of Amazon (2013a) shows that the GDP is positively correlated with the physical capital, calculated by quantitative index synthetic, human capital (years of study), the capital (number of new cooperatives), the natural capital (the rate of deforestation) and the FNO, for the period 1995 to 2009. As the natural capital is abundant in the region and the companies cannot incorporate in their spreadsheets to cost the damage caused by the use of natural resources, the returns

generated by physical capital, influenced by activities of exploration and mineral transformation, become preponderant.

The Bank of Amazon (2013b) used a methodology of factorial analysis to find that there was a reduction in the ratio between capital and labor, a reduction in the intensity of land use in the period of 1985 and 2006, mainly from 1995 to 2006, which was interpreted as a low effectiveness of the credit, but that there was a breakthrough in the access to services of technical assistance and management practices and soil conservation. The study also concludes that there has not been a modernisation of the agricultural activities in the Northern Region between 1974 and 2010.

The following report published in 2013, Bank of Amazon (2013c), the bank assessed whether there was convergence in productivity of land and labor between the municipalities of the north region, organized in Comparable Minimum Areas (AMC), by estimates clubs of convergence based on calculations of density distribution, arrays of transition of Markov, core stochastic and threshold; for the periods 1975 to 1985 and from 1996 to 2006, two periods before and two after the FNO. The report revealed a process of divergence characterized by a convergence in two blocks, in which the greater part of AMC's converged to the block of low productivity of land and labor and that this process was not statistically related to credit offered by FNO.

However, from simulations of a General Equilibrium Model (EGC), which absorb the substitutions between the consumer goods resulting from changes in relative prices, on the basis of an array of MIP with data for 1999, Bank of Amazon (2013d) showed that there are positive knock-on effects of the credit on the product, the income and the salary of all the Northern states, but that the fact that the supply of credit is concentrated in the states of Tocantins and Para, which are precisely the states with

economies more expressive and with activities more concentrated in a few sectors, makes that the credit is not able to reduce regional imbalances.

In the following report, Bank of Amazon (2013g), organised interviews collected in 234 enterprises of all states of the North region between 2006 and 2011 and confirmed from the responses of the majority of the interviewees that the credit policy has been conducted with efficiency and contributed to the local economy; and multivariate regression by the Method of Generalized Moments (MMG) concluded that the FNO has helped to raise the gross revenues, the occupation of labor, labor productivity, the profit margin and the insertion of products on the markets. Another interesting point raised by the report refers to the conclusion that the impacts of the FNO indicators on economic, social, technological and environmental levels strongly asymmetric between the enterprises, which strengthens the strategy of unbalanced growth and divergent between sectors of the economy and the states in the Northern Region.

The Bank of Brazil, in spite of the recommendations of the Ministry of National Integration, never presented a paper of evaluation of the FCO. The directors of the Bank believes that the responsibility to evaluate is of the other administrator of the Fund and the Bank needs only to provide the necessary information.

It is possible to find others academic papers regarding the applications of Constitutional Funds and ways of how to evaluate these resources. It is striking that these papers have great quality and offer important contributions to the development of a methodology for the evaluation. However, these studies were also inspiration for the papers prepared by the Bank of the Amazon and the Bank of the Northeast, exhaustively described in this section. Therefore, a large part of the authors who offer their

contribution to this discussion is mentioned in the bibliography of this work and will not trace the outline of your paper.

Although there are several different impact assessments for the three funds (FNO, FCO and FNE), the diversity of methodologies and review periods in these jobs demand careful comparisons between their results in the search for contradictory results, which deserve further assessments and new analyzes based on methodology and lapse in time in common to the three Constitutional Funds, in order to expand the knowledge about the current credit policy developed under the PNDR and make it simpler to compare the effects of existing instruments. The creation of this methodology should consider future periodic assessments that facilitate decision-making on the future directions of financing instruments of the PNDR.

5 – PROPOSAL OF A MODEL FOR SYSTEMATIC EVALUATION FOR BRAZIL'S CONSTITUTIONAL FINANCING FUNDS

5.1 – CONSIDERATIONS ON MONITORING AND EVALUATION OF PUBLIC POLICIES

According to Rossi and Freeman (1985), the assessment is defined as a systematic implementation of procedures for social research with the aim of achieving the concept, the implementation and the usefulness of a program of social intervention. Specifically, according to the authors, the evaluation research involves the use of methodologies of social research in order to analyze and promote improvements in planning, monitoring effectiveness and efficiency of social policies.

In this sense, Bari and Bingham (1995) argue that it is useful to have the view that the assessment is as a continuous process from the simplest form of evaluation, such as monitoring the daily activities, to the more complex processes, such as the

evaluation of the impact on the problem. This continuous process is illustrated in Figure 2 below.

FIGURE 2

PROCESS			RESULT		
Monitoring of daily activities	Evaluation of the activities of the program	Enumeration of results	Analysis of effectiveness	Cost-benefit analysis of	Analysis of the impact on the problem

The six levels of evaluation illustrated in Figure 2 are developed approximately in the same sequence that the implementation of the program. First, the tasks are monitored, the activities are evaluated, the results are listed, the effectiveness of the programs are measured and, finally, a judgment is made to determine whether the problem has been reduced (Trisco and League, 1978).

