CONFIDENTIAL
FOR INTERNAL USE
PUBLIC UPON APPROVAL

DOCUMENT OF THE INTER-AMERICAN BANK
MULTILATERAL INVESTMENT FUND

REGIONAL

AmazonBeEco

Unlocking an Inclusive Bioeconomy in the PanAmazon

(RG-T4270) (RG-T4269)

DONORS MEMORANDUM

This document was prepared by the project team comprised of: Svante Persson (DIS/LAB), Luana Moraes (LAB/CBR), Isabela Echeverry Penon (DIS/CCO), Kaimlall Chattergoon, (LAB/CGY), Shreshta Chotelal (LAB/CSU), Paula Auerbach (LAB/CEC), Elizabeth Minaya (LAB/CPE), Daniel Hincapie Salazar (CSD/ACU), Yves Lesenfants (CSD/ACU), Inaie Takaes (CSD/ACU), Xiomara Patricia Guevara (DIS/LAB), Christian Diaz Ordonez (GCL/FML), Damaris Leon (ORP/GCM), Miguel Felipe Caicedo Sierra (ORP/GCM) and Carol Friedman (GCL/FML)

CONTENTS

EXECUTIVE SUMMARY

For decades, the development of the PanAmazon region has been synonymous with infrastructure expansion, extensive land use practices, and natural resource extraction. Predominant economic thinking disregarded the value of standing forests and considered their populations as backward groups that should be assimilated into the modern economy by converting forests into other land uses. This has resulted in devastating rates of deforestation and biodiversity loss, causing a significant increase in greenhouse gas emissions, and pushing the Amazon Biome dangerously close to its tipping point.

The overall objective of this project is to increase revenues for community-based biobusinesses in the PanAmazon region and generate income opportunities for families engaged in these businesses, through the creation of networks, capacity building efforts and the development of innovative financial, technological, and commercial solutions. This alternative model is referred to as the Amazonian socio-bioeconomy, which entails promoting sustainable forest- and biodiversity-based value chains that prioritize biodiversity-friendly practices such as traditional use, agroforestry, and small-scale farming. These activities are undertaken by smallholder farmers, traditional and Indigenous communities, often organized in community-based businesses, with an emphasis on recognizing traditional knowledge and collective benefits-sharing.

The primary beneficiaries of this project are community-based biobusinesses, which are typically cooperatives or formally recognized associations that trade socio-biodiversity products. Most community biobusinesses are engaged in agriculture related activities such as regenerative agroforestry production or sustainable fisheries. They engage a varying number of families from rural or forest areas, ranging from several dozen to a few hundred. The project will operate through the strengthening of a network of entities that will form a Panamazonia network of intermediate support organizations. These institutions will work towards improving enabling conditions for bio-businesses to thrive. Intermediate supporting organizations may include accelerators, incubators, NGOs, and other forms of business assistance available locally in the countries. They will be the project's secondary beneficiaries. Additionally, the Project will engage a tertiary group of beneficiaries, namely bioeconomy buyers and investors who will participate in the commercial and financial solutions implemented by the project.

In addition, the Project aims to support the necessary enabling conditions and establish groundbreaking and scalable financial, technological, and commercial solutions to unlock the potential of the bioeconomy to ensure social inclusivity and equitable distribution of benefits. These solutions will be intertwined with a network of producer organizations, community-based groups, and other micro, small, and medium-sized enterprises (MSMEs) across six PanAmazon countries, namely Brazil, Colombia, Peru, Ecuador, Guyana, and Suriname. The Project aims aim to support at least 100 community-based businesses in 6 countries, through a PanAmazonian network of 60 intermediary organizations, contributing thus to generate income opportunities for 8,000 families who are members or associates of these businesses.

The Instituto de Conexões Sustentáveis - Conexsus - will be the main Executing Agency of this project and the Institute for Sustainable Connections (ISC) will be the co-executing agency.

Funding for this project will be provided by IDB Lan (US$ 1,200,000) and the Green Climate Fund (GRN) (US$ 5,000,000). Conexsus will also provide local counterpart funding (US$ 1,000,000) for a total Project budget of US$ 7,200,000.

ACRONYMS AND ABBREVIATIONS

ABF	Amazon Bioeconomy Fund
AFOLU	Agriculture, Forestry and Other Land Use
CC	Climate Change
COF	Country Office
EE	Executing Agency
EI	Economic Integration
FAA	Funded Activity Agreement
GCF	Green Climate Fund
GDP	Gross Domestic Product
GHG	Green House Gas
GD	Gender and Diversity
GRN	Trust fund for Green Climate Fund in IDB
KPI	Key Performance Indicators
LAC	Latin America and the Caribbean
LTS	Long Term Strategies
MIF	Multilateral Investment Fund
MSME	Micro, Small and Medium Enterprises
NDC	National Determined Contributions
NRTC	Non-Reimbursable Technical Cooperation
PSR	Project Status Report
QRR	Quality and Risk Review
SDG	Sustainable Development Goals
SI	Social Inclusion
TCA	Technical Cooperation Agreement
TC	Technical Cooperation

Project Information

REGIONAL

AmazonBeEco

Unlocking an Inclusive Bioeconomy in the PanAmazon

(RG-T4270) (RG-T4269)

Country and Geographic Location:	Regional: Brazil, Colombia, Ecuador, Guyana, Peru, and Suriname.		
Executing Agencies:	Conexsus (Instituto Conexões Sustentáveis*)* and Institute for Sustainable Connections (ISC)		
Focus Area:	Climate change and biodiversity		
Coordination with Other Donors/Bank Operations:	The Project is fully aligned with the IDB Group's strategies in Brazil (2019-2022) and Colombia (2019-2022), as well as with the priorities of its operations in Ecuador (2022-2025), Guyana (2017-2021), Suriname (2021-2025), and Peru (2022-2026). This project is also aligned with IDB Lab projects RG-O1711 Bioeconomy facility, and RG-G1033 – Amazonia ReGenerate Accelerator.		
Project Beneficiaries:	The primary beneficiaries of this project are 100 community-based biobusinesses and the families participating in them. In addition, 400,000 hectares of land or forests will be managed by the community biobusinesses supported by the project.		
Financing:	IDB Lab Non-Reimbursable Technical Cooperation (NRTC):	US$ 1,200,000	17%
	Equity:	-	-
	Loan:	-	-
	Green Climate Fund (GRN)	US$ 5,000,000-	69%
	SUBTOTAL :	**US$ 6,200,000**	**86%**
	Counterpart Conexsus:	US$ 1,000,000	14%
	Other	-	-
	TOTAL PROJECT BUDGET:	**US$ 7,200,000**	**100%**
Execution and Disbursement Period:	48 months of execution and disbursement.		
Special Contractual Conditions:	Conditions prior to first disbursement will be, to the Bank's satisfaction: (i) selection of the Project Manager; (ii) selection of the project assistant; and (iii) establishment of the Steering Committee;		
Environmental and Social Impact Review	This operation was screened and classified as required by the IDB's Environmental and Social Policy Framework" (GN-2965-21) on January 21st, 2023. Given the moderate impacts and risks, the proposed category for the project is C.		
Unit responsible for disbursements	CCB/CBR		

