

## TC ABSTRACT

### I. Basic Project Data

▪ Country/Region:	BRAZIL/CSC - Southern Cone
▪ TC Name:	Financing for the Amazon: Strengthening the Financial Ecosystem for Amazon Bio-Businesses (FinAm)
▪ TC Number:	BR-T1489
▪ Team Leader/Members:	BRAKARZ, BARBARA (CSD/CCS) Team Leader; NETTO DE A. C. SCHNEIDER, MARIA E. (IFD/CMF) Alternate Team Leader; WATSON, GREGORY (CSD/CCS); GOMEZ, JUAN CARLOS (CSD/CCS); CALLAU FERREIRA, VANESSA (CSD/CCS); VASA, ALEXANDER (IFD/CMF); VISCONTI, GLORIA (CSD/CCS); AMARO ANDRADE, FLOR EVELYN (IFD/CMF); VALENTE LINS, PAULA (CSC/CBR); CAVAZZONI LIMA, RAFAEL (IFD/CMF); SCHWEIZER, LUCIANO (IFD/CMF); CELESTE MARZO, CRISTINA (LEG/SGO)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	25 Jun 2021
▪ Beneficiary:	Banco da Amazônia
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$300,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	CSD/CCS - Climate Change
▪ Unit of Disbursement Responsibility:	CSC/CBR - Country Office Brazil
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation; Environmental sustainability

### II. Objective and Justification

- 2.1 The objective of this Technical Cooperation (TC) is to provide institutional strengthening of the capacity of the Banco da Amazônia and state governments to foster an enabling environment to scale up investments in sustainable bio-businesses in the Amazon, resulting in forest conservation, reduction of deforestation, and improved capacity of governmental financial entities to promote and deploy resources towards these activities.
- 2.2 Strengthen the financing ecosystem in the Amazon to facilitate access to innovative green finance and promote Public-Private investment in bio-business in the Amazon region to generate income, reduce emissions, combat deforestation, and protect the forest in states in the region, adding to state government initiatives. Through this partnership, processes, financial products, and the structuring of innovative green mechanisms would be developed to attract additional resources with a focus on bio-businesses.
- 2.3 Deforestation-free supply chains being demanded by international investors and consumer markets. Bio-business have the potential to promote the sustainable use of the natural capital of the Brazilian Amazon to produce food, energy, and industrial goods by maximizing value added and minimizing waste in the region. However, several

institutional and market failures, as well as other barriers, hinder the ability to capture the potential socio-economic and environmental benefits identified for bio-businesses in the Brazilian Amazon. These include incomplete regulatory and regulatory frameworks, financial and economic barriers, infrastructure and technical limitations, difficulty adding lines of business, knowledge gaps, among others

### III. Description of Activities and Outputs

- 3.1 **Component 1. Design and adaptation of cutting-edge green financial processes.** Work closely with Banco da Amazônia to carry out internal analysis of its portfolio and subsequently proposing solutions to improve sustainability of internal management processes, methodologies, and management systems. This will also include the connection with other state-level development agencies to scale sustainable investments.
- 3.2 **Component 2. Design and tailoring of innovative green financial products.** Design and implementation of innovative green financial products such as green bonds, PPPs, and concessions, guarantees, insurance collateral, special purpose vehicles, among other tools. It will also analyze BASA's current credit lines to redirect them to finance more sustainable activities, particularly bio-businesses
- 3.3 **Component 3. Structure and financially design State Government of Pará's 'Amazônia Agora' Plan.** Structure the "Amazônia Agora" Plan and design the financial architecture of the Eastern Amazon Fund (EAF), to enable its implementation. It will design the strategy for mobilization of resources and investments, legal and regulatory recommendations, design of financial arrangements, and pipeline development.
- 3.4 **Component 4. Creation of a Public-Private multi-stakeholder Forum on Bioeconomy in the Amazon.** Provide support to the establishment a public and private multi-stakeholder forum to facilitate constructive dialogue and offer financial and non-financial solutions to bio-business in leading Amazon states, led by the Bank of the Amazon (BASA).

### IV. Budget

Indicative Budget (US\$)

Activity/Component	IDB/Fund Funding	Total Funding
Design and adaptation of cutting-edge green financial processes	35,000.00	35,000.00
Design and tailoring of innovative green financial products	50,000.00	50,000.00
Structure and financially design State Government of Pará's 'Amazônia Agora' Plan	200,000.00	200,000.00
Creation of a Public-Private multi-stakeholder Forum on Bioeconomy in the Amazon.	15,000.00	15,000.00
<b>Total</b>	<b>300,000.00</b>	<b>300,000.00</b>

### V. Executing Agency and Execution Structure

- 5.1 At the request of the beneficiaries and in accordance with Appendix 10 of the Operational Guidelines for Technical Cooperation Products (GN-2629-1), the Bank will be the Executing Agency for the operation.
- 5.2 The IDB will act as the executing agency for this operation given its experience in the preparation and development of the operational and technical instruments proposed for this type of operation and its knowledge of the scope of work. The administrative and technical supervision of the proposed technical assistance program will be under the responsibility of CSD/CSD and IFD/CMF.

## **VI. Project Risks and Issues**

- 6.1 The risks of the project are medium and are related to upcoming elections in 2022 and potential changes to government priorities regarding sustainability. In addition, there may be lower risks on deploying innovative financing mechanisms. These risks will be mitigated throughout the project and close engagement with technical and high-level government officials, and will be closely monitored by the project's team, led by the Climate Change and Sustainability Division

## **VII. Environmental and Social Classification**

- 7.1 The ESG classification for this operation is "undefined".