The characteristics and the main questions that are answered by each level of evaluation, in accordance with Bartik and Bingham (1995), are:

a) Monitoring of Daily Activities

This level of assessment simply examines the domestic work of a program, evaluating issues such as: The contractual obligations are being followed? The daily activities are being met? The workers are adequately prepared to carry out their tasks? In other words, the monitoring of activities is an assessment that deals with the problems of management.

b) Evaluation of the Activities of the Program

At this point the characteristics of the activities of the program are identified and seeks to answer the following questions: What activities are occurring? Who is the target of the activity (companies, cities, etc), and that the problems or needs? As the program is being implemented? Could be done more efficiently?

c) Listing of Results

From this level, the levels of evaluation are considered evaluations of results. The enumeration of results makes it possible to evaluate whether the immediate objectives of the program are achieved. The typical questions that this level should answer are: What is the result of each activity described in the evaluation process? What happened with the target audience? How much they have changed? There were unexpected results? The objective of the program was achieved?

d) Analysis of Effectiveness

Bari and Bingham (1995) emphasize that only enumerate the results is not sufficient to assign as impacts of the program changes that have occurred in the period of existence of this. In this sense, the analysis of effectiveness becomes useful for verifying that the goals of the program were checked. This analysis attempts to answer questions such as: what would happen if the program was not implemented? The program works? Which of the factors that may have contributed to the changes in the public program? The answers to these questions should be answered by the analysis of effectiveness through cause and effect relationships established between the program and the results.

e) Analysis of Cost-Benefit

The cost-benefit analysis allows you to determine whether the benefits of the program outweigh its costs. This review, simply respond to the question of whether the benefits outweigh the costs of the program, otherwise the program should not be implemented.

f) Analysis of the Impact on the Problem

This analysis is aimed to answer the following questions: What changes are evident in the problem? Is that the problem has been reduced, as a result of the program? The new knowledge has been generated for the society on the problem or the ways to solve this? In accordance with Bartik and Bingham (1995), it is difficult to answer these questions, which depart for a further analysis of policy results of program evaluated.

5.2 – THE PROPOSAL OF EVALUATION

The FCF apply billions every year trying to reach their objectives. The need for evaluation of these funds is clear. However, because of the many types of loans, the many types of methodologies for evaluation and the maturation time to observe the effects of each loan that was granted, it is necessary to build and make continuous and systematic evaluations.

Therefore, a proposal for continued assessment of policy instruments is detail. That have the ambition to bring past experiences occasional and not coordinated in a cycle of systematic evaluation, in which you can compare the results of the evaluations

with frequency pre-defined, in order to better inform the decisions of the managers of regional policy Brazilian.

The methodology of continuous evaluation is a systematic application of methods of evaluation, in order to verify the economic and social impacts, monitor the implementation and assess the usefulness of each FCF. Specifically, the methodology of continuous evaluation involves the use of multiple methods of evaluation for the same period of time, in order to analyze and improve: planning, monitoring, the effectiveness and the efficiency of the FCF loans.

Based on the FCF's objectives and the institutional and legal responsibilities, a proposal for the evaluation is guide by the following axs, which can be seen schematically in the following levels of evaluation.

FIGURE 3: CYCLES OF EVALUATION

Evaluation of effectiveness	Evaluation of efficiency	Qualitative evaluation	Evaluation of the impact on the problem
Step in the evaluation cycle: 1º Year	Step in the evaluation cycle: 2º Year	Step in the evaluation cycle: 3º Year	Step in the evaluation cycle: 4º Year
Evaluation of the effectiveness of the Funds on the employment and productivity of the beneficiaries	Evaluate the efficiency of the venturers benefited and trace which strategic could be followed to reduce the inefficiency of such entrepreneurs	Qualitative research to clarify points or results obscure in a quantitative research previous	Evaluation (ex-ante and ex-post) the impact of the Funds on the reduction of regional disparities (economic and social)

The four blocks of evaluation presented above can happen in cycles over a period of 4 years broken down in Figure 3. The period of 4 years fits into the period of planning of the Federal Branch Multiannual Plan (PPA)⁵, that is, for each evaluation

⁵ The Federal Branch Multiannual Plan (PPA) is a tool to organize and facilitate public action, in order to fulfill the foundations and objectives of the Republic. The PPA contains all the public policies of the federal government for a period of four years and the paths for achieving the targets. The PPA directs the Federal Government and society in order to enable the objectives of the Republic. The Plan presents the future vision for the country, major challenges and values that guide behavior for all of the Federal Government. Through it the Federal Government represents and organizes its activities in order to develop and implement necessary policies. The Plan also provides that the company has more control over the actions completed by the government.

cycle is possible better inform the PPA following. It is worth noting that there is data available, all instruments can use and follow the same structure of assessment every year. If for a given instrument the PNDR data does not exist in the format necessary to carry out the assessments proposed below, will be made a descriptive analysis and exploratory data available to look for evaluating your performance. In addition, the proposition of this methodology of continuous evaluation does not prevent other studies on the PNDR are developed in a complementary manner over the years.

