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THIS ACTION IS FUNDED BY THE EUROPEAN UNION

ANNEX 2

to the Commission Implementing Decision on the financing of the Multiannual Action Plan for 2024 part IV and 2025 part I in favour of the Americas and the Caribbean

Action Document for EU Contribution to the Amazon Fund - Brazil

MULTIANNUAL PLAN

This document constitutes the annual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	EU Contribution to the Amazon Fund - Brazil OPSYS number: ACT-62076 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative	Yes TEI Tropical Forests; Brazil
3. Zone benefiting from the action	The action shall be carried out in Brazil
4. Programming document	The Americas and the Caribbean Regional Multiannual Indicative Programme 2021-2027 (PROG-10110)
5. Link with relevant MIP(s) objectives / expected results	Priority area 1: Green Transition
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	The proposed Action contributes to MIP objective 1 (environmentally sustainable, balanced and socially inclusive growth). Sectors identified: 311 (agriculture) and 312 (forestry).
7. Sustainable Development Goals (SDGs)	Main SDG: 13 (climate action) Other significant SDGs and where appropriate, targets: SDG 1(No poverty) SDG 2 (Zero Hunger) SDG 5 (Gender Equality), SDG 8 (Decent Work and Growth), SDG 10 (Reduced Inequalities), SDG 11 (Sustainable Cities and Communities), SDG 12 (Responsible Consumption and Production), SDG 15 (Life on Land) SDG 16 (Peace, Justice, and Strong Institutions) and SDG 17 (Partnership for the Goals).

8 a) DAC code(s)	31110 Agricultural policy and administrative management (12.5%) 31120 Agricultural development (12.5%) 31130 Agricultural land resources (12.5%) 31193 Agricultural financial services (12.5%) 31194 Agricultural co-operatives (12.5%) 31210 Forestry policy and administrative management (12.5%) 31220 Forestry development (12.5%) 15170 Women's equality organisations and institutions (12.5%)			
8 b) Main Delivery Channel	12004 Other public entities in recipient country (Brazilian Development Bank – BNDES)			
9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity digital governance	YES <input type="checkbox"/> <input checked="" type="checkbox"/>	NO <input type="checkbox"/> <input type="checkbox"/>	/

	digital entrepreneurship	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	digital skills/literacy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	digital services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Connectivity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity	YES	NO	
	energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	transport	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	education and research	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	<p>Budget line (article, item): 14.020140: EUR 20,000,000</p> <p>Total estimated cost: EUR 20,000,000</p> <p>Total amount of EU budget contribution: EUR 20,000,000</p> <p>The contribution is EUR 5,000,000 from the general budget of the European Union for 2024 and EUR 15,000,000 from the general budget of the European Union for 2025, subject to the availability of appropriations for the respective financial year following the adoption of the relevant annual budget, or as provided for in the system of provisional twelfths.</p> <p>The Tropical Forests TEI has three main priorities: fighting forest fires and deforestation; enforcement of Brazil's forest code promoting sustainable investments in bioeconomy and land use; transparency and traceability of supply chains.</p> <p>It counts with the participation of several EU Member States and Norway. In May 2023, the total amount of some 50 cooperation initiatives was estimated at:</p> <ul style="list-style-type: none"> - EUR 296,000,000 in grants (DE, NL, BE et al) + EUR 1,250,000,000 from Norway - EUR 142,000,000 in loans (DE, NL et al). <p>DE and DK are processing new contributions of EUR 35,000,000 and 20,000,000 to the Amazon Fund and other Member States are considering to do so¹.</p>			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	Indirect management with an entity to be selected in accordance with the criteria set out in section 4.			

¹ <https://www.fundoamazonia.gov.br/en/transparency/donations/> - Amounts given were estimated in US dollars based on October 2023 exchange rate. Actual amounts may vary. Denmark is also seeking to announce a EUR 20m contribution soon, Ireland and other EU MS are considering support.

1.2 Summary of the Action

On his return to power on 1 January 2023 President Luiz Ignacio Lula da Silva underlined his unequivocal focus on sustainability and inclusiveness. While Brazil is re-establishing itself on the world stage as an environmental and economic leader, the government faces political and financial challenges to deliver its climate and zero deforestation goals along with boosting economic growth to reduce poverty and inequality. Deforestation rates decreased by a third in during the first half of 2023 compared to 2022, but with 2,659 km² (equivalent to the size of Luxembourg) deforested in the first half of 2023 alone², threats to forests and indigenous peoples remain high³ and finance to address these, and to change the underlying economic incentive structure that drives forest loss, remains limited.

The Action aims at providing both political and financial support to the government, through a EUR 20,000,000 contribution to the Amazon Fund.

The Amazon Fund is a REDD+ (Reducing emissions from deforestation and forest degradation in developing countries) mechanism to raise donations for non-reimbursable investments to prevent, monitor and combat deforestation, as well as to promote the preservation and sustainable use in the Brazilian Amazon. Disbursement of donor funds is based on the achievement of previously fixed results and a strong monitoring framework is in place. Norway and Germany are the major donors.

Replicating the Amazon Fund's intervention logic, the **Overall Objective** of this action is to halt deforestation and ensure sustainable development in the Brazilian Amazon under principles of environmental and social sustainability with a view to mitigate climate change and to adapt to the effects of climate change on forests and people's livelihoods. The **Specific Objectives** are aligned to the 'Action Axes' of the Amazon Fund (www.amazonfund.gov.br) as established in Decree No. 6527/2008 and subsequent amendments as follows:

1. To increase the use of sustainable production practices to enhance forest preservation by companies and local communities;
2. To increase human activities' compliance with Brazilian environmental legislation;
3. To improve land-use planning and governance in the Brazilian Amazon;
4. To increase the use of economic instruments, science, technology and innovation in the restoration and sustainable use of biodiversity.

As defined in the *Guidelines and Criteria for the Application of Amazon Fund Related Resources Inside the Legal Amazon*, this Action will support projects in the following thematic areas:

- a. management of public forests and protected areas;
- b. environmental control, monitoring and inspection;
- c. sustainable forest management;
- d. economic activities developed based on the sustainable use of vegetation;
- e. Ecological and Economic Zoning, land-use planning and land-title regularisation;
- f. conservation and sustainable use of biodiversity;
- g. recovery of deforested areas.

