

BUILDING RESILIENCE TO CLIMATE CHANGE AND VARIABILITY IN VULNERABLE SMALLHOLDERS

PROJECT AFB/NIE/Agri/2011/1

**ADAPTATION FUND
ANII
MGAP**



INCEPTION WORKSHOP DOCUMENT

OCTOBER 22, 2012

Building Resilience to Climate Change and Variability in Vulnerable Smallholders
ADAPTATION FUND – ANII – MGAP
INCEPTION WORKSHOP

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GLOSSARY:

ANII: National Research and Innovation Agency
CC: Climate Change
DGDR: Directorate General for Rural Development
FA: Adaptation Fund
INIA: National Agricultural Research Institute
IPA: Agricultural Plan Institute
MGAP: Ministry of Livestock, Agriculture and Fisheries
POA: Annual Operating Plan
RENARE: Directorate of Renewable Natural Resources
UACC: Adaptation and Climate Change Unit
UdelaR: University of the Republic
UGP: Project Management Unit
UP: Landscape Unit

1. WORKING TEAM

Ministry of Livestock, Agriculture and Fisheries:

- Project Coordinator: Eduardo Maldini, Agronomist (Engineer)
- UGP Executive Officer: Jorge Marzaroli, Agronomist (Engineer)
- Administrative and Financial Manager: Claudia Chakerián, Accountant
- UGP Training Unit: Johanna Raykoff, Psychologist
- Monitoring and Reporting Manager: Carlos Honorio, Agronomist (Engineer)
- UACC Manager: Walter Oyhantçabal, Agronomist (Engineer)
- DGDR Management Area Manager and Territory Promotion Manager: José Carlos Taddeo, Phd
- Contact in RENARE: Santiago Larghero, Agronomist (Engineer)

National Research and Innovation Agency:

- Omar Barreneche: CEO (Executive Secretary)
- Beatriz Prandi: CEO Advisor
- Miguel Helou: Operations Deputy Manager

INSTITUTIONAL DEFINITIONS

The following was defined on 03/31/2012 in the frame of the Ministry of Livestock, Agriculture and Fisheries:

