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Report No: PIDIAF0005

# Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 22-Jul-2024

**BASIC DATA****A. Product Information****Main: Uruguay Agro-Ecological and Climate Resilient Systems Project (P176232)**

Operation ID  P176232	Product/Financing Instrument  Investment Project Financing (IPF)
Beneficiary Country/Countries  Uruguay	Geographical Identifier  Uruguay
Practice Area (Lead)	
Agriculture and Food	
Borrower(s)  Oriental Republic of Uruguay	Implementing Agency  Ministry of Livestock, Agriculture and Fisheries (MGAP)
<b>Additional Financing Request 1</b>	
Estimated Appraisal Date  20-Sept-2021	Estimated Board Date  30-Nov-2021

**Development Objective**

Original Development Objective (Approved as part of Approval package on 29-Nov-2021)

(i) strengthen agricultural public systems and rural producers to increase climate change adaptation and mitigation actions and promote Agro-ecological production; and (ii) respond effectively in case of an Eligible Crisis or Emergency.

**Components**

Component 1: Strengthening Decision Support Systems for Climate Resilience

Component 2: Supporting a Transition to Agroecological Production

Component 3: Project Management

Component 4: Contingent Emergency Response

Front end Fees

**COSTS & FINANCING (US\$, Millions)****SUMMARY**



	Last Approved	Proposed	
		Addition	Total
Total Operation Cost	52.50	1.00	53.50
Total Financing	52.50	1.00	53.50
Of which IBRD/IDA	35.50	0.00	35.50

**FINANCING DETAILS**

World Bank Group Financing	Last Approved	Additional Financing	Total
<b>International Bank for Reconstruction and Development (IBRD)</b>	<b>35.50</b>	<b>0.00</b>	<b>35.50</b>
International Bank for Reconstruction and Development	35.50	0.00	35.50
<b>Non-World Bank Group Financing</b>			
<b>Counterpart Funding</b>	<b>17.00</b>	<b>0.00</b>	<b>17.00</b>
Local Beneficiaries	6.00	0.00	6.00
Borrower/Recipient	11.00	0.00	11.00
<b>Trust Funds</b>	<b>0.00</b>	<b>1.00</b>	<b>1.00</b>
IBRD Fund for Innovative GPG Solutions <sup>NEW</sup>	0.00	1.00	1.00

**IDA Resources****B. Introduction and Context**

## Country Context

- More than 90 percent of land in Uruguay is suitable for agriculture and livestock. Some 44,000 livestock producers occupy an area of 12.9 million ha, of which approximately 85 percent practice natural grazing. However, their productive potential has been limited by overgrazing, which implies lower productivity of meat per hectare (ha), soil erosion, gradual loss of organic matter and biodiversity degradation.



2. National studies indicate an average beef productivity of 70-81 kg/ha from 2010-2017, with a significant gap between the best and worst productive performers. For example, beef productivity at the 25<sup>th</sup> percentile averaged 55 kg/ha, while at the 75<sup>th</sup> percentile, it was 118 kg/ha (Aguirre, 2019). Reducing this “productivity gap” would have a high impact not only at the level of individual establishments but also on the Uruguayan economy, since over 80 percent of Uruguay’s beef production is destined for export markets.

3. Agriculture contributes 75 percent of Uruguay’s total Greenhouse Gas (GHG) emissions; about 52 percent of these total emissions are due to enteric fermentation from livestock.<sup>1</sup> Uruguay Nationally Determined Contributions (NDCs) – submitted to the United Nations Framework Convention on Climate Change in 2017 – set ambitious climate change targets: agricultural GHG emissions would be reduced by a minimum of 25 percent below 2020 levels by 2030, and by nearly 40 percent by 2050. The NDCs also build on the adaptation priorities set out in the National Policy of Climate Change developed in the framework of the National System for Response to Climate Change.

#### Sectoral and Institutional Context

4. Specific to the beef subsector, under NDC1, Uruguay commits to reduce, by 2025, methane ( $\text{CH}_4$ ) emission intensity by 32 percent (per kg of beef live weight), with respect to 1990 levels; this was 98 percent achieved as of the 2022 reporting period. Under NDC2, Uruguay commits to a 35 percent reduction in  $\text{CH}_4$  emission intensity (relative to 1990 levels) by 2030. These actions are further supported by Uruguay’s 2020 commitment to the Global Methane Pledge (<https://www.globalmethanepledge.org/>).

5. From 2020-2023, the MGAP, in collaboration with the Ministry of Environment (MA), the United Nations Food and Agriculture Organization (FAO) and with financing from the Global Environment Fund (GEF), implemented the “Climate-smart livestock production and restoration of soils in Uruguayan grasslands” Project, known locally as the Livestock and Climate pilot project (“*Ganadería y Clima*”).<sup>2</sup> Some 61 livestock farmers engaged in “co-innovation”<sup>3</sup> with technical service providers deployed under the pilot project to improve farm management practices and their production outcomes on nearly 35,000 ha across four regions of the country.

### C. Proposed Development Objective

#### Original Development Objective

6. (i) strengthen agricultural public systems and rural producers to increase climate change adaptation and mitigation actions and promote Agro-ecological production; and (ii) respond effectively in case of an Eligible Crisis or Emergency.

