



# AMAZONIA CONNECT

## Annual Report

### Year #1 (Sep. 2022 – Sep. 2023)

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**Implementing Partner:** Solidaridad, Earth Innovation Institute (EII), National Wildlife Federation (NWF) and the University of Wisconsin-Madison (UW)

**Period of implementation:** September 16, 2022 to March 16, 2027

**AOR/COR/Activity Manager Name & Office:** Isabella Genta, PERU/ SAR

## ACTIVITY SUMMARY

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- Subcontractors/ sub awardees: Earth Innovation Institute (EII), National Wildlife Federation (NWF), University of Wisconsin-Madison (UW)
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## **ABBREVIATIONS AND ACRONYMS**

ABIEC	Brazilian Beef Exports' Association
AC	Amazonia Connect
ACRIMAT	Breeders Association of Mato Grosso
ACTO	The Amazon Cooperation Treaty Organization
AO	Agreement Officer
AOR	Agreement Officer Representative
API	Application Programming Interface
Aprosoja	The Brazilian Association of Soybean Growers
ART/TREES	Architecture for REDD+ Transactions/ The REDD+ Environmental Excellence Standard
ASOBANCARIA	Banking and Financial Entities Association of Colombia
ASPASH	Palm Oil Farmers Association of Shambillo
BNDES	Brazilian Development Bank
CAR	Rural Environmental Registry
CATIE	Tropical Agricultural Research and Higher Education Center
CFT	Cool Farm Tool
CIAT	The International Center for Tropical Agriculture
CO	Contracting Officer
COCEPU	Central Committee of Palm Growers
COP	Chief of Party
COR	Contracting Officer Representative
CSA	Climate-Smart Agriculture
CSP	Coalition for Sustainable Production
DCOP	Deputy Chief of Party
DFP	Deforestation-free Production
DO	Development Objective

EII	Earth Innovation Institute
EMMP	Environmental Mitigation and Monitoring Plan
EMMR	Environmental Mitigation and Monitoring Report
ESG	Environmental, Social and Governance
EU	European Union
EUDR	European Union Deforestation Regulation
EWF	Earthworm Foundation
FEBRABAN	Brazilian Federation of Banks
FONDESAM	Amazon Regional Development Funds
GALS	Gender Action Learning Systems
GHG	Greenhouse Gas
GIS	Geographic Information System
GSJ	Gender and Social Inclusion
GTA	Cattle Transit Records
GTFI	Brazilian Indirect Suppliers' Working Group
HCS	High Carbon Storage
HCV	High Conservation Value
HSBC	Hongkong and Shanghai Banking Corporation Limited
IDEAM	Colombian Institute of Hydrology, Meteorology and Environmental Studies
IEE	Initial Environmental Examination
IMAC	Mato Grosso Meat Institute
IPCP	Indigenous Peoples Communication Plan
J-REDD+	Jurisdictional Reducing Emissions from Deforestation and Forest Degradation
LCA	Low Carbon Agriculture
LED-R	Low Emissions Rural Development
MAPA	Ministry of Agriculture, Livestock and Food Supply in Brazil

MEL	Monitoring, Evaluation and Learning
M&I	Monitoring and Information
MMA	Ministry of Environment in Brazil
MoU	Memorandum of Understanding
MPF	Brazilian Federal Public Prosecutor's Office
MRV	Measurement Reporting and Verification
NDPE	No Deforestation, No Peat, No Exploitation
NWF	National Wildlife Federation
ofi	Olam Food Ingredients
OSILP	Orinoquía Sustainable Integrated Landscape Program
PoC	Point of Contact
PPCDAm	Plan for Prevention and Control of Deforestation in the Amazon
PRS	Pause and Reflect Session
REDD+	Reducing Emissions from Deforestation and Forest Degradation as well as the sustainable management of forests, and the conservation and enhancement of forest carbon stocks
RSPO	Roundtable on Sustainable Palm Oil
SAR	South America Regional Program
SARAS	Environmental and Social Risk Management System
SEMAS	State Secretariat for the Environment and Sustainability
SINIGAN	National System of Identification and Information of Bovine Cattle in Colombia
SNITA	National System of Animal Identification, Information and Traceability in Colombia
TAC	Terms of Adjustment of Conduct
ToC	Theory of Change
TFA	Tropical Forest Alliance
UNFCCC	United Nations Framework Convention on Climate Change
USG	Government of the United States of America

USAID United States Agency for International Development

UW University of Wisconsin-Madison

ZDA Zero Deforestation Agreement

## 1. Executive summary<sup>1</sup>

Amazonia Connect, a partnership between the United States Agency for International Development (USAID), Solidaridad, the Earth Innovation Institute (EII), the National Wildlife Federation (NWF), and the University of Wisconsin-Madison (UW), aims to promote and scale the adoption of low-carbon agriculture (LCA) and deforestation-free commodity production (DFP) to improve biodiversity conservation and support climate action in Brazil, Colombia, and Peru. The Program focuses on coffee, cattle, and oil palm in regions with high levels of commodity-driven deforestation, greenhouse gas (GHG) emissions, and biodiversity.

This report covers Year 1 of Program implementation, from September 16, 2022, to September 30, 2023, and outlines the progress made during this timeframe.

### Activity implementation, progress and results

#### Development Objective (DO) 1. LCA/ DFP and sourcing models scaled in key Amazon jurisdictions

In the first year, Amazonia Connect focused on conducting baseline analyses and setting the foundation for scaling and building relationships with farmers, private sector partners, regional and municipal governments, and other key stakeholders in the Program area. Overall, the following core Program Performance Indicators relevant to DO 1 were achieved in the first year:<sup>2</sup>

- *EG 10.2-1 Number of hectares (ha) of biologically significant areas (on farm) showing improved biophysical conditions as a result of USG assistance: 15,734 ha*
- *EG 13-8 Number of ha under improved management expected to reduce greenhouse gas emissions as a result of USG assistance: 32,550 ha*
- *EG 13.6 GHG emissions (tCO<sub>2</sub>e) reduced, sequestered, or avoided through sustainable landscape activities supported by USG assistance: Results to be measured in Year 3 as per the Monitoring, Evaluation, and Learning (MEL) Plan.<sup>3</sup>*
- *GNDR-2 Percentage of female participants in USG-assisted programs designed to increase access to productive economic resources: 20%*
- *EG 10.2-4 Number of people with improved economic benefits derived from sustainable natural resource management and/or biodiversity conservation as a result of USG assistance: 0*
- *CBLD-9: Percent of USG-assisted organizations with improved performance: 15%*

**Pathway 1.1** focuses on scaling the implementation of LCA, where the Program reached 1,343 producers (20% women) in the first year. In Brazil, the Program reached 700 cattle producers (18% women) and supported the implementation of LCA practices, with an emphasis on rotational grazing systems among other LCA practices, on a total of 23,960 ha by the end of the year. In Colombia, Solidaridad worked with coffee and dairy farmers, conducting a baseline analysis and empowering community leaders to support LCA practices. The Program reached 150 coffee producers (11% women) in Year 1, conducted relevant supporting assessments including a sector-specific gender and youth diagnosis, and detailed soil analyses of Caquetá. The team initiated a pilot of the Youth Entrepreneurs School and the Self-Leadership School for Women to empower participants and build entrepreneurship and leadership within communities. Despite this progress, the team is revising their coffee strategy in Year 2 after receiving news in October that their main private sector partner is assessing continuity of its operations in Caquetá (see information on Pathway 1.2 below). Regarding livestock, the team reached 224 dairy producers (21% women) and completed milestones such as the baseline assessment, key analytical assessments to enable tailored technical assistance (e.g., a producer motivations study, and a sector-specific gender and youth study), and developed a training strategy and syllabus for the low-carbon livestock school, a training platform that aims to address key capacity and knowledge gaps for producers. In Peru, Solidaridad's coffee team faced challenges and delays due to the withdrawal of Olam Food Ingredients (ofi) and the onboarding of Volcafe. Although Solidaridad and Volcafe signed a cooperation agreement in February 2023, continued delays occurred and Volcafe requested changes outside the Program's scope. As a result of these delays and proposed adjustments to the agreement, Solidaridad and Volcafe decided to focus on working with cooperatives under Pathway 1.1, including those working with Volcafe, to build the capacities of producers and implement LCA by 1,000 producers. While the Program was unable to reach producers in Year 1 due to these challenges, the team revised the strategy to reach

<sup>1</sup> This executive summary will be translated into Spanish and Portuguese after the English version has been approved by USAID.

<sup>2</sup> For more detailed information on the methodology, refer to the baseline report and the PIRS Sheets in the MEL Plan.

<sup>3</sup> Revised targets for Colombia, Brazil and Peru (coffee) to be discussed starting in December 2023. Targets for Peru to be set in Q1 of 2024 due to ongoing studies required for Roundtable for Sustainable Palm Oil (RSPO) methodology. A final Program-level target should be set by February 20, 2024.

500 producers (at least 16% women) in Year 2 and implement LCA on 2,113 ha in the coming year.<sup>4</sup> In the oil palm sector, the team formalized cooperation agreements with three mills (*OLPASA - Oleaginosas Padre Abad*, *INDOLMASA - Industrias Oleaginosas Monte Alegre S.A.* and *OLAMSA - Oleaginosas Amazónicas*), who will be engaged under Amazonia Connect, and conducted trainings on LCA and sustainable palm oil for mill representatives. Throughout Year 1, 269 palm producers were reached (32% women), and the team supported the implementation of LCA practices on 1,565 ha.

**Pathway 1.2** supports companies in implementing LCA and DFP sourcing and production guidelines (varied progress across commodities and countries). In Colombia's dairy sector, the team established a cooperation agreement with Nestlé to support LCA implementation among livestock farmers. Solidaridad conducted an assessment to identify critical activities for improvement, including manure management and agroforestry, to help farmers achieve Nestlé's internal certification for regenerative agriculture, which can in turn incentivize farmers' LCA adoption. Regarding coffee in Colombia, Solidaridad focused on building relationships with Nespresso, designing a Memorandum of Understanding (MoU) and methodological guidelines for Nespresso AAA producers to ensure alignment with program objectives and baseline findings. However, the consortium is assessing the continuity of Nespresso's involvement in Caquetá,<sup>5</sup> due to the company's decisions around its commercial operations in the area, which required adjustments in the Year 2 Work Plan. The team is working with USAID to develop a plan of action for Year 2 and determine any necessary adjustments to the strategy going forward. In Peru, the team and Volcafe signed a collaborative cooperation agreement to support responsible sourcing and LCA/DFP agriculture, which was later reviewed to reflect a change in strategy (working more directly with cooperatives, including those who supply to Volcafe, and focusing on engagement with Volcafe on implementing their sustainability strategy within the context of Pathway 1.2). However, in November 2023 Volcafe announced they would withdraw from Amazonia Connect.<sup>6</sup> The team is in discussion with two large private sector companies in the sector, and aims to announce a new partnership on the sustainable sourcing of coffee from San Martín in the first half of 2024. With palm oil, the team continues to strengthen its relationship with Alicorp. Alicorp developed a tool, ScorePalm, to monitor and evaluate its supply chain's compliance with its No Deforestation, No Peat, No Exploitation sourcing policy. Solidaridad conducted training to raise awareness of sustainability initiatives within the company.

**Pathway 1.3** supports jurisdictional actors in incorporating LCA and DFP models and principles within their jurisdiction through low-emission rural development (LED-R) strategies. In Caquetá, the Program helped refine the department's LED-R Strategy by developing an Action Plan for 2020-2035, focusing on deforestation-free supply chains and aligning with value chain approaches. EII organized workshops with key actors to improve the LED-R monitoring platform. In Meta, where there is no LED-R strategy yet, the Program analyzed public policies and mapped key actors interested in sustainable production and biodiversity conservation to engage them in LED-R strategy development. Coordination with other stakeholders active in the region, such as the Biocarbon Fund, was important to build on lessons learned and share key resources. In San Martín, EII Peru, together with the regional government, integrated LED-R into strategic plans and developed a roadmap for deforestation-free production. In Ucayali, the Program shared LED-R goals with municipalities, resulting in new objectives included in local plans, and designed a roadmap for transitioning to LCA and DFP.

## DO 2. Full supply chain monitoring systems adopted by companies for deforestation-free sourcing and biodiversity conservation

Overall, the Program achieved the following Indicators in the first year:

- *EG 10.2-2 Number of ha of biologically significant areas under improved natural resource management as a result of USG assistance:*<sup>7</sup> 8.2 million ha
- *PSE-2 Number of private sector enterprises that engaged with the USG to support U.S. Foreign Assistance Objectives:*

<sup>4</sup> In the first months of Year 2, the team identified a total 1,000 producers through engaging with Valle Grande and Frutos de Selva, as well as 3 additional cooperatives: Villa del Triunfo, Capisam y Diamante Verde. More information will be provided in the semi-annual report.

<sup>5</sup> More details will be shared in a confidential document alongside a comprehensive analysis of the effect and actions given this new context.

<sup>6</sup> Volcafe requested changes to the cooperation agreement that were outside Amazonia Connect's scope and were not possible for Solidaridad to accommodate.

<sup>7</sup> Note: 10.2-2 is not focusing exclusively on on-farm areas, but covers a broader area in the Amazon (helping to cover monitoring of biodiversity hotspots and forests within the broader Program area - not only the area where LCA is implemented). For more detailed information, refer to the MEL Plan.

*five large for-profit private sector enterprises (two in Colombia, two in Brazil, one in Peru)*

**Pathway 2.1** involves improving and adapting supply chain monitoring tools, such as Visipec and Visiprast, and in some instances applying these tools to new commodities and countries. In Brazil, the Program strengthened Visipec by incorporating updated cattle transit records (GTA) and environmental cadaster (CAR) data, and including an initial set of biodiversity indicators based on Brazil's official [Priority Areas for Biodiversity](#). UW and NWF provided guidance to enhance state government monitoring tools, including through a working group led by the Brazilian Federal Public Prosecutor's Office (MPF). In Colombia, Visiprast was improved by integrating essential datasets (e.g., biodiversity data) to create new maps of species richness and abundance, and improving tool capabilities (e.g., creating a dynamic map to access information on the socio-environmental risks of their producers, developing a monitoring module that analyzes land cover data and generates deforestation analyses when official data is not available, and developing a beta version of a transaction module where companies and producers can register sales and purchases of beef and dairy products - a key first step for traceability). In Peru, the team compiled essential datasets and identified key stakeholders and information needs for using Visiprast in palm oil supply chains.

**Pathway 2.2** emphasizes companies' use of monitoring tools in their supply chains, prioritizing high biodiversity areas. In Brazil, NWF supported meatpackers Frigol and Masterboi towards more sustainable and deforestation-free sourcing. The team also conducted outreach and engagement with other meat packers, showcasing the use of Visipec. Initial discussions commenced with Mafrinorte to review their procurement policy and enhance direct supplier monitoring; to be continued in Year 2 as the team works to develop an MoU with the company. In Colombia, the team conducted outreach with 9 companies to foster interest in monitoring and traceability systems and promote the Visiprast tool. MoUs were signed in Year 1 with Takami (a restaurant chain) and Alkosto (a retail company) to monitor socio-environmental risks within their supply chains in Meta. Implementation recently began. In Peru, the team began a relationship with Alicorp and the three mills engaged in Amazonia Connect to support them in adopting the Visiprast tool for monitoring deforestation and traceability within the palm oil sector. NWF, Ecosocial and UW conducted a field visit in June 2023 to visit the three mills and Alicorp to learn more about their operations, supply bases, current traceability systems and environmental motivations. With this in mind and building on the datasets collected under Pathway 2.1, the team plans to align Visiprast with the Roundtable of Sustainable Palm Oil (RSPO), high carbon storage (HCS)/high conservation value (HCV) study, and Alicorp's ScorePalm criteria in the second year.

**Pathway 2.3** focuses on scaling the monitoring of forests, commodity production, and high biodiversity areas within supply sheds. In Brazil, NWF encouraged companies to join the Brazilian Indirect Suppliers' Working Group (GTFI) and share information on biodiversity across Visipec's coverage (building on the improvements made under Pathway 2.1). In Colombia, the team mapped potential collaborators and initiatives across different levels to support scaling of supply shed traceability and monitoring efforts, and engaged with various institutions (e.g., BioCarbon Fund and Global Forest Watch, among others). Ecosocial continues to lead the Monitoring and Information Group for beef and dairy, and collaborates with the Tropical Forest Alliance (TFA), which coordinates the Zero Deforestation Agreements (ZDA), to make Visiprast accessible for companies participating in the Beef and Dairy ZDAs to facilitate the Monitoring, Reporting, and Verification (MRV) process. In Peru, Solidaridad worked with Geobosques on validating an [on-farm monitoring methodology](#) to monitor primary and secondary forests on coffee farms using Sentinel-2 satellite images. This will improve monitoring of coffee producers in Amazonia Connect as the team will support cooperatives and companies from Year 2 onwards to integrate this methodology into their business and sourcing practices.

### **DO 3. Finance and incentives unlocked to accelerate LCA and Deforestation-Free Production**

Overall, the Program achieved the following Indicators in the first year:

- *EG 13.4 Amount of investment mobilized (in USD) to adopt LCA and/ or DFP: US \$3.4 million (public domestic funds)*
- *AC01 Number of credit applications scanned for deforestation in the Amazon region as a result of USG assistance: 0*

**Pathway 3.1** helps mobilize a variety of public and private investments and other incentives to scale LCA. In Mato Grosso, progress is underway toward Jurisdictional Reducing Emissions from Deforestation and Forest Degradation (J-REDD+) transactions to fund forest-friendly, low-carbon development and a carbon-neutral state economy with potential buyers like the LEAF Coalition and Mercuria. EII supported Mato Grosso's J-REDD+ readiness for transactions with both potential buyers, helping the state establish the core institutional requirements and stakeholder engagement

needed to enter into purchase agreements to sell verified forest carbon credits. In Pará, there's growing interest in selling J-REDD+ credits, prompted by deforestation reductions and hosting COP30, with US \$5 to \$20 per tonne expected revenue. EII conducted a gap analysis of the Pará J-REDD+ program against the Architecture for REDD+ Transactions (ART)/The REDD+ Environmental Excellence Standard (TREES) jurisdictional REDD+ system and standard, and identified a critical gap in the Pará J-REDD+ program: the lack of participation of the farm sector and the need to develop a state-wide program of forest incentives for farmers funded by J-REDD+ revenues. In Year 2, EII will continue to hold meetings with individual farm sector organizations and organize a sector-wide workshop to familiarize them with the carbon market and how a farm sector subprogram within a J-REDD Program could work. In Colombia, several activities within this Pathway experienced delays due to the change in national government and macroeconomic conditions. While there is increased clarity on new credit offers as of the last month, many activities will nonetheless have to shift into Year 2. Despite these delays, the team made significant progress in understanding credit offerings and investment requirements for coffee and dairy producers transitioning to sustainable practices. They also assessed two credit lines, engaged with financial entities (e.g., Finagro and Rabobank Foundation, Utrahuilca and Banco Agrario) to benefit agricultural producers in the Caquetá region, and worked on a Sustainable Finance Education Plan. These insights will inform future business case designs for low-carbon coffee and livestock in Year 2. Focusing on the public sector, the team in Colombia also advanced with analyzing tax statutes in 16 municipalities to better understand the scope of existing exemptions and modular investments for scaling LCA, DFP and incentivizing biodiversity conservation. The team is using this information to revise tax exemption guidelines for the conservation of forest areas on private properties. In Peru, the team conducted necessary assessments to support the future operationalization of ACORN (focusing on considerations for both payment modalities and producer agreements) and facilitating payments to participating coffee farmers in San Martín starting Year 2. Additionally, EII Peru worked with the regional governments of San Martín and Ucayali to design public investment programs and financial incentives to promote LCA and DFP, providing technical insight and investment support. Through this tailored assistance to regional governments, the team helped mobilize approximately US \$3.4 million in public domestic funds (a public investment package with a mix of incentives, technical assistance and grants). Specifically, the team mobilized \$3.05 million to scale up LCA and DFP through an [investment program](#) for seven supply chains in San Martín, and \$350,000 through a new PROCOMPITE public investment program that promotes LCA within palm oil supply chains in Ucayali. .

**Pathway 3.2** aims to increase the number of financial products - assets monitored for deforestation and biodiversity, risks. In Brazil, NWF collaborated with financial institutions and investor groups to promote awareness of deforestation risks and the benefits of investing in monitored supply chains. NWF engaged in webinars and meetings to educate these institutions on the importance of supporting efforts to reduce cattle-driven deforestation. In Colombia, Solidaridad progressed in identifying the current offer of financial products in first and second-tier financial institutions. The team held meetings with the three main first-tier banks (Banco Agrario, Bancolombia, and Davivienda) that offer financial products for LCA. An agreement was reached with Banco Agrario to develop a pilot in livestock farming in Caquetá and Meta, in which an environmental risk management methodology will be developed based on a deforestation analysis model. This work will begin starting in Year 2 of Program implementation. In Peru, EII worked with regional governments and developed monitoring protocols and tools to measure the impact of LED-R Strategies and to support decision-making during strategy implementation. EII Peru also developed a beta monitoring platform and analyzed investment portfolios to support regional governments to set more suitable investment opportunities and monitor progress. This effort will continue to progress in the coming year, including creating dashboards to showcase monitoring results and supporting environmental safeguards for public investments.

#### DO 4. Research turned into actionable knowledge for supply chain stakeholders to reduce deforestation and improve biodiversity conservation

Overall, the Program achieved the following Indicators in the first year:

- *AC02 Number of research documents produced on strategies to reduce deforestation and improve biodiversity conservation as a result of Amazonia Connect assistance: 3*

**Development of applied research that strengthens private sector strategies to reduce deforestation and improve biodiversity conservation:** UW identified and incorporated into their research new datasets about biodiversity, helping them to identify research questions and develop analyses that are relevant to other components of the Program. In

Year 1, the team produced three research documents, specifically: [one journal article](#) analyzing cattle production in the Brazilian Amazon's protected areas and key locations for biodiversity and links to companies, one report on the implications of the EU Deforestation Regulation's (EUDR) Brazil's beef sector, and one scientific paper evaluating the impact of cattle properties, supply chains and production systems on deforestation and biodiversity loss at the sector and company level in Colombia. UW continues to develop numerous partnerships to ensure that their research continues to advance new knowledge relevant to the other Program components in Year 2.

**Identify synergies between farm, supply chain, and jurisdictional approaches to scale DFP and biodiversity conservation:** In Year 1, EII analyzed two primary approaches to tackle tropical deforestation: the supply chain "zero deforestation" movement and the multi-sector "jurisdictional" approach, noting potential synergies between them, but highlighting a current mismatch in criteria and a risk of a divided market. EII began research in Year 1 in Peru, where the team is making progress through discussions with regional and municipal governments to understand the stakeholder landscape and promote aligned strategies, aiming to complete a report on harmonizing these approaches in Year 2. The team also plans to expand research on this topic to Colombia starting in Year 2.

