

# **Environmental and Social Analysis and Environmental and Social Management Framework**

---

**The Amazon Bioeconomy Fund: Unlocking private capital by  
valuing bioeconomy products and services with climate  
mitigation and adaptation results in the Amazon**

**Inter-American Development Bank (IDB)**

2021-08-17

## **1. Executive Summary:**

The Inter-American Development Bank Group (“IDB” or “Bank”) is in the process of structuring a Fund to finance investments that enhance the bioeconomy in the Amazon regions of Brazil, Colombia, Ecuador, Guyana, Peru and Suriname (the “Fund”). In line with IDB and GCF sustainability frameworks, the Bank will manage the environmental and social risks and impacts of the Fund in accordance with the Bank’s September 2020 Environmental and Social Policy Framework (“ESPF”). Financial intermediaries will manage the Fund in accordance with specific Environmental and Social Management Systems (“ESMS”) to be approved by the Bank. Specific sub-projects to be executed by borrowers will furthermore be subject to environmental and social screening and management consistent with the IDB’s ESPF.

This document aims to present the main components of the environmental and social risk and impacts analysis (“ESA”), as well as the Environmental and Social Management Framework (“ESMF”) detailing the management approach applied by the Bank in both the preparation and execution of the Fund, focusing on the:

- (i) Applicable Requirements: an overview of the applicable environmental and social policy and performance standards of the Fund;
- (ii) Potential E&S Risks and Impacts: a summary of the potential identified E&S risks associated with the Fund targeted sectors in the region;
- (iii) Fund E&S Risk Categorization;
- (iv) E&S Management System (the “ESMS”): describing the safeguards and procedures to mitigate the identified E&S risks and impacts including the requirements for the selected implementing partners to rollout the Fund. Implementation guidelines, monitoring and supervision processes and organizational capacity are also described;
- (v) Other E&S issues: additional E&S themes related to the region and Fund are presented in the final section of the document.

The ESMF also includes an explanation of how the program includes Indigenous People and other local communities voices and activities (Section 12.2) and reference to the stakeholder engagement plan (Section 12.3 and activities conducted Pre-SEP in the development of the funding proposal. For instance the following elements were developed in the FP as a result of the dialogue: i) small grants program for indigenous and traditional communities, ii) continuous stakeholder engagement, iii) strengthening of the inclusion mechanism for gender and diversity, iv) amplification of the pre-GCF Board consideration dialogue process on the topic of indigenous ancestral practices and its application on the development of the Amazon basin; Women capacity building (including access to credit); Indigenous People empowerment.

Finally, this document has two Appendixes that present the IDB E&S policies and procedures cited as references throughout the ESMF and the List of Exclusion.

## **2. Objectives of the ESA and ESMF**

This ESA and ESMF present the general context of the Fund, its expected impacts and risks, the required mitigation measures as well as the capacity, roles and responsibilities, appraisal and supervision processes and resources available to manage the risks of the institutions involved.

The ESA presents broad description and overview of the environmental and social contexts relevant to the Fund and the likely environmental and social risks and impacts including national policies and institutional arrangements. It also identifies applicable national regulations and policies and provides an overview of the environmental and social context for the selected sectors.

The ESMF, on the other hand, describes how IDB will manage and supervise the environmental and social impacts and risks of the Fund, when funding from GCF is delivered to the Fund's sub-projects. The ESMF presents the general context of the Fund, the process for evaluating Executing Entities (EEs), such as Local Financial Intermediaries (LFIs) or National Development Banks (NDBs), capacity to manage E&S risks with an appropriately designed ESMS, the minimum requirements for the ESMS and the technical funds that will be made available to enhance E&S management where necessary, and the monitoring process.

The ESMF follows the standards of IDB's Environmental and Social Policy Framework (ESPF), approved by Board September 2020 and scheduled to enter effectiveness by October 2021 (Appendix I, List of Referenced IDB Policies). The IDB will maintain supervision responsibilities in accordance with the Accreditation Master Agreement (AMA) and/or such other related arrangements with regard to the Fund.

Per relevant the ESPF, Financial Intermediaries (FIs) and other EEs will be required to develop and implement an Environmental and Social Management System (ESMS) commensurate to the potential risks and impacts of the activities to be financed. The ESMS will be evaluated, enhanced as necessary with technical cooperation, and implemented prior to first disbursement. The Fund will only permit FIs screened as FI-3 (low risk) or FI-2 (moderate risk) or specific investments categorized as B or C to be considered eligible. Eligible FIs will not be permitted to make loans to finance Category A activities.

---

### **3. Amazon Bioeconomy Fund: Objectives and Project Components**

#### **3.1 Objectives**

As described in the concept note, the Fund aims to design, test and implement an ecosystem for the valuation of natural capital and, therefore, allow bio-companies throughout their value chain to make investments in the bioeconomy to reduce emissions of greenhouse effect gases (“GHG”) in the Amazon region. This ecosystem aims to generate positive economic, climatic, and social impacts by taking advantage of the variety of biological and genetic resources of the Amazon, the diverse productive landscapes and sustainable forestry”.

#### **3.2. Intervention Scope**

The geographic scope of the Fund is the Pan Amazon portions of the six participating countries (Brazil, Colombia, Ecuador, Guyana, Peru and Suriname). Across all countries, the potential intervention area covers close to 729 million hectares, as detailed in Table 1 and shown in Figure 1.

Table 1: Geographic scope of study

Country	Extent (hectares)	Extent (%)
Brazil	530,572,749	73%
Colombia	50,774,403	7%
Ecuador	13,269,006	2%
Guyana	21,253,269	3%
Peru	98,026,332	13%
Suriname	14,728,375	2%
<b>Total</b>	<b>728,624,134</b>	<b>100%</b>

Source: Feasibility study Annex 2, based on RAISG 2020 GIS files

## Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

Figure 1: Geographic scope of study



Source: Feasibility study Annex 2, based on RAISG 2020 GIS files

### 3.3. Project Components

The Fund will create 2 complementary components that will consist of i) bioeconomy investment funds and ii) access to private capital markets through green bond issuances. These components will be implemented through i) concessional financing, ii) results-based incentives and iii) technical assistance to increase the institutional capacity of ministries, National Development Banks (NDBs), local concessionaires, develop standardized eligibility frameworks and valuation and structuring of bioeconomy funds.

### 3.4 Beneficiaries

The Pan Amazon region is inhabited by a total population of roughly 34 million people, of which approximately 1.5 million (4%) are indigenous people. The GDP of the Pan-Amazon was approximately US\$270 billion in 2017. The contribution to national GDP from the jurisdictions located within the Pan Amazon range from a high of 100% (Guyana and Suriname) to a small but significant percentage in Brazil (8%), Peru (13%), and Ecuador (10%). It is less important in Colombia (2%) and considerably more in Bolivia (59%), where the three major urban centers lie within the Amazon basin.

Among the main expected socio-economic co-benefits of the Fund are:

- Market creation/strengthening, boosting the growth of local industries, and increasing the value of primary production and related value chains
- Enhancement of the sources of livelihoods for agricultural and non-agricultural communities in rural areas

## Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

- Job creation
- Diversifying and enhancing countries' production and export base
- Empowerment of women-led micro-small and medium bio-enterprises
- Enhanced access to finance for micro-small and medium bio-enterprises and small producers
- Enhanced financial institutions' ability to (i) identify, evaluate, and manage the financial risks and opportunities associated with the natural capital and climate change and (ii) finance the bioeconomy.

### **4. Environmental and Social Risk Category**

The Fund consists of total resources of up to US\$600 million<sup>1</sup> to design, pilot and implement a valorization ecosystem for natural capital and thereby enable bio-enterprises along their value chain to conduct GHG-reducing bioeconomy investments in the Amazon region. Because higher E&S risk activities will be excluded from the Fund eligibility, the potential E&S risks and impacts associated with the Project are likely to have primarily low to moderate E&S risks which are largely manageable by standard mitigation measures, therefore this transaction was categorized as I-2. As part of the Fund, the selected EEs (such as LFI and NDBs) will be required to screen sub-projects against the Fund's exclusion list, national E&S laws and regulations as applicable.

The Fund will exclude activities that (i) could have significant adverse environmental and social impacts (Category A); (ii) involve involuntary resettlement of people, (ii) have a potentially adverse impact on communities and/or indigenous populations, and/or (iii) involve conversion or degradation of critical natural habitats or cultural sites; and (iv) have potentially adverse transboundary impacts.

The Fund will also not invest in projects involving activities in the IDB's Excluded Activities List (Appendix II, Excluded Activities List).

### **5. Policy and Legal Framework**

#### **5.1. National Applicable E&S laws and regulations**

The six countries in the Fund have comprehensive legal and policies framework in place for the conservation and sustainable management of forests and valorization of biodiversity. While the development of bioeconomy strategies is still incipient, countries have policies and instruments in related areas.

**Brazil.** The Fund is aligned with the National Policy on Climate Change outlines the objectives and guidelines for addressing climate change in Brazil. Brazil's sovereign commitment to the protection of native vegetation and the integrity of the climate system for the well-being of present and future generations was reiterated by the Forest Code (Law No. 12.651/2012). The national law established restrictions to the use of certain areas of private properties, which should be

---

<sup>1</sup> About 48% of which with resources from the GCF and US\$ 470 million available in financing through loan, guarantee and equity instruments.

## Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

covered by native vegetation. Promoting the environmental regularization of private rural areas is crucial for improving land use practices in the country and a key component of Brazil's strategy to keep deforestation under control. To this end, the Forest Code established mandatory registration on the Rural Environmental Registry (CAR) for all rural landholdings (Article. 29, Law No. 12.651/2012). Faced with the challenge of implementing the Forest Code the Federal Government has instituted the National Policy for the Recovery of Native Vegetation, known as Proveg, through Federal Decree n. 8.972/ 2017. Proveg aims to articulate, integrate and promote policies, Funds and actions that encourage the recovery of forests and other forms of native vegetation and to promote the environmental regularization of Brazilian rural properties, under the terms of the Forest Code, in a total area of at least 12 million hectares, by 2030. Due to their relevance, the Action Plan for the Prevention and Control of Deforestation in the Legal Amazon is also a key instrument with which the Fund aligns. The Fund is also coherent with the National Strategy for Innovation, Technology and Science 2016-2022 that includes action plans for biomass and bioeconomy in addition to climate change.

**Colombia.** The Colombian legal framework that is applicable to the Fund is governed by the National Constitution of 1991 which governs the public use of assets, natural parks and protected lands with the State being responsible for planning the management and use of natural resources. Forests management regulated through the Law on forest economy of the Nation and conservation of renewable natural resources (Law 2 1959), Decree - Law 2811 of 1974 National Code of Natural Resources, Law 37 of 1989 that establishes the basis for structuring the National Forest Development Plan, the Law 139 of 1994 and Decree 900 of 1997 that creates the Forest Incentive Certificate and promotes direct investments in new forest plantations and the Decree 1791 of 1996 that establishes the forest management regime. The Resolution 261/2018 defines the national agricultural frontier as the limit of the rural land that separates the areas where agricultural activities are carried out, conditioned areas and protected areas, those of special ecological importance, and the other areas in which agricultural activities are excluded by mandate of the law. The Fund is also aligned with the National Development Plan 2018-2022 'Pact for Colombia, Pact for Equity', specifically with the produce conserving and conserving producing strategy, as well as with the National Climate change Policy (2018) to advance climate-resilient and low-carbon development path. In addition, Colombia is currently working towards developing its national strategy for bioeconomy.