The evaluation process begins in the first year with assessments of effectiveness by method of "Propensity Score Matching" (PSM). The analysis of effectiveness it is useful to check if the program goals were achieved at the level of beneficiary enterprises. This analysis attempts to answer questions such as: what would happen if the program was not implemented? The program works? The answers to these questions should be answered by the analysis of effectiveness through cause and effect relationships established between the program and the results.

In the second year, undertakes an analysis of efficiency through the method "Data envelopment analysis (DEA). The contribution of this evaluation would define sectors more strategic - and efficient - regarding the receiving of credit, in addition to investigating the reasons of higher and lower efficiency of certain enterprises, in order to correct the inefficiencies.

The following year, a qualitative assessment of the FCF will be carried out by means of the method of focal group. The qualitative research fits into the context of that evaluate the policy - and its instruments - only by measuring the volume of resources used is not clear properly - or even indicates - institutional issues fundamental to the

existence of a system for evaluating funds and tax incentives broad and systematic temporally speaking.

In the fourth year of the cycle, impact assessment is carried out of the instruments the PNDR on the evolution of regional inequalities by *ex ante* methods (interregional models general equilibrium computável) and *ex post* methods (econometric regressions with panel data). The order to investigate the impact of the instruments of the PNDR on the evolution of regional disparities, bearing in mind that the main objectives of this policy are defined in a macro level - for example, reducing regional inequalities.

This timeline of implementation is justified for three reasons: (i) the four-year cycle adheres to the period of the PPA and will give subsidies to the formulators of the policy both at the end of each year of evaluation as well as at the end of each cycle; (ii) assessments are complex and require a time for their analyzes are carried out and, for this reason, it was decided to carry out an assessment in each year; (iii) the order of the evaluations was defined by the availability of data and the objective to get to the end of the four-year cycle assessments to understand the same period of time.

Finally, in order to monitor and evaluate the effects of the FCF loans, for each Constitutional background, will be drawn up an array of logical structure. The array will be the mechanism that will present the relationship between the objectives, actions, products, results and impacts, allowing the visualization of the logic that has been established for the purpose of facilitating the achievement of the objectives set.

FIGURE 4: ARRAY OF LOGICAL STRUCTURE OF CONSTITUTIONAL FINANCING FUNDS

Objectives of the Funds	Monitoring of funding (Actions)	Products	Results	Impacts
Contribute to the economic and social	<ul style="list-style-type: none"> • Total quantity of operations 	<ul style="list-style-type: none"> • Amount of enterprises 	<ul style="list-style-type: none"> • Variation in the 	<ul style="list-style-type: none"> • Regional GDP

Objectives of the Funds	Monitoring of funding (Actions)	Products	Results	Impacts
development of the North, Northeast and Midwest, through the federal financial institutions of regional character, through the implementation of programs of financing productive sectors, in line with the respective regional plans of development.	<ul style="list-style-type: none"> contracted and values of funding by: UF, sector, program, porte, typology PNDR, priority localities (RIDE, Semi-arid, Border, mesoregions), purpose; • total quantity of operations contracted and values of funding aimed at diversifying productive; • total quantity of operations contracted and values of financing for the establishment, expansion, relocation and modernization. 	<ul style="list-style-type: none"> deployed; • Quantity of enterprises expanded; • Quantity of ventures modernised; • the Amount of projects financed kept; • Quantity of enterprises expanded; • Increased production activities (CNAE) that are not directly connected with the production of commodities. 	<ul style="list-style-type: none"> production of the enterprises financed; • Variation in the number of jobs generated in the enterprises financed; • Variation in billing for projects financed; • production Variation in activities that are not directly connected with the production of commodities; • Variation of formal employment not directly related to production of commodities. 	<ul style="list-style-type: none"> variation; • Variation in production of sectors financed; • Variation of the offer of employment; • Variation in the rates of regional inequalities; • Variation in labor Productivity: VA/SAP.

It is important to record that the matrix presented in this proposal is only an illustration, are not the final results of the matrix of indicators related to Constitutional Funds.

To assess the actions, products, the results and the related impacts on the array of logical structure of Constitutional Funds shall be established a set of indicators that should characterize simple information that should be communicated and easily understood; they are realistically measurable; the units of measure are achievable and are sensitive to changes during the life cycle of the project and able to be assigned to the project; reflect information that is important for the management of the project and

analyzes relating to the project; and your progress should be monitored to a desired frequency for a period of time.

6 – CONCLUSION

Constitutional Financing Funds of the North, Northeast and Midwest Regions has been expanding its loans and financing a huge numbers of private firms and farmers since its creation on 1988 Federal Constitution. In 1995, the total amount of loans granted by FCF was R\$ 2.5 billion. The total amount of loans granted by FCF reached R\$ 23.5 billion in 2013.

