



USAID
FROM THE AMERICAN PEOPLE

BRAZIL

CATALYZING PRIVATE SECTOR-LED SOLUTIONS

COLLECTIVE ACTION AND LEADERSHIP
NEW ECONOMIC MODELS
INVESTMENTS AND INNOVATIONS

SUPPORTING AMAZON
BIODIVERSITY CONSERVATION
AND SUSTAINABLE DEVELOPMENT

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USAID/BRAZIL: THE AGENCY'S FIRST "STRATEGIC PARTNERSHIP" MISSION

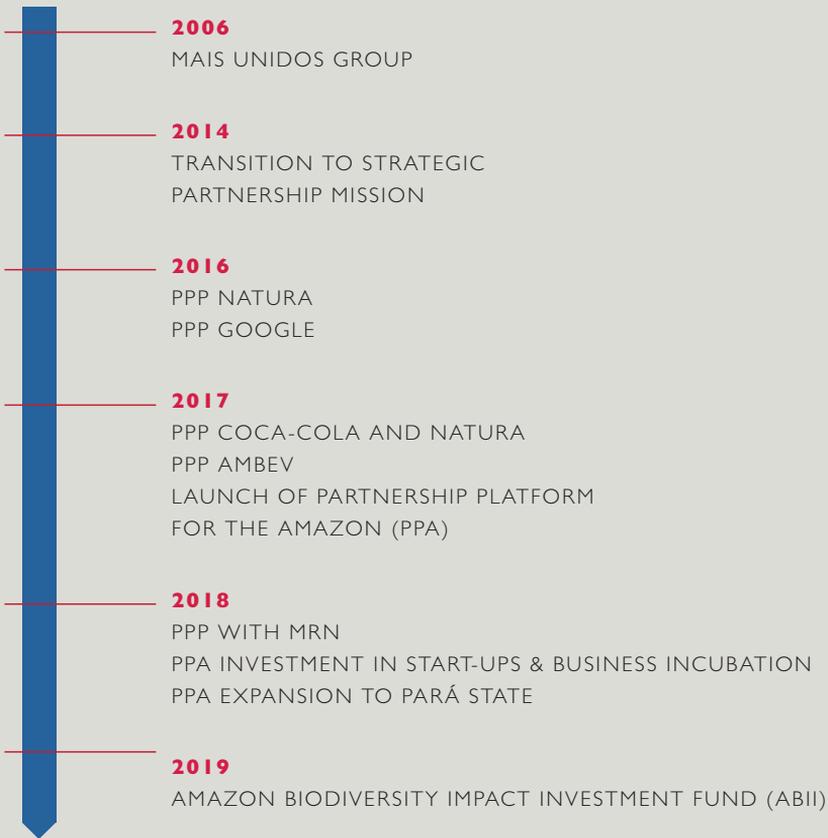
Departing from a traditional donor's role, USAID/Brazil **transitioned from development assistance to a "Strategic Partnerships" mission in 2014 and has been catalyzing transformative partnerships ever since.**

USAID has a long history of working with the private sector that intensified in 2006 with the Mais Unidos Partners Platform, when we brought together American companies to collaborate on Corporate Social Investment (CSI) projects, to transform the education and technology sector. The 100+ companies of Mais Unidos form a self-sustained USAID legacy platform of collective action that continues to deliver development results. This experience increased our collaboration with private sector actors over the years, which we have leveraged into Public-Private Partnerships (PPP) with numerous companies to strengthen forest-based value chains and community well-being with companies such as Google, Coca-Cola, Natura, AMBEV and Mineração Rio Norte (MRN). Increasingly private sector companies seek out USAID as a development practitioner for advice and partnerships, and from this convergence, USAID launched the Partnership Platform for the Amazon (PPA), our signature convening platform today. In 2018, USAID pulled together these lessons learned and experiences to develop our Private Sector Engagement strategy.