I. The Problem

A. Problem Description

1.1. For decades, the development of the PanAmazon region has been synonymous with infrastructure expansion, extensive land use practices, and natural resource extraction. Predominant economic thinking disregarded the value of standing forests and considered their populations as backward groups that should be assimilated into the modern economy by converting forests into other land uses. This has resulted in devastating rates of deforestation and biodiversity loss, causing a significant increase in greenhouse gas emissions, and pushing the Amazon Biome dangerously close to its tipping point. Over the past 35 years, nearly 75 million hectares of native vegetation were lost in the nine countries that make up the Amazonia region, with the majority being converted to pastureland.[1] This rampant deforestation caused the release of an estimated 45.1 GtCO2, equivalent to the annual emissions of all sectors worldwide.[2] Moreover, the combined effects of deforestation and high degradation have already impacted 26% of the Amazonian region, posing a significant threat that could lead to a collapse and "savannization" with unpredictable consequences.[3]

1.2. Furthermore, the notion that converting forest land into agriculture is necessary for local development has been proven false. Rather, this model has primarily benefited large landowners and agribusinesses. A study led by Francisco Assis da Costa calculated that the gross value of production (GVP) associated with smallholder and traditional groups in the Brazilian Amazon decreased from 65% in 1995 to 55% in 2006 and dropped to just 36% in 2017, while the GVP associated with large holder, and agribusiness groups grew up to 64% in 2017. [4] Moreover, the model also failed to alleviate poverty for most of the region's population, since empirical research indicates that deforestation does not lead to social progress. On the contrary, the municipalities that exhibit the highest deforestation rates have the lowest social progress index scores.[5] To exacerbate the situation, conflicts over access to land and natural resources have led to human rights violations in the PanAmazon region. For example, from 2015 to the first half of 2019, 232 Indigenous were killed because of these conflicts.[6]

1.3. In addition, this model has not provided significant opportunities for micro, small, and medium enterprises in the Amazon. A study has shown that deforestation in Brazil has contributed only 0.013% to the national GDP, indicating a negligible impact on economic growth[7], while another study found no association between forest loss and average salaries.[8] Additionally, when the entire PanAmazon region is considered, with a GDP of USD 270 billion in 2017, its percentage of national GDP is modest in Brazil (8%), Peru (13%), and Ecuador (10%), and negligible in Colombia (2%). Furthermore, this value is insignificant compared to the global economy worth USD 80 trillion in the same year, despite the PanAmazon region occupying almost 50% of Brazil and almost the entire country of Suriname.

---

[1] https://mapbiomas-br-site.s3.amazonaws.com/Fact-sheet-vfinal-COP.pdf
[2] https://www.climatewatchdata.org/ghg-emissions?breakBy=regions&end_year=2019&start_year=1990
[3] https://amazonia80x2025.earth/wp-content/uploads/2022/09/VF-2-sept-Executive-Summary-2022-Regional-Report.pdf
[4] Structural diversity and change in rural Amazonia: a comparative assessment of the technological trajectories based on agricultural censuses (1995, 2006 and 2017), Francisco Assis da Costa.
[5] https://amazonia2030.org.br/indice-de-progresso-social-na-amazonia-brasileira-ips-amazonia-2021/
[6] https://amazonia80x2025.earth/wp-content/uploads/2022/09/VF-2-sept-Executive-Summary-2022-Regional-Report.pdf
[7] https://ipam.org.br/wp-content/uploads/2017/11/Desmatamento-zero-como-e-por-que-chegar-laFINAL.pdf
[8] https://journals.sagepub.com/doi/10.1177/19400829221132193

1.4. The enormous scale of deforestation, its contribution to climate change, and the negative socioeconomic impacts highlight the urgent need to reverse this trend. This requires supporting an alternative regional economic development model that leverages the wealth of the forests to create meaningful socioeconomic opportunities for the 38 million people and 410 ethnic groups, including Afro-descendant and Indigenous Peoples, who call the Amazon home.

1.5. *Paris Agreement*. In 2017, all 26 of the IDB Group's borrowing member countries signed the Paris Agreement[9], signaling the LAC region's strong interest and commitment to achieve its aims. In November 2021, during the 26th Conference of the Parties (COP26), the IDB Group announced an aspirational target to align all its loans and projects with the Paris Agreement targets by the start of 2023, reinforcing the LAC region's strong interest and commitment to take action to address climate impacts. Alignment requires the IDB Group's work to be consistent with a country's net-zero emissions and climate-resilient development goals and promote more engagement of the financial sector in sustainability overall, triggering awareness on the relevance of forest protection, reforestation, and soil management.

1.6. *Significant efforts are needed across LAC to reduce the carbon intensity of economic activity and strengthen climate resilience* - particularly to ensure that all sectors contribute to the achievement of the Paris Agreement targets articulated in LAC's respective Nationally Determined Contributions (NDCs) and corresponding Long-Term Strategies (LTS) (with the latter mostly still in development).

1.7. In March 2021, the Board of Executive Directors of the IDB approved a proposal for the "Establishment of the Seed/Transitory Ordinary Capital Strategic Development Program for Sustainable Development in the Amazon" (GN-3036-4). This proposal introduced a detailed new conceptual framework for systematic, coordinated support for sustainable development in the Amazon region by the IDB denominated the "Amazon Initiative" The Amazon Initiative's objective is to foster socio-environmentally sustainable and inclusive economic development models in the Amazon region that benefit its diverse communities (GN-3036-4 1.36). The Amazon Initiative responds to clear opportunities for constructing a common vision for the sustainable development of the Amazon and stronger regional and extra-regional collaboration models, with institutional strengthening, gender and diversity, and forest conservation as the core transversal pillars.

1.8. Because of the Amazon's diverse biological, land, and water resources, **the bioeconomy[10] provides the ideal framework for the development of sustainable, productive models and practices in Agriculture, Forestry, and Other Land Use (AFOLU) in the Amazon.** Shifting to production models, technologies, and practices that embrace a more sustainable use of the Amazon's natural capital and forests (bio-businesses[11]), can contribute to lower the impacts of climate change by reducing deforestation, restoring soil, and reducing GHG (Greenhouse Gas) emissions. In parallel, being conscious of risks and vulnerabilities in the mainstreaming of more

[9] The Paris Agreement is a legally binding international treaty on climate change adopted by 196 Parties at COP 21 in Paris, on 12 December 2015 and entered into force on 4 November 2016. The Agreement reinforces the commitment of the parties to ensure the availability of financing for climate action. The PA aims to: (i) limit the global temperature rise this century to well below 2°C—aiming for 1.5°C—above pre-industrial levels; (ii) reduce vulnerability and increase climate resilience; and (iii) make finance flows consistent with a pathway toward low-GHG emissions and climate resilient development.

[10] The **Bioeconomy** refers to any economic activity based on the use of natural renewable biological resources, from both land and ocean, to obtain food, materials, and energy in a sustainable way without compromising their availability for future generations. It comprises activities related to the invention, development, production, and use of biological products and processes. For the purposes of this proposal, in the Amazon, the bioeconomy aims to be climate and nature-positive, encouraging sustainable land-use practices that lead to reduced emissions, higher carbon stocks, net gains in natural capital, and increased climate resilience of vulnerable populations and ecosystems.

[11] A bio-business is a business that responsibly integrates biodiversity in its core processes, incorporates strategies and tools for climate mitigation and adaptation, strengthens the inclusion of local communities, indigenous peoples and traditional knowledge, and internalizes the costs for the sustainable use and conservation of natural resources.

sustainable practices in AFOLU can help increase the region's resilience to future climate-related impacts already unavoidable to this day.

