

## TC Document

### I. Basic Information for TC

▪ Country/Region:	REGIONAL
▪ TC Name:	Amazon Bioeconomy Marketplace
▪ TC Number:	RG-T4009
▪ Team Leader/Members:	Estrazulas De Souza, Francisco Hugo (INT/TIN) Team Leader; Gonzalez Saldarriaga, Sebastian (INT/RIU) Alternate Team Leader; Aleman, Marco Andres (VPC/FMP); Arguello, Marlene Zoraida (VPC/FMP); Caicedo Sierra, Miguel Felipe (ORP/GCM); Debade, Xavier Yves (CSD/CCS); Esteves, Yasmin (INT/INT); Gallagher, Terence Liam (INO/FLI); Greco, Maria Sofia (LEG/SGO); Hincapie Salazar, Daniel (ORP/REM); Jimenez Orjuela, July Emperatriz (INT/INT); Mendoza Benavente, Horacio (LEG/SGO); Oscar Dario Vasco Henao (INT/TIN); Persson, Svante P. (LAB/DIS); Recio, Margarita M. (INT/RIU); Rospide, Maria De La Paz (INT/INT); Sebastian De Los Rios (CSD/CCS); Watson, Gregory (CSD/CCS); Mazzei, Leonardo (DSP/SEG)
▪ Taxonomy:	Research and Dissemination
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	13 Apr 2022.
▪ Beneficiary:	Bio-businesses in the Amazon region of Colombia and Ecuador
▪ Executing Agency and contact name:	Inter-American Development Bank, Rainforest Alliance Inc.
▪ Donors providing funding:	France-IDB Natural Capital Lab Fund(NCL)
▪ IDB Funding Requested:	France-IDB Natural Capital Lab Fund (NCL): US\$930,000.00 Total: US\$930,000.00
▪ Local counterpart funding, if any:	US\$130,000.00 (In-Kind)
▪ Disbursement period (which includes Execution period):	36 months
▪ Required start date:	November 1st, 2022
▪ Types of consultants:	Firms and individual consultants
▪ Prepared by Unit:	INT-Integration and Trade Sector
▪ Unit of Disbursement Responsibility:	INT/INT-Integration and Trade Sector
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2020-2023:	Diversity; Economic integration; Environmental sustainability; Gender equality; Productivity and innovation; Social inclusion and equality

### II. Objectives and Justification of the TC

- 2.1 The objective of this TC is to improve socioeconomic conditions, fight climate change, and help restore ecosystems in the Amazon regions of Colombia and Ecuador by supporting the implementation and growth of export-oriented sustainable bio-businesses. To that end, the planned activities aim to support the development of an

online Amazon Bioeconomy Marketplace<sup>1</sup> (ABM) to help the bio-business<sup>2</sup> ecosystem in the Amazon region increase and diversify their exports and attract investment. The project will target two types of beneficiaries (and will have a focus on women and native/indigenous people): early-stage businesses and entrepreneurs, and more mature small and medium sized businesses (SMEs) that are ready to export. It will leverage on the Inter-American Development Bank's (IDB) ConnectAmericas.com (CA)<sup>3</sup> platform and its network of local partners in Amazon countries.

- 2.2 The Amazon region is a vast system that covers 6,700,000 km<sup>2</sup> (that is, about 40% of the South American territory). It is also a region with high socio-economic and environmental complexity and diversity. More than 35 million people live in it, including approximately 1.5 million indigenous people and 5 million Afro descendants. Women, and specially those who belong to indigenous communities in the biome, are critical to the sustainable preservation of the natural ecosystems and communities<sup>4</sup> but are increasingly vulnerable to social and economic pressures of the region. The Amazon River, with over 1000 tributaries, connects large urban hubs, such as Manaus, Belem, and Iquitos, as well as countless villages and isolated settlements. The Amazon region is also home to earth's most extensive rainforest, harboring an estimated 20% of the world's known plant and animal species, and other invaluable natural assets. While it engulfs several countries and ecosystems, the Amazon forms a single ecological entity, and its many parts depend on the integrity of the whole.
- 2.3 However, the Amazon faces significant threats. On the one hand, the region remains poor relative to other regions of the countries that make up the Amazon region. In Colombia, for instance, 45% of households in the Amazon states are below the poverty line, while the national average is 27%. Also, the competitiveness index of the amazon departments of Colombia is only 3.32 out of 10, a dismally low figure when compared with other departments. In Ecuador, the Amazon provinces recorded the highest levels of poverty in the country in 2021.<sup>5</sup> For example, the province of Morona-Santiago reported that 70% of households were below the poverty line.
- 2.4 On the other hand, deforestation has been accelerating at alarming rates in part due to the expansion of the agricultural frontier, extensive cattle ranching, mining, among other activities, some of which are illegal. In 2019, some 1.7 million hectares of