They also gained impressive regional economies performance. In each of the three regions, the total amount of loans accounted for less than 0.6% of the regional GDP in 1995 (in the North, 0.2% of GDP; in the Northeast, 0.6 %; and in the Midwest, 0.2 %). In 2013 this level has changed and has reached 1.0% of GDP in the North Region, 2.3% in the Northeast Region and 1.6% in the Midwest Region.

Designed and structured as mechanisms for strengthening regional economies, the FCF, with 25 years of operation, show characteristics of applications of resources commensurate - although likely to recast - with the assumptions of reduction of territorial inequalities. It was found that the distribution per state, as well as the cut-off capital/pool in each state of the three regions, and it was found that there was low concentration of resources in its spatial aspect.

Rarely, a single unit of the federation has captured more than 30% of all the resources of their region in the whole of the period considered (1995-2012). This situation was found only in Para, with 37.7% of regional resources of FNO, and in Goias, with 45.6% of the resources of the fund.

It seems, therefore, that the concerns related to the application of the resources of these public sources of financing of economic activity - are closer to sectorial uses of resources rather than the territorial distribution.

In fact, the data show strong allocation of resources for primary activities (agriculture and livestock) in three major regions. In the Northeast Region, these activities captured 44.9% of the total; in the North Region, the fraction used for such activities was much larger: 82.5%, during this period; and in the Midwest Region, the participation of these activities in the total use of resources was also high (75.2%).

It is true that there is a trend toward reduction in the concentration of sectoral applications, at least in the period after 2010. In the Northeast, there is a reduction to 36.6% of the total; in the North, for 75.7%; and in the Midwest, to 55.2%.

However, it is worth asking what the strategic direction of high level of application of resources in productive sectors of low added value. What are the reasons for the industrial sector has not received application higher level than this, it is known that it is in industrial branches that the added value tends to be higher and to expand more strongly?

The set of resources that the regional policy mobilizes in the country already has enviable volume, and its trajectory shows no signs of reduction over the coming decades. The set of Constitutional Funds have R\$ 24.3 billion in 2015, and forecast to reach R\$ 31.6 billion, in 2024. During this period that extends from 2015 to 2024, the cumulative amount will come to R\$ 278.02 billion, which represents figure relevant to be well used by PNDR.

On the basis of this observation, it is equally important that the functions of planning, implementation, monitoring and evaluation of policies and instruments for regional policies are prepared to account for the use of this large volume of resources. It

is known that there are many problems arising from the application of resources, as well as their limitations - whether the sector profile, whether the spatial profile of applications - and that, necessarily, require monitoring and evaluation more qualified and permanent than the existing one.

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APPENDIX I - TASKS OF THE MINISTRY OF NATIONAL INTEGRATION

The Ministry of National Integration (MI), according to Law n° 10,683, of May 28, 2003, has its current structure procedure approved by Decree n°. 8,161 of December 18, 2013, which established the following competencies for the institution:

- a) formulate and conduct the National Policy for Regional Development - PNDR;
- b) formulate regional development plans and programs;
- c) establishment of strategies for the integration of regional economies;
- d) establishment of guidelines and priorities in the application of the resources of Constitutional Financing Funds;
- e) establishment of guidelines and priorities in the application of the resources of the Fund for the Development of the Amazon Region and the Fund for Development of the Northeast;
- f) establishment of standards for compliance with the funding programs of Constitutional Funds and budgetary schedules of regional investment funds;
- g) monitoring and evaluation of integrated programs of national development;
- h) civil defense;
- i) works against droughts and water infrastructure;
- j) formulate and conduct of national policy of irrigation;
- k) territorial organization; and
- l) public works in bands of borders.

To exercise the responsibilities listed above, the MI, in addition to the Executive Secretariat, responsible for administrative actions of component, has five other secretariats. The functions of the secretariat are described below:

1) National Secretariat of Protection and Civil Defense (SEDEC)

Protection and Civil Defense in Brazil is organised in the form of system, called National System of Protection and Civil Defense (SINPDEC), composed of several components.

The Secretariat is the central organ of this System, which is responsible for coordinating the actions of protection and civil defense throughout the national territory.

The actions of protection and civil defense has the objective to reduce the risk of disaster and includes actions of prevention, mitigation, preparedness, response and recovery, and is multisectoral and at all three levels of government federal, state and municipal - with broad participation of the community.

2) Secretariat of Regional Development (SDR)

Promote development of the border region, support for the structuring of local productive arrangements in the less developed regions, prepare regional plans of development, organization of the National Regional Development Award, the construction of the center for regional development and the preparation of events such as the National Conference on Regional Development.

In the context of the Plan Brazil Without Misery, the Department of Regional Development coordinates the program Water for All, effectively contributing to the eradication of extreme poverty and the reduction of regional inequalities in Brazil.

