

## Conceptual Framework for the Inclusive and Sustainable Development of the Andean Amazon Territory

### I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Conceptual Framework for the Inclusive and Sustainable Development of the Andean Amazon Territory
▪ TC Number:	RG-T4173
▪ Team Leader/Members:	Giles Alvarez, Laura (CAN/CCO) Team Leader; Manzano, Osmel Enrique (CAN/CAN) Alternate Team Leader; Abuelafia, Emmanuel (CAN/CAN); Acevedo Calle, Daniela (LEG/SGO); Castilleja Vargas, Liliana (CAN/CBO); Cristhian Larrahondo (CAN/CCO); Gonzalez Saldarriaga, Sebastian (INT/RIU); Robert, Carolyn (CAN/CAN)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	N/A
▪ Date of TC Abstract authorization:	09 Aug 2022.
▪ Beneficiary:	Bolivia, Colombia, Ecuador, Peru and Venezuela
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	OC SDP Window 3 - Sustainable Development in the Amazon(W3A)
▪ IDB Funding Requested:	US\$750,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	12 months
▪ Required start date:	January 2023
▪ Types of consultants:	Individual consultants
▪ Prepared by Unit:	CAN-Andean Group
▪ Unit of Disbursement Responsibility:	CAN/CCO-Country Office Colombia
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Diversity; Economic integration; Environmental sustainability; Gender equality; Productivity and innovation; Social inclusion and equality

### II. Objectives and Justification of the TC

- 2.1 **The Amazon is critically important for ecosystems and for a large population group.** The Amazon is of vital importance to the world's ecosystems and the region's population, as it is an important source of food and water and also regulates air quality, stores net carbon emissions, as well as nutrient and hydrological cycles. Covering only around 1% of the planet's surface, it is home to at least 10% of all wildlife species,<sup>1</sup> it stores around 76 billion tons of carbon and it provides between 35% and 40% of Latin America's fresh water. The Amazon region is also home to more than 30 million people, which include approximately 1.5 million indigenous people and more than 5 million people of African descent.<sup>2</sup>

<sup>1</sup> <https://www.wwf.org.uk/where-we-work/amazon#:~:text=Despite%20covering%20only%20around%201,we%20don%27t%20know%20yet.>

<sup>2</sup> <https://www.iadb.org/en/news/iadb-launches-initiative-sustainable-development-amazon-region>

- 2.2 Despite its natural wealth, development models have been insufficient to provide sustainable pathways to utilize resources.** Despite its vast natural wealth, historical development models have been unable to provide sustainable pathways to utilize resources, develop the region's economy and sustain the communities and cultural heritage and diversity the region possesses. For example, in Colombia, 59% of the indigenous population, on average, living in the six main Amazonian departments have unsatisfied basic needs compared to 14.3% of the national total (DANE-NBI, 2018). Economically, the six departments, which account for a third of the national territory, represent only 1% of GDP (DNP, 2018) and economic opportunities for the communities are scarce, there is a high level of informality and low levels of productivity (DANE-NBI, 2018).<sup>3</sup> Lack of economic opportunities in the region have, amongst, other things, led to unsustainable land use changes, triggering an increasing level of deforestation with devastating consequences for environmental sustainability and local communities' heritage. The Amazon region's territorial division, spread across various countries, has also hindered a universal landscape and a territorially based vision as well as consistent and comparable data for the region as a whole. Many of the statistics available in each country are outdated, or not refer specifically to the amazon, limiting the analysis of events that have taken place since the last accessible data and obscuring the dynamics and location of the population. The multiple countries that form the Amazon region have ended up in individual, disperse and limited efforts, reducing the scope of development outcomes on this area, and lack of systematic and comparable data has limited public policy design and evaluation and it becomes a daunting task to implement the right policies that can impact population and economic growth prospects.
- 2.3 The objective of this Technical Cooperation (TC) is support evidence-based policy recommendation in the Andean Amazon Region (AAR), by developing a territorial framework using spatial econometric methodologies.** The framework aims to support evidence-based policymaking in this region and will characterize the AAR<sup>4</sup> in terms of social, economic, demographic, infrastructure, productivity and production, human capital and social services trends; map out the most pressing development challenges the region faces and identify opportunities to sophisticate and add value to current economic activities; and increase the productivity of resources, with the aim of generating a more sustainable and inclusive growth. Given the importance of the forestry value chain in terms of social and economic opportunities in this territory, this TC will also allow a deep dive into its structure, to understand how its impact could be maximized to benefit local population. This TC will also aim to put together and make use of data which could guide public and private investments that leverage natural capital and bioeconomy potential, ensuring the integrity of the Amazon biome. The study will result in the recommendation and territorialization of key intervention alternatives, which will boost the region's resiliency and inclusive

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<sup>3</sup> Data available at: <https://geoportal.dane.gov.co/geovisores/sociedad/indicadores-regionales/>

<sup>4</sup> Defined by the Amazon basin and biome with the borders of five countries - Bolivia, Colombia, Ecuador, Peru, and Venezuela.

productive growth. The data approach will encompass both official and open data sources and tap to big data analytics from satellite and other recurrent sources including economic data, tourism, environmental monitoring, social sensing, and economic markets.

- 2.4 **TC alignment.** This TC is aligned with the Second update to the Institutional Strategy (AB-3190-2) in its efforts to address climate change and environmental sustainability, and to preserve and continue to advance development gains (social exclusion and inequality; low productivity and innovation. It is also aligned with the country strategies for all five countries, by fostering greater, inclusive production and investment and development plans that consider both the environments and climate change. The TC is also aligned with OC SDP Window 3 - Sustainable Development in the Amazon (W3A) (GN-2819-14).

