# **TC Document**

Country/Pogion:	
	Dividual
• TC Name:	Design of the operation more Productive Acre Program - PROAMP
• IC Number:	
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<ul> <li>Taxonomy:</li> </ul>	Operational Support
<ul> <li>Operation Supported by the TC:</li> </ul>	BR-L1634
<ul> <li>Date of TC Abstract authorization:</li> </ul>	30 May 2024
Beneficiary:	State of Acre
Executing Agency and contact name:	Inter-American Development Bank
Donors providing funding:	Green Climate Fund(GRN)
<ul> <li>IDB Funding Requested:</li> </ul>	US\$300,000.00
Local counterpart funding, if any:	US\$0
<ul> <li>Disbursement period (which includes Execution period):</li> </ul>	18 months
<ul> <li>Required start date:</li> </ul>	April 2025
<ul> <li>Types of consultants:</li> </ul>	Firms and individuals
Prepared by Unit:	PTI/ARD-Agriculture and Rural Development Division
Unit of Disbursement Responsibility:	CSC/CBR-Country Office Brazil
<ul> <li>TC included in Country Strategy (y/n):</li> </ul>	No

## I. Basic Information for TC

<ul> <li>TC included in CPD (y/n):</li> </ul>	No
<ul> <li>Alignment to the Institutional Strategy 2024-2030:</li> </ul>	Social inclusion and equality; Productivity and innovation; Institutional capacity and rule of law; Environmental sustainability; Productive development and innovation through the private sector

#### II. Description of the Associated Loan

2.1 This TC is associated with the More Productive Acre Program (PROAMP. BR-L1634). The State of Acre requested IDB support to prepare and finance an operation that will aid in tackling the challenges the State faces to attain a sustainable socioeconomic development and an improved quality of life for its rural population based on its competitive and comparative advantages. The objective of PROAMP is to reduce rural poverty in the State of Acre, through the sustainable development of forestry, agroforestry and agricultural production, avoiding deforestation and promoting climate change adaptation.

## III. Objectives and Justification of the TC

- 3.1 Acre is an amazonian state situated in the northwest of Brazil, bordered by the state of Amazonas to the north, the state of Rondônia to the east, Bolivia to the southeast, and Peru to the south and west. Acre covers an area of approximately 164,123 square kilometers, divided into 22 municipalities and 5 regional development areas. The population stood at around 830,000 people in 2022, with a rich ethnic diversity including indigenous communities, afro-descendants and migrants from various regions of Brazil. The 2021 GDP has been estimated at R\$21.37 billion (US\$4.3b) with contributions from services (74%), agriculture (18.9%) and industry (7.1%). Acre's economy has traditionally been based on the extraction of natural resources such as native rubber and Brazil nut, however other activities such as cattle ranching and soybean production have grown in recent years.
- 3.2 Acre is renowned for its lush Amazon rainforest, which covers 85% of this territory (3.36% of the Amazonian biome). Although the preservation of this rich biodiversity has been a central point of the state's environmental policy, Acre faces significant environmental challenges. Deforestation, driven by illegal logging and the expansion of agriculture and cattle ranching, poses a continued threat to the state's ecosystems. Conversely, sustainable and low carbon agricultural activities that do not require land clearing, and well managed agroforestry activities are seen as an opportunity to provide economic opportunities for rural inhabitants while maintaining the natural capital of the state.
- 3.3 One of the drivers of deforestation is rural poverty. Although Acre's Human Development Index increased from 0.663 in 2010 to 0.70 in 2021, it remains ranked 24th out of Brazil's 27 federative units. In addition, there are still strong disparities between its capital Rio Branco (0.727) and the rest of the municipalities (eight with average HDI; twelve with low HDI; and one with a very low HDI). Rural poverty is closely linked to low agricultural productivity, as limited income and resources constrain farmers' ability to invest in improved technologies, inputs, and infrastructure, thereby reinforcing dependence on unsustainable land use practices. Agricultural production is mainly based on family farming, which has traditionally been characterized by low technological level and dependence on expansion via forest clearing. Family farmers face the following challenges: (i) Low productivity due to the

scarce adoption of sustainable technologies in forestry, agricultural and agroforestry activities; (ii) difficulties in territorial and environmental planning and management, which make it difficult for producers to access specific policies, programs and credit, (iii) Limited access to technical assistance and rural extension services and low qualification of technicians in technological innovation.