### **Cross-cutting themes**

***Gender Equality and Social Inclusion:*** Related to Gender and Social Inclusion (GSI), in Year 1, the team began conducting assessments to address information gaps, including gender and youth assessments in Caquetá for livestock and coffee, and a GSI assessment in palm oil supply chains in Peru. These assessments provide vital insight to the teams as they implement activities (e.g., informing the design of activities in the Year 2 Work Plan) and will inform the upcoming Program-level GSI Assessment they will complete in Q1 of 2024. The team also began implementing trainings on inclusive technical assistance (ITA), reaching 30 technical field staff (~28% women) in Peru and 19 field staff (16% women) in Brazil so far.

***Collaboration:*** In Brazil, the Amazonia Connect team engaged in multiple meetings and technical sessions with the USAID Brazil mission, presenting their work on LCA, jurisdictional REDD+ and Visipec, and sharing their findings on topics related to traceability and monitoring deforestation risks in the cattle sector in Brazil. In Colombia, the team closely collaborated with USAID and other US-funded Programs in the framework of the Caquetá Regional Integration Strategy. The consortium actively participates in working groups related to finance, landscape planning, sustainable agriculture, and public investment and agriculture. In Peru, Solidaridad organized several field visits and meetings with USAID to showcase LCA models in coffee agroforestry systems and sustainable palm oil production. Together, these efforts have helped foster collaboration and knowledge exchange in the broader context of the regions and countries where the team operates.

### **Management and operations**

From a management and operations perspective, the consortium advanced with key products, including the approval of the Monitoring, Evaluation and Learning (MEL) plan, the Communications, Branding and Marking plan, Environmental Mitigation and Management Plan (EMMP) for Years 1 and 2, the semi-annual report, baseline report, Year 2 Work Plan, and the Year 1 Environmental Mitigation and Management Report (EMMR). The consortium's first Pause and Reflect Session (PRS) was held in early June in Peru, enabling reflections on progress made and lessons learned.

### **Learning and adaptive management**

The Amazonia Connect consortium experienced changes in context (e.g., extreme weather, political unrest, transitions to new administrations, and change in private sector partners) but collaborated with USAID and other Program partners to develop effective adaptive management practices. The team believes that building trust with communities, clear communication with stakeholders, facilitating flexible management, and using tools to monitor and track adjustments (e.g., the Work Plan Progress Tracker in Chapter 7.1) are crucial for adapting to the dynamic environment. Regular team meetings, pause and reflect sessions, and semi-annual and annual reports are also essential for reflecting on international, regional, national, and sub-national changes that could affect the Program. The consortium has also reflected on its own lessons learned and how to strengthen coordination efforts. In response, the team adopted bimonthly check-in meetings to provide regular updates to the USAID missions in each country. In late 2023/ early 2024 the consortium plans to develop other cross-country coordination and learning efforts, including internal newsletters, a consortium-wide progress update call, and thematic learning sessions.

## 2. Introduction

The Amazon rainforest is the largest remaining tropical rainforest and one of the most biodiverse places in the world. By absorbing more than 3% of global carbon dioxide emissions, it helps avoid global climate change's worst effects. However, deforestation driven by unsustainable land use conversion for agriculture is resulting in biodiversity loss and threatens to turn the region into a net carbon source.

Amazonia Connect is a partnership between USAID, Solidaridad, EII, NWF, and UW. With USAID's Amazon Regional Environment Program, producers, companies, local governments and financial institutions, Amazonia Connect promotes and scales the adoption of low-carbon agriculture and deforestation-free commodity production to improve biodiversity conservation and support climate action in Brazil, Colombia, and Peru. Amazonia Connect works in coffee (Colombia and Peru), cattle (Brazil and Colombia), and oil palm (Peru), in regions with high levels of commodity-driven deforestation, GHG emissions and biodiversity.

By harmonizing and scaling successfully implemented approaches, Amazonia Connect will:

1. Promote adoption of LCA<sup>8</sup> and DFP models by producers in key Amazon jurisdictions.
2. Promote adoption of monitoring systems by companies to enable deforestation-free sourcing and biodiversity monitoring.
3. Unlock finance and incentives for producers to enable the transition to LCA models and DFP, in conjunction with jurisdictional and private-sector mechanisms.
4. Turn research into actionable knowledge for policymakers, companies, and multi-stakeholder platforms to scale the Program's impact in the region.

### Annual Report

This Annual Report is submitted in accordance with Attachment A - Schedule Section A.5. Reporting and Evaluation, subsection 8 "Annual Reporting" of the Amazonia Connect USAID Cooperative Agreement (#72052722CA00002). The purpose of this document is to report the progress of Amazonia Connect during the period from September 1, 2022, to September 30, 2023.<sup>9</sup>

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<sup>8</sup> In the context of Amazonia Connect, LCA is defined as an approach that helps to guide actions needed to transform and reorient agricultural systems to effectively support development in a changing climate. LCA/Climate Smart Agriculture (CSA) aims to tackle the following main objectives: sustainably increasing agricultural productivity; adapting and building resilience to climate change, and reducing and/or removing greenhouse gas emissions (e.g., from agriculture and land use change/ deforestation, and enhancing soil carbon sequestration). LCA/CSA is therefore inclusive of, but not limited to DFP. It further generates additional benefits including, among others: improving soil health through good practices, enhancing soil carbon, and strengthening the resilience of agro-ecosystems to climate change. Amazonia Connect will work within entire supply chains to promote LCA approaches to production in select landscapes of Brazil (Pará), Colombia (Caquetá), and Peru (San Martín and Ucayali). As farmers implementing LCA principles avoid deforestation and are trained to consider ecosystem services, this approach addresses the interlinked challenges of climate change and biodiversity conservation. LCA also supports sustainable increases in agricultural production, thus improving livelihoods and enhancing climate resilience.

<sup>9</sup> Although the USAID operational year runs from October 1-September 30, Amazonia Connect began implementation in September 2022, resulting in an extra month to report on during Year 1 of Program Implementation. From Year 2 onwards, the reporting periods will be October 1 until September 30.

### 3. Activity implementation, progress and results<sup>10</sup>

This chapter presents the highlights and progress towards results from October 01, 2022, to September 30, 2023. It includes a summary of completed and ongoing interventions and an update on the tasks and their progress.<sup>11</sup>

#### **Development Objective (DO) 1. LCA/DFP and sourcing models scaled in key Amazon jurisdictions**

Increasing the adoption of LCA practices in priority areas of Brazil, Colombia and Peru requires close coordination with governments (national and sub-national authorities), companies, and producers. DO 1 aims to scale LCA and DFP in key Amazon jurisdictions through:

- Training field staff and lead producers in LCA practices and delivering technical assistance for implementing LCA practices to producers in target regions in Brazil, Colombia and Peru.
- Supporting companies to develop and implement LCA and deforestation-free sourcing guidelines and policies.
- Scaling LCA and deforestation-free practices at a jurisdictional level in collaboration with regional and local governments.

In the first year of Amazonia Connect, activities under DO 1 focused on conducting baseline analyses and setting the foundation for scaling and building the capacities and trust-based relationships with farmers, private sector partners, regional and municipal governments, and other key stakeholders in the Program area. These efforts included conducting analyses to fill information gaps and developing training materials tailored to the context and priorities of Program beneficiaries and key stakeholders.

The teams worked closely with private sector partners to gain insight into their operations, current policies, and aspirations for sustainable sourcing. They identified key entry points and supported the implementation of LCA and sustainability sourcing guidelines, aligned with Amazonia Connect's objectives (e.g., palm in Peru and dairy in Colombia). In other instances, such as coffee in Peru and Colombia, private sector decisions outside the Program's control required adaptive management and additional strategizing for Year 2. The team focused on jurisdictional actors in Colombia and Peru involved in building relationships with stakeholders in key jurisdictions and conducting vital analyses. In Colombia's Caquetá region, the Program developed an Action Plan focusing on deforestation-free supply chains, while in Meta, where there is no LED-R strategy, the Program analyzed policies and engaged with key stakeholders interested in sustainable production and biodiversity conservation. In Peru, the team developed strategic plans in San Martín to help operationalize the LED-R, while in Ucayali, municipalities adopted LED-R goals and a roadmap for transitioning to LCA and DFP. Coordination with various stakeholders and the sharing of resources are central to the approach, which will facilitate more efficient and effective scaling in subsequent years.

**Regional reflections:** Year 1 focused on setting the groundwork for implementation and catalyzing action in the coming years. Building trust-based relationships with producers, private sector partners, jurisdictional actors and other key stakeholders, tailoring specific approaches to each country/commodity and stakeholder's unique context, priorities and requirements (e.g., farmer motivations, national regulations, certification requirements, company sourcing policies), and ensuring ITA (based on assessments on how to strengthen gender equality, youth inclusion and social inclusion) were key success factors observed across countries. Close coordination with these key stakeholders is necessary for increasing adoption of LCA and providing an enabling environment and a longer-term vision toward low-carbon and deforestation-free development pathways.

The consortium is working together to identify opportunities to collaborate with these key actors and build on

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<sup>10</sup> Note: As the baseline assessment is still ongoing, the majority of the progress indicators cannot yet be reported on and remain to be confirmed (see Annex 8.3 for the performance indicator tracking table).

<sup>11</sup> The text largely focuses on Year 1 Activities. For more information on Year 2 activities, please refer to the Year 2 Work Plan.

each other's work to promote and scale LCA and DFP. With baseline analyses completed and established relationships with key Program partners, the consortium expects this effort to gain momentum in the coming year.

Overall, DO 1 is a good example of harmonizing jurisdictional and supply chain approaches for biodiversity conservation and DFP. Close coordination with national agencies and jurisdictional authorities is essential for aligning policy objectives, strategies and shared visions, and for mobilizing and channeling incentives (e.g., technical assistance and finance) to support low-emission rural development priorities. Understanding the costs and benefits of specific actions and securing incentives to sustain interest in jurisdictional strategies is crucial. Additionally, studies on producers' motivations offer insights for tailored assistance and financing, and collaboration with companies in sustainable sourcing policies reinforces the transition towards LCA and DFP. Thus, this approach at the interface of jurisdictional and supply chain efforts contributes vital insights to the Program's learning and regional research on harmonizing these approaches and addressing associated opportunities and challenges. Activities under DO 1 will continue to benefit from learning in the other development objectives, including but not limited to research on biodiversity, strengthened monitoring and traceability systems, and evidence-based action research.

### **PATHWAY 1.1: FARMERS INCREASE ADOPTION OF LCA PRACTICES IN PRIORITY AREAS**

#### **BRAZIL**

Year 1 focused on the provision of technical assistance for families and beginning the implementation of the good practices LCA model, with a strong emphasis on installing rotational grazing systems. Trainings were held for trainers on diverse topics, including good agricultural practices and inclusive technical assistance, ensuring effective knowledge transfer to producers. By the end of Year 1, the Program reached 700 cattle producers (18% women) and supported the implementation of LCA practices, with an emphasis on rotational grazing systems among other LCA practices, on a total of 23,960 ha.

In terms of leveraging investments and expanding the impact in the region, the team engaged new actors and investors for three new projects.<sup>12</sup> These projects interconnect with the efforts already developed at the farm scale involving blended finance, agroecological transition using digital tools, and developing landscape approaches. The advancement of these projects in Year 2 will bring incentives and investments to cattle ranchers, create an enabling environment for the LCA transition and strengthen sustainable livestock farming in the region.

This work from Year 1 sets the foundation for scaling, whereas Year 2 aims to facilitate the adoption of LCA practices on a total of 9,027 ha and provide technical assistance for 700 farmer families.

#### **COLOMBIA**

##### *Coffee*

During the Program's first year, the team advanced with conducting initial outreach with coffee farmers in Caquetá, advancing necessary baseline analyses, and training trainers and producers on best practices for LCA. In total, the Program reached 150 producers (11% women) in Year 1. Community leaders' guidance in the intervention area played a pivotal role in the Program's success, thanks to their recognition of the territory's nuances and strategically positioning the initiative. Concurrently, Solidaridad's team in Colombia conducted a comprehensive baseline assessment that evaluated cultivation conditions in relation to LCA practices, yielding valuable insights for sustainable farming. A sector-specific gender and youth diagnosis for Caquetá

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<sup>12</sup> Solidaridad in Brazil has three new projects starting with affinities to Amazonia Connect:

- Digital tools partnership and development with CIAT to support farmers' transition to LCA practices.
- Landscape approach partnership with Neste from the Consumer Good Forum (CGF), Proforest and Imafloa to develop a landscape project in Novo Repartimento municipality in Pará to promote sustainable beef production.
- Blended finance partnership with Tabôa, Arapyau, and Gaia Group to promote access to credit from the Brazilian Development Bank (BNDES) for small-scale cattle ranchers to boost the adoption of sustainable livestock practices.

complemented the baseline assessment, which unveiled the motivations driving women and the younger demographic. Building upon this groundwork, the Program initiated its pilot of the Youth Entrepreneurs School and the Self-Leadership School for Women.<sup>13</sup> These educational platforms empower participants and contribute to fostering a sense of entrepreneurship and self-leadership within the community.

Furthermore, the team analyzed the coffee market dynamics in Caquetá, encompassing the areas where Nespresso held a presence as well as potential emerging markets.<sup>14</sup> This detailed appraisal provided a comprehensive understanding of the commercialization landscape, informing future strategies and endeavors, and setting a strong foundation for next year's activities.

Caquetá is a comparatively new region for coffee cultivation, and the baseline study has provided important insight into coffee producers and the region. The team determined that the soils in Caquetá used for coffee cultivation often exhibit acidic pH levels and significant imbalances in essential nutrients and exchangeable bases, mostly due to natural conditions. These soils were previously forested areas, and forests inherently exhibit acidic soils; a secondary contributing factor is the degradation from previous land use (e.g., coca production).<sup>15</sup> In response to this issue, the team plans to advance efforts in the second year by implementing pilot programs on selected farms to prioritize soil amendment management to rectify pH levels, introduce organic matter, incorporate agroforestry systems tailored to the region's climate conditions, and employ foliar and drench applications in addition to traditional fertilization methods. They will further aim to identify and establish best practices for coffee cultivation in complex soils. The team expects to test solutions and promote improvements through these activities, and with the involvement of pilot farms, crucial for enhancing productivity in the region.

#### Livestock

Year 1 saw the completion of important milestones, including the baseline assessment and key assessments that are the foundation for scaling LCA in subsequent years. Based on the information gathered in the baseline assessment, the team identified that the key gaps in livestock production are related to improving grazing management, soil recovery and pasture diversification. Additionally, there is a lack of tree cover, which leads to a lost opportunity to integrate agroforestry with cattle production systems, which can supplement diets and provide additional benefits such as biodiversity conservation and strengthening habitat connectivity. The assessment also found that no producer met the criteria defined by the Program for their ha to be categorized as LCA.<sup>16</sup> Producers' carbon footprint was determined to be moderate, and the team identified priority actions to reduce and, above all, mitigate greenhouse gas emissions.

Solidaridad also completed a motivations study and a gender and youth study, which will inform the design of technical assistance packages, financial incentives, and capacity-building processes for technicians and producers from Year 2 onwards.

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<sup>13</sup> Year 1 focused on laying the foundations of the Program, conducting outreach, engaging with producers and partners, conducting baseline assessments, and so on. In the coming year, with more progress in this area, the team plans to build on more opportunities to highlight this work.

<sup>14</sup> Note: After the completion of Year 1, in October 2023, the team received information that Nespresso is assessing the continuity of its operations in Caquetá. This will have implications for the Program moving forward, and the team is in the process of outlining the action plan to assess the way forward (see additional information provided in Pathway 1.2 below).

<sup>15</sup> In Caquetá, many farmers in the region have transitioned to coffee as an alternative development pathway from coca production. Thus, it poses different challenges than coffee production in more established areas in Colombia, such as the Eje Cafetero. This is not to say coffee is not a suitable crop in the region, but instead reflects the need to conduct necessary analyses to inform best practices for LCA for coffee production (what works for coffee producers in other parts of the country is not necessarily best for producers in Caquetá). Nonetheless, the team affirms the importance of working with coffee producers in Caquetá given the ongoing transition to coffee, the proximity to highly biodiverse areas and protected areas, and the risk of deforestation due to the lack of livelihood alternatives or inefficient and unsustainable production practices.

<sup>16</sup> The threshold for being considered under LCA for dairy in Colombia was defined as farmers adopting at least 7 of 10 practices where 5 were mandatory practices (no use of fire, no use of prohibited pesticides, fencing around pastures, use of pasture rotation, and pasture diversification) plus any 2 out of 5 optional best practices (no degradation of pasture, water system design, measurement of pasture growth, shade in pasture area, or access to natural water).

The teams developed improvement plans for producers based on the findings from the analyses mentioned above and studies. They also created a training strategy and syllabus for the Low-Carbon Livestock School to address the identified gaps. Currently, the team is delivering two school modules as part of the training program. In Year 1, the Program supported a total of 224 producers (21% women).

## **PERU**

### Coffee

Year 1 began with a change in private sector partners, as OFI had to withdraw due to capacity constraints. The team identified Volcafe as a potential replacement and began discussions with Volcafe in Q3 2022. Solidaridad and Volcafe signed a cooperation agreement in February 2023 outlining how they will cooperate and coordinate within the Program's framework. However, continued delays occurred as Volcafe requested changes to the cooperation agreement that were outside Amazonia Connect's scope and were not possible for Solidaridad to accommodate. These discussions greatly limited implementation progress, and required fresh conversations with Volcafe to ensure alignment and enable the teams to progress with Program implementation. In light of these delays and proposed adjustments, Solidaridad and Volcafe decided that Pathway 1.1 in Amazonia Connect should engage directly with cooperatives, some of which work with Volcafe, to build the capacities of producers and facilitate the implementation of LCA by 1,000 producers. Engaging cooperatives is also an important addition to the Program, given they are well suited to support a large number of farmers who will be affected by the European Union Deforestation Regulation (EUDR), which will support formalization of coffee operations, strengthen local value chains and guarantee knowledge retention on LCA in the local communities where Amazonia Connect is working. In addition, the team continues to explore the potential to engage other private sector partners in the coffee value chain, including multi-national coffee roasters. This change in strategy will not affect the Program's targets.

In light of these required adjustments, the Solidaridad team in Peru finished the baseline process, providing in-depth insight into coffee producers in San Martín. The team also identified potential beneficiary farmers by establishing alliances with important producer cooperatives: Valle Grande and Frutos de Selva. Amazonia Connect will engage these two cooperatives, which comprise 556 producer members (20% women).<sup>17</sup> Solidaridad confirmed the producers are located outside protected areas, indigenous territories and their buffer zones. Work in Year 1 was important to clarify key partners and strategies, and the team's work on developing communications and training materials on LCA for upcoming training sessions on LCA coffee models and best practices will help facilitate the timely implementation of training with cooperative members in Year 2. In total, 46 printable documents, 13 videos and digital content for publications, and 14 radio microprograms were updated. In Year 2, the team aims to train 500 producers (16% women) and facilitate the implementation of LCA on at least 2,113 ha.

### Oil Palm

Solidaridad helped establish a strong foundation for Amazonia Connect by formalizing cooperation agreements among the main Program stakeholders, in particular Alicorp and its supply chain partners, comprised of three mills and their respective Fresh Fruit Bunches smallholders' association: OLPASA (Oleaginosas Padre Abad), INDOLMASA (Industrias Oleaginosas Monte Alegre S.A.), and OLAMSA (Oleaginosas Amazónicas):

- Alicorp expressed their commitment to Amazonia Connect, especially on scaling LCA in their supply shed, and collaborating on sustainable sourcing (see also Pathway 1.2 below). Solidaridad is closely collaborating with Alicorp on scaling up LCA, as well as on sustainable sourcing and traceability.

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<sup>17</sup> More detailed information on each of these cooperatives is available [here](#).

Note: In the first months of Year 2, the team identified a total 1,000 producers through engaging with Valle Grande and Frutos de Selva, as well as 3 additional cooperatives: Villa del Triunfo, Capisam y Diamante Verde. Detailed information will be provided in the team's bimonthly update calls, as well as the Year 2 semi-annual report.

Consortium partners set up meetings with Alicorp to present the Visiprast tool and discuss cooperation on supply chain monitoring and traceability under Amazonia Connect's DO 2.

- To reach agreements with mills, the Solidaridad team in Peru held meetings and technical visits to discuss potential deforestation risks and mitigation measures to ensure alignment of all partners in their contribution towards DFP systems.<sup>18</sup> Each of the three aforementioned mills signed letters of commitment confirming the baseline results and stated their commitment to achieving DFP based on their cooperative policies. Solidaridad trained 43 mill representatives (23% women) to promote the LCA practices and DFP in Ucayali's palm oil supply chain.
- Another important tool to implement DFP is a HCV/HCS study that provides clear go/no-go maps for oil palm production in Aguaytía district in Ucayali. The document was delivered in August 2023, and the HCS/HCV Study Report is currently being used to develop protocols for new plantations for the Palm Oil Farmers Association of Shambillo (ASPASH), a producer organization working with OLPASA.

The team also advanced with the baseline assessment, including customizing the Extension Solution digital tool for the Peruvian palm oil sector and integrating a component in the tool to help calculate GHGs in the palm production process (at plantation level) using the RSPO carbon calculator. This required close collaboration with RSPO, as this is the largest deployment of the calculator for smallholders in RSPO's history.

In Year 1, the team began implementing trainings on sustainable palm oil and LCA and trained 269 people (31% women). The Program also supported the implementation of LCA practices on 1,565 ha. Regarding demonstration farms, the Program identified 10 of the 12 targeted farms and defined the practices for the demonstration farms with ASPASH and INDOLMASA. Work from Year 1 will inform work and assessments in Year 2 (e.g., conducting a pilot with Visiprast), and training programs developed will facilitate scaling where the Program aims to train at least 300 smallholders (25% women) and 30 technicians on LCA and sustainable palm production. Ultimately, the team aims to facilitate the implementation of LCA on 1,600 ha by the end of Year 2.

## PATHWAY 1.2: COMPANIES IMPLEMENT LCA AND DFP SOURCING AND PRODUCTION GUIDELINES

### COLOMBIA

#### *Coffee*

In Year 1, Solidaridad Colombia designed an MoU in collaboration with Nespresso, pending signature. Methodological guidelines were also developed for the implementation of the Program with Nespresso AAA producers,<sup>19</sup> aligning with Program objectives, company strategies, and baseline findings.

However, it is important to mention that the Nespresso chain is assessing its continuity in Caquetá. If it does continue, it is necessary to consider the conditions under which it will do so.<sup>20</sup> In the second year, the team aims to identify and engage with other stakeholders in the Department, incorporating the knowledge gained in the first year from the diverse diagnostic studies. This also implies the need to evaluate various strategies and scenarios within this evolving context and assess the implications for the Program. The team learned of this change in Context in October 2023, after completing Year 1, and is outlining a plan of action to be integrated into the Year 2 Work Plan. The plan will outline key next steps, such as contacting other private sector actors and potentially revising the Program's theory of change (ToC) for coffee, among other measures. Due to the evolving situation, these adjustments are necessary while ensuring the Program's continued impact in the region.

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<sup>18</sup> For more information, refer to the Year 1 Semi-Annual Report.

<sup>19</sup> Nespresso's "AAA Sustainable Quality™ Program," is their coffee sourcing program that is "designed to ensure the continued supply of high-quality coffee while improving the livelihoods of farmers and their communities, and protecting the environment." For more information refer to Nespresso's [AAA Program Website](#).

