



**GREEN
CLIMATE
FUND**

Meeting of the Board

21 – 24 October 2024

Songdo, Incheon, Republic of Korea

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GCF/B.40/22

22 October 2024

Consideration of proposed change included in the change request for FP173: The Amazon Bioeconomy Fund: Unlocking private capital by valuing bioeconomy products and services with climate mitigation and adaptation results in the Amazon

Summary

This document contains the background and draft decision for a change request for FP173, “The Amazon Bioeconomy Fund: Unlocking private capital by valuing bioeconomy products and services with climate mitigation and adaptation results in the Amazon”.

I. Introduction

1. The Funded Activity “The Amazon Bioeconomy Fund: Unlocking private capital by valuing bioeconomy products and services with climate mitigation and adaptation results in the Amazon” (hereinafter “FP173” or the “Programme”) submitted by the Inter-American Development Bank (“IADB” or the “AE”) was approved by the GCF Board in October 2021 through Decision B.30/03 (the “Approval Decision”). The Funded Activity Agreement (“FAA”) became effective on the 28th of September 2022 (“Effective Date”).

2. At the time of the Board approval, IADB had secured no-objection letters (“NOLs”) from six (6) countries (Brazil, Colombia, Ecuador, Peru, Suriname, Guyana), and these were included in the Funding Proposal approved by the Board as Host Countries. Currently, IADB seeks to add Bolivia into the list of Host Countries which will make the total number of Host Countries seven (7), if approved.

3. FP173 is a cross-cutting Programme aiming to achieve 123,400,955 tCO₂e emissions reduced or avoided and aiming to reach 191,952 direct and 485,375 indirect beneficiaries. The Programme seeks to deliver sustainable solutions to reduce the impacts of climate change in the Amazon biome by prioritizing natural capital and delivering climate benefits. The Programme seeks to encourage private investment in six key areas of the bioeconomy: sustainable agroforestry, native palm cultivation, non-timber natural forest products, growing native species timber, aquaculture, and community-led nature tourism.

4. Total GCF financing for the Programme is USD 279 million in the form of loans (USD 135 million); investment grants (USD 16 million); equity - direct investment (USD 4.5 million); equity - regenerate (USD 2 million); grants for guarantees (USD 30 million); reimbursable grants - regenerate (USD 4 million) and grants for technical cooperation (USD 87.5 million). Co-financing is set to be the equivalent of approximately USD 319,100,000. The Programme is currently under implementation.

5. In the Change Request (see Annex II), the AE indicated that the Ministry of Development Planning of the Plurinational State of Bolivia, in its capacity as the GCF’s National Designated Authority (NDA), formally expressed interest in joining the Programme on 3 August 2023. The intention was communicated to the GCF by providing the respective NOL (see Annex III). Through continued engagement with NDAs, IADB has sought written confirmation from the NDAs of Brazil, Colombia, Ecuador, Guyana, Peru and Suriname that this proposal does not affect the status of their respective NOL previously provided by those NDAs for the Programme. Additionally, the countries participating in the Programme have not raised objection via email communication with the AE. The NDA of Suriname expressed its explicit consent via email communication dated 9 August 2024 (see Annex IV).

6. The Secretariat undertook an assessment of the request to include Bolivia as a Host Country (the “Proposed Change”) and the request presented to the Board for consideration has been approved by the Secretariat.

II. Reasons for the change request

7. As per the AE’s reasoning, the inclusion of Bolivia as a Host Country is expected to significantly contribute to the Programme’s overall goal of reducing GHG emissions and bolstering the resilience of targeted value chains and ecosystems in the Amazon region. The AE expects that the Programme will facilitate an increase in funding flow to bio-businesses in the Amazon’s economy, further enhancing regional collaboration.

8. The addition of Bolivia is expected to contribute to the Programme’s objectives. IADB is committed to closely collaborating with Bolivia to ensure that the sub-projects will meet the

expected standards and contribute to overall climate and developmental benefits. Sub-project selection will follow the relevant provisions of the Funded Activity Agreement.

9. From a commercial perspective, further geographical diversification stemming from the addition of Bolivia as a new Host Country will reduce the risk of the GCF's investment. It is expected that the addition of Bolivia as a Host Country for future investments will enhance the impacts of the Programme. No changes are expected in the other aspects of the Programme (description, implementation, financial elements, institutional arrangements, value added for GCF's involvement, exit strategy, impact potential, and monitoring, reporting, and evaluation arrangements).

