

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	BRAZIL/CSC - Southern Cone
▪ TC Name:	Low Carbon Agriculture for Avoided Deforestation and Poverty Reduction Phase II - Strengthening Sustainable Value Chains in the Amazon
▪ TC Number:	BR-T1462
▪ Team Leader/Members:	Damiani Marti, Octavio Jorge (CSD/RND) Team Leader; Brakarz, Barbara (CSD/CCS) Alternate Team Leader; Valente Lins, Paula (CSC/CDR); Callau Ferreira, Vanessa (CSD/CCS); Celeste Marzo, Cristina (LEG/SGO); Schling, Maja (CSD/RND); Salazar, David Agustin (VPC/FMP); Carpizo Riva Palacio, Carlos Ignacio (VPC/FMP); Hintze, Luis Hernando (CSD/RND); Restrepo, Lisa Sofia (CSD/RND); Hincapie Salazar, Daniel (ORP/REM); Langstroth, Robert Peter (VPS/ESG); Rojas Lara, Julio Andres (VPS/ESG); Avila, Francy Dianela (CSD/HUD)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	27 Aug 2020
▪ Beneficiary:	Ministry of Agriculture, Livestock and Supply (MAPA)
▪ Executing Agency:	<i>Instituto Brasileiro de Desenvolvimento e Sustentabilidade</i>
▪ IDB funding requested:	US\$9,630,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	42 months
▪ Types of consultants:	Firms
▪ Prepared by Unit:	CSD/RND - Env, Rural Dev & Disaster Risk
▪ Unit of Disbursement Responsibility:	CSC/CDR - Country Office Brazil
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation; Economic integration; Environmental sustainability

II. Objective and Justification

- 2.1 The objective of the operation is to mitigate Greenhouse Gas (GHG) emissions, reduce deforestation and increase small and medium farmers' income in the Amazon biome by promoting the strengthening of sustainable value chains.
- 2.2 The Amazon biome in Brazil is recognized internationally for its important role in the sequestration of Greenhouse Gas emissions, its influence in climate and rainfall patterns, and the importance of its biodiversity. In addition, more than 25 million people live in the Amazon, among them most of the country's indigenous peoples. The Amazon faces important economic, social, and environmental challenges. The region has the second lowest Municipal Human Development Index in Brazil. The expansion of the agricultural frontier and illegal practices have led to deforestation, posing a risk to the natural capital base, including potential desertification, as well as long-term climate risks. In this context, there is a need to strengthen surveillance and control illegal deforestation, and at the same time, creating effective incentives to promote alternative sustainable production that contributes to both income generation and the maintenance and recovery of native vegetation in the long run. There are several successful cases in the Amazon of local sustainable development based on native products, such as acai and Brazil nuts, of products, which are produced with methods

that preserve the natural forest, with a key role of rural organizations, creating a source of income to small producers.

III. Description of Activities and Outputs

- 3.1 **Component 1: Development of farmer organizations with a focus on sustainable production and value chains (US\$3,880,453).** This component will identify, select, and strengthen farmer organizations, their members and producers along each chain aiming at promoting the adoption of sustainable production practices and the development of value chains, based on the implementation of business plans.
- 3.2 **Component 2: Access to markets and scale for sustainable production chains (US\$2,159,097).** This component will develop and strengthen sustainable, low-carbon value chains in the Amazon Biome, promoting product diversification, certification, and the opening and strengthening of local, national, and international consumer markets. The activities of this component should strengthen, across the board, the set of Business Plans in each value chain.
- 3.3 **Component 3: Knowledge management and dissemination (US\$2,627,298).** This component will focus on the systematization of knowledge within the demonstration chains and on the sharing of RD&I to improve low carbon production practices, strengthening value chains and new strategies for generating local income. The component will also have a specific approach to capacity building and leadership building for women, youth, and traditional communities (mainly indigenous).
- 3.4 **Project management (US\$542,160).** Included are the costs of hiring consultants under the Project Management Unit (PMU), as well as the costs of monitoring and evaluation.
- 3.5 **Auditing (US\$84,000).** Audit costs.
- 3.6 **Other administrative costs (US\$336,992).** It includes other administrative costs such as the acquisition of equipment, office rental, and administrative support personnel.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Component 1: Development of farmer organizations with a focus on sustainable production and value chains	US\$3,880,453.00	US\$0.00	US\$3,880,453.00
Component 2: Access to markets and scale for sustainable production chains	US\$2,159,097.00	US\$0.00	US\$2,159,097.00
Component 3: Knowledge management and dissemination	US\$2,627,298.00	US\$0.00	US\$2,627,298.00
Project management	US\$542,160.00	US\$0.00	US\$542,160.00
Auditing	US\$84,000.00	US\$0.00	US\$84,000.00
Other administrative costs	US\$336,992.00	US\$0.00	US\$336,992.00
Total	US\$9,630,000.00	US\$0.00	US\$9,630,000.00

V. Executing Agency and Execution Structure

- 5.1 The Executing Agency will be the Brazilian Institute for Development and Sustainability (IABS), a non-governmental and non-profit organization (NGO) based in Brasília, with teams and offices in other states of Brazil, specialized in the fiduciary and operational management of socio-environmental projects.

- 5.2 Since its creation in 2003, IABS has implemented more than 300 projects, having as main partners bilateral and multilateral organizations such as the Inter-American Institute for Cooperation in Agriculture (IICA), the Spanish Agency for International Development Cooperation (AECID), the United States Agency for International Development (USAID), the United Nations Development Program (UNDP), the IDB, universities (e.g. Technical University of Madrid and the University of Brasilia), in addition to private sector organizations. IABS has extensive knowledge in rural development and the promotion of the use of low carbon and social technologies and a more responsible use of natural resources. IABS also has experience in the design, implementation, execution, and monitoring of sustainable agriculture practices in different biomes in Brazil, in addition to having participated in the execution of the first phase of the Low Carbon Agriculture Project (BR-X1028; ATN/DE-15770-BR), playing a key role fundamental in accelerating its implementation. It is also the executing agency of the Low Carbon Agriculture for Avoided Deforestation and Poverty Reduction in Brazil. Phase II - Sustainable Rural Development in the Cerrado (BR-T1409; ATN/LC-17408-BR).

VI. Project Risks and Issues

- 6.1 The main risks identified are: (i) macroeconomic risks for the consolidation of the supported value chains; (ii) risk of execution, associated with potential difficulties of coordination among institutions involved and, consequently, risk of adherence by local organizations; and (iii) risks associated with the COVID-19 pandemic, which could affect the timely execution of project activities.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "C".