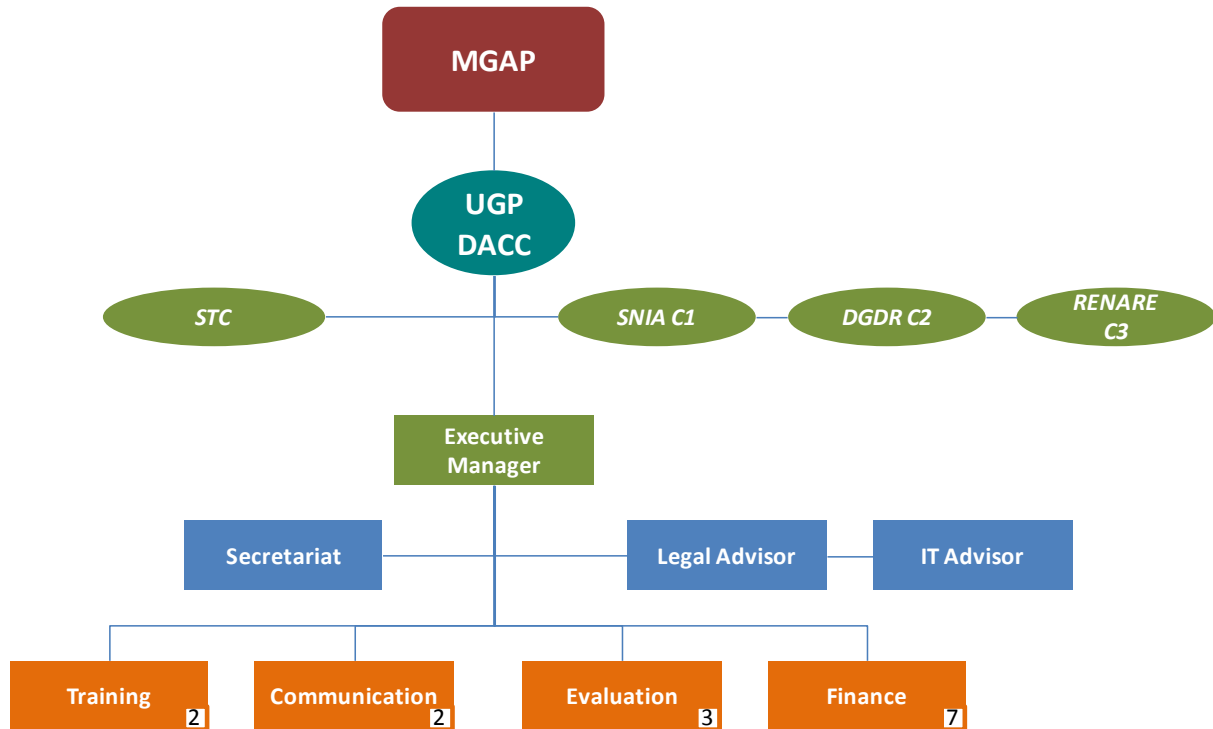
- Coordination, administrative management and acquisitions of the project shall be developed under the supervision of the UGP (Project Management Unit) within the Directorate General Secretariat of the MGAP. It shall be in charge to support the fields of Training, Follow—up and Evaluation and Communication.
- The Directorate General for Rural Development shall perform executive functions regarding the actions on the territory. The territorial teams of the project will join the Directorate General for Rural Development departmental teams in the corresponding Landscape Units.
- There shall be a field of Inter – agency coordination: UACC (OPYPA), RENARE, DGDR, IPA, INIA, UdelaR, etc.

The team being recruited to be in charge of the project is made up of:

DESCRIPTION	Number	Location
<i>Part I and II – Technicians within the territories</i>		
Technical Assistant for the promotion of networks and organizations	2	DGDR
Technical Assistant for investments in adaptation to CC	2	DGDR
Technical Assistant for GIS	1	RENARE/DGDR
<i>Part III - UACC Technical Team</i>		
Technical Assistants of the UACC	2	UACC
<i>Part IV - UGP</i>		
Technical Assistant of the project	1	UGP
Monitoring and Evaluation Assistant	1	DGDR
Officer	2	UGP/DGDR
Secretary	1	DGDR

In the following chart we present the organization of de Project Management Unit (UGP) in charge of the execution of the project:

Chart - UGP Organization Chart



2. GENERAL REVIEW

The most relevant effect of climate change for the Uruguayan agricultural sector is the increase of climate variability and the frequency and intensity of extreme events such as droughts, floods, heat waves, storms and hurricanes.

Such events generate immediate economic costs and affect the natural resource base of the country. It is essential to understand that we are already exposed to greater and increasing climate risks, in order to implement adaptation strategies that reduce vulnerability and build resilience in the agro-ecosystems.

As a consequence thereof, action and decisions must be taken at different levels (national, local). Measures to be taken are multiple, of variable effectiveness and depend on places and areas. The worst option would be acting only when the impact has already occurred. A proactive system is the key for an adequate risk management. Furthermore, most of the adaptation measures may, in turn, generate productive co-benefits (as for example minimum tillage, increase in the harvest and water usage efficiency, fodder reserves and development of diversified forestry and grassland systems).

Rain-fed natural pastures ecosystems are the basis of livestock production, especially for the farms of the smallholders, where the infrastructure of stormwater management (for example reservoirs) is poor and scarce. Agro-meteorological droughts are the most

disturbing climate events for livestock. A wider perspective of risks is given by the eco-region approach, which integrates territorial and environmental dynamics, in order to identify land (or water) units with functional and environmental significance to carry out strategic planning and environmental management.

