SUMMARY OF THE PROJECT IN DESIGN * (*)

AMAZON JOURNEY: Developing Innovative Bioeconomy Business in the Amazon

PITCH ELIGIBILITY DATE	COUNTRY(IES)
05/08/2024	Brazil

ALIGNED WITH COUNTRY STRATEGY?
Yes

PARTNER(S)
Fundación Certi

PRELIMINARY CLASSIFICATION ENVIRONMENTAL AND SOCIAL IMPACT
FI-2 (**)

TOTAL BUDGET	IDB Lab	LOCAL COUNTERPART AND COFINANCING
US 3,292,000	US 1,500,000	US 1,792,000

DESCRIPTION

The problem The Legal Amazon, with more than 28 million Brazilians and covering almost 60% of Brazil's territory, has the largest and most biodiverse forest in the world, representing the most important forest block for climate regulation on the planet. It also presents notable cultural and ethnic diversity, with 198 indigenous ethnicities from almost 50 linguistic families. Despite its cultural, biological and climate importance, the predominant development in the Legal Amazon in recent decades did not consider models that valued the standing forest. On the contrary, it encouraged practices of land use mostly associated with livestock farming and intensive agriculture. This development model led to the destruction of the forest, and biodiversity loss, contributing significantly to the increase in greenhouse gas emissions, while pushing the Amazon Forest dangerously close to its tipping point.

According to a study by WRI, so far, more than 83 million hectares of the Legal Amazon in Brazil has been deforested, an area equivalent to 20% of the whole Legal Amazon.

Breaking with this model of forest devaluation and halting the speed of destruction of the Amazon Forest demands the ability to produce innovation quickly and in a diversified way. Currently, conserved forests are still not economically competitive when compared to commodities in many areas. Creating economic competitiveness for sustainable forest products requires promoting innovation at scale in the value chain. However, what has been seen in the Amazon is:

Low rate of emergence of new businesses in bioeconomy capable of promoting innovation in the socio-biodiversity chains;

Value chain's lack of organization, from end to end. The market is driven by industry demand, creating an abyss between the demands (volume and standard) and the extractive characteristic of supply with low volume and heterogeneity in the products' standard. Lack of a pipeline of scalable

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**The IDB categorizes all projects into one of six E/S impact categories. Category A projects are those with the most significant and mostly permanent E/S impacts, category B those that cause mostly local and short-term impacts, and category C those with minimal or no negative impacts. A fourth category, FI-1 (high risk) Financial Intermediary (FI)'s portfolio includes exposure to business activities with potential significant adverse environmental or social risks or impacts that are diverse, mostly irreversible or unprecedented, FI-2 (medium risk) FI's portfolio consists of business activities that have potential limited adverse environmental or social risks or impacts, FI-3 (low risk) FI's portfolio consists of financial exposure to business activities that predominantly have minimal or no adverse environmental and social impacts.

businesses, seen as the greatest bottleneck faced by financers and investors in the Amazon bioeconomy.

These obstacles can be overcome by stimulating innovations that improve the value chains and promote the intended forest competitiveness.

The solution In this context, the present project aims to quickly and assertively induce the birth of startups and strengthen the still fragile existing ones, thus originating a pipeline of qualified sustainable bioeconomy businesses in the Amazon Impact Innovation Ecosystem. The Theory of Change is anchored in the thesis that innovation and entrepreneurship in bioeconomy, associated with an adequate sustainability metric, will conserve the Amazon Forest based on the development and competitiveness of sustainable forest value chains. There is a firm understanding that innovative startups in the intermediate links of the forest value chains have the potential to diversify demands, reduce dependencies, overcome scale-up and logistics challenges and promote the conserved forest competitiveness in a systemic and geographically distributed way, adding value locally and connecting with global chains.

The beneficiaries Considering the different components that will be developed in the project, the target beneficiaries are:

Entrepreneurs and Startups: They lack technical support and capacity building and have difficulties in accessing finance. One of the main goals of this projects is to give support in the structuring of new bioeconomy business and strengthening of existing ones through the support offered by the Sinergia Program and accelerating and investment through the Sinergia Investment Program;

Extractivist communities, traditional Amazon populations, rural extractivist communities/families: These beneficiaries face many challenges related to fair wages and sustainable livelihood. It is expected that the results of the program benefit this group by promoting technological solutions, new business opportunities and income increase promoted

by the startups;

Women, afrodescendents and indigenous entrepreneurs: Despite being the largest demographic groups in the country, they have little access to finance or technical support for their business and ideas. The goal of the project is to promote at least 60% of business that have women as founders and C-level, 30% afro descendants and 10% indigenous;

Local researchers, young technical education students, undergraduates and post-graduates from the Amazon educational institutions: Many scholars from the Amazon don't have the opportunity of sharing their knowledge and research with other players, while lack access to participate in the bio-business development in the region. This project intends to strengthen the relationship of the Academy with other players in the ecosystem and at the same time build capacity building and probability of amplify and diffuse the project's knowledge.

Industry: Despite the industry's interest in bioeconomy, the lack of communication and connection between industry's demands and producers/bio-entrepreneurs, generates a market abyss. By

promoting and engaging the ecosystem in this project, as well as investing in these business opportunities, the project creates a close relationship among players, with diversified products and efficient businesses.

The partner This project will be implemented by CERTI, a research, development and specialized technological services organization founded in 1984 that provides innovative solutions for the private sector, government and the third sector. With 40 years of experience, it is the lead organization of the Innovation Ecosystem of Florianópolis, considered the most dynamic in Brazil.

The IDB Lab's contribution will be the mobilization of $1.500 million in non-reimbursable technical cooperation (NRTC) from the AMDTF.

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