<sup>20</sup> This information is confidential. Details about Nespresso's continuity will be shared in a confidential document alongside a comprehensive analysis of the effect and actions given this new context.

### Livestock

As part of the Amazonia Connect framework, a cooperation agreement was co-created and signed with Nestlé to support farmers in implementing LCA.<sup>21</sup> Additionally, Nestlé's [Regenerative Agriculture Reference Framework](#) was assessed for their milk suppliers, covering around 115 dairy producers. This assessment helped identify the key critical activities for the farmers to improve, such as manure management, agroforestry and natural regeneration models, and integrated pest management plans. Implementing these activities could help the farmers reach level 2 and qualify for a milk price bonus. This work was critical in setting the foundation for supporting farmers to become aware of Nestlé's internal certification opportunities for regenerative agriculture.<sup>22</sup> Starting in Year 2, the Program will provide targeted technical assistance to support farmers who wish to undergo assessment and attain internal certification.

## **PERU**

### Coffee

Solidaridad in Peru formulated a cooperative agreement with Volcafe, officially signed in February 2023. However, due to ongoing delays within the Volcafe Peru team, Solidaridad and Volcafe opted to redefine the agreement. Under the new agreement, Volcafe initially planned to work with Solidaridad within the framework of pathway 1.2, enabling sustainable sourcing from the cooperatives that will receive support in implementing LCA/DFP agriculture through Volcafe's [Responsible Sourcing Programme](#). However, in November 2023 Volcafe decided to officially withdraw from the Program.<sup>23</sup> The team in Peru is engaging with other large private sector enterprises in the coffee sector, and hopes to have a new partner onboarded in the first half of 2024.<sup>24</sup>

In Year 1, Solidaridad signed agreements with Valle Grande and Frutos de la Selva Cooperatives to support them in implementing LCA/DFP agriculture, identifying more than 550 producers (20% women) in the value chains.<sup>25</sup> The aim is to also work with cooperatives starting in Year 2 to strengthen deforestation-free sourcing, including implementing a monitoring pilot (applying the methodology validated together with Geobosques in Year 1), among other activities.

### Oil Palm

Alicorp, with technical support from Solidaridad, developed a tool called ScorePalm to evaluate and monitor its supply chain based on its NDPE responsible sourcing policy. The tool aims to facilitate concrete and objective measurement of the advances of mills belonging to their supply chain in implementing the main criteria of Alicorp NDPE Policy. The tool is still in the pilot phase and Alicorp is implementing the tool with three mills from August 23 to December 23, 2023. This is the first exercise to measure the implementation of Alicorp's sustainability policy in its supply chain. In August, Solidaridad conducted a workshop to develop NDPE policies for mills that supply Alicorp. Year 2 Activities will build on the work from Year 1, and the team will continue to support Alicorp with developing and piloting the ScorePalm tool and provide technical assistance to extractors to implement their respective NDPE policies.

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<sup>21</sup> Specifically, the agreement focuses on the following thematic areas: 1. Technical assistance, 2) Training through the Low-Carbon livestock school, 3) unlocking sustainable finance for producers implementing LCA, and 4) mainstreaming measures to strengthen gender equality and youth engagement).

<sup>22</sup> Under Nestlé's Internal Certification initiative (under their Regenerative Agriculture Reference Framework), producers can receive direct benefits from Nestlé, such as partial economic support to cover some of the investments required to get certified. Producers are classified in three levels 1) Committed, 2) Advanced and 3) Leader. Upon reaching the 'advanced' level producers can receive a voluntary bonus per liter of milk that varies depending on market conditions. In general, it is around \$10 Colombian pesos per liter of milk sold.

<sup>23</sup> Volcafe requested changes to the cooperation agreement that were outside Amazonia Connect's scope and were not possible for Solidaridad to accommodate.

<sup>24</sup> Once the partner is identified, USAID will be informed and all necessary due diligence conducted. The work plan will be updated to reflect this adjustment, and specific activities on sustainable sourcing within Pathway 1.2 will be included.

<sup>25</sup> In the first months of Year 2, the team identified a total 1,000 producers through engaging with Valle Grande and Frutos de Selva, as well as 3 additional cooperatives: Villa del Triunfo, Capisam y Diamante Verde. More information will be provided in the semi-annual report.

Throughout Year 1, Solidaridad also trained Alicorp staff from outside its sustainability area, including staff from Alicorp’s purchase and client management areas, among others) on the sustainability initiatives being implemented to improve communication and awareness of these initiatives across the company to strengthen the institutionalization of sustainability priorities.

### PATHWAY 1.3: JURISDICTIONAL ACTORS INCORPORATE LCA AND DFP MODELS AND PRINCIPLES

#### COLOMBIA

##### *Caquetá*

The LED-R Strategy for Caquetá was refined through the development of an LED-R Action Plan 2020-2035, aligning the goal of achieving supply chains free of deforestation with a value chain approach. The EII team supported the development and validation of this action plan, prioritizing key actions with the Caquetá Climate Change Subnode.<sup>26</sup> The LED-R monitoring system is available on the [Caquetá Sustentable](#) online platform, with key information disclosed to interested stakeholders through the platform. During Year 1, EII convened a workshop with key actors involved in the implementation of the LED-R strategy to identify opportunities to improve and update the platform to better represent the State and progress of the department in its transition towards low-emission development.<sup>27</sup> Including inputs from the workshop to produce a refreshed version of the platform is planned for Year 2.

In addition, EII will continue to provide technical assistance and support to the government of Caquetá (especially to the Departmental Environmental and Agriculture Secretariat), the Caquetá Climate Change Subnode, and two municipal governments building on the results of the analysis and technical support provided in Year 1.<sup>28</sup>

##### *Meta*

In Meta, EII made progress in analyzing public policies and programs, revealing that the department has various planning instruments that promote sustainable production schemes to increase resilience to climate change.<sup>29</sup> Likewise, EII mapped multi-stakeholder platforms and key actors in the jurisdiction, identifying those interested in collaboratively addressing socio-environmental conflicts, scaling LCA and DFP, and enhancing biodiversity conservation and community well-being. Based on this mapping exercise, EII will engage these actors to discuss their interest in participating in the LED-R strategy development process during Year 2. So far, there is interest from the Biocarbon Fund’s Orinoquía Sustainable Integrated Landscape Program (OSILP) led by the Ministry of Agriculture and Rural Development (MADR), the Prorural Project of GIZ, and the Global Green Growth Institute to coordinate actions with Amazon Connect and LED-R strategy development in Meta (see also Chapter 2.2.4 for more information on key stakeholders). Establishing synergies among these ongoing programs will optimize

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<sup>26</sup> The Caquetá Climate Change Subnode is a consortium of organizations dedicated to supporting the formulation, development and monitoring of strategies, policies, plans, programs, projects, regulations and goals for adaptation and mitigation in the face of conservation and climate change.

<sup>27</sup> In meetings with key stakeholders, including the Caquetá Climate Change Subnode, the team identified deficiencies in the monitoring system. Four (4) subcomponents were defined in the meeting to generate a more comprehensive report on territorial performance, namely, i) Monitoring of the implementation of the LED-R Strategy, ii) Monitoring of public and private investments, iii) Monitoring of governance and iv) Monitoring of risks and threats. This will guide the planned improvements to the Caquetá Sustentable online platform.

<sup>28</sup> Specifically, EII will help them achieve the prioritized goals of the LED-R Caquetá action plan, including identifying suitable collaborations and sources of financing to scale LCA and DFP, and managing public-private investments (aligned with the work on unlocking investments under Pathway 3.1). Additional support will be provided to the subnode for preparing a budget for the LED-R Action Plan, along with necessary updates and adjustments for transparent monitoring and reporting through the Caquetá Sustainable Platform. This will improve monitoring of the jurisdiction’s progress towards low-emission and deforestation-free development pathways. Special attention will be made to document processes and information to institutionalize knowledge, and help combat delays due to turnover. With regional and local elections in October 2023, EII will concentrate efforts on building the capacities of government officials and ensuring there is clear documentation of the activities agreed upon with the current administration. The specific municipalities will be identified after the elections.

<sup>29</sup> An example of one of these instruments is the Comprehensive Regional Climate Change Plan for Orinoquía, department of Meta, which establishes 35 departmental measures to address the impacts of climate change identified on the different sectors (agriculture, water resources, agriculture, biodiversity and ecosystem services, dimension human, mining and hydrocarbons).

collective impact toward aligned objectives and goals. Finally, EII established a roadmap for the design of the LED-R Meta Strategy that will be included in the current government's splicing report to ensure its continuity.<sup>30</sup> Activities in Year 2 will continue where Year 1 left off, seeking the implementation of the roadmap to develop a LED-R Strategy development (which will include measures to incentivize producers to adopt LCA) with the government of Meta and key stakeholders and continue with dialogues pertaining to the LED-R strategy's design.<sup>31</sup>

## **PERU**

### *San Martín*

Throughout the first year of Program implementation, EII Peru worked with the regional government of San Martín, through its Planning Office, and National Center of Strategic Planning (CEPLAN) to identify goals, strategic activities and programs, to integrate the San Martín LED-R Strategy into local and departmental strategic plans (local development plans, institutional strategic plans and annual working plans). Under this pathway, the team conducted three workshops with at least 50 participants (46% women) from the regional government and the municipality of Moyobamba. One workshop for LED-R and LCA capacity building was done in Tarapoto, between September 12-14, with the participation of more than 38 officials (13% women) from the ten provinces of the San Martín region (local economic development agencies and municipalities).

In addition to these activities, in Year 1, EII Peru developed a roadmap for DFP in the San Martín region. This proposal was developed by the regional government of San Martín and the cocoa, coffee, and oil palm technical roundtables with contributions from more than 80 participants (24.1% women) from the private and public sectors. This roadmap will serve as a reference for actions to promote LCA in the region in 2023 and 2024. Also, in Year 1, the Program supported the organization of the Regional Coffee Festival, in which the technical roundtable on coffee in Rioja had a workshop to identify key opportunities for LCA transition for this supply chain.

In Year 2, EII Peru will build on the first-year's work by continuing workshops, providing technical assistance, conducting capacity-building activities, and facilitating dialogue between local and departmental partners to validate and implement the LED-R Strategy roadmap, foster collaboration, enhance the understanding of key concepts, and seek regulatory improvements.

### *Ucayali*

Throughout the last year, EII Peru shared the goals and objectives of the Ucayali LED-R Strategy with the Municipalities of Coronel Portillo, Neshuya and Padre Abad. As a result of these activities, these Municipalities agreed to include new goals, activities and programs in their local strategic plans (local development plans, institutional strategic plans, and annual working plans) and investment portfolios. Moreover, EII will sign cooperation agreements with municipalities to support LED-R Strategy implementation.

EII Peru also worked with the Regional Palm Oil Technical Roundtable to design a roadmap to promote the transition to LCA and DFP. This proposal was developed by providing technical assistance to directive members of the Regional Palm Oil Technical Roundtable and completing surveys with key stakeholders. In July, a technical meeting was held with the Regional Palm Oil Technical Roundtable to share the LED-R Strategy and review the roadmap to receive feedback from companies, cooperatives and producers. Moreover, the Program team worked closely with JUNPALMA, the main palm oil small-producer association, to identify key actions to highlight the progress of the palm oil chain to improve sustainability. As a result of this joint work, a low-carbon

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<sup>30</sup> Political dynamics in Year 1, including turnover of key personnel due to departmental elections, delayed the establishment of a roadmap with the regional government and key stakeholders, and as well as the initiation of dialogues for the Strategy's design. As such, these activities remain high priority activities for the beginning of Year 2. More information on risk management strategies related to turnover is provided in Annex 6.4.

<sup>31</sup> A draft of the plan to develop the LED-R strategy in Meta is available [here](#). The document is a draft and is undergoing an internal review to ensure compliance with the Communications, Marking and Branding Plan.

agriculture interregional forum was held in ExpoAmazonica 2023 with more than 126 attendees (37 % of women).

Building on the progress made in Year 1, in the coming year, EII Peru will continue giving technical assistance to include key LED-R strategy goals and actions in local planning instruments and investment portfolios, while also supporting the Regional Palm Oil Technical Roundtable. As a result of this technical assistance, the Regional Palm Oil Technical Roundtable will validate its roadmap for LCA transition in November and agree to it with key public stakeholders, including MIDAGRI and the regional government of Ucayali.

## **DO 2. Full supply chain monitoring systems adopted by companies for deforestation-free sourcing and biodiversity conservation**

The private sector is increasingly taking action on socio-environmental challenges in their supply chains. New due diligence legislation is pushing companies to understand and address the risks and the adverse impacts of their supply sheds and operations. DO 2 supports companies in adopting improved monitoring and traceability tools to identify deforestation and biodiversity risks in their supply chains, disseminate information on tools among key stakeholders to scale monitoring systems, and promote the implementation of Zero Deforestation Agreements.

During the Program's first year, UW, NWF and Ecosocial collaborated to identify, acquire and integrate the essential and up-to-date data concerning biodiversity, deforestation and supply chain infrastructure into the Visiprast and Visipecc tools. These advances in data acquisition have significantly strengthened monitoring and traceability tools. In addition, Ecosocial, NWF and UW continue to actively engage with numerous companies in Colombia to promote the utilization of the Visiprast tool. So far, this engagement resulted in the establishment of two MoUs with companies Alkosto and Takami to monitor and assess socio-environmental risks within their beef supply chains. In Brazil, Visipecc remains an indispensable asset, aiding the Program's partner meatpackers, Frigol and Masterboi, in their decision-making processes. Meanwhile, NWF has initiated dialogues with Mafrinorte to explore potential collaborations. In Peru, UW, NWF and Ecosocial supported by Solidaridad achieved a significant milestone in May with a field visit to three mills supplying Alicorp. This visit allowed the partners to gain insights into the current status of their traceability and Alicorp's requirements, paving the way for the development of a tailored work plan for the upcoming years in alignment with their specific needs.

**Regional reflections:** Under this DO Amazonia Connect intends to collaborate with at least ten companies to strengthen the monitoring of their supply chains, including monitoring deforestation risks and biodiversity impacts. The team also aims to improve supply chain monitoring tools to encompass a total of 8.8 million hectares of forests in the Amazon Basin in Brazil, Colombia and Peru. This expansion represents a transition from piloting to landscape-scale monitoring and traceability systems, encompassing biodiversity monitoring and application across various geographical regions. The successful use of these scalable tools will drive continued adoption by companies, leading to forest conservation benefits and reduced carbon emissions across multiple commodities and regions. This holds huge potential for scaling, both within the supply sheds covered by the Program and the Program target countries in general, but can also be applied to broader areas in the Amazon Basin and beyond.

### **PATHWAY 2.1 SUPPLY CHAIN MONITORING TOOLS IMPROVED AND ADAPTED TO NEW COMMODITIES AND COUNTRIES**

#### **BRAZIL**

UW and NWF strengthened Visipecc by incorporating biodiversity data, updating GTA and rural environmental registry (CAR) data into the tool. The inclusion of the biodiversity data in the tool, initially based on official maps of Priority Areas for Biodiversity, allowed for the development of novel farm-level metrics regarding the importance of forests in certain regions for housing biodiversity. This is a critical advancement that will, for the

first time, allow companies to understand the value of the forests to their suppliers in addition to the deforestation risks in their supply chain. The two organizations joined a working group led by the MPF, where they provide technical support regarding the audit process for the Terms of Adjustment of Conduct (TAC), and offer guidance on improving the Pará State government's monitoring tool, SeloVerde. UW and NWF have played a crucial role in providing recommendations regarding SeloVerde, leveraging their extensive experience and insights gained from years of developing and implementing Visipec's methodology in the meatpacking industry.

## **COLOMBIA**

UW acquired and compiled numerous datasets needed to improve and expand the functionality of Visiprast, including updated rural cadaster data, data on cattle transactions (“guía data”), several maps of biodiversity indicators both from official and academic sources, and, with the help of Solidaridad and USAID, obtained updated official deforestation data through December 31, 2021, from the Colombian Institute of Hydrology Meteorology and Environmental Studies (IDEAM), which is processing data in a timely manner but experiencing delays in making this data available on its public web portals. The biodiversity data include a variety of layers, including delimited areas of interest such as protected areas, and maps of individual ranges and variation in abundance and richness of different types of genera across the landscape. UW’s work in Year 2 will focus on teasing apart the patterns that can be seen when comparing these different approaches to assessing biodiversity.

With UW support, Ecosocial integrated into Visiprast the most relevant datasets necessary for the functionality of the tool. In addition, Ecosocial produced various advances in tool development and capability, including: i) creating a dynamic map where companies can locate and access information about the socio-environmental risks of their producers, ii) developing a monitoring module that analyzes land cover data from Google Earth Engine to generate deforestation analyses when official data is not available, iii) integrating biodiversity data into the visualization and analysis functionality of the tool, and iv) building a beta version of a transaction module, where companies and producers can register sales and purchases of beef and dairy products depending on their role in the supply chain, a first step for traceability.

Building on data collected throughout the last year, in Year 2, the team will develop novel synthesized biodiversity metrics at a scale and resolution appropriate for property and company-level analyses, and relevant for company decision-making. Moreover, the team will:

- Strengthen Visiprast’s monitoring and transaction module and the functionality of the interactive map, taking into account companies’ feedback;
- Engage with relevant official institutions to start the process of validating Visiprast methodology; and
- Generate a methodology report to increase the transparency of the tool processes.

## **PERU**

UW, Ecosocial and NWF compiled an inventory of datasets relevant for analysis of land use, palm oil supply chains, and biodiversity at the departmental scale in Ucayali and for Peru overall, including and identified the official or academic institutions that manage the data in the cases where it was not available. The teams will continue to pursue the solicitation of this additional data during Year 1. The teams collaborated with other consortium partners to conduct a virtual meeting with local agencies and data-holding institutions to present Visiprast and discuss its adaptation to the context of palm oil in Ucayali. A series of workshops were held in the Ucayali region with the public and private sector to identify the main actors relevant to the Program. Through these workshops, the teams learned about the regulatory framework for forests, palm production, land tenure and traceability in the area. The workshops provided valuable insights and lessons while highlighting the existing barriers and disconnections between both sectors, and shedding light on the data needed and the data potentially available for the development of Visiprast in Peru.

The team's work generated important advances that set a solid foundation for expanding the use of Visiprast in palm oil supply chains in Peru. Next year, UW, NWF and Ecosocial will continue identifying and seeking additional data about properties, supply chains, land use and biodiversity in priority regions, and will work closely with Alicorp and Solidaridad to meet RSPO's requirements and support sustainable sourcing under Alicorp's NDPE policy.<sup>32</sup>

## PATHWAY 2.2 MONITORING TOOLS USED BY COMPANIES IN THEIR SUPPLY CHAINS, PRIORITIZING HIGH BIODIVERSITY AREAS

### BRAZIL

In the first year of Amazonia Connect, NWF advanced its established working relationships and guided both Frigol and Masterboi in their efforts toward deforestation-free sourcing. Specifically, NWF supported Frigol on a project aimed at engaging with direct suppliers to ensure their commitment to meeting new market demands, which included a no-deforestation policy and sharing information regarding their suppliers. Simultaneously, NWF worked with Masterboi to enhance its monitoring system and meet the emerging market demands related to socio-environmental criteria, including DFP. The collaboration involved using Visiprast to identify direct suppliers not in compliance. NWF worked to educate and encourage ranchers to initiate the regularization process through Masterboi, thereby ensuring their continued access to the market.

NWF also continued its engagement with other meatpackers and, in November, organized an online workshop for meatpackers and various stakeholders. The workshop highlighted the technical support that NWF offers its partners, showcasing the use of Visiprast for informed procurement decisions.

Furthermore, NWF initiated discussions regarding a potential partnership with Mafrinorte to improve their decision-making processes. This initiative includes reviewing their procurement policy and enhancing direct supplier monitoring. NWF is currently in the process of finalizing a MoU with Mafrinorte. UW completed the integration of several relevant datasets about land use, deforestation, and biodiversity impact, as well as cattle activity, into a database that allows for the production of custom analyses and maps that NWF can use to support company engagement.

UW also produced custom analyses for Solidaridad to support their engagement with JBS and to identify other slaughterhouses that source from the LCA implementation regions.

### COLOMBIA

Ecosocial attended several events to engage with companies, foster interest in monitoring and traceability systems, and promote the Visiprast tool. Some of those events were the Sustainable Livestock Forum in Meta and an event under the BioCarbon Fund's OSILP to develop public-private partnerships in cattle supply chains. In addition, Ecosocial, NWF and UW conducted virtual and in-person meetings with companies and associations to explain the value proposition for monitoring and traceability, including Alkosto, Lacteos Camoti, Gormalac, Quesos Caquetá, Fenix del Ariari, Sosty, Agrosolidaria Florencia, and Orinoco Green Beef, among others. As a result of this outreach, NWF and Ecosocial have signed MoUs with Takami, a restaurant chain and Alkosto, a retail company, to monitor their producers located in Meta.

In Year 2, the team will generate two MoUs with interested companies, such as Lacteos La Maporita, to implement Visiprast. The team will gather feedback and support tool implementation for companies already using the tool by adapting its functionalities based on their needs and priorities.

### PERU

In May, UW, Ecosocial, and NWF conducted a field visit, during which they visited three beneficiary mills that Alicorp sources from, namely Indolmasa S.A., Olpasa S.A., and Olamsa S.A. During these visits, the teams toured

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<sup>32</sup> Ecosocial will adapt the Visiprast tool to meet Alicorp's RSPO requirements to ensure the sustainability of the palm oil it sources from in Ucayali (building off of studies conducted by Solidaridad under Pathway 1.2). In addition, Ecosocial, UW and NWF will work closely with Solidaridad to initiate a traceability pilot program with select producers from the beneficiary mills.

the facilities, engaged in interviews, and gained deeper insights into each mill's daily operations, supply bases, current traceability systems, and environmental motivations. UW, Ecosocial and NWF gathered information about the mills' interactions with producers, their certification programs, and their existing efforts related to monitoring and traceability. The primary objective of the interviews was to better understand the mills' realities, needs, and priorities to develop a tailored work plan that aligns with their specific requirements and identifies the necessary data to implement Visiprast effectively within their supply chains.

In June, UW, Ecosocial, and NWF met with Alicorp's Sustainability personnel in Lima to share the findings from the mill visits and learn about Alicorp's expectations and priorities. Alicorp shared their internal initiative to assess palm oil suppliers, the ScorePalm, HCS/HCV, and discussed their long-term goal of RSPO certification for all suppliers. With this in mind, the teams plan to adapt Visiprast in the second year to align with the RSPO, HCS/HCV, and ScorePalm criteria. To conduct an initial assessment of Alicorp's supply shed in Ucayali, UW utilized data about land use, deforestation, and biodiversity compiled for 2.1.

### **PATHWAY 2.3 MONITORING OF FORESTS, COMMODITY PRODUCTION, AND HIGH BIODIVERSITY AREAS WITHIN SUPPLY SHEDS SCALED TO OVER 8 MILLION HECTARES IN THE AMAZON**

#### **BRAZIL**

As part of the GTFI, NWF promotes Visipece and encourages actors such as meatpackers and financial institutions to join the group. In Year 1, NWF presented to and encouraged Rio Mara, a meatpacker from Pará, and the Brazilian Beef Exports' Association (ABIEC), to become active members and/or participate in the discussions at the GTFI. The team continues to encourage relevant actors to join the platform and aims to encourage at least one additional meatpacker or financial institution to join the platform next year. Meanwhile, NWF continues to enhance and improve Visipece; in Year 1, the team added the first data about biodiversity across Visipece's coverage region to provide additional context about their potential contributions to forest conservation to meatpacker users of the tool.