II. The Innovation Proposal

A. Project Description

2.1. The overall objective of this project is to increase revenues for community-based biobusinesses in the PanAmazon region and generate income opportunities for families engaged in these businesses, through the creation of networks, capacity building efforts and the development of innovative financial, technological, and commercial solutions. This alternative model is referred to as the Amazonian socio-bioeconomy, which entails integrated support and strengthening of the ecosystem for Amazonian Small and Medium Enterprises (SME) and their communities while promoting sustainable forest- and biodiversity-based value chains that prioritize biodiversity-friendly practices such as traditional use, agroforestry, and small-scale farming. These activities[12] are undertaken by smallholder farmers, traditional and Indigenous communities, often organized in community-based businesses, with an emphasis on recognizing traditional knowledge and collective benefits-sharing. For the purposes of this proposal, the Project will use the terms bioeconomy, socio-bioeconomy, and inclusive bioeconomy interchangeably to refer to this approach.

2.2. Despite engaging a significant number of people in the PanAmazon,[13] there is no systematic or generally accepted approach to socio-bioeconomy. Over the past decades, public and private investments have been insignificant, and the sector is far from reaching its full potential in terms of generating prosperity and reducing the drivers of biodiversity loss. For instance, most investments in credit[14] and research and development,[15] have been channeled to cattle and soybean production, while socio-biodiversity has received far less attention. Yet, the business opportunity for scaling a bioeconomy in the Amazon is real. The sustainable exploitation of bioeconomy products has been considered a profitable trade both domestic[16] and internationally.[17]

2.3. To tackle these challenges, this project aims to support the necessary enabling conditions and establish groundbreaking and scalable financial and commercial solutions to unlock the potential of the bioeconomy to ensure social inclusivity and equitable distribution of benefits. These solutions will be intertwined with a network of producer organizations, technical assistance providers, market connectors, community-based groups, and other small, and medium-sized enterprises (SMEs) across six PanAmazon countries, namely Brazil, Colombia, Peru, Ecuador, Guyana, and Suriname. In concrete, the goal of the Project is to increase revenues for community-based biobusinesses in the PanAmazon region and generate income opportunities for families engaged in these businesses, through the creation of networks, capacity building efforts and the development of innovative financial and commercial solutions. The Project aims

[12] The Project will follow the framework agreed upon together with GCF pages 24-25 in the following document: https://www.greenclimate.fund/sites/default/files/document/funding-proposal-fp173.pdf

[13] A study led by Danilo Fernandes Araujo, estimates that so socio-biodiversity generates nearly 350.000 formal and informal jobs in the Brazilian Amazon. https://madeusp.com.br/publicacoes/artigos/por-uma-bioeconomia-da-socio-biodiversidade-na-amazonia-licoes-do-passado-e-perspectivas-para-o-futuro/

[14] https://www.climatepolicyinitiative.org/pt-br/publication/6-peculiaridades-do-credito-rural-na-amazonia-nova-pesquisa-mostra-restricoes-a-credito-e-uso-extensivo-da-terra-na-agropecuaria/

[15] https://homepages.dcc.ufmg.br/~nivio/papers/Ciencia-para-prosperidade.pdf

[16] https://www.tnc.org.br/content/dam/tnc/nature/en/documents/brasil/tnc-policy-bioeconomia_ptbr.pdf

[17] Coslovsky, 2021. Amazonia 2030. Oportunidades para Exportação de Produtos Compatíveis com a Floresta na Amazônia Brasileira

to support at least 100 community-based businesses in 6 countries, through a PanAmazonian network of 60 intermediary organizations, contributing thus to generate income opportunities for 8,000 poor and vulnerable families who are members or associates of these businesses.

2.4. Thirty-six percent of the Amazon's population lives in poverty[18]. According to the Coordinator of Indigenous Organizations of the Amazon Basin (COICA), about 9% (2.7 million) of the Amazon's population is still made up of indigenous people – 350 different ethnic groups, more than 60 of which still remain largely isolated. While indigenous peoples make up 8 percent of the population in the region, they represent approximately 14 percent of the poor and 17 percent of the extremely poor in Latin America[19]. The primary target groups for this Project are poor and vulnerable populations which include a wide variety of groups including family farmers, extractivists (forest people), quilombolas (marrons), indigenous and traditional fishermen. The Project will not target medium or large farmers. As an example, during a mapping of 402 community businesses in the Amazon: 49% are extractivists, 10% are quilombola organizations, 14% were indigenous, and 20% were traditional fishermen. The executing agency anticipates different distributions in other countries including for example a higher percentage of marron businesses in Suriname or indigenous in Ecuador and Peru for example.

2.5. The beneficiaries of this project are community-based biobusinesses and the families and members who are workers and members of them and the majority are living on incomes at or below the average country poverty index measured by daily income. These biobusinesses are typically cooperatives or formally recognized associations that trade socio-biodiversity products. Most community biobusinesses are engaged in agriculture related activities such as regenerative agroforestry production or sustainable fisheries. These products include non-timber forest products, such as Brazil nuts, açaí, wild-caught fish, and rubber; agroforestry products, such as cocoa and coffee; and aquaculture products, such as pirarucu. Community-based businesses are a specific sub-group of a broad concept of bio-businesses[20]. They engage a varying number of families from rural or forest areas, ranging from several dozen to a few hundred. The project will operate through the strengthening of a network of entities that, together with Conexsus, will form a Panamazonia network of intermediate support organizations. These institutions will work towards improving enabling conditions for bio-businesses to thrive. Intermediate supporting organizations may include accelerators, incubators, NGOs, and other forms of business assistance available locally in the countries. They will be the project's secondary beneficiaries. Additionally, the Project will engage a tertiary group of beneficiaries, namely bioeconomy buyers and investors who will participate in the commercial, technological, and financial solutions implemented by the project.

2.6. The definition, and thus the selection criteria of the biobusinesses for the Project, is a business that **responsibly integrates biodiversity in its core processes**, incorporates strategies and tools for climate mitigation and adaptation, **strengthens the inclusion of local communities, indigenous peoples and traditional knowledge**, and internalizes the costs for the sustainable use and conservation of natural resources. Sustainable production of forest products either through "extractivism" (collection in the forest/rivers) or through sustainable agroforestry (and family agriculture) by populations living in the forest, including traditional peoples and indigenous peoples. Hereby, the recognition of traditional and collective knowledge and benefits sharing is essential. The community biobusinesses create added value and to link up to sustainable value

[18] A Balancing Act for Brazil's Amazonian States: An Economic Memorandum. World Bank Group 2023. https://www.worldbank.org/en/country/brazil/publication/brazil-a-balancing-act-for-amazonian-states-report

[19] Indigenous Latin America in the Twenty-First Century. World Bank Group 2016. https://www.worldbank.org/en/region/lac/brief/indigenous-latin-america-in-the-twenty-first-century-brief-report-page

[20] An example of community biobusiness is Agrosolidaria https://agrosolidariaflorencia.org/nosotros/comunidades/

chains.[21] It is important to understand that these are organizations dealing with sociobiodiversity products, so by definition the Project will not consider organizations working with activities outside of that scope (for example working with cattle or soybean), and that these organizations are located in forested areas or work with activities that restore forests such as agroforestry so the environmental benefit is inherent to the business. An example of a community biobusiness is “Agrosolidaria”, a community of producers and consumers in Colombia that sustainably produces fish, fruits and crops using agroforestry and regenerative positive farming methods. Another example is an indigenous cooperative in Brazil sustainable producing and harvesting the pirarucu fish in the Amazon.

2.7. A crucial aspect of our approach is recognizing the importance of endogenous knowledge accumulated by different groups of forest peoples over centuries, which the Project refer to as "endogenous innovation."[22] To support the socio-bioeconomy, the Project must develop innovation ecosystems in all participating countries, with regional feedback and exchange mechanisms that strengthen the innovations of indigenous and other traditional populations related to bioeconomy products and processes. This knowledge should be central to the development of a bioeconomy and integrated with "modern" scientific knowledge, customized innovations, adapted technologies, and innovation ecosystems that meet the needs of modern market structures. However, these components remain far from reality in the Amazon region, with scattered, early-stage, and mostly unstructured community-organized micro, small, and medium-sized enterprises (MSMEs) that require different types of financial mechanisms and technical assistance to develop viable businesses.