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<sup>1</sup> An online marketplace is a website or app that facilitates shopping from many different sources. The operator of the marketplace does not own any inventory, their business is to present other people's inventory to a user and facilitate a transaction. Richard Kestenbaum. 2017.

<sup>2</sup> The ABM will not focus exclusively on existing bioeconomy products given that there is still a very limited product offering coming from the region. It will include products from businesses (bio-businesses) that use technology, biology, science, data and innovation to become more sustainable in terms of the sourcing of their materials, production processes and access to market. Bio-businesses may include small cooperatives, emerging enterprises, and SMEs. According to a recent McKinsey study, the opportunities for the development of biological applications in the next 10 to 20 years can exceed US\$2-4 trillion of direct economic impact and "More than half of the impact from the visible pipeline of applications is outside of healthcare—in agriculture, consumer, and other areas." Nevertheless, this will require investments in technology, innovative financing mechanism, value chain development, human capital development and, very importantly, market access.

<sup>3</sup> Developed and run by the IDB, CA is the first social media platform designed to help Small and Medium sized firms carry out more and better international trade transactions. In its seven years of operation, the platform has reached 500,000 business profiles on the platform. CA has trained over 150,000 people through its courses and webinars, and over 2,000,000 users have engaged with its written and audiovisual contents.

<sup>4</sup> [The Nature Conservancy](#). 2019.

<sup>5</sup> Source: Instituto Nacional de Estadística de Ecuador.

Amazon Forest were lost.<sup>6</sup> Also, average temperatures within the Amazon have increased by 0.5 Celsius since the 1980s, and rainfall anomalies have become recurrent causing harsher natural phenomena such as floods, landslides, and droughts. When we look at trade, while the Amazon region has a diversified set of exported products, in a country like Brazil, 70% of these exports are concentrated in only five products.<sup>7</sup> A recent study commissioned by INT found that there are 60 products with a global market of US\$159 billion that can be produced in a sustainable way in the Amazon through bio-businesses.<sup>8</sup> However, Amazon countries maintain a market share of less than 1% of this market. In Colombia and Ecuador, exports from the Amazon aside from oil and hydrocarbons, are practically non-existent. Supporting the growth of sustainable economic activities in the Amazon region and their access to foreign markets and investors will help improve the livelihoods of the people who live in the amazon region, while reducing the pressure that human economic activity exerts on the region's ecosystem.

- 2.5 In 2021, at the request of eight borrowing member countries that comprise the Amazon Biome, the IDB launched a new Amazon Initiative (GN-3036-4) to promote the inclusive and sustainable development of the Amazon region through sound environmental stewardship of its natural resources and economic alternatives that promote forest conservation and decrease deforestation.<sup>9</sup> The Amazon Initiative seeks to stimulate the development and implementation of inclusive development practices that improve the socioeconomic conditions of the region's diverse inhabitants, while preserving its vast natural ecosystems within this region. The Initiative also aims to facilitate governance structure, partnerships, and collaboration through a multi-stakeholder approach.
- 2.6 As part of the Amazon Initiative, the ABM will seek to tackle knowledge and capacity gaps, and market failures related to access to markets and to finance that are hindering the development of bio-businesses in the Amazonian bioeconomy.<sup>10</sup>
- 2.7 For early-stage entrepreneurs, the program will provide technical assistance through local partners. This assistance will help these entrepreneurs develop and improve their products and services, business plans, pitches and documentation for investors, supply chain efficiency and sustainability, market access and marketing strategies, and other tools designed to help these businesses grow in a sustainable manner. It will also identify early-stage investors interested in bio-businesses from the Amazon and connect them with early-stage businesses. For more mature SMEs, the program will provide technical assistance through local partners that help these companies increase their exports in terms of volumes and number of products exported and

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<sup>6</sup> Source: IDB's elaboration based on Global Forest Watch data.