NWF participated in the December GTFI webinar to promote Visipece, discuss the new social and environmental rules and how to implement them with its members and guests. The meeting focused on supporting members in understanding the strengthened regulations while promoting GTFI as the most important forum to discuss the matter in Brazil. The consortium will conduct additional analyses in Year 2 to support increased and more effective engagement with companies (e.g., destinations for beef products exported from Brazil and documentation of existing forest conservation and biodiversity policies of companies).

#### **COLOMBIA**

Ecosocial, in collaboration with EII, UW and NWF, mapped and identified potential collaborators and initiatives at the local, regional and national level to support scaling of traceability and monitoring. This included outreach and engagement with the BioCarbon Fund OSILP, Global Forest Watch, IDEAM, the regional node for climate change in Orinoquía, Envol-vert, and the International Center for Tropical Agriculture (CIAT), among others. With the BioCarbon Fund OSILP, Ecosocial, NWF, and UW identified several synergies with Pathway 2.3, including efforts for mapping land cover change. Meetings were held between EII, Ecosocial, NWF, and UW to discuss how to articulate and best promote Visiprast within the jurisdictional approach, especially within jurisdictional digital platforms.

Regarding the Colombian ZDAs, Ecosocial continues to lead the Monitoring and Information (M&I) Group for beef and dairy and promotes the Visiprast tool in workshops organized by the ZDAs to support companies to carry out the self-analysis and the MRV protocol. In addition, in response to the positive interest generated by the Visiprast tool within various organizations in the ZDAs, Ecosocial proactively initiated a collaboration with TFA, which coordinates the ZDAs, to present Visiprast as a pivotal reference tool, accessible to companies that are signatories across all ZDAs. In Year 2, the primary objective is to make Visiprast available for the gathering of essential information and the facilitation of the MRV process, specifically tailored to the needs of companies

participating in the Beef and Dairy Zero Deforestation Agreements, with the support of the ZDAs Secretariats and the TFA.

## PERU

Throughout Year 1, the consortium participated in several online webinars and workshops with the public and private sector, NGOs and research institutions working on palm oil in Ucayali. Through these conversations, it was possible to identify the main actors relevant to the palm sector in Peru and better understand the regulatory framework regarding traceability in the area. Building on the information collected in Year 1, UW will produce summaries to support increased and more effective engagement with companies, including assessments of destinations for palm oil exported from Peru and documentation of existing forest conservation and biodiversity policies of Alicorp and other major companies. Ecosocial and NWF will continue to actively engage with key stakeholders, including Alicorp and other actors such as local officials, particularly environmental agencies, to comprehend how to adopt the Visiprast tool and its methodology as a dependable solution for monitoring deforestation and traceability in the context of the palm oil sector in Peru.

Another activity for year 1 was for Solidaridad to pilot an on-farm monitoring methodology to monitor primary and secondary forests on coffee farms using Sentinel-2 satellite images in collaboration with Geobosques. In the first half of the year, Solidaridad, in collaboration with Geobosques, validated the methodology and drafted [a report](#). After that, the report passed a final review and was made public at an event held in July 2023 supported by TFA and the Coalition for a Sustainable Production (CSP).

### DO 3. Finance and incentives unlocked to accelerate LCA and Deforestation-Free Production

[Research shows](#) that farms that incorporate low-carbon agriculture are viable, profitable and reduce pressure on forests and biodiversity, yet banks regularly perceive agriculture as a high-risk, low-return investment. The lack of access to finance prevents the adoption of low-carbon agriculture practices and can spur further encroachment on sensitive areas. DO3 aims to unlock finance and incentives for the transition to LCA through both jurisdictional and private-sector mechanisms. This includes supporting increase:

- Investments mobilized through financial mechanisms and incentives for LCA.
- The number of financial products and assets monitored for deforestation and biodiversity risks.

Across pathways and countries, Year 1 had an emphasis on conducting scoping and analytical studies, engaging with diverse stakeholders in the agriculture and financial sectors, and working together to establish the groundwork for subsequent years.

Pathway 3.1 aims to mobilize public and private investments to scale LCA. Progress was made in Mato Grosso towards realizing J-REDD+ transactions to fund forest-friendly, low-carbon development, and in Pará, with growing interest in selling J-REDD+ credits. In Colombia, the team has advanced in understanding credit offerings and investment requirements for coffee and dairy producers transitioning to sustainable practices. In Peru, the team conducted assessments to facilitate payments to coffee farmers through the Acorn Mechanism starting in Year 2, and to design public investment programs and financial incentives to promote LCA and Deforestation-Free Production (DFP). EII Peru mobilized<sup>33</sup> US \$3.4 million in public domestic finance through

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<sup>33</sup> This number corresponds to the standard USAID Indicator 13-4 “Amount of investment mobilized for adoption of low-carbon agriculture and/or zero-deforestation production.”. This indicator includes finance mobilized (or leveraged), enabled by USG assistance, for actions, activities, projects or programs that avoid, reduce, or sequester GHGs from sustainable landscapes activities. Finance may be mobilized from the public sector (e.g., other governments or public multilateral entities) or private sector (e.g., corporate investments) and should help to advance the objectives established by the USG-supported program. Finance may be disaggregated as domestic or international. Finance can be mobilized through a variety of instruments and vehicles, including common funding instruments, parallel investments, or in-kind support. Examples of the types of U.S. assistance that could mobilize finance include:

- Investments made possible by finance interventions, such as:
  - Grants (or in-kind support) for technical assistance
  - Loans

public investment packages involving a mix of incentives, technical assistance and grants. Specifically, two financial incentives were designed: one with the Regional Government of San Martín with a US \$3.05 million investment program for seven supply chains, and another through a new PROCOMPITE public call with US \$350,000 in incentives for scaling sustainable practices in the palm oil supply chain. The team aims to continue and expand these efforts across all three countries to drive investments for sustainable agriculture and forest protection, mobilizing an additional US \$3 million in Year 2.

Pathway 3.2 focuses on increasing the monitoring of financial products for deforestation and biodiversity risks. Activities in Year 1 included collaborating with financial institutions in Brazil to raise awareness about deforestation risks and promoting sustainable investments, and supporting the establishment of a Green Finance Roundtable in Colombia for information dissemination and generating recommendations for sustainable financial products. In Peru, the team developed monitoring protocols and tools to measure the impact of LED-R Strategies and support decision-making, with plans to create dashboards and enhance environmental safeguards (including monitoring deforestation and biodiversity risks) for public investments in the future.

**Regional reflections:** Although finance work will mainly accelerate in Years 2 and 3, Year 1 found commonalities across the countries on the importance of capacity building. In Colombia, this included training on sustainable finance for agricultural technicians on topics ranging from basic financial concepts to the use of financial products and risk reduction processes. In Brazil, the team aims to design a carbon market educational program to fill capacity gaps, increase engagement of farm sector actors and help set realistic expectations.<sup>34</sup> All countries conducted necessary baseline studies to better understand the specific needs and priorities of key stakeholders (producers, companies, financial institutions, and governments) towards financing LCA and monitoring deforestation and biodiversity risks. Assessments, such as the ACORN assessment conducted in Peru, ensure the smooth implementation of innovative financing mechanisms. The assessments on payment modalities and producer agreements will benefit producers in San Martín and all of Peru. In the coming years, the consortium will develop tools for monitoring biodiversity and deforestation risks (e.g., screening credit applications of financial institutions in Colombia, and supporting public sector actors in Peru to develop and monitor environmental safeguards for public investments), and unlock additional incentives for LCA and DFP (e.g., payment for ecosystem services through Acorn, supporting regional governments to design public investment packages to facilitate scaling of LCA and DFP, and designing and ensuring access to green credit lines, among others) to generate important lessons learned and good practices for the target countries, sectors and broader region.

### PATHWAY 3.1 INCREASED INVESTMENTS MOBILIZED THROUGH FINANCIAL MECHANISMS AND INCENTIVES FOR LCA

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- Equity or investment shares
  - Support for development and structuring of other financial instruments
  - Political, regulatory, or credit risk insurance and guarantees
  - Investments made possible by policy interventions and technical assistance interventions, such as:
    - Market assessments, financier credit product development, project incubation and preparation;
    - Technical support for increasing the sustainability of supply chains;
    - Regulatory policy support for the creation or implementation of land-use planning;
    - Fiscal policy support to develop preferential tax treatment for climate-friendly technologies and environmentally related taxes.

For Amazonia Connect, the Program aims to mobilize investments to implement or scale low-carbon agriculture and/or zero-deforestation production. Finance may be mobilized from the public sector (e.g., other governments or public multilateral entities), private sector (e.g., corporate investments) and/or blended finance. For more detailed information, refer to the Performance Indicator Reference Sheet in Annex 3 of the [MEL Plan](#).

<sup>34</sup> Since reducing deforestation and participating in the voluntary carbon market via J-REDD+ programs largely depends on conserving forests on privately held farmland, the farm sector is a key partner and beneficiary of these programs. Therefore increasing the knowledge and understanding of the farm sector regarding J-REDD+ programs and benefits will ensure their informed participation in creating and supporting the benefit sharing programs established from the sale of J-REDD+ credits on the voluntary carbon market.

## **BRAZIL**

### Mato Grosso

Mato Grosso is interested in bringing to fruition J-REDD+ transactions to generate revenue to support its state-wide transition to forest-friendly, low-carbon development and a carbon-neutral state economy by 2035. This interest has grown deeper and more urgent with the decline in deforestation since January 2023, which positions the state to receive significant revenues through the sale of roughly 17 million tonnes of J-REDD+ credits in late 2024 or early 2025. Mato Grosso is keeping open options for realizing such transactions with two interested buyers: the LEAF Coalition and Mercuria, a Swiss energy trader.<sup>35</sup> In Year 1, EII supported Mato Grosso's progress towards J-REDD+ readiness for transactions with both potential buyers, helping the state establish the core institutional requirements and stakeholder engagement needed to enter into purchase agreements to sell verified forest carbon credits. At the state government's request, EII conducted a legal analysis of the options for creating or modifying the public-private entity needed to enter into an ERPA. EII is also a member of the Mato Grosso state working group to prepare for a potential ERPA with the LEAF Coalition. Mato Grosso's capacity to reduce state-wide emissions from cattle and soy expansion will depend upon effective engagement of the powerful beef and soy sectors, the main drivers of deforestation, which EII has initiated.

EII presented its legal assessment on transacting J-REDD+ credits to the government, and is currently refining its assessment based on their feedback.. EII has advised the state REDD+ working group drawing on lessons from J-REDD+ programs in Tocantins and Acre. Progress was made in Year 1, bringing to the farm sector's attention the potential revenues that could flow to the sector as a share of J-REDD+ transactions and the need to develop a program to effectively use these revenues to support the sector's transition to forest-friendly, low-carbon production systems, including the development of a "Frequently Asked Questions about the carbon market" document tailored to the farm sector. EII's farm sector outreach includes the Breeders Association of Mato Grosso (ACRIMAT), Mato Grosso Meat Institute (IMAC), Brazilian Association of Soybean Growers (APROSOJA), Federation of Agriculture and Livestock of the State of Mato Grosso (FAMATO), and Mato Grosso's State Secretariat for Economic Development (SEDEC). A consistent request from these meetings is for EII also to engage producer organizations at the municipal level.

Building on the progress made in the first year of the Program, EII will continue supporting Mato Grosso as they advance towards signing an ERPA in Q1 or Q2 of 2024 by providing further legal advice for creating the necessary public-private entity. They will also offer guidance for state agencies to finalize the J-REDD+ program. Additionally, EII will engage with the beef and soy sectors to reduce deforestation emissions, including organizing two workshops to help these sectors develop the general structure of a state-wide program of forest incentives for farmers. The program will be funded with J-REDD+ revenues and will help expand the adoption of LCA and forest protection on farms.

### Pará

The state of Pará is also interested in establishing an ERPA that generates revenues for its state-wide strategy to transition to forest-friendly, low-carbon rural development that could help fund the expansion of LCA practices. The LEAF Coalition is interested in buying Pará's verified J-REDD+ credits, but the state has yet to decide who it will sell to. Pará's political will to reduce deforestation has been enhanced by its progress in reducing deforestation in 2023 and by the state's selection (pending final UN approval) to host COP30 late in 2025. The state's decreased deforestation rates position it to sell approximately 50 million tonnes of J-REDD+ credits in late 2024 or early 2025, ranging from US \$5 to US \$20 per tonne. In Year 1, EII conducted a gap analysis of the state program against ART/TREES jurisdictional REDD+ system and standard, identifying a critical gap in the Pará J-REDD+ program: the lack of participation of the farm sector. This gap was identified through individual meetings with the State Secretariat for the Environment and Sustainability (SEMAS), the Agency for the Development of Agriculture and Fisheries (SEDAP), the Agency for Family Farming (SEAF), the State

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<sup>35</sup> Mercuria signed an ERPA with Tocantins State on June 5, 2023. EII was the technical partner to Tocantins for this historic agreement.

Committee for the National LCA (ABC+)<sup>36</sup> program (based at SEDAP), and the Brazilian Agricultural Research Corporation (EMBRAPA), all of which revealed a lack of knowledge/understanding of the state's J-REDD+ program and an interest in learning more. Farm sector leaders did not realize that J-REDD+ revenues would include funding for a state-wide program of incentives for farmers to protect and regenerate forests on their farms and transition to LCA practices. The clear message received by EII was that there is a need and interest in a participatory process that culminates in a state-wide program of forest incentives for farmers funded by J-REDD+ revenues. SEMAS invited EII to join the state REDD+ working group. Building on the team's support provided in Year 1 of the Program, EII will partially respond to Pará farm sector organizations' request by holding additional meetings and organizing a workshop to introduce them to the carbon market and the potential of a farm sector sub-program within the J-REDD+ program, emphasizing the importance of reducing emissions from deforestation and forest degradation through the suppression of illegal activities and accidental forest fires.

## COLOMBIA

Overall, the Activities within this Pathway experienced some delays due to the change in national government and macroeconomic conditions. The Government of Colombia proposes to reform state financial entities (including Banco Agrario, Findeter and Finagro, among others), which has generated uncertainty in the sector. Most of the financing in the country's agricultural sector comes from public financial institutions, and thus, these proposed reforms have led to delays in the generation of new offers. Hence, the team decided to shift several activities from Year 1 to early January 2024, where the offer should be clear, to achieve the objective of rolling out the monitoring model in 2024.<sup>37</sup>

Despite these challenges, the team made significant progress in Year 1 in understanding the credit offerings and investment requirements necessary for coffee<sup>38</sup> and dairy producers looking to transition from conventional to LCA production practices. Likewise, the Program assessed two credit lines, shedding light on the primary challenges for implementing sustainable models.<sup>39</sup> Additionally, the team made headway in structuring the Sustainable Finance Education Plan, intended for Program and jurisdiction technical staff to strengthen financial literacy. As part of their efforts, the team also initiated collaboration with financial entities keen on engaging with environmentally conscious credit lines. These included Finagro and Rabobank Foundation as founders, Utrahuilca and Banco Agrario as regional and national financial allies, respectively. Through this, the team identified crucial aspects for developing the credit scoring model and explored a blend of finance strategies that could benefit agricultural producers and ranchers within the Caquetá region. This insight is fundamental to inform the design of business cases for low-carbon coffee and livestock, which the consortium will conduct in Year 2.

Focusing on the public sector, the team also advanced with analyzing tax statutes in 16 municipalities to better understand the scope of existing exemptions and modular investments for scaling LCA, DFP and incentivizing biodiversity conservation. This information is being used to revise tax exemption guidelines for the conservation of forest areas on private properties. One in-depth study was conducted for the municipality of Belén de los Andaquíes,<sup>40</sup> to identify potential incentives for LCA clusters in strategic ecosystems or locations.

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<sup>36</sup> Plan for Adaptation and Low-Carbon Emission in agriculture.

<sup>37</sup> Please refer to the progress tracker in Chapter 7.1, or the semi-annual report for additional information on the specific activities affected.

<sup>38</sup> Even though there will be changes in the context due to the situation from Nespresso, the analysis conducted in Year 1 for coffee farmers under this DO remains relevant and valid given that it was focused on producers from Caquetá in general, and does not require any type of adjustment.

<sup>39</sup> Some of the challenges identified are (among others): high interest rates that make the financial model of small producers unviable, and ultimately reduce the demand for credit; deforestation analyses and monitoring processes are complex and costly; and laws and regulations related to environmental and social risks are relatively recent and poorly regulated. More information will be provided in the Amazonia Connect Annual Report.

<sup>40</sup> Given challenges related to land titling and access to sensitive information (e.g., commercial appraisals of properties), the team conducted an in-depth analysis for one municipality to be able to single in on some of these information gaps, and provide even more context for their analysis and the identification of potential incentives for LCA.

## PERU

In Peru, Pathway 3.1 focuses on unlocking incentives for LCA through linking coffee producers to the ACORN platform, and working with regional governments to design public investment programs and financial incentives for LCA.

### *ACORN in San Martín*

The Program made substantial progress in setting the groundwork for ACORN, which will compensate farmers for the provision of carbon sequestration through agroforestry in coffee landscapes in San Martín. Specifically, the team conducted an assessment of suitable payment mechanisms and adjusted the payment plan for farmers participating in ACORN based on the findings. One of the findings was the need to improve the participant agreement that producers must sign before receiving the payment. Rabobank received feedback on the participant agreement from Solidaridad in Peru and other partner organizations working with them. After a long process for adapting the agreement to a more updated and easy-to-understand version, the new agreement was approved. Meanwhile, in the mid of September the first meetings with producers to present and sign the participant agreement were held, and the payment process kicked-off. The expectation is to do most of the payments by November and onboard additional farmers in Year 2. In addition, Solidaridad met with the Vice-Governor of San Martín to discuss ACORN and how the regional government can help scale the initiative through their existing programs for farmers. Solidaridad and the regional government are developing an agreement outlining how they will formally cooperate to scale ACORN, which should be signed by Q4 of 2023. This will be important to support the team to link 500 additional coffee farms in Year 2 to the platform, and support the mobilization of US \$100,000 for farmers through ACORN in Year 2.

### *Public investment programs and incentives for LCA and DFP in San Martín and Ucayali*

EII conducted two workshops with the private sector in San Martín and Ucayali under Pathway 3.1 with over 60 participants (23% women in San Martín and 16% in Ucayali) identifying LCA and LED-R priorities for the CSP and Amazon Commonwealth (Mancomunidad de Amazonica). These priorities will guide the design and implementation of regional CSP chapters based on agrarian roundtables, aiding continued support and scaling of LCA while mobilizing public and private finance for DFP. However, delays due to political context and changes toward the end of 2022 will push the creation of at least one regional branch of CSP (embedded in current regional agrarian roundtables) into Year 2 of Program implementation.

EII also progressed with the creation of local LED-R Strategies for Moyobamba and Neshuya municipalities. The team also produced two information briefs on Ucayali and San Martín strategies, codified territorial goals (in collaboration with Moyobamba municipality), and created a first draft of the descriptive document for a local LED-R Strategy. It will be shared and validated in two workshops with key stakeholders in March 2024. Similar work will be done in Neshuya (Ucayali) and Rioja (San Martín) in Year 2.

Finally, in Year 1, EII worked with the regional governments of San Martín and Ucayali to design public investment programs and financial incentives to promote low-carbon and deforestation-free agriculture; resulting in the mobilization of approximately US \$3.4 million to implement an investment program for seven supply chains in San Martín and through a new PROCOMPITE public call in Ucayali for the palm oil supply chain. EII proposes extending financial incentives beyond the Amazon Regional Development Funds' (FONDESAM) portfolios as they build their enabling conditions slower than expected. The team suggests not limiting the scope of Activity PE 3.1.3 to FONDESAMs., and to consider other public investment incentive mechanisms such as programs/projects and competitive funds. This will help mobilize more resources quickly to promote and scale LCA. The team will continue the momentum with regional governments, and aims to mobilize an additional US \$3 million in the coming year.

## **PATHWAY 3.2 INCREASED NUMBER OF FINANCIAL PRODUCTS/ASSETS MONITORED FOR DEFORESTATION AND BIODIVERSITY RISKS**

## **BRAZIL**

Throughout Year 1, NWF engaged with financial institutions and investor groups to inform them about the deforestation risks and the benefits of investing in monitored supply chains. NWF and UW contributed to a webinar organized by HSBC global investors focused on how financial institutions can influence and accelerate the availability of financial products offered to ranchers to adopt LCA. In addition, NWF held separate meetings with the Emerging Markets Investors Alliance (EMIA) and the Brazilian Banking Federation (Febraban) to educate these financial institutions about the benefits of investing in monitored supply chains and the importance of the GTFI's approach to support the reduction of cattle-driven deforestation in Brazil.

NWF will continue to conduct outreach, share lessons learned and relevant updates, and promote educational activities to raise awareness about the risks associated with deforestation in the coming year. Additionally, NWF will continue to advocate for the benefits of investing in monitored supply chains to financial institutions.

## **COLOMBIA**

As with Pathway 3.1, uncertainty in the financial sector and looming government restructuring also delayed the implementation of Activities under this Pathway. Nonetheless, the team progressed in identifying the current offer of financial products in first and second-tier financial institutions. The team held meetings with the three main first-tier banks (Banco Agrario, Bancolombia, and Davivienda) that offer financial products for low-carbon agroforestry production. They all stated that they are in the design and formulation phase of the Analysis System for Environmental and Social Risks (Environmental and Social Risk Management System - SARAS) and have not yet developed the respective monitoring model.<sup>41</sup> Nonetheless, Banco Agrario and the team have agreed to develop a pilot in livestock farming in Caquetá and Meta, in which an environmental risk management methodology will be developed based on a deforestation analysis model. The objective is to achieve a monitoring scheme that is very efficient and allows controlling minimum parameters of environmental risks, and this work will begin starting in Year 2 of Program implementation.

Despite initial setbacks, the team is starting Year 2 with a positive outlook as the public financial offer was finally released in September and October 2023 by the National Government. Therefore, there is more clarity about the credit lines state financial entities will be launching, and their different strategies to finance agricultural projects in the country. With this information, the team will be able to update the offer of financial products.

In addition, a notable development in Colombia in recent months was the development of a framework for establishing a Green Finance Roundtable, supported by EII and TFA, among others.<sup>42</sup> The roundtable will become fully operational in Year 2 of Program implementation and aims to serve as the formal liaison agency between various stakeholder groups within the financial sector that intend to enhance the provision of services tailored to sustainable production processes.<sup>43</sup> Solidaridad and EII will participate in the roundtable, which will serve as an important platform to inform the work under this pathway, support the team to generate recommendations for advancing and expanding sustainable financial products, and further facilitate information sharing and raising awareness on the importance of employing deforestation and biodiversity monitoring and/or control mechanisms within.<sup>44</sup>

## **PERU**

### *San Martín and Ucayali*

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<sup>41</sup> This Pathway was also affected by the challenges listed under Pathway 3.1 for Colombia, resulting in several activities shifting their timeline into 2023 and 2024. For detailed information on the specific activities and adjustments refer to Chapter 7.1 and the Semi-Annual report.

