

## TC Document

### I. Basic Information for TC

▪ Country/Region:	BRAZIL
▪ TC Name:	Building Synergies to Support the Interstate Legal Amazon Consortium
▪ TC Number:	BR-T1606
▪ Team Leader/Members:	Diniz Lahud, Leonardo (INT/TIN) Team Leader; Serrao Acioli, Ellen Cristina Alternate Team Leader; Elisa Tavares (CSC/CBR); Nathalie Tiba (INT/TIN); Avila, Krysia A (LEG/SGO); Helguero Maria (INT/TIN); Takaes Santos Inaie (CSD/ACU); Queiroz Fenyves, Katia (CSD/CCS); Dorantes Gomez, Angela Carmelia (INT/INT); Eschoyez, Guillermo Antonio (LEG/SGO); Rachter De Sousa Dias, Laisa (SCL/GDI); Da Silva Spanemberg, Gilson (CSC/CBR); Esteves, Yasmin (INT/INT); Tuany Kaori Nakama Missine; Ribeiro, Karisa Maia Acioli, Ellen Cristina Alternate Team Leader; Elisa Tavares (CSC/CBR); Nathalie Tiba (INT/TIN); Avila, Krysia A (LEG/SGO); Helguero Maria (INT/TIN); Takaes Santos Inaie (CSD/ACU); Queiroz Fenyves, Katia (CSD/CCS); Dorantes Gomez, Angela Carmelia (INT/INT); Eschoyez, Guillermo Antonio (LEG/SGO); Rachter De Sousa Dias, Laisa (SCL/GDI); Da Silva Spanemberg, Gilson (CSC/CBR); Esteves, Yasmin (INT/INT); Tuany Kaori Nakama Missine; Ribeiro, Karisa Maia
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	26 Feb 2024.
▪ Beneficiary:	Interstate Legal Amazon Consortium <sup>1</sup>
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Green Climate Fund (GRN); OC SDP Window 3 - Sustainable Development in the Amazon (W3A)
▪ IDB Funding Requested:	Green Climate Fund (GRN): US\$300,000.00 OC SDP Window 3 - Sustainable Development in the Amazon (W3A): US\$200,000.00 Total: US\$500,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	24 months
▪ Required start date:	August 1st, 2024
▪ Types of consultants:	Consulting firms; Individual Consultants
▪ Prepared by Unit:	INT/TIN-Trade & Investment
▪ Unit of Disbursement Responsibility:	CSC/CBR-Country Office Brazil
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Environmental sustainability; Gender equality; Institutional capacity and rule of law; Social inclusion and equality

### II. Objectives and Justification of the TC

<sup>1</sup> Non-objection request is being processed by the respective authorities.

- 2.1 **Justification.** Famous for its biodiversity, extension and rivers, the Amazon occupies around 40% of the territory of South America and represents the largest tropical forest in the world. In addition to Brazil, it extends to eight other countries: Bolivia, Colombia, Ecuador, Guyana, French Guiana, Peru, Suriname, and Venezuela. Considering its full extent, its territory covers approximately 8.4 million km<sup>2</sup> and is home to approximately 33 million inhabitants, of which around 3 million are indigenous.<sup>2,3</sup>
- 2.2 The Amazon is the largest biome in Brazil, having a territory of 4.2 million km<sup>2</sup>, with 2,500 species of trees and 30,000 different plant species. The Legal Amazon area corresponds to almost 60% of the Brazilian territory and extends across nine states in the country, including Acre, Amapá, Amazonas, Pará, Roraima, Rondônia, Mato Grosso, Maranhão and Tocantins. The concept of Legal Amazon was established in 1953 with the purpose of promoting its inclusive and sustainable development, in addition to the integration of its productive base into the national and international economy. Institutionally, these nine states comprise the Interstate Consortium for Sustainable Development of the Legal Amazon (Legal Amazon Consortium), whose action is focused on attracting investments and expanding sources of resources aimed at promoting and developing the Amazon and conserving its biodiversity, forests, and climate.<sup>4</sup>
- 2.3 The Legal Amazon is home to 29 million Brazilians, 198 indigenous ethnicities from almost 50 linguistic families. According to National Institute for Space Research (INPE), the Legal Amazon is also responsible for recycling around 7 trillion cubic meters of water per year through the so-called “flying rivers”, which irrigate the center-south of Brazil, this being the largest service provided to agribusiness, electrical generation, industry and sanitation in the country and in the Southern Cone.<sup>5</sup>
- 2.4 However, this ecosystem also presents several weaknesses, with a delicate environmental balance that is quite sensitive to interference, especially those caused or induced by human activities, whose damage can often be irreversible. Furthermore, the natural richness of the forest contrasts with the low socioeconomic levels presented by Amazonian populations.<sup>6</sup>
- 2.5 According to INPE, the trend of deforestation in the Legal Amazon has been increasing since 2012, with values practically tripling in 10 years. The land issue in the Amazon influences the vulnerability of lands that suffer from illegal activities, since, for example, the grabbing of public lands in the region contributes to deforestation, legal insecurity, and social violence. The Legal Frameworks for Land Regularization are fundamental in this sense. Well-defined property rights, whether individual or collective, are necessary to guarantee legal security and reduce violence in the countryside, in addition to enabling access to credit and the purchase of agricultural products by the government, leading to the efficient use of land and allowing environmental

