

CONFIDENTIAL
INTERNAL USE
PUBLIC UPON APPROVAL

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

BRAZIL

**STRUCTURING AN INNOVATIVE HANDICRAFT VALUE CHAIN TO SUPPORT
VENEZUELAN MIGRANTS OF THE WARAO INDIGENOUS POPULATION**

(BR-T1477)

DONORS MEMORANDUM

This document was prepared by the project team consisting of: Juan Pablo López Gross (LAB/DIS) and Melissa Sendic Sudbrack (DIS/CBR), Project Team Co-leaders; Cecilia Franco (LAB/DIS); Cristina Parilli (DSP/DVF); Alison Elias (SCL/MIG); George Rogers (FML/LAB); Alexandra Hambrook (FML/LAB); and Patricia Guevara (LAB/DIS).

This document contains confidential information relating to one or more of the ten exceptions of the Access to Information Policy and will be initially treated as confidential and made available only to Bank employees. The document will be disclosed and made available to the public upon approval.

CONTENTS

PROJECT SUMMARY

PROJECT INFORMATION

I.	THE PROBLEM	1
A.	Problem description	1
II.	THE INNOVATION PROPOSAL	3
A.	Project description	3
B.	Components and activities	6
C.	Project results, measurement, monitoring, and evaluation	11
III.	ALIGNMENT WITH THE IDB GROUP, SCALABILITY AND SUSTAINABILITY, AND RISKS ...	12
A.	Alignment with the IDB Group	12
B.	Scalability and sustainability	14
C.	Institutional and project risks	15
IV.	PROPOSED BUDGET AND INSTRUMENT	15
V.	EXECUTING AGENCY AND IMPLEMENTATION STRUCTURE	16
A.	Description of executing agencies	16
B.	Implementation structure and mechanism	17
VI.	FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY AGREEMENTS	17
VII.	DISCLOSURE OF INFORMATION AND INTELLECTUAL PROPERTY	18

PROJECT SUMMARY

STRUCTURING AN INNOVATIVE HANDICRAFT VALUE CHAIN TO SUPPORT VENEZUELAN MIGRANTS OF THE WARAO INDIGENOUS POPULATION (BR-T1477)

Over 5.5 million people have fled Venezuela¹ owing to the complex social, economic, and political crisis unfolding there. More than 80% have migrated to other Latin American and Caribbean countries, particularly Colombia (1.7 million) and Peru (1.04 million). Although Brazil has received around 261,000 such migrants, it has the largest population of Venezuelans with protected-person status as refugees in the region (more than 40,000). It is projected that the impacts of COVID-19 could further aggravate this regional migration crisis in the near future and substantially increase the numbers involved.

The migrant populations that have arrived in Brazil especially include some extremely vulnerable groups: indigenous communities. These people often face exclusion on two counts: as migrants and as indigenous people with a different culture and language. Some 5,000 people of various Venezuelan indigenous ethnicities are currently seeking protection in northern Brazil and being accommodated in temporary refugee centers. The majority, about 4,000, are members of the Warao ethnic group, who have walked some 500 kilometers in an ongoing migration since 2016 from Delta Amacuro state, in northeastern Venezuela, to Brazil, in search of opportunities and a better life.

One of the Warao people's main sources of income is the sale of handicrafts, which are made by the women, using raw materials gathered by the men. The beautiful traditional handicrafts of the Warao people, whose skill is passed from generation to generation, are made from *Buriti* palm fiber, which is abundant in Venezuela and also in northern Brazil. However, forced migration and territorial displacement have raised many obstacles to handicraft production, which has accentuated the economic needs of these people (learn more in this [video](#)).

In 2019, a São Paulo-based cultural organization, A CASA Museu de Artes e Artefatos Brasileiros [A CASA Museum of Brazilian Art and Artefacts], in partnership with the Office of the United Nations High Commissioner for Refugees (UNHCR), launched a pilot program to support Warao craftswomen. As part of this initiative, they identified the following main difficulties for scaling up the production and sale of their handicrafts: (i) the lack of organization and coordination among the craftswomen; (ii) access to raw material (*Buriti* fiber); (iii) achieving standardization in terms of quality and prices; and (iv) access to new national and international markets via traditional and technology-based channels.

This project seeks, in a novel way, to strengthen the capabilities of this population group by harnessing their traditional knowledge and creativity so that they can find a path to social inclusion and economic sustainability in Brazil. With an accent on productivity and entrepreneurship, an innovative value chain will be structured that enables them to overcome obstacles in craft production and to market their products nationally and internationally, both via traditional channels and, for the first time, via online selling platforms.

¹ R4V Database, online at <https://r4v.info/en/situations/platform>.

ANNEXES

Annex I	Results Matrix
Annex II	Budget Summary
Annex III	iDelta

APPENDICES

Proposed resolution

INFORMATION AVAILABLE IN THE TECHNICAL DOCUMENTS SECTION OF THE IDB LAB PROJECT INFORMATION SYSTEM

Annex IV	Diagnostic Assessment of Integrity and Institutional Capacity (DICI)
Annex V	Milestone reporting and fulfillment requirements and fiduciary agreements
Annex VI	Procurement plan
Annex VII	Innovation Operating Regulations

ABBREVIATIONS

A CASA	A CASA Museu de Artes e Artefatos Brasileiros / Museu do Objeto Brasileiro [A CASA Museum of Brazilian Art and Artefacts / Museum of Brazilian Everyday Objects]
CNPJ	Cadastro Nacional da Pessoa Jurídica [National Registry of Legal Entities]
DSA	Daily subsistence allowance
FFHI	Fraternidade Federação Humanitária Internacional [Fraternidade International Humanitarian Federation]
IDB Lab	IDB Group Innovation Lab
MIG	Migration Unit
MPF	Ministério Público Federal do Brasil [Federal Public Prosecution Office of Brazil]
NGO	Nongovernmental organization
PAB	Programa do Artesanato Brasileiro [Brazilian Handicrafts Program]
R4V	Plataforma Regional de Coordenação Interagências para Refugiados, Refugiadas e Migrantes da Venezuela [Interagency Coordination Platform for Refugees and Migrants from Venezuela]
RFB	Receita Federal do Brasil [Brazilian Federal Revenue Service]
SDGs	Sustainable Development Goals
SEBRAE	Serviço Brasileiro de Apoio às Micro e Pequenas Empresas [Brazilian Microenterprise and Small Business Support Service]
SICAB	Sistema de Informações Cadastrais do Artesanato Brasileiro [Brazilian Crafts Registration Information System]
UNHCR	United Nations High Commissioner for Refugees
USAID	United States Agency for International Development