The Action falls under MIP Latin America and Caribbean Priority area 1: Green Transition. It will be implemented through a Contribution Agreement with a pillar assessed MS development agency. Joining forces brings economies of scale and is coherent with a Team Europe approach.

The Action is also part of the Tropical Forests TEI, which groups numerous EU actions focused on fighting deforestation, promoting sustainable investments in bioeconomy and land use and ensuring transparency and traceability of supply chains. It will be an anchor for complementary actions with the aim to promote a

² <https://news.mongabay.com/2023/07/six-months-into-lulas-presidency-amazon-deforestation-is-dropping-rapidly/>

³ E.g. see: <https://www.theguardian.com/world/2023/may/25/brazil-congress-environment-indigenous-ministry-powers>

sustainable or bioeconomy in the Amazon, through dialogue, technical assistance, grants and financial instruments including blending and financial guarantees.

The Action is gender-relevant. Indicators are gender-sensitive and women account for a large share of Fund beneficiaries duty-bearers. The Action will contribute to the realization of the EU Gender Action Plan 2021-2025 GAP III^{4 5}, in particular to its thematic area of engagement “*Addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation*” and “promoting economic and social rights and empowering girls and women”. It is also directly relevant to Sustainable Development Goal 1 (No poverty), SDG 2 (Zero Hunger) SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), SDG 10 (Reduced Inequalities), SDG 11 (Sustainable Cities and Communities), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), SDG 16 (Peace, Justice and Strong institutions) and SDG 17 (Partnerships for the Goals).

2 RATIONALE

2.1 Context

Brazil has a third of the world's rainforests and the richest biodiversity in the world. The Amazon is the second longest and the largest river by discharge volume of water. On his return to power on 1 January 2023 President Luiz Ignacio Lula da Silva underlined his unequivocal focus on sustainability and inclusiveness. Brazil is vanguard in terms of renewable energy with 85% of the electricity matrix already from renewable sources. Besides large investments in wind and solar power, Brazil is a producer of oil and gas. 13% of all Brazilian exports go to the EU, making the EU the second biggest trade partner after China. Brazil is the EU's 12th biggest trading partner. The EU is the first foreign investor in Brazil and Brazil is the fifth largest investor in the EU. The world's second biggest food producer and major source of natural and mineral resources, Brazil is a critic of the EU deforestation regulation.⁶

While Brazil is re-establishing itself on the world stage as an environmental and economic leader, the government faces many political and financial challenges to deliver its climate and zero deforestation goals along with boosting economic growth to reduce poverty and inequality and should be shared in a manner that is equitable, transparent, and accountable taking into account the equal rights and differing needs of women, kids, indigenous peoples and local communities⁷. Although deforestation rates have reportedly decreased by a third during the first half of 2023 compared to 2022 levels⁸, threats to forests and indigenous peoples remain high⁹ and finance to address these, and to change the underlying economic incentive structure that drives forest loss, remains limited. Continued forest loss and degradation of the Brazilian Amazon may cause the entire Amazon rainforest to reach a tipping point that could jeopardise its survival¹⁰ and the loss of its ecosystem services with an estimated loss of public and private good value of over USD 300bn for the Brazilian Amazon alone¹¹ and severe consequences for global climate and sustainable development goals.

The Amazon Fund is a REDD+ (*Reducing emissions from deforestation and forest degradation in developing countries*) mechanism created to raise donations for non-reimbursable investments to prevent, monitor and combat deforestation, as well as to promote the preservation and sustainable use in the Brazilian Amazon, under the terms of Decree N.º 6,527, dated 1 August 2008 creating the Fund. As regards defining the scope of this Action, it is worth mentioning that the Amazon Fund will also consider projects in Brazil but outside

⁴ The Gender Action Plan III is a Joint communication by the Commission and the High Representative of the Union for Foreign Affairs and Security Policy which was welcomed through EU Presidency Conclusions of 16 December 2020. Drafting was led by European Commission in close consultation with EU Member States, EEAS, civil society organisations, partner governments, and international organisations (UN entities, International Finance Institutions among others). The different parties contributed to the drafting of the document through meetings and through responses to a survey conducted during the process

⁵ https://ec.europa.eu/commission/presscorner/api/files/document/print/en/ip_20_2184/IP_20_2184_EN.pdf

⁶ [Regulation on Deforestation-free products - European Commission \(europa.eu\)](https://ec.europa.eu/commission/presscorner/api/files/document/print/en/ip_20_2184/IP_20_2184_EN.pdf)

⁷ Human Rights and Biodiversity www.ohchr.org | www.unep.org

⁸ <https://news.mongabay.com/2023/07/six-months-into-lulas-presidency-amazon-deforestation-is-dropping-rapidly/>

⁹ E.g. see: <https://www.theguardian.com/world/2023/may/25/brazil-congress-environment-indigenous-ministry-powers>

¹⁰ <https://www.newscientist.com/article/2336521-the-amazon-rainforest-has-already-reached-a-crucial-tipping-point/>

¹¹ <https://www.theguardian.com/environment/2022/mar/07/climate-crisis-amazon-rainforest-tipping-point>

the Legal Amazon, such as the Cerrado and the Atlantic forest biomes, if these relate to “development of systems of public domain to monitor and control deforestation in other Brazilian biomes”.¹²

The resources that make up the Amazon Fund’s assets come from donations and net returns from financial investments. The Fund is managed by Brazilian Development Bank (BNDES).¹³ Of 102 projects supported since the Fund inception, 60 had been completed by the end of 2022. The partners involved in project implementation were third-party organisations (58 projects), state organisations (22), federal organisations (9), cities (7), universities (6,) and international entities (1).

Between 2019-2022, the Amazon Fund was effectively frozen by the Bolsonaro administration, who dismantled its governance and technical committees. During this period, deforestation in the Brazilian Amazon rose steadily, indigenous rights were severely compromised, and resourcing for command-and-control efforts and land titling by agencies such as IBAMA were severely cut. Short term economic gain through conversion of forests to agriculture and others uses was prioritised over the Amazon’s local and global public good value posing a significant risk to achieving the 1.5-degree goal of the Paris Agreement. In 2021 and 2022, Brazil had the highest tropical deforestation rate in the world, most of it illegal.