<sup>7</sup> *Oportunidades na Exportacao de Productos Compativeis com a Floresta Nos Estados da Amazonia Legal.* Salo Colovsky. IDB Study. 2021.

<sup>8</sup> Bio-businesses are defined as business models, practices and technologies that sustainably use natural capital and forest assets that lead to reduced emissions, higher carbon stocks, net gains in natural capital and increased climate resilience, in the context of the bioeconomy.

<sup>9</sup> The Amazon Initiative proposal consists of two sections. The first one presents the reasoning behind and key elements of the conceptual framework – the Amazon Initiative - for supporting sustainable, inclusive development in the Amazon. The second section proposes the Seed/Transitory OC-SDP for the Amazon that would serve as a cornerstone for the financial mechanism that will incentivize investments in the sustainable development of the Amazon within the conceptual framework of the initiative. This Initiative was [approved](#) by the IDB Board of Executive Directors on March 2021.

<sup>10</sup> One of the objectives of the ABM is to link projects with verified and/or certified environmental outcomes to value chains and investment as a key lever to supporting a movement to the sustainable bioeconomy.

diversify their exports in terms of buyers and destination markets. The technical assistance will focus on improvements to products and processes to be able to obtain product verifications, quality seals, and certifications that will increase firms' competitiveness and market access capabilities. In sum, the development of the ABM will prioritize aspects related to economic opportunities (e.g., employment generation), environmental sustainability (e.g., sustainable management of natural resources), and social inclusion (e.g., opportunities for women, indigenous peoples, Afro-descendants, and other vulnerable or disadvantaged groups).

- 2.8 **Strategic Alignment.** This TC is consistent with the Second Update to the Institutional Strategy (AB-3190-2) as it aligns with the development challenges related with “social inclusion and equity,” “productivity and innovation” and, “economic integration”, as it aims to generate improvements in the productive processes of bio-businesses (with a particular focus on women, indigenous, and afro-descendant owned businesses) to increase access to foreign markets. It also focuses on the cross-cutting issues linked to promoting “gender equality, diversity and inclusion” and “addressing climate change and environmental sustainability”, as it focuses on women and indigenous owned bio-businesses and it aims to support and help grow businesses with sustainable productive practices. In addition, the TC contributes to the Corporate Results Framework (CRF) (GN-2727-12) on indicators such as: (i) enterprises provided with technical assistance, as the TC includes training activities for biobusinesses, (ii) farmers with improved access to agricultural services and investments, as the TC will strengthen local stakeholder that provide agricultural services, and it will strengthen the skills of bio-businesses so they can access investment, (iii) amount of international trade supported, as the focus is on increasing bio-businesses' access to international markets, (iv) habitat that is sustainably managed using ecosystem-based approaches, as the program will focus on bio-businesses that have sustainable productive processes and, (v) women beneficiaries of economic empowerment initiatives, as the TC will focus and track impact on women owned bio-businesses.
- 2.9 Furthermore, the TC was conceived under the conceptual framework of “the Amazon Initiative” (GN-3036) targeting three of its four themes: (i) bioeconomy, (ii) sustainable agriculture and livestock management, and (iii) human capital. Also, this projects it is aligned with the IDB's Integration and Trade Sector Framework Document (GN-2715-11), the Environment and Biodiversity Sector Framework Document (GN-2827-8) and with the Climate Change Action Plan 2021-2025 (GN-2848-8). It is further aligned with paragraph 2.75 of the CSD/CCS Sector Framework Document (GN-2835-8) and the project supports the recently approved decision of the Board of Executive Directors to drive the mainstreaming of natural capital and biodiversity. This project is aligned with IDB Group's Country Strategy of Ecuador 2022-2025 (GN-3103-1) on the cross-cutting themes of: (i) climate change, environmental sustainability and natural disasters, (ii) gender and diversity and, Priority area I; and Colombia 2019-2022 (GN-2972) in the areas of: (i) economic productivity and (ii) social mobility and consolidation of the middle class.
- 2.10 **Alignment with Natural Capital Lab Trust Fund (NCL) (GN-2970) goals.** The Government of France, donor behind the Natural Capital Lab, has asked the team to align the objectives of this TC with the following goals for the Alliance for the Conservation of Tropical Forests: (i) preserving biodiversity and the climate, (ii) developing sustainable value chains with the aim of achieving reasonable production and consumption patterns; (iii) involving stakeholders widely in sustained land and forest preservation, with input from indigenous peoples and local