**Ecuador.** The Fund is coherent with the Law on Forests and Conservation of Natural Areas and Wildlife) (2004, amended 2014) whose primary goal is the conservation and rational use of the existing forest and natural resources. It addresses forest and biodiversity aspects (flora and fauna) and establishes the prohibition of land use change in national parks and ecological reserves, since its intended use is that of conservation. It also does so in lands with forest potential in which afforestation and reforestation are established through an elaborate plan by the MAE, and promotes the sustainable forest management (MFS). Together the Constitution, the National Development Plan for Good Living, the Unified Text of Secondary Legislation of the Environment, the National Climate Change Strategy, the National Biodiversity Strategy and the National Policy of Governance of Natural Heritage for the Good Living Society, constitute several of the key legal and political elements that guide the establishment of the country's natural resource governance consistent with the forestry law. Together, these instruments establish incentives, guidelines and procedures for forest control and promotion, which promotes transparency, efficiency and equity in the use of forest resources and their associated benefits. In particular, Ecuador's climate change strategy includes agriculture and land use, land use change, and forests as priority sectors for climate mitigation. In these domains, it sets forth as one of the objectives to implement measures that support the integrity and connectedness of appropriate ecosystems to capture and store carbon and sustainably manage said ecosystems. The National REDD+ Action Plan provides that its overall objective is to contribute to national efforts for the reduction of

## Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

deforestation and forest degradation through conservation, sustainable forest management, and the optimization of other land uses to reduce the pressure on forests, so as to reduce greenhouse gas emissions. In addition, Colombia is currently working towards developing its national strategy for bioeconomy.

**Peru.** The Fund is coherent with Peru's legal framework which is governed by the National Constitution that defines that "the State promotes the sustainable development of the Amazon with adequate legislation". The Organic Law for the Sustainable Use of Natural Resources (Law No. 26821) develops a series of general norms for the sustainable use of natural resources, complemented by the General Environmental Law, No. 28611. The Fund is also aligned with the National environmental Policy and the National Forestry and Wildlife Policy and the Forestry and Wildlife Act, No. 29763, defines its purpose as promoting the conservation, protection, increase and sustainable use of the forest and wildlife heritage within the national territory. The law recognizes the multiple uses of forests, including goods and services and their various users, that is, indigenous peoples and other traditional users of forest and wildlife resources, as well as other economic actors. The Law of Conservation and Sustainable Use of Biological Diversity, Law No. 26839 promotes the conservation of ecosystem biodiversity, fair and equitable participation in the benefits derived from the use of biological diversity, and the contribution of biological diversity to the economic development of the country. The Ecosystem Services Compensation Mechanisms Act, Act No. 30215, promotes, regulates and supervises compensation mechanisms for ecosystem services derived from voluntary agreements that establish conservation, recovery and sustainable use actions to ensure the permanence of ecosystems, and is applicable to natural or legal persons, both public and private. More recently, the country approved the Framework Law on Climate Change, Law No. 30754, which establishes general provisions for coordinating, designing, executing public policies for the climate change adaptation and mitigation measures, in order to reduce the country's vulnerability to climate change and take advantage of low-carbon growth opportunities. Peru has also a National Plan for Agroenergy that value the use of agricultural biomass.

**Guyana.** The Fund is aligned and coherent with the Environmental Protection Act of 1996 (updated 2011) "provides for the management, conservation, protection and improvement of the environment, the prevention, control of pollution, the assessment of the impact of economic development on the environment and the sustainable use of natural resources". Conservation and management of forests are regulated through the Forest Act of 2009 that promotes the use of sustainable forestry, through participation with local communities. It also provides for the declaration of protected areas within the framework of the Environmental Protection Act and requires prior consultation before any mining or petroleum prospecting can be undertaken. This act strengthens forestry management by replacing prior forest acts containing timber extraction permits and forest-harvesting concessions. Protected Areas Act 2011 expanded protected areas in Guyana through the establishment of a National Protected Areas System and the Protected Areas Commission which is tasked with the management, maintenance and expansion of the national protected areas system. The Low Carbon Development Strategy (2009), updated in 2013, is the over-arching and guiding policy for transforming the economy to deliver greater economic and social development by following a low carbon development path; and for implementing low carbon development activities, especially REDD+.

**Suriname.** The Fund is aligned with the 2017 – 2021 Policy Development Plan aim for the forest sector is to increase its contribution to the economy and the welfare of this and future generations, including through biodiversity preservation. This will be achieved by increasing the income from timber production, but also by stimulating the markets for non-timber forest products and ecosystem services. The National Climate Change Policy, Strategy and Action Plan for Suriname (2014-2021) also defines as an objective to improve sustainability of forest exploitation and

## Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

conservation of tropical rainforest. Suriname is currently drafting a new Nature Conservation Law in a participatory process, to enable improved management of its protected areas. This law will replace the Nature Conservation Act of 1954. The National Forest Policy (2005), the National Biodiversity Action Plan (2013), and the Suriname National REDD+ Strategy (2018) constitute several of the key legal and political elements that guide the establishment of the country's natural resource governance.

All supported sub-projects will be assessed against the requirements established under the applicable E&S laws and regulations. In accordance with the environmental and social due diligence process described in the ESMF, applicable laws, their requirements and authorities with competent jurisdiction for each component (mainly at provincial level), shall be identified and specified by the EE at the screening and scoping stage and further detailed during the assessment.

As part of the project, IDB may develop sectorial and country guidance and tools for the implementing partners to screen and monitor sub-projects practices against the applicable laws.

### **5.2 IDB Applicable policies**

The Fund will apply the Bank's ESPF approved by Board September 2020 and scheduled to enter effectiveness by October 2021, including its ten E&S Performance Standards which are aligned to the International Financial Corporation (IFC) Performance Standards but also include additional standards on gender equality and on stakeholder engagement and information disclosure (Appendix I, List of Referenced IDB Policies). The ESPF specifically requires borrower to apply the mitigation hierarchy in project design and development of the mitigation measures.

The IDB will maintain supervision responsibilities in accordance with the Accreditation Master Agreement (AMA) and/or such other related arrangements with regard to the Fund.

## **6. Environmental and Social Analysis (ESA)**

The Amazon region is highly vulnerable to climate change because of its direct exposure to climate risks, its high sensitivity to such risks, and its low adaptive capacity. Global warming may induce a higher frequency of extreme climate events and fires, directly impacting forests and agricultural productivity. In parallel, changes in land-use linked to unsustainable practices in agriculture and other land-use are a primary cause of forest loss, exacerbating the degradation of Amazon ecosystems and global climate. Temperatures have increased by 0.5°C on average since 1980 in the region, and some 23% of its GHG emissions were driven by the Agriculture, Forestry and Other Land-use (AFOLU) sector between 2007 and 2016. Deforestation and forest degradation, land-use, anthropogenic fires, biodiversity loss, and ecosystem fragmentation, among other factors, create adverse climate feedback loops. Without intervention, growth on demand of unsustainable use of agricultural land and forests will continue to raise deforestation and degradation in the Amazon, critically affecting ecosystems over the long-term. Altogether, impacts on natural capital stocks and future health of ecosystems could be severe.

In 2019, the governments of Bolivia, Brazil, Colombia, Ecuador, Guyana, Peru and Suriname signed the Leticia Pact for the Amazon Region, seeking cooperation among Amazon countries for the conservation of the region to generate opportunities for the sustainable development and well-being of its population. The Pact includes action related to the fight against deforestation and

## Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

forest degradation; the conservation, recovery and resilience of biodiversity and ecosystems; sustainable productive systems; active participation by women, by indigenous and tribal peoples and by local communities in the sustainable development of the region; as well as the promotion of financial mechanisms to implement the Pact.

Because of the Amazon's diverse biological, land and water resources, the bioeconomy provides a robust framework for promoting sustainability in the AFOLU sector. Shifting to business models and technologies that sustainably use natural capital and forest assets (i.e., bio-businesses), can contribute to lower the impacts of climate change, reducing GHG emissions and increasing the region's resilience. The potential for private investment in bio-business is significant and tapping it can be determinant of the ability of economies to achieve maximum use of the potential of bioeconomy. But the nature of investments related to these businesses poses various challenges in raising capital. The financial sector can play a significant role, along with boosting processes such as incubation and accelerating businesses and promoting comprehensive regulatory tools to adequately value natural and forest assets involved in bio-businesses.

With a regional, multi-stakeholder approach (including investors, banks, project developers, producers and specialized advisory institutions) the Fund focuses on enabling the conditions to increase the flow of private funds to bio-businesses that can reduce the impact of climate change, safeguard local livelihoods and promote more inclusive development (Appendix III, List of stakeholders in the Project preparation phase stakeholder engagement). The Fund focuses on addressing some of the most critical barriers specifically faced by bio-businesses (namely, risks of lending to bio-businesses, immature capital and financial markets, weak institutional environment for bio-business development, lack of standardized frameworks to monitor biodiversity impacts, and knowledge and capacity gaps) to encourage private investment. Fund activities are expected to help effectively overcome these barriers, ensuring financing becomes available and projects are suitable for financing, and enabling the use of thematic bonds to further support the development of these businesses. Targeted financing schemes and channels, such as blended finance, high-risk capital investment, bond issuance and shared-risk models designed to meet bio-business needs can make financiers more willing to serve the sector and developers more willing to invest without risking profitability. Knowledge and institutional mechanisms can help ensure a continued flow of quality projects that can be financed successfully, including innovative ways to structure partnerships between public and private actors through concessions.

### **6.1. Description of Potential Environmental and Social Impacts**

Covering over 6,000,000 km<sup>2</sup> and portions of 9 countries in Latin America and the Caribbean (LAC), the Amazon is the world's largest river system, containing a tenth of the world's known species. The Amazon biome hosts over 40% of the existing dense moist tropical forest globally and about 10 to 15% of terrestrial biodiversity, being fundamental for carbon sequestration (stores approximately 150-200 billion tons of carbon) and resilience to global climate change. While it contains many different ecosystems, the Amazon forms a single bio-geophysical entity and its many parts depend on the integrity of the whole. It is home to 34 million people, including more than 350 indigenous groups.

By targeting investments in the bioeconomy, the Fund will contribute to addressing key drivers of land degradation and support, among the others, diversification of current crop production system and improvements in the provision of agro-ecosystem and forest ecosystem goods and services. Bio-enterprises and related investment, in fact, can emerge across multiple sectors – from

## Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

agriculture, forestry, non-timber forest production, – depending on country-specific circumstances.

### **6.1.1. Expected Positive Impacts**

The objective of the Fund is to increase private investment in bio-businesses that contribute to climate change mitigation and adaptation in the Amazon, by providing innovative financing, strengthening the business environment and building capacities to promote the valuing of natural capital and forest assets across markets.

Activities under the Fund are expected to reduce 7 Million tCO<sub>2</sub>e annually –150 Million tCO<sub>2</sub>e lifetime– from forest and land-use, enhancing carbon stocks of forests under improved management, leverage US\$781 million resources for bio-businesses (including Fund co-financing and additional leverage), and increase resilience and adaptation of some 330,000 direct and indirect beneficiaries.

Overall, the Fund is conceived as an important contribution to kick-start a change of entrenched behaviors (i.e., unsustainable practices in business in the Amazon), helping create the foundation for markets that value the fundamental role of natural capital in business, enabling the development of profitable, scalable and climate-friendly production models in which private entities will be more willing to participate. Jumpstarting private participation in bio-businesses should produce demonstration effects, highlighting biodiversity as an intrinsic element of economic success beyond GCF support.

### **6.1.2. Potential Negative Risks and Impacts**

By targeting investments in the bioeconomy, the Fund will contribute to addressing key drivers of land degradation and support, among the others, diversification of current crop production system and improvements in the provision of agro-ecosystem and forest ecosystem goods and services.