The eco-regions which are most vulnerable to droughts and water stress correspond to the Basaltic Cuesta (North / Northwest of the country) with the greater part of their areas in the departments of *Artigas, Salto, Paysandú* and *Tacuarembó* and to the East - Southeast Hills ecoregion, mainly located in the departments of *Treinta y Tres, Lavalleja, Maldonado* and *Rocha*. The Basaltic Cuesta covers 4,1 million hectares and the East Hills 2,4 million hectares, both together represent 39% of the national territory.

Both ecoregions concentrate 30% of the national stockbreeders, 42% of the total surface, 55% of sheep and 43% of the total number of livestock. Small scale producers (from 0 to 750 hectares) represent 85% of the stockbreeders, 35% of land, 38% of sheep and 41% of cattle. The importance of these regions for livestock industry and the economy as a whole lies in their specialization in breeding, which means that any negative impact of the drought or water shortage has a multiplying effect in other areas specialized in seasonal fattening and affects the industrial sector.

Smallholders are more vulnerable to agro -meteorological droughts. They are mainly located in shallow soils with low water storage capacity, lacking the capacity to cope with low rainfall. In the Basaltic Cuesta, 72% of the whole area is covered by shallow soils, while this percentage for the area under the smallholders control increases to 77%. In the East Hills these shallow soils cover 69% of the whole surface, while smallholders have 74% of the shallow soils.

Sensitivity of small - scale farmers to water stress is increased by inadequate management of livestock, especially in areas with a high proportion of shallow soils. As a result, the overload and excess of animals are usual and become an important source of risk and cause rapid depletion of forage, which leads to critical situations. Overgrazing modifies the structure of pastures, reduces aerial biomass, vegetation cover and the proportion of winter grazing. Nutritional deficit triggers a sequence of losses caused by low market prices due to a saturation of sales, a fall in the yield, an increase in mortality rates and a decrease in assets and income with cycles of at least three years.

Institutional framework and the project with the Adaptation Fund

The current policies of the Ministry of Livestock, Agriculture and Fisheries (*MGAP*) prioritizes the promotion of sustainable competitiveness with social inclusion, the adaptation to climate change and the strengthening of the capacity of agricultural and agribusiness sectors in order to compete within the international market. An important part of these efforts is focused on the support to families of smallholders in order to improve their asset base and increase their human and social capital to expand opportunities to sustain their livelihoods. *MGAP* policies acknowledge that smallholders require specific support in order to be competitive, being the scale of one dimension, but it is not the only one to determine competitiveness.

Participation of networks of small-scale farmers is still limited; therefore it is necessary to promote and develop these networks in order to increase resilience to climate change. A low medium level of education generates limited management capacity and the isolation limits the access to information and support services. Both factors led to a weakening of the local organizations of family producers. In order to strengthen these organizations several programs had been developed in the past years. These programs have significantly improved the potential to create and maintain networks in isolated areas.

The following aspects are distinctive to this project: a) based on a participatory approach fostering the involvement of interested parties regarding the preparation of a diagnosis of opportunities for adaptation and the development of a strategic plan to be financed with the resources provided by the project, b) it uses the Landscape Unit as a unit for natural resources management in basins and micro watersheds, c) it includes mechanisms of partial refund of funds for revolving funds or to implement services related to fodder and water that offer greater sustainability over time concerning the actions carried out, d) it gives priority to the efficient use of what is offered by the ecosystem in terms of water and natural fodder as the cornerstone for building resilience to CC.

The project was prepared during the year 2011 in the Agriculture Climate Change Unit of the *MGAP*, with the support of the Directorate General for Rural Development and *RENARE*. Proposal development was carried out in consultation with the *ANII* and the Ministry of Housing, Land and Environment. Regarding the design, resources given by the Adaptation Fund through *ANII* were used in order to hire consultants and carry out studies (definition of the landscape units, study of the perceptions of the local actors in the selected areas).

