

## TC ABSTRACT

### I. Basic Project Data

▪ Country/Region:	REGIONAL/IDB
▪ TC Name:	Flagship study of agricultural productivity growth in Latin America and the Caribbean
▪ TC Number:	RG-T4539
▪ Team Leader/Members:	SCHLING, MAJA (CSD/RND) Team Leader; GONZALEZ FLORES, MARIO (CSD/RND) Alternate Team Leader; SALAZAR, LINA PIEDAD (CSD/RND); DE SALVO, CARMINE PAOLO (CSD/RND); MUNOZ, GONZALO P. (CSD/RND); BONILLA MERINO ARTURO FRANCISCO (LEG/SGO); RESTREPO, LISA SOFIA (CSD/RND); MORALES FRANCO ERICKA MARLENY (CSD/RND)
▪ Taxonomy:	Research and Dissemination
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	22 May 2024
▪ Beneficiary:	Regional
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$350,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Not applicable
▪ Prepared by Unit:	CSD/RND - Env, Rural Dev & Disaster Risk
▪ Unit of Disbursement Responsibility:	CSD/RND - Env, Rural Dev & Disaster Risk
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality; Productivity and innovation; Environmental sustainability; Gender equality

### II. Objective and Justification

- 2.1 Between 2000 and 2010, the Total Factor Productivity (TFP) of the agricultural sector of Latin America and the Caribbean (LAC) grew at 2.2% annually; however, between 2010 and 2020 the annual growth rate declined to 1.5% (Nin-Pratt et al., 2023). To feed its growing population, the agricultural sectors of LAC need to increase food production and productivity while preserving the natural resource base. The objective of this TC is to support the implementation of the Bank's applied research agenda in the agricultural sector in LAC to identify the main drivers of the slowing rate of agricultural productivity growth and to provide policy recommendations for borrowing countries on the most cost-effective policies to boost agricultural productivity.
- 2.2 Increasing agricultural productivity in a sustainable manner is a fundamental pillar for feeding a growing population, reducing pressure on natural resources, and improving the livelihoods of the rural population in LAC. The reduction of rural poverty has been shown to be strongly correlated with agricultural productivity growth, and the productivity growth in this sector can contribute two to four times more to poverty reduction than growth in other sectors (De Janvry & Sadoulet, 2010). In order to boost food production without increasing greenhouse gas emissions and expanding the agricultural frontier to the detriment of natural resources and biodiversity, increasing agricultural productivity

in the region is imperative. However, the growth rate of agricultural productivity in LAC has slowed significantly in recent years.

- 2.3 The agricultural sector in LAC faces several challenges going forward. Climate change is increasingly causing adverse impacts on agricultural production, with significant consequences for food security, rural livelihoods, and environmental sustainability in the region. Additionally, a range of factors are inhibiting productivity growth and, therefore, rural incomes in LAC. These include: (i) inadequate infrastructure; (ii) low levels of investment in R&D; (iii) limited coverage of rural advisory services; (iv) inadequate animal and plant health and food safety services; (v) weak land administration systems; (vi) limited access to credit; (vii) limitations to access foreign markets; and (viii) low levels of connectivity and AgTech adoption; and (ix) gender and ethnic gaps.
- 2.4 So far, no comprehensive regional analysis has been undertaken to better understand agricultural productivity in terms of historical trends, the role of agricultural support policies, and the impacts of climate change on agricultural productivity. Moreover, while the Bank has supported the region in financing several agricultural and population censuses, as well as a growing number of impact evaluations in the sector, these data sets have not been systematically analyzed to better understand agricultural productivity. In this context, it is crucial to gain an in-depth understanding of the main factors that accurately predict future productivity growth and determine what policy tools can be most effective at boosting agricultural productivity throughout the region, while preserving natural resources.
- 2.5 This TC supports the Bank's member countries in improving their knowledge on agricultural productivity growth by providing key inputs to the IDB's flagship study on agricultural productivity growth in the region, and subsequently disseminating the main knowledge products generated, to be used in technical dialogue. The TC is consistent with the IDB Group Institutional Strategy: Transforming for Scale and Impact (CA-631) and is aligned with the objectives of: (i) reduce poverty and inequality; (ii) address climate change; and (iii) bolster sustainable regional growth, by generating knowledge about agricultural productivity growth and the policies that can improve agricultural productivity, which in turn can improve rural incomes, food security, and the ability of the agricultural sectors to adopt to, and mitigate, the effects of climate change. Furthermore, the TC is aligned with the Agriculture Sector Framework (GN- 2709-12), the Food Security Sector Framework (GN-2825-9), as well as the Climate Change Sector Framework (GN-2835-8).

### III. Description of Activities and Outputs

- 3.1 **Component I: Support for the Bank's Flagship Regional Study on Agricultural Productivity.** Generate inputs to prepare key chapters of the Flagship Study, including macro- and microeconomic analyses based on administrative data such as national agricultural censuses and agricultural household surveys, as well as processing and analyzing satellite imagery used to measure changes in yields, environmental and climate change related variables. This will require the hiring of several research assistant consultants, as well as the contracting of topic experts (both individuals and firms).
- 3.2 **Component II: Dissemination of Knowledge Products.** This component will finance activities to disseminate the knowledge products generated through Component I, including the preparation of dissemination materials such as monographs and infographics, as well as dissemination events such as in-person workshops and seminars.

#### IV. Budget

##### Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Support for the Bank's Flagship Regional Study on Agricultural Productivity	US\$300,000.00	US\$0.00	US\$300,000.00
Dissemination of Knowledge Products	US\$50,000.00	US\$0.00	US\$50,000.00
<b>Total</b>	<b>US\$350,000.00</b>	<b>US\$0.00</b>	<b>US\$350,000.00</b>

#### V. Executing Agency and Execution Structure

- 5.1 The Bank, through the Environment, Rural Development and Disaster Risk Management Division (CSD/RND), will be the administrator of the resources of this TC.
- 5.2 This implementation structure is based on the Bank's specialized technical and operational capacity. The activities to be executed will be included in the Procurement Plan and will be contracted in accordance with the Bank's policies as follows: (i) AM-650 for individual consultants; (ii) GN-2765-1 and Guidelines OP-1155-4 for consulting firms for services of an intellectual nature; and (iii) GN-2303-20 for logistics and other related services. All administrative arrangements, technical supervision, necessary internal and external coordination, and responsibility for the final product will be the responsibility of CSD/RND.

#### VI. Project Risks and Issues

- 6.1 For the various chapters of the study, it is necessary to involve a significant number of people and firms with expertise on the different topics, so coordination difficulties may arise. To mitigate this risk, as has been the case in previous applications, a core team of specialists in RND has been identified that will lead and supervise the study and its chapters in order to ensure smooth coordination with key stakeholders.

#### VII. Environmental and Social Aspects

- 7.1 This TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).