PROJECT INFORMATION

BRAZIL

STRUCTURING AN INNOVATIVE HANDICRAFT VALUE CHAIN TO SUPPORT VENEZUELAN
MIGRANTS OF THE WARAO INDIGENOUS POPULATION
(BR-T1477)

Country and geographic location:	Brazil (Manaus, Boa Vista, and Pacaraima)		
Executing agency:	A CASA Museu de Artes e Artefatos Brasileiros [A CASA Museum of Brazilian Art and Artefacts]		
Focus areas:	Knowledge Economy		
Ongoing coordination with other donors/ Bank operations:	This project was selected through the BetterTogether/JuntosEsMejor Challenge , a global initiative to identify, finance, and scale up innovative solutions from around the world to support Venezuelan migrants and their host communities in the region. This project has been designed in coordination with the IDB Migration Unit (MIG) , seeking to aligning it with MIG's operational work in Brazil. The Gender and Diversity Division (GDI) , has also been made aware of the project for alignment with the IDB Group's approach to working with indigenous populations. In addition, this project is aligned with the Tourism Sector Framework Document and the Urban Development and Housing Sector Framework Document and their operational work in Brazil.		
Project beneficiaries:	The direct beneficiaries of this project will be 100 Warao indigenous women who produce handicrafts, and 80 Warao men who harvest <i>Buriti</i> fiber. The indirect beneficiaries an estimated 500 Warao indigenous people belonging the craftswomen's nuclear family.		
Financing:	IDB Lab technical cooperation:	US\$250,000.00	46%
	Counterpart resources:	US\$290,000.00	54%
	Total budget	US\$540,000.00	100%
Execution and disbursement period:	18 months for execution and 24 months for disbursement and monitoring of expected outcomes.		
Special contractual conditions:	Conditions precedent to the first disbursement: (i) contracting of the Project Coordinator; (ii) legal authorization of Fraternidade Federação Humanitária Internacional [Fraternidade International Humanitarian Federation] (FFHI) for <i>Buriti</i> fiber harvesting expeditions; and (iii) a cooperation agreement between A CASA and FFHI.		
Environmental and social impact review:	This operation was reviewed and classified pursuant to the Bank's Environment and Safeguards Compliance Policy (Operational Policy OP-703) on 3 May 2021. Given the limited impacts and risks, the proposed category for the project is "C."		
Unit with disbursement responsibility:	The Bank's Country Office in Brazil (CSC/CBR).		

I. THE PROBLEM

A. Problem description

- 1.1 Over 5.5 million people have fled Venezuela² owing to the complex social, economic, and political crisis unfolding there. More than 80% have migrated to other Latin American and Caribbean countries, particularly Colombia, which has absorbed 1.7 million, and Peru (1.04 million). Although Brazil has received around 261,000 such migrants, it has the largest population of Venezuelans with protected-person status as refugees in the region (more than 40,000). It is projected that the impacts of COVID-19 could further aggravate this regional migration crisis in the near future and substantially increase the numbers involved.
- 1.2 The migrant populations that have arrived in Brazil include some particularly vulnerable groups: indigenous communities. These people often face exclusion on two counts: as migrants and as indigenous people with a different culture and language. Some 5,000 people of various Venezuelan indigenous ethnicities are currently seeking protection in northern Brazil and being accommodated in temporary refugee centers.³ The majority, about 4,000, are members of the Warao ethnic group, who have walked some 500 kilometers in an ongoing migration since 2016 from Delta Amacuro state, in northeastern Venezuela, to Brazil, in search of opportunities and a better life.
- 1.3 One of the greatest challenges for the Brazilian government's plan of action to address the Venezuelan migrant crisis is meeting the specific needs of indigenous migrant populations. In particular, this requires developing a culturally appropriate humanitarian response that preserves the identity and specific cultural features of the population in question, while offering sustainable solutions involving less dependence on humanitarian aid.
- 1.4 This population segment, who are mostly living in shelters, often receive limited assistance in practice from public or government service providers and nongovernmental organizations (NGOs). This leaves them in an extremely vulnerable condition, especially because their traditional sources of livelihood, such as hunting, fishing, and agriculture, are extremely limited, due to the forced displacement they have experienced.
- 1.5 The majority of indigenous Venezuelan migrants are currently living in temporary facilities managed by NGOs and in squatter camps where humanitarian assistance is extremely sparse and the vast majority have little or no ability to participate in the economy. Women and children frequently resort to begging and other undesirable survival mechanisms.
- 1.6 The Federal Public Prosecution Office of Brazil (MPF) in the state of Amazonas worked with support from the Office of the United Nations High Commissioner for Refugees (UNHCR) on a survey to ascertain the labor profile and prospects for socioeconomic inclusion of the indigenous population, especially the Warao ethnic

² R4V Database, online at <https://r4v.info/en/situations/platform>.

³ UNHCR report on activities for indigenous populations: https://www.acnur.org/portugues/wp-content/uploads/2021/03/ACNUR_Informativo_Indigena_jan-fev-21-2.pdf.

group. The research found that 44% of the Warao had never attended school, and only 1.5% had a university degree. As Warao women are traditionally produce handicrafts, the survey asked about their work experiences in Venezuela and found that craft work (41.2%) was their main productive activity and source of income, followed by domestic work (15.7%) and agriculture (7.5%).⁴

- 1.7 Consequently, a pilot initiative was developed in 2019, focused on enabling this population segment to earn income. The initiative was carried out by the A CASA Museum of Brazilian Art and Artefacts, in partnership with UNHCR, and focused on supporting the process of production and sale of handicrafts made with fiber obtained from the *Buriti* palm tree (*mauritia flexuosa*).



Illustration 1: Warao craftswomen in an A CASA training activity in 2019.