2.8. The specific conceptualization and design of this project are based on Conexsus' experience supporting bio-businesses since 2017. A systematic mapping performed by Conexsus in Brazil identified 402 community-based biobusinesses in the Amazon Biome. According to this assessment, only 6% of these businesses had revenues higher than US$200,000 per year, only 9% had more than 5 employees, while only 29% added value to their products through any sort of industrialization process. Preliminary analysis of the scenario in the other five countries targeted by this proposal suggests that the development of the PanAmazon bioeconomy is also in its early stages, and there is little evidence of coordinated action across countries.

2.9. Drawing on Conexsus' experience, establishing this model as the norm would necessitate several measures, including: (i) providing long-term incentives to involve a range of public and private stakeholders in supporting and promoting this economic and cultural transition, (ii) developing sufficient sustainable production capacity, (iii) supporting endogenous innovation, (iv) facilitating market access, and (v) improving access to finance and financial literacy. These insights informed the design of the project's components, programs, and macro-activities. The project aims to implement a set of action-based initiatives that extend beyond pilot projects, linking and activating a business ecosystem across the six countries in this project to foster the development of the bioeconomy in the entire PanAmazon region. This initiative will be implemented over four years and consists of three interrelated project components:

2.10. **Component 1: Enabling environment** (Total US$ 1,535,000, IDB Lab US$ 400,000, GRN US$ 1,035,000, Local counterpart US$ 100,000).

The objective of this component is to address the lack of a well-developed and structured enabling environment in the six countries and support cross-national coordination. It will mobilize organizations, resources, and facilitate cross-learning to create a Panamazonian network of 60 organizations actively supporting community-based bio-businesses, and to mobilize an additional

[21] https://www.greenclimate.fund/sites/default/files/document/funding-proposal-fp173.pdf

[22] The Project will use the term "endogenous innovation" to refer to innovation driven by local knowledge and cultural practices.

US$ 1.8M of co-funding. The component comprises three sub-components or programs, each with its own main activities and rationale.

2.8.1. Subcomponent 1.1: Implementation arrangement

Output 1.1.1. Mapping national and sub-national stakeholders and networks. This initial mapping exercise will focus on identifying all relevant stakeholders operating in each country and regionally. This includes potential implementation partners, impact investors, financial institutions, organizations providing technical support, capacity building, innovation services, and specialists. It is critical to dig into national and local political, economic, and legal contexts at this stage to fine-tune the strategy.

Output 1.1.2. Building an implementation coalition. Following the initial mapping (1.1.1.) an implementation coalition will be built. One main implementation partner will be selected per country, and technical negotiations and due diligence processes will take place. Trust and efficient collaboration strategies should be built, which will be critical for the project´s governance strategy.

Output 1.1.3. Building a roadmap of milestones and calibrating indicators by countries. Given that ownership is also critical for the success of this project, a validation of the current theory of change will be made with implementation partners. This will give them the opportunity to internalize this project into their current strategies and initiatives, shape outputs and outcomes, and indicators according to local realities.

Output 1.1.4. Establishing and supporting a governance structure. After building the implementation coalition (1.1.2.) and calibrating the strategy (1.1.3.) a permanent governance structure will be built to support overall coordination. More details on the implementation structure are presented in section V.

2.8.2 Subcomponent 1.2. Panamazonia challenge

Output 1.2.1. Mapping community biobusinesses. A systematic data collection of community-based enterprises operating in the bioeconomy sector will be conducted, like what Conexsus has previously done successfully in Brazil. The initiatives will be selected based on specific technical criteria, and the information will be captured in a structured database across the PanAmazon region. The database will gather information about (i) programs and institutions providing traditional peoples and communities and their biobusinesses with business development support, (ii) Amazonian SMEs and their communities, their structure and social characteristics as well as their main areas of economic activity; (ii) other local partners (public and private) that can be part of the implementation providing innovative technological solutions and digitalization, and; (iv) local market opportunities that can stimulate biobusiness growth and resilience. From this database, a methodology will be developed to select the local partners that will implement the project together with the SMEs and their communities. This will be done in close collaboration with national partners.

Output 1.2.2. Qualitative assessment of biobusinesses maturity. Following the experience in Brazil, a qualitative assessment of biobusinesses will be conducted. Key factors that lead to successful bioeconomy enterprises will be identified, along with growth potential and capacity to absorb investment. The inputs collected will be used to calibrate the project strategy, and the assessment will also serve as a baseline for the project's monitoring and evaluation strategy.

2.8.3 Subcomponent 1.3 Cross-learning

Output 1.3.1. Supporting cross-learning initiatives of intermediaries. A series of workshops will be held at national (and potentially sub-national) and regional levels, primarily engaging intermediary organizations. This is a space to stimulate mutual learning and joint activities to create an ecosystem of actors that can bring capacity and investments to these initiatives. This will also contribute to expanding the offer of quality business assistance and product development.

Output 1.3.2. Systematization of experiences and lessons learned. Various knowledge products will be developed, including reports, technical briefs, and blog news, where experiences and lessons learned will be systematized. Emphasis will be given to cross-cutting themes, but country-specific issues will also be considered if relevant to a regional approach. It is important to note that this activity will not only capture knowledge generated during the project but also existing knowledge that is scattered and unconsolidated.

Output.3.3. Dissemination of knowledge products. The strategy for disseminating knowledge products includes participation in regional or global events, membership in relevant networks, and direct contact with policymakers, specialists, and other relevant stakeholders.

2.11. **Component 2: Supporting competitiveness. (Total US$ 1,812,500, IDB Lab US$ 600,000, GRN US$ 1,212,500, Local counterpart US$ 0)**

The objective of this component is to provide technical assistance to at least 100 selected initiatives. Brazil, Colombia, and Peru will each receive support for 25 bio-businesses, while Ecuador will receive support for 16 and Suriname and Guyana will receive support for 7 each. Activities in each country will be implemented by country partners, with Conexsus being responsible for implementing activities in Brazil and coordinating the overall strategy across countries (see section V B on implementation structure for more details). Activities implemented under this component will improve the maturity of businesses in several fields, which is reflected in the maturity index currently in pilot test at Conexsus (see section II B). The component is divided into three sub-components, which are the main fields of technical support.

2.9.1**. Subcomponent 2.1. Business capacity**

Output 2.1.1. Activating networks and engaging intermediaries to support community enterprises. After the initial mapping of stakeholders (1.1.1.) and biobusinesses (1.2.1.), the project will focus on activating specific networks and technical assistance providers and market connectors considered strategic or a priority. Prioritization will be discussed with implementing partners but can be based on geography (regional cluster), target market, ethnic group, or maturity capacity. At this stage, the project will select 100 organizations to be supported. In principle, these organizations will be grouped into 12 to 15 regional clusters.

Output 2.1.2. Developing/strengthening community enterprises' business models. Selected organizations will receive support to develop or strengthen their current business models. There are different methodologies to support this task, such as the Development Cycle. However, national partners will have autonomy to implement what they consider to be the most suitable approach. This activity is considered the initial step of support. Depending on maturity level, interest, and local context, a proportion of the 100 organizations supported in this program will also receive support in the remaining four programs.

