



RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
SUSTAINABLE PROD. IN AREAS PREVIOUSLY CONVERTED TO AGRICULTURAL USE  
APPROVED ON JULY 18, 2014  
TO  
SERVIÇO NACIONAL DE APRENDIZAGEM RURAL - SENAR

April 12, 2018

ENVIRONMENT & NATURAL RESOURCES

LATIN AMERICA AND CARIBBEAN

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## ABBREVIATIONS AND ACRONYMS

ABC	Low Carbon Agriculture ( <i>Agricultura de Baixo Carbono</i> )
CD	Country Director
DDO	Deferred Drawdown Option
DIME	Development Impact Evaluation
EA	Environmental Assessment
EMBRAPA	Brazilian Agricultural Research Corporation ( <i>Empresa Brasileira de Pesquisa Agropecuária</i> )
MAPA	Brazilian Ministry of Agriculture, Livestock, and Food Supply ( <i>Ministério da Agricultura, Pecuária e Abastecimento</i> )
PDO	Project Development Objectives
SENAR	National Rural Learning Service ( <i>Serviço Nacional de Aprendizagem Rural</i> )
TF	Trust Fund
URT	Technical Reference Unit



**BASIC DATA**

**Product Information**

Project ID P143184	Financing Instrument Investment Project Financing
Original EA Category	Current EA Category
Approval Date 18-Jul-2014	Current Closing Date 20-Nov-2018

**Organizations**

Borrower SERVIÇO NACIONAL DE APRENDIZAGEM RURAL - SENAR	Responsible Agency SENAR - Serviço Nacional de Aprendizagem Rural
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**Project Development Objective (PDO)**

Original PDO

The objective of the Project is to promote the adoption of selected sustainable low carbon emissions agricultural technologies by mid-sized producers in the Cerrado Region.

**Summary Status of Financing**

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
TF-17368	01-Aug-2014	01-Aug-2014	13-Aug-2014	20-Nov-2018	10.62	7.41	3.21

**Policy Waiver(s)**

Does this restructuring trigger the need for any policy waiver(s)?

No



## I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

### A. Project Overview

1. The original Grant amount of US\$ 10.62 million was approved by the Board of Executive Directors on July 18, 2014, and became effective on August 13, 2014. The original project closing date is November 20, 2018. The development objective of the project is to promote the adoption of selected sustainable low carbon emissions agricultural technologies by mid-sized producers in the Cerrado Region. The project supports the Ministry of Agriculture's (MAPA) climate smart agriculture policy (Low Carbon Agriculture Plan - ABC Plan), which provides a credit line for farmers that was launched in 2010. At the time of preparation, the data suggested that financial constraints are not the only barrier to adoption of conservation practices in the Cerrado, but also the farmers lack of knowledge about the economic and environmental benefits of adopting ABC technologies. Therefore, the project was designed to tackle the low adoption rate faced in the field by combining this financial instrument with a menu of training and intensive technical assistance for middle-sized producers in the Cerrado area. By overlaying training and incentives treatments, MAPA expects to better understand the relative contributions of these various interventions to boosting adoption of climate smart agriculture approaches. The project comprises three components: (i) producer training; (ii) field technical assistance; and (iii) project management, monitoring and evaluation. To guide the ABC policy and provide empirical evidence that interventions supported by the project are in fact promoting the adoption by farmers of low carbon technologies, the project contemplates an experimental design evaluation, with components 1 and 2 generating two intervention groups (producers with training and producers with training and technical assistance, respectively) and a control group each.

2. This Project Paper seeks the approval of the Country Director for a Level-2 restructuring of the Sustainable Production in Areas Previously Converted to Agricultural Use Project (P143184; Grant TF017368, also called ABC Cerrado). The proposed restructuring would include: (a) adjustments in implementation schedule; (b) a revision of the Results Framework to reflect adjustments of some indicators' targets; and (c) an extension of closing date of the Project from November 20, 2018 to November 20, 2019 to successfully achieve the PDO. The justification for requesting such extension is the following:

- a. **Initial teething delays.** This project is the first Bank-financed operation implemented by the National Rural Learning Services (SENAR). SENAR was competitively selected by MAPA to implement project's interventions, given its extensive know-how in providing training to rural producers. SENAR's central office relies on its Regional Offices to provide training and technical assistance in remote rural areas. SENAR's central and regional offices faced initial difficulties to internalize the Bank's procurement procedures, which caused delays in the recruitment process of key consultancies to operationalize project's activities. The Bank has since proactively enhanced procurement support to build the necessary capacity of SENAR central and regional offices to oversee and process all procurement demands.
- b. **Readjustment of scope and implementation schedule.** The project originally contemplated to provide training on low carbon agriculture technologies to 12,000 mid-sized producers and randomly select 1,600 out of the pool of trained producers to receive technical assistance for the adoption of low carbon technologies. During project preparation, the number of beneficiaries was estimated based on data available from the Brazilian Institute of Geography and Statistics (IBGE). However, during implementation, there was a lower adhesion to the project group training courses than originally planned, while there was more interest than initially planned for more intensive technical assistance, that requires several field visits by SENAR's technical staff to the beneficiaries' farm. To answer to such beneficiaries' demand, to



the project increased the offer of technical assistance for producers. This shift impacted the scope and implementation schedule, because technical assistance activities are costlier and more time consuming than training activities (18 months of technical assistance over 56 hours of training per beneficiary). Although the overall number of beneficiaries will decrease, the time of implementation has increased, therefore the proposed extension would allow the PIU to finalize interventions in the field and measure results through the impact assessment.

3. There are no changes to the Project's safeguards category and no new safeguards policies are triggered. Also, there are no outstanding audit reports and current audit report had been deemed satisfactory and the Project is currently in compliance with its legal covenants.

4. The restructuring request was authorized by FIP Sub-committee on November 28, 2017, without increasing the budget allocation for project supervision. The available supervision budget is sufficient to cover supervision for an additional year.

## **B. Project Status**

5. During the MTR mission, carried out in January 2017, MAPA reconfirmed the strategic importance of the Project for the Brazilian government, since Brazil has not yet reached the GHG reduction targets ratified in the National Policy on Climate Change (PNMC) and recently reconfirmed in its Nationally Determined Contributions (NDCs). The institutional arrangements of the Project were confirmed and all institutions involved (MAPA, SENAR and EMBRAPA) ratified their commitment to the implementation of the Project so that the proposed objectives can be achieved.

6. The Grant has an undisbursed balance of USD 3.2 million and is currently 70% disbursed. The Project's development objective remains achievable. Project implementation is rated moderately satisfactory, based on MTR findings regarding initial delays and slower than expected disbursements. Nonetheless, the project has made significant progress towards the PDO already. To date, over 5,400 producers has received training on low-carbon emission technologies, of which 1,727 participated in technical assistance activities. As a preliminary result of technical assistance activities, 76,550 hectares are under sustainable management practices, mostly pasture rehabilitation technologies.

## **II. DESCRIPTION OF PROPOSED CHANGES**

### **A. Extension of Closing Date**

7. The Task Team proposes an extension of project closing date of 12 months, from November 20, 2018 to November 20, 2019, as a response to the MTR recommendations and to the requested by the Project Monitoring Committee (comprising MAPA, SENAR and EMBRAPA) to guarantee the achievement of project expected results. As described in previous sections, the extension would allow the project to, on the one side, recuperate initial implementation delays, and on the other side, accommodate the structural changes in the project's interventions, which requires a longer period of execution.



**B. Revision to Results Framework**

8. Following Project’s MTR recommendations, the Results Framework was revised to reflect the scope and implementation adjustments, as follows:

Original Indicators and targets	Proposed Indicators and targets	Comments
<b>PDO Indicators</b>		
Increase in the agricultural area using the technologies recommended by the ABC Plan in relation to the total productive area of the participating producers – <i>Final target: 15%</i>	-	<b>No changes</b>
Increase in the number of participating producers adopting at least one selected technology compared with control group – <i>Final target: 10%</i>	-	<b>No changes</b>
Direct project beneficiaries – <i>Final target: 12,000</i>	Direct project beneficiaries – <i>Final target: 12,000</i>	<b>Definition and methodology revised -</b> Although the final target was not changed, the definition of direct project beneficiaries was revised to reflect not just the changes on the number of trained producers, but also to incorporate the producers who participate in field days and the trained technical supervisors and instructors. Project direct beneficiaries are accounted such as: <ul style="list-style-type: none"> <li>• Producers receiving training = 6,000, (of which 2,000 properties<sup>1</sup> received technical assistance)</li> <li>• Producers participating in field days = 3,800</li> <li>• Trained technical supervisors and instructors = 200</li> </ul>
-	Hours of technical assistance provided to beneficiaries – <i>Final target: 177,360 hours</i>	<b>New Indicator</b> – This proposed indicator captures the project’s emphasis and efforts in technical assistance activities rather than in training, by estimating the hours of technical assistance provided to the total of properties benefitted by the project. Target was estimated based on the following parameters: 2,000 properties are receiving 1 visit of 4

