

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	REGIONAL/IDB
▪ TC Name:	Amazon Bioeconomy Marketplace
▪ TC Number:	RG-T4640
▪ Team Leader/Members:	ESTRAZULAS DE SOUZA, FRANCISCO HUGO (INT/TIN) Team Leader; ROSPIDE, MARIA DE LA PAZ (INT/INT); WATSON, GREGORY (CSD/CCS); CAICEDO SIERRA, MIGUEL FELIPE (ORP/GCM); PERSSON, SVANTE P. (LAB/DIS); CAMMISA MARIANA (INT/TIN); CENTENO LAPPAS, MONICA CLARA ANGELICA (LEG/SGO); ESTEVES, YASMIN (INT/INT)
▪ Taxonomy:	Research and Dissemination
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	22 Oct 2024
▪ Beneficiary:	Bio-businesses in the Amazon Region of Peru, Guyana and Suriname
▪ Executing Agency:	Inter-American Development Bank, Rainforest Alliance Inc.
▪ IDB funding requested:	US\$950,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	INT - Integration and Trade Sector
▪ Unit of Disbursement Responsibility:	INT/INT - Integration and Trade Sector
▪ 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; Economic integration; LGBTQ+; Environmental sustainability; Gender equality; Diversity

II. Objective and Justification

- 2.1 The objective of this TC is to improve socioeconomic conditions, fight climate change, and help restore ecosystems in the Amazon regions of Peru, Guyana, and Suriname by supporting the implementation and growth of export-oriented sustainable bio-businesses. To that end, the planned activities aim to support the development of an online Amazon Bioeconomy Marketplace (ABM) to help the bio-business ecosystem in the Amazon region increase and diversify their exports and attract investment. The project will support small and medium sized businesses (SMEs), cooperatives, and producers' associations. It will leverage the Inter-American Development Bank's (IDB) ConnectAmericas.com (CA) platform and its network of local partners in Amazon countries.
- 2.2 The program will help bio-businesses improve their products and productive processes, business plans, pitches and documentation for investors, supply chain efficiency and sustainability, marketing strategies, and other tools to help these businesses access new markets in a sustainable manner (increase their exports in terms of volume, number of products exported, destination markets, and buyers). The technical assistance will focus on improvements to products and processes to be able to obtain certification, quality seals, and other product verifications that will increase firms' competitiveness and market access capabilities. The development of the ABM

will focus on aspects related to economic opportunities (e.g., employment generation, bio-business growth), environmental sustainability (e.g., sustainable management of natural resources), and social inclusion (e.g., opportunities for women, indigenous peoples, Afro-descendants, and other vulnerable or disadvantaged groups).

- 2.3 The program will coordinate with local organizations to identify existing programs designed to support bio businesses in the Amazon and complement their efforts and to identify existing studies that can inform the component I activities, among others.
- 2.4 The design of this TC incorporates the following lessons learned from CR-G1006: (i) the need for permanent support and personalized advice to bio-businesses from the moment of the application until the implementation of the improvements in the productive processes to obtain the certifications, and (ii) the importance of added value and differentiation as the key to success in international markets.
- 2.5 The Amazon region is a vast system that covers 6,700,000 km² (that is, about 40% of the South American territory). It is also a region with high socio-economic and environmental complexity and diversity. More than 35 million people live in it, including approximately 1.5 million Indigenous people and 5 million Afro descendants. Women, and especially those who belong to indigenous communities in the biome, are critical to the sustainable preservation of the natural ecosystems and communities but are increasingly vulnerable to the social and economic pressures of the region. The Amazon River, with over 1000 tributaries, connects large urban hubs, such as Manaus, Belem, and Iquitos, as well as countless villages and isolated settlements. The Amazon region is also home to earth's most extensive rainforest, harboring an estimated 20% of the world's known plant and animal species, and other invaluable natural assets. While it engulfs several countries and ecosystems, the Amazon forms a single ecological entity, and its many parts depend on the integrity of the whole.
- 2.6 However, the Amazon faces significant threats. On the one hand, the region remains poor relative to other regions of the countries that make up the Amazon. For instance, in the Peruvian Amazon –representing 60% of Peru's territory-, the rural monetary poverty is 39,3% and it faces pressing challenges regarding human capital, mainly in terms of learning achievements, the proportion of employed population with higher education –less than one-third of the workforce-, and formal employment; and 68% of indigenous children and adolescents live in poverty. In Guyana, although its economic status was reclassified by the World Bank as a high-income country, the Global Multidimensional Poverty Index published that the Amazon provinces recorded the highest poverty levels, with 43% of the population living below the poverty line in 2023 and an estimated GNI coefficient of 48%, communities based in rural areas of Amazon suffer from multiple poverty-related deprivations. In Suriname, 43% of households are below the poverty line, with 48% of the residents in the rural areas around the capital Paramaribo being poor. Its economy is driven by its abundant natural resources, with mining accounting for nearly half of the public sector revenue and gold representing more than three-quarters of total exports, making Suriname extremely vulnerable to external shocks. Likewise, the country faces flooding risks due to climate change, exacerbated by poor drainage.
- 2.7 On the other hand, deforestation has been accelerating at alarming rates in part due to the expansion of the agricultural frontier, extensive cattle ranching, mining, among other activities, some of which are illegal. In 2019, some 1.7 million hectares of Amazon Forest were lost. Also, average temperatures within the Amazon have increased by 0.5 Celsius since the 1980s, and rainfall anomalies have become recurrent causing harsher natural phenomena such as floods, landslides, and droughts.