2.9.2. **Subcomponent 2.2. Innovation**

Output 2.2.1. Engaging R&D organizations, local universities, and start-ups. Following the initial mapping of stakeholders (1.1.1.) and biobusinesses (1.2.1.), and the selection of beneficiary organizations (2.1.2.), the activation of local networks will be complemented through a specific focus on R&D organizations, local universities, and start-ups. Potential innovations will be identified, and emphasis will be given to supporting ongoing processes rather than creating new ones. Innovations can include products, services, processes, and/or technologies that improve productivity, such as industrial nut dryers or splitters, specific techniques to improve quality processes, management tools, etc. Ten innovations are anticipated to be supported.

Output 2.2.2. Supporting the development and/or incorporation of products, services, processes and/or technologies. After identifying innovations and support organizations, 30 organizations (selected based on maturity level and willingness to participate) will be supported to incorporate these innovations into their structures. It is assumed that 30% of the organizations supported in 2.1. will be supported by this program. Supporting endogeneity, i.e., innovation developed in the region by local actors, will be the main assumption of this program. This includes different sorts of traditional related knowledge but also innovation developed in local/regional clusters, such as products, services, processes, or technologies that can add value or increase productivity, including along the value chain.

2.9.3. **Subcomponent 2.3. Access to markets**

Output 2.3.1. Mapping potential buyers in domestic and export markets. This activity will help to understand market needs and help select the most promising initiatives that represent a relevant business opportunity for the regional bioeconomy. Both domestic and export markets will be considered depending on specific contexts.

Output 2.3.2. Designing commercial arrangements or solutions (national, regional, or global). To facilitate access to markets by community-based enterprises, specific commercial arrangements or solutions will be designed, considering both the supply and demand sides. These arrangements or solutions include a wide range of options, such as off-taking contracts, labels, certifications, export grouping schemes, geographic indications, and more. It is worth mentioning that innovation in processes or technologies (as outlined in 2.2) that can open high-standard markets creates synergies in this regard.

Output 2.3.3. Supporting the incorporation of commercial arrangements or solutions. The most promising and relevant organizations (selected in 2.1.1) will receive support to implement these solutions, thereby enabling them to access new markets or expand existing ones. We anticipate that 30% of the organizations supported in 2.1 will participate in this program. Whenever possible, arrangements or solutions involving groups of organizations will be prioritized to achieve higher economies of scale.

2.12. **Component 3: Access to finance (Total US$ 2,380,000, IDB Lab US$0, GRN US$ 1,480,000, Local counterpart US$ 900,000).**

The objective of this component is to facilitate access to finance for community-based businesses, either originating from existing public and private credit instruments or through the creation of new ones. The component aims to support the credit readiness of 50 organizations and facilitate access to credit for at least 35. In total, the Project anticipates that at least USD 5 million will be

channeled to bio-businesses from the financial institutions[23]. The research conducted in in Component 1 will help the executing agency to understand the specificities of each bioeconomy credit ecosystem, the securities regulations in each country, as well as the local presence of investors, foundations, service providers, philanthropists which will precise the details about the financial instruments that needs to be developed. The role of the executing agency in this component is: a) selection, coordination and support to the implementing/originating partner in each country; b) hiring service providers (banks, lawyers, custodians, payment agents/trustees, etc.), c) leadership in structuring, jointly defining with partners the eligibility criteria, remuneration mechanisms, default and remedy clauses, credit portfolio characteristics, among many other aspects of instrument creation/operation; d) facilitating the search for investors by conducting roadshows, supporting the development of sales materials, and assisting in the offering strategy; e) managing the fund/instrument, playing a central role in investor reporting, problem resolution, and investment strategies, f) in Brazil, Conexsus will act as the originating and collection agent, while in other countries, it will work together with partners or support them in these roles. The component is divided into two sub-components.

2.10.1. **Subcomponent 3.1. Credit readiness**

Output 3.1.1. Mapping legislation, mechanisms, and actors in the bioeconomy finance sector. This activity will complement the initial mapping (1.1.1.) and focus on grasping the details of the financial sector in each country. Particular attention will be given to identifying the main actors, legislation, and existing finance and capital markets mechanisms (public or private).

Output 3.1.2 Supporting financial management and credit readiness. To provide the conditions for a significant number of organizations to move into actual access to credit, 50 organizations (selected in 2.1.1.) will receive financial management and credit readiness support. This is an intensive process of technical support and capacity building. At this stage, organizations must prove their ability to manage significant amounts of money with a low risk of credit default, which is the decisive moment.

2.10.2. **Subcomponent 3.2. Customized instruments**

Output 3.2.1. Attracting and engaging financial institutions, potential investors, and support organizations. This activity aims to activate strategic and priority actors or networks such as financial institutions, potential investors (philanthropic, impact, and commercial), and support organizations who will participate in the financing activities for community-based businesses. The Project will build conditions simultaneously and systemically at both local and regional levels following the previous mapping exercise.

Output 3.2.2. Designing multi-stakeholder arrangements to unlock existing public/private credit sources. In this activity, existing financial instruments (public or private) that are not accessible to organizations due to bottlenecks will be targeted. Efforts will be made to overcome these bottlenecks, either by supporting organizations to access resources or influencing the fine-tuning of these instruments to accommodate the demand of community-based enterprises. The Project will draw on Conexsus' experience in Brazil, where the Bank of Amazonia has become a financial partner in the ecosystem by expanding its credit lines to socio-biodiversity value chains. The objective is to review the financial institutions' and financing mechanisms' situation for each participating country and find the best entry points and most suited options for developing the bioeconomy businesses as well as to increase GCF’s loan operations ‘effectiveness concerning community based biobusinesses.

[23] The Project draws on Conexsus' experience dealing with impact finance, where in 2022, together with partners such as Grupo Gaia, Santander Bank, Fundo Vale, and Good Energies foundation, Conexsus launched a blended financial security to channel over USD 3 million to 22 community-based and 4 SME impact businesses.

Output 3.2.3. Designing blended finance & de-risk/investment vehicles. The Project will work with local and international financial institutions, investors, and financing mechanisms to develop alternatives where public funding mechanisms are not available. Specific de-risk/investment instruments will be designed to fill the existing gaps and combine appropriate conditions to channel new funding to businesses. These instruments can operate at national or regional levels and may require blended finance and hybrid capital with different time horizons and returns rates from governments, private investors, multilateral institutions, and donors. Data analytics to perform risk assessments and identify the factors that improve investment risk scores could be developed to help attract investors to invest in setting up new funds. The project draws on Conexsus' experience dealing with impact finance, where in 2022, together with partners such as Grupo Gaia, Santander Bank, Fundo Vale, and Good Energies foundation, Conexsus launched a blended financial security to channel over USD 3 million to 22 community-based and 4 SME impact businesses.

B. Project Results, Measurement, Monitoring and Evaluation

2.13. Given the economic context of high informality, geographic remoteness and dispersion, and the fact that the project involves operations in six different countries led by six different implementing organizations, a simplified monitoring process will be used.

2.14. The following five main indicators have been selected:

1. Annual revenue growth of the community biobusinesses supported by the project: 30% by the end of period.
2. Number of families that are part of the community biobusinesses supported by the project; 8,000.
3. Number of hectares of land or forests managed by community biobusinesses supported by the project: 400,000 hectares.[24]
4. Number of community biobusinesses implementing existing innovations identified by the executing agency/anchor organizations: 30.
5. Number of community biobusinesses that have accessed finance: 35.

2.15. These indicators will primarily be captured through data collected directly from community-based businesses, which are the primary beneficiaries of the project. Indicators 1, 2, and 5 will be measured using community-based businesses' suppliers list and revenue documents. Indicator 3, developed by Conexsus, will be captured through surveys. Indicators 4 and 6 will be captured through activity reports. This approach follows Conexsus' current M&E methodology, which has been tested and calibrated over the last few years to capture meaningful data in adverse contexts.