- 1.8 The project resulted in a public exhibition in the city of São Paulo, where all the exhibited items quickly sold, thus confirming the extensive public interest and commercial potential of Warao handicrafts. This experience also highlighted the main challenges facing the Warao community in making and selling their handicrafts: (i) lack of organization as a group, allowing for more coordinated production; (ii) difficulty in securing the raw material needed to produce the handicrafts; (iii) the women's lack of knowledge of better production practices, standardization of the handicrafts, and financial management; and (iv) the lack of

⁴ <https://www.acnur.org/portugues/wp-content/uploads/2021/04/WEB-Os-Warao-no-Brasil.pdf>.

legal and administrative knowledge making it possible to formalize production and access new markets.

- 1.9 Given these challenges, and aligned with the objectives of the BetterTogether/JuntosEsMejor challenge, the project seeks to build the capacity of one of the Venezuelan diaspora's most vulnerable communities by harnessing the traditional knowledge and ingenuity of this population group to find a sustainable path to self-sufficiency in Brazil. Targeting productivity, innovation, and entrepreneurship, the project will support this community in structuring an innovative value chain that enables them to overcome obstacles in craft production and promote the collective sale of products nationally and internationally, leading to economic stability, social inclusion, and access to public policies.
- 1.10 This solution will support Warao indigenous families in the cities of Pacaraima and Boa Vista (both in the state of Roraima) and Manaus (state of Amazonas), since these are the big cities in northern Brazil where these groups arrive after crossing Venezuela's southern border. The aim in choosing these strategic locations is to make this solution a touchstone that can be scaled up to support other indigenous ethnic groups during their displacement.

II. THE INNOVATION PROPOSAL

A. Project description

- 2.1 The project objective is to support migrant Venezuelan indigenous populations in Brazil, mainly women of the Warao ethnic group, to strengthen their capabilities, traditional skills, and creativity so that they can generate income and find a path towards social inclusion and economic sustainability in the country. To achieve this, the project will seek to strengthen their handicraft production by promoting, in an unprecedented way, the organization of the craftswomen and the structuring of an innovative value chain facilitate access to raw material, training, and the sale of their products nationally and internationally, both via traditional channels and, for the first time, via online selling platforms.
- 2.2 The value chain to be implemented by the project focuses on generating income so that these populations can integrate themselves socially and economically into Brazilian society, cease to depend on humanitarian organizations, and access public policies, thereby improving their living conditions.
- 2.3 One action at the heart of structuring an innovative handicraft value chain will involve creating a nimble mechanism for its functionality and sustainability. Accordingly, the project will promote the unprecedented creation of Associations of Warao Craftswomen in Brazil, which will be directly managed by the women of the community, to coordinate and run the entire operational process. The leaders of this association, serving on its board of directors, will be selected democratically by the craftswomen's community and will receive training and knowledge to assist them in their work. The associations will be established under [Article 44 of Brazil's New Civil Code \(Law 10,406 of 2002\)](#), which governs the criteria, rights, and responsibilities related to the formation of associations.
- 2.4 In December 2020 and January 2021, A CASA conducted awareness-raising actions for Warao indigenous women living in the shelters of the municípios of

- Pacaraima, Boa Vista, and Manaus. The aim of this activity was to present the pilot initiative and map Warao women interested in participating in the project, as well as gather the following information: (i) their process of entry into Brazil and length of stay in the shelter; (ii) their schooling and proficiency in Portuguese and Spanish; (iii) data on their nuclear family; (iv) information on the handicrafts they produce; and (v) identification of women leaders in the community.
- 2.5 The craftswomen identified in the mapping as expressing interest will be the direct beneficiaries of the project and will elect the board of the associations. Voting will take place in one of the founding meetings of the associations prior to their formalization, for the purpose of electing: (i) the directors (one director and one deputy director), (ii) the administrative council (three craftswomen), (iii) the oversight council (three craftswomen), (iv) the sales coordinator (one craftswoman), and (v) the sales assistant (one craftswoman). Alternate members of the board will also be elected, if necessary to stand in due to travel or other reasons.
- 2.6 Although most of the craftswomen have a legal status as refugees, the creation of these associations will enable them to access the rights and benefits of Brazilian law protecting civil society organizations. Efforts will also be made to register the associations in the Brazilian Crafts Registration Information System (SICAB), which is managed by the national government under the Brazilian Handicrafts Program (PAB). This will give the Warao craftswomen access to public policies and benefits, such as tax incentives to create autonomy for the refugee population. Through the support provided by these associations, this project will seek to **structure an innovative handicraft value chain targeting four key factors:**
- 2.7 **Obtaining raw material.** This will involve expeditions to harvest *Buriti* fiber in locations near the indigenous communities, in the municípios of Manaus, Pacaraima, and Boa Vista, supported by the A CASA field team (field assistant and administrative assistant). At this point, the project will involve the Warao men, as is done traditionally in their culture. As the men will generate additional income for the families by undertaking this activity, it is a form of labor inclusion for them as well.
- 2.8 *Buriti* fiber comes from the *Buriti* tree, a palm species widely found in Brazil. From the tree they can extract a fruit very rich in vitamins and minerals that is used to produce juices, sweets, and other food products. In addition, the oil extracted from the fruit is rich in carotene and has medicinal value (wound healing, etc.) for the traditional peoples of Brazil. ***Buriti* fiber** is highly valued for handicrafts because it is extremely fine and malleable, which is why it is essential for traditional Warao handicrafts. The fact that *Buriti* is also found in Venezuela and is regarded by the Warao people as the tree of life, or “*ojidu*,” makes this tree the key factor in fostering this community’s connection to the Brazilian environment.
- 2.9 **Distribution of the raw material and inventory control.** The raw material, either gathered or purchased, will be distributed by each association under the supervision of the A CASA field team, to ensure that the fiber is shared equitably among the craftswomen. In addition, all *Buriti* fiber collected will be controlled by the associations with the guidance and support of the executing partner.

