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2020: opportunity and challenge



Roberto Waack

Chairman of the Instituto Arapyaú board

2020 threw light on the essence of our times: complex problems, rapid changes and extremely volatile conjunctures determine the pace of our journey. Uncertainties unfold at a much faster rate than our capacity to foresee and to plan for them, requiring ever more agile leaps of adaptation.

The new coronavirus pandemic is the most recent portrait of this dynamic.

Over the last

12 years, the

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course.

In Brazil, the crisis unleashed by covid-19 acquired even more severe contours, launching us into a sea of challenges that is tumultuous, but with signs of an horizon offering numerous, promising opportunities.

Beyond testing our skill at providing short-term responses to a crisis that has multiple facets – sanitary, social and economic–, the pandemic forces us to see what is obvious and inevitable. The science that enabled the invention of vaccines in record time is the same science that repeatedly

warns us that climate change is provoking, and will provoke, enormous impacts on the dynamics of life on the planet. Added to this is the fact that the profound inequalities that have sustained the current model of development may now annihilate it. What will we do?

The notion that the environment, society and economies constitute an indivisible amalgam is beco-

ming increasingly clear, demanding that we redesign the mechanisms of our model of development. After all, the wheel of the economy depends on the well-being of people and the planet to turn, and this will only be possible to the extent that we pursue balance. This is what has globally been called the *Green New Deal*: decarbonize the economy without leaving anyone behind, buoyed by the certainty that the post-pandemic world can no longer

be the same. Although the challenge is huge, it is aligned with Arapyaú's essence: working for lasting systemic changes that make the world a fairer, more prosperous and healthier place for everyone.

On the horizon of businesses and the financial markets, ESG (environment, social and governance) principles are becoming more relevant than ever and should pave the way for the transformations we will see going forward.

In this regard, cooperation between governments, the private sector and

civil society will not only be welcome but rather indispensable.

Once again, our essence ensures us a competitive advantage. In the course of the last 12 years, the combination of a sense of urgency and the premise of "working together" has shaped our course. And this is how we will respond to the challenges of the coming years.

In Brazil, the dramatic consequences of the covid-19 crisis occurred in parallel with record deforestation rates in the Amazon – submitting indigenous peoples to a dual risk and placing the country on a collision course with global greenhouse gas emission reduction targets. Within this context, our belief in promoting the common good is reaffirmed. In 2020, Uma Concertação pela Amazônia (Amazon Concertation) comes into being, with the proposal to institutionalize the debate about the region and its needs - in order to generate conditions under which Brazilian society may in fact appropriate responsibility for a region that is so important for the country and for the world. Comprising a network of over 250 leaders from the private sector, academia, governments, non-governmental organizations and Amazonian communities, Concertation aims to pave the way for the collective construction of a development model that takes into account and values the immense natural capital of the Amazon, as well as the region's socio-cultural capital. To do this, it brings together different voices - and in an unprecedented movement incorporates a large number of Brazilian and multinational companies that operate in the Amazon, directly or indirectly affecting the dynamics of this territory.

In 2020, Amazon Concertation comes into being, with the proposal to institutionalize the debate about the region and its needs.

In a wide-reaching mobilization that combines scientific knowledge, local perspective, responsible business strategy and the creation of effective public policies, the impulse behind **Concertation** is yet another example of Instituto Arapyaú's essence: guided by the principle of cooperation and armed with the transformational power conferred by the networks, we work to promote sustainable development – and the good governance necessary to generate positive impact for the territories and for the people.

This is what we have done in twelve years of activities in the south of Bahia, in conjunction with networks that make an enormous contribution to qualifying the public socioenvironmental debate, as is the case with Coalizão Brasil Clima, Florestas e Agricultura (Brazilian Coalition on Climate, Forests and Agriculture) and RAPS, Rede de Ação Política pela Sustentabilidade (Political Action Network for Sustainability).

By networking and via the networks, we continue to invest in a fairer and more harmonious Brazil.

Continuous development process



Thais Ferraz

Executive manager of the Instituto Arapyaú

n the midst of one of the most challenging contexts in recent history, in 2020 the Instituto Arapyaú took important steps. While acting to provide immediate responses to the coronavirus crisis, we advanced in enhancing our internal governance — and directed our attention to the needs of the Amazon region.

Once again, in constant cooperation with our network of partners, we enabled a series of emergency actions to combat the covid-19 pandemic – both through our programs and through support for other institutions. Attentive to the impacts provoked by the sanitary crisis on more vulnerable groups, we arranged for the provision of basic materials for indigenous peoples and riverside communities in the Amazon, as well as for public hospitals serving a large population in the South of Bahia.

In parallel with these humanitarian efforts, Arapyaú started operating under a new management model in 2020. We opted for a joint horizontal decision making structure for the institute to ensure proximity between the board and executive managers. This enabled us to further strengthen one of the institute's premises: the collective construction of solutions and shared decision making. We also enhanced impact management by reviewing our ambitions and establishing indicators of results, monitored in our management processes.