<sup>1</sup> Technical assistance intervention is provided at the property level to producers, family members and farm technicians. The project accounts on average 2 beneficiaries per property. Therefore, the total number of beneficiaries expected under technical assistance activities are 4,000 people (2,000 properties \* 2 people per property).



		hours per month of technicians for 18 months <sup>2</sup> .
Sets of lessons learned from the project incorporated annually by MAPA, SENAR and EMBRAPA and disseminated to the rural extension institutions – <i>Final target: 4</i>	-	<b>No changes</b>
<b>Intermediate Indicators</b>		
Land area where sustainable land mgt. practices were adopted as a result of project - <i>Final target: 900,000 ha</i>	Land area where sustainable land mgt. practices were adopted as a result of project- <i>Final target: 300,000 ha</i>	<b>Target revised</b> – During MRT, SENAR identified that number of beneficiaries and expected hectares under sustainable land mgt. were overestimated, given the financial scope of the project (grant of US\$ 10.62 million).
Clients who have adopted an improved agr. Technology promoted by the project – <i>Final target: 3,600</i>	-	<b>No changes</b>
Differences between intervention and control group in reductions of GHG emissions and increase in carbon sequestration (tCO <sub>2</sub> eq) – <i>No targets</i>	-	<b>No changes</b>
Producers and technicians trained – <i>Final target: 12,000</i>	Producers and technicians trained – <i>Final target: 6,000</i>	<b>Target revised</b> – MTR pointed out that the original target for total number of producers and technicians trained was overestimated, given the financial scope of the project. Moreover, mid-sized producers in the Cerrado area strongly expressed the preference to participate in technical assistance activities rather than in-class training.
The percentage of trained producers requesting credit through the ABC line of credit – <i>Final target: 15%</i>	The percentage of trained producers requesting credit for the adoption of ABC technologies – <i>Final target: 15%</i>	<b>Indicator revised</b> – The indicator was revised to count other credit lines used by producers to finance the adoption of ABC technologies, since ABC credit line represents only 1% of all rural credit available.
The percentage of training content retained by each cohort of producers and technicians six months after the training sessions – <i>Final targets: 50%</i>	-	<b>No changes</b>
Number of persons visiting the URT during field days – <i>Final targets: 6,000</i>	Number of persons visiting the URT during field days – <i>Final targets: 3,800</i>	<b>Target revised</b> - Ten percent of the properties assisted by the Project's field technicians will be registered as URT (Technological Reference Units). The 32 field visit days foreseen in the project will be carried out in some of these properties. The target of people

<sup>2</sup> Due to the depreciation of the Brazilian current, the project was able to provide 6 extra months of technical assistance to the first group of producers benefitted by the project.



		<p>visiting the URTs on field days was reduced to correct an overestimation error occurred during project preparation. Originally the idea was to hold field visits with 500 participants / visitors in each event. However, to hold an event with 500 people, besides demanding a complex logistics of transportation and food, would leave the event very expensive and with high risk of failure, because the desired learning for the participant would be impacted. Therefore, the project team decided to reduce the number of participants per field day from 500 to 120 people, focusing not in quantity but in quality during the visits.</p>
<p>Increase in the provision of services related to ABC technologies by the 160 technicians trained under the project – <i>Final target: 25</i></p>	-	<p><b>Deleted</b> - This indicator is not relevant to the project anymore. The public technical assistance programmed to attend the project was replaced by the SENAR's internal managerial and technical assistance program. To date, the project has a total of 81 field technicians in the 5 states that receive technical assistance. According to the technical assistance guidelines of SENAR, each technician serves 25-30 properties.</p>



### III. SUMMARY OF CHANGES

	Changed	Not Changed
Change in Results Framework	✓	
Change in Loan Closing Date(s)	✓	
Change in Implementation Schedule	✓	
Change in Implementing Agency		✓
Change in DDO Status		✓
Change in Project's Development Objectives		✓
Change in Components and Cost		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Change in Disbursements Arrangements		✓
Change in Disbursement Estimates		✓
Change in Overall Risk Rating		✓
Change in Safeguard Policies Triggered		✓
Change of EA category		✓
Change in Legal Covenants		✓
Change in Institutional Arrangements		✓
Change in Financial Management		✓
Change in Procurement		✓
Other Change(s)		✓
Change in Economic and Financial Analysis		✓
Change in Technical Analysis		✓
Change in Social Analysis		✓
Change in Environmental Analysis		✓