- 2.10 **Production of high-quality handicrafts.** Once they have access to the raw material, the craftswomen will make the handicrafts according to the quality criteria specified during the training workshops. Once produced, all items will undergo quality control to standardize products and prices. The quality control will be done by the sales team of the board and other craftswomen tapped for this task during project execution and as necessary given the volume of production. At least two out of every 10 pieces produced are expected to not meet the quality criteria. Items considered unsuitable for sale will be used as examples in the training workshops or sold locally at a lower price. As the association will encompass women of all ages, the older and more experienced will be encouraged to support the younger in producing handicrafts increasingly suitable for sale to large markets (national and international).
- 2.11 Once the craft items are sold (either nationally or internationally), the funds generated will be received directly by the associations to pay the craftswomen, and 20% will be used to generate a collective saving and investment fund; each craftswoman will receive US\$10 on average per item, and the associations will sell each piece for an average of US\$12). This process will be managed by the administrative council, supported, at the start of the project, by the A CASA administrative assistant. This is intended make the associations sustainable, so that they can continue operating after the project ends, taking on the administration and maintenance costs themselves, as well as buy *Buriti* fiber from external suppliers, to supplement their own harvesting, if necessary. At the start of the project, A CASA will support the association's board on tax and accounting matters, to ensure good governance, clean accounts, and transparency.
- 2.12 **Market research and sales.** Supported by A CASA, the associations will undertake the national and international market study. A visual identity and "brand" will be created from the outset of the project, so that prospecting for potential buyers, both in Brazil's major cities and via online sale platforms (Mercado Libre, Westwing, Amazon, and others), will occur in parallel with production of the items. The communication actions are also expected to be carried out with a specific and attractive brand image of Warao handicrafts, consistent with the community's social and environmental background. This is expected to increase sales and, consequently, income, thereby making the proposal sustainable.
- 2.13 The **solution is innovative** because it will: (i) be the first IDB Lab project in Brazil to support structuring of the value chain and handicraft venture of an indigenous migrant population; (ii) create the first-ever legally established associations of Venezuelan indigenous women, self-led, to support their social integration in Brazil, improve their living conditions, generate financial stability, and enable access to public policies; (iii) generate a public-private coordination mechanism with state environmental agencies in the municípios of Pacaraima, Boa Vista, and Manaus and with the State of Amazonas for the harvesting of *Buriti* fiber in public areas close to the indigenous communities; and (iv) promote the sale of these products in new markets (national and international) both through traditional channels and, for the first time, via online sale platforms (Mercado Libre, Westwing, Amazon, and others).

- 2.14 **Project location.** The project will be implemented in the cities of Pacaraima and Boa Vista (both in the state of Roraima) and in Manaus (state of Amazonas), since these are the big cities in northern Brazil where these groups settle after crossing Venezuela's southern border. The aim in choosing these strategic locations is to make this solution a touchstone for indigenous ethnic groups during their displacement that can be scaled up in the future for other populations.
- 2.15 **Project beneficiaries.** A total of 100 craftswomen will benefit directly from the project activities. In addition, 80 Warao men will benefit directly from the project through their *Buriti* fiber harvesting work. The project is also expected to indirectly benefit at least 500 Warao indigenous people, as members of the craftswomen's nuclear family, so this projection includes children, young people, and the elderly.
- 2.16 Warao society is based on large matriarchal families. The women are in charge of the house, the children, and handicraft sales. The men are part of the craftswomen's nuclear family (their parents, siblings, nephews and nieces, husbands), and their involvement as fiber gatherers, albeit intermittent, will encourage the indigenous people to stay in the project localities, since it will benefit the nuclear family as a whole, not just the women.
- 2.17 **Language.** With the mapping in 2020, A CASA discovered that 65% of the craftswomen interested in participating in the project speak Spanish, 11% speak both Portuguese and Spanish, and 24% speak only the Warao language. Accordingly, Spanish was the language specified for project implementation, but with translation into the Warao language by the craftswomen themselves, when necessary. In addition, to foster greater integration into Brazilian life and ensure that the associations function well, A CASA will take steps to provide Portuguese courses mainly to the craftswomen who are members of the board, during the implementation of this project.

B. Components and activities

- 2.18 A CASA will implement the project through three components: (i) mobilization and social organization of the craftswomen, (ii) training in entrepreneurship and handicraft improvement; and (iii) structuring of the Warao handicraft value chain.

Component I: Mobilization and social organization of the craftswomen

(IDB Lab: US\$70,000.00; Counterpart: US\$99,500.00)

- 2.19 The **objective** of this component is to facilitate the creation and formalization of two associations of Warao craftswomen in two locations: Manaus (state of Amazonas) and Boa Vista (capital of the state of Roraima and near the city of Pacaraima).
- 2.20 This component's main **activities** include: (i) workshops on the role and importance of the associations; (ii) formalization of legal registration of the associations; (iii) enrollment of craftswomen in the Brazilian Handicrafts Program (PAB); and (iv) opening of bank accounts by the Warao craftswomen.
- 2.21 Creation of the associations will enable the Warao craftswomen to achieve organizational capacity quickly and simply. Associations in Brazil are inexpensive to register and easy to run. They are intended to facilitate collective representation for a group of people with a common interest, as in the case of the craftswomen, enabling them to access support or benefits. The associations will enable the

craftswomen to work legally in the formal sector and give them autonomy to manage and market their crafts under Brazilian law.

- 2.22 The associations will be legally established (pursuant to Law 10,406 of 2002) in Boa Vista and Manaus, as these cities offer greater access to logistics services, greater support from the institution executing the project and other partners (UNHCR and governments), and stronger connections with the local market. Pacaraima, which will be the third city of implementation, is important as the main point of entry for the indigenous people in Brazil, where they settle temporarily before moving on to Boa Vista and Manaus. As a small município with about 18,000 inhabitants, it has little infrastructure to receive the large flow of migrants, so actions in this city could help more indigenous people relocate to the nearest capitals.

- 2.23 A CASA will create the associations in four stages, including awareness-raising activities among the women (already begun with the mapping in 2020 by A CASA), establishment of the board of directors, training workshops, and specification of bylaws, legal registration, etc.:

Stage 1 – Awareness-raising. In this stage, women interested in joining the project will be informed of the benefits of creating an association and will be given all information related to legislation, operation, the rights and responsibilities of members, etc. Also presented will be the economic feasibility proposal, infrastructure needs, and the financial resources that will be used to legally establish the two associations. All this information will be imparted at specific workshops for the project beneficiaries.

Stage 2 – Establishment. In this stage, the founding assembly of the associations will be held, as a mandatory requirement in the legalization process, with all members in attendance. This assembly will choose the name of the association and the location of its headquarters. In addition to approving the bylaws, representatives will be elected to the board.