Moreover, we redefined the scope of the programs, concentrating the institute's focus on two territories: the south of Bahia, where we have worked since our foundation through the Territorial Development in the South of Bahia program; and the Amazon, the most important base for the Climate Change program. Meanwhile, the Cities and Territories program, part of our activities portfolio for the last six years,

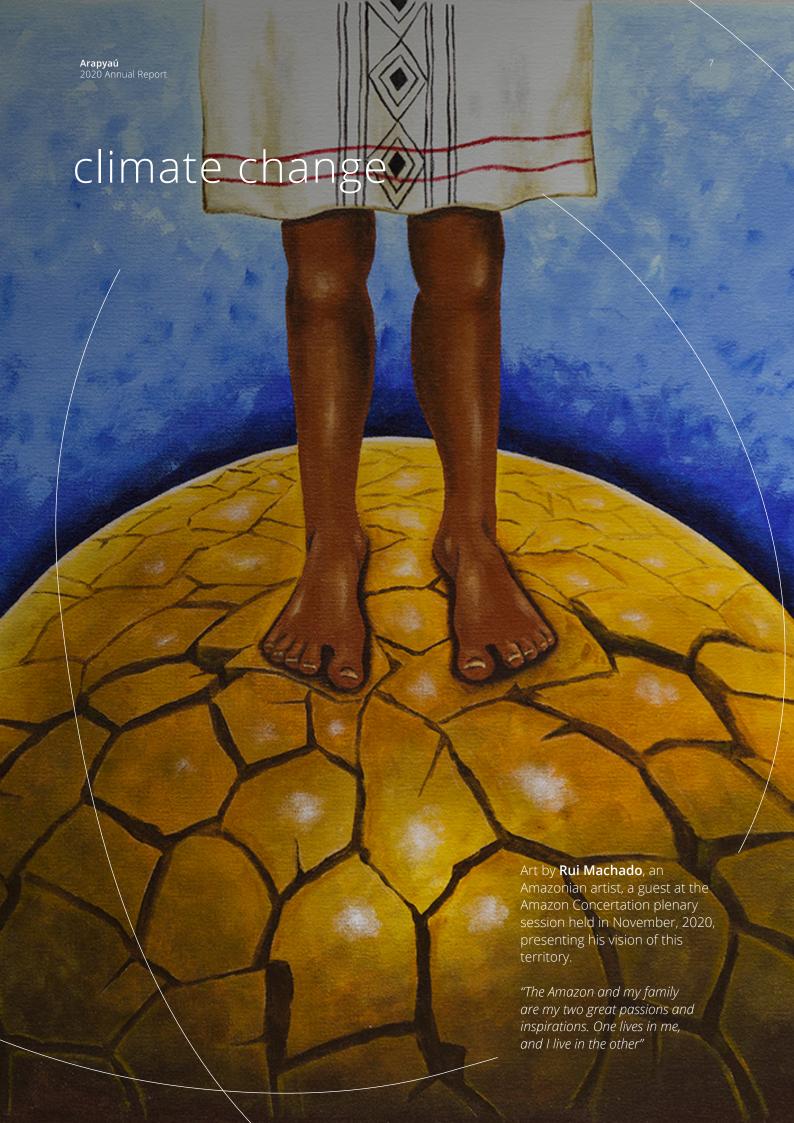
came to the end of its cycle. However, the conclusion of these activities does not mean the end of the sustainable cities agenda. The experiences and learnings accumulated thus far continue to contribute to our work, as well as the recognition of the fundamental role played by public administration in the transformation we are targeting.

We enabled a series of emergency measures in combating the covid-19 pandemic – both through our own programs and through support for other institutions

Regarding the Amazon, 2020 represented a landmark for Arapyaú. With the proposition of Amazon Concertation, we helped to broaden the public debate around the sustainable development of the region, which has registered record deforestation rates over the last two years.

Constructed and executed through the articulation of diverse actors, the Concertation reaffirms our purpose of responding to the economic and socioenvironmental challenges faced by Brazil, precisely in one of the most important regions of the country.

The development and maturity achieved over the last year, with changes in course and the redefinition of priorities, have strengthened our constant pursuit of impact. We are proud of our history and we thank all those who have accompanied us on this journey. Convinced that collective intelligence is one of the main drivers of Arapyaú's activities, we envisage a 2021 of valuable connections in ideas and initiatives. These will certainly pave the way for a better Brazil.