Criteria for the identification of eligible investments would be determined by screening against the ESPF's Exclusion List, exclusion of activities likely to result in Category A risk classifications, and on a country-by-country basis and informed by country-specific circumstances – including criteria associated with gender and indigenous people. Bio-enterprises and related investment, in fact, can emerge across multiple sectors – from agriculture, forestry, non-timber forest production, – depending on country-specific circumstances.

Examples of eligible investment criteria can include: (i) investments that demonstrate positive environmental benefits and contribution to the conservation and preservation of ecosystem services; (ii) investment that demonstrate recyclability and / or use of recycled materials -use; (iii) accreditation, certifications schemes (e.g. FSC or Rainforest Alliance etc.), Funds or environmental or social recognitions implemented or received; (iv) demonstrated efficient use of renewable resources for the production of products and services.

Expected entities to receive funding includes micro, small and medium enterprises (MSMEs), cooperatives, anchor-companies and companies in their value-chain. As for sectors the following have been selected as target in the region: i) agriculture (perennial and annual crop), ii) agroforestry and non-timber forest products; iii) aquaculture and fish farming; and iv) ecotourism.

The following table presents representative E&S risks and impacts associated with the targeted bioeconomy sectors, when environmental and social performance standards are not applied.

Annex 6a Environmental and Social Analysis and  
Environmental and Social Management Framework

<b>EHS Issue/Sector</b>	<b>Agriculture</b>	<b>Agroforestry and NTFP</b>	<b>Aquaculture and fish farming</b>	<b>Ecotourism</b>	<b>Forest Management</b>
<b>Environmental</b>					
<b>Soil Conservation and nutrient management</b>	<ul style="list-style-type: none"> <li>- Physical and chemical degradation of soils</li> <li>- Soil carbon storage decrease</li> </ul>	<ul style="list-style-type: none"> <li>- Potential positive or negative impacts depending on the baseline scenario (i.e.: degraded pasture or forest)</li> </ul>	<ul style="list-style-type: none"> <li>- Soil erosion and subsequent sedimentation on nearby water bodies (construction phase)</li> <li>- Eutrophication</li> </ul>	<ul style="list-style-type: none"> <li>- Soil compaction in infrastructures and visited sites</li> </ul>	<ul style="list-style-type: none"> <li>- Soil compaction and erosion from harvesting operations and road infrastructure</li> <li>- Roads, skid trails and landings impacts in riparian forests</li> </ul>
<b>Solid waste management</b>	<ul style="list-style-type: none"> <li>- Crop residues contamination and associated methane emissions</li> <li>- Limited logistics for hazardous waste destination (no landfill)</li> </ul>	<ul style="list-style-type: none"> <li>- Crop residues contamination and associated methane emission</li> <li>- Limited logistics for hazardous waste destination (no landfill)</li> </ul>	<ul style="list-style-type: none"> <li>- Organic waste and by-products from inedible fish parts</li> <li>- Sludge treatment and disposal</li> </ul>	<ul style="list-style-type: none"> <li>- Tourists typically may generate up to twice as much solid waste per capital as local residents</li> <li>- Solvents (laundry)</li> <li>- Limited logistics for hazardous waste destination (no landfill)</li> </ul>	<ul style="list-style-type: none"> <li>- Use of fuels and lubricants</li> </ul>
<b>Use and Management of Pesticides and Fertilizers</b>	<ul style="list-style-type: none"> <li>- Potential soil and water contamination with impacts on workers and communities health</li> </ul>	<ul style="list-style-type: none"> <li>- Limited use of pesticides and fertilizers</li> </ul>	<ul style="list-style-type: none"> <li>- Chemicals residues (veterinary drugs such as antibiotics)</li> </ul>	<ul style="list-style-type: none"> <li>- Limited use of pesticides and fertilizers (gardening)</li> </ul>	<ul style="list-style-type: none"> <li>- N.A.</li> </ul>
<b>Biodiversity and Ecosystems Services</b>	<ul style="list-style-type: none"> <li>- Habitat conversion or degradation in natural and critical habitats resulting from expansion of the agricultural frontier</li> <li>- Invasive species introduction, including GM crops</li> </ul>	<ul style="list-style-type: none"> <li>- Habitat alteration and loss of biodiversity, including in high biodiversity values areas</li> <li>- Invasive species introduction</li> <li>- Environmental Service impacts to communities (Provision of food and fibers)</li> </ul>	<ul style="list-style-type: none"> <li>- Conversion of natural habitat</li> <li>- Release of alien, selectively bred or genetically engineered species</li> <li>- Loss of genetic resources (collection)</li> </ul>	<ul style="list-style-type: none"> <li>- Disturbance of sensitive fauna</li> <li>- Increased stress on ecologically sensitive areas</li> <li>- Invasive species introduction</li> </ul>	<ul style="list-style-type: none"> <li>- Habitat alteration and loss of biodiversity, including in critical habitats</li> <li>- Introduction of alien species</li> </ul>

Annex 6a Environmental and Social Analysis and  
Environmental and Social Management Framework

<b>EHS Issue/Sector</b>	<b>Agriculture</b>	<b>Agroforestry and NTFP</b>	<b>Aquaculture and fish farming</b>	<b>Ecotourism</b>	<b>Forest Management</b>
			- Antibiotic resistance in pathogenic bacteria spread to wild stocks	- Presence on nocturnal environments	
<b>Energy Use</b>	-Fossil fuels combustion motors from machinery and equipment with associated GHG emissions (limited)	-Fossil fuels combustion motors from machinery and equipment with associated GHG emissions (limited)	- Fish processing use energy to produce hot water, steam and electricity for electrical equipment, air conditioning, cooling, freezing and ice production	- Energy consumption in isolated areas (fossil fuel based generators)	-Fossil fuels combustion motors from machinery and equipment with associated GHG emissions (limited)
<b>Water Use</b>	- Potential conflict of use and contamination	- Potential conflict of use and contamination (limited)	- High organic and nutrient load - contamination of aquatic systems (particularly in pond based systems)  - Creation of eutrophic zones	- Water consumption and conflicts of use  - Domestic sewage and laundry	- Forest operations may result in seasonal hydrologic changes and potential negative impacts on downstream river biota, communities and fisheries.  - Sediment and organic debris (erosion)  - Chemical contamination (fuels and lubricants)
<b>Air quality</b>	- Accidental or criminal fires	- Accidental or criminal fires	- Odor (fish processing)	- Emissions from fossil-fuels operated boilers, stoves and generators	- Emissions from fossil fuels combustion motors
<b>OHS</b>					
<b>Physical hazards</b>	- Machinery and vehicles  - Confined and restricted space entry	- Machinery and vehicles  - Cutting equipment  - Lone and isolated workers	- Heavy lifts, electric shock and drowning	- Slips and falls  - Fire safety	- Cutting equipment  - Falling trees and cable use for log extraction  - Machinery and vehicles

Annex 6a Environmental and Social Analysis and  
Environmental and Social Management Framework

<b>EHS Issue/Sector</b>	<b>Agriculture</b>	<b>Agroforestry and NTFP</b>	<b>Aquaculture and fish farming</b>	<b>Ecotourism</b>	<b>Forest Management</b>
	<ul style="list-style-type: none"> <li>- Combustible dust and silo safety (fire and explosion)</li> <li>- Lone and isolated workers</li> </ul>				<ul style="list-style-type: none"> <li>- Lone and isolated workers</li> <li>- Noise and vibrations</li> <li>- Fire safety</li> </ul>
<b>Biological hazards</b>	<ul style="list-style-type: none"> <li>- Contact with venomous animals</li> </ul>	<ul style="list-style-type: none"> <li>- Contact with venomous animals</li> </ul>	<ul style="list-style-type: none"> <li>- Exposure to water borne diseases</li> </ul>	<ul style="list-style-type: none"> <li>- Water and food quality</li> <li>- Indoor air quality</li> <li>- Contact with venomous animals</li> </ul>	<ul style="list-style-type: none"> <li>- Contact with venomous animals</li> </ul>
<b>Chemical hazards</b>	<ul style="list-style-type: none"> <li>- Exposure to hazardous materials including pesticides and herbicides</li> </ul>	<ul style="list-style-type: none"> <li>- Limited exposure to hazardous materials including pesticides and herbicides (see <a href="https://www.iadb.org/en/mpas/guidelines">https://www.iadb.org/en/mpas/guidelines</a>)</li> </ul>	<ul style="list-style-type: none"> <li>- Potential exposure to lime, diluted chlorine and fertilizers (caustic materials)</li> </ul>	<ul style="list-style-type: none"> <li>- Use of chemical cleaners (housekeeping and laundry)</li> <li>- Exposure to pesticides</li> </ul>	-N.A.
<b>Community Health and Safety</b>					
<b>Impacts on affected communities including Indigenous People</b>	<ul style="list-style-type: none"> <li>- Loss of natural buffer areas, including decrease access to provision related environmental services (food and fibers)</li> <li>- Exposure to accidental or criminal fires</li> <li>- Exposure to hazardous products</li> <li>- Exposure to odor</li> </ul>	<ul style="list-style-type: none"> <li>- Decrease access to provision related environmental services (food and fibers)</li> <li>- Social acceptance including benefit sharing</li> </ul>	<ul style="list-style-type: none"> <li>- Negative impacts on water quality and quantity for community needs and uses</li> <li>- Social acceptance</li> </ul>	<ul style="list-style-type: none"> <li>- Increased demand on limited local infrastructure, including roads, water supply, and liquid effluent and solid waste disposal capacity</li> <li>- Impacts on cultural heritage and/or sacred sites</li> <li>- Social acceptance including benefit sharing</li> </ul>	<ul style="list-style-type: none"> <li>- Visual impacts (conflicting with tourism and recreation activities)</li> <li>- Exposure to accidental or criminal fires</li> <li>- Large vehicles carrying heavy forest product loads on major and minor roads that pass through local communities</li> <li>- Negative impacts on Environmental Services (Food Provision, Water</li> </ul>

Annex 6a Environmental and Social Analysis and  
Environmental and Social Management Framework

<b>EHS Issue/Sector</b>	<b>Agriculture</b>	<b>Agroforestry and NTFP</b>	<b>Aquaculture and fish farming</b>	<b>Ecotourism</b>	<b>Forest Management</b>
	<ul style="list-style-type: none"> <li>- Social acceptance</li> <li>- Land conflict</li> </ul>			<ul style="list-style-type: none"> <li>- Land conflict</li> <li>- External workforce</li> </ul>	Provision and Water quality regulation) <ul style="list-style-type: none"> <li>- Social acceptance including benefit sharing</li> <li>- Conflict with external workforce</li> <li>- Land conflict</li> </ul>

Annex 6a Environmental and Social Analysis and  
Environmental and Social Management Framework

### 6.1.3 Environmental and Social risks mitigation

Based on the identified risks and impacts, the following table presents potential mitigation measures to be rolled out under the Fund. The E&S themes are organized according to the Bank's Environmental and Social Performance Standards structure. All activities financed under the Fund will require compliance with the applicable IDB E&S Performance Standards part of the Loan Agreement clauses.