- 3.4 Acre State in Brazil also faces significant disaster risks, particularly from forest fires and droughts that can disrupt the bioeconomy-based productive systems of rural dwellers. In 2024, the state experienced severe drought conditions, affecting at least 745,000 people<sup>1</sup>. These dry conditions in turn exacerbate the frequency and intensity of forest fires, influenced by the El Niño phenomenon and human activities such as agricultural practices. Between 2001 and 2023, Acre lost approximately 66,300 hectares of tree cover due to fires.<sup>2</sup> In 2024, the Amazon region, including Acre, was notably impacted by devastating wildfires.
- 3.5 In response to the challenges and opportunities in its territory, Acre has implemented various initiatives to combat deforestation and promote sustainable land use, in particular: (i) the State System of Incentives for Environmental Services (SISA), the world's first jurisdictional REDD+ program, aimed at reducing greenhouse gas emissions from deforestation and degradation; (ii) the Carbon Sequestration Program (ISA-Carbono), part of SISA, focusing on reducing deforestation by following the State Plan for Control and Prevention of Deforestation; (iii) the Ecological–Economic Zoning (ZEE), which provides the basis for sustainable forest management and land use planning. In the last two decades, the Bank provided two loan operations to finance the Acre Sustainable Development Programs I and II (BR03013 and BR-L1289), which aimed at contributing to the development of the forestry and agroforestry sector, reduce rural poverty and improve environmental governance.
- 3.6 The State of Acre also implements a range of environmental and agricultural policies aligned with federal initiatives to promote sustainable land use and reduce environmental degradation. One of the cornerstone policies is the Cadastro Ambiental Rural (CAR), a mandatory electronic registry for rural properties that facilitates environmental monitoring and compliance with the Forest Code by identifying legal reserves and areas of permanent preservation. The properties that fall under a non-compliance situation (for example, because the forest covered area in the property is below what is legally required) can access the Land Regularization Program (PRA), and small properties are authorized to reforest with productive agro-forestry systems. Additionally, Acre adopted the Plano Agricultural de Baixa Emissão de Carbono (ABC Plan), which incentivizes sustainable agricultural practices such as no-till farming, agroforestry systems, and recovery of degraded pastures to mitigate greenhouse gas emissions.<sup>3</sup>
- 3.7 The main State public entities involved in environmental and agricultural public policies are the Secretaria de Estado de Meio Ambiente (SEMA), Instituto de Meio Ambiente do Acre (IMAC), Instituto de Mudanças Climáticas e Regulação de Serviços

<sup>&</sup>lt;sup>1</sup> <u>https://reliefweb.int/</u>

<sup>2</sup> Global Forest Watch

<sup>&</sup>lt;sup>3</sup> The first phase covered the 2010-2020 period. The state of Acre is working on the new phase ABC+, which will establish new goals until 2030.

Ambientais (IMC), Companhia de Desenvolvimento de Serviços Ambientais (CDSA), Instituto de Terras do Acre (ITERACRE), Empresa de Assistência Técnica e Extensão Rural (EMATER), Secretaria de Estado de Povos Indígenas (SEPI) and the Secretaria de Estado de Indústria, Ciência e Tecnologia (SEICT). All these institutions are expected to work collaboratively to achieve Acre´s land use plans (as established in its Ecological and Economic Zoning), by creating a framework of incentives and support to land-owners to promote the conservation of forests and their sustainable use.

- 3.8 However, such agencies face some challenges: (i) budgeting, in particular for investment needs; (ii) staffing issues (limited stable workforce, aging staff in some institutions, staff turn-over and limited overall capacity); (iii) deficiencies in infrastructure and equipment for the timely, effective and efficient delivery of services; (iv) undefinition or lack of standard-operational-procedures which can hinder effectiveness of key environmental policy instruments (such as environmental sanctioning); and (v) deficiencies in applying command-and-control policy instruments to achieve policy goals related to land use and deforestation control, associated with the still limited reach of economic incentives for sustainable land use.
- 3.9 In this context, the State of Acre requested support from the Bank to finance the "Programa Acre Mais Produtivo – PROAMP". Additionally, the State also requested support from the Bank through a non-reimbursable technical cooperation to conduct technical, social, environmental and economic studies that are required for the proper design of the PROAMP operation and that will establish enabling conditions for the start of its implementation.
- 3.10 The objective of this technical cooperation is to support the State of Acre in: (i) the implementation of public policies related to natural resources management and sustainable farming that will be part of PROAMP activities; and (ii) the design and implementation of PROAMP operation.
- 3.11 **Strategic alignment.** The TC is consistent with the IDB Group Institutional Strategy: Transforming to Scale and Impact (CA-631) and aligns with the objective of: (i) reducing poverty and inequality, since it will address smallholders farming in vulnerable rural areas: (ii) addressing climate change, since it will contribute to the State environmental public policies linked to reducing deforestation; and (iii) bolstering sustainable growth, since it will contribute to foster bioeconomy development. The TC is aligned with the operational focus area of biodiversity, natural capital, and climate action, and productive development and innovation through the private sector. The TC will support the IDB Group Impact Framework 2024-2030 (GN-3195-8), particularly indicators 1.2 (People living in poverty), 1.6 (Forest area as a proportion of total land area), and 2.23 (Farmers with improved access to agricultural services and investments for climate adaptation and mitigation). Additionally, the TC aligns with the Brazil and IDB Group Strategic Agreement - Country Strategy 2024-2027 (GN-3243-3), supporting its Pillar 1, enabling the green transition and strengthening climate resilience, especially its results matrix' strategic objectives: (i) promote the sustainable use of natural resources and (ii) to strengthen environmental conservation and recover degraded lands by promoting the sustainable use of natural resources, through the adoption of productivity enhancing and sustainable production systems. The TC is also aligned with the Amazon Bioeconomy Fund Program funded with GCF