2020 saw the consolidation of Uma Concertação pela Amazônia (Amazon Concertation), an initiative which has been articulating over 250 leaders from different spheres of society in pursuit of a sustainable future vision for the region, based on reconciling environmental conservation with economic growth and social prosperity. This will only be possible through combating deforestation and its consequences, one of which is the intensification of climate change. We maintain dialogue with all the stakeholder groups related to the Amazonian territories with a view to enabling the systemic, high impact transformations that we target.



n 2020 we articulated our networks in an unprecedented manner for the Amazon. Based on the perspective that complex problems require systemic solutions, we promoted the creation of Am-

azon Concertation, a movement that has been striving to institutionalize democratic and plural debate about the sustainable development of this region. We brought together local actors, as well as national and international organizations, with the clear purpose of strengthening convergences – with the objective of enabling a long-term agenda for the region's inhabitants, for Brazilians and for the planet.

Based on the premise that collective intelligence drives the best solutions, the initiative engaged more than

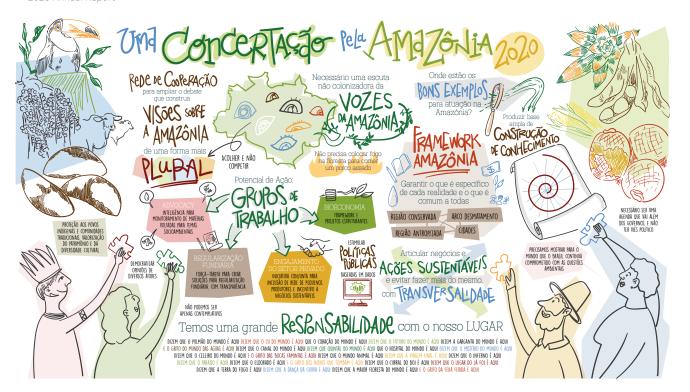
250 leaders from different spheres of society – all in some way connected to the challenges of the Amazon and, therefore, indispensable components for the construction of new paths.

Since its conception, Concertation has been holding monthly plenary meetings, with high levels of engagement from these leaders. The discussions engage governments, traditional economic sectors, regional

entrepreneurs, philanthropic organizations, local communities and academics. The interactions revolve around priority topics for the sustainable development of the region, such as the bioeconomy and land title regularization. The topic of international cooperation (as exemplified by COP26, the 26th United Nations Climate Change Conference, to be held in 2021 in Glasgow), has also been the subject of the Concertation plenary sessions, in addition to the necessary engagement of the private sector in this matter.

A movement that has been striving to institutionalize democratic and plural debate about the sustainable development of this region.

This dynamic has provided fertile ground for the creation of synergies between different initiatives which for decades have been dedicated to providing responses to the problems of the Amazon.



Graphic work done by Ideia Clara, which sought to synthesize the debate held in the 2020 closing plenary session.

These synergies are fundamental for generating effective impacts on different fronts, most notably in the four macro-regions of the biome: the arc of deforestation, where the forests are under pressure of being razed, the urbanized areas, characterized by deficiencies in basic infrastructure and access to services for residents, the converted areas, where the forest has already been eliminated, and the conserved areas, where the native vegetation remains intact.

Going beyond this regional categorization, which permits a more effective focus of efforts on what we call "The Four Amazons", Concertation is supported by 15 diagnostic components. The goal is to achieve a broad base of systematized knowledge of the region in order to provide the instruments necessary for the initiative's network to act upon each of the challenges identified. In 2020, we made significant progress in generating knowledge about these diagnostic components, manifest in diverse products.

The goal is to achieve a broad base of systematized knowledge of the region in order to provide the instruments necessary for the initiative's network to act upon each of the challenges identified.

The contents range from a framework of opportunities in bioeconomy to portraits of the economic sectors operating in the region, including studies of budgetary, cultural and infrastructure questions. In the area of bioeconomy, for example, we helped propose a typology for the Amazonian bioeconomy: we identified the characteristics of the

activities grouped under this concept, their associated risks and opportunities for incentives, taking into account diverse production systems -- from the cultivation of agricultural commodities to native forest silviculture. On another front, together with partnering researchers we mapped the volume of public funds for policies in the state of Amazônia, as well as Brazilian and international philanthropic funding for the region.

Based on the experience of another group of researchers, Concertation also undertook an exercise to map the groups that make up the social fabric of the Amazon (around 25 million people), their ways of life and the evolution of social dynamics over recent years.

Additionally, we developed portraits of business activities in the Amazon, segmented into mining, livestock production, agriculture, forestry, energy, oil and gas, tourism and industry, with particular attention to the Manaus Duty Free Zone and

the enterprise and impact business ecosystem emerging there. Based on the experience of another group of researchers, Concertation also undertook an exercise to map the groups that make up the social fabric of Amazônia (around 25 million people), their ways of life and the evolution of social dynamics over recent years.

Furthermore, the Amazon Concertation initiative oversaw the creation of Amazônia Legal em Dados, a data platform that compiles 113 economic and social indicators for the region, extracted from official sources. Divided into 11 areas (demographics, economy, social development, infrastructure, sanitation, education, health, safety and environment, science and technology and institutional), the platform interface is a portal that permits comparisons, sampling, cross referencing and data projections among the nine states in the Legal Amazon and the rest of the country. By bringing together pulverized data and offering diversified analytical tools, the platform represents an important tool for public and private managers to analyze the Amazon region, whether for formulating public policies or for understanding the territories in which they operate.