A relevant antecedent for this project is the Responsible Production Project (*PPR*) of the *MGAP*, which was carried out for 7 years up to August 2012. The project developed several actions to fight against drought and promoted sustainable use of natural land. The lessons of such project shall be properly used during the development of this project.

3. OBJECTIVES AND RESULTS

The overall objective of the project is to contribute to building national capacity to adapt to CC and variability focusing on critical sectors for the national economy, employment and exports.

The specific objectives include:

Component I: Reducing vulnerability and building resilience to climate change and variability in small farms engaged in livestock production (mainly rearing and complete closed cycle) located in extremely drought-sensitive Landscape Units of the Basaltic Cuesta and East Hills eco-regions.

Component II: Strengthening local institutional networks at the selected LU level targeting climate change adaptation (prevention) and response to extreme events (emergency) in highly drought-sensitive areas.

Component III: Developing mechanisms for a better understanding and monitoring of the impacts and variability of CC, anticipating and assessing negative events and eliciting lessons to identify best practices and toolkits for adapting to increasing variability of CC.:

COMPONENT	SPECIFIC RESULTS
I	700 smallholders of the Basaltic area are benefited from farm and multi farm sub-projects with a special focus on climate change adaptation.
	640 smallholders of the East Hills area are benefited from farm and multi farm sub- projects with a special focus on climate change adaptation.
	25% of sub- projects shall be linked to householder women.
II	Participatory evaluation of local capacities, formulation and implementation of strategic plan in order to carry out follow-up and control actions regarding measures for climate change mitigation and adaptation in the frame of strengthening of local networks.
	Formulation and execution of the training plan at local level in order to respond to detected deficiencies regarding climate change and variability.
	Farms showing the adaptation measures established in schools and organizations. Youth communication project implemented using the “Plan Ceibal” platform.
III	Strengthening of UACC.
	Indexes and methodologies to monitor and evaluate climate change and variability and their impacts are identified and applied.
	Research projects and results of monitoring and evaluation shall provide better understanding and technical recommendations in order to face climate variability, with a special focus on droughts.
	Review, systematization and exchange of experiences regarding climate change adaptation with research institutions and local organizations.

4. PROJECT PLAN AND SCHEDULE

The executing entity of the Program is the Ministry of Livestock, Agriculture and Fisheries, hereinafter *MGAP*, which, by Resolution of 06/8/2012 states it will be executed through the Directorate General Secretariat, at the Project Management Unit level:

THE INTERIM MINISTRY OF LIVESTOCK, AGRICULTURE AND FISHERIES DECIDES TO:

- 1) *It is hereby ordered as Officer Authorizing the Expenditure of the funding for the development of the parts of the Program “Building Resilience to Climate Change and Variability in Vulnerable Smallholders” the Director – General of the State Secretariat, Alberto Castelar.*
- 2) *Let it be informed to the Directorate General for Rural Development (DGDR), the Management, Monitoring and Evaluation Unit (UGP), the Adaptation Fund and the National Research and Innovation Agency (ANII).*

A supplementary execution agreement between *ANII* and *MGAP* was signed on 18th June, 2012, in which it was established that the *MGAP* was the technical executor of the project and that the start date of execution of the Program was on 8th June, 2012.

In the Prerequisites (3.1) is established that the Technical Executor shall have to reliably prove, in a term not longer than sixty working days to be counted from the signature of this Agreement, that it has: a) communicated to *ANII* the name and contact details of the administrative head of the Project; b) communicated the number of bank account in the financial institution so that the *ANII* transfers therein the Financing according to the schedule (hereinafter "Execution Account"). In the event that the bank Account is held in a financial intermediation institution different from the Bank of the Oriental Republic of Uruguay (*BROU*), the costs of transfers of funds shall be borne by the Technical Executor.

