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PERU

**CSA-DIB MODEL FOR PRODUCTIVE IMPROVEMENT OF AGROFORESTRY PRODUCTS AND THE
CONSERVATION OF THE FOREST OF ASHÁNINKA COMMUNITIES IN THE PERUVIAN AMAZON**

PE-T1358

DONORS MEMORANDUM

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CONTENTS

I.	THE PROBLEM	1
A.	Problem Description	1
II.	THE INNOVATION PROPOSAL.....	2
A.	Project Description.....	2
B.	Project Results, Measurement, Monitoring and Evaluation.....	8
III.	ALIGNMENT WITH IDB GROUP, SCALABILITY, AND RISKS	8
A.	Alignment with IDB Group	8
B.	Scalability.....	9
C.	Project and Institutional Risks.....	9
IV.	INSTRUMENT AND BUDGET PROPOSAL	10
V.	EXECUTING AGENCY AND IMPLEMENTATION STRUCTURE	12
A.	Executing Agency(s) Description.....	12
B.	Implementation Structure and Mechanism	13
VI.	COMPLIANCE WITH MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS	14

PROJECT SUMMARY

PERU

PE-T1358

The Asháninka population of the Ene River are almost entirely dependent on forest resources for their subsistence with around 70% of their food obtained from the forest. The main economic activities in the communities are agriculture, hunting, fishing and gathering of fruits and other forest products. 14 of these communities control 227,450 hectares, which have been estimated to be deforested at a rate of 4.9% annually.

The project will support the Asháninka cocoa and coffee producer association Kemito Ene, created in 2010 under the leadership of the Central Asháninka del Rio Ene (CARE), a local grassroots organization that represents most of Asháninka communities in the valley. Kemito Ene's strategy seeks to improve the economy of the associated communities under their own cultural conception of development. Kemito Ene started with 41 members, and currently more than 300 Asháninka are associated members. Their main operations are carried out in the Ene Valley where dry cocoa beans are collected, and wet beans are fermented and dried in post-harvest centers.

The project will directly benefit 500 Asháninka producers of 22 communities and will promote a conservation strategy consisting of land use planning led by CARE and the signing of conservation agreements by at least 14 Asháninka communities with the National Forest Conservation Program of the Ministry of Environment of Peru (NFCP). Overall it is estimated that 4,000 Asháninkas will be direct or indirect beneficiaries of the project through its productivity, commercialization, governance and conservation activities. The operation aims to have a positive impact on the environment through implementing agroforestry systems on farms totaling at least 290 hectares of coffee and cocoa, and conserving more than 100,000 hectares of forest. By increasing the quality and productivity of coffee and cacao, and leveraging the conservation and cultural values of the Asháninkas, the project expects to achieve better positioning in the market, increasing annual sales to up to USD 700,000 by year four.

The project will be financed through a Development Impact Bond (DIB), where the MIF will act as an Outcome Payer, providing non-reimbursable funding payable only if agreed goals are achieved. Thus, the risk of intervention failure is assumed by external investors. It is expected that the Common Fund for Commodities and The Schmidt Family Foundation will act as Investors, and the Rainforest Foundation UK (RFUK) will act as Service provider. Given the pay-for-success structure, a well-designed DIB should incentivize the service provider to test and refine the proposed intervention through continuous data feedback loops, and should provide actionable evidence of an intervention model that may be scaled in Peru and Latin America and the Caribbean. This project builds on a pilot DIB undertaken in 2015, which focused exclusively on productivity and commercialization, and was completed with satisfactory results. Other impact investors, technical entities and foundations have expressed their interest in participating in the project and will be considered for formal inclusion in a prototyping phase. RFUK has a long-term relationship with CARE and Kemito Ene, and is partnering locally with other organizations to develop an integral strategy of sustainable development of Asháninkas.

The proposed project will be the first DIB focused on climate-smart agriculture that specifically targets the sustainable development of indigenous people. Because of its innovative structure, local government, corporations and international organizations have expressed their willingness to learn from the experience along with DIB partners and the Bank (MIF, CCS and GDI). Since this territory and population traditionally receives much attention and funding from the international cooperation with differing levels of results, it is expected that this project can provide lessons on how to make funding to complex territories more efficient and effective.

INFORMATION IN TECHNICAL FILES

- Original project proposal
- NDA FOMIN-RFUK – Confidentiality agreement
- Approved Pitch document
- DIB Pilot information: Contracts, validation reports, marketing information and video
- Kemito Ene Financial Statements 2015
- Kemito Ene legal documents: by-laws, certification of registry at SURNAP, identification documents of members of the Board of Directors, list of active members
- Kemito Ene financial projections and cash flows
- Asháninkas communities' situation and deforestation maps
- CARE Buen Vivir “Kametsa Asaike”
- List of projects managed by CARE: project, objectives, results, founders and funding
- Study on communities' land use planning commissioned by CARE
- Technical note on carbon sequestration by agroforestry systems managed by Indigenous people in Central Peru
- Letter from Kemito Ene to the IDB/FOMIN (10 December 2016)
- RFUK audited annual accounts 2013-2015
- RFUK monitoring and evaluation management
- RFUK strategic plan 2016-2018 and organigram
- The National Forest and climate change strategy developed by NFCP and Geobosques system information
- General literature on Social and Development Impact Bonds (SIB and DIB)
- Communications from CFC and TSFF expressing their interest to become DIB investors

ANNEXES

ANNEX I	Results Matrix
ANNEX II	DIB Outcome Matrix
ANNEX III	Budget Summary

APPENDIX

Appendix I	Resolution
Appendix II	Phase 1 Milestones
Appendix III	Institutional Analysis and Operational capacity

ACRONYMS AND ABBREVIATIONS

CARE	Central Asháninka del Río Ene
CCS	IDB's Climate Change and Sustainability Division
CFC	Common Fund for Commodities
CSA	Climate-smart Agriculture
CSA-DIB	Climate-smart Agriculture Development Impact Bond
DIB	Development Impact Bond
EU	Execution Unit
FFC	Fine flavour cocoa
GDI	IDB's Gender and Diversity Division
GIS	Geo-information and satellite
Ha	Hectare
IDB	Inter-American Development Bank
ICRAF	World Agroforestry Center, former International Council for Research in Agroforestry
ITC	International Trade Center
NFCP	National Forest Conservation Program of the Ministry of Environment
MDB	Multilateral Development Banks
MIF	Multilateral Investment Fund
PSR	Project Status Report System
REDD	Reducing Emissions from Deforestation and Degradation
RFUK	Rainforest Foundation UK
RTM	Real-time Monitoring
TSFF	The Schmidt Family Foundation
UR	Update Report on DIB Outcome matrix
VCUs	Verified Carbon Units
VRAEM	Mantaro, Ene and Apurímac Rivers Valley