Working Groups and the generation of knowledge

Given the complex topics and dynamics of the collective construction of knowledge, the network was organized in thematic groups to address the main bottlenecks in the Amazon. These groups are dedicated to elaborating knowledge and proposals to exercise influence in determined areas, such as land title regularization and bioeconomy.

Coalition

The breadth of the dialogue promoted by sector leaders from the Coalizão Brasil Clima Florestas e Agricultura (Brazilian Coalition on Climate, Forests and Agriculture) shaped a consistent agenda of proposals in the agro-environmental area, manifest principally in the approval of Brazil's National Payment of Environmental Services policy

The Brazilian Coalition on Climate, Forests and Agriculture, with which Instituto Arapyaú has partnered since it was founded in 2015, incorporated a significant number of new members this year, reaching more than 260 companies, sector and civil society associations, academics and financial institutions. In its fifth year of activities, the movement has consolidated its status as one of the main public spaces for dialogue on the climate, forests and agribusiness, at one of the most critical and polarized moments in the socioenvironmental agenda - and on the public policies associated with this field.

The movement has attracted as members the banks Bradesco, Itaú Unibanco and Santander, companies such as Marfrig, JBS and BRF, associations such as Abiec (meat exporting industries), Abrapalma (palm oil producers) and Abia (food industry); as well as the national family agriculture union Unicafes (União Nacional das Cooperativas da Agricultura Familiar e Economia Solidária), which represents family agriculture and agro-ecology cooperatives, federations and confederations.

The pursuit of dialogue by the leaders who are members of the coalition was reflected in a concrete agenda of proposals developed during the course of 2020. These include the proposals for the 2020/2021 Crop Plan, sent by the initiative to the Agricultural Policy department of the Ministry of Agriculture in March. The document underscored the need to prioritize access to agricultural credit for more efficient and productive farmers with proven dependence on credit subsidized by public funding. It also highlighted the urgency of enforcement of article 41, II and paragraph 1 of the Forest Code (law 12.651/2012), which establishes credit (among other instruments) as a path to ensure the adequate environmental regularization of rural properties in the country.

In September, the Coalition delivered a set of six proposals for immediate actions to brake deforestation in the Amazon to the federal government. Intensification of environmental inspections in the countryside, with punishment for identified environmental crimes was one of the positions adopted. The adoption of socioenvironmental criteria for finance and the suspension of registration in Brazil's national rural environmental registry SI-CAR (Sistema Nacional de Cadastro Ambiental Rural) for illegally occupied areas, particularly in indigenous lands and public forests, were also on the list of effective manners of barring deforestation in the region.

In December, the bill of law (PL) 5028/2019, which institutes the National Payment for Environmental Services Policy (PSA) was approved in the Chamber of Deputies and sent for sanction by the president after nearly two decades of debate in the Brazilian Congress. The formulation of the bill of law was the result of a wide-ranging process of dialogue between members of parliament and representatives of the different sectors involved in payments for environmental services, including members of the coalition. The approval of the content was an important sign that Brazil may align with the main world powers around a low carbon agroforestry economy - and that networking is a productive process.



MapBiomas

MapBiomas became the most complete series of land coverage and use data and maps ever consolidated in a country. 2020 saw the launch of new tools, such as MapBiomas Fogo (Fire), which analyzes the evolution of deforested and burned areas and the regeneration of vegetation; and MapBiomas Cacau, which detailed the use and coverage of land in the cocoagrowing region in the south of Bahia

oday the MapBiomas network is the most complete series of land coverage and use data and maps ever consolidated about Brazil, for the period from 1985 to 2019. The network uses information generated by more than 2,500 artificial satellites in orbit around the Earth, as well as a large collection of photographs that provide more accurate understanding of the transformations taking place on the land.

Six collections of land coverage and use maps are produced annually, with a resolution of 30 meters. They provide a detailed account of the history of transformations in the landscapes of the different Brazilian biomes. These are:

- MapBiomas Brazil the most complete historical series of land coverage and use;
- MapBiomas Amazon encompasses 847 million hectares in nine countries that are home to the biome;
- MapBiomas Chaco covers the Chaco and Yungas regions and fragments of other biomes in Bolivia, Argentina and Paraguay;
- MapBiomas Pampa Tri-national the first collection of maps that consolidate two decades of data related to this plains region;
- MapBiomas Atlantic Forests will provide annual maps of this vegetation from 2000 to 2019;
- MapBiomas Indonesia, the first MapBiomas Network initiative on another continent.

Relatório Anual de Desmatamento no Brasil (Annual Report on Deforestation in Brazil)

In 2020, MapBiomas published its first <u>Annual Report on Deforestation in Brazil</u>, with alarming data on the area deforested in the country in 2019 - equivalent to eight times the size of the city of São Paulo, or a total loss of around 1.2 million hectares of native vegetation, which affected all the biomes in the country. For the first time ever, deforestation alerts from all over the country were analyzed and consolidated in a single survey.