President Lula committed to reaching net-zero deforestation, and re-establish the participatory Fund governance structure (with nine representatives of Federal Ministries, one representative of each of Brazil’s nine Amazon States, and nine civil society representatives). The Amazon Fund’s governance and technical committees were reinstated on his first day in office in January 2023, indicating the political significance of the Fund to the in-coming administration. In June 2023, the government launched the 5th phase of its Action Plan for the Prevention and Control of Deforestation in the Legal Amazon (PPCDAm). The Fund is instrumental to implement this Plan. Its interventions build on Brazil’s accomplishments in fighting deforestation and it has the potential to complement these with forest and Indigenous Peoples & Local Communities (IPLCs) protection, as well as sustainable production measures.

Donor funds are paid out based on Brazil’s results in reducing emissions from deforestation and forest degradation, and on promoting conservation, sustainable management of forests, as well as sustainable and inclusive development in the Amazon region of Brazil. The Fund is a strategic instrument to implement REDD+ activities, National and State Forests protection, monitoring and controlling deforestation and sustainable development policies. Since its inception in 2008, the Fund has supported 102 projects and disbursed USD 592 million.

Following the announcements of the new Brazilian administration assuming office in January 2023 to step up efforts for the preservation of tropical forests, including the Amazon, Germany and Norway have recommitted to the Amazon Fund. The EU aims to join and support these efforts. In line with the Fund’s objectives, EU funding will support the Brazilian government to deliver on its land-based mitigation goals and NDC targets for forests by strengthening governance and land use planning more sustainable and inclusive; contribute to reducing poverty and inequality among vulnerable groups, particularly indigenous peoples, other traditional communities, women and girls and people with disabilities; and accelerate the flow of results-based finance for REDD+, while also unlocking other climate finance opportunities. Many indigenous peoples are among the most affected by biodiversity loss and other environmental harm because of their close relationship with and reliance on nature. At the same time, they are often best situated to protect against biodiversity loss through traditional knowledge, customary laws, sustainable use of natural resources, and collective land ownership and management practices.¹⁴

Until now, Norway and Germany have provided substantial resources to the Amazon Fund. The EU’s engagement, even with a relatively modest amount of grant funding, would be a much appreciated political signal of support. Embedded in the wider TEI Tropical Forests, it will further strengthen the EU+ Team Europe role as partner of choice in the protection and sustainable development of the Amazon region. Other EU(+) (Norway and Switzerland) donors are preparing or considering pledges.

The EU contribution to the Amazon Fund will support sustainable land use for the socio-biodiversity and the bioeconomy of standing forest. It will also enhance forest protection policies and measures of Brazil’s Amazon States, as well as policies and measures of Brazil’s federal government. It will benefit sustainable economic activities, support growth, job creation and poverty alleviation, sustainable use of natural resources, benefit local communities and economy, as well as conducting and using updated gender analyses to inform

decision-making on future action and integrating these into all relevant dialogues, policies, strategies, programmes and operations. For a track record of the Amazon Fund see <https://www.fundoamazonia.gov.br/en/monitoring-evaluation/results-and-impacts/> and the Fund's annual activity reports <https://www.fundoamazonia.gov.br/en/library/amazon-fund/activity-report/>. EU support will also contribute to implementation mechanisms of Brazil's Nationally Determined Contributions (NDC), which aim at reducing emissions to 48% by 2025 and to 53% by 2030, to strengthening human rights and gender equality.

Actual and proposed contributions to the Amazon Fund since its creation in 2008

Country/company	Funding deposited in Amazon Fund Account by December 2022
Norway	USD 1,212.38 million
Germany	USD 89.92 million
Petrobras	USD 7.71 million
Switzerland	USD 5.60 million
US2	USD 3.00 million
Total	USD 1,318.61 million

1: <https://www.fundoamazonia.gov.br/en/transparency/donations/> - Amounts given were estimated in USD based on October 2023 exchange rate. Actual amounts may vary. Denmark is also seeking to announce a EUR 20m contribution soon, Ireland and other EU MS are considering support.

2: The US is considering a contribution of USD 100m/year over the next 5 years to the Amazon Fund and related activities.

The intervention strategy is a coherent and integral part of the **Tropical Forests Team Europe Initiative** (TEI). Aiming at contributing to the protection and sustainable management or development of Brazil's tropical forests, the TEI searches to promote both the conservation of Brazil's tropical forests (through the fight against forest fires and deforestation and enforcement of Brazil's forest code) and their sustainable development (through sustainable investments in bioeconomy and transparent and traceable supply chains).

Climate Change: The shared commitment to implementing the Paris Agreement is reflected in the association and trade agreements between the EU and most LAC countries. The Amazon Fund will collaborate with other Commission programs, such as Euroclima+, Amazonia+, and AL Invest, to support green private sector investment. This alignment ensures consistency with EU policies and prevents any inadvertent support for climate mitigation actions that may be counterproductive.

For instance, one such initiative, the 'EU-LAC Sustainable and Inclusive Economy Programme (AL-INVEST Next),' aims to foster sustainable and inclusive economic growth through a partnership between the EU and LAC regions. Its objectives include strengthening trade and investment relations, promoting innovation and Intellectual Property Rights (IPR), nurturing sustainable and innovative value chains, and enhancing responsible business conduct practices in the LAC region, all in accordance with international standards.

The action is also an essential part of the equally named, wider **Global Gateway Flagship** consisting not only of the proposed EU grant contribution to Brazil's Amazon Fund, but also ongoing and planned EU grants for the promotion of sustainable value chains and bioeconomy, including for traceability for EU Deforestation Regulation (EUDR) et al compliance, sustainable finance including loan products and de-risking mechanisms as guarantees and technical assistance grants for institutional strengthening, policy design and implementation.

¹² Guidelines and Criteria for the Application of Amazon Fund related resources outside the Legal Amazon last update on 07/25/2023. <https://www.amazonfund.gov.br/en/amazon-fund/>.

¹³ <https://www.amazonfund.gov.br/en/amazon-fund/>

¹⁴ HUMAN RIGHTS AND BIODIVERSITY www.ohchr.org | www.unep.org

2.2 Problem Analysis

Although Brazil is a middle-income country, most of the Amazonian states rank among the poorest in the country.¹⁵ Nearly 10 million people (36% of the population) live in poverty (less than USD 5.50 per person per day). Poverty rates are higher in rural areas with extreme poverty (less than USD 1.90 per person per day) also more prevalent.^{16,17} The pandemic severely affected the country's economic recovery and caused a spike in unemployment (14.7%), poverty (80 million people) and inequality. In 2021, the number of Brazilians living below the poverty line increased by 22.7% compared to 2020. The number of people in extreme poverty grew by 48.2% in the same period.