communities, local and regional authorities, farmers, companies, NGOS and researchers; (iv) facilitating regional and international cooperation; and (v) adopting transparent and responsible practices in the management of large tropical rainforests. This project contributes to goals i, ii and iii. Particularly, goal ii is addressed by directly supporting and accelerating a regional transition to a biodiversity and nature positive economy, in which responsible value chains can support private conservation/regeneration and sustainable use of the amazon rainforest. Moreover, it will enable businesses (early stage and more established ones) to adopt ESG standards (with a gender and biodiversity highlight) and attract green impact investors. Goals i and iii, will be addressed by articulating local and international efforts on regeneration of natural capital in the amazon region. One of the areas of work of the NCL is to work in a cross-sectoral manner to bring together new financial models, technologies, policies, academics, and private sector investors to design and implement innovative solutions to drive the conservation of biodiversity and restoration of forests in Latin America. This project aligns with these priorities and the NCL resources will serve as the building blocks towards the successful implementation of the ABM. The resources will also provide valuable lessons learned that will allow for the potential scale up of the concepts to other countries in the Amazon.

### III. Description of Activities/Components and Budget

- 3.1 Following consultations with the donor, the activities in this TC will focus exclusively in Colombia and Ecuador on the components listed below. Subsequent work required to develop and market the ABM<sup>11</sup>, onboard bio-businesses from other Amazon countries (Brazil, Peru, Suriname, Guyana), and incorporate the bio-businesses supported under this TC into the ABM, is expected be funded with resources from the GCF Amazon Bioeconomy Fund (GN-3081-1), as resources have been earmarked for this specific purpose.<sup>12</sup>
- 3.2 The project is expected to have a positive impact on approximately 500,000 hectares with better land management and processing that contribute to protection against deforestation and land degradation, and restoration of forests and other natural ecosystems in the surrounding landscape. Around 170 individual producers will receive training for improved capacities to implement sustainable production systems towards environmental positive impact with specific indicators geared towards better

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<sup>11</sup> The additional planned components are: **Component IV: Local Partner Engagement and Capacity Building.** The objective of this component is to help strengthen the skills and processes of Amazon bio-businesses to increase their competitiveness and attractiveness to investors by collaborating with local and national partner organizations that will implement the technical assistance locally; **Component V: Online Business Matchmaking and Event Series.** Using the proven and successful track record of CA, the objectives of this component are to (i) generate export deals for Amazon bioeconomy products, (ii) generate lessons learned that will inform the design of the ABM, and (iii) generate knowledge that will be transformed into CA leaning materials; **Component V: Online Business Matchmaking and Event Series.** Using the proven and successful track record of CA, the objectives of this component are to (i) generate export deals for Amazon bioeconomy products, (ii) generate lessons learned that will inform the design of the ABM, and (iii) generate knowledge that will be transformed into CA leaning materials and; **Component VI: Marketplace Design, Implementation, and dissemination.** The objective of this component is to increase exports of Amazon bio-business products by creating a dedicated, transactional marketplace that leverages on the IDB's CA platform where buyers from all over the world will be able to directly purchase these items from local producers. IDB Invest and IDB Lab will play a critical role in helping create a financing vehicle for the operation of the platform and to unlock greater private resources to the region.