2.16. It is important to note that these businesses face tremendous challenges in managing internal information, such as lists of suppliers, locations, and other relevant economic, social, and environmental data. As part of this project, activities will be undertaken to support their internal capacity and provide access to tools and systems to improve their data management.

2.17. Additionally, as part of the project's activities, efforts and budget will be allocated to ensure that all six implementing organizations (details on implementation structure can be found in section V B) harmonize their internal M&E processes.

[24] To harmonize the approach to capture this indicator, specific technical discussions will be conducted with the IDB M&E team.

In addition, ten performance indicators will be considered for the three components, with details on the source of information and specific annual targets provided in the results matrix.

Component 1: Enabling environment.

1. Number of organizations with a signed contract with the executing agency (Conexsus) to perform activities related to the project: 5.
2. Total committed amount to the project declared by partner organizations in signed MoUs/contracts, during the period: USD 1.8M.
3. Online database of Panamazonian biobusinesses published online: 1.
4. Number of organizations participating in cross-learning initiatives: 60 during the period.

Component 2: Supporting competitiveness.

5. Number of community biobusinesses that completed the business development program: 100 by during the period.
6. Database of potential buyers in 6 countries and export markets developed: 1.
7. Number of community biobusinesses executing commercial arrangements facilitated by the executing agency/anchor organizations: 30 by the end of period.

Component 3: Access to finance

8. Total amount of finance mobilized by the executing agency and deployed to community biobusinesses: US$ 5M by the end of period.
9. Number of community biobusinesses that completed the credit readiness program, during the period: 50 by end of period.
10. Number of countries with credit instruments available to biobusinesses: 6.

III. Alignment with IDB Group, Scalability, and Risks

A. Alignment with IDB Group

3.1. Participating Countries: Brazil, Colombia, Ecuador, Guyana, Peru, and Suriname.

3.2. Strategic Alignment: This Project is consistent with the IDB Group Second Update to the Institutional Strategy (UIS) 2020-2023 (AB-3190-2) and is aligned with the development challenges of: (i) Social inclusion and equality, (ii) Productivity and Innovation, and (iii) Economic Integration. Likewise, the project is aligned with the following cross-cutting themes: (i) Climate Change and Environmental Sustainability which emphasizes the need to decrease greenhouse gas (GHG) and the pursuit of opportunities for climate resilience and adaptation to climate impacts, and (ii) Gender Equality and Diversity, by targeting women-led SMEs and by promoting gender and diversity actions and goals mainstreaming activities in all individual projects to prevent or mitigate any negative effect on women and vulnerable populations.

3.3. The Project is aligned with the IDB group's strategy with Brazil (2019-2022) which commits to address challenges related to gender and diversity, environmental sustainability, climate change and innovation and digital transformation. It also contributes to IDB´s country strategy with Colombia (2019-2022), mainly towards the fulfillment of its first strategic pillar, oriented to increase the productivity of the economy, and the support of cross-cutting challenges related to gender, diversity, and climate change. In the case of Ecuador (2022-2025),, the Project will contribute to the second strategic pillar, by supporting productivity and development of the private sector as engines of growth. In the case of Guyana (2017-2021),, the facility will contribute to facilitate private sector development and the enhancing of business environment. In the case of Suriname (2021-2025),, the Project will contribute to IDB´s country strategy (2021-2025) to promote private sector competitiveness and improve social protection. Finally, in the case of Peru (2022-2026), the Project will help close the economic and social gaps that exist between urban

and rural areas, and support productivity gains as a basis for inclusive, sustainable economic growth.

3.4. The IDB Group is committed to addressing challenges related to gender and diversity, environmental sustainability, climate change, innovation, and digital transformation, which are key pillars of its strategy in Brazil. In Colombia, the Project supports the first strategic pillar aimed at increasing the productivity of the economy, while also addressing cross-cutting challenges related to gender, diversity, and climate change. In Ecuador, the Project will contribute to the second country strategic pillar, by supporting the productivity and development of the private sector as engines of growth. In Guyana, the Project will aim to facilitate private sector development and enhance the business environment. In Suriname, the Project aligns with the IDB's country strategy to promote private sector competitiveness and improve social protection. Finally, in the case of Peru, the Project will help close the economic and social gaps that exist between urban and rural areas, while supporting productivity gains as the basis for inclusive and sustainable economic growth in the Amazon region.

3.5. The Project is aligned with the following sustainable development goals (SDGs) declared by the United Nations General Assembly: #12 Responsible consumption and production achieving the sustainable management and efficient use of natural resources by 2030 (target 12.2); #13 Climate action by improving education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning (target 13.3); #15 Life on Land, by sustainably managing forests, combating desertification, halting and reversing land degradation, and halting biodiversity loss (target 15.1 and 15.6).

3.6. An initial map of potential coordination and synergies with other IDB Group initiatives will include: GCF-IDB project in Brazil will develop a first loss mechanism for Banco da Amazonia. Synergies between this construction and the de-risking solution will be explored as well as with the following IDB Lab projects: Amazonia 4.0, Leticia Platform, Regenerate Accelerator and Bioeconomy Marketplace. IDB Lab’s contribution will primarily fund the innovations, the market connections, and the creation of the entrepreneurial bio business ecosystem in each country. In addition, the project is aligned or collaborating with the following regional TCs, that are currently being developed to support the strategic development program for the sustainable development in the Amazon: RG-T4102 - Planning and Market Research for the Development of Innovative Tourism in the Amazon; RG-O1711 Innovation in Bio-Business: Capacity building for Bio-economy entrepreneurship in the Amazon Basin; RG-T4277 - Diagnostic and Analysis for the Creation of an Amazonian Cities Network; RG-T4214 - Diagnosis and regulatory, institutional and territorial strengthening of public-private synergies for the management of environmental assets and conservation of the Amazon Basin; RG-T4176 - Support the participation, inclusion and engagement of Indigenous Peoples, Afro-descendants and Traditional Communities (PIACT) in the Amazonian Initiative; RG-T4288 - Innovation and Science for Water Security, Climate Resilience and the protection of Amazon Biodiversity within the framework of the Amazon Regional Observatory (ORA); RG-T4174 - Amazongrid – Tokenized Mapping and Geospatial Intelligence to Optimize and Monitor Conservation.

B. Scalability

3.7. As the goal of this Project is to promote an alternative economic model for the PanAmazon region, scalability is essential for its success. Therefore, Component 1 of the project (Enabling environment) will support the emergence or strengthening of national or sub-national innovation ecosystems in each of the six Amazonian countries by connecting them through mutual learning, innovation, and implementation of successful solutions. By creating this network, community-based and other bio-businesses will benefit from a stronger enabling environment and improved support. It is important to note that this network aims to connect existing organizations (intermediary and final beneficiaries) and will operate beyond the project's boundaries and

timeframes. In addition to building a network to improve the enabling environment, the Project will aim to achieve scalability through four supplementary ways:

a) By supporting the viability of local bio-businesses, they will be able to develop their own strategies to grow commercially, gain visibility, and increase their participation in value chains through local, regional, and international markets. Together, these organizations in every participating country will be able to sustain the work as well as the PanAmazonian network and the mutual strengthening of their bioeconomies.
b) By spurring innovation and creating new instruments such as market and financial mechanisms, the project will deliver solutions that can be implemented beyond the project's boundaries. This will also increase the attractiveness of private actors to invest directly in innovations or bio-businesses. The operationalization of the Panamazonian network helps facilitate this process.
c) The implementation arrangement created to operationalize this project is very likely to continue operating beyond the project's timeframe. Supporting the bioeconomy in Panamazonia is high on both national and global agendas, and the likelihood of a strong and operational implementation arrangement to support community businesses attracting the attention of other donors is high.
d) Finally, this project aims to systematize existing and dispersed knowledge, generate lessons of this and past experiences and facilitate mutual learning. This includes producing knowledge products such as reports, technical briefs, blog news, and others. Specific communication and dissemination strategies will be created to amplify these products in specific events, networks and among policy makers, investors, and other relevant groups.