3) Secretariat of Water Infrastructure (SIH)

The Secretariat, in line with the objectives of the PNDR, works for the construction of water supply - dams, pipelines and channels - and works of drainage, which serve for the conduct of water abstracted in the streets, gutters and galleries. The objective of these actions is to ensure better health and comfort for the population, encouraging the creation of jobs, increase the income of the population and contribute to the reduction of regional inequalities.

4) National Secretariat of Irrigation (SENIR)

SENIR has as main goal set up a management system for irrigated agriculture, articulating the various components that interact in the sector, particularly by supporting the private initiative and optimizing the public areas as instruments of development of less favored regions. In addition, promote the irrigation as a means of efficiency in agricultural production and eradicate poverty with the generation of employment and income.

5) Secretariat of Regional Funds and Tax Incentives (SFRI)

Was created in 2011 with the restructuring of the Ministry of National Integration. It arose from the need to standardize procedures, criteria and priorities in the application of the resources of the Regional Funds and Tax Incentives, update the existing financing instruments, exploring for new sources of resources and opportunities for reducing

regional inequalities. Still, has as mission making new tools to support the productive sectors and the promotion of projects of interest to the regional development, in line with the strategic objectives of the Ministry.

Currently, the SFRI is responsible for administering, together with other institutions, the resources of Constitutional Financing Funds the North Region (FNO) from the Northeast Region (FNE) and Midwest Region (FCO), the Funds for Development of the Amazon (FDA), the Northeast Region (FNE) and Midwest Region (FDCO), of Tax Incentives and Investment Funds of the Amazon (FINAM) and North Region (FINOR).

APPENDIX II - NATIONAL POLICY FOR REGIONAL DEVELOPMENT

The National Policy for Regional Development (PNDR) is an expression of the effective priority of the theme and is being implemented in order to achieve effective results in regional issue. The PNDR has the dual purpose of reducing regional inequalities and to enable the development potential of the Brazilian regions, exploring the vast and fantastic diversity observed in this country of continental dimensions. The focus of concern focuses, therefore, on the dynamization of the regions and the better distribution of productive activities in the territory.

In this direction, the PNDR offers to Brazilian society a way to facilitate their active engagement in the development and conduct of regional projects of development, involving the federated entities, the socially relevant forces and the productive sectors. The PNDR organizes a look over the whole of the territory of the Country, allowing the actions and the programs implemented are regulated from a referential common national, capable of producing the desired effect in reducing regional inequalities.

Created in 2007, the PNDR comprises of development strategies in scales 1995-2005 (priority to the North, Northeast and Midwest) and sub-regional (in addition to spaces traditionally priority, such as the semi-arid and the border strip, includes a mapping of the whole national territory, depending on the degree of their development and dynamism).

This mapping was prepared from the crossing of two variables: household income and average growth of per capita GDP, generating the typology of the PNDR, with microregions classified as:

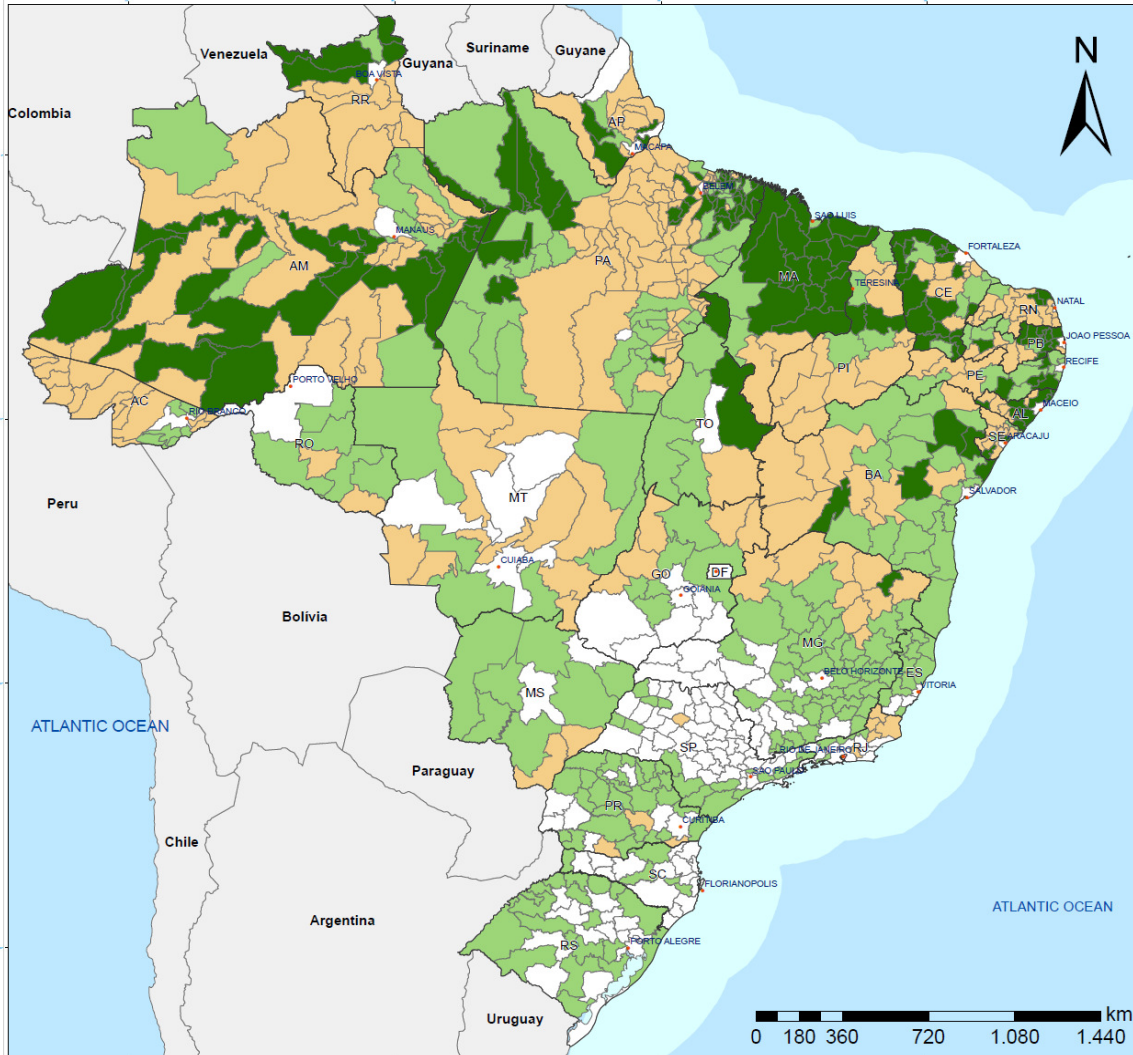
- a) High Income: high household income per capita, regardless of dynamism observed;