<sup>42</sup> This was not financed by Amazonia Connect, but will be a useful platform to support the consortium's objectives under this DO.

<sup>43</sup> This is a very recent development, and as a result, Solidaridad recommends to delve into the evolving context in greater detail during the upcoming bimonthly call with USAID.

<sup>44</sup> For more information about the roundtable see Chapter 6.1

In Year 1, EII Peru designed a monitoring protocol for LED-R Strategy implementation in San Martín and Ucayali. These protocols were developed in collaboration with both regional governments and validated by the LED-R Strategies' governance bodies in each region. The protocols will measure the LED-R Strategies' environmental, social and economic impact of the LED-R Strategies and progress in governance and transparency. Similarly, EII Peru analyzed different tools and platforms available to monitor DFP in the Peruvian Amazon. EII Peru will present this report to the San Martín and Ucayali regional governments and the regional technical roundtables in November. The monitoring protocols outlined in the report will allow for better decision-making during the LED-R strategy implementation process, support the regional governments in setting more suitable investment priorities (linked with EII's work under Pathway 3.1), and monitor progress.

Under activity 3.2.2, EII Peru developed a beta version of the San Martín monitoring platform that is now available.<sup>45</sup> Under activity 3.2.3, the team completed an analysis of the investment portfolio for the Low Emission Rural Development of San Martín and Ucayali, in agrarian, forestry and environmental matters jointly with the economic development offices of both regional governments. Also, during this period, working meetings were held with the agro-territorial management, reforestation and environmental-economic land zoning teams in San Martín to improve their implementation approach and align those projects with LED-R Strategy.

The team will continue building on this progress in the coming year, creating dashboards to showcase monitoring results for LED-R strategies, sharing findings from ongoing analyses, and supporting regional governments to incorporate environmental safeguards for public investments to prevent deforestation and adverse environmental impacts (in alignment with priorities outlined in LED-R strategies).

#### **DO 4. Research turned into actionable knowledge for supply chain stakeholders to reduce deforestation and improve biodiversity conservation**

Amazonia Connect's work will inform and be informed by research that monitors and assesses the potential reach of supply chain and jurisdictional approaches to help avoid deforestation and forest degradation, contribute to climate change mitigation, and promote biodiversity conservation. This will help strengthen public and private sector strategies and jurisdictional approaches to scale DFP and biodiversity conservation. DO 4 focuses on developing applied research that:

- Strengthens private sector strategies to reduce deforestation and improve biodiversity conservation.
- Identifies synergies between farm, supply chain and jurisdictional approaches to scale DFP and biodiversity conservation.

UW made progress on its overall research objectives, including integrating new datasets relevant to Program objectives around conservation of biodiversity and identifying opportunities to develop research questions or conduct analyses relevant to other components of the Program. Both EII and UW continue to develop new partnerships and deepen existing partnerships that will improve the quality, relevance, and reach of Amazonia Connect's research in Year 2. The team is confident that the results produced and the activities that have begun will continue to inform and ultimately strengthen the work of Amazonia Connect as the Program progresses.

**Regional reflections:** The program's research component is designed to provide unique insights into the specific dynamics of supply chains target commodities in the three implementation countries. The research will synthesize lessons from all three countries to offer a regional perspective on how to harmonize supply chain and jurisdictional approaches, and provide guidance on replicating effective processes, within the target countries and across the broader region. Much of the regional synthesis will evolve in the coming years, as Year 1 focused on setting the groundwork. Still, regular reflections on the Program's learning questions, lessons learned and findings from internal learning events will contribute to this effort. This is important not only for

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<sup>45</sup> The team aims to share this with USAID or organize a call to walk through it in January 2024.

the adaptive management of the Program but also for the findings to be communicated to a broader audience, including governments, companies, and other key stakeholders.

#### PATHWAY 4.1: APPLIED RESEARCH THAT STRENGTHENS PRIVATE & PUBLIC STRATEGIES TO REDUCE DEFORESTATION & IMPROVE BIODIVERSITY CONSERVATION

##### A. DEVELOP APPLIED RESEARCH THAT STRENGTHENS PRIVATE SECTOR STRATEGIES TO REDUCE DEFORESTATION AND IMPROVE BIODIVERSITY CONSERVATION.

UW had a successful first year conducting timely and impactful research that supports the implementation of DFP supply chains. UW [published a paper](#) about cattle production in Brazil's protected areas and Indigenous lands in the high profile journal *Conservation Letters*. The findings from this paper were covered in the popular American web magazine [Vox](#). This kind of pairing of scientific paper publication and coverage in popular news media is an effective way to raise the profile of critical issues like the persistence of cattle production from protected areas in the supply chains of major companies, which increases pressure and momentum toward solutions. UW also acquired, produced, and began processing several important supply chain datasets in Colombia. In particular, UW completed a long process of mapping the slaughterhouses and dairies in Colombia (with a special focus in Meta and Caquetá) and acquired access to Cattle Transit Records (*Guías de Movilización*) through a partnership with CIAT and Envolver. UW also made major progress in understanding available data and developing methodologies to incorporate analyses of biodiversity value of forests for all three Program geographies into UW's supply chain research; outputs from these efforts will feed more prominently into UW's outputs in Year 2 of Amazonia Connect and beyond (see a presentation summarizing some of the key advances [here](#)). UW completed a [working paper](#), to be submitted for publication in a scientific journal in Year 2, about supplier relationships in Brazil's cattle supply chains ("fidelity") and a [paper](#) about the distribution of forests, including biodiversity value, and forest loss in Colombia's beef and dairy supply chains. UW also completed a [report](#) about [property sizes](#), the distribution of forests and deforestation in Colombia, and a [report](#) about pathways for Brazil's beef sector to comply with the EUDR. This resulted in completed research products that UW produced on strategies to reduce deforestation and improve biodiversity conservation as a result of Amazonia Connect's assistance, along with other drafts and preliminary products that will become completed research products in future years.

##### B. IDENTIFY SYNERGIES BETWEEN FARM, SUPPLY CHAIN AND JURISDICTIONAL APPROACHES TO SCALE DEFORESTATION-FREE PRODUCTION AND BIODIVERSITY CONSERVATION.

In Year 1, EII analyzed the two main approaches to address tropical deforestation: the supply chain "zero deforestation" movement and the multi-sector, public-policy-oriented "jurisdictional" approach. Potential synergies are quite clear at one level: jurisdictional approaches can build support for the public policies and financial mechanisms that move farm sectors towards LCA and, in part, towards DFP, while supply chain approaches can deliver the traceability that some markets and individual buyers demand. These synergies are largely unmet because of a mismatch in criteria. The analysis highlights the likely outcome of current trends—a split market—and how to avoid it. The current "impasse" between farm sectors and market requirements that exclude commodity production associated with deforestation or illegal deforestation is the opportunity cost many farmers would bear if they shifted to DFP. Incentivizing farmers to adopt LCA at scale is essential, and carbon revenues are potentially the most viable source of such incentives. The Brazilian ABC+ program is an example of the potential of such programs. While the analysis focuses on Brazil, the issues faced by program countries (and tropical countries globally) are similar. The potential of smallholder market exclusion to satisfy market demand for deforestation-free products is concerning, particularly in jurisdictions that rely heavily on smallholder production as an important economic base.

In Peru, discussions were held with regional and municipal governments, and regional technical roundtables in San Martín and Ucayali to better understand the stakeholder landscape and agricultural economies in those

regions. Although the Program confronted initial delays,<sup>46</sup> EII has made progress through these discussions to identify data sources needed to report results in productivity, profitability, producers' access to markets and finance, and changes in jurisdictional budget allocations to implement LED-R strategies and forest conservation, in alignment with supply chain approaches to promote DFP and LCA. To further streamline these efforts, EII is working on completing a report describing the opportunities to harmonize jurisdictional and supply chain strategies, as well as an adaptive management plan to implement these harmonized strategies. This report will be completed by the end of Q2 in Year 2 (February 2024).

EII will continue to build on these advancements and discussions in Year 2, where it aims to publish a policy brief and peer-reviewed paper by the end of Year 2. EII will also include additional research in Colombia focusing on the intersection of these approaches.

### **Program Performance Indicators: Year 1 results and year 2 targets**

The performance indicator tracking table (Table 1) for Year 1 is presented on the following pages. In addition, the following Google sheets contain additional information:

- [This file](#) comprises an aggregated performance indicator tracking sheet for the whole program (sheet "Revised Performance (ALL)" and aggregated results for Colombia (sheet "Colombia Performance")
- [This file](#) presents the disaggregated results.

Additional information on the consortium's progress on MEL in Year 1 is available in Chapter 5.1.

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<sup>46</sup> See the [Semi-Annual Report](#) for more detailed information.

**Table 1. Program Performance Indicators: Year 1 Results and Year 2 Targets**

*Note: Targets presented are the cumulative targets, and under the heading "actual" are the results from each year that were actually achieved by the team.*

CODE	INDICATOR	UNIT OF MEASURE	FREQUENCY	BASELINE		FY1		FY2		Comments
				VALUE <sup>47</sup>	YEAR	TARGET	ACTUAL	TARGET	ACTUAL	
EG.10.2-1	EG.10.2-1 Number of ha of biologically significant areas showing improved biophysical conditions as a result of USG assistance	Number of ha	Baseline, Year 3 and 5	0	2022	13,916	15,734	0	TBD	Performance in Year 1 Brazil was higher than expected.
EG. 13-8	EG.13-8 Number of ha under improved management expected to reduce greenhouse gas emissions as a result of USG assistance	Number of ha	Annual	12,802	2022	12,802	32,550	21,833	TBD	Performance in Year 1 in Brazil was higher than expected, especially there was a higher than anticipated drop in deforestation which is one of the practices considered LCA.
EG.13-6	EG.13-6 Greenhouse gas (GHG) emissions, estimated in metric tons of CO2 equivalent, reduced, sequestered, or avoided through sustainable landscapes activities supported by USG assistance	Metric tons of CO2 equivalent (tCO2e)	Baseline, Year 3 and 5.	0	2022	0	Will be measured in Year 3 as per PIRS + MEL plan	TBD	TBD	Baseline report provides a snapshot of the last 5 years. Targets to be set by February 20, 2024. <sup>48</sup>
GNDR-2	GNDR-2 Percentage of female participants in USG-assisted programs designed to increase access to productive economic resources	Percentage	Semi-annual	0	2022	19%	20%	16%	TBD	Note: The % of women producers in each supply chain varies. Thus, the aggregated % of female participants will differ depending on the number of producers engaged each year and may be particularly high or low depending if the engagement is particularly high for producers within a certain supply chain where there is

<sup>47</sup> Continued baseline results were only included in the Year 1 targets for the indicator 13-8 that focuses on practice adoption. The Program will continue to work with farmers from the baseline as they already have the minimum LCA practices, but efforts will be made to maintain and increase the number of practices they adopt. As a result, these farmers are included in the "continued" category. This will be made clearer in the baseline report, which will provide specific definitions and thresholds

<sup>48</sup>As described in the baseline report, the assessment in Peru requires the completion of land use classification analyses that RSPO is currently conducting for the three mills partnering with Amazonia Connect. The land use classification analyses should be completed in December, and with holidays in December, it is likely the team will complete the calculations and validate the data with RPSO, Alicorp and the mills in January 2024.

CODE	INDICATOR	UNIT OF MEASURE	FREQUENCY	BASELINE		FY1		FY2		Comments
				VALUE <sup>47</sup>	YEAR	TARGET	ACTUAL	TARGET	ACTUAL	
										disproportionately high or low representation of women. Disaggregated figures for each supply chain and country are provided in a separate file.
EG.10.2-4	EG.10.2-4 Number of people with improved economic benefits derived from sustainable natural resource management and/or biodiversity conservation as a result of USG assistance	Number of individuals	Annual	0	2022	0	0	712	TBD	The first years of the Program work on building capacities, training and setting up mechanisms. The Program expects the generation of economic benefits from Year 2 onwards.
PSE-2	PSE-2 Number of private sector enterprises that engaged with the USG to support U.S. Foreign Assistance objectives	Number	Annual	0	2022	5	5	8	TBD	5 PSEs engaged under Development Objective 2 in Year 1 (2 Brazil, 2 Colombia, 1 Peru), of which: - 5 are engaged on topics related to the US Foreign Assistance Objective "environment" - Type of PSE: 5 for-profit commercial entities (excluding financial institutions and social enterprises) - Origin of PSEs: 5 host-country based PSEs - Size of PSEs: 5 large PSEs
CBLD - 9	CBLD-9 Percent of USG-assisted organizations with improved performance [IM-level]	Percentage	Annual	0	2022	15%	15%	89%	TBD	Results delivered on Oct. 14 anticipated 100%, however the team revisited the CBLD-9 questionnaire and realized in Year 1 the results would be lower due to the emphasis on relationship building, and initiation of capacity building processes and technical assistance.

CODE	INDICATOR	UNIT OF MEASURE	FREQUENCY	BASELINE		FY1		FY2		Comments
				VALUE <sup>47</sup>	YEAR	TARGET	ACTUAL	TARGET	ACTUAL	
EG. 10.2-2	EG 10.2-2 Number of ha of biologically significant areas under improved natural resource management as a result of USG assistance	Number of ha	Annual	0	2022	8,200,000	8,200,000	8,800,000	TBD	
EG. 13-4	EG. 13-4 Amount of investment mobilized (in USD) to adopt LCA and/or zero-deforestation production.	USD	Annual	\$0	2022	\$3,400,000	\$3,400,000	\$6,877,627.70	TBD	Year 1 Investment mobilized for Peru: Source of investment: Public domestic (from the San Martín Multiannual Investment Programming / PROCOMPITE Ucayali Competitive Fund). Type of investment: Other (public investment package with a mix of incentives, technical assistance, grants, and credits)
AC01	Number of financial mechanisms (products/credit) with an analysis on deforestation and/or biodiversity risks	Number of mechanisms	Annual	0	2022	0	0	0	TBD	
AC02	Number of research documents produced on strategies to reduce deforestation and improve biodiversity conservation as a result of Amazonia Connect assistance.	Number of research documents	Annual	0	2022	3	3	5	TBD	3 research documents produced: 1 journal article analyzing cattle production in the Brazilian Amazon's protected areas and key locations for biodiversity and links to companies, 1 policy brief on the EU Deforestation Regulation's impact on beef in Brazil, and 1 journal article prepared on evaluating how different types of cattle properties, supply chains and production systems impact deforestation and biodiversity loss at the sector and company level in Colombia

## 4. Cross-cutting themes, progress and results

This chapter highlights the progress and results achieved in cross-cutting themes.

### 4.1 Gender equality and social inclusion<sup>49</sup>

Work on GSI in Year 1 focused on conducting assessments to fill information gaps, beginning to train technical and field staff on [ITA](#), and conducting a gender equality and social inclusion assessment at the Program level.

The team held trainings on ITA in Brazil and Peru. ITA was mainstreamed into training materials in Peru, where at least 239 smallholder producers and 30 technical staff (~28% women) received training in Year 1 through Amazonia Connect. Solidaridad in Brazil conducted training on ITA in August 2023, attended by 19 field staff (16% women), aiming to strengthen ITA within Solidaridad's work in Brazil's Amazon region, including providing technical assistance for livestock producers transitioning to LCA. Training participants noted that most ITA actions consist of practical changes in the planning and operation of activities in the field and with the beneficiary families. Efforts to mainstream and improve ITA implementation will continue in Year 2.

The team advanced with conducting required GSI assessments for value chains with notable information gaps related to GSI. In Colombia, Solidaridad conducted detailed gender and young people assessments for coffee and cattle supply chains in Caquetá.<sup>50</sup> To inform the assessments in Caquetá, ten workshops were held, including one with technical staff from the agricultural sector, five with producer families, and four with rural young people. In Peru, the team initiated the ongoing oil palm-focused GSI assessment, which should be completed in January 2024.<sup>51</sup> These assessments informed the Program-level GSI Assessment for Amazonia Connect (see below), as well as the Year 2 Work Plan (where the Year 2 Work Plan includes GSI-focused activities in Chapter 4.1, and the year 2 indigenous peoples consultation plan in Chapter 4.3).

The team is conducting a Program-wide GSI Assessment. In Year 1, bilateral meetings were held to discuss plans for upcoming studies and receive inputs for the report. The team is also organizing workshops in early 2024 to present the findings to the teams, and the final report will be submitted to USAID in Q1 of 2024.

### 4.2 Capacity strengthening

In Year 1, a total of 1,343 producers (20% women) received technical assistance through Amazonia Connect, either directly through a consortium member or through a training trainers approach. Examples of trainings conducted in Year 1 include:<sup>52</sup>

- Collective training of farmers and technicians on LCA and DFP in Brazil, with a focus on sustainable livestock intensification.
- Training for private sector field technicians as well as producers in coffee and livestock on LCA production models and related best practices using Agrolearning, a blended online/ in-person learning model for field technicians and producers to build their capacities.
- Training for youth beneficiaries through an 'Entrepreneur School' to build their capacities, especially their entrepreneurial skills, to develop innovative business models adjusted to the realities of the coffee value chain, while facilitating knowledge and connecting them with sources of funding.
- Training of field staff, lead producers and smallholder palm producers on LCA and sustainable palm oil.

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<sup>49</sup> Note: This section focuses on GSI-focused activities outlined within the Year 1 Work Plan. Additional information on the development of the GSI-related operational requirements, including the program-level GSI assessment for Amazonia Connect and the Indigenous Peoples Communications Plan(IPCP), is included in the Chapter on Operations and Management (Chapter 6.4).

<sup>50</sup> The team aims to finalize the report in 2023, and will share the findings with USAID once complete.

<sup>51</sup> Due to additional screening required to assess and mitigate deforestation risks in the oil palm work (as outlined in the semi-annual report in Chapter 4 under Pathway 1.1), it was necessary to conduct these screenings before advancing with the full GSI assessment.

<sup>52</sup> For more detailed information, please refer to the training plan in Chapter 7.4

- Training of agricultural technicians in Colombia on topics ranging from basic financial concepts, how to use financial products and risk reduction processes as part of the sustainable finance school that the team is developing and hopes to further expand in the coming years.

Key success factors highlighted by the team are: promoting inclusive technical assistance (including a mix of newcomers and producers identified in the baseline), building community trust and, where suitable, forming local groups (e.g., through coffee promoters), and conducting analyses to fill gaps and provide tailored insights into best practices to engage youth and women (e.g., gender and youth studies in Caqueta for dairy and coffee informed training strategies and curricula).

In addition to this, the consortium participates in workshops and roundtables to raise awareness of their work and findings, and identify potential partnerships or capacity-strengthening needs. UW presented their findings regarding Brazil's cattle supply chains and their implications for traceability and monitoring to MPF in Pará and Brasilia. This resulted in a request from MPF for UW to lead in developing a standard protocol for monitoring indirect suppliers using the GTA and that they offer guidance to SEMAS in Pará and the SeloVerde team. NWF, Ecosocial, and UW have partnered with private sector partners (e.g., Alkosto and Takami in Colombia, Masterboi and Frigol in Brazil, and Alicorp in Peru) to build their capacities on tools like Visipec (in Brazil) and Visiprast (in Colombia and Peru). Additionally, Ecosocial leads the M&I group for the beef and dairy sector ZDA. These partnerships and ongoing technical support, outlined under DO 2, are key in supporting deforestation-free sourcing policies and strengthening monitoring.

EII works closely with regional governments and stakeholders engaged in jurisdictional approaches, providing direct technical assistance (e.g., conducting an options assessment for valuing the reduction of forest carbon emissions in J-REDD+ projects in Brazil) and promoting low-carbon rural development through workshops and meetings with key platforms such as CSP and technical commissions.

Awareness raising and capacity strengthening have also been ongoing within the consortium through the following events:

- On January 24, 2022, the team held a 2-hour technical call for Geographic Information System (GIS) teams in the Amazonia Connect consortium to facilitate sharing experiences, methodologies, provide feedback and resolve questions.
- UW's computer engineers and remote sensing experts work with Ecosocial's technical team via weekly or biweekly meetings to support their technical skill development for traceability and monitoring tools.
- The Brazilian technical assistance team at Solidaridad that works with the implementation of LCA in Pará state had as capacity building training on environmental regularization on March 21 and 22, 2023, led by the SEMAS in Pará. Additionally, in August, the team field staff received training on MEL and GIS.

### **4.3 Collaboration with US Government Agencies and other USAID Programs**

#### **BRAZIL**

The team held meetings with the USAID Brazil mission to present LCA and jurisdictional work (September 15, 2022), as well as Visipec and UW's planned research in Brazil through Amazonia Connect (October 17, 2022). The team also conducted a [technical session](#) with new findings from NWF and UW on traceability to enable monitoring of deforestation risks in Brazil's cattle sector (March 23, 2023). EII met with the USAID Brazil mission on August 10, 2023, to discuss the work in support of the J-REDD+ programs of Mato Grosso and Pará, and the Amazon Summit. A more detailed technical session on Visipec was held with the USAID mission in Brazil on October 4, 2023. EII continues to collaborate with the USG-supported Business Case for Collective Landscape Action Program to help jurisdictions carry out CDP self-disclosure reporting, to build the Landscape Assessment website, and help Clarmondial identify investment opportunities.

The consortium team continues to closely coordinate with the USAID mission in Brazil on the learning event planned for November 2023. A call was held with the USAID mission on September 15, which helped the consortium and USAID align on key elements for the event, including (among others): dates, location, agenda and potential participants.

## COLOMBIA

A Regional Integration Strategy (RIS) was developed by USAID in Caquetá. USAID held a meeting on May 4, 2023, to inform the Caquetá RIS and USAID implementing partners. It aimed to strengthen cooperation and coordination among USAID activities in Caquetá. Short- and long-term action plans were defined, and seven thematic working groups<sup>53</sup> were established to facilitate continued coordination and tangible integration opportunities in the framework of the RIS. Representatives from Amazonia Connect are present in four working groups: access to finance, landscape planning, scaling of sustainable agriculture, and public investment and infrastructure. The consortium will provide updates on the RIS alignment in annual work plans (see Chapter 2.2.5 of the Year 2 Work Plan), and in annual and semi-annual reports.