In this regard it is stated that:

The administrative – financial head of the project shall be Mrs. Claudia Chakerian, Accountant

The bank accounts are:

- Uruguay Pesos: 196-0018867 (Banco de la República Oriental del Uruguay)
- US Dollars: 196-0018875 (Banco de la República Oriental del Uruguay)

The *MGAP* shall carry out the technical and administrative execution of the Project, with the following functions:

- i) To ensure that the contractual terms of the Project are met;
- ii) To request *ANII*'s expenditures and coordinate, implement and monitor its activities;
- iii) To plan, prepare and organize the operating plans and activities of the Project coordinating through the *DGDR* the execution thereof within the territory;
- iv) To prepare the required reports.

The responsibilities of such functions will lie with the Coordinator of the Project organizing with the *UGP* Executive Officer, who will report to the Director General Secretariat.

The final version of the execution plan of the project shall be contained in the Operational Manual thereof, which is being prepared and is scheduled to be completed in February 2013.

The Schedule of financial performance is the following (figures in US dollars):

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Part I	650.000	1.410.000	2.080.000	2.250.000	870.000	7.260.000
Part II	193.569	248.179	274.146	282.370	249.029	1.247.293
Part III	67.703	136.338	183.501	161.278	178.683	727.503
Part IV	30.528	134.817	138.861	143.027	147.318	594.552
Total	941.799	1.929.334	2.676.508	2.836.675	1.445.030	9.829.347

5. MANAGEMENT PRACTICES

5.1 Committee

The Advisory Group of the project has representatives of the *MGAP* (through *DGDR*, *UACC* and *RENARE*), the *MVOTMA*, the *INIA*, *IPA* and the *UDELAR*.

The purpose of the Advisory Group would be to ensure coordination and sharing information between incumbent institutions in the area of CC.

After the development of the project, the “Natural Grassland Committee” (*Mesa*) was created in the framework of the *MGAP* according to the following initial objectives:

- a) To provide technical advice to projects in the natural pastures area that are being executed;
- b) To promote sustainable production systems less vulnerable to climate variability;
- c) To coordinate with research and extension institutions in areas of livestock on natural pastures;
- d) To promote the development of technological proposals, their transfer and adoption which allow increasing the production and/or its value, as well as livestock breeding on natural pastures preserving natural resources;
- e) To advise on research programs of public and private agricultural research institutions in the field of livestock on natural pastures, formulating the recommendations deemed necessary;
- f) To advise on all matters deemed necessary by this Ministry.

The “Natural Grassland Committee” has five representatives:

- a principal representative from the Agricultural Plan Institute who shall act as chairman;
- a principal representative from the General Directorate of Renewable Natural Resources;
- a principal representative from the Directorate General for Rural Development;
- a principal representative from the Adaptation and Climate Change Development Project (*DACC*)
- A principal representative from the National Agricultural Research Institute (*INIA*).

The *UGP* considered the Natural Grassland Committee as an advisory body regarding to technical aspects of project execution. At the same time, coordination with the *MVOTMA* is held through *DINAMA* (through the *UACC*) to deal with all the matters related to the project.

5.2 Follow – up meetings

The project will have annual follow-up meetings between the *UGP*, the Natural Pastures Committee and the advisory group; in order to monitor the project implementation from a strategic perspective.

5.3 Information reports

The following table lists the project information requirements as well as the entities in charge of the preparation of these reports and the schedule of reporting.

REQUIRED REPORTS

Report Type	Frequency	Responsibility	Proposed/OPG
1. Project/Programme Inception Report	Start of project/programme	Implementing Entity	Proposed for first time
2. Project/Programme Performance Report (PPR)	Yearly, rolling basis	Implementing Entity	RBM Approach (AFB/EFC.1/3/Rev. 2), OPG (para. 56)
3. Project/Programme Mid-term/Terminal Evaluations	Mid-term/End of project/programme	Implementing Entity	OPG (para 57); Evaluation Framework
4. Audited financial statement	Once, end of project	Implementing Entity	Standard Legal Agreement (p. 6, para 7.01)
5. Adaptation Fund Annual Performance Report (AFAPR)	Yearly, fiscal year	AF secretariat	RBM Approach (AFB/EFC.1/3/Rev. 2)
6. Adaptation Fund Evaluation Report	Yearly, fiscal year ⁸	AF independent evaluation function	RBM Approach (AFB/EFC.1/3/Rev. 2)