III. Description of Activities and Outputs

- 3.1 **Component I: Market Analysis.** Component I Market Analysis Identify: (i) bio-businesses that have potential to export or receive investment, (ii) buyers and investors, (iii) local business/producer support organizations, (iv) types of technical assistance needed, (v) financial mechanisms to increase access to finance, and (vi) the role that women, LGTBQ+, local communities and people with disabilities could play in bio-business
- 3.2 **Component II: Bio-business Identification, Verification or Certification.** (i) Identify bio-businesses that have the potential to be verified or certified, (ii) support continuous improvement of production processes, (iii) generate valuable data that helps create new digital tools for producers, (iv) implement verification and/or certification programs in selected Amazon territories and track their progress, and (v) capture lessons for the expansion of verification and/or certification programs in the Amazon
- 3.3 **Component III: Access to Finance Readiness.** (i) map local financial institutions (LFIs), (ii) develop financing mechanisms in coordination with IDB Invest to incentivize lending to bio-businesses, (iii) identify investors interested in the Amazon, (iv) explore with LFIs the possibility of issuing a first-of-a-kind Amazon-linked bond, as well as other performance-based financial instruments.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Market Analysis	US\$150,000.00	US\$0.00	US\$150,000.00
Bio-business Identification, Verification or Certification	US\$475,000.00	US\$0.00	US\$475,000.00
Access to Finance Readiness	US\$325,000.00	US\$0.00	US\$325,000.00
Total	US\$950,000.00	US\$0.00	US\$950,000.00

V. Executing Agency and Execution Structure

- 5.1 This TC will be jointly executed by Rainforest Alliance (RFA) and IDB. RFA will be the Executing Agency for Components I and II. The Integration and Trade Sector (INT/INT) at IDB will be the Executing Agency for Component III.
- 5.2 The execution and disbursement period will be 36 months under the supervision of the Trade and Investment Division (INT/TIN). All activities to be executed will be included in the Acquisitions Plan (Annex III of the TC Document) and will be executed and acquired in accordance with the Bank's mechanisms established in: (i) AM-650 for Individual consultants, (ii) GN-2765-4 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature, and (iii) GN-2303-28 for logistics and other related services.
- 5.3 RFA is an international non-profit organization with over 30 years of experience in the fields of conservation and sustainable development. RFA (i) possesses vast experience working with local producers in the amazon, (ii) has a strong physical presence in the region and a vast network of local partners, (iii) has been at the forefront in the development of market access certifications for producers in the Amazon, (iv) has a network of over 5000 corporate partners in Buyer markets (including some of the leading global consumer goods companies, such as IKEA, Walmart, Mars, Cargill, and Nestle), and (v) has a profound understanding of the challenges Amazon producers face when looking to access finance and investment. RFA also has a longstanding successful relationship with the IDB.

- 5.4 The IDB Group, and in particular IDB Invest and IDB Lab, have vast experience in the design of mechanisms to incentivize lending to specific market segments. Therefore, INT/INT, in close coordination with RFA, IDB Invest, and IDB Lab, will implement Component III Access to Finance.

VI. Project Risks and Issues

- 6.1 Implementation of a regional project implies a higher level of complexity, as well as risks related to the coordination with local actors. These risks will be mitigated by having strong and international NGOs, who have established presence and operations with teams deployed in Peru, Guyana, and Suriname. Moreover, the TC will be closely coordinated with the different IDB Country Offices and the Amazon Coordination Unit (CSD/ACU).
- 6.2 There are also risks associated with the sustainability of the project. To mitigate them, the team has taken three concrete actions. First, the project's components were designed to deliver (independently) outcomes that can complement other IDB Amazon related projects and/or that can be used by ongoing IDB operations or initiatives. In fact, this TC was designed in coordination with other areas of IDB as a requirement to be eligible for GCF Amazon Bioeconomy Fund resources. Second, funding for the scale-up of Components I and II to other countries and for the remaining Components, is being mitigated initially through the GCF Amazon Bioeconomy Fund resources and, eventually by other available sources such as the new multi-donor fund being created at the IDB for the Amazon Initiative. Third, the development of this project will be supported by INT/INT's ongoing flagship initiatives such as CA, and business summits and match-making events and, by others under the leadership of IDB Lab and IDB Invest.

VII. Environmental and Social Aspects

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