The climate and economic significance of the Amazon, 60% of which is in Brazil, is well documented as are Brazil's recent challenges with rising deforestation rates and associated greenhouse gas emissions. The 2023 IPCC Synthesis Report highlighted that the second biggest opportunity to support delivery of the Paris goals in the near-term is to reduce the conversion of natural ecosystems. Yet with 17% of its forests already lost, the Amazon risks becoming a net source of carbon emissions if total cumulative forest loss increases to 20-25%. Given the significance of agriculture, forest and other land use (AFOLU) in Brazil's NDC and of its forests on global environmental services, biodiversity, and carbon sequestration, working with Brazil is an EU priority. It has a particularly important role, if we are to successfully raise global ambition and has the power to influence other nations critical to forest protection, as well as those around it in Latin America.

Although President Lula reinstated the Amazon Funds's governance on his first day in office, his administration has a fragile mandate for tackling deforestation, with strong opposition from a powerful agricultural lobby. Early political and financial support to Brazil's new government's agenda is critical to demonstrate the international community's tangible support for tackling deforestation and poverty reduction, and to build a close working relationship in areas of mutual interest with a major geopolitical influencer. EU funding will support efforts to monitor and reduce deforestation across the Brazilian Amazon, strengthen forest governance and land use planning and support implementation of the Ministry of Environment and Climate Change's (MMA) policies on controlling deforestation, partly by upscaling enforcement of Brazil's strong regulatory framework, including gender analysis, which allows to track and act on balance to avoid inequalities.

Funding will also support low-carbon, forest-friendly development of the region, including projects that directly support vulnerable communities living in the Amazonian region, particularly indigenous peoples, other traditional communities, and women and girls, with especial attention to women's organisations defenders working in human rights and gender equality, youth and disability organisations.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

The Amazon Funds's management is done by BNDES (Brazilian Bank for Social and Economic Development), a respected and well-established national institution. It gives it unique access to the federal level of the Brazilian Government as well as strong alignment with public policies, particularly those of the Ministry of Environment and Climate Change (MMA). BNDES's approach to distributing financial resources from the Amazon Fund to individual projects is set by the terms of the Amazon Fund's governance body, COFA (Steering Committee of the Amazon Fund), and closely aligned to government policies on addressing deforestation and promoting sustainable development¹⁸. The Fund uses an open bid competitive process as a strategy to attract good projects in its thematic areas from a diverse range of participants.

BNDES has a rigorous selection process detailed in the Fund Project Document, starting with determining eligibility to final approval by BNDES's Board of Directors. To receive support from the Amazon Fund,

¹⁵ <https://www.worldatlas.com/articles/the-richest-and-poorest-states-of-brazil.html> - Maranhao, Pará, Acre and Rondônia feature in the top 10 poorest states of Brazil. As can be seen on the maps [here](#), poverty and extreme poverty is most focused in the north and north east, focused around the poorer Amazon states (not including Mato Grosso) and the coastal regions.

¹⁶ World Bank 2023. A Balancing Act for Brazil's Amazonian states: an Economic Memorandum. <https://bit.ly/BalancingActFullEN>

¹⁷ https://www.researchgate.net/publication/23549694_Poverty_in_the_Brazilian_Amazon_an_assessment_of_poverty_focused_on_the_State_of_Para

¹⁸ https://www.fundoamazonia.gov.br/en/_galleries/documentos/rafa/RAFA_2022_en.pdf

proposed initiatives must meet the priorities and criteria set by COFA, the requirements and restrictions outlined in the Amazon Fund Project Document and the operational policies of the BNDES.

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹⁹.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

Note: for coherence the logical framework of this Action is identical to the Amazon Fund's logical framework. This means that objectives and outputs are not necessarily formulated as past participle as is the case in the usual Commission logframes.

The **Overall Objective** of this action is to halt deforestation and ensure sustainable development in the Brazilian Amazon under principles of environmental and social sustainability with a view to mitigate climate change and to adapt to the effects of climate change on forests and people's livelihoods.

The **Specific Objectives** of this action are aligned to the 'Action Axes' of the Amazon Fund (www.amazonfund.gov.br) as established in Decree No. 6527/2008 and subsequent amendments as follows::

1. To increase the use of sustainable production practices to enhance forest preservation by companies and local communities (sustainable production component);
2. To increase human activities' compliance with environmental legislation (monitoring and control component);
3. To improve land-use planning and governance in the Brazilian Amazon (land use planning component);
4. To increase the use of economic instruments, science, technology and innovation in the restoration and sustainable use of biodiversity (science, innovation and economic instruments component).

The **Outputs** to be delivered by this action contributing to the corresponding Specific Objectives are:

- contributing to Outcome 1 (or Specific Objective 1): **sustainable production component**

- 1.1 Increased capacities of economic actors to make sustainable use of forest biodiversity
- 1.2 Increased capacity of agroforestry and biodiversity businesses to increase their production chains' added value
- 1.3. Improved technical and management capacities of businesses to carry out sustainable economic activities related to forests and biodiversity in line with gender and social inclusion standards.
- 1.4. Increased capacity of small landowners and IPLCs for the recovery of deforested and degraded areas to be used for economic or ecological conservation purposes.

- contributing to Outcome 2 (or Specific Objective 2): **monitoring and control component**

- 2.1. Improved structure and functioning mechanisms of environmental monitoring, control and accountability agencies.
- 2.2. Increased opportunities for farmers to access environmental land regularisation with gender balance and the protection of the rights of the original people.

¹⁹ www.sanctionsmap.eu

2.3 Enhanced transparency and traceability mechanisms to enable accurate assessment of sustainable Amazon biodiverse produce sustainability, origin and deforestation-free trade.

- contributing to Outcome 3 (or Specific Objective 3): **land use planning component**

3.1 Improved capacities of small landowners, IPLCs and tools to enlarge public forest and protected areas;

3.2 Improved protection infrastructure and other capacities linked to land protection and management of protected areas;

3.3 Increased capacities and tools to extend the areas with regularised land titles

3.4 Improved knowledge on use planning and instruments to extend the ecological-economic zoning (ZEE)

- contributing to Outcome 4 (or Specific Objective 4): **science, innovation and economic instruments component**

4.1 Increased availability of technical knowledge and appropriate technologies for the conservation and sustainable use of biodiversity, monitoring and control of deforestation and land use planning.