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<sup>2</sup> Amazônia 2030: bases para o desenvolvimento sustentável. Belém, PA: Instituto do Homem e Meio Ambiente da Amazônia, 2023.

<sup>3</sup> Estudo de boas práticas empresariais na Amazônia, 2022. CEBDS e Idesam. Disponível online em [https://cebds.org/wp-content/uploads/2023/06/Estudo-de-Boas-Praticas-Empresariais-na-Amazonia\\_VF.pdf](https://cebds.org/wp-content/uploads/2023/06/Estudo-de-Boas-Praticas-Empresariais-na-Amazonia_VF.pdf)

<sup>4</sup> Nobre, C.A. et al. (2023) Nova Economia da Amazônia. São Paulo: WRI Brasil. Relatório disponível online em <https://www.wribrasil.org.br/sites/default/files/2023-07/NEA-Nova-Economia-Amazonia-Relatorio-Completo-portugues.pdf>

<sup>5</sup> Abramovay, R. (2022). Infraestrutura para o desenvolvimento sustentável da Amazônia. Editora Elefante, SP.

<sup>6</sup> Equilíbrio delicado para a Amazônia Legal Brasileira: um memorando econômico (2023). Banco Mundial.

accountability. In this way, land regularization actions must be a priority in the formulation and enforcement of public policies designed for the Amazon, aiming at environmental protection, tackling the climate crisis, economic growth, and social inclusion. In this context, bioeconomy stands out as an important initiative that promotes land regularization.<sup>7</sup>

- 2.6 Land regularization is a fundamental condition to bring more legal security and access to public policies, in addition to improving the social condition of those who depend on land cultivation and contribute to the development of the Legal Amazon. Its effective execution promotes a favorable environment for sustainable economic development and the attraction of sustainable businesses to the region, as well as strengthening bioeconomy production chains, increasing the income of rural producers, and also contributing to their permanence in the countryside.<sup>8</sup>
- 2.7 Repositioning the Amazon on a path of decarbonization, adopting efforts so that the region's economy grows and develops in a sustainable and competitive way, protects and values environmental assets and local cultures, in addition to combating social inequality and deforestation characterize commitments to be put into practice by all institutions. In this sense, the bioeconomy sector has gained enormous global prominence by presenting solutions to the great challenges of this century, such as climate change, food security, loss of biodiversity and social inclusion.<sup>9</sup>
- 2.8 **Value Added by the Bank.** Given the growing scientific consensus that the Amazon basin is approaching an ecological “tipping point,” there is an urgent need to act decisively to implement a new development model to the region. In June 2023, IADB Group launched Amazonia Forever, a holistic umbrella program that aims to expand financing, share strategic knowledge for decision makers and increase regional coordination to accelerate sustainable, inclusive development and resilient environment in the Amazon region.<sup>10</sup>
- 2.9 On the Amazon Summit (Belém, 2023), the IDB and the Interstate Consortium for Sustainable Development of the Legal Amazon (or simply the Interstate Legal Amazon Consortium) signed a Letter of Intent with the aim of expanding joint work and exploring the channeling of financial and technical cooperation resources to support projects that promote integrated sustainable development of the Brazilian Legal Amazon. This cooperation must be aligned with an Action Plan that is being constructed jointly, but which already highlights efforts such as: (i) development of projects aimed at a low-carbon economy; (ii) encouraging fundraising and investments aimed at promoting the region's bioeconomy and biodiversity; (iii) identification of financial solutions to accelerate land regularization processes; and (iv) strengthening the institutional capacity and governance of the Consortium through the exchange of best practices between associated states, among others.
- 2.10 The Interstate Legal Amazon Consortium is constituted as a public association and is formed by the nine Amazonian states. Its main task is to accelerate the sustainable

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<sup>7</sup> Propostas para as Amazônias: uma abordagem integradora. Organizado por Uma Concertação pela Amazônia. - São Paulo: Arapyaú, 2023. 112p.;il.