Project/program Inception Report: Implementing Entities have different definitions for project start dates. In order to have a consistent definition, the Adaptation Fund, will consider the start date to be the date the inception workshop for the project/program takes place. The Implementing Entity must therefore submit both the date of the inception workshop and the entity's inception report to the Fund secretariat no later than one month after the workshop has taken place.

Project/Programme Performance Report (PPR): Once a project is approved and the first funds are transferred to the project, the implementing entity is required to submit a project/programme performance report (PPR) on an annual basis to the Ethics and Finance Committee (EFC) through the secretariat. The PPR should be submitted on a rolling basis, one year after the start of project implementation (date of inception workshop) and the last such report should be submitted six months after project completion.

This will be considered the project completion report. The PPR requires reporting on a number of areas including, financial, procurement, risk, implementation progress, and progress toward outputs and outcomes, and against the identified milestones.

Once the PPR is submitted, the secretariat will review the report and provide a recommendation to the Board within two weeks of the report's submission as to whether additional funds should be transferred. In order to ensure that projects/programmes are not delayed the Board may consider accepting the secretariat's recommendation intersessionally on a "non-objection" basis. The Secretariat will circulate the recommendation and the PPR document for two weeks. If any Board member objects to the recommendation, then the PPR for the project/programme will be discussed at the next Board meeting.

The secretariat will develop procedures for the review of the PPRs and establish a set of criteria the secretariat will use for clearing PPRs. The procedures and criteria will be provided to the next Board meeting for approval.

Project/Program Mid-term and Terminal Evaluations: According to the Adaptation Fund's operational policies and guidelines all projects/programmes are required to undertake a terminal evaluation. A mid-term evaluation must be undertaken for projects/programmes that are under implementation for over four years.

Audited Financial Statement: As described in the standard legal agreement a final audited financial statement of the Implementing Entity Grant Account, prepared by an independent auditor or evaluation body, must be submitted to the Ethics and Finance Committee through the secretariat within six (6) months of the end of the Implementing Entity's financial year during which the project/programme is completed

Adaptation Fund Annual Performance Report (AFAPR): Fund level portfolio outcome monitoring will occur on an annual basis to track progress towards reaching intended outcomes. The status of portfolio monitoring will be presented annually at the Board meetings, through an Adaptation Fund Annual Performance Report (AFAPR). Individual project/program reports will be analyzed and reported on through the AFAPR. In addition to analysis of project level data, the AFAPR will report on Fund efficiency and effectiveness (process monitoring) to track whether the Fund's portfolio is being implemented as intended, standards are being met, and resources are being used efficiently. The present document is the first AFAPR submitted to the Board.

Adaptation Fund Evaluation Report: Once project/programmes have undertaken a terminal evaluation, the organization undertaking the evaluation function for the Adaptation Fund will undertake a review of these evaluations and present the report to the Ethics and Finance Committee on an annual basis.

5.5 Investments in Adaptation

A first call to submit projects to the interested producers shall be opened in may 2013 once the Operating Manual of the Project has been approved and the Field manual which shall rule the call has been prepared.

The call shall be opened unless otherwise determined by financial or strategic decisions on the part of *MGAP*.

Component 1 of the project is intended to finance eligible proposals of smallholders of the selected LU, to implement specific measures of mitigation of CC at their farms. The specific objective of this part is to contribute to resilience and reduce vulnerability to climate change in smallholders of the shallow basaltic and East Hills areas.