PROJECT INFORMATION

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Country and Geographic Location:	Peru. The Río Ene Basin, including the municipalities of Pangoa, Mazamari, and Río Tambo, within the Regional Government of Junín.		
Executing Agencies:	Rainforest Foundation UK (RFUK) as Service Provider The Common Fund for Commodities (CFC) and the Schmidt Family Foundation (TSFF) as Investors.		
Focus Area:	Climate-smart Agriculture (CSA).		
Coordination with Other Donors/IDB Group Operations:	Coordination with IDB's CCS and GDI.		
Project Beneficiaries:	4,000 Asháninkas living in 22 Communities along the Río Ene Basin. 500 Indigenous rural producers of cocoa and/or coffee. CARE and Kemito Ene (as defined below).		
Financing:	Non-reimbursable Technical Cooperation:		
	- Phase 1: CSA-DIB ¹ Prototype and Structuring:	US\$ 90,000	
	- Phase 2: CSA – DIB launching and execution, payments up to:	US\$ 1,250,000	
	TOTAL MIF FUNDING:	US\$ 1,340,000	43%
	Counterpart:	US\$ 1,797,700	57%
	TOTAL PROJECT BUDGET:	US\$ 3,137,700	100%
Execution and Disbursement Period:	54 months of disbursements, 4 months of execution of Phase 1, and 48 months of execution of Phase 2.		
Special Contractual Conditions:	The project will be formalized in one or two contracts, to be defined by the project team and the legal teams of DIB parties. Successful result of Phase 1 “CSA-DIB Prototype and Structuring” will trigger Eligibility of Phase 2 “CSA – DIB launching and execution”. Validation and approval of the DIB monitoring system and Outcome Matrix is a condition precedent to any DIB disbursements in Phase 2. The Bank will lead the contracting of the Validating Agency (as identified in 5.12 below) that will give support to the Service Provider (as identified below) in setting up the monitoring mechanism for the DIB Outcome Indicators (Annex II) and validating the baseline.		
Environmental and Social Impact Review	This operation was screened and classified as required by the IDB's safeguard policy (OP-703) on January 3, 2017. Given the limited impacts and risks, the proposed category for the project is C.		
Unit responsible for disbursements	CPE.		

¹ Climate-smart Agriculture focused Development Impact Bond. It is the innovative funding mechanism of the project, wherein the MIF plays the Outcome Payer role and will pay only if agreed results are achieved.

I. The Problem

A. Problem Description

- 1.1. The Asháninka are the largest Amazonian indigenous group in Peru. Across the Ene River Basin, more than 10,000 Asháninkas live in 50 communities along the main river and its tributaries. The UNDP Human Development Index (2014) ranks Satipo province's development at 106 from a total of 195. The districts of Río Tambo, Pangoa and Mazamari rank 1239, 1513 and 604 respectively among a total of 1838 districts. Only 7% of the Asháninkas have finished secondary level studies, 65% have finished primary level studies, and 28% are illiterate².
- 1.2. The Asháninka people of the Ene River were almost entirely dependent on forest resources for their subsistence some decades ago, with little use of money and limited trade. However, socioeconomic changes and a very gradual integration to wider Peruvian society have intensified the need of Asháninka families to acquire monetary income. The fast-growing need for money has led communities to open their lands to legal and illegal logging activity in exchange for goods and cash. Others have leased part of their lands to Andean migrants, and after some years have sold those areas to avoid conflicts when the leases end. This results in deforestation and degradation of forest resources.
- 1.3. Furthermore, the Ene River goes through the main coca cultivation area of Peru, the VRAEM, which in 2015 represented 45% of the total national coca cultivation area. Coca cultivation by migrants is expanding from neighboring areas to zones close to the Asháninka communities, putting even more pressure on the land. However, the Asháninkas have resisted the expansion of coca and continue cultivation of their traditional crops, mainly for self-consumption. The current use of land in communities is still based on traditional practices of shifting cultivation, wherein the Asháninkas cultivate scattered plots of different crops along their territory. Slash and burn is a common practice, as is the clearing of new plots for expansion. This is because existing plots suffer from low productivity, or because new farmers join the community and request new plots. In the absence of land management planning and training and tools to increase productivity, new secondary and primary forest lands are cleared for cultivation.
- 1.4. Asháninkas have been using wild native cocoa from the forest and growing native cocoa trees in their farms for many generations; they say that cocoa farming belongs to the present as well as the time of "*acharineitepe*" (our grandparents). More recently they have grown enhanced varieties introduced by governmental programs and local NGO projects. Common practice has been to sell poorly fermented and dried cocoa to local middlemen at very low prices. In recent years, private companies have started to buy cocoa from the communities along the Ene and Apurimac rivers; however, cultural differences and linguistic gaps, along with limited numeracy skills, have put the Asháninkas in a vulnerable position and they are easily cheated on the weighing of beans and negotiation of prices. Most Asháninka producers manage 2 Ha of crops which include 0.5 to 1 Ha of cocoa or coffee, with the remainder allocated to cassava or other food crops³. However, the management of their farms is still very limited, and productivity can be as low as 250 Kg/Ha of cocoa, while the average productivity in Peru reaches 700 Kg/Ha. They face frequent difficulties that affect their productivity and quality, such as the high presence of diseases such as Witches Broom (caused by the fungus *Moniliophthora perniciosa*) and Frosty Pod (caused by *Moniliophthora roreri*); or poor quality of trees in their plot, which are

² "Diagnóstico de alternativas productivas y de comercialización de cocoa en las comunidades Asháninkas del Ene". 2010. Central Asháninka del Valle del Río Ene - CARE.

³ "Planificación del Uso del Territorio Comunal". 2014. Central Asháninka del Valle del Río Ene - CARE.

sometimes too old or too heterogeneous in terms of varieties to be compatible or pollinated.

- 1.5. Despite these challenges, in the last ten years the remarkable leadership of a committed grassroots organization (CARE) and specifically its president, Ms. Ruth Buendía⁴, has managed to unite most of the communities in the river basin to find a common strategy to fulfill their right to development in accordance with their own priorities and conceptions of well-being. Their own cultural conception of development is called the “good life” or “Kametsa Asaika”⁵ in Asháninka language. This concept is based on eight main pillars, including territorial security and cultural identity, and the capacity to autonomously generate ‘economy’ by producing in their lands and accessing markets.
- 1.6. Based on this vision of development, under the leadership of CARE, Asháninkas founded Kemito Ene (“Cocoa from the Ene”) in 2010 with 41 members as an association of Asháninka cocoa and coffee producers. Currently, more than 300 Asháninka are associated to Kemito Ene and, with organized work they have managed to exclude exploitative middlemen from the value chain and access international markets. In 2015 and in 2016, Kemito Ene managed to export 10 and 40 tons respectively of fine flavor cocoa⁶ to Australian raw organic chocolate company Loving Earth. Loving Earth, which shares similar ethical principles as the Asháninkas, produced an 85% dark chocolate bar with those beans which was sold in the UK, Europe and Australia. Kemito Ene cocoa is perfect for Loving Earth’s brand needs as the story behind the production of the beans details respect and admiration of growers for their environment, a core differentiator of Loving Earth’s marketing. Loving Earth is keen to use only Asháninka cocoa as input for all their products, and is willing also to develop a long-term commercial relationship with Kemito Ene. The potential demand from Loving Earth is projected to reach approximately 300 tons over the next 4 years. As part of the work to be done to meet these commercial needs, the association’s goal is to become a cooperative in the short-term and reach its breakeven point in 2019.