<sup>8</sup> Onde estamos e para onde vamos na implementação do Código Florestal: agenda propositiva. Climate Policy Initiative (CPI-PUCRio), 2022. Disponível online em <https://www.climatepolicyinitiative.org/wp-content/uploads/2022/12/Agenda-Propositiva-Onde-Estamos.pdf>.

<sup>9</sup> Assunção, Juliano e Scheinkman, José Alexandre. Carbono e o Destino da Amazônia. Amazônia 2030, 2023.

<sup>10</sup> <https://www.iadb.org/en/who-we-are/topics/amazonia>.

development of Legal Amazon in an integrated and cooperative manner, considering regional opportunities and challenges. Transforming the Legal Amazon into a competitive and sustainable region is the fundamental objective for which the governors of the nine Amazon states decided to establish the Consortium, reformulating the political guideline to deal with the challenges and obstacles that limit the full development of the region.

- 2.11 It is worth mentioning that one of the priorities of the Legal Amazon Consortium consists of carrying out diagnoses of the public finances and fiscal situation of the Amazonian states, whose emphasis is to identify common challenges and potential solutions that can be shared within the bloc, especially from the point of view of integration from natural capital to the public budget.
- 2.12 In November 2025, Brazil will host the climate COP 30 in an unprecedented and emblematic way, which will take place in the city of Belém, a metropolis in the heart of the Amazon rainforest. In addition to being a space to discuss topics such as mitigation and adaptation to climate impacts, financing, carbon markets, technology transfer, social participation and climate justice, COP 30 will also be an occasion to debate challenges and solutions for conservation and the sustainable development of the Amazon, involving the different social actors who live and work in the region. Furthermore, the event will be a showcase for sustainable businesses in the region to connect with potential customers, partners and investors from different countries who will be present.
- 2.13 **Objectives.** The main objective of this Technical Cooperation (TC) is to build synergies that promote and reinforce in a coordinated way the actions of the Interstate Legal Amazon Consortium for the sustainable and integrated development of the Amazon region. Through the partnership between the IDB and the Consortium, the discourse of the region's public managers becomes more unified and states in the Legal Amazon become politically stronger to attract more solid projects that lead to development on a sustainable and inclusive basis. This TC will also leverage the private sector through the cooperation in the Amazon region in the context of investment opportunities and synergies between the public and the private sectors. The specific objectives of this TC include: (i) supporting the strengthening of Land Institutes and secretariats through coordinated actions that contribute to the acceleration of land regularization processes in the States of Brazilian Legal Amazon; (ii) supporting the development of initiatives to analyze and improve the business environment of bioeconomy chains; (iii) carrying out diagnoses of the fiscal situation of the States of the Legal Amazon; and (iv) disseminating and sharing knowledge and experiences with strategic stakeholders.
- 2.14 **Beneficiaries.** The main beneficiaries of this TC will be the Interstate Legal Amazon Consortium, Brazilian Amazon States, financial institutions for development, companies and the private sector, local communities, among others.
- 2.15 **Alignment.** The Program is aligned with the IDB Country Strategy with Brazil 2019-2022 (GN-2973) in the Strategy Objectives of: (i) promoting greater economic competitiveness; (ii) integrating the less developed regions; (iii) perfecting the public investment system; and (iv) building a more effective government. It also aligns with and contributes to the priority issues of the Country Strategy through (i) improvement of the business climate and narrow gaps in sustainable infrastructure to enhance competitiveness; (ii) promotion of international and national integration to boost productive capacity; and (iii) building a more effective public sector that promotes fiscal

sustainability. Additionally, this TC is consistent with the IDB Group's new Institutional Strategy: Transforming for Scale and Impact (CA-631) and is aligned with the objectives of (i) reduction of poverty and inequality; (ii) addressing climate change; (iii) sustainable, resilient, and inclusive infrastructure with emphasis on regional integration and (iii) bolstering sustainable regional growth by supporting Brazil's efforts to attract exports and promote investments on bioeconomy and sustainable, community-based projects in the Amazon region. The Operation is also aligned with the operational focus area(s) of: (i) biodiversity, natural capital and climate action; (ii) gender equality and inclusion of diverse population groups; and (iii) institutional capacity, rule of law, and citizen security.