The beneficiaries shall be livestock farmers, considered as natural or legal persons comprised in the *UP*, who shall have to be defined in the Field Manual (*MC*) of each call. The livestock producers qualifying as family producers, who fulfill the requirements set in the *MGAP* Resolution N^o. 528/08 shall be eligible for the incremental co- financing. Associative or individual projects complying with the objectives of the project shall be accepted and prioritized. The support of an organization belonging to the Network shall be an advantage.

The maximum amount of incremental co- financing for each individual beneficiary with resources of the Project is of up to U\$S 8.000. The maximum amount of investments to be financed by collective projects shall be equivalent to the individual limit according to the number of the members of the group, with an absolute maximum of up to U\$S 50.000.

The program will provide financing up to 80% of the project cost. The amount and mechanism shall be explicitly stated in the Field Manual of each call. Projects shall be submitted by technicians qualified by *DGDR – MGAP*, being established a number of technical conferences for the project preparation and follow - up in accordance with the features thereof and within the limits set in the project.

5.6 Strengthening of a Network of Local Organizations

The objective of Component 2 of the project is the strengthening the Institutional and social Local Networks at selected UP, especially in those highly sensitive to drought. This objective is to build local capacities in order to take adequate, relevant and appropriate measures facing climate variability and extreme events.

The local networks shall be established by the Rural Development Committees (*MDR*) and the organizations of livestock producers who are part of the *UP*. The *MDR* shall take the initiative at the initial stage as the sponsor of the network at the *UP* level and shall support local Organizations throughout the process of development of such network.

A strategic working plan shall be prepared in a participatory way on the basis of the elements given by the Participatory Diagnosis that shall be the first action of the project in the territory.

The strategic plan shall be submitted and supported in the *MDR* of each *UP*. The *DGDR* shall support the implementation of the agenda regarding development and adaptation of the Strategic Plan.

On the basis of the strategic plan to be implemented in each Local Network, a specific training plan shall be developed and implemented.

The training program shall be prepared on the basis of the real needs of participating organizations: (i) technical matters related to climate change and variability and, (ii) development of management and organization skills.

Training, information, use of alerts and other issues shall be coordinated with the organizations that take part in the Natural Pastures Committee (*RENARE, IPA, INIA, SUL, UDELAR*), the Directorate of Meteorology and the *MVOTMA*.

The training program shall use the *SNIA*, project DACC - 8099-UY as platform.

5.7 Knowledge Management

A group of best practices and tools to be promoted in part 1 of this project (Investments in adaptation) shall be selected. A set of key indicators of the resilience building and reduction of vulnerability will be identified in the smallholders units and the Landscape Units.

Detailed monitoring of the evolution of the main climate variables in the Landscape Units and other indicators related to climate (available water in soil, monitoring of biodiversity of the natural pastures and vegetation according to Normalized Difference Vegetation Index (NDVI), monitoring of amount of animals) shall be carried out. Likewise, monitoring of seasonal forecasts shall be carried out as well as actions to include the information in the decision processes.

Reference farms shall be selected in order to carry out a more comprehensive and cost-effective monitoring of the natural physical framework as well as the relevant technological and socio-economic variables. These farms shall also allow monitoring the impacts of variability and the degree needed to build resilience and better management of climate risks (efficacy of implemented mitigation actions). They shall also allow validating good management practices and adequate information usage in order to make decisions and shall be useful to support strategies to promote and develop different *MGAP* policies and projects. The dissemination shall be carried out in coordination with the *MVOTMA* and involved institutions and using the premises installed in the UGP.

Another relevant dimension of monitoring shall be the building of social capital in terms of institutions and networks, which shall imply specific design and inclusion of specific disciplinary capacities according to convention.

The project shall finance researches and studies on Climate Change and Climate Variability depending on the *UP* needs as well as on the needs of other vulnerable zones.

The Rural Development Workshops of the Landscape Units as well as the Natural Pastures Workshop shall be involved in the definition of the basis for the call of studies and research projects.