4.2 Increased opportunities for local authorities, organisations and communities to access economic instruments for the conservation and sustainable use of biodiversity, monitoring and control of deforestation and land use planning.

3.2 Indicative Activities

Activities relating to Outputs 1.1, 1.2, 1.3 and 1.4:

One of the objectives of the Amazon Fund is to promote a sustainable forest-based economy through the valorisation of products (timber and nontimber) and environmental services of the forest, in order to create an economic alternative that enables the conservation of native vegetation through strategic, inclusive and participatory communication processes. The projects to be supported in this component would comprise, for example, sustainable forest-based activities, processing (industrialisation) of biodiversity and family agriculture products, food security initiatives (food production for own consumption), handicraft production, and community-based tourism from a gender perspective. The products supported include rubber, oleaginous seeds, cassava flour, cocoa, Brazil nut, tourism, timber, honey, resin, soaps, oils, babassu and açai berry.

Activities in support of sustainable production have been identified as a priority by the Fund and include the strengthening of indigenous associations and associations of agro-extractive producers for the processing of biodiversity products. In other words, the structuring of these production chains include support for community entrepreneurship, integrating a broad strategy to promote the bioeconomy in the region engaging with CSOs working on gender and youth organisations through strategic, inclusive and participatory communication/consultation processes.

Activities relating to Outputs 2.1 and 2.2:

Among the actions to be supported by the Amazon Fund, the following stand out: (i) expansion and strengthening of CAR as an instrument for rural environmental management and monitoring of deforestation in rural establishments, integrated with transparent traceability mechanisms of biodiverse, agriculture and livestock products; (ii) expansion and improvement of environmental monitoring by satellites carried out by the Brazilian National Institute for Space Research (INPE) and implementation of a deforestation detection system in the Amazon using orbital radar images by the Amazon Protection System Management and Operational Center (Censipam) of the Ministry of Defense; (iii) control of deforestation in the Brazilian Amazon through enforcement activities by Ibama; and (iv) prevention and fight against forest fires and unauthorised burn off, through operational structuring of the region's military fire departments and actions to mobilize and train rural producers in fire prevention and fire-fighting techniques, including the formation of civilian brigades embedding gender sensitive response.

Activities relating to Outputs 3.1, 3.2, 3.3 and 3.4:

The forest's occupation is inherent to the region's development process, but this occupation must be planned. Among the tools available, the Amazon Fund's support for consolidating Protected Areas (PAs) management and implementing the PNGATI (National Policy for Territorial and Environmental Management of Indigenous Lands) stands out. The federal and state PAs and Indigenous Lands (ILs) together account for more than 40% of the total area of the Brazilian Amazon. These are territorial categories protected by law, which in itself inhibits illegal deforesting and land grabbing. The Amazon Fund is designed to support actions in the land-use management component. Several examples exist already: The "Sustainable Bem Viver" project in the States of Amapá and Pará, and the project "Training to Conserve" also in the State of Amapá.

Activities relating to Outputs 4.1 and 4.2:

The support for this component (science, innovation and economic instruments) has a strategic and cross-sectional character, benefiting the other components. Some actions have already been financed under this component, including the "Knowing to Preserve" project implemented by the Amazon Museum (Musa) in Manaus aiming at the dissemination of knowledge that contributes to the valorisation and conservation of the natural resources of the Amazon.

The commitment of the EU's contribution to the Team Europe Initiatives foreseen under this action plan will be complemented by other contributions from Team Europe partners. It is subject to the formal confirmation of each respective partners' meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise the EU action may continue outside a TEI framework.

3.3 Mainstreaming

Environmental Protection & Climate Change

Protecting the environment, conserving biodiversity and addressing climate change is the principal objective of the Fund.

Outcomes of the EIA (Environmental Impact Assessment) screening (relevant for projects and/or specific interventions within a project). The EIA (Environment Impact Assessment) screening classified the action as Category C (no need for further assessment).

Outcome of the CRA (Climate Risk Assessment) screening (relevant for projects and/or specific interventions within a project). The Climate Risk Assessment (CRA) screening concluded that this action is no or low risk (no need for further assessment).

Gender equality and empowerment of women and girls

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that gender equality is an important and deliberate objective, but not the principal reason for undertaking the project/ programme.

While gender equality is not specifically mentioned in the Fund's specific objectives, which are also used in the description of this action, it has been increasingly incorporated in the Fund's management, not least influenced by the initial donors Norway and Germany. The objective of donors following a Team Europe approach is to further strengthen the inclusion of gender equality as a criterion for project selection.

The most disproportionately affected groups by the effects of climate change and forest loss are the world's poorest and socially excluded people, particularly women, girls and indigenous peoples, who are often the primary users of forest resources. These groups will directly benefit from our contribution to the Amazon Fund and its interventions in the Brazilian Amazon biome. Given the Amazon forest's crucial role in regulating critical ecosystem services generating both mitigation and adaptation benefits, these groups will also benefit indirectly at a regional and global level. BNDES's Corporate Social and Environmental Responsibility Policy (PRSA)²⁰ endorses a commitment to respect for human rights, with gender equality and

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https://www.bndes.gov.br/SiteBNDES/bndes/bndes_en/Institucional/Social_and_Environmental_Responsibility/gender_equality_and_valorization_of_diversity_policy.html

valuing diversity. The implementing partner should use Gender Equity and Social Inclusion (GESI) criteria to be mainstreamed in their interventions, which will be strengthened from those supported through our contribution.

EU programming will include logframe indicators to track women's participation in employment and other benefits received, following the recommendations made by thematic evaluations around gender.²¹ Wherever possible, data collected on livelihoods will be disaggregated by gender to ensure that benefits are equitably distributed between men and women. The Amazon Fund's results framework model reports results for women across all of its key objectives and this will be important to ensure equity and impact in the long run.

The EU Gender Action Plan (GAP III) 2021-2025 commits to making the EU engagement on gender equality more effective as a cross-cutting priority of EU external action in its policy and programming work, including ensuring that 85% of all new external actions will contribute to this objective by 2025.

Gender data will be collected in order to track progress and identify potential hubs for unconscious gender bias as well as conducting and using updated gender analyses to inform decision-making on future action and integrating these into all relevant dialogues, policies, strategies, programmes and operations.²²

All EU external actions should be guided by a gender transformative approach and use a GTA lens in determining priorities and actions in policy dialogue and all sector interventions.