	E&S Risks and Impacts	Mitigation Measures
ESPS1	<p>The targeted portfolio includes MSMEs and Cooperatives, where structured ESMS are uncommon.</p> <p>E&amp;S management practices and governance is usually limited to meet national law and permits requirements.</p>	<p>Where applicable, sub-projects will seek good practices independent third party certifications (e.g.: organic, climate smart, ecofriendly, ISO, fair trade, FSC, MSC, VCS, CCB, among others).</p> <p>Implementing partners will screen sub-projects performance against: (i) Exclusion List; (ii) applicable E&amp;S laws and regulations; and (iii) the ESPS (for medium risks long-term projects).</p>
ESPS2	<p>Targeted sectors have physical, biological and chemical hazards risks. OHS culture maturity level is limited in the region and in MSMEs.</p> <p>Child and forced labor practices occur in the region (including supply chain related practices).</p>	<p>IDB will support the development of sectoral labor practices and working conditions checklist and guidance assessment for the Fund sectors.</p> <p>Supply chain auditing protocols will be fostered through anchor investments when possible.</p>
ESPS3	<p>Limited logistics to final disposal for waste and hazardous materials.</p> <p>Waste water pollution.</p>	<p>Implementing partners will review applicable required environmental permits based on sector and country requirements, as well as against selected EHS guidelines.</p> <p>IDB will support the development of sectoral environmental checklist and guidance assessment for the Fund sectors.</p>
ESPS4	<p>Affected communities EHS related may include:</p> <ul style="list-style-type: none"> <li>- Access to resources and benefit sharing issues (including Environmental Services related to provision)</li> <li>- Exposure to hazards (physical and chemical)</li> </ul>	<p>IDB will support the development of sectoral affected communities EHS checklists and guidance assessments for the Fund sectors.</p>
ESPS5	<p>Projects involving involuntary resettlement (including physical or economic displacement) will not be eligible</p>	<p>Exclusion of Category A type of sub-projects.</p>
ESPS6	<p>Land conversion and deforestation risks (including supply chain)</p> <p>Impact on critical habitats, including protected areas and Key Biodiversity Areas.</p>	<p>Exclusion of sub-projects requiring deforestation or which present significant risk of induced deforestation, including supply chain.</p> <p>Supervision will include monitoring of land use and land cover change.</p> <p>Exclusion of sub-projects in critical habitats that involve land clearing activities. Allowable activities must be shown to have no risk of measurable adverse impacts on biodiversity</p>

Annex 6a Environmental and Social Analysis and  
Environmental and Social Management Framework

		values for which critical habitat has been identified.
ESPS7	Adverse impacts to communities and persons belonging to indigenous peoples and African descendant	Sub-projects with potential adverse impacts on Indigenous people will not be eligible.  IDB and implementing partners will develop and rollout consultation and stakeholder engagement strategies with indigenous peoples.
ESPS8	Projects involving adverse impacts on cultural heritage.	Sub-projects will protect cultural heritage from the adverse impacts of project activities and support its preservation. and will promote the equitable sharing of benefits from the use of cultural heritage.
ESPS 9	Gender equality	Sub-projects must be designed to achieve inclusion from project-derived benefits of people of all genders, sexual orientations, and gender identities.  Sub-projects must be designed to minimize risk of sexual and gender-based violence in affected communities and sub-project workers.
ESPS 10	Stakeholder engagement and information disclosure	Borrowers will comply with IDB requirements for stakeholder engagement and information disclosure.

## **7. Environmental and Social Risk Management Frameworks**

Each participating EEs will manage the supported portfolio by applying a specific ESMS to be approved by the IDB during project preparation. The ESMS will include the application of the Fund's Exclusion List and a risk-based approach by assessing the potential E&S risks and impacts against the applicable IDB E&S Performance Standards. In order to do so, IDB review will focus on the improving partners capacity and commitment to assure adequate level of safeguards implementation. IDB will review any existing ESMS for every selected Financial Intermediaries that will provide funding to sub-projects. The ESMS will be evaluated, enhanced as necessary with technical cooperation, and implemented prior to first disbursement. The Fund will only permit FIs screened as low risk or moderate risk or specific investments categorized as B or C to be considered eligible. Eligible FIs will not be permitted to make loans to finance Category A activities.

As part of the ESMS review, IDB will follow the IDB E&S procedure and apply its Platform for the Analysis of Institutional Capacity (PACI) tool to identify needs to capacity building and institutional strengthening in ESG aspects.

IDB will include in the Loan Agreements with the selected EEs the commitment to comply with applicable E&S requirements. If gaps in the ESMS are mapped, IDB will also include E&S action plans for the EESs to enhance its procedures and/or capacity. The EESs will also be required to monitor the E&S performance of the supported portfolio and provide reports to IDB.

### **7.1. Fund Level Evaluation and Categorization of Participating FIs**

Based upon the nature of this Fund to, in part, provide financing to FIs that will, in turn, offer financial products and services to bio-businesses, there may be low to moderate indirect environmental, social or health and safety (ESHS) and labor risks and impacts typically associated with the bioeconomy sector. Pursuant to the ESPF, applied in accordance with the Accreditation Master Agreement and/or such other related arrangements, specific environmental due diligence is required on each FI to ensure that appropriate and commensurate safeguards are adopted to manage sub-borrower environmental and social risks. Management of this risk will be the responsibility of the participating FI.

The evaluation process undertaken by the IDB Group in assessing FI risks and capacity would typically include:

- i. Screening – A standard questionnaire will be sent to interested FIs to evaluate portfolio risk as it pertains to E&S issues. The questionnaire will evaluate likely sub-loan size, tenor, sector, use of proceeds (e.g. working capital, land expansion, investment, etc.), local legislation and adequacy to mitigate typical agricultural risks, geographic location/concentration of sub-borrowers, and country context.
- ii. ESMS Evaluation – A similar evaluation will be done on the FI's management capacity pertaining to E&S issues. In this sense, the FI will be evaluated on the use and application of an ESMS, the adequacy and sophistication of the system, previous work or existing action plans with other Development Finance Institutions, sub-borrower screening/evaluation process, portfolio risk related to E&S issues, use of action plans to correct identified non-compliance issues, monitoring process and organizational capacity. Section IV below describes the general parameters for the ESMS.
- iii. Categorization – On the basis of the E&S risk profile of the sub-projects eligible for financing with resources from the Programme combined with the capacity evaluation of the FI, a risk determination will be made, classifying the FI as either low risk (FI-3) or

## Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

medium risk (FI-2). Higher risk FIs (FI-1) with high-risk targeted sub-projects will not be considered under this Fund. Where warranted, the IDB Group's E&S Specialist will undertake a visit to the FI as part of the E&S due diligence process. The risk level will guide the general expectations and requirements pertaining to the scope of the ESMS and the possible use of technical assistance to enhance a given FI's management capacity.

### 7.2 FI Level Procedures for Evaluating Sub-Projects - ESMS

Per the Policy Statement and Environmental and Social Performance Standard (ESPF)<sup>1</sup> of the ESPF, FI borrowers will be required to adopt and implement an ESMS. The specific and standard elements of the ESMS will include: (a) a policy statement that sets forth the FI's policy and standards of performance, (b) roles and responsibilities for E&S management, coordination, and training, (c) review procedures to ensure compliance with the FI's own policies and specific IDB ESPF if and when applicable and with the use of customized checklists, (d) development of specific environmental and social action plans as applicable, for loans supported by the Fund, (e) supervision and monitoring of the loan portfolio, and (f) reporting requirements on compliance with the ESMS requirements, including compliance of loans funded with IDB's proceeds with applicable standards, and (g) incorporation of a grievance mechanism as applicable.

In the following sessions, the key elements required of an ESMS for the selected EEs under the Fund are presented.

#### 7.2.1. E&S Policy and Applicable Requirements

The E&S Policy should define the FI's intended role in relation to the environment and society and include the concise objectives of its ESMF. All implementing partners will be required to amend its Policy or procedures to review its portfolio against a set of Applicable Requirements, which in the case of the Fund will include:

- Exclusion List

The Exclusion List includes specific activities for which the EEs will not provide financing. The Fund Exclusion List will be in line with the IDB Exclusion List (see Appendix II).

- Compliance with National E&S laws

As part of the E&S screening, selected EEs will be required to assess if sub-projects conduct their activities in line with the applicable E&S laws and regulations. Reference to national regulations may vary based on the different countries in the Amazon region and sectors. As part of the ESMS structuring, EEs will be required to develop guidance notes and tools to support potential E&S compliance review in the credit granting process.

- High risk project exclusion

Projects with potential significant adverse social or environmental impacts that are diverse, irreversible, or unprecedented will not be eligible. Under the E&S assessment process, the selected EEs will be required to screen out such sub-projects. The project will not include high ES risk projects, for example, involuntary resettlement or adverse impacts on critical habitats or indigenous peoples.

- No Deforestation Policy

As part of the assessment of sub-projects, implementation partners will be required to develop and or enhance procedures to assess and monitor potential deforestation practices.

#### 7.2.2. Initial screening and categorization

The supported EEs will be required to perform an initial E&S screening of sub-project and assign a risk categorization to define the level of due diligence and extent of mitigation planning required for each level. E&S risk levels range from low to high and will depend on the type and size of the financial transaction and the location and magnitude of potential impacts.

During the initial screening phase of a transaction, the scope and nature of the transaction should

## Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

be identified in order to screen the credit application against the FI's exclusion list and to make a preliminary classification of its level of risk. The latter will determine the extent to which an evaluation is required and will define the E&S Applicable Requirements and the steps to implement them.

Depending on the initial screening and categorization, the E&S assessment effort can be calibrated.

### **7.2.3. E&S Due Diligence (“ESDD”)**

The FIs ESMS will include clearly defined ESDD procedures, describing in detail, the steps to identify, evaluate, mitigate, and monitor the risks of screened project proposals during the appraisal process, based on their assumed level risks and the Applicable Requirements. The ESMF will include clear lines of responsibility, as well as list the necessary documentation and forms used during the process.

These guidelines depend on the type of sectors and type of organization in which the FI will be active under the Fund. They should provide guidance—generally within a short document—for each sector (e.g. aquaculture, tourism, agroforestry) in order to identify and manage the relative risks and impacts. The guidelines should include potential risks, recommendations for mitigation, and identification of type of business (e.g.: cooperatives, SMEs, supply chain) and market opportunities, and reference to national legislation, as well as examples of good practices within each sector.

During the review process, the FI will gain an insight into the nature and scope of a client's operation, using E&S information forms, checklists, and sector guidelines. ESDD on the project may be minimal; however, if the project is deemed high risk, on-site visits and a full assessment will be required, as well as technical expert analysis. Desk assessments should be adequate for lower-risk operations, supplemented by relevant questionnaires and other streamlined procedures.

If the review concludes that a proposed lending/investment activity will have minimal or no potential E&S risks or adverse impacts, the FI will document this conclusion as part of its decision to proceed with the transaction.

Additional in-depth due diligence may be required should the review process indicate the existence of E&S risks or potential impacts that require further analysis. For transactions applying specific IDB E&S Performance Standards requiring expertise, such as for biodiversity, cultural heritage, or indigenous peoples, the FI will engage external qualified experts should adequate in-house capacity to manage E&S risks and impacts associated with these transactions not be in place. The ESDD should also identify gaps against the Applicable Requirements and potential corrective actions to be reflected in the E&S Action Plan

### **7.2.4. E&S Action Plan (“ESAP”)**

The ESAP should outline key E&S performance gaps in a borrower's/investee's operations identified during the ESDD, as well as proposed mitigation measures and a timeline to ensure compliance with applicable national E&S laws and regulations and the Performance Standards (where required). ESAPs may range from basic mitigation measures to detailed management plans, with actions that can be measured quantitatively or qualitatively.

The FI will discuss the ESAP as part of general E&S requirements with the borrower/investee and agree on its scope and timeframe for completion. If an ESAP is developed as part of the transaction review process, its fulfillment will be referenced in the legal agreement.