Systematic actions to exchange experiences and among incumbent institutions in the field of Climate Change and Climate Variability, will be focal points of the project implementation in this component.

Learning processes regarding technologies, use of tools and execution of policies will be analyzed and evaluated before being applied at large scale.

5.8 Procurement Procedures

The procurement of goods and services made by the management unit (UGP) of the project, must be undertaken in accordance with the Price Comparison procedure, except for the following cases:

- i) The amount of the purchase is not higher than USD 2.000, in which case the Direct Hiring procedure shall be applied;
- ii) The total amount of the purchase is not higher than USD 50.000), in which case the ANII shall be previously informed, in order to carry out an active monitoring of the purchase procedure, requesting the documentation considered relevant at each stage, and keeping the right to make observations and/ or modifications it also deems relevant;
- iii) Selection and hiring of consultancy services take place, in which case the procedure detailed in the "Instructions for Selection and Hiring of Consultancy Services" (DOC.INS.039) shall have to be followed.
- iv) When it is not possible, in the opinion of the Beneficiary, to carry out the stipulated procedure. The ANII must be consulted, in order to decide which procedure must be followed.

All the documentation related to procurements shall have to be addressed to the name of the Beneficiary, followed by the sentence "*Proyecto MGAP ANII - AFB/NIE/Agri/2011/1*" including the RUT¹ of the Beneficiary.

Regarding the purchases made by the producers and beneficiaries of the program, in addition to the above mentioned procedures, the following procurement procedures shall be accepted:

- i) Price - Comparison (CP): it shall be used for the purchase of goods and hiring of services (except for consultancy) with a cost lower than US\$ 50.000 and civil works with a cost lower than US\$ 250.000 per agreement. In remote areas even two quotations may be accepted.
- ii) Commercial Practices of the private sector: they shall be used for the purchase of works, goods or services (except for consultancy) to be carried out in the framework

¹ [Translator's Note:] Taxpayer Identification Number; Literally: Unique Tax Register (*R.U.T.* for its Spanish acronym: *Registro Único Tributario*)

of the sub-projects and for amounts lower than the equivalent to US\$ 5.000. Commercial Practices are, in general, price comparisons whenever possible.

All the documentation and certificates of purchases on the part of the benefited producers shall have to be addressed to them and shall be held by the same producers. Such documentation shall be examined at the appropriate time by the technicians responsible for the project with a stamp with the sentence "*Proyecto MGAP ANII - AFB/NIE/Agri/2011/1*"

6. ANALYSIS OF MAIN RISKS, MANAGEMENT POLICIES AND MITIGATION ACTIONS

Risk	Impact	Probability of occurrence	Mitigation Method
There is no demand for investments in adaptation	High	Low	When consulted, smallholders expressed the need to make investments in order to face adaptation and climate change.
Organizations are not interested in taking part in the Local Networks	High	Low	Local organizations are already taking part in the development Committees and expressed their interest in participating in the project.
The focal point of the project is changed leaving aside climate variability and climate change and considering production and productivity	High	Low	The <i>UACC</i> is involved in the Monitoring and Evaluation System. The priority of the <i>MGAP</i> is Climate Change and Variability.
Delays in the disbursement of funds to producers discourage their participation in the project	Medium	Medium	Team work with the different auditors shall be promoted, with the purpose of involving them in the execution of the Project.
Lack of transparency or political interference in the allocation of resources	High	Low	Local organizations shall be involved in the selection of projects. The <i>MGAP</i> has an outstanding transparent trajectory and high technical standards in relation to the allocation of subsidies to small-scale producers that has been verified by external funding agencies
Lack of coordination between the different parts	High	Low	<i>MGAP</i> shall implement the three parts, as it has already worked in teams with different technical units. <i>MVOTMA</i> shall take part in the Advisory Committee and has taken part in similar committees in other projects.

8. CONTACT LIST

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