- b) Dynamic: middle and lower income, but with economic dynamics significant;
- c) Stagnant: income average household, but with low economic growth;
- d) Low Income: low household income and low dynamism.

NPRD - National Policy for Regional Development

Typology Map 2005

(Typology under ongoing updating process with data from 2010 Census)



Legend

NPRD Typology

- Low Income
- Stagnant
- Growing
- High Income

Cartographic Elements

- State Borders
- Exclusive Zones for Exploitation

The Sub-Regional typology of the National Policy for Regional Development - NPRD: What is it?

NPRD's typology was devised with the purpose of establishing a reference framework of regional inequalities, emphasizing the need to foster articulated programs and initiatives targeted at overcoming the problem. The methodology is based on two variables: i) Average Monthly Household Income per inhabitant (2000 IBGE Census), comprising every source declared (wages, benefits, pensions, etc.) converted to the purchasing power parity through the DIEESE, 2000 *cesta básica* (the amount of staple foods that are minimally necessary for a family's subsistence); ii) Geometric Rate of Variation of Municipal Gross Domestic Products per inhabitant adjusted by IBGE's implicit price deflators (these are estimated for each state and for large sectors); the criteria of three year moving average of the series' extremes (1990 - 1992, according to IPEA estimates; 2000 - 2002, source IBGE). The series of indicators were divided in three groups of values - high, medium and low - and organized in accordance with the chart below, which is the same as the map above.

The map's territorial base unit is IBGE's geographic micro region. For the states of Acre, Amazonas, Roraima, Amapá and Pará, which boast larger average sizes, the unit adopted is the municipality, maintained the coherence of micro regional distribution of indicators

		AVERAGE MONTHLY INCOME (PER HAB)		
		HIGH	MEDIUM	LOW
GDP VARIATION	HIGH	HIGH INCOME	GROWING	
	MEDIUM	HIGH INCOME	STAGNANT	LOW INCOME
	LOW	HIGH INCOME	STAGNANT	LOW INCOME

Sources: Average Household Income /Inhab (R\$ in 2002); Three-yearly Average Municipal GDP 1990/1992(IPEA-R\$ in 2002); GDP; Average Basic Food Basket (DIEESE)

FEDERAL GOVERNMENT
Drafted by: Monitoring and Information Management (DPO/SDR/MI)

APPENDIX III - THE NUMBERS, IN DETAIL, BRAZIL'S CONSTITUTIONAL FINANCING FUNDS

BY ECONOMIES SECTORS

MIDWEST'S CONSTITUTIONAL FINANCING FUNDS (FCO)

Values of Funding (in R\$ milhons - Brazilian currency)					
Economy Sectors	2001	2004	2007	2010	2013
Agriculture/Livestock	706,94	752,93	1.166,96	1.982,68	3.224,82
Industry	193,55	251,71	437,43	1.150,62	1.179,91
Infrastructure	68,39	63,62	1,91	95,07	116,35
Trade and Services	83,09	103,83	367,54	1.025,40	1.570,90
Total	1.051,97	1.172,08	1.973,84	4.253,77	6.091,99
Values of Funding (in %)					
Economy Sectors	2001	2004	2007	2010	2013
Agriculture/Livestock	67,20	64,24	59,12	46,61	52,94
Industry	18,40	21,48	22,16	27,05	19,37
Infrastructure	6,50	5,43	0,10	2,24	1,91
Trade and Services	7,90	8,86	18,62	24,11	25,79
Total	100,00	100,00	100,00	100,00	100,00

Source: own elaboration based on data from the Secretariat of Regional Funds and Tax Incentives from the Ministry of National Integration.