Collection 5 from MapBiomas

This collection, published in August, showed that from 1985 to 2019 there was an 87.2 million hectare (Mha) net loss of natural vegetation in Brazil - almost half of which in the Amazon region. Pasture area grew by 34.7% and the area of planted forests increased only by a factor of 3.7, a rate below what would be necessary for Brazil to achieve the reforestation target agreed upon in the Paris Climate Agreement.

Available for users in Collection 5 include functionalities and levels of information, such as the quality of pasture land and areas of irrigated agriculture, and the association of deforestation and regeneration data, which includes, for example, the speed of loss of native vegetation by biome — and views of territories in which there is proportionally more secondary vegetation, that is, areas that have undergone a regeneration process after the felling or burning of vegetation. In the monitoring of agricultural and livestock breeding areas, data on irrigation, temporary crops (such as soy and sugarcane), as well as improvements in mapping pasture land and agriculture in Brazil were included.

"MapBiomas was conceived with the idea of enabling reproduction in other contexts, other territories, always forming local networks, which permit us to better understand what is happening to the planet."

Tasso Azevedo, coordinator of MapBiomas.

MapBiomas Fogo (Fire)



MapBiomas Cacau (Cocoa)



Mapbiomas Fogo (Fire), launched in December, is an unprecedented mapping of burned regions in Brazil. For the first time ever, it provides consolidated information about the area burned each year in the country, from 2000 to 2019. The types of coverage and the use of land associated with the burned areas were identified in the mapping exercise, indicating where there was forest, savannah, agriculture or pasture land. The work showed that more than 330,000 km² of the forest areas existent in Brazil today had burned in the last 20 years - 59% of this area burned two or more times. The major part of the fires affects native vegetation.

MapBiomas Fogo is part of the 5th annual collection of land coverage and use maps for Brazil from the Map-Biomas project. Material available at http://plataforma. mapbiomas.org.

With a more regional focus, MapBiomas Cacau stemmed from the demands of universities, NGOs, Public Prosecution departments and the private sector for greater detail about land use and coverage in the cocoa growing region in the south of Bahia. It was possible to generate a map that distinguishes the classes "forest", "shaded cocoa", "non-forest areas", "urban areas" and "waters" with satisfactory accuracy. From this point, the project will examine in detail the non-forest areas - the first step towards estimating the areas to be reclaimed through agroforestry systems (AFSs) whose main product will be cocoa.

In its first phase, executed from June 2019 to May 2020, the project covered six municipalities: Canavieiras, Ilhéus, Itabuna, Itacaré, Una and Uruçuca (hereafter referred to as G6), that together cover approximately 5,800 km2, an area similar to that of the Distrito Federal.

The covid-19 pandemic

The Climate Change
Program was dedicated
to the provision of
support for actions
to combat covid-19,
principally among
indigenous peoples and
riverside communities
in the Amazon

he impact of the coronavirus pandemic in the Amazon region had different characteristics from the other regions in the country, producing one of the most critical situations seen in Brazil during the course of the last year. Given the lack of capillarity of the local healthcare network, indigenous communities living in more isolated areas had even more restricted access to any type of medical care. In this context, long journeys in pursuit of treatment elevated the risk of circulation of the virus in the region - which configures a threat of extermination for these populations. The journey of a sick person from the hinterland of the state of Amazonas to Manaus (state capital), for example, could take from up to three hours by airplane to 10 days by boat.

In view of this, we established partnerships with local organizations to support measures to mitigate the risk of contamination in the region, as well as to extend care and meet the basic needs of indigenous and local populations.

Some of the partnerships established by the Instituto Arapyaú:

Together with Fundação Amazônia Sustentável (FAS), we donated R\$ 150,000 to improve the infrastructure for tele-healthcare clinics in the organization's four Conservation and Sustainability Centers in the region. Solar panels were installed in these clinics in order to guarantee internet access and online care for the public. The funds were also used to acquire oximeters and PPE (personal protective equipment), to buy gasoline for travel to the hospitals and to train healthcare agents to work with vulnerable communities.

- We donated R\$ 205,000 to the Instituto Socioambiental (ISA) and the Expedicionários da Saúde to equip the field wards set up in São Gabriel da Cachoeira (AM), providing care for indigenous patients. The project invested in 25 field wards in communities in the indigenous lands of the Upper Rio Negro, Cue Cue Marabitanas, Yanomami and the Maturacá region, as well as the two in the headquarters. The funds were also used to acquire oxygen concentrators
- In cooperation with the Saúde e Alegria Project (PSA), we supported emergency covid-19 combat measures in the Tapajós Basin, in the Amazon. The Federal University of Western Pará (UFOPA) and PSA produced masks and protective glasses for front line healthcare professionals. The partnership with PSA was also extended to the Mundukuru villages in the mid-Tapajós region, with the distribution of masks, hygiene materials and basic food baskets for the more

 Additionally, we donated PPE in Santarém (PA), distributing two thousand facial protection masks produced by the Gama (Grupo de Apoio aos Médicos e Agentes de Saúde) project.

