April 4, 2014

Response by IBRD—Approval by mail: Brazil: Sustainable production in areas previously converted to agricultural use project (FIP) IBRD

BRAZIL

Sustainable production in areas previously converted to agricultural use project

Team response to FIP-SC comments

April 4, 2014

1. *The proposal states that Brazil would be able to finance the training and TA components (1&2) without FIP finance. But it is the M&E that really adds the value and justifies why 100% of the project should be financed from the FIP grant. Whilst we think the M&E component (3) of this project is excellent we would like a bit more detail on the justification for FIP providing 100% of the funds for components 1&2.*

Response: While Brazil has the capacity to finance training and TA for ABC Plan technologies, the proposed Project allows the Government to rigorously test the effects and impacts of training and TA methodologies on the rate of technological adoption, its quality and its potential relationship with deforestation intentions. The project's value added goes beyond a solid M&E system. The project as a whole has been designed as an experimental intervention; thus, components 1 and 2 would generate two intervention groups (producers with training and producers with training and technical assistance, respectively) and a control group. It is also important to note the innovative incorporation of SENAR, a farmer-directed, country-wide established professional training and capacity building institution, as an implementing agency in partnership with MAPA and EMBRAPA. If the project demonstrates a cost-effective way to accelerate implementation of the ABC Plan, we expect these and other institutions to participate in its scaling-up.

2. *Once the baseline has been assessed for CO2e we would like the project results framework to be updated accordingly*.

Response. The change in the indicator "Reduction in GHG emissions and increase in carbon sequestration (tCO2eq) by type of technology" will be estimated by multiplying the incremental area of adoption (per technology) by standard conversion factors. Please note that EMBRAPA carries out field tests on an on-going basis in order to measure reductions and refine the conversion factors. Field technicians will collect additional soil samples in the project area to widen EMBRAPA's assessments, and we will update conversion factors during project

implementation. In the presence of complimentary information, the baseline will be updated accordingly.

3. *Given that some of the transformational impacts will only be seen in the medium-longer term (e.g. increased yields) we would appreciate further details of how these longer term impacts will be recorded beyond the 4 years of project implementation.*

Response. All the actors involved in project preparation (MAPA, EMBRAPA and SENAR) are committed to measuring results and impacts. SENAR will have gained the capacity to do so during project implementation. We expect that by year 4 of project implementation we will have a clear idea of differences between treatment and control groups and tendencies with respect to: (i) the rate of adoption (number of farmers and incremental area by type of technology); (ii) quality of adoption; (iii) Sustainability Indicators in Agroecosystems (in a limited sample); and (iv) changes in producer intentions to convert forest land. Taking into consideration the results of the pilot experience, we expect that mechanisms for continuous monitoring would be agreed to as part of the arrangements for future operation. We appreciate this question and we will consider ways for recording longer term impacts in the process of engagement with the partner institutions.

4. *Field technicians are given considerable implementation responsibility. They are not paid, only given a stipend, which is only released if producer participants are satisfied with the training. Is there a risk associated with their capacity to absorb this extra work.*

Response. Benefits derived by the chosen field technicians would also include intensive training in ABC technologies, reinforced by mentoring and supervision by technical advisors. The stipend is expected to provide a competitive remuneration, while producer approval is designed to ensure quality services are effectively provided. As some attrition is expected both due to low performance and to other factors, 20 additional technicians will be trained, to ensure the availability of trained personnel to support the implementation of the project. In addition, field technicians have strong incentives to perform according to agreed standards, due to their continued relationship with the implementation partners (MAPA, Embrapa and SENAR) and client producers.

5. *The proposal suggests covering a large area of the Cerrado, which may dilute results and pose additional challenges to project implementation, monitoring and evaluation, leakage. Could we have a bit more information on the rationale for this? We assume it will reveal certain differences across regions and different regulatory systems. Can you assure us that sample sizes are big enough to give robust results?*

Response. Component 1 indeed covers practically all of the Cerrado states, where it aims first to carry out a massive information campaign to inform farmers, potential project beneficiaries and technicians of the characteristics of the ABC Plan. The training activities, which follow, are more focused. Cerrado-wide activities are manageable because (i) in each state SENAR has an office which is already fully operational, offering training courses in a wide range of topics; and (ii) the number of trainees will peak at 6,000 the first year, a relatively small increase in SENAR's regular workload. In terms of M&E, results information will be obtained from all participating farmers but the randomized experiment will be conducted solely on three

of the nine participating states. Thus the project will generate information on adoption for all participating farmers, allowing for analyses of differences across states, but the differences between participating and non-participating farmers will be measured on the basis of a sample (intervention and control groups) which will be generated in the latter three. Results are expected to be representative for mid-size Cerrado producers.

6. *And just a comment: in the Brazilian context, where approximately 75% of GHG emissions derive from deforestation, largely driven by agriculture) tacking unsustainable land-use practices is one of the most effective ways of preserving forests. However, it is important that the M&E activities prioritize making the link between low-carbon agricultural practices and reduction in deforestation rates/pressure on forests.*

Response. The project is designed under the working assumption that the adoption of more productive ABC Plan technologies makes it possible to increase production without necessarily resorting to expansion into new land areas, thus helping to consolidate the agricultural frontier and decreasing pressure on remaining forests. Any observable REDD-plus outcomes though are likely to occur beyond the timeframe of the project, and will be due to the synergistic contribution of complementary policies and programs addressing the issue of land use change in the Cerrado--mostly beyond the project's control and M&E scope. This context makes it more appropriate for REDD-plus to be monitored at the BIP rather than the project level. However, understanding the relationship between the adoption of low-carbon agricultural practices and forest conversion is of outmost importance for the project and can create valuable lessons for the design of REDD-plus strategies. Thus, as part of its impact evaluation, the project will also experiment with different methodologies to assess the degree to which the adoption of ABC Plan technologies has influenced producer intentions to convert additional forest land into agricultural use within the participating production units. (See p. 39 of PAD for details.)

One important contribution of the project to the reduction in deforestation rates and pressure on forests comes from the synergies that will be generated between the ABC Plan and the Rural Environmental Registry (CAR). To reinforce complementarities with the FIP-financed Environmental Regularization of Rural Lands project (based upon the CAR) project, the project will take into account the 52 municipalities prioritized by the Ministry of the Environment to monitor and control illegal deforestation, promote territorial management, encourage environmentally sustainable economic activities, maintain native areas and recover degraded ones. This will allow for focusing on priority areas for reducing pressure on remaining forests in the Cerrado.