CATALYZING PRIVATE-SECTOR LED SOLUTIONS TO AMAZON BIODIVERSITY CONSERVATION

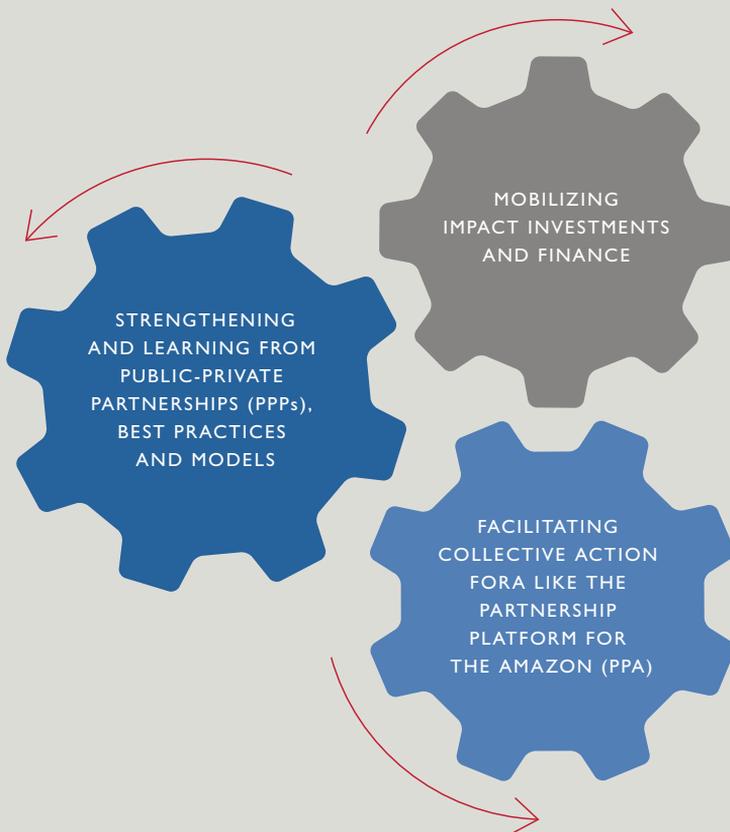
USAID has a long history of tackling the immense challenges of Amazon biodiversity conservation in Brazil, through broad partnerships with the nation's Government, civil society and people. **The Amazon is critical to our planet as the single largest tropical forest and biodiversity hotspot, providing 20% of Earth's oxygen and 16% of its freshwater, directly supporting the 30 million people who live there,** and contributing to an estimated 75% of GDP on the continent. Working hand-in-hand with Brazilian partners, USAID conserves biodiversity and forests by strengthening protected area management and strengthening livelihoods and forest based value chains that allow people to meet their economic and social needs while also conserving biodiversity. As threats have increased, it has become clear that these two strategies alone are insufficient to address the rising deforestation rates, in part because conservation and community prosperity are not adequately supported by legal, viable, sustainable economic pathways. Most forest-based and biodiversity-friendly economic activities and value chains do not sufficiently link to market; they are years away from being economically competitive with illegal extraction of timber and mining, or over-use and expansion from livestock and agriculture. New solutions are needed.

TIMELINE



PRIVATE SECTOR ENGAGEMENT STRATEGY

Our objective is to catalyze an Amazon economy that fosters empowered, sustainable communities, and conserves biodiversity, forests and natural resources.



TESTING AND SCALING NEW ECONOMIC MODELS

USAID through the PPA seeks to **identify potential new models and best practices that showcase new, replicable and viable economic pathways to forest and biodiversity conservation**. One such example is the Programa Territórios Sustentáveis (PTS); the first example of an integrated regional development model led by a mining company, MRN, that strengthens municipal governance, builds social capital (communities and associations), and diversifies economic alternatives that are sustainable. PTS partners with three municipalities, three NGOs, and encompasses 8 Afro-Brazilian (Quilombola) traditional territories and two protected areas. MRN has committed \$14 million in voluntary, local investments over 15 years, to roll out five project pillars and test to see if this achieves the sustainable development and biodiversity conservation goals set; this includes incorporating technologies for territory and land management and redirecting environmental royalties and fees to be paid directly to communities for the first time. PPA also supports impact investing and enterprise incubation initiatives. For example, deep in the Amazon forest Natura and Coca-Cola are investing to improve the production and processing of community and forest-based açaí and essential oils, which the companies purchase, as well as other forest products that can increase the well-being of communities.



QUILOMBOLA COMMUNITIES
USING TECHNOLOGIES FOR
TERRITORY MANAGEMENT
PHOTO:ECAM

Several robust monitoring tools are being rolled annually and bi-annually that will allow USAID to understand impact and process:



SOCIAL NETWORK ANALYSIS TO UNDERSTAND THE DENSITY AND QUALITY OF THE PARTICIPATION, PARTNERSHIPS AND RELATIONSHIP IN THE PPA.



SOCIAL PROGRESS INDEX (SPI), IMPLEMENTED THROUGH PRIMARY DATA COLLECTION AT HOUSEHOLD LEVEL, USED TO UNDERSTAND CHANGES IN WELL-BEING THROUGH A GLOBALLY TESTED AND ROBUST INSTRUMENT.



GEOSPATIAL ANALYSIS OF DEFORESTATION AND FOREST DEGRADATION USING SATELLITE IMAGERY AND ANALYSIS OF TARGETED AREAS.

USAID is strengthening and testing the PTS, Medio Juruá and other PPPs with such tools like a baseline and regular monitoring using the SPI.