Human Rights

The Amazon Fund is crucial for the implementation of the government's Action Plan for the Prevention and Control of Deforestation in the Brazilian Legal Amazon (PPCDAM), which is again crucial for the conservation of the Amazon and the protection of the rights of indigenous people. The PPCDAM land use planning initiatives aim to affect the dynamics of deforestation in the Amazon since it regulates land use inside major parcels of Brazilian territory and ensures compliance with conservation priorities and the rights of local peoples while rendering inadequate land use illegal. One of its main achievements is the ratification of 10 million hectares in indigenous lands as one of its main accomplishments.

The recent Human Rights and Democracy Country Strategy for Brazil 2021-2025 (HRDCS 2021-2025 Brazil) finalised in May 2021 by the EU Delegation in coordination with EU Member States. All along that process, coherence with the GAP III objectives and priorities has been ensured all along the process. The objectives, target actions, public diplomacy & communication activities the HRDCS and the CLIP are fully coherent and mutually reinforcing. Full coordination between the implementation of the Strategy and the Plan will be ensured throughout the entire process in coordination with EU Member States.²³ In line with the European Consensus on development and the Council Conclusions on the EU Action Plan on Human Rights and Democracy 2020-2024, remain committed to the promotion, protection and fulfilment of all human rights.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that disability is not targeted.

Reduction of inequalities

Poverty rates in Brazil's Amazon regions significantly exceed national average. Promoting sustainable development through the Amazon Fund will contribute to combatting poverty and enabling decent livelihoods.

Democracy

Not targeted

Conflict sensitivity, peace and resilience

²¹ <https://www.fundoamazonia.gov.br/export/sites/default/pt/.galleries/documentos/biblioteca/GIZ-Estudo-genero.pdf>

²² Source: EU GENDER ACTION PLAN III

²³ CLIP Brazil

While not specifically targeted, the promotion of sustainable and legal value chains and income-generating activities will contribute to reigning in illegal activities and with it organised crime.

The titling of indigenous lands has similar positive effects.

Disaster Risk Reduction

Promoting forest conservation and environmentally sustainable development, in line with Fund guidelines, is limiting the risk of future disaster.

Other considerations if relevant

N.A.

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
1 – External environment	Risk 1 – Relying only on public finance would not secure impact and sustainable continuity of the interventions in the biome	Medium	High	The EU should foster discussion for further engagement with the private sector and philanthropic sources. As the Amazon Fund does not allow offsetting claims, the incentives for private sector contributions may be limited, but other forms of engagement may be possible and of interest to both BNDES and the government, e.g. it may be possible to use Amazon Fund money in the form of blended finance to de-risk commercial investments. This will be explored further during the agreement negotiations and potentially through technical assistance.
2 – Planning, processes and systems	Risk 2 – Delays in project assessment and approval by BNDES would delay disbursement and results accomplishment	Medium	Medium	KfW and ECLAC evaluations suggest that BNDES's rigorous project selection processes slowed down approvals and disbursement initially, but that this also led to greater dialogue and mutual understanding between stakeholders and developed the capacity of civil society project proponents. Ensuring swift project selection and implementation will be a key challenge for the Fund as it scales up its operations and is something to explore i.e. through the Delivery Partner Review (DPR), discussions with the Fund and other donors. BNDES will be supported to strengthen institutional capacity to scale up operations and implement

				further changes to streamline its project identification and approval processes to accelerate implementation.
3 – People and the organisation	Risk 3 – Underestimating gender equality as instrumental for programme delivery and impact	Low	Medium	EU Member States and European financing institutions in a Team Europe approach will discuss ways of strengthening existing gender-related indicators monitored by the Fund with gender standards and guidance including gender marker for gender mainstreaming, quality assurance and monitoring. The aim is to encourage actions that promote women's participation and support for equality, including people with disabilities. This a critical outcome for the EU and will be discussed in our agreement negotiations with the implementing partner. It will also be monitored through the M&E plan.

Lessons Learnt:

Two major evaluations have been undertaken of the Amazon Fund as a whole, outlined below. According to a [2016 KfW evaluation](#), BNDES made good progress between the start of the Fund's operations in 2009 up to 2016 in terms of disbursing funding and managing a range of projects and working across other departments in BNDES in support of federal policies. BNDES demonstrated the ability to learn from its early experiences of implementing and managing the Fund, which was quite different from its other operations at the time, developing a programme that is highly relevant to the Brazilian context. The evaluation concluded that the Fund had become one of the pillars supporting the national plan to combat deforestation in the Amazon biome (PPCDAm), that its projects portfolio implements the elements of a REDD+ strategy effectively and that it has the potential to support interventions that built on Brazil's accomplishments in fighting deforestation and to complement these with forest protection and sustainable production measures. The overall rating was **2**, confirming **good performance**, fully in line with expectations and without significant shortcomings. In detail, ratings were 1 for Relevance, 3 for Effectiveness and Efficiency and 2 for Impact and Sustainability (1 to 6 with 1 being best).

A more recent [mid-term evaluation](#) in 2019 by the Economic Commission for Latin America and the Caribbean (ECLAC) covering 2008-2018 documents the evolution of BNDES's management and governance of the Amazon Fund. It concludes that overall the Fund has been an extremely positive initiative, due to many factors, including its multistakeholder governance model, its transparency, innovative features and BNDES's professional management of the Fund. The Amazon Fund was found to have good compliance with environmental and social safeguards in the implementation of REDD+ activities (i.e. the UNFCCC Cancun Safeguards) and to be making efforts to address gender inequalities. Encouragingly, the evaluation found that the Amazon Fund was developed in close cooperation with indigenous peoples and other traditional communities, leading to BNDES improving its operating procedures as a result. Conversations with representatives from civil society organisations suggest that the Fund benefits from strong stakeholder support. The evaluation also found that deforestation in Brazil's Legal Amazon would have been significantly higher without the Fund.

Since the reactivation of the Fund, discussions have been underway with existing donors on reforms to Fund processes to incorporate the recommendations from the evaluations above and to strengthen delivery and impact.

3.5 The Intervention Logic

The underlying intervention logic for this action is that the EU contribution to the Amazon Fund will address market failures by providing large scale results-based finance to mainstream the value of forests and nature, as well as supporting interventions to control deforestation and enhancing indigenous peoples' and local communities' land rights from a gender perspective.