In Year 1 of Program implementation, initial meetings were held with the working groups to pick up where the teams left off after the USAID workshop. In addition, Solidaridad held several bilateral coordination meetings with other USAID partners engaged in Caquetá to further explore potential synergies, collaboration possibilities, available data, and shared data needs. A few examples of the coordination so far are as follows:<sup>54</sup>

- Participated in a coordination meeting organized by USAID with representatives Amazon Alive, Business Case and Amazonia Connect in January 2023 to present each program and discuss potential synergies.
- Attended the May 4th meeting to develop the Caquetá RIS.
- Met with Amazonia Mia and followed up with representatives from The Nature Conservancy (TNC) regarding their work on the project and the potential for collaboration.
- Organized a coordination meeting with USAID's Tierra Prospera project to introduce Amazonia Connect and learn about that Program's work on land titling and the digital cadaster. The Tierra Prospera team outlined their process for this work, identified the many actors they work with, which municipalities they will be working in and when the revised data they are working with will be available. The consortium team identified that Tierra Prospera has strong connections with public actors involved in these activities at different scales and is open to making introductions that will support UW's analyses with the cadaster. Tierra Prospera's green development group discussed an assessment that identified traceability needs in the dairy sector in southern Meta and northern Caquetá, and is eager to connect to actors in that region's supply chain. They also linked UW and other consortium partners with Meta's Regional Sustainable Livestock Roundtable.
- Presented UW research results from work in Colombia to a group from USAID's Natural Climate Solutions.
- Attended June 6, July 17 and August 28 meetings to follow up the Caquetá RIS. A progress report was delivered to USAID reporting on the commitments made in the RIS Activity Plan, mainly in the Landscape working group.
- Attended training on July 14, 2023, organized by Amazonia Alive in the context of the working group on sustainable agriculture, environmental procedures and permits, and the National Green Business Plan 2030 and Payment for Environmental Service initiatives.
- An Amazonia Connect representative participated in a workshop organized by the working group on landscape planning to design a tool to collect information on the various programs. The representative provided the necessary information on a shared Google Drive to facilitate improved cooperation.<sup>55</sup>

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<sup>53</sup> RIS working groups: (1) Access to Finance; (2) Landscape Planning; (3) Public Investment and Infrastructure; (4) Behavior Change/Awareness; (5) Land and Land Use Formalization; (6) Scaling of Sustainable Agriculture; and (7) Environmental Justice.

<sup>54</sup> Note: Some additional activities are planned in September 2023, which will be reported on in the Annual Report.

<sup>55</sup> USAID established a shared google drive for Caquetá to facilitate information sharing and knowledge management.

With this data, the Amazonia Connect consortium team in Colombia analyzed and shared the information with the other programs supported by USAID in the region.

- Participated in a workshop to exchange approaches related to green finance and sustainable investments with the USAID Programs: Equitable Finance, Business Case, Empropaz, Jóvenes resilientes, Amazonia Mia y Destino Naturaleza, Agricultura Sostenible, Nuestra Tierra Próspera.
- Met with representatives from Business Case, Sustainable Agriculture and Finance for Equality to define a joint agenda with Finagro on credit lines for LCA.<sup>56</sup>
- Attended an in-person coordination meeting on September 6, 2023, between USAID programs for local government advocacy, during which they defined a strategy for intervention at each stage of the government transition. Collaborated with the Sustainable Agriculture and Finance for Equity program to develop the Training of Trainers Workshop on September 13 and 14, where a presentation titled "Rural Extension for Low-Carbon Agriculture and Financial Literacy" was delivered by a representative from Amazonia Connect.

Throughout the upcoming year, the consortium will continuously align with the RIS and key stakeholders, and actively participate in four working groups.<sup>57</sup>

## PERU

Solidaridad organized a field visit in June 2022 for Rabobank and USAID, showcasing the LCA models under agroforestry systems used in coffee farms. This visit also included additional information on the ACORN platform and the collaboration between Rabobank and Solidaridad, which Amazonia Connect will further strengthen. A second field visit to coffee happened in November 2022 within USAID's Amazon Retreat. During this second visit, the USAID teams from Peru and Washington were able to gain a better understanding of the reality in the field and how the different departments could work in a coordinated manner. Solidaridad presented the work with LCA models and had two European experts who discussed how the EUDR can affect small producers in Peru. A third visit with Peru's New USAID Mission Director is scheduled for early November 2023.

An update on Solidaridad's progress on oil palm under Pathway 1.1 was organized with the Alternative Officer Representative (AOR) on February 15, 2023, to provide an update on discussions and progress so far with Alicorp and the palm grower associations, as well as upcoming HCS/HCV studies, the baseline and additional screening of associations to support a high level of environmental and social risk management. Solidaridad in Peru also organized a field visit from August 16-18, 2023, to visit palm producers in Ucayali. A USAID mission representative in Peru visited palm producers in Campo Verde, Neshuya and Aguaytía, who are implementing LCA, and attended an RSPO course for small independent producers on sustainable palm oil. In addition, the team organized meetings with the president of the national association Junpalma, representatives of the regional government of Ucayali and representatives from RSPO Latin America. A follow-up meeting with representatives of the USAID mission in Peru will be arranged by the team in October 2023.

In addition, a meeting was organized on September 11, 2023, with the USAID mission in Peru to [present EII's work](#) under Amazonia Connect and provide more information on the public finance mobilized in San Martín.

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<sup>56</sup> This workshop identified that the other USAID programs are more focused on financial instruments for micro-credit and/or entrepreneurship. This is different from the focus of Amazonia Connect; therefore, it is not viable to have a joint agenda here. That said, Solidaridad continues to participate in sessions on financial education within the working group.

<sup>57</sup> Detailed information on Year 2 alignment is provided in the Year 2 Work Plan.

## 5. Management and operations

This chapter presents the highlights, measurable results, and progress towards results from October 2022 to September 30, 2023, related to activity management and operation tasks as outlined in the Agreement with USAID and described in the Work Plan. The following Table 2 summarizes the progress by the end of Year 1.

**Table 2. Summary of Management and Operation Tasks**

TASKS	PROGRESS IN YEAR 1	PLANS FOR NEXT YEAR
Work Plans	Year 1 Work Plan approved on October 29, 2023. Year 2 Work Plan submitted on September 1, 2023.	Year 3 Work Plan to be submitted on September 1 2024
MEL Plan	MEL Plan for Year 1 approved on November 18, 2023. Beta dashboard established and presented to team during the PRS in June 2023. Baseline assessment completed. Performance indicator tracking ongoing (See Chapter 3).	Baseline report submitted on November 15, 2023 GHG Targets will be set for the Program in Year 2 (February 20, 2024). <sup>58</sup> MEL Dashboard to become operational in the first quarter of 2024. Results shared to USAID AOR (in table format) on October 15 to support congressional reporting Official results uploaded to DIS each year by October 30, 2023.
Communications and Branding & Marking Plan	Communications and Branding & Marking Plan approved on March 17, 2023. Year 1 Comms Reporting included in Annex 7.2. Year 2 Plan developed and submitted to USAID on October 20, 2023.	Brazil Learning event and field visit planned on November 7-8, 2023 in Pará State.
Environmental Mitigation and Management Plan (EMMP) and Report (EMMR)	Streamlined templates developed and approved by USAID for EMMP and EMMR. EMMP for Year 2 Submitted. EMMR for Year 1 approved by USAID.	Team will develop a template for an Integrated Pest Management Plan in alignment with PERSUAP requirements in Year 2 for Peru. EMMP for Year 3 to be submitted by September 30. <sup>59</sup> EMMR for Year 2 to be submitted by October 31 <sup>60</sup>
PRS	PRS session held in Lima, Peru from June 5-8, 2023. Notes are available here.	PRS session will be hosted in June 2024 in Brazil. The specific dates, location and venue will be announced in the first quarter of 2024, once the new AOR is onboarded.
Semi annual report	Semi-annual report submitted on May 19, 2023.	Semi-annual report for Year 2 will be submitted on April 30, 2024.

<sup>58</sup> The assessment for palm oil will take until early January 2024. The RSPO methodology requires a land use conversion assessment, which has to be conducted by RSPO. The three mills engaged under Amazonia Connect are currently undergoing this assessment with RSPO, but results will not be available until early December. Only once those results are available will the team be able to move forward with the calculations for palm. The calculations for the other commodities should be ready in January, where the MEL POC and DCOP plan to hold meetings with each commodity team to discuss the results of the calculators and set the targets.

<sup>59</sup> Note: It was discussed with the AOR to deliver this report by September 30 each year from 2024 onwards, to ensure that there will be sufficient time to incorporate the new activities within the work plan for the upcoming year.

<sup>60</sup> Note: The team discussed with the AOR that it would prefer to deliver this report on October 31 each year from 2024 onwards, as it is the end of Year 1. A delivery on September 1 is a month premature, and may miss some of the activities ongoing in the last month of Program implementation.

## 5.1 Monitoring, evaluation and learning plan implementation

### MEL PLAN APPROVAL

In November 2022, the [MEL plan for the Program](#) was approved. The plan included a detailed explanation of the indicators for each team, along with the tools for measurement, methodologies, and calculations, which were finalized with all teams. The consortium partners, especially the technical teams, were consulted to make important technical decisions, such as measuring deforestation within the farms, understanding deforestation in a wider context, and conducting carbon calculations. Additionally, the team developed guidelines for gathering the minimum required data points for the indicators.

### BASELINE ANALYSIS

The baseline process started in September 2022 with the Program's MEL team (MEL POC and local MEL specialists) agreeing on criteria for a representative sample per country and commodity. They established the sample size and considered the margin of error, confidence level and potential dropout, selecting criteria to stratify the sample to represent each group. The contextualization of the indicators and selection of data collection tools followed. In the first component, the teams contextualized the indicators to their realities and varied the low-carbon practices based on their track record in LCA. In the second component, the teams defined the tools and content required for necessary data collection. They collaborated with GIS specialists, field teams, and the UW team to select the best way to collect spatial information for deforestation analysis, conducted tests to assess the quality of national records, and built a protocol for field teams to optimize GIS data collection.

The team collected qualitative and quantitative data from primary and secondary sources. Primary data, including information provided by individuals, communities, institutions, and field officers, were collected directly with Program stakeholders in the first semester of 2023. This process experienced delays due to circumstances outside of the team's control, including extreme weather in Colombia and Peru and political unrest in Peru, limiting the mobility of teams, and time required to build relationships with private sector partners. Secondary data was derived by analyzing satellite and GIS imagery for Program-specific regions to complement the data repository. In the quantitative analysis, inferential statistics were used based on representative samples of farmers, stratified to represent different groups, and assessed qualitative data using content and framework analysis.

Tools were selected according to the needs and accuracy per context. The Extension Solution tool was used in Brazil Livestock, Peru Coffee, and Peru Palm teams to collect farm profile and data on practices, and Colombia dairy to collect data on practices. The dairy team in Colombia also used the Open Development Toolkit (ODK) to collect farm profile data, and the coffee team in Colombia used data paper collection with an Excel database. For GHG calculations, the Program used three distinct tools according to their technical acceptance in each commodity-country environment: a) Imaflora Family Farming tool used in Brazil Livestock, developed in partnership with Imaflora, b) Cool Farm Tool (CFT) used in Colombia Coffee, Colombia Dairy and Peru Coffee, and c) RSPO's online GHG emissions calculator used in Peru.<sup>61</sup> The field teams identified farm polygons or points in the sample, subject to GIS analysis for all countries.

To develop the tools that will support them during the Program, prior to data collection, the teams spent time engaging with stakeholders, identifying the best tools available and tailoring them to their needs. Additionally, they designed the data collection format and strategy, testing it with the team and producers, and coordinating with external parties (e.g., CFT development team and RSPO GHG calculator managers) when necessary.

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<sup>61</sup> Additional delays were due to the transition of the CFT from version 1.0 to 2.0, which resulted in adjustments for data collection and required some troubleshooting with the CFT team as the new version initially had some technical glitches. With regards to the RSPO tool, Amazonia Connect is the largest deployment of the tool for smallholders in RSPO's history, which has required engagement with RSPO throughout the baseline process.

The teams validated the baseline findings per country, and the final report will be delivered to USAID on November 15, 2023. In Year 2, the consortium will present the aggregated results to all team members to increase awareness of indicators and impact assessment throughout the Program. In addition, the consortium team will look into opportunities and mechanisms to channel information back to Program beneficiaries and use it as a tool for change.

#### **DATA QUALITY ASSESSMENT (DQA)**

[DQAs](#) are due within 12 months of reporting on a new indicator and were completed on October 30, 2023.

#### **DATA VISUALIZATION**

In parallel with the baseline process, the Program MEL team, in close collaboration with Solidaridad's Digital Unit, conceptualized an approach for data visualization for Amazonia Connect. The team identified the visualization needs of the consortium and developed a dashboard prototype using Microsoft PowerBI tool. This version was presented to the Amazonia Connect consortium partners (USAID, Solidaridad, UW, EII, and NWF) in June 2023 at the annual Pause and Reflect session to receive feedback and tailor the design based on the consortium's needs. The revised version of the dashboard for the consortium's use will be ready in the first quarter of 2024. Once it becomes operational, discussions will continue with consortium Partners throughout Program Implementation to identify additional improvements or required adjustments to the dashboard to ensure the tool is optimized and provides relevant information to the Consortium team, Program Partners and other stakeholders.

#### **Reflection on MEL in Year 1**

Overall, the data collected is considered appropriate to measure Program impact and performance, and effective in informing programming. As the team is in Year 1 of Program implementation, the baseline process was important to inform program design and target setting.

### **5.2 Communications and Branding & Marking**

Year 1 communications focused on introducing the activity and laying the groundwork for how the activity operates in Brazil, Colombia and Peru. High-level activities included:

- [Communications and Branding & Marking Training](#) was developed and presented to consortium partners.
- Development of web landing pages for Amazonia Connect in [English](#) and [Spanish](#).
- A series of explainer pieces that provide in-depth overviews of key activity topics, including [low-carbon agriculture and agroforestry](#), [carbon credits and markets](#), [traceability and monitoring](#), jurisdictional approach,<sup>62</sup> and a story on climate financing being carried over to Year 2. (Infographics are being developed for each explainer that will allow the content to be regularly reshared in the future. See example: [low-carbon ag carousel](#)).
- In addition, articles were published on the [Gender Action Learning Systems \(GALS\) methodology](#) and its application in Peru, a [producer profile from Colombia](#).
- A [launch event](#) in Caquetá, Colombia, which included invitees from consortium partners, private sector partners, producer representatives, local government and media outlets. The event resulted in a total of 10 media placements in major media publications in Colombia. [See example coverage of the event from TV Agro](#).
- Development of a five-part film on Amazonia Connect, including an introductory film, abbreviated introductory film, and segments covering efforts in Brazil, Colombia and Peru. [All films will be available here](#). [See Spanish version of the abbreviated film here](#).

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<sup>62</sup> English version approved, translation to Spanish/Portuguese is in progress. Projected publishing date is 9 November 2023.

[The draft Year 2 Communications and Marking & Branding](#) plan was submitted to USAID on October 20, 2023. Year 2 communications efforts will see a marked increase in producer highlights, as well as articles and blogs featuring partner organizations, as Amazonia Connect activities increase.

### 5.3 Environmental mitigation and management

The Program underwent an Initial Environmental Examination (IEE) by USAID in October 2021, revised twice to account for clarifications and address deferred activities; the most recent version (June 2022) no longer includes deferred activities. The Program has 87 categorical exclusions and 12 negative determinations, with no positive environmental determinations received. Risks were identified that are site-specific and not unprecedented, irreversible, or cumulative, with proven measures identified for risk avoidance, mitigation, and management. A climate risk management screening for the [Amazon Regional Environment Program](#) (AREP) by USAID identified 13 low-risk and 7 high-risk climate risks mainly related to how Amazonia Connect will ensure it is developed to enable its response to an increasing risk of climate change hazards, including fire, floods, droughts, and changing precipitation patterns. To increase the resilience of production systems, smallholder farmers, and broader ecosystems to climate change and climate-related natural hazards, climate change adaptation measures need to be mainstreamed across value chain-related activities.

USAID approved Amazonia Connect's EMMP for Year 1 on April 17, 2023, and its implementation ran smoothly throughout the year. However, the length of the document and the formal requirement to reduce cross-references and repeat information across many activities led to some challenges in communicating the information (as outlined in the semi-annual report). The consortium designed two streamlined templates for the i) EMMP and ii) EMMR, which USAID approved on August 17, 2023. The templates include country-specific tables to facilitate the use by country teams and no longer require repeating shared mitigation measures for multiple activities. These adjustments aim to streamline the process and make the EMMPs and EMMRs easier to review, digest, monitor and disseminate across the consortium.

Solidaridad delivered the draft EMMP for Year 2 and the EMMR for Year 1 to USAID on September 22, 2023.<sup>63</sup> USAID approved the EMMR for Year 1 on October 10, 2023. The EMMP was reviewed; however, its finalization depends on the approval of the Year 2 Work Plan (as any adjustments made in the Work Plan may need to be reflected in the EMMP). An IEE amendment will be necessary for Year 2, as there are new activities in the Year 2 Work Plan.

### 5.4 Budget expenditures

Our Year 1 approved budget was US \$3,819,122. Our Year 1 spending has been US \$3,025,406, amounting to 79% of the Year 1 budget. Our budget plan for Year 2 will be US \$4,553,148.30, including carryover from Year 1 and additional Year 2 budget. The budget plan for Year 2 is expected to absorb carryover from Year 1 and get on track to achieve a higher burn rate. This is mainly due to the following factors:

- Several Year 1 activity costs are expected to only be partially paid by the end of Year 1. Although the activities are underway, they will be completed early in the 2024 financial year, and final expenses will be incurred then. Therefore, the spending is planned, but the timing will fall into Year 2. This includes sub-contractor and communications payments, as well as some management and oversight expenses, such as audit costs for the 2022 audit.
- Costs related to implementation and maintenance of crop demonstration plots and farmer training sessions are expected to be shifted into Year 2.
- Some in-country personnel costs will be increased in Year 2 due to an increased level of effort (LOE).

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<sup>63</sup> An extension was provided by USAID (approved on August 22, 2023) to provide the team with more time given the approval occurred two weeks before work plan submission, and it is critical the EMMP takes into account all activities planned for Year 2.

Our current obligated amount until March 2024 is US \$5,887,134. Since the balance obligated amount of US \$2,861,727.81 will not be sufficient to cover the entire Year 2 budget, our current sub-award amendments to all consortium partners for Year 2 will cover October 2023 to April 2024. (approximately 60% of the Year 2 budget.) The team will issue an additional set of amendments when we receive the next obligation from USAID.

#### **5.5 Projected USAID approvals, waivers or deviation requests anticipated during the next reporting period**

No USAID approvals, waivers, or deviation requests are anticipated in the next reporting period. We are awaiting the Branding and Marking waiver for Colombia.

#### **5.6 Confirmation TrainNET reporting requirements are up to date**

Per the definitions and terms in Solidaridad's cooperative agreement, Amazonia Connect has not organized any training programs involving Exchange Visitors for Participant Training or Invitational Travel in the United States since the start of the activity in March 2022 until September 2023. Therefore, the TrainNET system hasn't needed an update.

#### **5.7 Status of audit processes, including for sub-awardees**

Solidaridad in North America is currently carrying out a US Government Single Audit (i.e., 2 CFR 200 compliant, following guidelines for audit of federal funds) for 2022. The office appointed Baker Tilly North America as the auditor. The finance team is undergoing the audit process with the firm and expects to complete the audit by November 2023.

Regarding sub-awardees:

- Solidaridad in South America's (legally known as Fundación Solidaridad Latino America or FSLA) and EII's fiscal years run from January to December. They will not need to carry out an audit for 2022 since their spending of federal funds was below US \$ 750,000.
- NWF's fiscal year runs from September to August. Their 2023 audit report is ongoing and includes Amazonia Connect as part of their federal audit.
- UW must comply with the single audit requirement since it is a state university, and the State of Wisconsin report includes it. Their fiscal year runs from July 1 to June 30. Their 2023 audit is currently ongoing.

## 6. Learning and adaptive management

### 6.1 Change in context

Amazonia Connect is implemented in a highly dynamic environment, and the team experienced changes in context that in some instances required adaptive management. The change in context is summarized below.

#### BRAZIL

In the beginning of 2023, President Lula da Silva was sworn into office and his Administration adopted an all-of-government approach to the Amazon deforestation challenge. The plan aims to prevent and control deforestation (Ministry of the Environment, MMA), promote low-carbon agricultural commodities (Ministry of Agriculture, Livestock and Food Supply, MAPA), progress towards a strong national carbon market, and prioritize low-carbon products from the Amazon by Brazil's export agency, APEX. Achieving this will require private sector incentives to reduce deforestation in supply chains, and Amazonia Connect (AC) is well-positioned to support these priorities.

Other changes in context from Year 1 included:

- **Signing of Brazil's first ERPA for J-REDD+:** The state of Tocantins signed Brazil's first and the world's second ERPA, [a US\\$1.5b partnership with Mercuria Energy](#), to sell jurisdictional REDD+ credits verified under ART/TREES, with technical support from EII. This resulted in increasing interest from the agricultural sector to end illegal deforestation, thereby paving the road for Mato Grosso and Pará to sign similar agreements, with support from Amazonia Connect.
- **United Nations Framework Convention for Climate Change (UNFCCC) Conference of the Parties (COP) 30 to be held in Brazil:** The COP30 in 2025 in Belém, Pará, has created urgency and increased political will in Brazil to slow down Amazon deforestation; in line with Amazonia Connect's objectives. The Program is ready to facilitate LCA implementation and DFP scaling, but also sees an opportunity to further boost its impact by building on the political momentum in Brazil.<sup>64</sup>
- **New goals and strengthened regulatory framework:** The new Brazilian administration has set ambitious environmental goals such as the [Amazon Prevention and Control of Deforestation Plan \(PPCDAm\)](#). This highlights a favorable enabling environment for Amazonia Connect and will help limit leakage risks.
- **Opportunities to reverse non-compliant producers in cattle supply chains:** High deforestation levels in recent years mean too much slaughter volume in Brazil is already non-compliant with the country's Forest Code and market deforestation-free commitments. Regularization of non-compliant producers is critical to achieve deforestation-free sourcing. There is an opportunity to reverse high levels of non-compliance with deforestation rules. The Visipec tool, developed by UW and NWF, has enabled the team to identify a small number of indirect supplier ranches that, if brought back into compliance with deforestation commitments, will make deforestation-free sourcing feasible.
- **Government efforts to improve cattle traceability:** MAPA and the MMA have also planned initiatives to improve cattle traceability. MAPA has also established low-carbon agricultural commodities as the centerpiece of its work. The consortium team is in contact with national stakeholders, and will track any advancements with these initiatives or related policies carefully.
- **New banking rules to limit deforestation risks:** [Febraban's new rules](#) will require member banks giving credit to meatpackers to avoid sourcing from direct or indirect suppliers with illegal deforestation from 2025. Amazonia Connect's work with meatpackers will help them move towards more sustainable sourcing and DFP to be compliant with Febraban's new rules. In Year 1, NWF already met Febraban about the benefits of investing in monitored supply chains and the importance of the GTFI approach to reduce cattle-driven

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<sup>64</sup> The team submitted an initial concept note to USAID describing new activities that could be added to the current AC Brazil strategy and the impact that could be achieved to reduce deforestation by unlocking additional funding. The most recent version of the concept note is available [here](#). The team is currently developing responses to USAID's questions regarding the ideas presented.

deforestation in Brazil. The team will continue coordinating with Febraban and other key stakeholders as suitable.<sup>65</sup>

- **Knowledge gaps limit setting scope 3 emission targets:** Increasing pressure from investors and regulators is driving companies to establish baselines for CO2 emissions, including Scope 3 emissions. While many are committed to following the [Science-based Targets Initiative](#) (SBTi) guidance, meatpackers' lack of data about their supply chains is hampering progress. Ongoing support under DO 2 will support meatpackers in filling this knowledge gap and using tailored tools like Visipec to understand and monitor their supply chain for deforestation and biodiversity risks.
- **EUDR in Brazil:** The new [EUDR](#) will require beef and leather destined for the EU to prove that the full supply chain is deforestation-free and produced in compliance with Brazilian law. UW developed a high-level overview to understand the impacts of the requirements of the EUDR and the challenges and opportunities for Brazil's beef sector. Consortium members will engage on several topics relevant to the EUDR including supply chain monitoring and traceability tools, awareness-raising for investors and meatpackers on these tools, and research on opportunities and challenges for harmonizing supply chain and jurisdictional approaches to reduce deforestation.