NORTHEAST'S CONSTITUTIONAL FINANCING FUNDS (FNE)

Values of Funding (in R\$ milhons - Brazilian currency)					
Economy Sectors	2001	2004	2007	2010	2013
Agriculture/Livestock	147,05	1.297,03	2.066,51	3.657,29	5.324,13
Industry	148,46	587,28	847,21	3.086,99	3.094,80
Infrastructure	0,00	764,92	437,50	2.020,48	112,40
Trade and Services	7,04	559,70	895,28	1.990,40	4.196,19
Total	302,55	3.208,94	4.246,50	10.755,16	12.727,52
Values of Funding (in %)					
Economy Sectors	2001	2004	2007	2010	2013
Agriculture/Livestock	48,60	40,42	48,66	34,00	41,83
Industry	49,07	18,30	19,95	28,70	24,32
Infrastructure	0,00	23,84	10,30	18,79	0,88
Trade and Services	2,33	17,44	21,08	18,51	32,97
Total	100,00	100,00	100,00	100,00	100,00

Source: own elaboration based on data from the Secretariat of Regional Funds and Tax Incentives from the Ministry of National Integration.

NORTH'S CONSTITUTIONAL FINANCING FUNDS (FNO)

Values of Funding (in R\$ milhons - Brazilian currency)					
Economy Sectors	2001	2004	2007	2010	2013
Agriculture/Livestock	330,47	856,89	650,06	947,93	1.865,97
Industry	116,46	346,11	275,68	432,85	1.316,92
Infrastructure	0,00	50,33	39,75	514,49	26,01
Trade and Services	4,26	45,26	131,15	613,66	1.510,31
Total	451,18	1.298,59	1.096,64	2.508,93	4.719,20
Values of Funding (in %)					
Economy Sectors	2001	2004	2007	2010	2013
Agriculture/Livestock	73,24	65,99	59,28	37,78	39,54
Industry	25,81	26,65	25,14	17,25	27,91
Infrastructure	0,00	3,88	3,62	20,51	0,55
Trade and Services	0,94	3,49	11,96	24,46	32,00
Total	100,00	100,00	100,00	100,00	100,00

Source: own elaboration based on data from the Secretariat of Regional Funds and Tax Incentives from the Ministry of National Integration.

BY COMPANY SIZES

MIDWEST'S CONSTITUTIONAL FINANCING FUNDS (FCO)

Values of Funding (in R\$ milhons - Brazilian currency)					
Company Size	2001	2004	2007	2010	2013
Small	246,39	529,59	795,98	2.188,35	4.151,56
Medium	372,71	241,12	514,36	723,15	893,27
Large	432,86	401,37	663,50	1.342,26	1.047,25
Total	1.051,97	1.172,08	1.973,84	4.253,77	6.092,08
Values of Funding (in %)					
Company Size	2001	2004	2007	2010	2013
Small	23,42	45,18	40,33	51,45	68,15
Medium	35,43	20,57	26,06	17,00	14,66
Large	41,15	34,24	33,61	31,55	17,19
Total	100,00	100,00	100,00	100,00	100,00

Source: own elaboration based on data from the Secretariat of Regional Funds and Tax Incentives from the Ministry of National Integration.

NORTHEAST'S CONSTITUTIONAL FINANCING FUNDS (FNE)

Values of Funding (in R\$ milhons - Brazilian currency)					
Company Size	2001	2004	2007	2010	2013
Small	131,79	695,99	1.583,65	2.778,61	6.547,70
Medium	20,46	308,35	587,02	1.662,80	1.383,22
Large	150,29	2.204,60	2.075,83	6.313,75	4.796,60
Total	302,55	3.208,94	4.246,50	10.755,16	12.727,52

Values of Funding (in %)					
Company Size	2001	2004	2007	2010	2013
Small	43,56	21,69	37,29	25,84	51,45
Medium	6,76	9,61	13,82	15,46	10,87
Large	49,68	68,70	48,88	58,70	37,69
Total	100,00	100,00	100,00	100,00	100,00

Source: own elaboration based on data from the Secretariat of Regional Funds and Tax Incentives from the Ministry of National Integration.

NORTH'S CONSTITUTIONAL FINANCING FUNDS (FNO)

Values of Funding (in R\$ milhons - Brazilian currency)					
Company Size	2001	2004	2007	2010	2013
Small	119,65	412,77	430,24	783,57	2.351,96
Medium	152,61	356,97	285,88	343,75	809,04
Large	178,92	528,85	380,52	1.381,61	1.558,21
Total	451,18	1.298,59	1.096,64	2.508,93	4.719,20

Values of Funding (in %)					
Company Size	2001	2004	2007	2010	2013
Small	26,52	31,79	39,23	31,23	49,84
Medium	33,82	27,49	26,07	13,70	17,14
Large	39,66	40,73	34,70	55,07	33,02
Total	100,00	100,00	100,00	100,00	100,00

Source: own elaboration based on data from the Secretariat of Regional Funds and Tax Incentives from the Ministry of National Integration.