10. The inclusion of Bolivia in FP173 will not impact the original intent of the Programme. The targeted climate outcomes, implementation timeline, overall funding from the GCF and overall co-financing amounts, the environmental and social safeguards (ESS) category of the Programme, and the eligibility criteria for sub-projects and investments will not change as a consequence of adding Bolivia as a Host Country for FP173. There will be no corresponding change in scope with the addition of Bolivia.

11. As per Appendix IV of the Environmental and Social Management Framework ("Changes for developing Sociocultural Analysis and Indigenous Peoples Plans), for the addition of Bolivia the Accredited Entity ensures it will take all measures, including necessary due diligence, that enable it to comply with the requirements of the Updated Gender Policy and Indigenous Peoples Policy, including documents related to free, prior, informed consent process and outcomes. All changes on ESS, gender and Indigenous Peoples will be expected to be communicated by IADB and progress will be reviewed in subsequent Annual Performance Reports. The AE will be requested to share with the GCF an updated budget, including country-level budgets.

12. The logical framework for the Programme has been established without country allocation of the Programme or performance targets by country. As such, the logical framework does not change with the inclusion of Bolivia in the Programme. Further, no changes are expected in the overall environmental and social category of the Programme, and there are no new environmental and social safeguards standards applied with the inclusion of another Host Country.

13. The approval of the Proposed Change will enable an expanded pool of potential sub-projects where GCF proceeds can be deployed into sub-projects, some of them before the end of 2024, thereby enhancing the Programme's overall ability to achieve targeted mitigation impacts and reach targeted direct and indirect beneficiaries.

14. The approval at B.40 of the inclusion of Bolivia in the programme is requested, as several planned investments are time-sensitive and must be executed in late 2024/early 2025 to generate impact within the Programme's implementation period. The AE also wishes to announce the country addition at COP29.

15. The AE is currently preparing for the sub-project and other operations with Bolivia to support bio-businesses in priority value chains so that the implementation can commence at the soonest. Details of the sub-project and other operations are confidential at this stage. As the Programme Implementation Period spans 7 years and the sub-projects have a disbursement period of 4 to 5 years, it is crucial for the IDB Board to approve the Bolivia sub-project in 2024. To achieve this, the inclusion of Bolivia in the Programme is requested to be approved by GCF in 2024.

III. Consequences of the change request

16. Pursuant to the Policy on Restructuring and Cancellation (PRC) and its para. 17, the determination of whether a Proposed Change shall be deemed to be a Major Change is to be made by the Secretariat, considering the relevant circumstances and the nature of the project/programme. Accordingly, such determination of the potential Major Changes was made by the Secretariat and the Secretariat is now presenting for the Board's consideration the Proposed Change which is not considered to be a Major Change by the Secretariat. Notwithstanding this, pursuant to guidance received from the Board in the past, and in line with previous instances where accredited entities requested host countries to be included in programmes, the inclusion of Bolivia as a Host Country in FP173 requires Board approval.

17. IADB confirmed that the official representatives from the corresponding national designated authorities have been informed of this request. See Annex IV for NDA consultation and tracker of NDA responses.

IV. Recommendations

18. The Secretariat supports IADB's request to include Bolivia as a Host Country.

19. Accordingly, it is recommended that the Board adopt the draft decision contained in Annex I.

Annex I: Draft decision of the Board

The Board, having considered document GCF/B.40/22 titled “Consideration of proposed change included in the change request for FP173: The Amazon Bioeconomy Fund: Unlocking private capital by valuing bioeconomy products and services with climate mitigation and adaptation results in the Amazon” and its limited distribution addendum:

- (a) Takes note of the no-objection letter for FP173 submitted by the national designated authority of Bolivia;
- (b) Approves the inclusion of Bolivia as a host country for FP173; and
- (c) Authorizes the Secretariat to negotiate and execute the relevant legal agreements to reflect the approvals set out in paragraph (b) above.

Annex II: Change request

Proposal to Include Bolivia in the Amazon Bioeconomy Fund (FP173)

On August 4, 2023, the Ministry of Development Planning of the Plurinational State of Bolivia, in its capacity as the GCF's National Designated Authority (NDA), formally expressed interest in joining The Amazon Bioeconomy Program (referred to as "the Program") and provided the respective Non-Objection Letter.

The inclusion of Bolivia as a beneficiary country is expected to significantly contribute to the program's overall goal of reducing GHG emissions and bolstering the resilience of targeted value chains and ecosystems in the Amazon region. This is likely to facilitate an increase in funding flow to bio-businesses in Amazon's economy, further enhancing regional collaboration.