## COLOMBIA

The following changes in context emerged in the first year of Program implementation in Colombia:

- **USAID Regional Integration Strategy (RIS) in Caquetá:** USAID held a meeting on May 4, 2023, to inform the Caquetá RIS together with USAID implementing partner to strengthen cooperation and coordination among USAID activities in Caquetá. More detailed information on the RIS engagement in Year 1 is provided in Chapter 4.3
- **Illegal groups and changes in security:** Illegal armed groups and cultivation of coca plants are increasing in some areas associated with coffee cultivation in Caquetá. This hinders work in some of the areas of the Program and requires the team to be vigilant in monitoring the situation. The consortium team appreciates USAID updates and information on the security situation and will discuss any changes with USAID as required.
- **Restructuring of public financial entities:** Colombia's National Development Plan (2022-2026) projects a restructuring of public financial entities, which might generate changes in the supply side of financial products. This has resulted in delays for the work under DO 3, as most of the financing in the country's agricultural sector comes from public financial institutions.
- **Pending national regulations for agricultural finance:** Colombia approved Law 2186 in 2022 to increase financing for small and medium-sized agricultural producers. While the corresponding regulation is pending, the team expects the law to increase credit supply and destination credits in rural areas, expand the use of the Agricultural Guarantee Fund as a credit coverage mechanism, and offer favorable interest rates for women and youth. In the medium term, this could improve the offer from investment funds and allied financial entities. The consortium is monitoring these developments and maintaining communication with the finance working group in the Caquetá RIS, and tracking any implications for Amazonia Connect with key stakeholders in the finance sector and government.
- **Proposed legislation to improve traceability in cattle supply chains:** A [bill to create mechanisms to track cattle](#) and prevent deforestation was introduced into the House of Representatives in Colombia (Cámara de Representantes de Colombia) and is currently under discussion. The proposed Law seeks to consolidate the existing animal traceability systems in Colombia, such as the National System of Animal Identification, Information and Traceability (SNITA) and the National System of Identification

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<sup>65</sup> In the [concept note](#) proposing an expanded strategy for Amazonia Connect in Brazil, the consortium has proposed activities that will enable cattle ranchers and meatpackers, and their consumer-facing company customers and investors, to assess and comply with the forest-related requirements of Febraban, (also in alignment with the Forest Code and EUDR), by providing them with advanced traceability and compliance analysis, supporting rancher implementation, and providing incentives for achieving this compliance through a forest incentive program.

and Information of Bovine Cattle (SINIGAN), as an instrument to fight deforestation in the country and the creation of the “deforestation-free beef” certificate. This aligns with Amazonia Connect’s efforts to reduce commodity-driven deforestation. The team is in contact with key actors in the sector (including beef and dairy companies and other actors engaged in the sectoral ZDAs) and is tracking the developments to learn if there are implications for their work.

- **Government establishing traceability working groups:** MADS and the Ministry of Agriculture and Rural Development are coordinating a working group on cattle traceability that brings together the expertise of different entities. The advisory group will be divided into four sub-groups (technical, legal, technological and financial). Everything is in a very preliminary stage, but Ecosocial and UW were invited to participate in the initial meetings of some of these sub-groups and will pursue any opportunities to continue to participate in them, as these could become an important platform to discuss and propose next steps to contribute to improved and more accessible cattle traceability in Colombia, receive inputs from diverse stakeholders and share the ongoing work of Amazonia Connect. The team will keep USAID posted with any new developments.
- **Operationalizing actions from the Belem Declaration:** The Belem Declaration, signed at the Amazon Cooperation Treaty Organization (ACTO) Summit, aims to promote a comprehensive agenda for the Amazon Biome, integrating cutting-edge scientific insights, ancestral wisdom, inclusive social engagement, and the active involvement of diverse stakeholders. This collaborative approach aims to craft pioneering public protection policies tailored to this vital ecosystem. The Ministry of Environment and Sustainable Development (MADS) in Colombia is spearheading efforts in the country aligned with the declaration. The Amazonia Connect team will follow regional, national and sub-national advances, and maintain contact with MADS to identify if there are any synergies or opportunities linked with ongoing work.
- **EUDR in Colombia:** Focusing on value chains covered in Amazonia Connect, the EUDR will require deforestation-free and Colombian law-compliant beef and coffee destined for the EU, a significant step forward in reducing deforestation. Although it poses a considerable challenge, it also puts positive pressure on all stakeholders to strengthen their efforts in line with the Program's core values as well as sectoral initiatives, such as sectoral ZDAs. For Amazonia Connect, this is particularly important for Colombian coffee, where the EU is a key export market. The Program will promote sustainable practices (at the field level and facilitate scaling through jurisdictional approaches), unlock incentives for LCA and DFP, and work with private sector partners on sustainable sourcing.<sup>66</sup>
- **Development of a Green Finance Roundtable:** The framework for establishing a Green Finance Roundtable was developed and defined in Colombia, with support from EII and other organizations (e.g., TFA) during Year 1 (outside of Amazonia Connect). The roundtable, which will become fully operational in Year 2 of Program implementation, aims to serve as the formal liaison agency between various stakeholder groups within the financial sector that intend to enhance the provision of services tailored to sustainable production processes. Solidaridad and EII will actively engage in the roundtable to advance sustainable financial products (aligned with their activities in Pathway 3.1), share information, and raise awareness on the importance of developing and operationalizing deforestation and biodiversity risk monitoring and control mechanisms within financial institutions.

In addition to the above changes in context, at the beginning of Year 2, the team learned of Nespresso’s revision of their continuity in Caquetá, a comparatively new coffee region in Colombia. As mentioned in Pathway 1.2, this pending decision by Nespresso will impact the Program moving forward, and the team is outlining an action plan to assess the way forward and scoping other private sector actors active in Caquetá or with interest to expand into Caquetá.

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<sup>66</sup> In Colombia, beef and dairy are largely destined for national markets; thus, the EUDR is not expected to have as drastic an impact on cattle supply chains as coffee. Nonetheless, the team will track discussions on EUDR and the proposed US FOREST ACT for the cattle sector, as there may be implications for expanding export markets (e.g., the US is becoming increasingly important for beef exports), and leather (e.g., USA and Italy).

## PERU

Peru saw delays in the first half of Year 1 due to extreme weather (e.g., extreme rains from cyclone Yaku), and political unrest and demonstrations that limited not only the mobility of the team, but also made it challenging to coordinate with some public and private sector stakeholders in the country. During this period, the team focused on the background work, developing training materials and necessary analyses, catalyzing implementation once the situation stabilized.

The text below highlights some of the additional changes in context that emerged in the first year of Program implementation in Peru:

- **Increasing engagement with coffee cooperatives in coffee supply chains in Peru:** Solidaridad and Volcafe signed a cooperation agreement in February 2023 outlining their cooperation and coordination within the Program’s framework. However, continued delays occurred and Volcafe requested changes to the agreement that were outside Amazonia Connect’s scope. These discussions greatly limited implementation progress, and required fresh conversations with Volcafe to ensure alignment and enable the teams to progress with Program implementation. As a result, both parties decided that Solidaridad should focus on working directly with cooperatives, including those who source to Volcafe, to build the capacities of producers and implement LCA among 1,000 producers. Cooperatives are crucial as they can support a large number of farmers who will be affected by the EUDR (see below), which will support formalization of coffee operations, strengthen local value chains and guarantee knowledge on LCA remains in the local communities where Amazonia Connect is working. Initially the team aimed to work with Volcafe on sustainable sourcing under Pathway 1.2, however in November 2023, Volcafe officially withdrew from the program.<sup>67</sup> The team is exploring engaging other private sector partners in the coffee value chain, including multi-national coffee roasters. However, this change in strategy will not impact the Program’s targets.
- **EUDR in Peru:** The new EUDR gained the attention of the national government due to pressure from small-scale coffee and cocoa producers. Compliance and mitigation for smallholders will require a national plan where substantive improvements are made in the regulatory framework to tackle producers’ informality, monitoring systems, and technical and financial assistance. Failure to time improvements right could lead to increased deforestation and other social and environmental impacts due to European market exclusion. Traders are setting deadlines in 2024 for cooperatives to trace and monitor non-deforestation in their chains, increasing pressure on producers to have their traceability information ready when signing contracts in the first half of that year. Solidaridad and EII work, and will continue to do so, with partners and producer organizations to generate benefits for EUDR compliance. In Year 2, EII Peru will continue to support the Ministry of Agriculture and the Amazon Regional Commonwealth in the technical review of the legal framework to comply with EU regulations and potential US Forest Act. Also, EII Peru will support the regional governments of San Martín and Ucayali to develop roadmaps for a transition to deforestation-free agriculture jointly with regional technical round tables (coffee and palm oil) representing local producers. Moreover, EII Peru will continue to support these regional governments, in coordination with national authorities, including the Peruvian Ministry of Agrarian Development and Irrigation (MIDAGRI) and the National Commission for Development and Life without Drugs (DEVIDA), to design new public investment projects and incentives to support the transition to compliance with these regulations. Solidaridad will closely work with coffee cooperatives in Year 2 to scale and monitor LCA, which is timely given the potential adverse effects of inadequate EUDR support on cooperatives and smallholder producers.
- **Operationalizing actions from the Belem Declaration:** In response to the recent ACTO summit and the Belem declaration, and internal requests from Amazonian entrepreneurs, a Multisector Commission was created for the sustainable and competitive development of the Peruvian Amazon with an

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<sup>67</sup> Volcafe requested changes to the cooperation agreement that the consortium could not accommodate (e.g. paying for technical staff, and purchasing pesticides, among others).

ecosystemic, territorial, inclusive and prospective approach. An Amazon Technical Roundtable was established in the Ministry of Economy and Finance to unblock bottlenecks impeding the region's development. These two spaces require technical assistance and should be connected with ongoing regional processes, including LED-R strategies. EII Peru supports the Amazon Regional Commonwealth actively in both forums. Recognizing the importance of this agreement, specifically in Year 2, EII Peru will support a [national working space](#) that the Presidency of the Council of Ministers (Presidencia del Consejo de Ministros) created to propose actions to promote sustainable development of the Peruvian Amazon.

- **Potential corporate acquisitions in the palm sector:** The national and regional context for Palm Oil at the public-private sector level remains broadly unchanged. However, the Program's main private partner Alicorp announced in July that it started negotiations with Grupo Palmas to buy its crude palm oil manufacturing operations. If this purchase becomes official, this could lead to changes that would need to be taken into account by Solidaridad in the implementation of the Program (e.g., changes in sustainable sourcing strategies, and potential turnover in personnel).
- **Potential severe El Niño Event in 2023/ 24:** According to the National Meteorology and Hydrology Service of Peru (SENAMHI), heavy rains and landslides are expected in the Peruvian Amazon between November 2023 and summer 2024 due to El Niño. This might affect Program activities such as workshops, capacity-building meetings, the establishment of demonstration farms, and LCA trainings. In response, EII Peru is designing a virtual training program to avoid delays, while all consortium members will monitor weather conditions closely to plan field visits and ensure the safety of Program staff, partners and beneficiaries.

## 6.2 Learning questions

With regards to the four Program learning questions, below are the main reflections from Year 1. The team will continue to reflect on these within the semi-annual and annual narrative reports, particularly within the PRS.

### 1. Which incentives are most strongly correlated with increased uptake of LCA? When are these incentives delivered (pre- or post-sales)? How are these delivered (non-financial or financial)?

Throughout the first year of Program implementation, several key incentives were identified, including:

- **Coffee:** In the coffee sector in Colombia, useful incentives for producers include: delivery of high-quality coffee seeds, support for producers through training and capacity building in coffee production, and development of training activities that coffee promoters/leaders can replicate in their communities. From experience, these incentives are also relevant for coffee production in Peru.
- **Livestock:** In the livestock sector in Colombia, relevant incentives include: ex-ante incentives such as plant material, seeds, and inputs that allow for the implementation of low-carbon livestock practices, promotion of shared learning tours with livestock farmers who have already implemented LCA practices, facilitating access to reasonably priced trees and shrubs that can be used in livestock farming and promote conservation, access to financing at low-interest rates that promote low-carbon livestock practices, and voluntary bonuses per liter of milk. In the livestock sector in Brazil, one of the main incentives is the integrated and continuous technical assistance program, where farmers jointly create sustainable LCA production models that support the sector and region to transform towards more sustainable development pathways. In some cases, in addition to technical assistance, it is also necessary to leverage credit or other types of financing to implement more costly practices, such as rotational grazing systems.
- **Palm oil:** In the palm oil sector in Peru, market requirements and corresponding corporate policies for deforestation-free production play an important role in driving sustainability. Beyond the producers' initiatives, buyers are stricter regarding their requirements for traceability and sustainability. For example, PEPSICO, a client of Alicorp's, will carry out field audits on its suppliers to monitor

deforestation and traceability. This incentivizes the adoption of LCA and progress towards deforestation-free sourcing.

## **2. What factors motivate or pressure companies to make commitments to reduce deforestation and to implement their existing commitments?**

Market demands were identified as a major factor motivating and pressuring companies to reduce deforestation and implement commitments. In addition, accessing differentiated markets can also motivate companies, where companies can access markets that prioritize environmentally sustainable products, often at a higher price point. In this sense, companies can gain a competitive advantage and increase profitability while contributing to sustainable development. This also positively impacts the reputation of companies taking such measures seriously.

Nonetheless, there is a need for supporting mechanisms to i) generate associative dynamics and promote a sense of belonging and a supportive network among partners and organizations, ii) provide tailored technical assistance to support companies and producers to transition to deforestation-free and sustainable production systems. The consortium team highlighted the importance of developing tools that are accessible for the company (easy to use, easy to understand, work with existing workflows, and meet legal requirements, among others) and building the confidence of companies so they can acquire the data and skills needed to implement and effectively monitor their commitments.

## **3. Do producers who gain access to financial mechanisms invest in the transition to LCA?**

The first year of Program implementation largely focused on setting a foundation for future scaling, but below are some preliminary reflections:

- In dairy supply chains in Colombia, the team preliminarily identified that producers who invested in these transition processes are also those who received credit (designed with clear incentives) and adequate technical support, while also perceiving economic benefits from the buyer (in this instance, Nestlé). Thus, the economic benefits must be tangible.
- It is important to consider that current interest rates and financing conditions for green credit lines may place more requirements on producers to implement sustainable practices than other credit lines, such as animal purchases. This demotivates producers and acts as a disincentive that limits LCA implementation. Thus, it is essential to ensure that green credit line requirements are attractive yet flexible enough to accommodate LCA investments' diverse needs and realities in target sectors while upholding environmental and social standards. A balanced approach that encourages and supports sustainable LCA investments while addressing different borrowers' unique challenges and needs is key to driving the transition towards more sustainable and deforestation-free development pathways.

## **4. What relevant/ actionable research products will best influence companies and public policy?**

Evidence-based research products, including those developed by UW, generate important opportunities to directly influence public policy, which in turn can drive action and influence companies and other stakeholders. For instance, through UW's research, companies and other organizations are very interested in their findings on the structure of cattle supply chains and their implications for traceability and monitoring. Year 2 will continue to explore additional insights on the most relevant products.

### **6.3 Adaptive management**

Given the highly dynamic environment where Amazonia Connect is operating, the team is applying adaptive management. Within the semi-annual report, the team outlined how they had to pivot their strategy due to various events outside the control of the consortium (e.g., limited mobility due to political unrest and blockades, extreme weather limiting travel, political transitions and turnover, and the reduced supplier base

of Program partners,<sup>68</sup> among others). The team regularly tracked changes in context through the work plan progress tracker, semi-annual report and annual work plans, ensuring the Program adapts as required while ensuring the team remains on track and in alignment with the Program's overall objectives and ToC. While adaptive management is ongoing throughout implementation, regular communication within the consortium and with USAID is key to ensuring informed decisions and the efficient and effective communication of any adjustments, challenges and opportunities.

Overall, collaboration among partners was strong and contributed to advancing the work and shared goals of the consortium. When reflecting on what has gone well so far, the team raised the following points:

- The importance of farmer engagement and trust-building with producers continues to be underscored for the Program's LCA work. In particular, involving women and youth in the process has proven to be successful in gaining insights for effective intervention strategies for LCA, which will be strengthened in Year 2 as they are informed by the gender and youth assessments in Caquetá for livestock and coffee, and the palm oil GSI study to be completed in Q1 of 2024.
- Collaborative work with private sector partners is resulting in tailored technical assistance that supports the needs of the companies as they work towards DFP. This also provides a better understanding of producer motivations and can lead to improved engagement with producers and other key stakeholders.
- The policy landscape and upcoming regulatory changes are increasing interest in traceability and monitoring processes among companies, generating increased interest aligned with Amazonia Connect's activities.
- In general, many key public and private sector stakeholders are very receptive to the work of Amazonia Connect across all four development objectives. The team continues to engage in outreach with diverse stakeholders to identify synergies and opportunities to collaborate and strengthen the reach and impact of the Program. This further reflects the importance of alignment with key regional, national and sub-national strategies, and sectoral initiatives (e.g., ZDAs, GTFI).

As this marks the end of the Program's first year of implementation, there is also substantial learning in how to work together and what level of coordination is both efficient and effective.

- **Bimonthly check-ins with USAID and each country team**, which enables the country teams to provide a short update to USAID on progress, challenges/ delays and key upcoming activities.
- **Internal monthly or bi-monthly newsletter** to better inform the consortium of activities in other countries included in Amazonia Connect or relevant policy updates or changes in context. This will be implemented starting Q1 of 2024.
- **Consortium wide progress update call** to reflect on Year 1 within the consortium and learn about what each team has planned in 2024. This is anticipated to be an internal call with the consortium, tentatively scheduled for the end of February 2024.
- **Scheduling learning and exchange calls** within the consortium to promote exchange, learning, and strengthened collaboration on key topics. The team held a meeting for all GIS teams in January to learn more about each implementing partner's approach, which was well received by the participants. Other events can be considered in the future; however, ensuring they are not too frequent or overburdening the teams will be important. The team has planned a call on LCA models in Peru for Q1 of 2024.
- **Allowing consortium members to post on their own channels** to reduce pressure on a single communication channel (e.g., Solidaridad Network).

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<sup>68</sup> Despite existing relationships of trust and previous work with partners, it is important to consider that additional limitations may arise when working in new areas, especially if partners face difficulties in maintaining their supply base due to strong competition from informal buyers.

## 7. Annexes

### 7.1 Year 1 Progress Tracking Sheet

Annex presented in a separate [Excel spreadsheet](#).

### 7.2 Products/ materials produced

The following Table 3 provides an overview of the products and materials produced during the reporting period.

**Table 3. Overview of Products and Materials Produced**

No.	NAME	CATEGORY	DATE OF COMPLETION	APPROVED	DEC	LOCATION	PUBLICLY AVAILABLE
1	LCA in Coffee Training Material	Handbook/manual	Sept.2023	Partly		<a href="#">folder 1</a> <a href="#">folder 2</a>	No - internal trainings
2	HCS - HVC study/report	Study/report	Aug. 2023	Not yet		<a href="#">link here</a>	No
3	Monitoring methodology to monitor primary and secondary forests on coffee farms using Sentinel-2 satellite images.	Study	Jul. 2023	Yes		Document available for public download <a href="#">here</a>	Yes, published.
4	Analysis of cattle production in the Brazilian Amazon's protected areas and key locations for biodiversity, and identify links to companies.	Scientific paper	Oct. 2022	Yes		<a href="#">link here</a>	Yes, published.
5	Understanding the EUDR and its implications for Brazil's beef sector	Report	Sep. 2023	No		<a href="#">link here</a>	No - internal document.
6	Evaluation of supplier fidelity and slaughterhouse competition impacts on ZDAs in Brazil.	Scientific paper (working paper stage)	Sep. 2023	Not yet		<a href="#">link here</a>	Yes, published.

No.	NAME	CATEGORY	DATE OF COMPLETION	APPROVED	DEC	LOCATION	PUBLICLY AVAILABLE
7	The Potential of Colombia's Zero Deforestation Agreements to Protect Forests and Bird Habitat	Scientific paper (prepared for submission stage)	Sep. 2023	Not yet		<a href="#">link here</a>	Yes, published (also being worked into a formal article)
8	Conservation value and biodiversity indicators for properties and supply chains in Colombia	Report	Sep. 2023	Yes		<a href="#">link here</a>	Yes, published
9	Report on the Development Process of the LED-R Strategy in the Meta department and Its Annex.	Report	Sep. 2023	In process		Link to be provided once approved.	No
10	Policy and Program Review and Evaluation Document (Meta, Colombia)	Technical	Sep. 2023	In process		Link to be provided once approved.	No
11	Plan for the Development of the LED-R Strategy in Meta.	Technical	Nov. 2022	In process		Link to be provided once approved.	Will be published after approval.
12	LEDR- Caquetá: The strategy, its action and implementation plan, and monitoring system.	Technical	Jul. 2023	In process		Link to be provided once approved.	Will be published after approval.
13	Analysis of Local Tax Exemption Initiatives. Case Study: Belén de los Andaquíes (Caquetá).	Technical	Aug. 2023	In process		Link to be provided once approved.	Will be published after approval.
14	Study on Gender Equity in Coffee Farming and on Motivations, Expectations, and	Report	Review in process	In process		Link to be provided once approved.	TBC in January 2024

No.	NAME	CATEGORY	DATE OF COMPLETION	APPROVED	DEC	LOCATION	PUBLICLY AVAILABLE
	Life Project of Young People from Coffee-Growing Families of Caquetá.						
15	Study on the Motivations of Livestock Farmers Regarding Productive Conversion.	Report	Review in process	In process		Link to be provided once approved.	TBC in January 2024
16	Analysis of Supply and Demand for Low Carbon Financial Services in Coffee and Livestock, for the Target Population.	Report	Review in process	In process		Link to be provided once approved.	TBC in January 2024
17	Carbon credit training material	Handbook/manual	Jan. 2023	Yes		<a href="#">folder</a>	Internal training material

### 7.3 Baseline reports

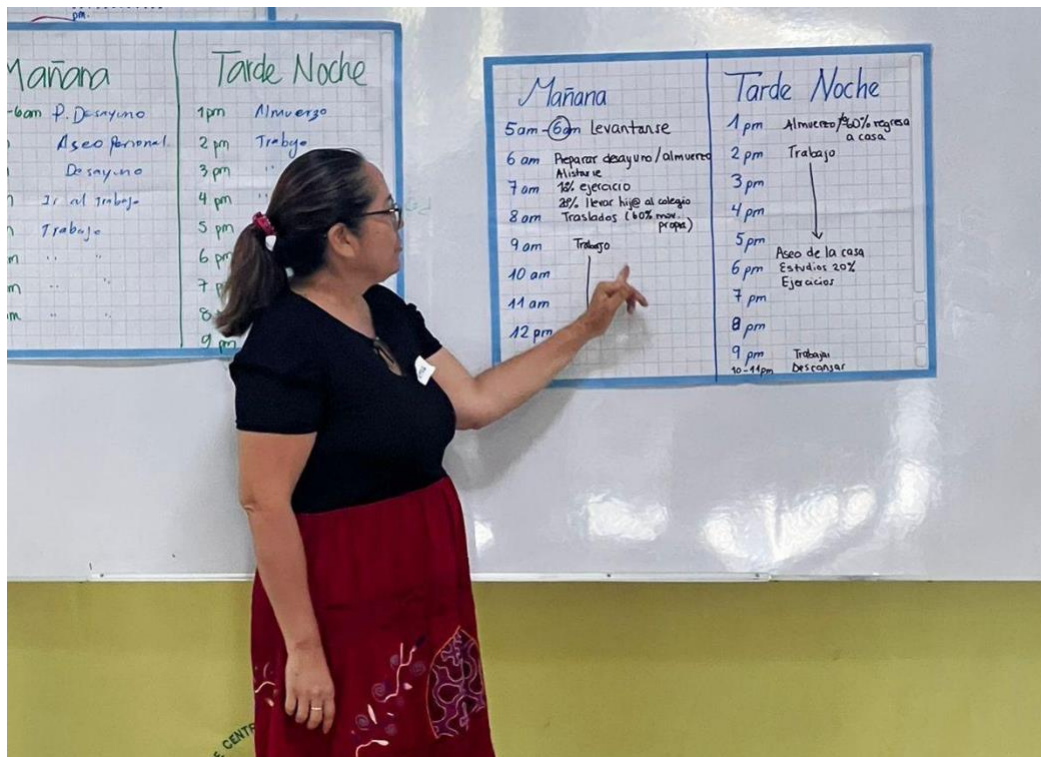
The baseline report will be submitted to USAID on November 15, 2023.