Access the complete report.



Support

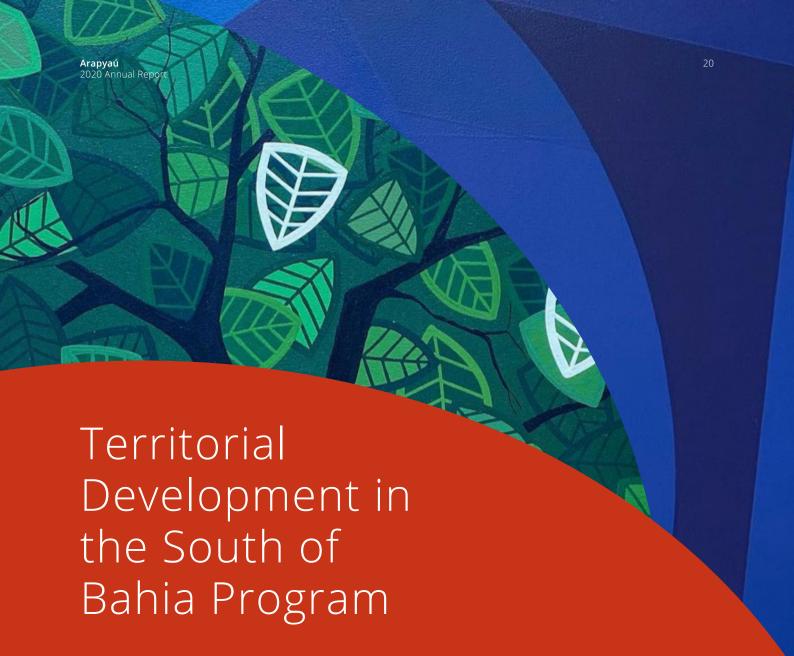
AMAZÔNIA 4.0

The Amazônia 4.0 project, led by the climatologist Carlos Nobre and the biologist Ismael Nobre, came into being in 2016 proposing a new development paradigm for the Amazon: according to these academics, this new vision should be based on the combination of advanced technology (automation, robotics, internet of things etc.) and knowledge of Amazonian biodiversity, still very much an unknown field to science. Adopting the premise of promoting an economy based on the standing forest, the initiative plans to implement Amazon Creative Laboratories (LCA in the Portuguese acronym) to enable the discovery and use of the forest's biological active ingredients by employing technologies from the 4th Industrial Revolution. These laboratories are technology-equipped mobile and itinerant research structures to be installed in Amazonian communities. The goal is to combine traditional local knowledge with scientific data to generate added value for the region's natural resources. In 2019, Arapyaú started supporting the project, with a focus on the creative laboratory that will be dedicated to the development of the cupuaçu and cocoa chains. The realization of this and the other creative laboratories depends on the installation of a fixed development laboratory based in the São José dos Campos Technological Park in São Paulo -- a process which was initiated in 2020 and was originally scheduled to be concluded in mid-2021. As a result of a change in plans imposed by the pandemic, the Cupuaçu-Cacau laboratory should now come into operation in 2022.

INSTITUTO ESCOLHAS

The Instituto Arapyaú has supported the work done by the Instituto Escolhas since its creation in 2015. The main objective is to qualify the debate around sustainability by means of studies of the economic, social and environmental impact of public and private decisions. In 2020, the institute published two studies proposing solutions to unlock the bioeconomy in Brazil. The first, in partnership with the legal practice Nascimento & Mourão Advogados, analyzed and presented ways to improve the Biodiversity law (13.123/2015) by mitigating legal insecurity, enabling investments and permitting the participation of communities in the system of access to and sharing of the benefits that could be generated by the use of Brazil's genetic heritage.

The second study, conducted in partnership with the researcher Aldo de Cresci (Tess Advogados) and the Coalizão Brasil Clima, Florestas e Agricultura, consisted of proposals for changes in the Public Forest Management law (law 11.284/2006), which regulates the economic exploitation of public forests via a concession system in the country aimed at promoting the sustainable stewardship of these areas. The study, presented to the Chamber of Deputies Environmental Parliamentary Front, shows that contracts governed by the current law are excessively rigid, that illegal timber suppliers compete with concessionaires in this type of area, and that the carbon credits that could be generated from the avoidance of greenhouse gas emissions in these areas are not duly exploited – a type of commerce that could help maintain part of these forests intact.