### **7.2.5 Legal Agreements**

The selected EESs will be required to review its Loan Agreements with sub-projects to include standard E&S terms. This are typically represented as general E&S definitions, representations and warranties, disbursement conditions, and/or covenants regarding compliance with requirements defined by the FI's E&S policy. ESAPs including mitigation measures to address identified performance gaps as well as requirements on annual reporting on E&S performance

## Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

will also be included in the EESs legal agreement with the borrower/investee. The covenants will include clear provisions for addressing non-compliance and include clear lines of responsibility between the sub-borrowers and the EESs.

### **7.2.6 Approval Process**

Policies and procedures should include the decision-making authorities defining approval process and responsibilities. Based on the level of risk, outcome of the analysis, and other factors, EESs will determine the approval process. Essential to the decision-making process is the need to ensure that all information is available so that the risks are appropriately taken into consideration. Depending on the EESs structured responsibilities may be assigned between the credit, risk, and commercial or compliance departments. E&S assessment can occur in different stages such as during on boarding, know-your-client review, commercial interactions and site visits, credit assessment or legal review. As part of it assessment of the supported EESs, IDB will review organizational capacity and competency to manage E&S risks.

### **7.2.7 Monitoring and Supervision**

Monitoring enables the EESs to periodically check, evaluate, and report on the E&S risks within its portfolio. Reporting to IDB on the Fund supported portfolio will be based on quantitative indicators that define the risks at the sector and client levels, and will be updated regularly to reflect changes.

A periodic (annual) reporting system will be required and will include portfolio information as well as information on material E&S issues that the FI had to face over the year.

IDB will monitor the environmental and social performance of the specific projects financed by the Fund through supervision by IDB ESG safeguards specialists. Loan agreements will include reporting requirements by the EESon environmental and social safeguards compliance. ESG specialists will carry out supervision missions and prepared a supervision report that includes a Safeguards Performance Rating (Satisfactory, Partially Satisfactory, Partially Unsatisfactory, or Unsatisfactory) and an updated Environmental and Social Risk Rating (Low, Moderate, Substantial, and High). Corrective Action Plans may be developed as necessary to address non-compliances. ESG supervision includes support and collaboration with the executing agencies.

The IDB requires its Borrowers to report to the Bank on their compliance with applicable standards with an agreed frequency, including their progress on achieving environmental and social objectives and aspects related to the implementation of relevant legal and contractual obligations and regulatory requirements.

Within the Project it is expected to design and implement mechanisms and platforms for monitoring and evaluating the environmental and social impacts of bio-businesses, as well as strengthening the internal systems of the EEs for monitoring the financial operations of the funds and the SPVs (*through the development of economic, social, and environmental impact monitoring and assessment tools*).

Specifically, this activity hopes to identify and implement information collection methodologies, and the design of indicators (such as forest cover, deforestation, jobs and income of people, among others) in collaboration with other entities (whether public or private and national or international). It is also expected to support the analysis of social, economic, and environmental information through training EES officials in the use and the management of those types of data for decision-making, between other actions.

### **7.2.8 Grievance Mechanisms**

The IDB ESPF IDB requires borrowers to implement effective grievance mechanisms to receive and assist with the resolution of any concerns and grievances of stakeholders that may arise in connection with a project's environmental and social performance. The IDB believes that prompt consideration and resolution of grievances locally can provide the fastest relief for complaints, clarify expectations, and build confidence among stakeholders. Stakeholders may submit complaints regarding a Bank-financed project to (1) the project grievance mechanism; (2)

## Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

appropriate local grievance mechanisms; or (3) directly to the IDB, which will respond within a reasonable timeframe. In addition, the IDB's Independent Consultation and Investigation Mechanism (ICIM) provides a mechanism and process to address allegations of harm by projects as a result of noncompliance by the IDB with one or more of its operational policies, including the ESPF.

Specific requirements for borrowers' grievance mechanisms are included in ESPS 1, ESPS 5 on Land Acquisition and Involuntary Resettlement, and ESPS 10.<sup>2</sup> Grievance mechanism requirements for workers in IDB financed projects are included in ESPS 2 on Labor and Working Conditions.

In compliance with IDB ESPF, communities who are affected or potentially affected by the program will be informed about the grievance redress mechanisms available to them at all three levels: GCF's Independent Redress Mechanism, the IDB's GRM, and the sub-project GRM. This will be done early in the stakeholder engagement process, in a culturally appropriate manner. Design of the sub-project-level GRM will include input from locally affected stakeholders. GRM will include information on how stakeholders will be informed about the three levels of GRMs, when and how they can be accessed, and the specific steps and contact information for registering concerns with each GRM.

### **7.2.9 Consultation**

Consultation for specific mechanisms and projects to be financed by the Fund will be carried out by EEs in accordance with ESPS 1 and ESPS 10 of the IDB ESPF<sup>3</sup>.

## **8. Non FI Operations**

The Fund will also finance activities through equity investments, innovation grants, technical cooperations, and facilitating green bond structuring and issuance.

Equity investments and innovation grants will be administered through IDB Lab and the IDB Invest Social and Environmental Governance Unit will manage the environmental and social risks and impacts through internal due diligence procedures and the application of the IFC Performance Standards. Clients will be required to implement an ESMS and action plans commensurate with the degree of risks and impacts of the activities to be financed.

Technical cooperations to be financed by the Fund will only support activities such as capacity building, planning, sectorial and market assessments, policy frameworks, connecting bio-business to stakeholders and markets, advisory services and inclusion mechanism for women, traditional peoples, and indigenous peoples. No works or productive activities will be financed by technical cooperation funds. However, consistent with the ESPF Policy Statement, in order to ensure consistency with the applicable ESPF requirements the IDB will review the terms of reference and outputs of any technical cooperations that finance prefeasibility or feasibility studies of specific investment projects that include environmental and social studies.

The Fund will finance grants for guarantees to deploy credit enhancement instruments for green bonds issued by public entities. Borrowers of investment guarantees will be required to develop an ESMS commensurate with the risks and impacts of the activities to be financed by the bonds. No Category A activities may be financed through the bonds.

## **9. Capacity Building and Technical Assistance**

Roughly USD\$3 million in technical cooperation funds will be channeled through the Fund. These funds will be used for the following main classes of activities:

---

<sup>2</sup> In line with IP Policy of GCF (IP representative).

<sup>3</sup> See item 12.1 for additional requirements related to IP consultation

## Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

Capacity development and access to market support for MSMEs end-borrowers. This will include the majority of the TA funds, amounting to roughly two thirds of the total TA envelope. This technical assistance may take the form of consultancies for (i) agricultural extension services for MSME producers; (ii) training to increase productivity and incorporate climate-smart practices and technologies; (iii) feasibility studies for climate-smart interventions in the processing or warehousing of agricultural products; (iv) specialized financial product design by financial institutions; (v) linkage to high-value markets or to value chain actors; (vi) certification (such as Forest Stewardship Program (FSC), various “organic” certifications, etc); or (vii) limited funds may be used to support capacity development for the installation of decentralized small scale renewable energy and efficiency generation systems and/or adaptation technologies such as more efficient irrigation systems.

Support to participating FIs’ to strengthen their capacity for the structuring and implementation of environmental and social management systems (ESMSs) and mainstreaming of gender considerations. During the E&S due diligence, where gaps are identified with regard to key E&S issues, or further capacity building is required, the IDB Group will assist the selected FIs in preparing specific Terms of Reference for expert consultants to assist the FI in strengthening its ESMS and ensuring the presence of adequate safeguards and guidance tools in evaluating and managing funds under the credit line.

Support to the implementation of the Fund, including knowledge management and dissemination of results to a wide regional and international audience.

### **10. Organizational Capacity**

The IDB Environmental and Social Solutions Unit (ESG) will assign a primary safeguards specialist to each specific project that is prepared under the Fund. Depending on the environmental and social contexts of the particular project, this may be either an environmental or social specialist and additional specialists may be assigned to support the project as needed.

In addition, such support may also sometimes be provided by external consultants in the territory for particular work, such as identification of gaps between legislation and international standards, the capacity of the implementer, inconsistencies analysis in general, among others.

Each project will have a specific management system for its potential environmental and social risks and impacts to ensure socio-environmental performance consistent with the applicable safeguards. During the project appraisal, the ESG specialist will prepare reports, establishing the level of detail and periodicity of supervision and monitoring, through, for example, periodic reports, field visits, specific environmental assessments, etc., that are necessary for the approval and execution of the project.

For onboarding EE into the Fund, as part of the appraisal process, the IDB will assess the environmental and social management capacity of executing agencies by applying the Platform for the Analysis of Institutional Capacity (PACI), a tool to support the gathering and analysis of information related to an executing agency’s institutional capacity. Within the due diligence appraisal, the Bank will perform additional validations of this information, as well as establish training mechanisms as part of the project’s socio-environmental requirements, depending on the particular weaknesses or threats found as per required by the ESMS.

### **11. Institutional Arrangements**

The Amazon Bioeconomy Fund is one of five financing mechanisms of the IDB Group Amazon Initiative. Parting from the multi-sector, multi-nation approach of the Initiative, and continuing the successful inter-departmental collaboration during its conceptualization, the Initiative’s operational work will be guided by a group of focal points representing the relevant country departments and representations, as well as all relevant technical sectors and strategic areas from the IDB Group’s three entities: IDB, IDB Lab, and IDB Invest. The coordination of this group and of administrative matters related to the Amazon Initiative will be carried out by a designated

## Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

staff within the Vice Presidency of Sectors (VPS), in close coordination with the Vice Presidency of Countries, in accordance with the terms specified by and under the supervision of the Vice President of Sectors or a member of VPS to whom the Vice President delegates this responsibility.

Key elements to be managed by the designated staff are: (i) the operational framework for implementing the initiative, including for example, technically-rigorous guidance on how to determine which projects can be considered to wholly and significantly contribute to the Initiative, the process for the strategic prioritization of locations, details on the mapping of complementary efforts and functioning of the collaboration mechanisms (IDB Group programming and strategic dialogues, development partner network and Amazon Entrepreneurial Network); (ii) adequate coordination, evaluation, monitoring and reporting on the Initiative and its activities, following the Bank's established processes and using the Bank's operational systems; (iii) communication and outreach at the Initiative level; and (iv) facilitating consultations with and coordination among interested stakeholders, within the IDB Group and externally.

The IDB, as Accredited Entity, will maintain the responsibilities of the Programme to the GCF as per the terms to be agreed between IDB and GCF in the AMA and FAA. The Executing Entities will execute the implementation of the specific transactions to be financed or cofinanced with Fund resources, including the structuring and deployment of IDB and GCF capital into the Fund's portfolio sub-projects. The Executing Entities will be subject to compliance with the Accreditation Master Agreement to be entered into between the GCF and the Accredited Entity and/or such other relevant arrangements. Supplementing this, at the sub-project level, rights and responsibilities of project sponsors, lenders, and other project parties will be defined under the sub-project contracts, completing the governance structure of the Fund.

The development of the sub-project level ESMS is part of the capacity building sub-component (Activity 1.3.a.ii1 and 2 in Annex 4).

### **12. Others E&S issues**

On September 16, 2020, IDB Board of Executive Directors approved a new Environmental and Social Policy Framework (ESPF) setting new standards in several areas, as well as by establishing provisions for the Bank's clients to tackle E&S issues. The new ESPF *"elevates respect for human rights to the core of environmental and social risk management and includes a dedicated, stand-alone standard on gender equality. A new standard on labor and working conditions aligns with the core international conventions and instruments."*

*The new policy framework also includes consideration of risks associated with pandemics and epidemics, and it aligns with international best practices on biodiversity protection and conservation. In addition, the ESPF stipulates when free, prior, and informed consent is required from indigenous peoples, mandates protections for African descendants and persons with disabilities, and requires consideration of race, ethnicity, age, and social conditions. To obtain open, transparent, and inclusive engagement around projects, the ESPF also includes a stand-alone stakeholders' engagement and information disclosure standard, which requires clients to routinely implement grievance mechanisms."*

IDB set an implementation period of one year's time line to prepare the Bank and borrowers for the rollout the new policy framework. Given the timing of GCF Board and the ESPF effective date, project to be financed by the Amazon Bioeconomy Fund will follow IDB's new ESPF.