resources (GN.3081-1), particularly with its component 1.3c, where technical cooperation can be provided to support institutional and regulatory environment for strengthening of national systems in valuing natural capital / forests assets. The TC is aligned with the Amazon Forever Program of the IDB Group, by supporting its Pillar of Bioeconomy and Creative Economy, and will foster synergies with all relevant projects linked to bioeconomy and sustainable land use, farming and forest management framed in this Program.

3.12 The TC will coordinate with other Bank operations promoting sustainable agriculture and use of natural resources in the Amazon, like the Low Carbon Agriculture for Avoided Deforestation and Poverty Reduction Phase II - Strengthening Sustainable Value Chains in the Amazon (BR-T1462); and the regional TC The Amazonian Nut: Restoring its gigantic potential for forest and biodiversity conservation and income generation in the Amazon Region (RG-T4682). It will also search for synergies with the Amazon Unit (ACU).

## IV. Description of activities/components and budget

- 4.1 Component 1: Support bioeconomy value chains development (US\$195,000). The component will contribute to improve data, knowledge and planning about the development of the bioeconomy value chains in the State, through a series of activities which includes: (i) technical, environmental, and socio-economic assessment of the honey value chain, an important non-timber forest product (NTFP); (ii) training in participatory mapping of natural resource use and traditional knowledge, focusing on Brazil nut harvesting and other economically valuable NTFP in the Chico Mendes Extractive Reserve<sup>4</sup>; (iii) developing a methodology, conducting surveys, and creating a data panel with statistical analyses on socio-economic activities in the Chico Mendes Extractive Reserve; (iv) building an economic potentialities panel and map of the State, particularly for the bioeconomy; (v) other technical, economic, social and environmental studies required for PROAMP design and implementation. Some of these activities will include indigenous communities, particularly those involved in the harvesting of non-timber forest products, ensuring the inclusion of traditional knowledge and practices in the development of bioeconomy value chains.
- 4.2 Component 2: Improve environmental public policies management (US\$105,000). The component will contribute to improve State environmental public policy tools that are related with the sustainable use of its natural resources and the bioeconomy: (i) Developing a remote environmental monitoring protocol for forest restoration areas using artificial intelligence, LiDAR, and geospatial tools; (ii) conducting a socio-economic-environmental analysis and modeling of rural properties and family farms participating in forest restoration projects with agroforestry systems under the Environmental Regularization Program (PRA) of the State; (iii) Creating an extreme events map to analyze impacts in rural areas and establish an action protocol that includes specific responses for rural producers; and (iv) other

<sup>&</sup>lt;sup>4</sup> The Chico Mendes Extractive Reserve, created in 1990, is the largest in the state of Acre and one of the first conservation units designed for sustainable use. It allows traditional populations to live within its boundaries and carry out sustainable activities like extracting Brazil nuts, rubber, and açaí, balancing environmental conservation with local livelihoods.

studies for strengthening the State environmental policies and programs necessary for PROAMP design and implementation.