The rationale for interventions promoting deforestation mitigation activities in places such as in the Amazon is well documented.²⁴ Underlying market and governance failures are deeply entrenched and incentivise deforestation and associated unsustainable practices in markets, supply chains, individual companies, and farms. The ecosystem services provided by forests such as carbon sequestration, climate regulation, and watershed protection are public goods which are undervalued and underprovided by the market.

- Therefore, if the EU is able to secure an effective implementation of the resources to the ground, then sufficient outcomes are delivered by 2026 to strengthen the domestic case for action ahead of the next change in central administration ie. general country elections.
- If our delivery partner ensures that the Fund delivers projects which strengthen and demonstrate the value of standing forests, then beneficiaries will embed objective and economic criteria to choose enhance sustainable land use and preserve forest-based supply chain .
- If the EU works with Norway and Germany to support proposed reforms to the Amazon Fund pipeline development and process approval, then there will be enough high quality projects to allow for disbursements at the expected rates.
- If sustainable finance and de-risking mechanisms are made available, then investment in sustainable and inclusive bio-economy will increase.

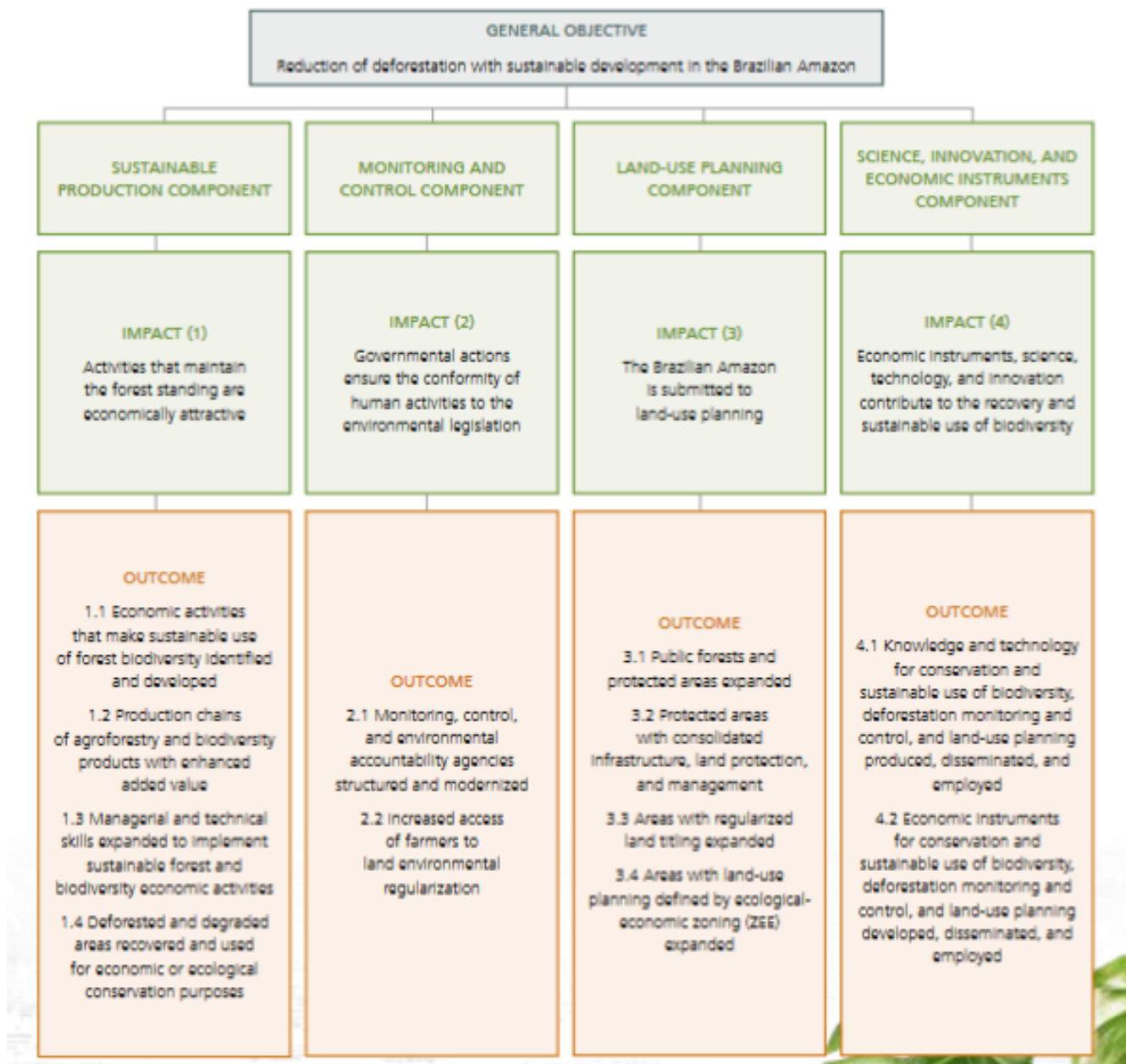
²⁴ E.g. see: Hanusch, Marek; editor. 2023. A Balancing Act for Brazil's Amazonian States: An Economic Memorandum. World Bank, Washington, DC. <https://openknowledge.worldbank.org/handle/10986/39778>

3.6 Logical Framework Matrix

PROJECT MODALITY (3 levels of results / indicators / Source of Data / Assumptions - no activities)

The present Action consists of a contribution to the Amazon Fund and the monitoring of the achievement of the Fund's indicator. If the previously agreed results are met, funding is liberated. Once deposited on the Fund's accounts, funding becomes fungible. Earmarking is not possible. It is therefore the Amazon Fund logical framework with its indicators and targets that applies and is reproduced.

The Amazon Fund has a pertinent logical framework and a wide set of indicators. After 5 years during which the Fund was frozen, authorities and Fund partners are in the process of reviewing, defining or confirming indicators. While baseline data exists, they will also elaborate the targets for the years to come. The decision will be taken before the Commission Decision and signature of the Contribution Agreement for the implementation of EU funding.



4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is not envisaged to conclude a financing agreement with the partner country.

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of adoption by the Commission of this Financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures²⁵.

4.3.1 Indirect Management with an entrusted entity

This action may be implemented in indirect management with a MS pillar assessed entity.

This implementation entails the provision of a EU financial contribution to the Brazilian Amazon Fund (Fundo Amazonia) for implementation as described in this Action Document.

The envisaged entity will be selected using the following criteria: extensive, proven administrative and operational capacity for channelling large financial contributions to a public Fund as the Fundo Amazonia.