### **12.1 Gender strategy**

The IDB's new Environmental and Social Performance Standard ("ESPS") 9 on Gender Equality has the following objectives: to anticipate and prevent adverse risks and impacts based on gender, sexual orientation, and gender identity, and when avoidance is not possible, to mitigate and compensate for such impact; to establish actions to prevent or mitigate risks and impacts

## Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

due to gender throughout the project cycle; to achieve inclusion from project-derived benefits of people of all genders, sexual orientations, and gender identities; to prevent SGBV, including sexual harassment, exploitation and abuse, and when incidents of SGBV occur, to respond promptly; to promote safe and equitable participation in consultation and stakeholder engagement processes regardless of gender sexual orientation, and/or gender identity; and to meet the requirements of applicable national legislation and international commitments relating to gender equality, including actions to mitigate and prevent gender-related impacts.

Therefore, as part of the Fund strategy, IDB together with the implementing partners will look for opportunities to promote gender equality. This will be carried at the EEs levels by IDB while reviewing working conditions and labor practices of the selected partners, but also at the financial product line level by fostering products targeting empowerment of women such as women-owned MSMEs or women-led cooperatives.

The selected LFIs will also be required to enhance their ESMSs in order to properly assess gender related themes at the sub-project level. This will include procedures to: i) review and monitor gender related indicators; ii) identify and address adverse impacts and the risk of gender-based exclusion; iii) include women and men in consultation processes; and iv) comply with applicable legislation relating to equality between men and women.

### **12.2. Indigenous People**

The IDB's new ESPS 7 on Indigenous Peoples and objectives are to ensure that the development process fosters full respect for the human rights, collective rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples; to anticipate and avoid adverse impacts of projects on communities of Indigenous Peoples, or when avoidance is not possible, to minimize and/or compensate for such impacts; to promote sustainable development benefits and opportunities for Indigenous Peoples in a culturally appropriate manner; to establish and maintain an ongoing relationship based on Informed Consultation and Participation (ICP) in a culturally appropriate manner with the Indigenous Peoples affected by a project throughout the project's life cycle; and to ensure the FPIC of the Project-Affected Communities of Indigenous Peoples when the circumstances described in the ESPS are present.

Aligned with IDB objective to safeguard Indigenous People and their rights against adverse impacts, Category A type of projects will not be eligible for financing under the Fund. For projects where E&S assessment identifies Indigenous People as stakeholders, participation and consent requirements will be implemented in accordance with the Bank's ESPS 1, ESPS 7, and ESPS 10.

Projects with potential undesired contact with indigenous people who are uncontacted living in voluntary isolation or "in initial contact" will not be eligible.

Annex 7 of the Fund Proposal provides a Stakeholder Engagement Plan and describes the socializations activities already realized. Direct dialogue roundtables were organized on Wednesday, May 13, 2020; Thursday, May 14, 2020, Sunday, May 17, 2020, and Monday, May 18, 2020. 783 stakeholders were invited, 136 participated. The following elements were developed in the FP as a result of the dialogue: i) small grants program for indigenous and traditional communities, ii) continuous stakeholder engagement, iii) strengthening of the inclusion mechanism for gender and diversity, iv) amplification of the dialogue process on the topic of indigenous ancestral practices.

### **12.3 Stakeholder Engagement and Information Disclosure**

The objectives of the IDB's new ESPS 10 on Stakeholder Engagement and Information Disclosure are to establish a systematic approach to stakeholder engagement that will help the Borrower identify stakeholders, especially project-affected people, and build and maintain a constructive relationship with them; to assess the level of stakeholder interest in and support for the project and to enable stakeholders' views to be considered in project design and

## Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

environmental and social performance; to promote and provide the means for effective and inclusive engagement with project-affected people throughout the project's life cycle on issues that could potentially affect or benefit them from the project; to ensure that appropriate information on environmental and social risks and impacts of the project is disclosed to stakeholders in a timely, understandable, accessible, and appropriate manner and format; and to provide stakeholders with accessible and inclusive means to raise questions, proposals, concerns, and grievances and allow Borrowers to respond and manage them appropriately

During the PACI, IDB will review the LFIs and NDBs ESMSs capacities to assess and monitor stakeholder engagement related themes at the subproject level.

For sub-projects where ESPS 10 is applicable, the implementing partners will be required to review if stakeholder engagement elements have been adequately conducted. This will involve reviewing the following elements: stakeholder analysis and planning, disclosure and dissemination of information, consultation and participation, grievance mechanism, and ongoing reporting to affected communities.

The nature, frequency, and level of effort of stakeholder engagement will vary considerably and will be commensurate with the sub-project's risks and adverse impacts, and the sub-project's phase of development.

Borrowers will be required to disclose information—at a minimum—to stakeholders and those who could be affected by projects with a high E&S risk factor. Depending on the country regulation, in the case where an FI is bound by banking secrecy regulations, the bank should require the client to disclose this information. The FI can also implement a mechanism, not only for communities to be informed of high-risk projects in a timely manner, but also to provide a grievance platform for those who have been affected by a project's impacts. IDB will require that the EEs under the Fund implement a grievance mechanism to *“receive and assist with the resolution of any concerns and grievances of stakeholders (project-affected people and interested parties) that may arise in connection with the project's environmental and social performance. The grievance mechanism will be proportionate to the level of risk and impacts of the project”*.

The Stakeholders Engagement Plan (SEP) (for details please see Annex 7 of the funding proposal) has been designed to follow a multidimensional approach to both: i. to assure a wide and diverse array of stakeholders are reached on regular bases with well-planned actions of information, dialogue, consultations, collaboration, and partnerships to ensure an inclusive and meaningful stakeholders' participation on grade of adjusting the design and execution of projects by country on time fashion and ii. to foster local bioeconomy opportunities by including local IP, Afro descendants, campesinos, and traditional communities to directly contribute on the design and/or execution of different local projects.

As pre-phase SEP implementation started with a socialization phase with seven (7) dialogues with IP, Afro, Campesinos, Traditional communities' representatives and International Organizations, to get their expertise and territorial knowledge to better understand needs and concerns towards: gender perspective, IP perspectives, Campesinos and local groups perspectives, and international CSOs perspectives. Discussion tables was held in English, Spanish, and Portuguese and 536 organizations were invited with a total participation of 136 representatives from Brazil, Bolivia, Colombia, Ecuador, Peru, and Suriname.

In addition, massive data was gathered with the use of artificial intelligence (AI) that helps to identify new stakeholders working at the basin as well as analyze thousands of open data regarding perceptions and concerns about the development of the Amazon basin with identity.

Thanks to those dialogues and the AI analysis, the proposal design changed (see also section 12.2), and funds were re-allocated to better support the implementation of the SEP allocating USD 2 M, USD 10 M to the Small Grants Program to finance local bioeconomy projects to be evaluated and selected together with the SEP Secretariat consisting of representatives of IP,

## Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

Afro, Campesinos, Traditional Communities. A second part of the Socialization Phase is taking place with IP, Afro descendants, Campesinos, Traditional Communities, International CSO from June-August 2021 to better focus on the main topics mentioned during the dialogue tables: ancestral practices and its application on the development of the Amazon basin; Women capacity building (including access to credit); Indigenous People empowerment.

Additionally, a phase of focused consultations will take place into September with IP (like COICA), Afro descendants (quilombolas), Campesinos, Traditional Communities representatives to jointly design the final SEP Secretariat membership and implementation. The scope of the consultation is to get a common governance to implement all along the SGP, the SEP itself and other initiatives lead by the Bank at the Amazon basin. For details see Annex 7.

### **12.4 Cumulative Impacts**

The Bank's ESPF defines the cumulative impacts of a project as the incremental impact of the project when added impacts from other relevant past, present and reasonably foreseeable developments as well as unplanned but predictable activities enabled by the project that may occur later or at a different location. In the Fund context, examples of potential cumulative impacts include:

- Expansion of the agricultural frontier in response to perceived increased demands or prices for agricultural and livestock products;
- Wildlife population reduction caused by increased hunting, road kills, and forestry operations;
- Depletion of highly valued timber species as a result of multiple logging concessions.

As per IDB ESPS 1 on Assessment and Management of Environmental and Social Risks and Impacts, a borrower's identification environmental and social risks and impacts will consider all relevant direct, indirect, and cumulative environmental and social risks and impacts of the project.

Therefore, borrowers of Fund funds may be required to develop a cumulative impact assessment to identify the magnitude and significance of those impacts and risks, and develop and implement appropriate mitigation measures. Cumulative impacts management should include effective application of and adherence to the mitigation hierarchy in environmental and social management of the specific contributions by the Fund to the expected cumulative impacts; and demonstrated best efforts to engage in, enhance, and/or contribute to a multi stakeholder, collaborative approach to implementing management actions that are beyond the capacity of individual projects proponents.

## **Appendix I – List of Referenced IDB Policies**

See all IDB operational policies [here](#)

### **ENVIRONMENTAL AND SOCIAL POLICY FRAMEWORK**

The Board of Executive Directors of the Inter-American Development Bank (IDB) approved a new Environmental and Social Policy Framework (ESPF) on September 16, 2020. The new ESPF is the result of a rigorous process that spanned 20 months and was based on an inclusive, transparent, and participatory public consultation process. The ESPF is scheduled to become effective in October 2021 for all new operations that have not passed the Eligibility Review Meeting prior the effective date.

The ESPF sets ambitious new standards in several areas and provides IDB's clients with leading-edge provisions to tackle environmental and social issues. It elevates respect for human rights to the core of environmental and social risk management and includes a dedicated, stand-alone standard on gender equality. A new standard on labor and working conditions aligns with the core international conventions and instruments.

The new policy framework also includes consideration of risks associated with pandemics and epidemics, and it aligns with international best practices on biodiversity protection and conservation. In addition, the ESPF stipulates when free, prior, and informed consent is required from indigenous peoples, mandates protections for African descendants and persons with disabilities, and requires consideration of race, ethnicity, age, and social conditions. To obtain open, transparent, and inclusive engagement around projects, the ESPF also includes a stand-alone stakeholders' engagement and information disclosure standard, which requires clients to routinely implement grievance mechanisms.

Moreover, an exclusion list now identifies activities that the IDB will not finance because they could adversely impact people and the environment, or because they are inconsistent with the IDB's commitment to addressing climate change and promoting environmental and social sustainability (see Annex II below).

See ESPF [here](#)

### **ACCESS TO INFORMATION POLICY – OP-102 [here](#)**

The Policy details the information to be disclosed to the public on activities of the Board of Executive Directors, establishes the right to an independent review of denials of access to information and the amount of information to make available on projects in execution. The current version of the Policy is effective since January 1, 2011.

### **GRIEVANCE MECHANISM – see [here](#)**

The Independent Consultation and Investigation Mechanism (MICI) is a last resort alternative open to group of individuals or communities who may be adversely impacted by IDB financed operations due to the Bank's potential non-compliance with its own operational policies. The MICI process includes two phases: a Consultation Phase that provides parties with the opportunity to address requesters' concerns in a voluntary, flexible and collaborative manner; and a Compliance Review Phase that enables requesters to ask for an investigation of a Bank-financed operation with the objective of establishing whether the Bank has failed to comply with any of its Relevant Operational Policies and whether that has caused harm to requesters.