In July 2024, the IDB formally communicated to the respective NDAs of Brazil, Colombia, Ecuador, Peru, Suriname, and Guyana regarding Bolivia's expressed interest in joining the Program. This communication was positively acknowledged, with the participating countries recognizing the potential for enhanced regional cooperation through Bolivia's inclusion. Consequently, the NDAs conveyed their non-objection in the following manner:

	Date of email informing NDAs	Deadline	Status
Brazil	July 17, 2024	August 16, 2024	No objection (absence of response)
Colombia	July 9, 2024	August 8, 2024	No objection (absence of response)
Ecuador	July 2, 2024	August 1, 2024	No objection (absence of response)
Peru	July 9, 2024	August 8, 2024	No objection (absence of response)
Suriname	July 15, 2024	August 14, 2024	No objection (answered on Aug 9)
Guyana	July 2, 2024	August 1, 2024	No objection (absence of response)

The inclusion of the country will not impact the original intent of the Program. Key aspects such as the targeted climate outcomes, budget, implementation timeline, GCF funding, co-financing, ESS category, and eligibility criteria for sub-projects and investments will remain unchanged. Bolivia's participation has been carefully assessed based on its ability to contribute to the Fund's objectives, efficiently implement projects, and align with sustainable development priorities in the Amazon region within the bioeconomy context. The IDB will work closely with Bolivia to ensure that proposed sub-projects meet GCF standards and deliver significant climate and development benefits.

The IDB is committed to facilitating Bolivia's integration into the Amazon Bioeconomy Fund under the GCF framework. This aims to foster regional cooperation and sustainable development in the Amazon basin. This initiative underscores our commitment to leveraging innovative solutions for climate resilience and mitigation.

Annex III: No Objection Letter from the national designated authority of Bolivia



ESTADO PLURINACIONAL DE
BOLIVIA

MINISTERIO DE
PLANIFICACIÓN DEL DESARROLLO

La Paz, August 3rd, 2023

To: The Green Climate Fund ("GCF")

Subject: Funding proposal for the GCF by Inter-American Development Bank – regarding The Amazon Bioeconomy Fund: Unlocking private capital by valuing bioeconomy products and services with climate mitigation and adaptation results in the Amazon.

Dear Madam, Sir,

We refer to the programme titled The Amazon Bioeconomy Fund: Unlocking private capital by valuing bioeconomy products and services with climate mitigation and adaptation results in the Amazon, in Plurinational State of Bolivia as included in the funding proposal submitted by the Inter-American Development Bank to us on May the 18th 2021.

The undersigned is the duly authorized representative of Ministry of Development Planning, the National Designated Authority of Plurinational State of Bolivia.

Pursuant to GCF decision B.08/10, the content of which we acknowledge to have reviewed, we hereby communicate our no-objection to the programme as included in the funding proposal.

By communicating our no-objection, it is implied that:

- (a) The government of Plurinational State of Bolivia has no-objection to the programme as included in the funding proposal;
- (b) The programme as included in the funding proposal is in conformity with the national priorities, strategies and plans of Plurinational State of Bolivia;
- (c) In accordance with the GCF's environmental and social safeguards, the programme as included in the funding proposal is in conformity with relevant national laws and regulations.



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ESTADO PLURINACIONAL DE
BOLIVIA

MINISTERIO DE
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We also confirm that our national process for ascertaining no-objection to the programme as included in the funding proposal has been duly followed.

We also confirm that our no-objection applies to all projects or activities to be implemented within the scope of the programme

We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,



Carlos David Guachalla Terrazas
Viceminister of Planning and Coordination/the GCF National Designated Authority
Ministry of Development Planning
Plurinational State of Bolivia

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Annex IV: Evidence of consultation with national designated authorities

Email consultations with Brazil, Colombia, Ecuador, Guyana, Peru, Suriname can be summarised in the following tracking table:

	Date of email informing NDAs	Deadline	Status
Brazil	July 17, 2024	August 16, 2024	No objection (absence of response)
Colombia	July 9, 2024	August 8, 2024	No objection (absence of response)
Ecuador	July 2, 2024	August 1, 2024	No objection (absence of response)
Peru	July 9, 2024	August 8, 2024	No objection (absence of response)
Suriname	July 15, 2024	August 14, 2024	No objection (answered on Aug 9)
Guyana	July 2, 2024	August 1, 2024	No objection (absence of response)

The evidence of e-mail consultations is contained in the limited distribution addendum to this document.