FACILITATING COLLECTIVE ACTION AND LEADERSHIP

The Partnership Platform for the Amazon, launched in 2017, is the first example in the Amazon of a convening platform that is led by the private sector. It facilitates collective action on joint development and conservation solutions. It is a unique model that recognizes and empowers companies as powerful drivers of regional development who are often best equipped with science, technology and innovative solutions. The PPA represents private sector champions seeking new ways of doing business that enhance sustainability and forest and biodiversity conservation. **The PPA's Mission is "Partnering with private sector companies to develop and identify innovative solutions for sustainable development and biodiversity conservation of the Amazon."**

PPA OBJECTIVES

- 1 LEVERAGE SOCIAL AND ENVIRONMENTAL INVESTMENTS;
- 2 SHARE EXPERIENCES AND BEST PRACTICES IN THE AREA OF SUSTAINABLE SOCIOECONOMIC DEVELOPMENT AND BIODIVERSITY CONSERVATION IN THE AMAZON REGION;
- 3 PROVIDE SUPPORT AND COORDINATION TO PRIVATE SECTOR PARTNERS SO THEY CAN DELIVER INNOVATIVE SOLUTIONS FOR SUSTAINABLE SOCIOECONOMIC DEVELOPMENT AND BIODIVERSITY CONSERVATION OF THE AMAZON;
- 4 FOSTER THE DEVELOPMENT OF PARTNERSHIPS.

In its first year the PPA has gained traction and attention and is expanding coverage and membership, already contributing to tangible biodiversity conservation results.

The "Paths for the Sustainable Investment in the Amazon" was the first study promoted by the PPA to investigate and stimulate opportunities for the private sector in the Amazon; our second publication was a comprehensive study identifying investment mechanisms, types of enterprises, value chains, obstacles and investment opportunities for impact business in the region.



PUBLICATIONS: "IMPACT INVESTMENT IN THE AMAZON" AND "PATHS FOR THE SUSTAINABLE INVESTMENT IN THE AMAZON"

MOBILIZING INVESTMENTS AND INNOVATION

The third pillar of our strategy is mobilizing finance, investment and innovation for impact. USAID through the PPA is **addressing the financing gap that is among the greatest challenges to growing value chains and economic opportunities that place value on the Amazon forest and biodiversity.** Most value chain strengthening activities, for example, are focused largely on the supply-side, working with communities and associations to improve production, consolidate and store products, or improve certifications and other source-original marketing to increase their value. And in almost all cases they are years away from “breaking even” or being commercially viable. There are significant market-based challenges, ranging from logistics to demand for niche products and in particular, the lack of financing, credit or impact investing. That resulting gap can be considered both a financing gap as well as an entrepreneurial gap, whereby investable opportunities are incubated and accelerated, and can then reach financing. **The PPA, in its first year, is already delivering results on the latter, through a call for sustainable start-up company applications. 81 were received and analyzed, and of these, 15 companies have been chosen for incubation and acceleration, while 4 of these have already received direct impact investment from the PPA’s impact investors.** These investments were announced at the historic 1st Amazon Forum for Impact Investing and Sustainable Businesses in Manaus.

AMAZON FORUM FOR IMPACT INVESTING AND SUSTAINABLE BUSINESSES



4 BUSINESSES

RECEIVED INVESTMENTS
TOTTALLING:

R\$ 1,1 MILLION



252

ATTENDEES



15

BUSINESSES
ACCELERATION
PROGRAM

11 EXHIBITIONS

SOLD PRODUCTS
TOTTALLING:

R\$ 14.000



64

PANELISTS
& MODERATORS



R\$ 60.000

WERE RECEIVED
BY 4 BUSINESSES

INVESTING IN LONG TERM SUSTAINABLE SOLUTIONS

USAID is developing a larger pilot that will use seed money and/or risk reduction tools such as a portfolio guarantee to create **the first Amazon Biodiversity Impact Investment Fund (ABII), catalyzing up to \$100 million in private impact investing over a ten year period.** Mechanisms like the entrepreneurial investment fund of the PPA, and this one, are much needed tools to create and evaluate in the challenging economic and ecologically fragile environment of the Amazon in order to ensure "long-term solutions" for both biodiversity conservation and sustainable development.

AMAZON BIODIVERSITY
IMPACT INVESTMENT FUND (ABII)



PPA/CIAT ROLES:

- Networking
- Structured partnerships among buyers-sellers
- Co-investment
- Business incubation

INVESTORS

FUND MANAGER

Investment Fund for a Sustainable Amazon
\$100 million
-debt
-equity

USAID ROLES:

- \$12 million seed money to capitalize the fund
- DCA guarantee
- Convening and connecting
- Business Incubation

INVESTMENTS

Amazon-based value chains and entrepreneurs that increase the value of standing forests and biodiversity products, reduce deforestation threats and/or recover degraded land.





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