## Appendix II – Excluded Activities List

The IDB will not knowingly finance, directly, or indirectly through FIs, projects involved in the production, trade, or use of the products, substances, or activities listed below. Additional exclusions may apply in the context of a specific operation.

### 1. PROHIBITED ACTIVITIES

a. Activities that are illegal under host country laws, regulations or ratified international conventions and agreements, or subject to international phase out or bans, such as:

- i. Polychlorinated biphenyl compounds (PCBs).
- ii. Pharmaceuticals, pesticides/herbicides, and other hazardous substances subject to international phaseouts or bans.<sup>4</sup>
- iii. Persistent Organic Pollutants (POPs).<sup>5</sup>
- iv. Ozone-depleting substances subject to international phase-out.<sup>6</sup>
- v. Wildlife or wildlife products regulated under Convention on International Trade in Endangered Species of Wild Fauna and Flora.<sup>7</sup>
- vi. Transboundary trade in waste or waste products,<sup>8</sup> except for nonhazardous waste destined for recycling.
- vii. Lead paint or coatings in the construction of structures and roads.<sup>9</sup>

b. Activities that are illegal under host country laws, regulations, or ratified international conventions and agreements relating to the protection of biodiversity resources or cultural heritage.

### 2. OTHER ACTIVITIES

a. Activities that, although consistent with a country's legal and/or regulatory framework, may generate particularly significant adverse impacts on people and/or the environment, such as:

- i. Weapons, ammunitions, and other military goods/technology.
- ii. Tobacco.<sup>10</sup>
- iii. Gambling, casinos, and equivalent enterprises.<sup>11</sup>
- iv. Radioactive materials.<sup>12</sup>
- v. Unbonded asbestos fibers or asbestos containing products.

---

<sup>4</sup> Reference documents are: Council Regulation (EEC) No 2455/92 of 23 July 1992 Concerning the Export and Import of Certain Dangerous Chemicals, as amended from time to time; United Nations Consolidated List of Products whose Consumption and/or Sale have been Banned, Withdrawn, Severely Restricted or not Approved by Governments; Convention on the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); Stockholm Convention on Persistent Organic Pollutants; World Health Organization Recommended Classification of Pesticides by Hazard, World Health Organization Pharmaceuticals: Restrictions in Use and Availability

<sup>5</sup> Stockholm Convention on Persistent Organic Pollutants as amended in 2009

<sup>6</sup> Ozone-depleting substances (ODSs) are chemical compounds which react with and deplete stratospheric ozone, resulting in the widely publicized 'ozone holes.' The Montreal Protocol lists ODSs and their target reduction and phase-out dates. The chemical compounds regulated by the Montreal Protocol include aerosols, refrigerants, foam-blowing agents, solvents, and fire protection agents. (<https://ozone.unep.org/treaties/montreal-protocol>)

<sup>7</sup> [www.cites.org](http://www.cites.org)

<sup>8</sup> As defined by the Basel Convention ([www.basel.int](http://www.basel.int)).

<sup>9</sup> Paints or coatings with a total lead concentration great than 90 ppm or the concentration limit set by the host country, whichever is lower.

<sup>10</sup> This does not apply to projects whose primary objective is not related to the production, trade, or use of tobacco.

<sup>11</sup> This does not apply to projects whose primary objective is not related to the construction and operation of gambling, casinos, and equivalent enterprises.

<sup>12</sup> This does not apply to the purchase of medical equipment, quality control (measurement) equipment, or any equipment where it can be demonstrated that the radioactive source is trivial and/or adequately shielded.

Annex 6a Environmental and Social Analysis and  
Environmental and Social Management Framework

vi. Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.

b. Activities that are inconsistent with the IDB's commitments to address the challenges of climate change and promote environmental and social sustainability, such as:

- i. Thermal coal mining or coal-fired power generation and associated facilities.<sup>13</sup>
- ii. Upstream oil exploration and development projects.<sup>14</sup>
- iii. Upstream gas exploration and development projects.<sup>15</sup> Under exceptional circumstances and on a case-by-case basis, consideration will be given to financing upstream gas infrastructure where there is a clear benefit in terms of energy access for the poor and where GHG emissions are minimized, projects are consistent with national goals on climate change, and risks of stranded assets are properly analyzed.

---

<sup>13</sup> This applies only to associated facilities which primary objective is related to the production, trade, or use of coal for power generation or to the transmission of energy generated by a coal-fired power plant (e.g., a dedicated transmission line).

<sup>14</sup> Upstream oil and gas exploration and development refer to all the steps involved from the preliminary exploration through the extraction of the resource.

<sup>15</sup> Idem.

### **Appendix III – List of stakeholders involved in the Project preparation phase stakeholder engagement**

*See full report of dialogues conducted during the project preparation phase in Annex 7*

The Stakeholders Engagement Plan (SEP) has been designed to follow a multidimensional approach to both: i. to assure a wide and diverse array of stakeholders are reached on regular bases with well -planned actions of information, dialogue, consultations, collaboration, and partnerships to ensure an inclusive and meaningful stakeholders' participation on grade of adjusting the design and execution of projects by country on time fashion and ii. to foster local bioeconomy opportunities by including local IP, Afro descendants, campesinos, and traditional communities to directly contribute on the design and/or execution of different local projects.

As pre-phase SEP implementation started with a socialization phase with seven (7) dialogues with IP, Afro, Campesinos, Traditional communities' representatives and International Organizations, to get their expertise and territorial knowledge to better understand needs and concerns towards: gender perspective, IP perspectives, Campesinos and local groups perspectives, and international CSOs perspectives. Tables was held in English, Spanish, and Portuguese and 536 organizations were invited with a total participation of 136 representatives from Bolivia, Peru, Surinam, Ecuador, Brazil and Colombia.

Massive data was gathered with the use of AI that helps to identify new stakeholders working at the basin as well as analyze thousands of open data regarding perceptions and concerns about the development of the Amazon basin with identity.

Thanks to those dialogues and the AI analysis, the proposal design changed, and funds were re allocating to better support the implementation of the SEP: 2 M for the SEP, 12 M to the Small Grants Program to finance local bioeconomy projects evaluated and chose together with the SEP Secretariat integrated by IP, Afro, Campesinos, Traditional Communities representatives. A second part of the Socialization Phase is taking place with IP, Afro descendants, Campesinos, Traditional Communities, International CSO from June-August to better focus on the main topics mentioned during the dialogue tables: ancestral practices and its application on the development of the Amazon basin; Women capacity building (including access to credit); Indigenous People empowerment. Women access to credit.

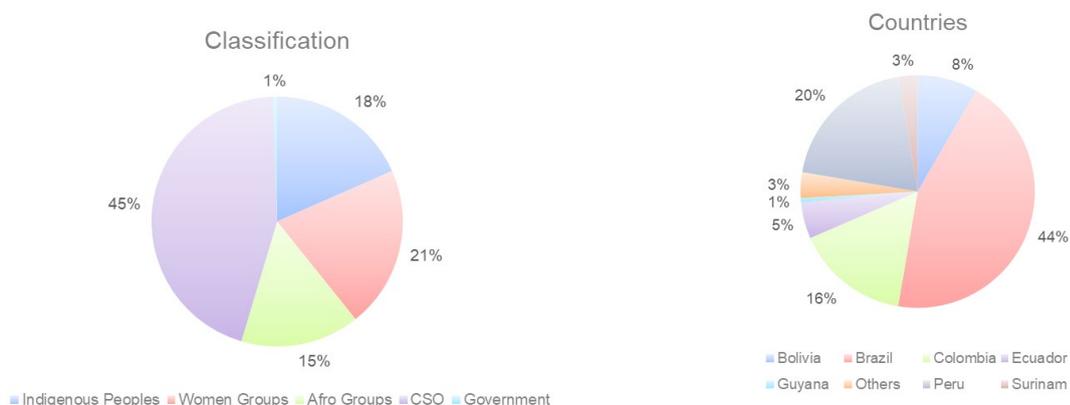
Additionally, a phase of focused consultations will take place into September with IP (like COICA), Afro descendants (quilombolas), Campesinos, Traditional Communities representatives to jointly design the final SEP Secretariat membership and implementation. The scope of the consultation is to get a common governance to implement all along the SGP, the SEP itself and other initiatives lead by the Bank at the Amazon basin.

#### Design phase:

1. **Number of people invited:** 1658.  
Represented groups: Indigenous Peoples, Afro-descendants, Local and traditional communities, International Organizations
2. **Number of participating countries represented:** 7 Bolivia, Brazil, Colombia, Ecuador, Guyana, Perú, Surinam.
3. **Number of jurisdictions/Departments of the Amazon:** 47
4. **% of women in participants:** 62%
5. **Number of IP associations represented:** 135
6. **Number of afro descendants' groups represented:** 75
7. **Number of women groups represented:** 84

Annex 6a Environmental and Social Analysis and  
Environmental and Social Management Framework

8. Final number of participants in the dialogues (at the end of August): 548



Name of the table	Date and hour (EDT)	Languages
1 – Ancestral knowledge	June 29, 10h	Spanish
2 – Ancestral knowledge	July 6, 13h	Portuguese
3 – Capacity-building for women groups	July 20, 10h	Spanish
4 – Capacity-building for women groups	August 3, 8h	Portuguese
5 – Capacity-building for IP	August 10, 15h	Spanish
6 – Capacity-building for IP	August 17, 8h	Portuguese
7 – Various perspectives and strong ideas	August 20, 9h	English
8 – Quilombola Perspective	August 24, 8h	Portuguese
9 – Various perspectives and strong ideas	August 26, 8h	Dutch

Another 7 bi-lateral and one in-person mission with 8 OSC observers and GCF are scheduled for August.

## **Appendix IV • Outline for developing Sociocultural Analysis and Indigenous People Plans**

See Annex B of the following document :

[https://publications.iadb.org/publications/english/document/Social\\_Impact\\_Assessment\\_Integrating\\_Social\\_Issues\\_in\\_Development\\_Projects.pdf](https://publications.iadb.org/publications/english/document/Social_Impact_Assessment_Integrating_Social_Issues_in_Development_Projects.pdf)

When the socio-cultural analysis is prepared as a document, the following items could serve as a starting point for the elaboration of the SCA:

- Analysis of the legal framework related to Indigenous Peoples: Identification of the main applicable instruments, from national legislation as well as international conventions ratified and subscribed to by the country, and principles and guidelines established in the Policy (OP-765) of the IDB.
- Characterization of the Indigenous communities: Detailed description and analysis of the Indigenous population located in the area of influence (direct and indirect) of the project. Based on this characterization, the analysis will determine whether it is necessary to expand the indirect area of influence of the project in specific places, justifying the reasons why it should be expanded.
- Community structure and institutional functioning: Norms, values, rules, customs, behaviors and decision-making mechanisms that have been institutionalized through inter and intra-group relations, relevant for the project, to take into account in the public consultations and the management measures to be proposed.
- Gender aspects: Identification of gender dynamics as an integral part of the SCA, identifying sociocultural patterns such as the exclusion of women from decision-making processes or public life, economic or professional life, harmful attitudes or practices towards women and girls (like their exclusion from education), physical violence against women (whether by strangers, acquaintances, or intimate partners), using both qualitative and quantitative data and indicators. Identify special measures necessary to ensure that women and girls participate in decision-making processes about the project like the public consultation. It would also be important to analyze if as a result of the project there could be negative impacts differentiated by gender, or worse for women and girls than for men and boys, or if preexisting gender inequalities could be exacerbated as a result of the project.
- Symbolic aspects: characterization of values, norms, traditions, customs, beliefs, aspirations and attitudes of the community related to the project, with special emphasis on ceremonial sites and other places with symbolic meaning for the population.
- Social vulnerability analysis: Situation of the Indigenous population in the area of the project according to its levels of socioeconomic vulnerability, historic and cultural vulnerability, linking that situation with potential risk of exclusion from the potential benefits of the project.
- Population expectations: Aspirations, perceptions, and attitudes towards the project within the Indigenous communities, including the history of interactions with the agencies of the public sector and the level of confidence or distrust that Indigenous communities have in them. Production and connection with the regional commercial system. Analysis of how the changes generated by the project could provoke changes in the interactions between the Indigenous population and agents related to the commercialization of products and subsistence activities currently existing in Indigenous communities.
- Existing liabilities and contextual risk: Identification of the presence of potential sociopolitical liabilities and risks associated with the context in which a project will be constructed and operate.
- Risks of physical, territorial, or cultural integrity of the potentially affected population, including natural resources, food security, rights, economy, identity, etc.
- Possible impacts generated by the presence of construction workers. Analyze the possible risks associated with the construction works (health, accidents, unwanted pregnancies,

## Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

etc.), with particular emphasis on the behavior of personnel of the contractors in their interactions with the local Indigenous population.