<sup>12</sup> Through the recently approved [GCF program](#) for the IDB, the project team has been earmarked approximately US\$7,000,000 to fund the rest of the components of the Marketplace project.

management of land (deforestation). The project should identify, assess, and engage an estimated 40 (20 per country) stakeholders and partners such as local and international organizations, government agencies, and producer associations or cooperatives and, will have extensive documentation on their status, business goals and productive capacities. It will also identify at least 35 in Colombia, and Ecuador domestic, regional, and international buyers to assess and secure demand by conducting comprehensive market and value chain analyses and a series of additional interviews with key buyers (domestic and international). In addition, around 50 Amazon bio-businesses in Colombia and Ecuador should be impacted with strengthened business and sustainable production capacities, in line with relevant certification and/or verification schemes. The project also aims that at least 20% of participating producers are women, youth and/or native and indigenous populations.

- 3.3 **Component I: Market Analysis, Actor Mapping, Strategy Development and Inventory (US\$299,000).** The objective of this component is to identify (i) bio-businesses that have export and investment potential, (ii) buyers and investors, and (iii), local partner organizations, (iv) types of technical assistance needed, and (v) financial mechanisms to increase access to finance. This component will engage experts to produce the key knowledge and information pillars for the overall project, analyzing the most relevant literature and projects related to the Amazon bio-business economy, and incorporate primary information gathered through interviews, surveys and focus groups. The economic activities that will be considered during market analysis include but are not limited to: non-timber natural forest products extracted sustainably from the forest (e.g., cocoa, fish, acai, copazu, coffee, Brazilian nut, castanha do para, among other fruits, nuts, edible leaves, roots and shoots); products from sustainable agroforestry systems (e.g., cassava and cocoa); products from sustainable aquaculture systems (e.g., pirarucu, surubim, tambaqui, tilapia, carp, shad, black prochilodus and tucunare) sustainable ecotourism services and handicrafts. By the end of this component there should be a comprehensive market analysis and enabling conditions assessment to promote transformative market development in the two countries (Colombia and Ecuador). This will include data and information on products supply and demand, as well as the capacities and needs of bio-businesses, and recommendations on appropriate financing products and structures in each country.
- 3.4 **Component II: Bio-business Identification, Quality Verification and/or Certification (US\$286,000).** The objective of this component is to help emerging and more developed bio-businesses enhance their access to new markets and become more attractive to LFI and potential investors, by providing them with relevant technical assistance, verifications, certifications and quality badges. To that end this component will: (i) identify bio-businesses that have the potential to be verified or certified, (ii) promote a continuous improvement of production processes, (iii) generate valuable data that helps create new digital tools for producers, (iv) implement verification and/or certification programs in selected Amazon territories and track their progress, and (v) capture lessons for the expansion of verification and/or certification programs in the Amazon. Through this component, this TC will provide financial support (subgrants)<sup>13</sup> and technical assistance to selected pilot bio-businesses to help

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<sup>13</sup> The pilot bio-businesses will be selected with the prior non objection of the Bank. In order to receive the subgrants they will sign a subgrant agreement with the EA that will establish the terms and conditions required for the use of the resources.

cover the costs of certification and verification. The verification and/or certification process is intended to activate market pull and brands' value proposition towards conscious consumers demonstrating de-commoditization of sustainable certified products, providing assurance and verification of the value chain operation. This component will also train local organizations to assess and support SMEs, strengthening local stakeholders for accountability on impact and regeneration of the amazon ecosystems.

- 3.5 **Component III: Access to Finance Readiness (US\$325,000)** Since Amazon bio-businesses will require additional and specialized support to access financing that meets their productive and business needs, the focus of activities under Component 3 will be two-fold: (i) continue to develop bio-businesses so that they become bankable or finance ready, by identifying areas of administrative, financial, and business improvement and providing technical support in accordance with individual business improvement plans, designed and monitored by the bio-businesses themselves; and (ii) partner with local and/or international financial institutions to develop specialized sustainable finance products that are both accessible and attractive to Amazon bio-businesses. IDB Invest and IDB Lab will help lead the implementation of this component to assure to leverage their know-how and projects within the countries.
- 3.6 **Budget.** The total estimated cost of the TC is US\$1,060,000, US\$930,000 financed by the France-IDB Natural Capital Lab Fund (NCL) and US\$130,000 in-kind contribution from Rainforest Alliance.