### IV. DETAILED CHANGE(S)

#### RESULTS FRAMEWORK



Project Development Objective Indicators

1. Increase in the agricultural area using the technologies recommended by the ABC Plan in relation to the total productive area of the participating producers

Unit of Measure: Percentage

Indicator Type: Custom

	Baseline	Actual (Current)	End Target	Action
Value	0.00	12.50	15.00	Revised
Date	28-Feb-2014	10-Feb-2017	20-Nov-2019	

2. Increase in the number of participating producers adopting at least one selected technology compared with the control group

Unit of Measure: Percentage

Indicator Type: Custom

	Baseline	Actual (Current)	End Target	Action
Value	0.00	0.00	10.00	Revised
Date	28-Feb-2014	10-Feb-2017	20-Nov-2019	

3. Direct project beneficiaries

Unit of Measure: Number

Indicator Type: Custom

	Baseline	Actual (Current)	End Target	Action
Value	0.00	10317.00	12000.00	Revised
Date	28-Feb-2014	10-Feb-2017	20-Nov-2019	

3.A. Female beneficiaries

Unit of Measure: Percentage

Indicator Type: Custom Supplement

	Baseline	Actual (Current)	End Target	Action
Value	0.00	18.00	0.00	Revised

4. Sets of lessons learned from the project incorporated annually by MAPA, SENAR and EMBRAPA and disseminated to the rural extension institutions

Unit of Measure: Number

Indicator Type: Custom

	Baseline	Actual (Current)	End Target	Action
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Value	0.00	2.00	4.00	Revised
Date	28-Feb-2014	10-Feb-2017	20-Nov-2019	
<b>5. Hours of technical assistance provided to beneficiaries</b>				
Unit of Measure: Hours				
Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	79680.00	177360.00	New
Date	28-Feb-2014	21-Mar-2018	20-Nov-2019	

**Intermediate Indicators**

<b>Land area under sustainable landscape management practices</b>				
Unit of Measure: Hectare(Ha)				
Indicator Type: Corporate				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	76550.00	300000.00	Revised
Date	28-Feb-2014	10-Feb-2017	20-Nov-2019	

<b>Farmers adopting improved agricultural technology</b>				
Unit of Measure: Number				
Indicator Type: Corporate				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	1544.00	3600.00	Revised
Date	28-Feb-2014	10-Feb-2017	20-Nov-2019	

<b>8.A. Clients who adopted an improved agr. technology promoted by project – female</b>				
Unit of Measure: Number				
Indicator Type: Custom Breakdown				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	235.00	360.00	Revised
Date	28-Feb-2014	10-Feb-2017	20-Nov-2018	

<b>9. Differences between intervention and control groups in reduction of GHG emissions and increase in carbon sequestration (tCO<sub>2</sub>eq) by type of technology</b>				
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Unit of Measure: Metric ton Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	0.00	0.00	Revised
Date	28-Feb-2014	10-Feb-2017	20-Nov-2019	

<b>10. Producers and technicians trained</b> Unit of Measure: Number Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	5335.00	6000.00	Revised
Date	28-Feb-2014	10-Feb-2017	20-Nov-2019	

<b>10.A. Producers and technicians trained - female</b> Unit of Measure: Number Indicator Type: Custom Breakdown				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	943.00	1000.00	Revised
Date	28-Feb-2014	10-Feb-2017	20-Nov-2019	

<b>11. Percentage of trained producers requesting credit for the adoption of ABC technologies</b> Unit of Measure: Percentage Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	0.00	15.00	Revised
Date	28-Feb-2014	10-Feb-2017	20-Nov-2019	

<b>12. Percentage of training content retained by each cohort of producers and technicians six months after the training sessions</b> Unit of Measure: Percentage Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	0.00	50.00	Revised
Date	28-Feb-2014	10-Feb-2017	20-Nov-2019	

<b>13. Number of persons visiting the URT during field days</b>				
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Unit of Measure: Number Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	3017.00	3800.00	Revised
Date	28-Feb-2014	10-Feb-2017	20-Nov-2019	

Increase in the provision of services related to ABC technologies by the 160 technicians trained under the project Unit of Measure: Percentage Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	0.00	25.00	Marked for Deletion
Date	28-Feb-2014	10-Feb-2017	15-Jun-2018	

**LOAN CLOSING DATE(S)**

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
TF-17368	Effective	20-Nov-2018		20-Nov-2019	20-Nov-2019