At the end of this stage, the associations will be registered with the National Registry of Legal Entities (CNPJ) and then with the Brazilian Federal Revenue Service (RFB). This registration will enable them to perform financial transactions, enter into sales contracts and binding agreements, and hire employees, if necessary.

Stage 3 – Preoperational. This is the phase of physical structuring, purchase of equipment, opening of bank accounts for the associations and the individual accounts of each craftswoman, obtaining operating permits, and other tasks. All these activities will be supported by the A CASA field team and carried out in coordination with the association's board and members.

At this stage, with support from A CASA, the craftswomen will be officially enrolled free of charge in the PAB, with the issuance of the National Charter of the Craftworker and Manual Worker. Enrollment will give the craftswomen access to public policies, tax incentives, microcredit, a tax exemption on the sale of their products, issuance of invoices, the possibility of becoming independent taxpayers for social security purposes, and other benefits.

According to Decree-Law 9,199, of 20 November 2017, each craftswoman, as refugee or refugee claimant, is entitled to open a bank account in Brazil by presenting documents such as proof of refugee claim and the National Migration Registration card. A CASA will support the craftswomen in this process. Previous experiences with virtual banks, such as Social Bank, were very positive and serve as a benchmark for the opening of new accounts.

Stage 4 – Operational. In this stage, the associations will start operating. To begin a virtuous circle in buying and selling the handicrafts, the associations will buy previously produced and selected pieces from the craftswomen that meet the quality and price criteria agreed on among members. A 20% margin for the association will be added to the purchase price, to generate working capital and cover operating expenses, maintenance costs, and market entry actions.

- 2.24 This component's main expected **outputs** are: (i) 100 craftswomen who have participated in training workshops on the role and importance of the associations; (ii) 14 workshops held on creating associations; (iii) 2 associations formally established; (iv) 100 craftswomen enrolled in the PAB; and (v) 90 craftswomen with bank accounts.

Component II: Training in entrepreneurship and handicraft improvement
(IDB Lab: US\$75,700.00; Counterpart: US\$83,500.00)

- 2.25 The **objective** of this component is to provide the craftswomen with training in entrepreneurship and product standardization techniques, to enable them to price their handicraft products more effectively. The component will also enable business models to be created, to facilitate: (i) access to new markets; (ii) the generation of more stable income for the craftswomen and their families; and (iii) the pursuit of women's empowerment through training in financial management.
- 2.26 The main **activities** included in this component are: (i) workshops on entrepreneurship; (ii) the design of business plans for the associations; (iii) product standardization workshops; (iv) financial education workshops; and (v) workshops on natural dyeing techniques. The workshops will each last between two and four days and will be given by specialist consultants. They will be held in Spanish and Portuguese (with translations into Warao provided by community members) on a recurring basis during project implementation. An awareness and turnout methodology will be followed prior to each workshop, to ensure strong attendance.
- 2.27 A CASA will hold short workshops each month on business management and administration, financial management, basic information technology skills, and how to organize a business plan, with support from the Brazilian Microenterprise and Small Business Support Service (SEBRAE). These workshops will specifically target the boards of the associations and technical strengthening for their members. At the end of the workshops, each association is expected to have a business plan designed with a sustainability plan.
- 2.28 To ensure that the handicrafts can be marketed to broader and international markets, thereby generating more income, the products must be standardized. Standardization workshops will be fundamental for establishing an agreement among the craftswomen on the price-setting process, the types of handicrafts to be included in the portfolio (baskets, flowerpots, plates, etc.), their characteristics in terms of size and types of fiber weaving, and the amount of raw material to be

used per item. A virtual portfolio with images and information on each product will be produced to send to potential buyers, post to social networks, etc.



Illustration 2: Warao basket.

- 2.29 The standardization workshops will be used to present the team of the board responsible for evaluating the quality of the handcraft items and establish, in a participatory manner, the rules for evaluating the quality of the handicrafts and procedures for analysis and what to do with those unsuitable for sale.
- 2.30 The workshops on natural dyeing techniques are necessary not only to improve the quality of the handicrafts, but to help the craftswomen integrate into a new land still largely unknown to them. As they are unfamiliar with the Brazilian trees and plants that can provide a natural dye for their products, the dyeing process has thus far used artificial pigments that detract from the value of the handicrafts. These workshops will make it possible to return to traditional dyeing, using natural elements obtained locally, thereby enhancing the quality of the pieces produced.
- 2.31 Financial education workshops will be run by the A CASA team, supported by [institutional materials](#) developed by the central bank and UNHCR, specifically targeting the migrant and refugee populations. Topics to be addressed are using money wisely, basic banking transactions, working capital, financial reserves, and others.
- 2.32 The main expected **outputs** of this component are: (i) 18 entrepreneurship training workshops held for the boards; (ii) 2 business plans presented and approved by the boards; (iii) 100 craftswomen who have participated in standardization workshops; (iv) 100 craftswomen who have participated in financial education workshops; (v) 100 craftswomen who have participated in

workshops on dyeing techniques; and (vi) 30 types of handicraft products standardized.

Component III: Structuring of the Warao handicraft value chain

(IDB Lab: US\$74,300.00; Counterpart US\$102,100.00)