**Indicative Budget (US\$)**

Activity/ Component	Descriptions of activities	IDB/NCL Resources	Local Counterpart Funding/ Rainforest Alliance	Total
To be implemented by Rainforest Alliance (EA)				
Component I <b>Market Analysis</b>	Identify (i) bio-businesses, (ii) buyers and investors, and (iii), local partner organizations, (iv) types of technical assistance needed, and (v) financial mechanisms to increase access to finance	299,000	60,000	359,000
Component II <b>Bio-business Identification, Verification or Certification</b>	(i) Identify bio-businesses that have the potential to be verified or certified, (ii) promote a continuous improvement of production processes, (iii) generate valuable data that helps create new digital tools for producers, (iv) implement verification and/or certification programs in selected Amazon territories and track their progress, and (v) capture lessons for the expansion of verification and/or certification programs in the Amazon	286,000	70,000	356,000
To be implemented by the IDB				
Component III <b>Access to Finance Readiness</b>	(i) continue to develop bio-businesses so that they become bankable or finance ready, by identifying areas of administrative, financial, and business improvement and providing technical support in accordance with individual business improvement plans, designed and monitored by the bio-businesses themselves; and (ii) partner with local and/or international financial institutions to develop specialized sustainable finance products that are both accessible and attractive to Amazon bio-businesses	325,000	0	325,000
Project Audit		20,000	0	20,000

Activity/ Component	Descriptions of activities	IDB/NCL Resources	Local Counterpart Funding/ Rainforest Alliance	Total
Total		930,000	130,000	1,060,000

#### IV. Executing agency and execution structure

- 4.1 IDB Group and the Rainforest Alliance (RA) will implement this TC using a hybrid model. The IDB will execute Component III in both Colombia and Ecuador given the strong experience that both IDB Invest and IDB Lab have in the design of mechanisms to incentivize lending to specific market segments. Components I and II will be executed by the Rainforest Alliance (Executing Agency – EA), considering its experience and knowledge of the Amazon region, local presence, capabilities, and capacities, and renowned expertise certifying and verifying bio-businesses. As a condition prior to first disbursement, the EA will have to present evidence to the Bank of the appointment of a Coordinator for the project. During implementation, Rainforest Alliance will produce progress reports every six months, and a final report upon completion of the project.
- 4.2 RA is one of the most reputable international conservation organizations operating in 70 countries, whose work is centered around three axes: responsible businesses, agriculture, and forests. As part of their mission and ever-day work the aim to protect forests, improve the livelihoods of farmers and forest communities, promote human rights, and fight climate change. In fact, RA conducts bioeconomy businesses certification in Central and South America and, in other world regions. For example, it provides confidence that products' sustainability claims are correct and provide certainty in the reliability of the supply chain. Their [Certification Program](#) and [LandScale](#) performance monitoring tool are expected to be actively used in the development and implementation of this project. RA also works with various communities and stakeholders to promote a sustainable development of forest ecosystems such as in the Mayan Forest, and Central America regions. Moreover, RA has: (i) vast experience working with local producers in remote areas and in the countries of focus, (ii) strong physical presence in the region and a vast network of local partners that can support its works through a multisectoral approach,<sup>14</sup> (iii) world-

<sup>14</sup> Some of the local stakeholders, which RA Works with include in COLOMBIA: (i) Fundación para la Conservación y el Desarrollo Sostenible (FCDS): FCDS promotes integrated land management practices through territorial ordinance, land use planning, and sectoral-based development, especially in forest regions to prevent the growth of the agricultural frontier; (ii) Asoprocacao, Asoprocegua, Asocapricho: These are advanced producer associations in a variety of Amazon product value chains, including cocoa, Amazonian fruits, coffee, and other agricultural products; (iii) Organización Nacional de los Pueblos Indígenas de la Amazonia Colombiana (OPIAC): OPIAC is an Indigenous association representing the political and social interests of Colombia's Indigenous Amazon communities at the national level. Its main objective is to ensure the collective rights of Indigenous Amazon populations are recognized and met; (iv) Asociación Nacional de Empresarios de Colombia (ANDI): ANDI is made up of a significant portion of private sector actors in numerous areas in Colombia and seeks in its 2025 vision to promote economic reactivation, job creation, and accelerated growth in the short term; and in ECUADOR: (i) Kallari, Wiñak, Tsatsayaku, UNOCACE: Kallari, Wiñak, and Tsatsayaku represent nearly 2,000 producers in the country, and export cacao, chocolate, nibs, and other cacao-based products such as cacao liquor and ice cream. Other products falling within these groups' purview are coffee, platano verde, guayusa tea; and (iii) Coordinator of Indigenous Organizations in the Amazon Basin (COICA): COICA is a regional umbrella organization and one of the most important in South America, serving all the Amazon basin. It is



renowned experience with market access certifications for producers, (iv) a global network of corporate partners in potential buyer markets, and (v) a profound understanding of the challenges that Amazon producers face when looking to access markets.