2020 was a year of important achievements for cocoa producers in the south of Bahia. Based on our support, articulation and joint work with a number of partners, cocoa producers were able to access unprecedented credit operations: one through Brazil's Pronaf family agriculture program (Programa Nacional de Fortalecimento da Agricultura Familiar), and the other through the issue of the first Agribusiness Receivables Certificate (CRA), formatted to drive socioenvironmental impact based on a hybrid financing model that combines philanthropic capital and traditional investment. More than 170 producer families benefited, receiving more than R\$ 2 million in financing. In a year marked by the pandemic, Arapyaú overstepped the boundaries of its scope of activities, supporting municipalities in combating covid-19, principally with emergency donations.

Strengthening the cocoa chain

Unprecedented Agribusiness Receivables Certificate (CRA) operation

An innovative financial product for agribusiness was launched in 2020, initially benefiting 150 smallholders and family producers in the south of Bahia: the first Agribusiness Receivable Certificate (CRA) conditioned by socioenvironmental require-

ments. This is a financial instrument whose format incorporates the generation of positive socioenvironmental impact by those accessing this type of credit. The design of the Agricultural Receivable Certificate or CRA was based on a blended finance model - which involves funds from financial market investors and philanthropic organizations -, and is constituted in Brazil's CVM securities exchange (Comissão de Valores Mobiliários) in the amount of R\$ 1 million. The operation, focused on sustainable agriculture, was conceived by the Arapyaú and Humanize institutes, managed by the securitizer Gaia and received legal support from

the TozziniFreire law firm. The formatting of the certificate also received a second-party opinion from the consultancy Way-Carbon. The NGO Tâboa – Fortalecimento Comunitário undertook the technical monitoring of the producers who accessed this credit.

The successful emission of the green CRA was the result of four years of studying, formatting and applying the instrument. The goal was to achieve a scalable and sustainable financial model capable of generating impact on the sustainable stewardship

of cocoa in the region, without losing sight of the long term. It is expected that the certificate will boost the productivity of the producers involved by 30%.

The sustainable CRA with a socioenvironmental impact was designed to facilitate access to credit for producers who have difficulty accessing PRONAF. The operation also permitted the digital signature of documentation, overcoming the literacy barrier for many of the producers.

"In addition to providing technical assistance, we monitored the impact of this operation and later presented the results of the investment to investors, showing the impact it had on family agriculture and sustainability"

Roberto Vilela, president of the NGO Tabôa

Families benefited

Around 150 agricultural producers accessed some type of credit by means of this instrument in 2020, the average loan amounting to R\$ 6,500. From the total of beneficiaries, 32% are women and 68%, men. More than 80% of the financing applications involve collective sureties, a system whereby groups of from three to twelve

"The credit enabled us to boost our productivity and to buy more inputs and equipment for growing and producing the cocoa. We have invested in improving cocoa processing since 2017. We added value by producing high quality cocoa, boosting our productivity and our income. The idea is to increase productivity, but also to ensure that we preserve the environment, which is one of the pillars of agro-ecology"

Tereza Santiago, producer in the Dois Riachões settlement in Ibirapitanga, south of Bahia, and a beneficiary of the CRA



people act as guarantors of one another's debts. Upon signing the contract, the producers agreed not to tolerate any form of child labor on their land. Additionally they are encouraged to adopt or to step up agroecological practices. Producers who had never had access to these practices were offered cocoa technical assistance workshops run by Tabôa.

PRONAF

The joint efforts of Arapyaú and partnering organizations enabled investment lines of credit for 18 family agricultural producers in five municipalities in the south of Bahia, by means of the family agriculture reinforcement program Pronaf, via for almost 20 years and constituted

The liberation of the credit was Cacau Sul Bahia, which oversees the Indicação Geográfica Sul Bahia Coopercentrosul (a cooperative of cocoa, cassava and banana smallproducing region) and Coopessba (cooperative of sustainable services of Bahia).

ernment of the state of Bahia, (Conderupes) and the Humanize and Conexões Sustentáveis (CON-EXSUS) institutes also participated of financing granted to small producers in 2020 was around R\$ 1.3 million.

"This is yet another important step that proves the need for cooperative work in our region, in addition to demonstrating the capacity of Indicação Geográfica Cacau Sul da Bahia to promote articulation and to enhance results" Cristiano Sant'Ana, executive director of IG Cacau Sul da Bahia.



In addition to Arapyaú's articulation of partnerships, fostering of networks and generation of knowledge in the cocoa chain in the south of Bahia, other measures by the institute have resulted in the development of local producers' own brand of chocolate - as well as an award for certification of origin by IG (geographical indication).

The 2nd National Cocoa Quality Contest, promoted by the cocoa innovation center CIC (Centro de Inovação do Cacau), presented awards in the Varietal* category to the producers José Luiz Fagundes, of Fazenda Pequi in Igrapiuna, who came second with the PH16 variety, and Gleibe Luiz Torres, of Fazenda Mariglória in Itajuípe, who came third with the Parazinho variety. The contest is a joint initiative by the local cocoa chain and is organized by the CIC, in partnership with the Cocoa Crop Plan Executive Commission (CEPLAC).