II. The Innovation Proposal

A. Project Description

- 2.1. The aim of the project is to increase incomes and environmental sustainability of 4,000 Asháninkas living in 22 communities and their annexes along the Río Ene Basin in the central Amazon of Peru by their representative organizations through the implementation of an innovative funding mechanism of a CSA-DIB, by which donors, including the MIF, (“Outcome Payers”) will pay social investors (“Investors”) only if agreed results are achieved. Therefore, Investors will assume the delivery risk of the project by providing advance of funds to RFUK (“Service Provider”). The project, led by the Service provider, will deploy an integral strategy of sustainable development, targeting the implementation of agroforestry systems, the execution of a conservation strategy of Asháninka communities, and the creation of a cooperative to better position Asháninka coffee and cocoa in the market.

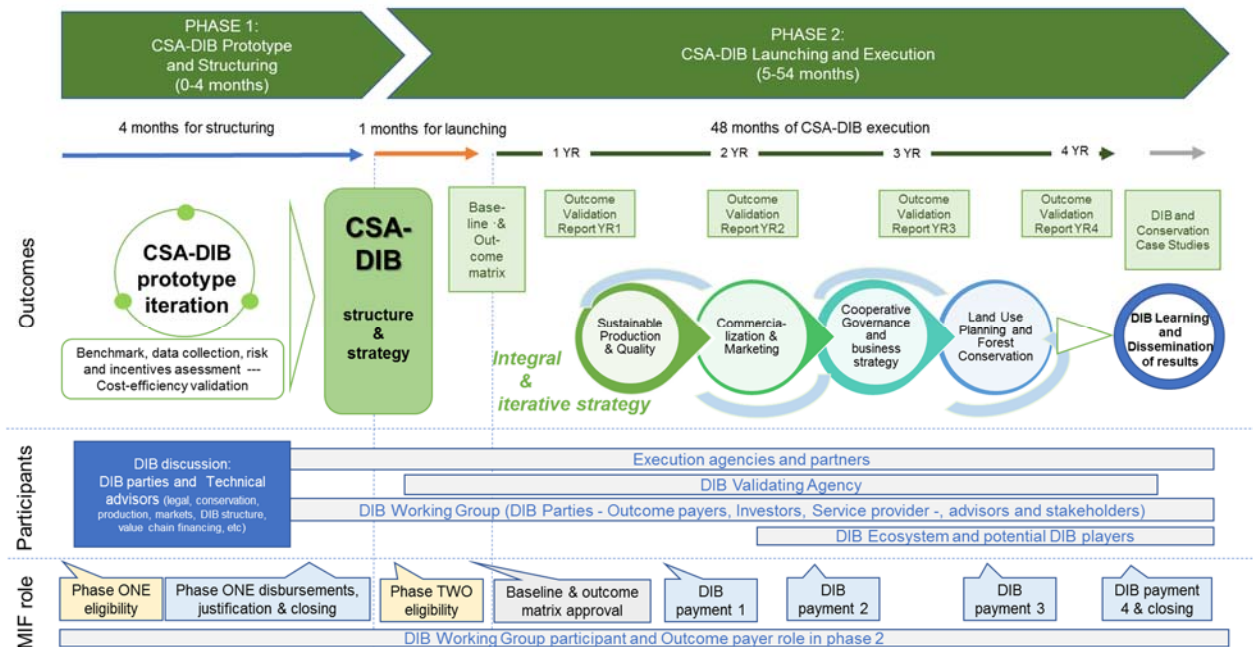
⁴ Ms. Ruth Buendia was the 2014 Goldman Prize Recipient South and Central America.

⁵ “Kametsa Asaika” talks about the good life or wellbeing of the Asháninkas, is a document that contains the Political Agenda of the Asháninkas of the Ene River developed by the CARE after a period of consultations.

⁶ Most of the cocoa from the Ene Basin comes from the Amazonian chocolate tree called *Theobroma cacao*. The Amazon basin contains some of the most biologically diverse tree communities ever encountered; tree species richness may attain three hundred species in one-hectare plots. See “Geographic and Genetic Population Differentiation of the Amazonian Chocolate Tree (*Theobroma cacao* L)”. For the purpose of this document we shall mention cocoa or native cocoa as opposed to hybrids that are also present in the plots.

- 2.2. The project will introduce a new impact-based-financing mechanism through a DIB. From the commissioning perspective, DIBs drive increased cost-efficiency in the delivery of outcomes and transfer the risk of non-delivery to Investors. From the Investor perspective, the DIB represents an opportunity to have a stake in development processes while also fulfilling a social purpose. Given the pay-for-success structure of the DIB, Service Providers should be incentivized to test and refine their proposed interventions through continuous data feedback loops, and should provide actionable evidence of the model to be scaled. That allows the Service Provider to tackle development issues with the risk of intervention failure shared with external Investors. This project is built upon a small successful pilot DIB undertaken in 2015 by the CFC (Outcome Payer), RFUK (Service Provider), and TSFF (Investor), which was the first of this kind to be completed anywhere in the world. That DIB focused only on production improvements. This new DIB will incorporate environmental impacts as payment metrics as well.
- 2.3. Considering the complexity of the DIB, and based on lessons learned in the Social Impact Bonds ecosystem (where the MIF has been a pioneer in Colombia and Mexico), the project will occur in two Phases: Phase 1, CSA-DIB Prototype and Structuring; and Phase 2, CSA-DIB launch and execution. This sequential approach (see Figure one below) has been defined to ensure that time is taken in Phase 1 to perfect the quality of the DIB's structure, to develop a clear implementation strategy, and to solidify the strategic participation and ownership of all DIB parties prior to the start of activities. At the end of the four months of the Phase 1, a CSA-DIB structure will be approved by all parties, thus triggering the eligibility of the Phase 2 (see paragraphs 6.1-6.3).
- 2.4. To complete the Phase 1, a small technical cooperation budget will be provided to RFUK to: work with experts in the areas of law and regulation, conservation, production, markets, and DIB structuring; and, to develop a cost-effectiveness benchmark. The Phase 2 will consist of the CSA-DIB implementation itself, where the IDB/MIF will play the Outcome Payer role, paying into the project upon the achievement of certain results as explained in the following sections. RFUK will lead the implementation of the project, following a strategy of five components or interrelated action lines (see paragraphs 2.7-2.26).