#### Current Development Objective

<sup>1</sup> 6<sup>th</sup> National Communication of Uruguay to the UNFCCC

<sup>2</sup> “*Ganadería y Clima*” is a pilot project with funding of US\$1.2 million from a partnership between the UNEP-convened Climate and Clean Air Coalition (CCAC), GEF, FAO, and Ministry of Livestock, Agriculture and Fisheries.

<sup>3</sup> Under co-innovation, extension technicians work together with producers to improve farm indicators based on a diagnosis and redesign of each production system. Per Aguerre and Bianco (2023), *co-innovation* is a process in which researchers and stakeholders work together to generate combined innovations at the technological and institutional level (<https://doi.org/10.1016/j.jurstud.2022.12.003>)



No change

Proposed New Development Objective

No change

#### D. Project Description

7. The proposed Additional Financing to the Uruguay Agro-Ecological and Climate Resilient Systems Project – SARU - would provide a US\$1 million Recipient-Executed Trust Fund to initiate the scale-up of the Livestock and Climate pilot project to at least 120 livestock producers on an additional 65,000 ha. The Project activities would be as follows:

- a. Policy Dialogue for Climate Smart Livestock (US\$200,000): would finance training, workshops, consulting services and knowledge exchanges to facilitate the development of a national strategy for climate smart livestock.
- b. Promotion of Climate-smart livestock practices (US\$800,000): would finance goods and consultancy services to: (a) develop curricula and learning materials to promote awareness and adoption of climate-smart livestock best-practices; (b) build capacity (training of trainers) to promote the adoption of climate-smart technologies and innovative livestock management best-practices by livestock farmers; and (c) transfer climate-smart livestock best-practices to at least 120 participating livestock producers across 65,000 ha.

#### Legal Operational Policies

Policies	Triggered?
Current	
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

#### Summary of Screening of Environmental and Social Risks and Impacts

The overall E&S risk classification (ESRC) of the Parent Project and its Additional Finance is Moderate. The Parent Project and its AFis expected to result in overall positive E&S impacts, as the Project aims at (i) strengthening information systems for better environmental management and climate adaptation in agricultural production; (ii) enhancing animal welfare with the ensuing contribution to human health and the environment; and (iii) supporting a transition to agroecology in the agro-food sector, with a particular focus on women. The Parent Project and its AFwill be implemented at the national level with certain project activities in specific local Departments ("Departamentos"). Component 3 of the Project will support only small-scale works to: (i) demonstrate alternative agroecological production systems, and (ii) improve water quality in the Santa Lucía Watershed area that aims to. The other project activities under Components 1 and 2 will serve to provide technical assistance to improve the transition of the agriculture sector to a more environmentally sustainable, climate-resilient, and inclusive sector, as further detailed in



the ESRS. The nature, scale, type, and characteristics of the activities being supported by the Project are not expected to generate any significant adverse E&S risks and potential impacts on human populations or the environment. Identified E&S risks and opportunities will be managed in line with the ESSs either through: (i) project design by ensuring that technical assistance activities under components 1 and 2 are undertaken under terms of reference that reflect and incorporate ESSs requirements, (ii) via the E&S risk management instruments (Environmental and Social Management Framework and Stakeholder Engagement Plan) that the Borrower has prepared. The ESMF, SEP, and ESCP for the Parent Project were disclosed in the country for purposes of public consultations prior to the end of appraisal (end of September 2021) and finalized, adopted by the Borrower, and disclosed on the Bank and Project's website one month after Project effectiveness. The Parent Project took a framework approach because the details about the investments and their exact locations (project implementation nationwide through technical assistance and design of site-specific interventions associated with wastewater management at Santa Lucía Watershed and agroecological technical demonstrations) were not known at concept stage and have become known as implementation began. The ESMF provides the requirements, guidelines, and procedures for assessing project activities; and, where necessary, preparing and implementing the site-specific Environmental and Social Impact Assessments/Environmental and Social Management Plans (ESIA/ESMPs). The arrangements of the subprojects under Subcomponent 3.3, to manage the E&S risks to be implemented by CONAPROLE and INALE during implementation, are clearly defined in the ESMF. The ESCP, which was agreed with the Borrower for the Parent Project, sets out actions and measures that need to be carried out by the Borrower in line with the ESSs. All these instruments and measures included therein will allow managing the E&S risks and opportunities of the AF, along with the Borrower's framework.

## E. Implementation

### Institutional and Implementation Arrangements

8. The existing Project Management Unit for SARU – the MGAP's *Unidad de Gestión de Proyectos – UGP* – would administer the US\$1 million AF/RETF and coordinate and oversee all activities under its components. The UGP is staffed by highly skilled individuals in each of the following areas: overall Project management, financial management (FM), E&S risk management, procurement, monitoring and evaluation, training, and communications. UGP staffing has been stable and UGP staff have benefitted from numerous World Bank trainings and workshops in procurement, FM, monitoring and evaluating sustainability, Environmental and Social (E&S) risk management, and other technical areas. Specifically, the MGAP would leverage the UGP toward overall AF/RETF management, including planning, FM, procurement, and conducting annual audits.

## CONTACT POINT

### World Bank

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## The World Bank

Uruguay Agro-Ecological and Climate Resilient Systems Project (P176232) – Additional Financing Request 1

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### Borrower/Client/Recipient

**Oriental Republic of Uruguay**

### Implementing Agencies

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### APPROVAL

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