- 2.33 The **objective** of this component is to structure and connect all the key links in the Warao handicraft value chain. The necessary steps will be taken to strengthen the two ends of the chain: supply of raw material and connection to sales markets. In addition, a communication plan and the development of a Warao handicraft brand will seek to associate the handicraft with its origin, tradition, and social impact.
- 2.34 The main **activities** of this component include: (i) expeditions to harvest *Buriti* fiber, involving Warao men; (ii) establishment of agreements with stores and online selling platforms (Mercado Libre, Westwing, Amazon, and others); and (iii) implementation of a communication plan and development of a handicraft brand.
- 2.35 **Supply of raw material.** In the Warao community, the men are responsible for harvesting *Buriti* fiber. Accordingly, the project will select 80 men from the craftswomen's nuclear families for harvesting expeditions in Brazilian territory. These expeditions will initially be financed out of the project's own budget. However, as soon as the associations are up and running and have working capital, they should be able to hire the men directly for expeditions using their own funds. Each expedition will last one day and will be carried out in locations near the cities of Boa Vista, Pacaraima, and Manaus.
- 2.36 *Buriti* fiber has been harvested sustainably for more than 8,000 years, following the tradition of the Warao people in Venezuela. Under local environmental legislation, this is a very positive precedent for the refugee indigenous population obtaining permits to gather *Buriti* fiber on public lands. During project execution, A CASA will support the associations in the process of obtaining the environmental permits for the expeditions, so that the associations themselves can gain autonomy in finding raw materials.
- 2.37 The Environment Department of the state of Roraima (where the cities of Boa Vista and Pacaraima are located) has already granted authorization for the collection of *Buriti* fiber through Fraternidade Federação Humanitária Internacional [Fraternidade International Humanitarian Federation] (FFHI), which is partnering with A CASA on the project. For this reason, expeditions at the start of the project will be coordinated with FFHI. A special contractual condition of this project will be the submittal of FFHI's legal authorization and the cooperation agreement between that institution and A CASA.
- 2.38 As *Buriti* fiber is a key element in the handicraft production process, and as the expeditions require prior organization of the Warao men and the associations need to have obtained environmental permits, the project budget provides for the possibility of initially having to buy *Buriti* fiber from external suppliers. This will avoid implementation delays.
- 2.39 **Sale of the handicrafts.** The sale of the handicrafts will be negotiated directly with the interested stores by the associations with support from A CASA. Initially, two types of customer are envisaged: traditional stores in the cities and online

platforms that will give access to other local or international markets. In both cases, the products will be ordered “on demand”, with the customer paying 50% of the price upon signature of the contract and the remaining 50% after receiving the items. Transportation of the items, and the shipping cost, will be the responsibility of the buyer. Ten traditional stores in Brazil and several online platforms (Mercado Libre, Westwing, Amazon, and others) that may be interested have already been identified. The network of buyers is expected to expand as a result of project implementation.

- 2.40 **Communication plan.** To generate better results in the marketing process, a communication plan will be developed, including the creation of a visual identity and branding for Warao handicrafts. This will make it possible to publicize the project and highlight its links to the social and environmental cause related to the Warao community in Brazil. In addition, a product catalogue, association websites, and a strategy on social networks and other channels will be established with the objective of boosting sales. Each Warao item will carry a label with its logo and a text telling the story of Warao people’s handicrafts.
- 2.41 The main expected **outputs** of this component are: (i) 8 expeditions undertaken to harvest *Buriti* fiber; (ii) 80 Warao men who have participated in fiber harvesting expeditions; (iii) 13 stores that have purchased handicrafts from the associations; (iv) 100 craftswomen selling their handicrafts to the associations; and (v) a communication plan created and implemented.

C. Project results, measurement, monitoring, and evaluation

- 2.42 The executing agency, A CASA, will collect data and report results and achievements based on the project’s Results Matrix. A CASA will develop an indicator monitoring and measurement plan at the start of the project. The executing agency will report progress in tracking these indicators to the Bank through a six-monthly project status report (PSR) and will submit a project completion report (PCR) on the project’s final results. **The project has five key performance indicators for the monitoring and evaluation of targets and objectives met:**
- 2.43 The first indicator measures the **number of craftswomen who participate in the association’s activities for at least six consecutive months**, to gauge the persistence of their involvement in the associations. This indicator is an indirect measure of the time the craftswomen stay in the communities where the associations will be located, which could indicate greater stability of living and consequent access to public policies or local supports. The ongoing, committed participation of 100 craftswomen is expected by the end of the project.
- 2.44 The second indicator measures the **average monthly income of the associations for six consecutive months**, as an indicator of their sustainability and the funds available after making the payments to the craftswomen. These resources will be used to pay for maintaining the associations’ activities, which is essential for project sustainability. By project-end, each association is expected to have achieved average income of US\$158,400.00 (in the past six months), minus the payments to the craftswomen.

- 2.45 The third indicator measures the **average monthly income of each craftswoman of the associations for six consecutive months**, to show the trend of each craftswoman's earnings via bank deposit vouchers. The target is an average of US\$220 per month in the last six months of the project, equivalent to one monthly minimum wage in Brazil.
- 2.46 The fourth indicator measures the **number of pieces produced by the craftswomen of the associations for six consecutive months**. Each craftswoman's output will be measured via photographs and the associations' production control. Each craftswoman is expected to produce an average of 25 pieces per month.
- 2.47 The fifth indicator measures the **number of pieces sold by the craftswomen of the associations for six consecutive months**. Although each craftswoman will produce about 25 different items each month, probably not all of them will pass quality control. An estimated three or so out of every 25 pieces produced will likely not attain the sales quality established by the associations. The craftswomen's sales to the association will be verified by receipts signed by both parties when the products are delivered.
- 2.48 **Project monitoring and evaluation.** A comprehensive final evaluation of the project will be commissioned, to determine the scope and extent of its achievements. Data will be collected and reviewed during implementation, since most of the outcome and output indicators can be monitored continuously by the A CASA field team. The evaluation questions will provide information on: (i) achievements relative to the proposed outcomes; (ii) the generation of sufficient income to make the associations sustainable; (iii) income generated for women in the three project cities; (iv) new buyers of the handicrafts; (v) improvement of the quality of life of the Warao families involved in the project; and (vi) systematic documentation of lessons learned.

III. ALIGNMENT WITH THE IDB GROUP, SCALABILITY AND SUSTAINABILITY, AND RISKS

A. Alignment with the IDB Group

- 3.1 This project will be implemented in coordination with the Office of the United Nations High Commissioner for Refugees (UNHCR), which will partner with A CASA in executing the activities with the Warao indigenous people. This proposal was selected from the [BetterTogether/JuntosEsMejor Challenge](#) in partnership with the United States Agency for International Development (USAID). Its evaluation process involved judges/evaluators drawn from across the IDB Group, with the aim of aligning the selected proposals with the work and priorities of other sectors. Additionally, in the context of the challenge, this project will be implemented in coordination with USAID and other partners and will share its results with them.
- 3.2 The project is aligned with the **IDB Group's operational priorities and sector framework documents**, specifically **Gender and Diversity**, to guarantee gender equality and women's empowerment, as well as the development with identity of indigenous peoples; and **Social Protection and Poverty**, to support minimum consumption levels of the extreme poor through capacity-building mechanisms, promoting the autonomy of the poor and vulnerable and offering special protection