Figure One: CSA-DIB road map



- 2.5. The objectives of the project are: (i) an increase in productivity and quality of the cocoa and coffee produced, with a greater amount of production under agroforestry systems; (ii) consolidation of a commercialization strategy into niche international markets that recognize the value of quality vis-à-vis the conservation efforts and history of the native communities; (iii) upgrade Kemito Ene (currently an association) into a cooperative with a clear path for sustainability; (iv) increased CARE efforts to strengthen community governance of land use and conservation; and (v) the capture of learning from the DIB structure, especially concerning efficiency and the potential to bring new players into the development of high value chains with low income populations.
- 2.6. This last objective is particularly interesting for the MIF as this will be the first results-based financing structure in an agriculture project that benefits an indigenous population, which is a sector and a population that traditionally receives much attention and funding with differing levels of results. This project can provide lessons on how to make this funding more efficient and effective. To facilitate this learning, the benchmark study commissioned during the Phase 1 will include data collection about activities, results, and costs of similar interventions (other MIF experiences, but specifically other international cooperation and public programs implemented in the same territory with similar targets), which will not be only useful to refine the DIB-CSA structure for ultimate success, but to also validate the DIB business case (cost-efficient and results driven instrument) and attract attention of the ecosystem and potential DIB players.
- 2.7. Another innovation of this project is a market-driven approach to conservation efforts carried out by native communities. By linking private funding to conservation outcomes, markets can contribute to forest conservation and climate change mitigation. This rationale is key in the implementation of an integral and iterative strategy among the components of the project. As part of the linkages with value chains CARE will supporting Kemito Ene in developing a business model and a brand where its indigenous identity and conservation values are its competitive advantage and these resources create a unique value for a segment of the chocolate and coffee markets. In parallel, on the production side, CARE will work to implement a land use planning and forest conservation strategy that engages community leaders and organizes an incentives and controls protocol for environmentally-friendly production within each community.

Component 1: Sustainable Production & Quality

- 2.8. The implementation strategy of this component will include a culturally adapted training program for Asháninka cocoa producers that will be designed and set up in collaboration with a local vocational/agrarian educational institution, that will improve the productive capacities of Kemito Ene members. The project will enlist at least 22 community promoters, who will work in the field to prepare an intensification program to implement agroforestry systems in each farm. An overall canopy density of around 30% - 40% will be targeted in these agroforestry systems for each plot, depending on sunlight, climate and topographic conditions. Specific fertilization packages will be provided by Kemito Ene to members in the second year of the project after proper soil analysis has determined nutrient needs. The training program will start with current Kemito Ene members, but is expected to reach 500 producers at the end of the program.
- 2.9. Centralized collection and post-harvest processing capacity of cocoa beans will be increased through the provision of additional cargo motorbikes and by building four post-harvest and collection centers with improved designs for fermentation boxes and drying platforms. Specific fermentation protocols will be developed in alliance with the International Trade Center (ITC), who will provide specialists to improve quality and obtain the maximum flavor potential of beans. A quality control system will be implemented, starting with quality measurement in collection centers. GIS communication technology, recently developed by RFUK, will be adapted and set up in post-harvest centers. This

system will send information about quantity and quality in near-real time to an online database managed by Kemito Ene. This will enable traceability of beans, improve operations, and facilitate systematization, which ultimately is expected to add value to Kemito Ene's brand and attract more buyers.

- 2.10. The results of this component will be: (i) Increased quality of cocoa beans fermented, dried and selected by Kemito Ene for Fine Flavor Cocoa market, reaching a minimum of 80% of fully brown cocoa beans after fermentation and drying processes; and (ii) Increased quality of coffee cup produced by Kemito Ene members for specialty coffee market, which demand coffee with "points in cup" (international quality standard) of 82 and above.

Component 2: Commercialization & Marketing

- 2.11. The project will identify challenges and bottlenecks in the process of Kemito Ene's inclusion in global value chains. These issues will be discussed with experts and feed a public policy agenda that CARE will advocate for with national and regional authorities. It is expected that government authorities such as the Ministry of Agriculture, Ministry of Commerce and Tourism, and Ministry of Production of Peru, and specialized forums such as Salon del Cocoa y Chocolate will be included in this analysis. This goal is of interest to investors and the ITC, an expected partner in the project.
- 2.12. The project will target the cocoa market, particularly the Fine Flavour Cocoa (FFC)⁷ market, which has been growing in the mature chocolate markets of Europe, North America and Japan. FFC can be segmented by quality of beans, from low fine-quality to ultra-quality with a very limited offer of just 50 tons worldwide. The FFC market is governed by direct trade relationships, resulting in increased interaction between the cocoa grower and final manufacturer where chocolates with a specific taste earn a higher price⁸. If the quality is exceptional, premiums can reach US\$1,000–3,000/ton above the world price for bulk cocoa. With vast land resources and the necessary weather conditions required for cocoa harvesting, the project target region is ideal for this FFC market. Peruvian exports of cocoa have been increasing in the last years: US\$62.9 million in 2012, US\$76.7 million in 2013, US\$144 million in 2014, US\$181 million in 2015, and US\$183 million in 2016, thanks to a higher demand in Europe, mainly from the Netherlands and Belgium.
- 2.13. To capitalize on these premiums, the project will strategically support Kemito Ene's marketing and communication efforts to: (i) share the Asháninka story; (ii) develop a corporate engagement strategy; and (iii) position the brand in national and international trade fairs by offering an 'experiential' client-relationship, where chocolatiers and roasters can visit Asháninka communities in order to understand their way of life and their culture, leveraging cultural values to sell "from bean to bar" chocolates or "to cup" coffees.
- 2.14. Additionally, training on institutional relations and customer management will be provided to the Kemito Ene's management team. New technical and commercial alliances will be promoted with other Asháninka associations from Río Tambo, Apurímac, Río Negro and other river basins to secure volumes for future contracts and benefit more Asháninkas.
- 2.15. By the end of the project this component will support growing annual sales of Kemito Ene, achieving: (i) 150 Tons of cocoa beans and (ii) 70 Tons of coffee sold by Kemito Ene by year four. Technical results from components one and two will be measured to determine the degree of achievement of DIB Outcomes related to economic impact.

⁷ FFC is a specific origin and grade of cocoa bean of a unique flavour or color, highly sought after by makers of high quality, specialty chocolate

⁸ Laven, A. and Van der Kooij, S. Sustainable cocoa: a matter of taste? Chocoo Conference 28th March 2014.

Component 3: Cooperative Governance and business strategy

- 2.16. This component will support an informed, participatory and democratic process within the Kemito Ene Cooperative, which is currently set up as an association. It will support Kemito Ene's board and technical team to develop a functional democratic structure, new statutes, policies and processes. Community committees will be strengthened by building the capacities of their leaders and by developing new participatory mechanisms which include working time for local leaders in the Kemito Ene office. It is expected that governance strengthening and the creation of a business strategy that links culture, quality and conservation will attract more buyers and higher prices, which will generate impact in communities and will increase the number of producers willing to join the association.
- 2.17. The ICRAF, a research organization with extensive experience studying governance and business strategies of rural cooperatives, cocoa and coffee value chains and rural community enterprises, will provide business and financial literacy training to the Kemito Ene administration and management staff, and their Executive Board. Administration and accounting systems will be set up and staff will be trained. It is expected that Kemito Ene will produce yearly financial statements for banking and management purposes.
- 2.18. To optimize its business strategy, Kemito Ene will need to strengthen its value proposition and improve the commitment level of associates and management. The main competitors are the 'middlemen' who prepay below market price to communities for their cacao. This leakage, which is estimated in previous years to have reached 30-40% of the total Kemito Ene member harvest, reduces the volume of premium cacao available to Kemito Ene to buy from its members, which, in turn, diminishes its ability to fulfil orders. As production continues to scale up, from an expected 40 tons to 150 tons, Kemito Ene will need to continue to reduce leakage in order to capture an increasing share of the supply. Along with the investment and capacity building efforts, Kemito Ene will establish prepayments of cacao production to producers to combat leakage. Access to low-interest loans⁹ will allow Kemito Ene to compete with already established companies in the basin.
- 2.19. The related DIB Outcome indicator for this component scores the level of cooperative governance according to four variables: Managerial stability, Financial management, Board of directors' performance, and Communities represented in Annual General Meetings decisions. The project aims to get the maximum results in all these areas at the end of the project.