- Cultural changes and generational disruption: Analyze the internal cultural changes and tensions that could be generated or identified because of the project, in the framework of the changes that the project could introduce or intensify.

- Risk of conflict. Identification of latent conflicts and potential new conflicts that could be generated or intensified because of the project.

- Potential indirect impacts related to tenancy and use of lands. Analyze the principal threats in this area that could be created or intensified because of the project, including land titling issues, rent or leasing, invasion of Indigenous lands, ancestral territories they aspire to recover, etc.

- Other risks and possible adverse social impacts, including direct, indirect, and accumulative, induced or residual impacts on Indigenous communities.

- Public consultations with Indigenous Peoples: Guidelines and criteria for conducting public consultations with Indigenous Peoples, reflecting the requirements established in Policy OP-765 of the IDB on Indigenous Peoples. These measures would be additional to the consultation activities to be carried out in the context of the ones required by OP-703. These consultations should be socio-culturally appropriate, preferably using one or more Indigenous facilitators, ensuring that those people that don't speak Spanish (or Portuguese, in the case of Brazil) have the opportunity to form questions and express their opinions and concerns; that they are held at times and in spaces that are accessible to the local Indigenous population, and that they respect the decision-making mechanisms of the Indigenous groups.

- Indigenous Peoples Plan. Inclusion of specific measures to reduce, mitigate and/or compensate the potential impacts on Indigenous communities, following the mitigation hierarchy discussed in this note. Compensation does not necessarily mean economic compensation, but mainly replacement of the affected functionality or replacement in kind, as in land for land. The impacts identified should be associated with the mitigation measures, clearly explaining the relation between the impacts and the measures. This plan, and its measures, should have an assigned budget, tentative timeline, required personnel to execute them, institutional responsibilities, among other practical details that facilitate its eventual implementation.

- Monitoring of Sociocultural Aspects: Definition of sociocultural indicators that serve as a baseline for eventual monitoring of changes generated by the project, defining a monitoring system specifically for Indigenous communities, analyzing the possibility of implementing participatory monitoring systems, when that is practical.

- Field visits: To write the sociocultural analysis, and to gather the primary information related to Indigenous communities required, there should be field visits to the Indigenous communities in the direct and indirect area of influence of the project, in coordination with the executing agency, and advising the executor to carry out the specific consultations with Indigenous Peoples.

## Appendix V. Executive summary of the study on the presence of Indigenous People

The Amazon forest is spread over eight countries (Bolivia, Brazil, Colombia, Ecuador, Guyana, Peru, Suriname and Venezuela) and one overseas department (French Guiana) and is the largest tropical forest on earth. The Pan Amazon region is inhabited by a total population of roughly 34 million people, of which approximately 1.5 million (4%) are indigenous people<sup>16</sup>, many of which are dependent on agriculture, forests and other natural resources for their livelihoods. There is no clarity on how many “pueblos indígenas”<sup>17</sup> live in this region: some sources, such as the OTCA (2018:12), estimate that there are around 420, while the Amazonian Georeferenced Socio-Environmental Information Network (RAISG, 2020) registers a total of 410. Similarly, it is not known exactly how many indigenous peoples in voluntary isolation and initial contact (PIACI) there are in the region: RAISG (2020) documents the existence of 82 PIACI but the OTCA (2018) estimates about 200. In addition, indigenous territories cover approximately 28% of the Area of the Amazon.

There are 2,275 indigenous territories covering more than 2,300,000 km<sup>2</sup> of the Amazon (RAISG, 2020). The land tenure categories of these territories may vary between: Officially recognized traditional occupation and used territories; Territories of traditional use and occupation without official recognition; Indigenous Reserve or Intangible Zone (for PIACI); Indigenous Reserve Proposal (RAISG, 2020). The countries with the largest number of indigenous territories are: Brazil with an area of 1,156,000 km<sup>2</sup>, Peru with an area of 308,341 km<sup>2</sup> and Colombia with an area of 262,912 km<sup>2</sup>. Most of these indigenous territories are officially recognized and occupy 21.9% of the coverage of the general Amazon (RAISG, 2017). Different studies have highlighted that the power of women in decision-making is low or medium compared to that of men who are mainly responsible for the administration of resources (PROAmazonía, 2019).

The Pan Amazon nations have used land-use planning methodologies to identify landscapes that should be set aside for protection or zoned for some type of economic activity, including forest management, livestock, perennial crops, and intensive agriculture. There are two basic approaches: Zonificación agro-ecológica (ZAE) and Zonificación ecológica económica (ZEE).<sup>18</sup> The ZAE method uses climate and soil data to differentiate land-use categories, while the ZEE approach essentially uses the ZAE output as a baseline but incorporates social and economic criteria to arrive at a land-use plan that, theoretically, will be accepted and used by society. A ZEE includes a consultation process that engages all stakeholder groups, including indigenous and traditional communities, academics, and civil society, as well as migrants and agroindustry.<sup>19</sup> The effectiveness of these studies and their implementation as land use policy is mixed.

---

<sup>16</sup> Organización del Tratado de Cooperación Amazónica - OTCA. (2018). *Análisis diagnóstico transfronterizo regional de la Cuenca Amazónica ADT*. Brasilia: OTCA. Red Amazónica de Información Socioambiental Georreferenciada - RAISG. (2018). Pan Amazonía. Evolución anual de la cobertura y uso de la tierra (1985-2018).

<sup>17</sup> “Pueblos indígenas” means indigenous peoples in English. According to the OIT Indigenous and Tribal Peoples Convention, 1989: (a) tribal peoples in independent countries whose social, cultural and economic conditions distinguish them from other sections of the national community, and whose status is regulated wholly or partially by their own customs or traditions or by special laws or regulations; (b) peoples in independent countries who are regarded as indigenous on account of their descent from the populations which inhabited the country, or a geographical region to which the country belongs, at the time of conquest or colonisation or the establishment of present state boundaries and who, irrespective of their legal status, retain some or all of their own social, economic, cultural and political institutions.

<sup>18</sup> This methodology had its roots in the USDA system known as Land Capability Classification (LCC), which in Latin America was promoted as *Capacidad de Uso Mayor de la Tierra*, by USAID and the Instituto Interamericano de Cooperación para la Agricultura (IICA).

<sup>19</sup> Bolivia: Plan de Uso del Suelo (PLUS); Brazil: *Zoneamento Ecológico e Econômico* (ZEE); Colombia: *Plan de Ordenamiento Territorial* (POT); Ecuador: *Planes de Desarrollo Ordenamiento Territorial* (PDOT); Guyana: National Land Use Plan (NLUP); Peru: *Zonificación Ecológica Económica* (ZEE); Suriname: *Land use Plan* (LUP); Venezuela: *Plan Nacional de Ordenación del Territorio* (PNOT).

## Annex 6a Environmental and Social Analysis and Environmental and Social Management Framework

Settlement, colonization, and deforestation have occurred and continue to occur via processes influenced largely by social and market forces. Nonetheless, the ZEE process has supported the establishment and management of protected area systems and institutionalized the claims and rights of indigenous communities and other vulnerable groups. Governments, NGOs, and multilateral institutions continue to invest in these approaches as a path towards truly sustainable development. Approximately 500 million hectares (62%) of the Pan Amazon have now been set aside as either protected natural areas (21%), public forests to be managed as standing natural forests (18%) or indigenous territories (23%)<sup>20</sup>.

Amazon basin, including over 3 million indigenous peoples,<sup>21</sup> many of which are dependent on agriculture, forests and other natural resources for their livelihoods. Native indigenous and riverine communities generally practice integrated land management of highly varied forms, in which rotating agricultural and agroforestry practices are intertwined with the use of wood and NTFPs and other ecosystems. Commercial agriculture is being incorporated, slowly in some areas and rapidly in others, into this mix of uses. Communal lands and indigenous territories vary in size greatly, from a few thousand hectares to millions of hectares.

Extreme rainfall events in the Amazon region in 2020 and past years were reported to have affected the food security of indigenous peoples (e.g., due to crop rot and production failures, and restricted access to roads and other key infrastructure).<sup>22</sup> This may also limit access to food and foraging across the Amazon region. This is particularly relevant, given over 3 million indigenous people live in the Amazon basin, belonging to over 350 indigenous nationalities.<sup>23</sup>

Native indigenous and riverine communities generally practice integrated land management of highly varied forms, in which rotating agricultural and agroforestry practices are intertwined with the use of wood and NTFPs and other ecosystems. Commercial agriculture is being incorporated, slowly in some areas and rapidly in others, into this mix of uses. Communal lands and indigenous territories vary in size greatly, from a few thousand hectares to millions of hectares.

Across the Amazon, civil society forms important associations and nonprofit entities, often linked to livelihoods and production activities. These include associations, foundations, committees, peasant and native communities, and grassroots social organizations. Productive associations and ribereño and indigenous communities are the two types of nonprofit entities with a significant presence in land management and production chains in the Pan Amazon.

---

<sup>20</sup> It is generally assumed that indigenous lands will be managed as protected areas because indigenous communities have embraced nature conservation as a strategy to preserve their livelihoods and cultures. However, internal generational and cultural changes, as well as external economic pressures, are already altering this reality, and so this assumption should be periodically revisited.

<sup>21</sup> USAID. 2018. Climate Risk Profile: Amazon Basin. Available at: [https://www.climatelinks.org/sites/default/files/asset/document/S.AmericaRegional\\_CRP\\_Final.pdf](https://www.climatelinks.org/sites/default/files/asset/document/S.AmericaRegional_CRP_Final.pdf) World Economic Forum (WEF), "The future of nature and business", New Nature Economy II, 2020.

<sup>22</sup> For example, floods in the Amazon region in 2020 were reported to have affected the food security of indigenous peoples in the Ecuadorian Amazon, where people were unable to forage and instead had to travel into cities to buy food. Given the covid-19 pandemic, this put indigenous communities and their elders at higher risk of contracting and spreading COVID-19 (Mongabay 2020).

<sup>23</sup> USAID. 2018. Climate Risk Profile: Amazon Basin. Available at: [https://www.climatelinks.org/sites/default/files/asset/document/S.AmericaRegional\\_CRP\\_Final.pdf](https://www.climatelinks.org/sites/default/files/asset/document/S.AmericaRegional_CRP_Final.pdf) World Economic Forum (WEF), "The future of nature and business", New Nature Economy II, 2020.