- 4.3 The TC expected results are: (i) improved data, knowledge and tools about bioeconomy potential development available to guide related public policies; (ii) improved technological capacities to monitor areas under forest restoration; (iii) improved knowledge about extreme event risks and its effects in rural production; and (iv) PROAMP operation fully designed and ready for implementation. To ensure sustainability, the knowledge generated, including methodologies, data panels, and monitoring protocols, will be integrated into the State's public policies and institutional frameworks, enabling continued use and improvement over time. Additionally, capacity-building efforts, such as training in participatory mapping, environmental monitoring, and socio-economic assessments, will empower local stakeholders, public institutions, and communities to independently manage and expand the initiatives beyond the project's duration. The main lessons learned from those activities and results are expected to feed the PROAMP operation as well as other public policies and investments in Brazilian Amazonia.
- 4.4 The total budget for this TC is US\$300,000, financed by the Green Climate Fund (GRN).

Component	Activity	Budget (IDB)
Component 1: Support bioeconomy value chain development	Technical, environmental, and socio-economic assessment of the honey production chain.	25,000
	Training in participatory mapping of natural resource use and traditional knowledge, focusing on Brazil nut harvesting and other economically valuable non-timber forest products in the Chico Mendes Extractive Reserve.	30,000
	Developing a methodology, conducting surveys, and creating a data panel with statistical analyses on socio-economic activities in the Chico Mendes Extractive Reserve.	45,000
	Building an economic potentialities panel and map of the State.	45,000
	Conducting other studies required for PROAMP design and implementation.	50,000
Total for Comp 1		195,000
Component 2: Improve environmental public policies management	Developing a remote environmental monitoring protocol for forest restoration areas using artificial intelligence, LiDAR, and geospatial tools.	50,000

Indicative Budget

Component	Activity	Budget (IDB)
	Conducting a socio-economic-environmental analysis and modeling of rural properties and family farms participating in forest restoration projects with agroforestry systems under the Environmental Regularization Program (PRA) of the State.	20,000
	Creating an extreme events map to analyze impacts in rural areas and establish an action protocol.	20,000
	Conducting other studies for strengthening the State environmental policies and programs necessary for PROAMP design and implementation.	15,000
Total for Comp 2		105,000
Total		300,000

## V. Executing agency and execution structure

- 5.1 The TC beneficiary will be the State of Acre through the State Secretary of Planning (SEPLAN/AC). Upon the request of the State of Acre, the IDB will be the executing agency. ARD team based in Brazil will be leading the execution, in collaboration with other divisions that could be related to specific topics. The execution of this TC will also be coordinated with CSD/ACU to guarantee adequate links with other initiatives in the Amazon. The UDR will be CBR.
- 5.2 Supervision and monitoring will be carried out in accordance with "The Technical Cooperation Monitoring and Reporting System (OP-1385-4). The Project Team will prepare an evaluation report at the closure of the TC, which identifies the achievements and lessons learned, and will serve as a reference for related operations.
- 5.3 All procurement to be executed under this Technical Cooperation have been included in the Procurement Plan (Annex IV) and will be hired in compliance with the applicable Bank policies and regulations as follows: (a) Hiring of individual consultants, as established in the regulation on Complementary Workforce (AM-650) and (b) Contracting of services provided by consulting firms in accordance with the Corporate procurement Policy (GN-2303-33) and its Guidelines.
- 5.4 As per the request of the beneficiary (See Annex I, Identification Mission Aide Memoire, paragraph 45), the IDB will be the executing agency, considering its experience in executing technical cooperation in the natural resources sector in Brazil. In addition, the fact that the TC will be executed directly by the Bank means that the procurement processes will not depend on factors that affect government execution mechanisms, and financial execution will not depend on the availability of public budget funds. This factor is critical and represents a special condition to justify the execution by the IDB, according to the Procedures for the Processing of Technical Cooperation Operations and Related Matters (OP-619-4). The Technical Cooperation Policy (GN-2470-2, section 4.5) requires, for technical cooperations executed by the

Bank: (i) that the beneficiary country or group of countries agree and (ii) the proposed activities are consistent with the strategy and the Bank's country or regional program.

## VI. Major issues

6.1 The main risk could be slow articulation between the entities involved in the activities to be carried out by the TC. To mitigate this risk, the key institutions involved in the technical aspects of this TC, the State Secretaries for Agriculture (SEAGRI) and Environment (SEMAS) will each name a focal point which will coordinate with SEPLAN and the IDB Project Team to foster dialogue and collaboration for its implementation.

## VII. Exceptions to Bank policy

7.1 None.

## VIII. Environmental and Social Aspects

8.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

#### **Required Annexes:**

Request from the Client\_97870.pdf

Results Matrix\_66741.pdf

Terms of Reference\_39540.pdf

Procurement Plan\_36426.pdf