Component 4: Land Use Planning and Forest Conservation

- 2.20. Evidence from multiple sources and regions consistently demonstrates indigenous titled lands experience among the lowest levels of deforestation. For example, a study¹⁰ of deforestation in Peru from 1999 to 2001 showed that only 9% of deforestation occurred in indigenous territories and 1% in protected areas, even though these types of lands cover 47% of Peru. A more recent study showed that deforestation is increasing in and near indigenous lands. Between 2001–2010, 25% of deforestation took place inside of indigenous lands and protected areas¹¹. In this context, AIDER (a recognized environmental NGO in Peru) recently analyzed the deforestation rate of the project target area, and concluded that there is a high deforestation threat within and around the Asháninka communities, with an estimated annual deforestation rate of 4.9%, affecting a

⁹ A low-interest loan has already been secured from Rabobank.

¹⁰ Oliveira, P., G. Asner, D. Knapp, A. Almeyda, R. Galván, S. Keene, R. Raybin, R. Smith. 2007. Land use allocation protects the Peruvian Amazon. *Science* 317 (5842): 1233-1236

¹¹ IBC. 2014. Amazonía Peruana: Mapa de la Deforestación 2001-2010

total area of 227,450 hectares managed by the 14 Asháninkas communities that are beneficiaries of this component.

- 2.21. To slow deforestation, increase tree density, reduce CO₂ emissions, increase farm productivity, and provide an ecological premium for product marketing, the project will undertake a series of activities to improve land use in the project area. The project will promote a strategic alliance with the NFCP¹² to benefit from national-level data collection, ensure alignment of activities, and create links between new Asháninka communities and the Government Program's payment for conservation cash-transfer program.
- 2.22. Specifically, the project will: (i) Strengthen CARE's capacities to map each community. This zoning process will ensure that no less than 85% of forest land will be protected by the project through conservation agreements between the communities and CARE; (ii) Strengthen Kemito Ene's capacity to support decision-making processes of producers when opening new agricultural plots and promote decisions based on sustainability; (iii) Support CARE to include forest protection and climate-smart agriculture principles in communities' bylaws. Farmers will be trained in these standards so that they can maintain their plots within guidelines. The presence of good agroforestry systems will be incorporated into the marketing and commercialization plans so that a price premium may be sought; and (iv) Commission a carbon stocks study to estimate the content of carbon in cocoa and coffee plots and community forest. This will open the discussion of new opportunities for conservation landscape initiatives such as the implementation of the Indigenous REDD model in the Río Ene basin.
- 2.23. Forest cover indicators will be measured using the NFCP platform [Geobosques](#), Peru's national satellite-based imaging system for forest conservation measurement. This system will allow for baseline development and on-going monitoring of the project area, as it can be set to send deforestation alerts as deforestation occurs. To strengthen this system, RFUK will complement satellite imagery with their Real-Time Monitoring (RTM) technology called Forestlink¹³, which allows 'forest monitors' to report forest infractions directly to a central database in real-time, even from areas with no internet or mobile phone connection. CARE will establish a community-based forest early warning system with the communities, through indigenous monitors that will be selected in each community and will be trained on the use of the RTM technological package.
- 2.24. In addition to these activities, RFUK in coordination with other experts (AIDER and Althelia Ecosphere) is studying the possibility of monetizing conservation results of the project by issuing Verified Carbon Units (VCUs)¹⁴. A preliminary study considers a potential of 2,034,750 annual VCUs if 100% of the estimated future deforestation is avoided.
- 2.25. Results of this component will contribute to the achievement of the following DIB outcome indicators by year 4: (i) more than 290 hectares of cocoa and coffee plots under agroforestry systems; (ii) more than 106,000 hectares of forest under conservation agreements; and (iii) a ratio of zero hectares deforested per 1,000 Ha of forest under conservation agreements.

¹² Under the new government, the NFCP is being restructured.

¹³ Forestlink, a proprietary monitoring system developed by RFUK, will be used by CARE and Kemito at no additional cost. However, it will require covering the costs of small equipment and training.

¹⁴ Each VCU represents a reduction or removal of one ton of carbon dioxide equivalent (CO₂e) achieved by a project. VCUs are characterized by a number of quality assurance principles which are confirmed through the project validation and verification process. VCUs are ultimately purchased and retired by an end user as a means of offsetting their emissions.

Component 5: DIB Learning and Dissemination of results

- 2.26. This component will be centered in generation and dissemination of knowledge, at two levels (a) DIB model as a viable financial mechanism for climate smart agriculture and forest livelihoods, and (b) Indigenous inclusion in global value chains under a cooperative business model. To increase awareness on best practices and lessons learned the project will conduct workshops and produce a case study to share with public and private actors and will also participate in DIB/SIB ecosystem. The main audience will still be the DIB working group, formed by DIB parties, advisors and stakeholders of the project.
- 2.27. Quarterly internal meetings will be organized to assess progress in data collection and analysis, and communication of data to DIB parties. An annual supervision and learning workshop will be held with participation of all members of the DIB Working group.

B. Project Results, Measurement, Monitoring and Evaluation

- 2.28. A monitoring system will be established to feed and monitor DIB Outcome Indicators and the Results Matrix Indicators (Annexes I and II). In accordance with the DIB Road Map (Figure One), during the launching, in Phase 2, the Validating Agency will be contracted to validate reporting mechanisms and baseline.
- 2.29. An updated annual report on DIB Outcome indicators (UR) will be delivered by the Service Provider 30 days after the closing of each implementation year and validated by the Validating Agency in the following 30 days, following the instructions agreed by parties. The validated UR will include the annual DIB Outcome Matrix reported by the Service provider, the validated annual DIB Outcome Matrix, the final annual outcome payments to be made by Outcome Payers, and the opinion of the Validating Agency. This validated UR will be a prior condition for every disbursement of Outcome Payers. Additionally, the Service Provider shall report on January 31st and July 31st the level of accomplishment of results through the Project Status Report (PSR) System.