- 4.3 The IDB and the Executing Agency will sign a Technical Cooperation Agreement (TCA), establishing the responsibilities for the execution of the TC activities under Components I and II. For the comprehensive project management, there will be a coordination and supervisory group composed of the team leaders and technical teams that will meet every two weeks with the EA to monitor project implementation, review progress, and propose corrective measures when needed.
- 4.4 The execution and disbursement period will be 36 months under the supervision of INT/INT.
- 4.5 In the case that during the implementation of the TC, an activity will be carried out in a beneficiary country, the team will obtain the respective non-objection letter from the official liaison entity with the Bank, in coordination with the respective Bank Representation of the target country.
- 4.6 **Procurement of Goods and Services and Financial Management:** For Components I and II the Executing Agency will manage the procurement of goods, execution of pilot projects, services, and consulting services using its own procurement procedures, by the provisions of paragraph 1, Appendix 4 of IDB's Procurement Policies GN-2349-15 y GN-2350-15. Component III will be executed and acquired following the Bank's mechanisms established in: (i) AM-650 for Individual consultants, (ii) GN-2765-4 and Guidelines OP-1155-4 for Consulting Firms for services of an intellectual nature, and (iii) GN-2303-28 for logistics and other related services. The EA will also carry out the financial management of the project applicable to Components I and II under the Bank's financial management guidelines (OP-273-12). Procurement activities will follow a procurement plan approved by the IDB as appropriate.
- 4.7 **External Financial Audits:** During the execution of the project activities under Components I and II, the EA will present to the Bank annual audited financial statements of the project within 90 days of the close of each calendar year, and final disbursement. At the conclusion of the program, the EA will provide to the Bank audited financial statements in accordance with the Financial Management Guidelines for IDB-financed Projects (OP-273-12). The contracting of the external audit will be done in accordance with the Bank's requirements.

## **V. Major issues**

- 5.1 Implementation of a regional project implies a higher level of complexity, as well as risks related to the coordination with local actors. These risks will be mitigated by having strong Executing Agency like RA, who has a bold local footprint with teams deployed within each of the countries of focus. Moreover, the TC will be closely coordinated with the different IDB Country Offices and the newly created Amazon Initiative Unit (CSD/ACU).
- 5.2 There are also risks associated with the sustainability of the project. To mitigate them,

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headquartered in Ecuador, but the Rainforest Alliance has worked on multiple collaborations with COICA across the region, most recently in Peru.

the team has taken three concrete actions. First, the project's components were designed to deliver (independently) outcomes that can complement other IDB Amazon related projects and/or that can be used by ongoing IDB operations or initiatives. In fact, this TC was designed in coordination with other areas of IDB as a requirement to be eligible for GCF Amazon Bioeconomy Fund resources. Second, funding for the scale-up of Components I and II to other countries and for the remaining Components, is being mitigated initially through the GCF Amazon Bioeconomy Fund resources<sup>15</sup> and, eventually by other available sources such as the new multi-donor fund being created at the IDB for the Amazon Initiative. Third, the development of this project will be supported by INT's ongoing flagship initiatives such as CA, and business summits and match-making events and, by others under the leadership of IDB Lab and IDB Invest.

## **VI. Environmental and Social Strategy**

- 6.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Banks Environmental and Social Policy Framework (ESPF).

### **Required Annexes:**

[Results Matrix - RG-T4009](#)

[Terms of Reference - RG-T4009](#)

[Procurement Plan - RG-T4009](#)

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<sup>15</sup> On October 6, 2021, the GCF approved [FP-173](#) for the IDB. The Marketplace projects was presented as part of the FP and will be eligible for funding.