- 2.16 The TC is also aligned with the IDB's Strategic Development Program for Sustainable Development in the Amazon (GN-3036-1) or "Amazon Initiative" and the Amazonia Forever regional program, which promote sustainable and inclusive development in the region and the IDB Group Climate Change Action Plan 2021-2025 (GN-2848-9). This TC is also consistent with the objectives of quality advisory services for strengthening Amazon regional cooperation in alliance with the Amazon Cooperation Treaty Organization (ACTO), and promotion of connections between markets and entrepreneurs of the Amazon Bioeconomy Fund (Program with the Green Climate Fund GRN GN-3081-1), especially articulating regional and national strategies with conservation practices within local communities (indigenous, afro-descendant, fishing and peasant communities) and their territories, in order to promote the sustainability of their local economies, their cultural meanings and practices, and specific actions carried out by women.
- 2.17 Finally, this TC is aligned with the Sector Framework for Integration and Trade (GN-2715-11) by promoting high-quality commercial promotion and investment services.
- 2.18 **Complementary with Other Initiatives.** This TC will complement and have synergies with various projects within the Amazon Forever scope, such as: RG-T4413 - Consolidation of the Green Coalition of Public Development Banks of the Amazon Region; RG-T4174 Amazon grid - Tokenized cartography and geospatial intelligence to optimize and monitor conservation, which produces a tokenized map of the entire Amazon basin to provide public and private stakeholders, who participate in regional development, a common tool for planning, monitoring and reporting on investments and projects; RG-T2912, which supported the governments of the region in the socialization and consolidation of the climate change agenda through the presentation and dissemination of the objectives and information of the Nationally Determined Contributions (NDC), as well as the strengthening of Civil Society Organizations; RG-T3974, that generates socio-economic diagnoses of the Amazon region with a gender and diversity approach based on data and statistics from secondary sources; RG-T4214 which aims at regulatory, institutional and territorial strengthening of public-private synergies for the management of environmental assets and conservation of the Amazon Basin; RG-T4288, which strengthens the institutional capacity of ACTO's Amazon Regional Observatory (ORA) in innovation and science for water security, climate resilience and the protection of Amazonian biodiversity; RG-T4259, which provides operational solutions to border regions; RG-T4327, which supports the establishment of a regional cooperation program for Amazon; RG-T4138 / RG-O1701 Building Capacity of Innovation Ecosystems Actors to Accelerate Climate Technology Solutions that has selected relevant ecosystem enablers for the Amazon (*such as AMAZ, AIC-Amazon Investor Coalition, Quintessa, Brazil Lab, Cietec*); BR-L1633,

which main objective is to promote sustainable development in the Brazilian Legal Amazon, by strengthening productive business activity in the context of the bioeconomy; and RG-T4009 and BR-T1549, which promote bio-businesses to access new markets. It also has direct synergies with the investment RG-Q0093, that will provide capital to accelerate bioeconomy business in the Amazon region; and BR-T1489, which supports the strengthening of the Financial Ecosystem for Amazon Bio-Businesses (FinAm).

### **III. Description of activities/components and budget**

- 3.1 Component 1. Support the strengthening of Land Institutes and Secretariats through coordinated actions that contribute to the acceleration of land regularization processes in the States of the Brazilian Legal Amazon (US\$120,000).** This component's objective is to identify and point out paths and potential solutions that lead to improvements within the stages involved in land regularization among the Legal Amazon States. The partnership with the Interstate Legal Amazon Consortium provides for the strengthening of Land Institutes and Secretariats based on the promotion of land regularization of rural properties and the development of production chains in the states, whether through access to government incentives or opportunities to access credit. Objectively, the IDB will be a strategic partner in actions and initiatives that include, among others: (i) systematization of land legislation in the different states of the Legal Amazon; (ii) pointing out common opportunities and challenges from the point of view of land regularization; (iii) identification of financial solutions and existing opportunities to raise funds for land regularization; (iv) mapping of successful experiences in land regularization processes that can be used as a reference by Amazonian states; (v) reinforcement of the governance of Land Institutes and Secretariats within the scope of the Interstate Legal Amazon Consortium; and (vi) preparation of technical material containing the main results regarding this specific component and which can be shared with public managers in the nine states of the Brazilian Legal Amazon.
- 3.2 Component 2. Support the development of initiatives to analyze and improve the business environment of bioeconomy chains (US\$200,000).** This component's objective is to identify commercial opportunities to promote the region's bioeconomy chains and leverage the private sector. Specifically, the activities planned for this component include: (i) systematization of public policies and programs to promote bioeconomy businesses in the Legal Amazon; (ii) support states in the preparation of their State Bioeconomy Plans or strategies; and (iii) the formulation of guidelines on structuring the national and international business environment for bioeconomy products from the Amazon region.
- 3.3 Component 3. Carry out diagnoses of the fiscal situation of the states in the Legal Amazon (US\$100,000).** The objective of this component is to produce studies and diagnoses about the fiscal situation of the states of the Legal Amazon that can support public managers in their investment decision-making processes, valuing and integrating the natural capital into the public budget. Specifically, the activities planned for this component include: (i) studies on the composition of public budget to identify gaps and opportunities to support the bioeconomy agenda; and (ii) technical studies to carry out diagnosis, modelling and legal evaluation aimed at establishing incentives for bio-business and sustainable development of the states in the Legal Amazon.