III. Alignment with IDB Group, Scalability, and Risks

A. Alignment with IDB Group

- 3.1. This operation will contribute to the IDB Group's goals by promoting agricultural development with environmental sustainability. The 2017-2021 Peru strategy establishes the priorities of: (i) environmental sustainability and climate change with emphasis on agribusiness, among others; and (ii) productivity. Regarding the 2016-2019 Corporate Results Framework of the Bank, the project is aligned with the following Country Development Results Indicators: N°11 Beneficiaries of improved management and sustainable use of natural capital; and N°17 Micro / small / medium enterprises provided with non-financial support.
- 3.2. The operation is aligned to the IIC strategy in Peru as explained in the country strategy with Peru (GN-2889) in that it supports agribusiness and SME access to financing and value chains. Additionally, the project contributes to other cross-cutting strategic goals of the IDB and IIC such as tackling social inclusion and equality challenges, and promoting gender equality, diversity and environmental sustainability. The development of the project has been undertaken in coordination with the IDB's CCS and GDI Divisions.
- 3.3. In addition, the project will contribute to the MIF mandate of promoting private sector solutions to social-development problems, by supporting indigenous smallholders in implementing sustainable productive practices. Moreover, by being an Outcome Payer, the MIF will pilot a results-based financing mechanism that will allow it to learn about

alternative tools for investing and partnering public and private sectors. To that end, the project is considering lessons learned in global literature and recent MIF experience about results-based financing and social impact bonds. An early lesson learned is that where outcomes can be clearly defined and measured, these types of mechanisms can be a powerful tool for resolving complex social problems efficiently.

- 3.4. This project also contributes to the goals of the IDB's Climate Change Strategy, as it develops a private sector model for forest conservation, and implements agroforestry systems. These impacts will also support Peru's achievement of its climate change goals as outlined in their submission to the Paris Climate Agreement. According to the joint MDB approach on climate finance tracking, 30% of total IDB funding for this project is invested in climate change mitigation/adaptation activities aimed at conserving forests, agroforestry, and CO2 sequestration. This contributes to the IDBG's climate finance goal of 30% of operational approvals by year's end 2020.

B. Scalability

- 3.5. From a market perspective, the project addresses two different concerns of the IDB's GDI and CCS areas, which are inter-related, increasing the income and well-being of native people while increasing forest conservation. Ongoing consultation with both offices will allow the project to distill best practices for future policy recommendations. Moreover, the DIB mechanism falls within the family of Public Private Partnership instruments which are central for the investment in public services and infrastructure, which are of interest to the IIC and VPC. Ongoing consultation will occur with the IIC and VPC PPP teams to include lessons from this project in national dialogues. Specifically, the government of Peru is interested in identifying cost-effective mechanisms to expand its payment for conservation programs into more challenging areas through more efficient and economical approaches. Participation by the GeoBosques platform in the monitoring of the project and in conservation components increases the potential for government scale. By the same token, private corporations, especially in extractive industries, have expressed their interest in following the development of the project.

C. Project and Institutional Risks

- 3.6. **Project implementation risks:** The Risks are mainly related to (a) accidents in transporting cocoa from communities to Satipo and Lima, through rivers and roads which are particularly risky during the rainy season; (b) pests and diseases affecting cocoa and coffee production, such as the leaf rust disease (Roya amarilla) outbreak that occurred in 2013 and affected 85% of coffee plantations in Junín; (c) relatively weak governance in Kemito Ene and communities, which may cause Kemito Ene splits into smaller associations or result in the election of a new board in CARE might not have enough capacities to supervise and make decisions in the project. **Mitigation:** The DIB mechanism provides flexibility to the Service provider to continually adapt project strategy to address new problems and needs during the execution. The first component of the project will consider the adoption of better agricultural practices that have been tested as tools to diminish the risk of diseases and that help producers adapt to climate change. CARE board will keep senior leaders involved in the project thus transmitting good governance practice to new leaders.
- 3.7. **Risks particularly associated to the DIB mechanism:** In the DIB pilot and in other social impact bonds experiences the following risks have been encountered: (a) difficulty in the definition of indicators and measurement of achievement due to lack of data or poor data; (b) lack or minimum participation of impact Investors during the project implementation, which would weaken the DIB model as private influence on strategy, efficiency, etc.; (c) lack of involvement of required DIB parties. There is also a risk that an additional Outcome

Payer cannot be found. **Mitigation:** As explained, the project will be executed in two phases. The rationale of including this phased approach is to avoid these risks by iterating the DIB prototype and discussing its structure and strategy among all DIB parties prior to the launch of the DIB, increasing their strategic participation and commitment. This approach has been defined following lessons learned in the SIBs ecosystem. This approach also limits expenses during the prototyping, in Phase 1, in case a second Outcome Payer cannot be found. During the execution, in Phase 2, these risks will be mitigated by the participation of the Validating Agency in the validation of the monitoring system established by RFUK.

- 3.8. **Institutional Risks:** for (a) Investors: losing part (or all) of their investments; reputational risks in the small impact investing market; (b) Service Provider: reputational risk when not achieving expected outcomes; and (c) for Outcome Payers: not disbursing all the funds allocated to the project because the level of results achieved is lower than expected. **Mitigation:** The structure of the DIB will allow the Service Provider to adapt activities and strategies to adjust to changing environment. In the case of the MIF role, it will be required to socialize the financing mechanism and project structure to the IDB and other stakeholders to guarantee that project success perception does not only depend on disbursements of total budget allocated. A project governance structure that will include the creation of a DIB working group, will be defined during Phase 1 to monitor results and risks.
- 3.9. **Political Risk:** There are important political and local context risks related to this project, including possible changes to political administration, the possible launch of competing government programs in the area, and security problems in the area involved. **Considerations:** The Service Provider will be in constant contact with local partners and local government, anticipating any risk that can affect DIB results. The Service Provider will also work closely with the Government's Forestry programs to coordinate activities. In the case of affected serious risk coming to bear, the Service Provider will inform immediately all DIB parties to review indicators and project scope, if necessary.

IV. Instrument and Budget Proposal

- 4.1. The project will be executed in two phases, both under MIF non-reimbursable modalities. Phase 1 will consist of a technical cooperation of US\$90,000, 100% funded by the MIF. If CSA-DIB prototyping is successful, it will trigger the eligibility of the Phase 2, with a contribution of the MIF up to US\$1.250.000 to be paid if DIB outcomes are achieved, representing 41% of the CSA-DIB outcomes. Another Outcome Payer will be identified to pay for 59% of the outcomes before the launch of Phase 2. Table 1 (below) shows the total budget of the project, including DIB Outcome Payer contributions, to be paid if the DIB outcome indicators are achieved (Annex II). The project will leverage at least 100% of DIB funds from investors, who will assume the delivery risk. Additionally, a local contribution of Kemito Ene and CARE of US\$ 316,575 is expected.

