

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	BRAZIL/CSC - Southern Cone
▪ TC Name:	Enhancing the Bioeconomy through Innovative Financial Instruments within the ARPA Communities Program
▪ TC Number:	BR-T1636
▪ Team Leader/Members:	QUEIROZ FENYVES, KATIA (CSD/CCS) Team Leader; HINCAPIE SALAZAR, DANIEL (CSD/ACU) Alternate Team Leader; OLIVEIRA CHAMPLONI, ANA LUIZA (CSD/CCS); GOMES DA CRUZ COSSIO, ALESSANDRA (CSC/CBR); HANSMANN JOHANNA PAOLA (CSD/ACU); GOMEZ, JUAN CARLOS (CSD/CCS); LICHT TELLEZ VANESSA (CSD/ACU); CELESTE MARZO, CRISTINA (LEG/SGO); LEMBO, CAROLINA MARIA (INE/PPP); MOREIRA SARAIVA, BRUNO (PPP/CBR); CAVAZZONI LIMA, RAFAEL (IFD/CMF); GARCIA ALBA, JAIME; HINTZE, LUIS HERNANDO (CSD/RND); DE SOUSA, FERNANDO HENRIQUE (CSD/RND); RICAS DA CRUZ, DANIEL (IFD/CMF); SANTOS MOTTA, RITA DOS (VPS/ESG)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	24 Sep 2024
▪ Beneficiary:	Ministry of Environment and Climate Change
▪ Executing Agency:	MINISTÉRIO DO MEIO AMBIENTE
▪ IDB funding requested:	US\$1,000,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Firms
▪ Prepared by Unit:	CSD/CCS - Climate Change
▪ Unit of Disbursement Responsibility:	CSC/CBR - Country Office Brazil
▪ 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 ; Environmental sustainability; Gender equality

II. Objective and Justification

- 2.1 The objective of this TC is to support the Brazilian government, through the Ministry of Environment and Climate Change, to structure and implement innovative financial instruments that promote the bioeconomy and support communities in strengthening their bio-businesses and value chains by building new ventures focused on non-timber forest products, sustainable management and agroforestry systems which, in turn, simultaneously conserve the forest and offer economic alternatives for the populations living and working in sustainable-use protected areas that are part of the Amazon Region Protected Areas Program (Arpa).
- 2.2 ARPA is considered the largest tropical forest protection initiative in the world. Created in 2002 to support the consolidation of a total of 60 million hectares of protected areas

in the Amazon, and with Funbio serving as its fund manager, ARPA currently covers 120 conservation units, both for full protection and sustainable use. Between 2008 and 2020, it is estimated that the units supported by ARPA avoided 264,000 hectares of deforestation, the equivalent to 104 million tons of CO2 avoided (Soares-Filho, 2023), demonstrating that programs like ARPA are effective and stand out in reducing deforestation. According to the same author, during the same period, in the sustainable use conservation units where the program operates, deforestation was 39% of what would have been expected without ARPA's support.

III. Description of Activities and Outputs

- 3.1 **Component I: 1. Technical review of existing reports about ARPA and similar initiatives to inform design of ARPA Communities.** Compile and Synthesize Lessons Learned: review activities, information, and reports from previous phases of ARPA and similar initiatives globally and identify key insights that may support the development of ARPA Communities.
- 3.2 **Component II: 2. Cultural Impact Assessment and Stakeholder Engagement Strategy .** This component aims to evaluate the broader impact of ARPA Communities beyond expected outcomes
- 3.3 **Component III: 3. Structuring and Implementing Innovative Financial Instruments for Nature-Based Business Ventures .** This component focuses on designing and implementing financial instruments to support community-led ventures in non-timber forest products
- 3.4 **Component IV: 4. Governance, Monitoring, and Communication for ARPA Communities Program .** This component involves hiring consultant services to support: (i) Dissemination and Dialogue; (ii) Definition of Metrics and Monitoring; (iii) Baseline Data and Implementation Framework; and (iv) Communication Strategy

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
1. Technical review of existing reports about ARPA and similar initiatives to inform design of ARPA Communities	US\$50,000.00	US\$0.00	US\$50,000.00
2. Cultural Impact Assessment and Stakeholder Engagement Strategy	US\$300,000.00	US\$0.00	US\$300,000.00
3. Structuring and Implementing Innovative Financial Instruments for Nature-Based Business Ventures	US\$450,000.00	US\$0.00	US\$450,000.00
4. Governance, Monitoring, and Communication for ARPA Communities Program	US\$200,000.00	US\$0.00	US\$200,000.00
Total	US\$1,000,000.00	US\$0.00	US\$1,000,000.00

V. Executing Agency and Execution Structure

- 5.1 The program will be executed by WWF-Brasil, a Brazilian non-governmental, non-profit organization and member of the WWF Network, the world's largest independent nature conservation network.

- 5.2 WWF-Brazil supports the Arpa Program since its origin, in 1998. They has previous experience working in partnership with the IDB, with the most recent being the execution of technical cooperation BR-T1307 – Conservation of Ecosystem Services in the Trinational Corridor of Iguazu National Park, between 2014 and 2017. The performance of the executing entity was satisfactory.

VI. Project Risks and Issues

- 6.1 Low engagement of beneficiaries. Continuous dialogue and engagement with the main beneficiaries will be established, contributing to the definition of an active participation mechanism, and ensuring that TC closely contributes to long-term governmental programs and priorities. Lack of ownership by the federal government. Outreach and communication strategy including stakeholder engagement will be in place to demonstrate benefits and positive project impacts, aiming at institutional buy-in at both technical and political level. Need for phasing components/activities. A structured and organized approach is required to the project, where the activities planned are to be completed in a specific order to achieve the TC's main objective. Therefore, close monitoring of the work plan to ensure timely execution of the plan will be guaranteed.

VII. Environmental and Social Aspects

- 7.1 This Technical Cooperation is intended to finance pre-feasibility or feasibility studies of specific investment projects and the environmental and social studies associated with them; therefore, the terms of reference and products of this TC will be consistent with the applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).