In addition and specifically, having been in charge of the implementation of MS public contributions to the Amazon Fund will be an asset. In this function, it also ensures the monitoring of Fund progress, verifying the achievement of pre-agreed results, which then gives way to disbursements.

4.3.2 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

If due to exceptional circumstances, implementation in indirect management can no longer be envisaged, the foreseen activities under this action can instead be implemented in direct management mode by means (grants). Grants will serve the purpose to promote sustainable value chains and bioeconomy, including technical assistance grants for institutional strengthening, policy design and implementation. The target beneficiaries of this action are the local communities living in the Amazon in support of their economic and social rights and empowering girls and women.

The implementing partner will be selected using the following criteria: extensive, proven administrative and operational capacity for channelling large financial contributions to a public Fund as the Fundo Amazonia.

4.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other

²⁵ www.sanctionsmap.eu

duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
All Objectives/Outputs	
Indirect management with a MS pillar assessed entity - cf. section 4.3.1	20,000,000
Totals	20,000,000

4.6 Organisational Set-up and Responsibilities

The Amazon Funds's management by BNDES, a respected and well-established national institution, gives it unique access to the federal level of the Brazilian Government as well as strong alignment with public policies, particularly those of the Ministry of Environment and Climate Change (MMA). BNDES's approach to distributing financial resources from the Amazon Fund to individual projects is set by the terms of the Amazon Fund's governance body, COFA, and closely aligned to government policies on addressing deforestation and promoting sustainable development. The Fund uses an open bid competitive process as a strategy to attract good projects in its thematic areas from a diverse range of participants.

BNDES has a rigorous selection process detailed in the Fund Project Document, starting with determining eligibility to final approval by BNDES's Board of Directors. To receive support from the Amazon Fund, proposed initiatives must meet the priorities and criteria set by COFA, the requirements and restrictions outlined in the Amazon Fund Project Document and the operational policies of the BNDES.

A key requirement of all proposals is to align with the national deforestation action plan (PPCDAm), the national REDD+ strategy (ENREDD+) and other relevant guidance from the national REDD+ Committee (CONAREDD+), which is responsible for coordinating and monitoring the implementation of ENREDD+ and state-level deforestation control and prevention plans.

BNDES current fees are set at 3% of donations to the Amazon Fund. The latter covers operational costs and related administrative expenses, including the contracting of audits as established by decree and in the Amazon Fund Project Document. This is competitive compared to the benchmark cost of managing other similar funds which is above 7% to 10%. As such, BNDES is effectively co-financing the implementation of the Amazon Fund, which could potentially be unsustainable in the long term as flagged in a mid-term evaluation as the Fund is subject to the same recruitment practices as BNDES which are slow and occur infrequently. However, the mid-term evaluation notes that this same weakness is also a strength due to good hiring practices and high standards.

The EU, like other donors, will have no direct role in the Amazon Fund's governance. Regular programme meetings, annual review meetings –and in close alignment with our delivery partner–, diplomatic levers to influence including using combined leverage of Germany, Norway, Denmark through the TEI Tropical Forest will be strategic for our diplomatic strength and positioning.

4.7 Pre-conditions

Not applicable.

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall

establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality).

Roles and responsibilities for data collection, analysis and monitoring will lie with and rely on our delivery partner set up and comprehensive digitalisation and digital tools. The Commission will verify the delivery partner is applying increasingly rigorous impact evaluation methods to the evaluation process. It is foreseen that data collection and reporting processes may depend on surveys done by others (e.g. farm level surveys, income surveys, national database research, etc.), under the responsibility of the delivery partner. Although time and resource intensive, the complex monitoring and evaluation process will reinforce learning processes and finetuning of Fund actions.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

All monitoring and reporting shall assess how the action is considering the principle of gender equality and human rights-based approach embedding inclusion and diversity. Indicators shall be disaggregated at least by gender.

5.2 Evaluation

Having regard to the importance of the action, evaluations may be carried out for this action or its components via independent consultants, through a joint mission, contracted by the Commission or via an implementing partner.

Evaluations will be carried out for problem solving and learning purposes, in particular with respect to Effectiveness and Efficiency, Impact and Sustainability.

In the case of a TEI, evaluations jointly with contributing Member States and EDFIs will be the preferred option to provide an overview of the action within the larger impact of the TEI.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

The financing of the evaluation may be covered by another measure constituting a Financing Decision.

Evaluations shall assess to what extent the action is taking into account the human rights-based approach as well as how it contributes to gender equality and women's empowerment. Expertise on human rights and gender equality will be ensured in the evaluation teams.

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

To that extent they must comply with the instructions given in the 2022 Guidance document Communications and raising EU visibility: Guidance for external action or any successor document.

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

In line with the 2022 [“Communicating and Raising EU Visibility: Guidance for External Actions”](#), it will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant

audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale. The Delegation will ensure communication on this Action, i.e. the EU contribution to the Amazon Fund, in coordination with authorities and the implementing partner. It will do so specifically for the Action, in coordination with EU Member States donors to the Amazon Fund and Norway, and also in the wider frame of the Tropical Forests TEI (Europe the EU Member States and European financing institutions in a Team Europe approach and Norway) and the Global Gateway. Specific contracted communication expertise shall be available for this purpose.

Appendix 1 REPORTING IN OPSYS

A Primary Intervention (project/programme) is a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

Articulating Actions or Contracts according to an expected chain of results and therefore allowing them to ensure efficient monitoring and reporting of performance;

Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);

Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

Primary Interventions are identified during the design of each action by the responsible service (Delegation or Headquarters operational Unit).

The level of the Primary Intervention chosen can be modified (directly in OPSYS) and the modification does not constitute an amendment of the action document.

The intervention level for the present Action identifies as (tick one of the 4 following options);

Action level (i.e. Budget Support, blending)		
<input checked="" type="checkbox"/>	Single action	Present action: all contracts in the present action
Group of actions level (i.e. top-up cases, different phases of a single programme)		
<input type="checkbox"/>	Group of actions	Actions reference (CRIS#/OPSY#):
Contract level		
<input type="checkbox"/>	Single Contract 1	
<input type="checkbox"/>	Single Contract 2	
	(...)	
Group of contracts level (i.e. series of programme estimates, cases in which an Action includes for example four contracts and two of them, a technical assistance contract and a contribution agreement, aim at the same objectives and complement each other)		
<input type="checkbox"/>	Group of contracts 1	