Table 1: Budget summary and Outcome Payers participation

	Phase 1		Phase 2	
	4 months		4 years	
	Total (\$)	Total Local counter-part	TOTAL DIB	TOTAL (\$)
Phase 1: CSA-DIB Prototype Discussion and Structuring				
DIB technical assistance for prototyping and structuring	\$90.000	\$0	\$0	\$90.000
Phase 2: CSA – DIB launching and execution				
Component 1: Sustainable Production & Quality		\$190.700	\$1.266.145	\$1.456.845
Component 2: Commercialization & Marketing		\$0	\$82.850	\$82.850
Component 3: Cooperative Governance and strategic planning		\$23.145	\$408.760	\$431.905
Component 4: Land Use Planning and Forest Conservation		\$102.730	\$405.000	\$507.730
Component 5: DIB Learning and Dissemination of results		\$0	\$29.000	\$29.000
Project management and DIB Validation		\$0	\$855.945	\$855.945
TOTAL COST	\$90.000	\$316.575	\$3.047.700	\$3.454.275
		9%	91%	
				% of Phase
MIF Non-reimbursable technical cooperation, Phase 1	\$90.000			100%
MIF Non-reimbursable technical cooperation, Phase2 - Outcome Payer role. DIB Payments, up to:			\$1.250.000	41%
Outcome Payer 2 - DIB counterpart			\$1.797.700	59%

- 4.2. The DIB will allow a higher level of value for money than traditional grant finance which follows the Effectiveness, Efficiency and Economy paradigms. (1) In terms of Effectiveness, by being contractually tasked to deliver the indicators and freed from rigid budgets and work plans, the Service Provider is more readily able to change strategy, to react and redeploy resources in response to prevailing circumstances on the ground, which is particularly useful in highly fluid situations, where the ability to adapt to prevailing local circumstances can lead to better outcomes. (2) In terms of Efficiency, the risks of non-delivery arising from poor design or management, which in grant finance are borne 100% by the Donor (Outcome Payer), are transferred 100% to the Investor. If the project does not deliver, then the Donor does not pay for it. There is no risk of the Donor's funds being used 'inefficiently' on programs which do not deliver (or their funds are scaled according to results achieved). In grant finance, risk is sought to be managed by co-funding programs with other Donors; however, if they fail, Donors still lose. (3) In terms of Economy, the Donors management cost drops because administrative transactions are reduced. Project supervision is subcontracted to a third party at no additional cost as monitoring is traditional function of development projects, although sometimes not implemented as expected. There is also no need for external audits because once the project is designed and approved the focus shift to the achievement and meaningfulness

of the results indicators. Finally, the additional value comes from the greater emphasis on monitoring and evaluation systems as result of the focus on indicators and payment which will lead to a much greater emphasis on learning and improvements in program implementation than might currently be seen in grant finance.

V. Executing Agency and Implementation Structure

A. Executing Agency(s) Description

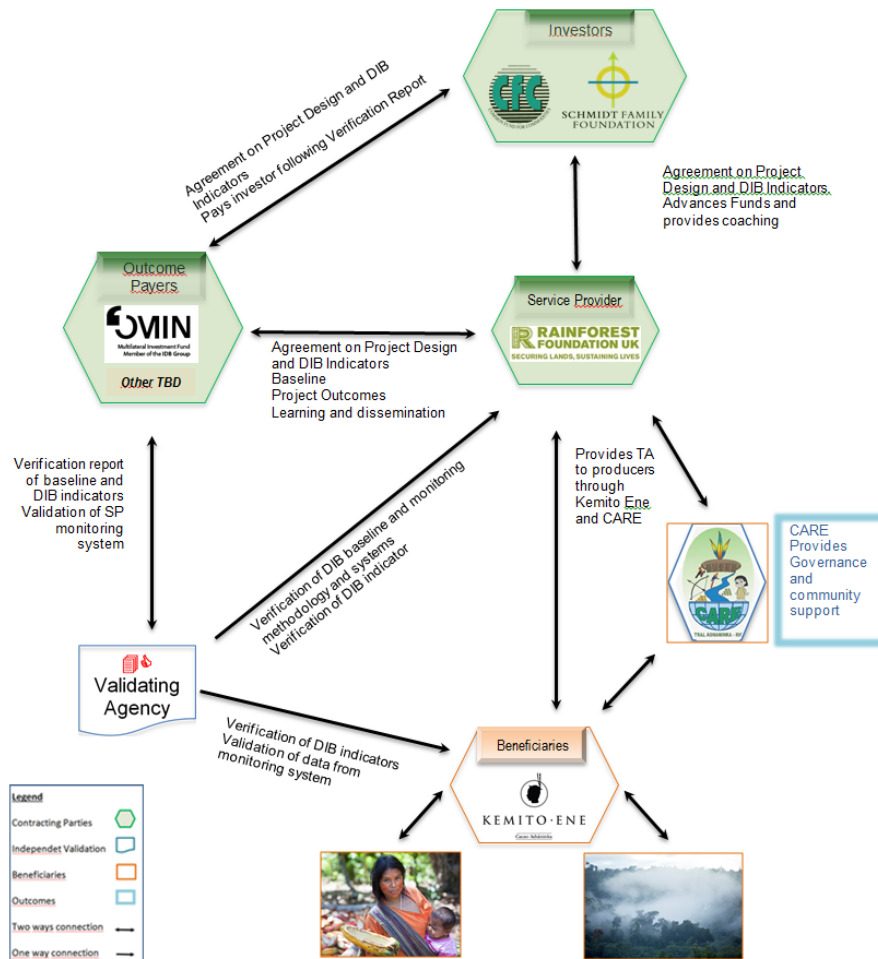
- 5.1. **The Executing Agency** is comprised of RFUK who will be the Service Provider and the CFC and TSFF as the Investors, whose specific commitments will be agreed during the Prototype and structuring, in Phase 1.
- 5.2. RFUK – Service Provider: Its mission is to support indigenous peoples and traditional populations of the world's rainforests in their efforts to protect their environment and fulfill their rights to land, life and livelihood. RFUK's total budget for 2016 was £3.96MM which covered programs in the Peruvian Amazon, the Congo Basin and a global initiative. RFUK works with 15-20 local partner organizations, with many of whom it has had a direct role in establishing and supporting the achievement of self-sufficiency over its 26 years of front line field work and advocacy efforts.
- 5.3. The strengths of RFUK are: (i) its track record and experience in the region (since 1998), and specifically with Asháninka communities of the Ene and Tambo rivers basins, having worked with CARE, the primary local partner organization, from 2008; (ii) its worldwide knowledge of how to work with indigenous peoples; (iii) its strategic capacity building approach; (iv) and its knowledge about cooperative management and cocoa value chain, already proved on its collaboration with CARE and Kemito Ene from 2010, supporting them to increase production from 1.5 tons in 2010 to 48 tons in 2015, while adoption of a centralized post-harvest strategy increased the quality of cacao fermentation. These features also constitute the main attributes of RFUK as the service provider of the CSA-DIB, which requires a strong partnership in the field, knowledge of indigenous culture and idiosyncrasy and the use of technologies to better monitor conservation of a vast territory. Annex V "Institutional Analysis and operational capacity" provides further analysis.
- 5.4. Project implementation will be led by RFUK in close coordination with CARE and Kemito Ene, the local partners and main beneficiary organization. RFUK will establish a project Execution Unit (EU) for the whole duration that will include a permanent management team with both staff in HQ and the field that will be supported by RFUK staff in administration, fundraising, finance and GIS reporting. A RFUK project officer will be leading in the field and will be based in Kemito Ene. Both CARE and Kemito Ene will be strengthened by hiring experts in agroforestry, land and use planning, forest mapping and monitoring, and a sustainable production management team. The EU is responsible for delivering project results and reporting achievement of DIB indicators.
- 5.5. The CFC – Investor: is an autonomous intergovernmental financial institution established within the framework of the United Nations. The CFC's mandate is to enhance the socio-economic development of commodity producers and contribute to the development of society. In line with its market-oriented approach, the CFC concentrates on commodity development projects financed from its resources. As of 2016, the CFC has implemented 6 projects in Peru, one of which was the DIB pilot. They are willing to support by committing up to 50% of investor funds.
- 5.6. The TSFF - Investor: is a non-profit public benefit corporation based in California that supports activities for charitable, scientific, literary, and educational purposes. It brings philanthropic resources to support new knowledge and innovation for problem solving and

for advancing original research in science, energy and the sustainability of the world's biosphere. Currently, TSFF has three Program Areas: Renewable Energy & Climate; Human Rights; and Ecological Agriculture. They are willing to support by committing up to 50% of investor funds, repeating the same role as in the 2015 DIB pilot.