### 7.4 Training plan progress tracking

Year 1 training plan progress tracker presented in a separate [Excel spreadsheet](#).

### 7.5 Success story

## Moving towards a more inclusive and sustainable oil palm sector



Patricia Seijas, a specialist from the Earth Innovation Institute, explains the results of a time-keeping activity meant to help attendees understand the division of labor among families.

In the Peruvian Amazon, sustainable oil palm production has an important role in reducing deforestation and conserving biodiversity. Empowering small-scale producers to implement sustainable practices is key, but only if all people – men, women and young people – are included.

It's estimated that more than 7,000 families have small oil palm farms in Peru. [According to research from University of Wisconsin-Madison](#), smallholders are less likely than industrial-scale plantations to expand into primary forests, often operating on previously degraded land and secondary forest. Nonetheless, an estimated 30 percent of smallholder plantations have expanded into forests. On average, smallholders require more land area for oil palm than industrial producers, as they use larger areas of degraded land and incorporate fallowing and maintenance of forests.

The department of Ucayali is Peru's largest palm oil-producing region by volume, representing 47% of national production (Junpalma, 2023). Providing smallholder farmers with the technical guidance needed to sustainably increase production on their farms and support a decent livelihood represents an opportunity to simultaneously reduce pressure on sensitive and biodiverse habitats.

"Smallholders could support their families on the land they have without expanding their farms if they had better support," said Lesly, Palm Oil Programme Manager at Solidaridad in Peru. "Technical assistance to improve yield, certification and conservation are our focus in the area."

Solidaridad is working with 700 families from two producer organizations in Ucayali through the [Amazonia Connect](#) initiative. The partnership between USAID, Solidaridad, Earth Innovation Institute (EII), National Wildlife

Federation, and the University of Wisconsin-Madison promotes and scales the adoption of [low-emission commodity production](#) and rural development to improve biodiversity conservation and climate resilience in the Amazon biome.

In Ucayali, the oil palm farmers who are part of Amazonia Connect have committed to learning and promoting more sustainable and forest-friendly production that can sustain their household economy and achieve their common goals of education and progress. This work will be complemented by the introduction of [traceability tools to monitor deforestation risks](#), and the implementation of strategies supported by EII to attract financing and investment and support low-emission rural development.

"Technical job opportunities in sustainability can be a motivator for young people in palm farming families and help avoid the need for migration," according to Patricia Seijas, a specialist from the Earth Innovation Institute. The producers in Ucayali are currently working to achieve certification under the Roundtable on Sustainable Palm Oil, which will provide them with greater access to markets and support sustainable local development.



*Palms on palm: Paolo Gálvez of Solidaridad Peru, Kayuska Mezarino of the Neshuya Municipality, and Lucia Hidalgo of Solidaridad Peru hold a palm fruit during a training activity.*

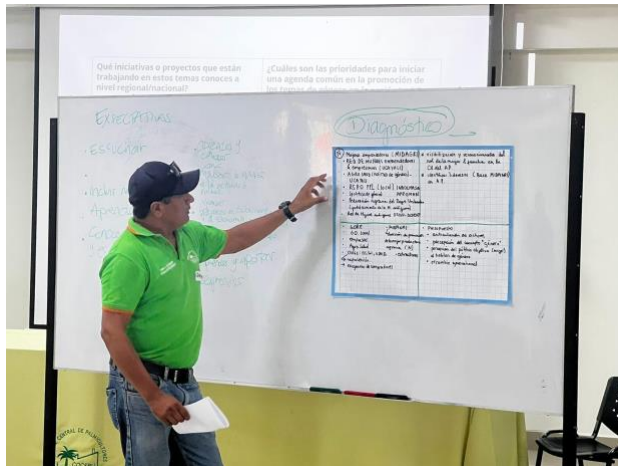
As part of that, Amazonia Connect is looking beyond farming to factor in social inclusion, gender and youth norms, and the effect these have on sustainable production. Unlike other sectors in the Peruvian Amazon, like coffee and cocoa, there is limited information available on gender dynamics and inclusion of young people in the oil palm value chain.

“Understanding the family and community dynamics is the first step towards people taking control of their own lives and decisions,” said Lucia Hidalgo, Multiprogramme Coordinator at Solidaridad Peru. “We all start from the same point at birth, but not all of us have the same opportunities and conditions to achieve our life goals.”

[Solidaridad utilizes the Gender Action and Learning System \(GALS\) methodology](#), developed by the International Fund for Agricultural Development (IFAD), to address the root causes of inequity in communities. During a GALS session, attendees reflect on how inequity limits the development of their personal, family and community vision. It is a flexible and fun methodology that involves all family members.

Solidaridad is currently conducting a Gender and Youth Inclusion Assessment. As part of that process, over 20 representatives of the region's public sector, civil society, mills and smallholder organizations met in October 2023 to discuss social inclusion in the oil palm sector. The session allowed facilitators to explore the understanding of and the appetite for the inclusion of gender and young people in the palm oil supply chain in Ucayali.

The complete Assessment will be released in November 2023 and will inform all plans, budgets and monitoring of Amazonia Connect's efforts in Ucayali.



“Coming together in associations is one way of promoting inclusion and sustainability,” said Genaro, technical lead at COCEPU-Comité Central de Palmicultores de Ucayali, a producer organization working with Amazonia Connect.

## 7.6 Colombia Summary

Amazonia Connect, a partnership between USAID, Solidaridad, the Earth Innovation Institute (EII), the National Wildlife Federation (NWF), and the University of Wisconsin-Madison (UW), aims to promote and scale the adoption of low-carbon agriculture (LCA) and deforestation-free commodity production (DFP) to improve biodiversity conservation and support climate action in Brazil, Colombia, and Peru. The Program focuses on coffee, cattle, and oil palm in regions with high levels of commodity-driven deforestation, greenhouse gas (GHG) emissions, and biodiversity.

The annual report covers Year 1 of Program implementation, from September 16, 2022, to September 30, 2023, and outlines the progress made during this timeframe. This summary focuses on the progress of the team in Colombia.

### Activity implementation, progress and results

#### Development Objective (DO) 1. LCA/ DFP and sourcing models scaled in key Amazon jurisdictions

In the first year, Amazonia Connect focused on conducting baseline analyses and setting the foundation for scaling and building relationships with farmers, private sector partners, regional and municipal governments, and other key stakeholders in the Program area. Overall, the following core Program Performance Indicators relevant to DO 1 were achieved in the first year:<sup>69</sup>

- *EG 10.2-1 Number of hectares (ha) of biologically significant areas showing improved biophysical conditions as a result of USG assistance:<sup>70</sup> 0 ha*
- *EG.13-8 Number of ha under improved management expected to reduce greenhouse gas emissions as a result of USG assistance: 5,305 ha*
- *EG 13.6 GHG emissions (tCO<sub>2</sub>e) reduced, sequestered, or avoided through sustainable landscape activities supported by USG assistance: Results to be measured in Year 3 as per the Monitoring, Evaluation, and Learning (MEL) Plan<sup>71</sup>*
- *GNDR-2 Percentage of female participants in USG-assisted programs designed to increase access to productive economic resources: 16.8Z%*
- *EG 10.2-4 Number of people with improved economic benefits derived from sustainable natural resource management and/or biodiversity conservation as a result of USG assistance:<sup>72</sup> 0*
- *CBLD-9: Percent of USG-assisted organizations with improved performance: 50%*

**Pathway 1.1** focuses on scaling the implementation of LCA. In Colombia, Solidaridad worked with coffee and dairy farmers, conducting a baseline analysis and empowering community leaders to support LCA practices. The Program reached 150 coffee producers (11% women) in Year 1, conducted relevant supporting assessments, including a sector-specific gender and youth diagnosis, and detailed soil analyses of Caquetá. The team initiated a pilot of the Youth Entrepreneurs School and the Self-Leadership School for Women to empower participants and build entrepreneurship and leadership within communities. Albeit this progress, the team is revising their coffee strategy in Year 2 after receiving news in October that their main private sector partner is assessing continuity in Caquetá (see information on Pathway 1.2 below). Regarding livestock, the team reached 224 dairy producers (21% women) and completed milestones such as the baseline assessment, key analytical assessments to enable tailored technical assistance (e.g., a producer motivations study, and a sector-specific gender and youth study), and developed a training strategy and syllabus for the low-carbon livestock school, a training platform that aims to address key capacity and knowledge gaps for producers.

**Pathway 1.2** supports companies in implementing LCA and DFP sourcing and production guidelines (varied

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<sup>69</sup> For more detailed information on the methodology, refer to the baseline report and the PIRS Sheets in the MEL Plan.

<sup>70</sup> This indicator refers to improvement of biophysical conditions. Measuring improvement requires comparing two points in time during which activities to influence the current situation are implemented. For Colombia and Peru, this means setting the scene in terms of deforestation. The activities to influence changes on this variable are just starting and the measurable impact will come in Year 3. That is why this is in 0.

<sup>71</sup> Targets for Colombia, Brazil and Peru (coffee) to be set in Q4 of 2023 as communicated with the AOR.

<sup>72</sup> First two years focus on increasing productivity, where economic benefits will be generated in the last three years of the Program.

progress across commodities and countries). In Colombia's dairy sector, the team established a cooperation agreement with Nestlé to support LCA implementation among livestock farmers. Solidaridad conducted an assessment to identify critical activities for improvement, including manure management and agroforestry, to help farmers achieve Nestlé's internal certification for regenerative agriculture, which can, in turn, incentivize farmers' LCA adoption. Regarding coffee in Colombia, Solidaridad focused on building relationships with Nespresso, designing a Memorandum of Understanding (MoU) and methodological guidelines for Nespresso AAA producers to ensure alignment with program objectives and baseline findings. However, the continuity of Nespresso's involvement in Caquetá is being assessed due to the company's decisions around its commercial operations in the area, requiring adjustments in the Year 2 Work Plan.<sup>73</sup> The team is working with USAID to develop a plan of action for Year 2 and determine any necessary adjustments to the strategy going forward.

**Pathway 1.3** supports jurisdictional actors to incorporating LCA and DFP models and principles within their jurisdiction through low-emission rural development (LED-R) strategies. In Caquetá, the Program helped refine the LED-R Strategy by developing an Action Plan for 2020-2035, focusing on deforestation-free supply chains and aligning with value chain approaches. EII organized workshops with key actors to improve the LED-R monitoring platform. In Meta, where there is no LED-R strategy yet, the Program analyzed public policies and mapped key actors interested in sustainable production and biodiversity conservation to engage them in LED-R strategy development. Coordination with other stakeholders active in the region, such as the Biocarbon Fund, was important to build on lessons learned and share key resources.

## DO 2. Full supply chain monitoring systems adopted by companies for deforestation-free sourcing and biodiversity conservation

Overall, the Program achieved the following Indicators in the first year:

- *EG 10.2-2 Number of ha of biologically significant areas under improved natural resource management as a result of USG assistance: 1.6 million ha*
- *PSE-2 Number of private sector enterprises that engaged with the USG to support U.S. Foreign Assistance Objectives: two large for-profit private sector enterprises in Colombia (both host country based), engaged in addressing the US foreign assistance objectives related to 'Environment'*

**Pathway 2.1** involves improving and adapting supply chain monitoring tools, such as Visipec and Visiprast, and in some instances applying these tools to new commodities and countries. In Colombia, Visiprast was improved by integrating essential datasets (e.g., about biodiversity)<sup>74</sup> to create new maps of species richness and abundance, and improving tool capabilities (e.g., creating a dynamic map to access information on the socio-environmental risks of their producers, developing a monitoring module that analyzes land cover data and generates deforestation analyses when official data is not available, and developing a beta version of a transaction module where companies and producers can register sales and purchases of beef and dairy products - a key first step for traceability).

**Pathway 2.2** emphasizes companies' use of monitoring tools in their supply chains, prioritizing high biodiversity areas. In Colombia, the team conducted outreach with 9 companies (Takami, Alkosto, La Maporita, Angus Azul, Asobufalo, Cofema, Quesos la Caqueteña, Asoganado Colombia y Agrosolidaria) to foster interest in monitoring and traceability systems and promote the Visiprast tool. MoUs were signed in Year 1 with Takami (a restaurant chain) and Alkosto (a retail company) to monitor socio-environmental risks within their supply chains in Meta. Implementation recently began, and will extend into the coming year.

**Pathway 2.3** focuses on scaling the monitoring of forests, commodity production, and high biodiversity areas

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<sup>73</sup> More details will be shared in a confidential document alongside a comprehensive analysis of the effect and actions given this new context.

<sup>74</sup> The biodiversity data include a variety of layers, including delimited areas of interest such as protected areas, and maps of individual ranges and of variation in abundance and richness of different types of genera across the landscape.

within supply sheds. In Colombia, the team mapped potential collaborators and initiatives across different levels to support scaling of supply shed traceability and monitoring efforts, and engaged with various institutions (e.g., BioCarbon Fund and Global Forest Watch, among others). Ecosocial continues to lead the Monitoring and Information Group for beef and dairy, and collaborates with the Tropical Forest Alliance (TFA), which coordinates the Zero Deforestation Agreements (ZDA), to make Visiprast accessible for companies participating in the Beef and Dairy ZDAs to facilitate the Monitoring, Reporting, and Verification (MRV) process.

### DO 3. Finance and incentives unlocked to accelerate LCA and Deforestation-Free Production

Overall, the Program achieved the following Indicators in the first year:

- *EG 13.4 Amount of investment mobilized (in USD) to adopt LCA and/or DFP: US \$3.4 million*
- *AC01 Number of credit applications scanned for deforestation in the Amazon region as a result of USG assistance: 0*

**Pathway 3.1** helps mobilize a variety of public and private investments and other incentives to scale LCA. In Colombia, several activities within this Pathway experienced delays due to changes in national government and macroeconomic conditions. While there is increased clarity on new credit offers as of the last month, many activities will expand into Year 2. Despite these delays, the team made significant progress in understanding credit offerings and investment requirements for coffee and dairy producers transitioning to sustainable practices, assessed two credit lines, and engaged with financial entities (e.g., Finagro and Rabobank Foundation, Utrahuilca and Banco Agrario) to benefit agricultural producers in the Caquetá region and worked on a Sustainable Finance Education Plan. These insights will inform future business case designs for low-carbon coffee and livestock in Year 2. Focusing on the public sector, the team in Colombia also advanced with analyzing tax statutes in 16 municipalities to better understand the scope of existing exemptions and modular investments for scaling LCA, DFP and incentivizing biodiversity conservation. The team is using this information to revise tax exemption guidelines for the conservation of forest areas on private properties.

**Pathway 3.2** aims to increase the number of financial products - assets monitored for deforestation and biodiversity risks. In Colombia, Solidaridad progressed with identifying the current offer of financial products in first and second-tier financial institutions. The team held meetings with the three main first-tier banks (Banco Agrario, Bancolombia, and Davivienda) that offer financial products for LCA. The Program reached an agreement with Banco Agrario to develop a pilot in livestock farming in Caquetá and Meta, in which an environmental risk management methodology will be developed based on a deforestation analysis model. This work will begin starting in Year 2 of the Program implementation.

### DO 4. Research turned into actionable knowledge for supply chain stakeholders to reduce deforestation and improve biodiversity conservation

Overall, the Program achieved the following Indicators in the first year:

- *AC02 Number of research documents produced on strategies to reduce deforestation and improve biodiversity conservation as a result of Amazonia Connect assistance: This indicator is not disaggregated by country. Nonetheless, in Year 1 one journal article was prepared for Colombia on evaluating how different types of cattle properties, supply chains and production systems impact deforestation and biodiversity loss at the sector and company level in the country*

**Development of applied research that strengthens private sector strategies to reduce deforestation and improve biodiversity conservation:** UW has identified and incorporated new datasets about biodiversity into their research, helping them to identify research questions and develop analyses relevant to other Program components. In Year 1, the team prepared one research document relevant to Colombia: one scientific paper evaluating the impact of cattle properties, supply chains and production systems on deforestation and biodiversity loss at the sector and company level in Colombia. UW continues to develop numerous partnerships to ensure that their research advances new knowledge relevant to the other Program components in Year 2.

The team also advanced with their research on mapping cattle supply sheds and infrastructure in Colombia, and advanced with their work on biodiversity,<sup>75</sup> which will inform Year 2 analyses on the characterization of Colombia's properties and supply chains according to climate mitigation potential and various conservation value and biodiversity indicators, and mapping of Colombia's cattle supply chains at the municipal, or smaller, scale using cattle movement records.

**Identify synergies between farm, supply chain, and jurisdictional approaches to scale DFP and biodiversity conservation:** In Year 1, EII analyzed two primary approaches to tackle tropical deforestation: the supply chain "zero deforestation" movement and the multi-sector "jurisdictional" approach, noting potential synergies between them, but highlighting a current mismatch in criteria and a risk of a divided market. EII began research in Year 1 in Peru. However, the team also plans to expand research on this topic to Colombia starting in Year 2, focusing on the main opportunities to harmonize jurisdictional and supply chain strategies in Meta and Caquetá.

**Summary of Year 1 Results:** [This file](#) comprises an aggregated performance indicator tracking sheet for the whole program (sheet "Revised Performance (ALL)" and aggregated results for Colombia (sheet "Colombia Performance").

### **Cross-cutting themes**

*Gender Equality and Social Inclusion:* Related to GSI, in Year 1, the team began conducting assessments to address information gaps, including gender and youth assessments in Caquetá for livestock and coffee. These assessments provide vital insight to the teams as they implement activities (e.g., informing the design of activities in the Year 2 Work Plan) and will inform the upcoming Program-level GSI Assessment that will be completed in Q1 of 2024. For coffee producers in Colombia, the team initiated a pilot of the Youth Entrepreneurs School and the Self-Leadership School for Women to empower participants and build entrepreneurship and leadership within communities, supporting them to develop innovative business models adjusted to the realities of the coffee value chain.

*Collaboration with USAID and USG-funded entities:* The team closely collaborated with USAID and other US-funded Programs in the framework of the Caquetá Regional Integration Strategy. The consortium actively participates in working groups related to finance, landscape planning, sustainable agriculture, and public investment and agriculture. In addition, additional meetings (outside of RIS) were held with the USAID projects Business Case And Amazonia Alive to align on activities and discuss the programs further.

### **Management and operations**

From a management and operations perspective, the consortium has advanced with key products, including the approval of the Monitoring, Evaluation and Learning (MEL) plan, the Communications, Branding and Marking plan, Environmental Mitigation and Management Plan (EMMR) for Years 1 and 2, the semi-annual report, baseline report, Year 2 Work Plan, and the Year 1 Environmental Mitigation and Management Report. The consortium's first Pause and Reflect Session (PRS) was held in early June in Peru, enabling reflections on progress made and lessons learned, and helping kick-off planning for Year 2. In August, the consortium team in Colombia began holding bimonthly meetings with USAID to inform USAID of the consortium's progress, discuss any need for further coordination and inform each other of key upcoming activities or events.

### **Learning and adaptive management**

*Change in context:* As the Program operates in a very dynamic environment, the consortium experienced various changes in context throughout all three countries. In Year 1 in Colombia, the team experienced (among others) extreme weather that limited mobility and affected field-based work (e.g., baseline assessment). In

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<sup>75</sup> A presentation summarizing their Year 1 results on biodiversity-related databases, research and analyses is available [here](#).

addition, illegal armed groups and coca cultivation are increasing in some areas associated with coffee cultivation in Caquetá. This hinders work in some of the areas of the Program and requires the team to be vigilant in monitoring the situation. The consortium team appreciates USAID updates and information on the security situation, and will discuss any changes with USAID as required.

The team is tracking some exciting changes in context, including a proposed legislation to improve traceability in cattle supply chains, the potential development of traceability working groups by the Ministry of Environment and Sustainable Development and the Ministry of Rural Development, and the operationalization of a Green Finance Roundtable that aims to serve as the formal liaison agency between various stakeholder groups in the financial sector aiming to work on sustainability.

Finally, In Year 2, the team faces unknown impacts due to changes in context. The private sector partner for coffee in Caquetá is reconsidering their continuity,<sup>76</sup> which will affect the Program. The team is outlining an action plan to assess the situation, which will be discussed with USAID and integrated into the Year 2 Work Plan. Also, Colombia will hold regional elections on October 29, where regional governors, departmental assemblies and mayors will be elected. This will require the team to monitor the situation and revitalize engagement efforts as new administrations may usher in new policies.

*Learning and adaptive management:* As the previous paragraph shows, Amazonia Connect is implemented in a dynamic environment where adaptive management is ongoing. To adapt to the changing environment, the team focuses on building trust with communities, clear communication with stakeholders, flexible management, and using tools to track adjustments (e.g., the Work Plan Progress Tracker in Chapter 7.1). The team also holds regular meetings and reflection sessions, produces semi-annual and annual reports, and coordinates with the USAID missions in each country. The consortium plans to develop more cross-country coordination and learning efforts (e.g., internal newsletters, a consortium wide progress update call , and thematic learning sessions) in late 2023/ early 2024.<sup>77</sup>

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<sup>76</sup> This information is confidential. Details about Nespresso's continuity will be shared in a confidential document alongside a comprehensive analysis of the effect and actions given this new context.

<sup>77</sup> The team initially aimed to start these activities in Q4 2023, however due to the accident in Brazil several of these activities were shifted to early 2024.