C. Project and Institutional Risks

3.8 **Strategic alignment and collaboration across six countries** is also a challenge due to their varying sizes, economic structures, and sociopolitical differences. The Project encompasses countries with diverse characteristics, despite sharing the same biome. Brazil, as the largest country in South America, possesses a vast and complex economy, along with diverse value chains, intermediary organizations, and beneficiary groups. Suriname and Guyana, smaller in size, have their own distinct economic structures. Additionally, Ecuador, Peru, and Colombia exhibit variations in terms of political stability and social dynamics. Another risk is that it will be difficult to find and select qualified and capable local partner organizations in some of the countries. Extensive efforts and mapping on behalf of the executing agencies will mitigate this. will There is also a risk of the topic of bioeconomy losing support in the governments' agendas and therefore a low willingness to participate in the project by local partners, buyers, and investors alike. These risks will be mitigated by meticulous project change management constantly adapting to internal and external events and business cycles[25].

3.9 The Project will adopt several mitigation strategies to counter these risks. First, by using non-governmental organizations (NGOs) as implementing partners in these countries. NGOs are considered less vulnerable to contextual changes and are often better equipped to navigate through uncertain times. Engaging NGOs in the implementation of the Project increases the likelihood of maintaining continuity and progress, even in the face of uncertainties. These organizations can leverage their expertise, local networks, and established relationships with communities to sustain the delivery of vital services and support in challenging environments. Second, to mitigate the risks associated with coordination and alignment, the project has developed a tailored approach that recognizes and addresses the specific needs and priorities of each country, while simultaneously ensuring coherence and collaboration across all project components. One key strategy is the appointment of country focal points within the implementing partner organizations, with each focal point based in their respective country. There is also the

[25] See annexed risk Risk Assessment Tool summary for more detail.

intention to hire thematic focal points outside Brazil for the second half of the project. This decentralized structure facilitates robust communication, enabling efficient information flow and effective coordination. To promote a greater sense of balance and fairness, the project has implemented measures to distribute resources and targets more equitably across the participating countries. The project employs a positive discrimination approach to ensure that smaller countries receive appropriate attention and support. Meanwhile, countries such as Brazil, Colombia, and Peru are treated on equal terms to maintain fairness. The project also recognizes the importance of investing in physical meetings and technical visits to strengthen relationships and foster a sense of shared purpose. These face-to-face interactions provide a platform for meaningful exchanges, enabling stakeholders to better understand the unique contexts and challenges faced by each country. Finally, the project actively engages in joint decision-making processes to refine the project's theory of change. This approach ensures that the participating countries have a sense of ownership and agency in shaping the project's direction. The different risks and mitigation strategies are outlines in the attached risk assessment matrix.

D. Environmental and social safeguard risks

3.10. There is no perceived risk of an adverse environmental or social (E&S) impact associated with the Project. **The Project is therefore considered an E&S Category C project**. Potential E&S impact could occur with each country level implementation partner rather than at the main Project level. Each country local partner will be reviewed separately and categorized by DSP/SEG following the guidelines of the IDB Environmental and Social Policy Framework (GN-2965-21).) In addition, the executing agency Conexsus has its separate E&S safeguards policy (annex IX), adequate for comprehensive socioenvironmental risk management, which will also be used when screening and selecting the sub-projects in each country and managing the overall project in each country.

IV. Instrument and Budget Proposal

4.1. **Source and type of funding**: The Project will be funded, in the amount of US$ 1,200,000 by the IDB Lab and in the amount of US$5 million, by the Green Climate Fund (GRN) **Types of financing instruments**: The IDB Lab will deploy funding through a non- reimbursable technical cooperation (NRTC).

	IDB LAB US$	GRN US$	Local counterpart US$	Total US$
Project Components				
Component 1: Enabling environment	400,000	1,035,000	100,000	1,535,000
Component 2: Supporting competitiveness	600,000	1,212,500		1,812,500
Component 3: Finance	-	1,480,000	900,000	2,380,000
Project Administration (Executing Unit costs)	200,000	949,600		1,149,600
Evaluation (if applicable)	-	120,000		120,000
Exchange rates and transfers	-	90,000		90,000
Audited Financial Statements (if required)	-	30,000		30,000
Contingencies	-	82,900		82,900
Grand Total	**1,200,000**	**5,000,000**	**1,000,000**	**7,200,000**
% of Financing	17	70	13	100

V. Executing Agency (EA) and Implementation Structure

A. Executing Agency(s) Description

5.1. The main executing agency is Instituto Conexões Sustentáveis (Conexsus) whose mission is to activate the ecosystem of socio-environmental impact community enterprises that foster an inclusive economy that conserves forests and biomes. Working as an ecosystem builder, what sets it apart is its approach to addressing systemic problems by working through networks and scalable solutions. Their strategy for ensuring the longevity of community enterprises focuses on providing finance, access to markets and business development support. Their approach to generate impact through finance is co-implemented with a long-term strategy to support community enterprise's business development. This includes a series of initiatives and programs, led by Conexsus or co-developed with ecosystem partners: business support program before and during credit, business development cycles with multiple community enterprises located in specific territories; capacity building programs to community and business leaders, incubation of commercial solutions to expand community enterprises capacity and partners to reach out to markets; readiness program that uses innovation technology and technical support to improve products to reach to market requirements; a platform to engage buyers from Brazil and services providers in commercialization. Conexsus also partners with local financial institutions to increase access to finance to biobased small producers in the Amazon on the premise that finance should always be provided with continued business support and technical assistance.

5.2. As a Brazilian non-profit NGO, Conexsus is dedicated to promoting an inclusive economy that conserves forests and biomes by supporting community-based businesses. Since its establishment in 2018, Conexsus has established itself as a key organization in the field of bioeconomy in Brazil. Conexsus distinguishes itself by addressing systemic change through the support and connection of local businesses to broader networks, while promoting scalable solutions in three priority areas: finance, access to markets, and business development. Conexsus currently has 29 projects in progress, supporting +300 community-based enterprises in all biomes of Brazil, benefiting the lives of more than 60,000 families. Conexsus has a governance and management structure composed of a Deliberative Council, a Fiscal Council and a Board of Directors that currently leads a staff of 63 employees. Throughout its trajectory, Conexus has received several awards and recognition, such as the Global Innovation Lab for Climate Finance, the Latinoamerica Green Awards, and more recently, the Skoll Award in Social Innovation, one of the world's highest awards for the third sector.

5.4. The Institute of Sustainable Connections (ISC) is a non-profit Public Benefit Corporation founded in the USA in 2020. ISC is a 501c3 registered entity established by Conexsus under US law to manage international projects such as this one. The board of ISC is composed to 2 board members from Conexsus, and two external board members. This configuration ensures strategic and operational alignment with Conexsus, while preserving the independence required to comply with non-profit public benefit status in the USA. Currently ISC receives core funding to strengthen bioeconomy enterprises in the Pan Amazon, from two philanthropic sources. ISC is also suited to partner with other organizations that share the mission of empowering community-led enterprises in Brazil and beyond and intends to do so as part of its commitment to this project with IDB. This entails offering close technical coordination to allied organizations, sharing project funding resources, and performing joint development and communications activities.