B. Implementation Structure and Mechanism

- 5.7. The DIB structure has been drafted and negotiated between pre-existing partners, but it will be reviewed, prototyped and detailed during Phase 1, "CSA-DIB Prototype Review and Structuring", along with legal and technical experts and other potential investors and donors. Once the DIB structure is agreed and approved by all parties, the DIB contract will be launched in Phase 2 "CSA – DIB launching and execution", by signing legal (s) agreement(s) among parties: (1) Donors or Outcome Payers; (2) Service Provider/s; (3) Investor/s; with the participation of the hired (4) Validating Agency. Figure two shows the relationships among actors, according to their following functions:
- 5.8. **Outcome Payers.** In this case, the Outcome Payers are the MIF and another Donor, to be agreed during Phase 1. MIF's key functions will be: (a) active participation in prototyping and structuring of the CSA-DIB, according to the defined Road Map, setting the rationale of the intervention from the Outcome Payer perspective; (b) disbursement of payments to Investors after the validation of outcomes established in the DIB Outcome Matrix (drafted in Annex II); (c) take a leading role in contracting the Validating Agency; (d) articulation of activities to facilitate the participation of government agencies, private corporations and SIB/DIB ecosystem partners in the learning process and results of DIB.
- 5.9. **Investors.** In this case, the CFC and TFFT have been pre-identified as investors, who will: (a) advance funds to the Service Provider according to project strategy and outcome matrix agreed during Phase 1, (b) assume the risk of non-delivery; and (c) provide technical advice and implementation supervision if needed, ensuring the maximum efficiency in implementation.
- 5.10. **Service Provider.** In this case RFUK, who will (a) be responsible for project implementation by leading the Executing Unit; (b) receive funds from investors to achieve DIB indicators; (c) ensure that the project is rooted in the needs and desires of beneficiaries; (d) iterate and adapt the project strategy to achieve DIB indicators; (e) ensure the functioning of a management and monitoring information system, thus providing timely reports on results and DIB indicators to all parties; and (f) capture knowledge and lessons learned and conduct knowledge dissemination activities.
- 5.11. **Validating Agency.** The Validating Agency will be an independent and technical entity selected by consensus by all DIB Parties prior to DIB launching, which will ideally participate as a technical advisor in Phase 1. The main functions of the validating agency are: (a) provide advice to the Service Provider in setting up the monitoring mechanism for the DIB Indicators; (b) validation of the baseline and methodology to measure indicators; (c) validation of the quality of the monitoring system of the Service Provider; and (d) verification of final outcomes reported by the Service Provided, providing technical opinion and determining the final payments to be disbursed by Outcome Payers.

Figure two: CSA-DIB Execution Mechanism



VI. Compliance with Milestones and Special Fiduciary Arrangements

- 6.1 **Eligibility and Disbursements.** As defined in the road map, the project will be executed in two phases. Phase 1 will be a regular non-reimbursable technical cooperation to finance technical experts to discuss the CSA-DIB prototype and make required arrangements prior its launching. This Phase eligibility will follow regular TC prior conditions, and disbursements will work under advance of funds, justification and milestones achievement (Annex IV).
- 6.2 Phase 1 will be considered successfully fulfilled if all DIB parties have approved the following deliverables: (1) CSA-DIB Governance: a document describing the overall Governance structure, including DIB parties roles and functions, governance protocols, and procedures for risks and results monitoring by DIB Working group; (2) CSA-DIB Accountability: a document describing the accountability mechanisms defined, including roles, responsibilities and reports formats (PSR, UR and others required); (3) CSA-DIB Structure: a document describing the agreed upon DIB structure as result of the prototyping process, including a project implementation plan, activities, budget and results indicators, the DIB Outcome Matrix (comprising the payment structure and conditions, indicators measurement methodology, verification design and pricing),

investor flows, cost-effectiveness assessment of the model, and risk and incentives assessment; (4) Terms of reference for the Validating agency and final selection; (5) CSA-DIB Learning agenda: a document defining the learning agenda, considering DIB parties roles, and an action and dissemination plan; (6) CSA-DIB Contract: final version of contract agreement reviewed by legal teams.

- 6.3 Eligibility of Phase 2 will be subject to Bank's reception and approval of the six stand-alone documents listed above, or other ones commonly agreed by DIB parties during the prior Phase. Phase 2 will be a non-reimbursable technical cooperation based on the achievement of certain results. MIF's proceeds will be disbursed annually upon the achievement of results specified in the DIB Outcome Matrix. Conditions prior to first disbursement of this Phase will be (i) signature of the Validating Agency contract; and (ii) approval of the Baseline report. For each DIB Outcome Payment, it will be required that the (i) Investors have provided to the Service Provider accumulated funds of at least equal value to the accumulated maximum payment expected; and the (ii) Validating agency submits the validated UR, including payment requirements for the period.
- 6.4 **Procurement and Fiduciary Arrangements.** According to the Appendix 4 of IDB Policies (GN-2349-9 y GN-2350-9), the Executing Agency, which belongs to the private sector, will use the private sector procurement methods. Following the best practices of results-based financing and impact bonds, the Outcome Payers will rely on Investors' supervision to procurement and fiduciary arrangements performed by the Service Provider. Both the Investors and the Service Provider have solid and proven financial and procurement systems, including conducting audits on their financial statements and prepare financial reports annually. The Service Provider shall use investor funds for exclusively to the financing of eligible expenditures. All eligible expenditures of the project are expenditures reasonably incurred during the executing period in the purchase of goods and services deemed by the Service Provider to be essential for the achievement of DIB Indicators. Technical annexes consider the initial investment budget and implementation plan to be managed and updated accordingly to execution needs by the Service Provider.
- 6.5 **Integrity.** All parties and contractors participating in the DIB must observe the highest ethical standards. The Executing Agencies shall take all appropriate measures to prevent and mitigate prohibited practices and conflicts of interests. If the Bank determines that any participant in the project has engaged in prohibited practices, it may impose sanctions pursuant to its Sanctions Procedures. Entities and individuals included in the IDB Group list of sanctioned parties are not eligible to participate in the project.
- 6.6 **Environmental and social safeguard** assessment will follow standard Bank procedures. This operation was screened and classified as required by the IDB's safeguard policy (OP-703) on January 3, 2017. Given the limited impacts and risks, the proposed category for the project is C. The project shall strictly respect all the applicable national and international regulations, notably Convention 169 of the International Labor Organization on Indigenous and Tribal Peoples, and related Peruvian laws. In consultations with communities, beneficiaries themselves identified the need for this project, and their opinions have been instrumental in its design and implementation.