- for those whose situation of dependency is such that they need specific care. This project has also been designed in coordination with the **IDB Migration Unit (MIG)**, seeking to join efforts with other, existing operations and align with MIG's Action Framework for Migration. The framework's objective to implement a comprehensive agenda to turn the challenges of migration into development opportunities for the countries of the region, using financial and nonfinancial instruments, leveraging investments, and scaling up innovative solutions that contribute to the successful integration of migrants into their host communities.
- 3.3 The project is aligned with the IDB's **Urban Development and Housing Sector Framework Document**, contributing to line of action 1, "Overcoming structural social exclusion," and line of action 3, "Boosting urban productivity." In addition to being aligned to operation BR-T1431, "Manaus Prourbis 2," now in preparation, the project is aligned with the IDB's **Tourism Sector Framework Document**, addressing the challenge of strengthening the tourism value chain, in this case specifically that of handicrafts, to increase the inclusion and the social benefits derived from tourism. With specific activities bringing low-income groups into tourism value chains through technical assistance, the project will contribute to increasing their income and help them to integrate more fully into the sector's value chain.
- 3.4 The project is aligned with the **Bank's country strategy with Brazil 2019-2022** (document GN-2973) by proposing the adoption of new technologies, fostering environmental sustainability, and promoting social inclusion with opportunities, thereby aligning with the strategic objective of promoting greater economic competitiveness. In addition, since the Warao indigenous women are direct beneficiaries, the project is aligned with the crosscutting theme of gender and diversity.
- 3.5 The project is also aligned with **Operação Acolhida** [Operation Welcome], created in 2018 by the Government of Brazil in coordination with several United Nations agencies and funds, such as UNHCR, the International Organization for Migration (IOM), the United Nations Children's Fund (UNICEF), and the United Nations Population Fund (UNFPA), as well as with the governments of the states of Amazonas and Roraima, the municipal governments of Manaus, Boa Vista, and Pacaraima, and over 100 nongovernmental organizations (NGOs). The purpose of Operação Acolhida is to receive Venezuelan migrants with dignity, offer them shelter, and connect them to opportunities for work and integration in Brazil.
- 3.6 Regarding the **Sustainable Development Goals (SDGs)**, the project is aligned particularly with the following:
- SDG 5, Gender equality, Target 5.5, to ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.
 - SDG 8, Decent work and economic growth, Target 8.3, to promote productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalization and growth of micro, small, and medium-sized enterprises, including through access to financial services.

- SDG 10, Reduce inequalities, Target 10.2, to support the social and economic inclusion of Venezuelan migrants and entrepreneurs in the host community.

B. Scalability and sustainability

- 3.7 The associations are a key part of structuring an innovative value chain in support of Warao craftswomen and the expansion of their activities, progressively adding more women and increasing access to sales channels. After the project, it is expected that another five new craftswomen will join one of the associations each month, and at least one new sales channel will be established every six months. The associations' financial sustainability will make it possible to maintain training and financial inclusion activities for the new craftswomen, as well as dissemination and communication activities aimed at opening up new markets.
- 3.8 This project will also draw on A CASA's experience and network of connections, accumulated from similar projects in Brazil during its more than 22 years of experience. A CASA's connections with the local market will thus underpin the sustainability of the initiative, and it will shed its role as project executing agency to one of partner with the associations in the process of promoting and selling the handicrafts.
- 3.9 The following institutions will partner with A CASA in promoting the project's future sustainability and scaling:
- **Office of the United Nations High Commissioner for Refugees (UNHCR):** Support in contracting equipment and procuring materials and additional resources for project implementation, as well as support in the form of technical expertise and connections with partners working directly with the beneficiaries.
 - **Fraternidade Federação Humanitária Internacional [Fraternidade International Humanitarian Federation] (FFHI):** Support in mobilizing and organizing the Warao indigenous community. FFHI administers the shelters in Boa Vista and Pacaraima, so it has a strong link with the indigenous groups of these localities and will support the project through community mobilization, communication, and strengthening. It will also support in organizing and conducting the *Buriti* fiber harvesting expeditions with the Warao men.
 - **Municipal Government of Manaus:** Responsible for the shelters in the city of Manaus, and support in mobilizing the Warao people.
 - **Roraima and Amazonas State Environment Departments:** Support in the legal authorization process for *Buriti* fiber harvesting by the associations.
- 3.10 As the project's main legacies will persist after the project end date, the resources invested in it will be key to its future scalability and sustainability. Examples of project outcomes related to its consolidation include: (i) the establishment of two Warao women's associations; (ii) an increase in the craftswomen's monthly income; (iii) knowledge products containing results and information that lend credibility to the work done; and (iv) all lessons learned during the project that will afford the solution greater maturity and consistency.

C. Institutional and project risks

- 3.11 **Risk of indigenous community participation.** Warao community members may not feel confident participating in the project actions, or else they may move on to other cities, thereby preventing participation in the associations. **Mitigation:** Awareness actions and discussion/explanation groups will be organized to ensure that indigenous migrants understand the activities of the project, its purpose, and its social and economic benefits over time.
- 3.12 **Language risk.** Although the mapping by A CASA found that most of the beneficiaries speak Spanish, steps should be taken to ensure that the language to be used does not exclude anyone or lead to rejection among some community participants. **Mitigation:** Although Spanish will be the main language used with the craftswomen in the mobilization actions and workshops, volunteer craftswomen will be identified who will simultaneously translate into Warao during the activities. In addition, during project implementation and as an additional action (not included in this project's activities), A CASA will seek to partner with institutions that can provide free Portuguese language courses for any women who are interested.
- 3.13 **Risk of access to raw material for handicraft production.** Governments and their environment departments need to grant authorization for *Buriti* fiber harvesting expeditions in public areas of the cities. These processes may extend beyond the project implementation periods and could be affected by the COVID-19 situation in the cities. **Mitigation:** The request for authorization from the municipal governments was made prior to the start of the project, and the Environment Department of the city of Boa Vista has already granted it. In addition, UNHCR is providing project counterpart funding to buy the fiber until environmental permits are received and during the social distancing measures due to the pandemic.
- 3.14 **Risk from COVID-19.** Lockdowns may be reimposed, if COVID-19 case/death rates rise. **Mitigation:** To mitigate the risk of infection in face-to-face activities, A CASA will observe health protocols such as using hygiene and protective materials, holding activities in open spaces, and distancing between participants. The A CASA team will also maintain contact with the craftswomen by phone and through WhatsApp groups.