### III. Description of activities/components and budget

- 3.1 The activities financed by this TC are divided across four components:
- 3.2 **Component 1: Development challenges diagnosis and identification of key opportunities to foster an inclusive and sustainable growth (US\$600K).** This activity includes the characterization of the AAR's main development challenges through the evaluation of a multi-dimensional territorial gaps exercise, as well as the identification of social, economic, and environmental trends. The activities under this component will also focus on the assessment of stressors and opportunities, as well as the path towards a bioeconomy transition, to delineate a territorial framework that can guide future investments in the region. A gender and diversity sensitive approach will be used, ensuring specific stressors, opportunities and intervention proposals consider women and different ethnic groups.
- 3.3 **Component 2: Evaluation of the sustainable forestry chain in the AAR (US\$80K).** The objective of this study is to develop a comprehensive diagnosis of the sustainable forestry chain in the AAR, to determine its potential for expansion, and identify the main bottlenecks in terms of economic, institutional, social and technological aspects. This analysis will identify opportunities to improve the competitiveness of the sector as well as concrete actions to contribute to the decarbonization objectives of each country in the AAR. Short-, medium- and long-term proposals will be developed to strengthen the policy framework in the forestry sector.
- 3.4 **Component 3. Production of country-specific studies (US\$50K).** This component will facilitate the production of country-specific studies related to the AAR, building on the results obtained in Component 1 relating to development challenges and building country-specific recommendations on policies and investments that can be promoted to address these gaps. These studies will be desk-based and will not include country travel. If liaison is required with public entities in a given country, non-objection letters will be requested. Gender and diverse group sensitive approaches will be included, when relevant, in these products.

- 3.5 **Component 4. Dissemination (US\$20K).** This component will allow an effective and targeted dissemination strategy of the results derived from this TC. Activities under this component include graphic design to simplify complex technical results, social media strategic communication and other related activities. When, relevant, key national platforms and actors will be considered as key participants in these activities.
- 3.6 **The total amount requested for the four components under this TC is US\$750,000.** The following table provides further detail on the resource allocation for each component. All funding will be provided by the Bank. The funds will be provided from OC SDP Window 3 - Sustainable Development in the Amazon (W3A)

**Indicative Budget**

Activity/Component	Description	IDB/Fund Funding	Total Funding
<b>Component 1</b>	Development challenges diagnosis and identification of key opportunities to foster an inclusive and sustainable growth	600,000	<b>600,000</b>
<b>Component 2</b>	Evaluation of the sustainable forestry chain in the AAR	80,000	<b>80,000</b>
<b>Component 3</b>	Production of country-specific studies	50,000	<b>50,000</b>
<b>Component 4</b>	Dissemination	20,000	<b>20,000</b>
<b>Total</b>		<b>750,000</b>	<b>750,000</b>

#### **IV. Executing agency and execution structure**

- 4.1 This TC will be executed and supervised by the IDB, specifically by Colombia Country Office in the Department of Andean Countries, in coordination with the Amazon Unit. The focal point will be the Country Economist in Colombia, in coordination with the other Country Economists and the Regional Economic Advisor of the Andean Region. The deliverables in this TC will also be coordinated with relevant teams at the IDB, including the Amazon Unit and the Climate Change Division.
- 4.2 The IDB will execute the TC, given its ability to leverage the extensive network of internal specialists on these topics as well as external subject matter experts and due to its well-established relationships with relevant stakeholders in all 5 countries. The project will also take advantage of synergies and will be complementary to IDB operations.
- 4.3 Supervision and monitoring will be carried out in accordance with the terms of the Terms of Reference. No supervision costs are foreseen since this will be carried out directly from the Country Office in Colombia.
- 4.4 The Bank shall engage the services of individual consultants, consulting firms and non-consulting other consultancy services in accordance with the Bank's existing policies and procedures. policies and procedures in force at the Bank. All activities to be executed under this TC will be contracted in accordance with Bank policies as follows: (a) AM-650 for Individual consultants; (b) GN-2765-4 and Guidelines OP-

1155-4 for Consulting Firms for services of an intellectual nature and; (c) GN-2303-28 for logistics and other related services.

## **V. Major issues**

- 5.1 **Information availability risk.** This risk is related to the Bank's ability to obtain the information and data necessary to conduct the analysis required in each of the activities. To mitigate this risk, the Bank will build on the existing literature on these topics generated by the IDB, other international organizations and national governments in these countries. When necessary, consultants will coordinate with the respective Country Economist in the Andean Region to obtain any missing data or information. Additionally, the methodology proposed for this study contemplates the use of administrative data as well as satellite imagery and big data analysis to overcome data analyses.

## **VI. Exceptions to Bank policy**

- 6.1 here are no exceptions to the Bank's policy.

## **VII. Environmental and Social Strategy**

- 7.1 This TC will not finance feasibility or pre-feasibility studies of investment projects with associated environmental and social studies; therefore, it falls outside the scope of the Bank's Environmental and Social Policy Framework (ESPF).

### **Required Annexes:**

[Procurement Plan](#)

[Results Matrix](#)

[Terms of Reference for activities/components to be procured](#)

[Results Matrix - RG-T4173](#)

[Terms of Reference - RG-T4173](#)

[Procurement Plan - RG-T4173](#)