BY ESTATES

MIDWEST'S CONSTITUTIONAL FINANCING FUNDS (FCO)

Values of Funding (in R\$ milhons - Brazilian currency)					
States	2001	2004	2007	2010	2013
Distrito Federal	67,51	73,67	165,26	370,30	832,82
Goias	382,80	522,96	911,61	1.583,01	2.037,29
Mato Grosso do Sul	246,88	231,02	348,09	1.048,45	1.457,08
Mato Grosso	354,78	344,44	548,88	1.252,02	1.764,90
Total	1.051,97	1.172,08	1.973,84	4.253,77	6.092,08

Values of Funding (in %)					
States	2001	2004	2007	2010	2013
Distrito Federal	6,42	6,29	8,37	8,71	13,67
Goias	36,39	44,62	46,18	37,21	33,44
Mato Grosso do Sul	23,47	19,71	17,64	24,65	23,92
Mato Grosso	33,73	29,39	27,81	29,43	28,97
Total	100,00	100,00	100,00	100,00	100,00

Source: own elaboration based on data from the Secretariat of Regional Funds and Tax Incentives from the Ministry of National Integration.

NORTHEAST'S CONSTITUTIONAL FINANCING FUNDS (FNE)

Values of Funding (in R\$ milhons - Brazilian currency)					
States	2001	2004	2007	2010	2013
Alagoas	13,53	172,41	247,48	465,58	642,95
Bahia	129,03	893,43	1.259,40	2.651,95	3.038,81
Ceara	20,39	478,70	528,27	1.984,00	1.691,60
Espirito Santo	18,98	25,45	84,54	120,98	289,33
Maranhao	6,84	243,75	544,28	929,16	1.412,30
Minas Gerais	16,02	81,39	183,45	487,82	541,20
Paraiba	19,14	173,39	270,88	535,37	763,75
Pernambuco	23,56	386,29	519,82	1.627,63	1.821,90
Piaui	7,59	326,05	216,41	773,80	1.157,37
Rio Grande do Norte	26,93	251,18	188,69	737,55	799,44
Sergipe	20,56	176,89	203,30	441,32	568,88
Total	302,55	3.208,94	4.246,50	10.755,16	12.727,52

Values of Funding (in %)					
States	2001	2004	2007	2010	2013
Alagoas	4,47	5,37	5,83	4,33	5,05
Bahia	42,65	27,84	29,66	24,66	23,88
Ceara	6,74	14,92	12,44	18,45	13,29
Espirito Santo	6,27	0,79	1,99	1,12	2,27
Maranhao	2,26	7,60	12,82	8,64	11,10
Minas Gerais	5,29	2,54	4,32	4,54	4,25
Paraiba	6,32	5,40	6,38	4,98	6,00
Pernambuco	7,79	12,04	12,24	15,13	14,31
Piaui	2,51	10,16	5,10	7,19	9,09
Rio Grande do Norte	8,90	7,83	4,44	6,86	6,28
Sergipe	6,80	5,51	4,79	4,10	4,47
Total	100,00	100,00	100,00	100,00	100,00

Source: own elaboration based on data from the Secretariat of Regional Funds and Tax Incentives from the Ministry of National Integration.

NORTH'S CONSTITUTIONAL FINANCING FUNDS (FNO)

Values of Funding (in R\$ milhons - Brazilian currency)					
States	2001	2004	2007	2010	2013
Acre	26,38	45,89	72,58	197,13	312,48
Amazonas	33,30	164,95	224,68	359,32	1.062,99
Amapa	4,43	6,76	4,77	213,23	91,50
Para	229,89	513,55	406,47	998,80	1.575,46
Rondonia	25,50	224,04	115,45	285,60	764,80
Roraima	3,12	27,76	18,43	16,73	103,12
Tocantins	128,55	315,64	254,26	438,12	808,86
Total	451,18	1.298,59	1.096,64	2.508,93	4.719,20
Values of Funding (in %)					
States	2001	2004	2007	2010	2013
Acre	5,85	3,53	6,62	7,86	6,62
Amazonas	7,38	12,70	20,49	14,32	22,52
Amapa	0,98	0,52	0,43	8,50	1,94
Para	50,95	39,55	37,07	39,81	33,38
Rondonia	5,65	17,25	10,53	11,38	16,21
Roraima	0,69	2,14	1,68	0,67	2,19
Tocantins	28,49	24,31	23,19	17,46	17,14
Total	100,00	100,00	100,00	100,00	100,00

Source: own elaboration based on data from the Secretariat of Regional Funds and Tax Incentives from the Ministry of National Integration.