IV. PROPOSED BUDGET AND INSTRUMENT

- 4.1 The project will have a total cost of US\$540,000.00. Of that amount, US\$250,000.00 will be nonreimbursable technical cooperation funding provided by IDB Lab, and US\$290,000.00 will be counterpart funding.
- 4.2 **Retroactive recognition of counterpart funds.** Retroactive recognition of counterpart funds is applicable in this operation. Date of application: 23 October 2020, for up to US\$83,000.00. The recognized funds were used for the mapping, contracting of the field team, project consultants, and other activities.

Project components	IDB Lab (US\$)	Counterpart (US\$)	Total (US\$)
Component 1: Mobilization and social organization of the craftswomen	70,000.00	99,500.00	169,500.00
Component 2: Training in entrepreneurship and handicraft improvement	75,700.00	83,500.00	159,200.00
Component 3: Structuring of the Warao handicraft value chain	74,300.00	102,100.00	176,400.00
Project administration	0.00	4,900.00	4,900.00
Project evaluation, audits, and contingencies	30,000.00	0.00	30,000.00
Total	250,000.00	290,000.00	540,000.00
% of financing	46%	54%	100%

V. EXECUTING AGENCY AND IMPLEMENTATION STRUCTURE

A. Description of executing agencies

- 5.1 [Museu A CASA do Objeto Brasileiro](#) [A CASA Museum of Brazilian Everyday Objects] will serve as executing agency for this project and will sign the agreement with the Bank. A CASA is a nonprofit organization with 23 years in existence.
- 5.2 Since it opened in 1997, A CASA has promoted the recognition, appreciation, and development of Brazilian crafts and design through four lines of activity: (i) Social: promotion of the personal and collective advancement of craftswomen, supporting the organization of cooperatives and associations; (ii) Economic: income generation for craftswomen and stimulation of entrepreneurship; (iii) Cultural: commercial development, promotion, and dissemination of traditional and innovative handicrafts in the context of Brazilian culture; and (iv) Sustainability: creation of environmentally sustainable solutions and behaviors.
- 5.3 A CASA was one of the first institutions in Brazil to work with communities of craftswomen, seeking to preserve traditional handicraft techniques and facilitating the spread of knowledge, the commercialization of local crafts, and improvement of the population's income. Its first project, "Design Solidário Brasil-Holanda," was undertaken with support from the Dutch University in 2000. It sought to showcase leather handicrafts from the city of Serrita in the state of Pernambuco. In 2001, in its first independent project, A CASA worked with women lace makers (*rendeiras*) from Morro da Mariana on the island of Santa Isabel in the state of Piauí, in conjunction with the renowned stylist Walter Rodrigues.
- 5.4 In 2013 A CASA supported autonomy and income generation for the Art-ilha women embroiderers association, based in the city of Pão de Açúcar in the northeastern Brazilian state of Alagoas. This initiative made it possible to revitalize traditional embroidery techniques with craftswomen, empowering them by increasing the marketing and sales value of the pieces. In addition, in 2011 A CASA implemented the Tecelando Histórias project with craftswomen from the city of Monte Azul in the southern Brazilian state of Paraná, who make hats with straw from the maize they plant. The project made it possible to develop and market an array of products that continue to generate income for the community and improve their quality of life.

- 5.5 In 2019 the A CASA museum began working with the Warao indigenous community to support their inclusion in Brazilian society. An exhibition of Warao handicrafts was held that same year at A CASA headquarters in São Paulo, which was very successful since all the exhibited items were sold. Since 2019 A CASA has been working with UNHCR in the cities of Pacaraima, Boa Vista, and Manaus to foster inclusion of the Warao indigenous community through its handicrafts.

B. Implementation structure and mechanism

- 5.6 The A CASA team has proven experience in working with traditional and indigenous populations, as well as specific experience in supporting craftswomen and connecting with private sector partners and sales markets. For the implementation of this project, an execution unit will be set up at A CASA in São Paulo, supported by two field teams in the cities of Boa Vista and Manaus, who will provide constant, close support for the associations of craftswomen. The project's general coordinator will travel between the headquarters and the cities where the associations are located. In addition to the structure necessary for direct activities with the Warao people, specialist consultants will also be engaged to focus on local implementation of the project and monitor the program indicators.
- 5.7 During project implementation, A CASA will keep both IDB Lab and UNHCR well informed of progress and will coordinate monthly meetings of all parties to review challenges and progress during implementation.

VI. FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY AGREEMENTS

- 6.1 **Results-based disbursement and fiduciary agreements.** The executing agency will adhere to the IDB Lab standard disbursement, results, the Bank's procurement policy,⁵ and the financial management agreements⁶ specified in Annexes V and VI.
- 6.2 **Results-based disbursement.** The Project will be monitored by the Bank's Country Office in Brazil, in coordination with the IDB Lab private finance operations specialist. Monitoring will be in accordance with the performance and risk management policies (fulfillment of milestones) established by IDB Lab in April 2008. Project disbursements will be contingent upon verification of the achievement of milestones (predetermined outputs critical to achieving the development objectives). Achievement of milestones does not relieve the executing agency from responsibility for meeting the Results Matrix indicators and project objectives.

⁵ Link to the policy: [Policies for the Procurement of Works and Goods Financed by the Inter-American Development Bank](#).

⁶ Link to the document: [Operational Guidelines for Milestone Management and Financial Supervision of MIF and SEP Technical Cooperation Projects](#).

VII. DISCLOSURE OF INFORMATION AND INTELLECTUAL PROPERTY

- 7.1 **Disclosure of information.** The information contained in this document is classified as “public upon approval” under the Bank’s Access to Information Policy.⁷
- 7.2 **Intellectual property.** The intellectual property of the pieces produced by the Warao community during implementation of this project belongs to the community itself. The knowledge products generated by the project will be property of the IDB, which will grant a nonexclusive, royalty-free license to A CASA, including the rights to use, copy, disseminate, reproduce, and publish the knowledge products resulting from the project in any medium.

⁷ <https://www.iadb.org/en/access-information/home>.