.

B. Implementation Structure and Mechanism

5.5. The Instituto de Conexões Sustentáveis - Conexsus - will be the main Executing Agency of the Project and will sign the agreement with the IDB Lab together with the Institute of Sustainable Connections (ISC) who will be the co-executing agency. Both Conexsus and ISC will be jointly resoonsible for the successful implementation of the Project and for the execution of the obligations agreed upon under the technical cooperation agreement (TCA),

5.6. The regional configuration of this project requires technical, operational, administrative, and financial coordination across six countries. To promote local ownership, the project will select implementing agencies to lead implementation in the five countries other than Brazil. The selection of implementing agencies will be conducted in close collaboration with the IDB national offices and be subject to OII integrity checking, within the first semester of the project. Considering that this project will involve transactions and other operations under different currencies and regulatory systems, the project will be carried out through the combined and coordinated efforts of Conexsus as the main Executing Agency, based in Brazil, and the Institute of Sustainable Connections (ISC) as the co-executing agency. ISC will play a crucial role in facilitating the allocation of funds in US dollars to the other participating countries in the Amazon.

5.7. Conexsus will as act as the main executing agency responsible for the Project's overall strategy, management, communications, and branding. In addition, Conexsus will also be responsible for implementing activities in Brazil. Conexsus will receive funds directly from IDB Lab assigned to cover overall coordination and the implementation of activities in Brazil. Funds assigned to cover the coordination of activities implemented in the other five countries will be transferred by the IDB Lab directly to ISC as the co-executing agency. Separate supplementary grant agreements will be signed between ISC documenting the transfer of such amounts from the former to the subcontracted local partners in each country (except Brazil). In addition to the coordination in the five other countries, ISC will be responsible for reporting and knowledge management activities of the Project. ISC will also be represented in the project's governance bodies (see below) and will closely coordinate with Conexsus throughout the implementation of the Project. This approach simplifies and facilitates the financial transactions and mitigates foreign exchange risks associated with operating in Brazilian currency. Additionally, ISC has secured its own counterpart funding from donors such as the Skoll Foundation and One Project, which will contribute to the administrative and operational capacity of the Project.

5.8. **Project Management Unit (PMU):** The PMU is responsible for managing the day-to-day implementation of project activities. Its main role includes planning project activities, tasks, and results, as well as doing the work breakdown, scheduling, budgeting, coordinating tasks, and allocating resources. The PMU has an important role in identifying technical and functional problems and finding solutions. It is also responsible for the interface with stakeholders, being the contact point for both internal and external communications, including relations with ISC and IDB Lab. The PMU will be composed of three full-time people and two part-time people:

a. Project Coordinator: The main focal point of the project, responsible for strategic oversight, relations with donors, partners, and other stakeholders. This role also includes supporting the technical team in their functions, assuring coherence and alignment across countries.
b. Admin & Finance Officer: Responsible for managing day-to-day operations, including contract payments, audit and reporting activities. This role is also the focal point for Brazil's activities, which includes supporting the implementation of activities in Brazil.
c. Administrative Assistant: Responsible for providing support for both the coordinator and the officer. This role is responsible for organizing internal meetings, keeping project documentation up-to-date, and organizing internal information.
d. Finance Controller (30%): Responsible for overseeing accounting activities and ensuring that all budgetary tasks are executed according to standard procedures.

e. Project Management Support ISC (30%): Responsible for coordinating and aligning between PMU, Conexsus, and IDB Lab for project monitoring and reporting.

5.9. The **Project Board (PB)** is responsible for the success or failure of the project and is accountable for providing unified direction to the project and PMU while ensuring the provision of resources. Effective communication within the project team and with external stakeholders is also within their purview. The PB meets every three months with the PMU to approve strategic decisions. It is composed of the Conexsus Executive Director, and senior representatives of both the User (Director of Finance) and Supply (Director of Programs) roles at Conexsus, and ISC. The Senior Supplier represents the interests of those designing, developing, facilitating, and implementing the project's products, while the Senior User is accountable to organizational management.

5.10. The **Steering Committee (SC)** serves as the project's advisory body and convenes every six months to provide strategic support and feedback to the PMU. The SC will consist of the following members: one representative from IDB, one representative from each of the five anchor organizations, three representatives from Indigenous, traditional, or smallholder organizations, three external experts recognized in the field, and three representatives from financial institutions, investors, or traders. The project team will strive to ensure equal participation in terms of gender and country distribution among the members of the SC.

5.9. The Implementation Team will be composed of technical experts who will be responsible for implementing activities in all six countries. There will be several different roles:

a) Thematic focal points: There will be one expert for each of the five programs: Business Development, Innovation, Access to Markets, Credit Readiness, and Customized Instruments. With support from the PMU, they will ensure alignment and consistency in the implementation of programs across countries. Initially, the thematic focal points will be Conexsus existing staff, but efforts will be made to include staff from other implementation partners in these roles, particularly during the last two years of implementation. This will also facilitate the strengthening of the Panamazonia network. Thematic focal points will work part-time (33%).

b) Country focal points: There will be one focal point per anchor organization in each of the five countries. The anchor organizations in Colombia, Peru, Ecuador, Suriname, and Guyana will identify a project focal point who will be responsible for facilitating communication between the PMU and the implementation partner in each country. This role will also support the implementation of activities in each respective country. Country focal points will work part-time (50%).

c) Operational staff: Each of the six implementing organizations will allocate staff to support the implementation of the five programs in each country. The budget will be distributed per country proportionally to the number of organizations to be supported. Relative autonomy will be given to national partners to operate in the way they consider most appropriate.

d) Consultants: In addition to operational staff, consultants will be hired to provide support, for example, on knowledge management, communications, and to conduct specific mapping exercises.

VI. Compliance with Milestones and Special Fiduciary Arrangements

6.1. **Disbursement by Results, Fiduciary Arrangements.** The Executing Agency will adhere to the standard IDB Lab disbursement by results. It will follow Conexsus procurement policy and financial management arrangements as specified in Annex V.

6.2. **Execution period:** The execution period of the Project is four years (48 months) counted as of the date of the execution of the related Technical Cooperation Agreement (TCA). The project

may be extended by IDB Lab in compliance with IDB's policies and procedures, and in accordance with the execution terms agreed in the TCA and the execution terms agreed in the Funded Activity Agreement (FAA) with the GCF

6.3. **Procurement of Goods and Services and Financial Management**. The executing agency will adhere to the standard IDB Lab arrangements relating to disbursement by results, Bank procurement[26] and financial management[27] policies, as specified in Annexes VI and VII. The executing agencies can use their own procurement procedures, according to GN-2349-15, Apendix 4 Number 2.Financial management of the facility's resources will follow the Bank's Financial Management Guidelines (OP-273-6).

VII. Information Disclosure and Intellectual Property

7.1. Information Disclosure. This document contains confidential information related to the exceptions to Access to Information Policy and will be initially treated as confidential and made available only to Bank employees. This document will be disclosed and made available to the public upon approval.

7.2. Intellectual Property. All work, totally or partially financed by the IDB Lab, and the results obtainedunder the Project will be the intellectual property of the IDB. The IDB will grant a non-exclusiveand free license to the Executing Agency, including the rights of dissemination, reproduction,and publication in any medium of any product. The dissemination, reproduction, and publication must indicate that it has been financed by IDB Lab.

[2] Link to the document Operational Guidelines for Management of Milestones and Financial Supervision for MIF and SEP Technical Cooperation Projects

26 Link to the Policies for the Procurement of Goods and Works financed by the Inter-American Development Bank.

27 Link to the Financial Management Guidelines for IDB-financed Projects. [update link]