- 3.4 **Component 4. Disseminate and share knowledge and experiences with strategic stakeholders (US\$80,000).** The objective of this component is to organize activities and events to disseminate and share the lessons learned and results generated throughout this Technical Cooperation at the Legal Amazon states level, including workshops, webinars, conferences, materials for social media, among others. This component also includes the systematization of the obtained results and recommendations for the next steps.
- 3.5 **Budget.** The total cost of this operation is US\$500,000, which will be financed with resources from the Strategic Development Program for the Sustainable Development in the Amazon – Amazon SPD (W3A) and the Amazon Bioeconomy Fund, financed by the Green Climate Fund (GRN).

**Indicative Budget (US\$)**

Activity/ Component	Description	IDB/GRN	W3A
Component 1	Support the strengthening of Land Institutes and Secretariats through coordinated actions that contribute to the acceleration of land regularization processes in the States of the Brazilian Legal Amazon	----	120,000
Component 2	Support the development of initiatives to analyze and improve the business environment of bioeconomy chains	200,000	----
Component 3	Carry out diagnoses of the fiscal situation of the states in the Legal Amazon	100,000	----
Component 4	Disseminate and share knowledge and experiences with strategic stakeholders	----	80,000
<b>TOTAL</b>		300,000	200,000
		<b>500,000</b>	

- 3.6 **Supervision** of the TC will be carried out by the Trade and Investment Division (INT/TIN), of the Trade and Integration Sector (INT/INT), through the team leader, Leonardo Diniz Lahud, Sector Lead Specialist, who will be responsible for execution, with support of other team members. The monitoring of this TC will be carried out by the team leader through regular follow-up meetings with the consultants hired to deploy the outputs and the beneficiary.
- 3.7 **Sustainability.** The operation is designed and intended to enable a self-sustaining development structure that can support land regularization processes and bioeconomy markets in the Legal Amazon in the long-term. The program’s financing is expected to help on building synergies that reinforce in a coordinated way the sustainable and integrated development of the Amazon region.

**IV. Executing agency and execution structure**

- 4.1 In response to the request from the beneficiary, the Bank will be the executing entity of this TC through INT/TIN. The Unit of Disbursement Responsibility (UDR) will be in the Country Office of Brazil (CSC/CBR). Given the highly technical nature of the activities and the fact that it needs a high level of coordination and interdependence, engaging multiple levels of government (federal and state), several agencies, and entities.
- 4.2 This TC will have an execution period of 24 months.

- 4.3 The activities to be carried out under this operation are included in the Procurement Plan (Annex IV) and will be executed in accordance with the Bank's procurement policies: (i) Complementary Workforce (CW) (AM-650); (ii) Policy for the Selection and Contracting of Consulting Firms for Bank-executed Operational Work (GN-2765-4); Operational Guidelines for the Selection and Contracting of Consulting Firms in Bank Executed Operational Work (OP-1155-4); and IDB Corporate Procurement Policy (GN-2303-28).

**V. Major issues**

- 5.1 The risk level of the execution of this TC is considered low.
- 5.2 The success of the project will depend on a significant level of engagement and participation of the relevant stakeholders. The operation will mitigate the risks by engaging government officials in the activities from the beginning of the TC and through an intensive promotion strategy. Also, the activities were previously discussed with the beneficiary who agreed and expect an increment in their technical capacity as a result.

**VI. Exceptions to Bank policy**

- 6.1 No exceptions to Bank policy have been identified for this Operation.

**Environmental and Social Aspects**

- 6.2 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 Banks Environmental and Social Policy Framework (ESPF).

**Required Annexes:**

[Request from the Client\\_85240.pdf](#)

[Results Matrix\\_29119.pdf](#)

[Terms of Reference\\_48688.pdf](#)

[Procurement Plan\\_22119.pdf](#)