The IG is the largest federation of cocoa producers in the south of Bahia, representing almost 3,500 growers in the region. The certification permits the traceability of the entire bean production process, and the cocoa may be identified by the QR Code of each specific batch.

"The award for two producers from IG Sul da Bahia in such a specific category as Varietal, demonstrates these growers' level of commitment to innovation and transparency and, above all, their respect for the consumer and the highest standards of product quality"

Cristiano Sant'Ana, executive director of IG Cacau Sul da Bahia

^{*}Batches of cocoa made from a single genetic variety.



Own brand

The launch of the **Chocolate Sul da Bahia** brand, an affordable product of superior quality, available in the versions 65% pure cocoa, 65% cocoa with nibs and 65% cocoa with cupuaçu, was also essential in ensuring recognition for the Costa do Cacau da Bahia or Bahia Cocoa Coast. The brand is the result of a partnership between IG Sul da Bahia and the CIC innovation center's chocolate factory, an initiative of the Science and Technology Park of the Santa Cruz State University (UESC).

Producers in the region may offer cocoa to the chocolate factory in two ways: directly or through associated cooperatives. This system ensures better remuneration for the producer, who does not lose out to middlemen, a common link in this chain. The premium quality of the cocoa offered ensures a higher sale price for the product, thus boosting the growers' average income.

"Our idea was to set up a business model that would benefit the producer rather than just focus on launching a brand of chocolate"

Cristiano Sant'Ana, executive director of IG Cacau Sul da Bahia

Agência de desenvolvimento regional - ADR (Regional development agency)

s a key component in building a sustainable regional development model, in 2020 we reinforced the activities of the ADR regional development agency, which involves a diverse and plural network of important players in the south of Bahia - civil society, the business community, academia and public authorities.

In 2020, the creation of the agency was approved in a meeting of the Parque Científico e Tecnológico do Sul da Bahia (South of Bahia Science and Technology Park - PCTSul). As a result, the agency came under the governance of the Park as one of its affiliates, similar to other bodies such as the CIC Cocoa Innovation Centre

Governance of the agency was consolidated with the creation of a consulting council comprising 16 members of the Sul da Bahia Global movement, idealizers of the agency. The composition was established on a parity basis, that is with groups of four people representing civil society, academia, the business community and public authorities. Furthermore, the role of executive secretary was established. This should be occupied by a local leader whose mission will be to formulate the agency's strategic planning and oversee its activities in 2021, with an initial focus on communication and the execution of the first ADR project to support municipal public administrations.

"The ADR is a group of people and organizations who want to see this region improve, by means of well organized and planned projects and measures aimed at driving improvements in education, the environment, infrastructure and the economy in the region. The goal is to exploit the best the region has to offer"

George Albuquerque, dean of research and postgraduate studies, Uesc



Even in the midst of the pandemic, we were able to advance in the education area, ensuring the continuity of the Commitment to **Public Education** plan, initiated in the municipalities of Una and Uruçuca in 2018. We also progressed with the delivery of the educational project for a new school under construction in the Serra Grande district (Uruçuca, BA).

he covid-19 pandemic presented challenges in every area. This was no different in education. Faced with an unprecedented conjuncture, we ensured continuity in promoting learning and development for local students and in maintaining the training dynamics for teachers in the municipalities of Una and Uruçuca by means of the *Commitment to Public Education* project. During the course of the year 100 virtual training sessions were held for these professionals – involving the participation of more than 500 people in the two municipalities.

The experience and learning acquired during the pandemic were shared by teachers, principals and educational coordinators in Una and Uruçuca in the Inter-territorial Seminar, organized by the Arapyaú partner Instituto Chapada de Educação e Pesquisa (ICEP). Held in December, the event marked the end of the training for these professionals in 2020.

The networks demonstrated the importance of online activities in education. Uruçuca, for example, presented the experience "Literature and its humanizing function", which involved the reading of literary classics by students, teachers and even family members on the city's main radio station. Worthy of note in Una were the "Tertulia Dialogues", virtual encounters of education professionals, also open to families and the community, centered on reading Brazilian and international classic titles. In March 2020, at the beginning of the pandemic, 70% of the faculty in the local schools had not read any books in the year; by November this percentage had fallen to 33%.

Arapyaú 2020 Annual Report

An Uruçuca teacher in the community radio station reading classics to circumvent the pandemic



The 2019 Basic Education Development Index (Ideb in the Portuguese acronym), released in September 2020 with the scores for public education all over Brazil, showed that Una and Uruçuca managed to reverse the drops recorded previously. Una increased its 2019 Ideb score by 0.5 point, reaching the 4.8 point target set for the municipality in the initial years of Fundamental Schooling. Uruçuca increased its score by 0.6 point in the index, missing its 2019 4.3 point target by 0.1 point. The region also exceeded its 2017 Ideb score, which had been 0.4 point below the target for the year.

These numbers gain even greater significance when compared with the results for the country as a whole. On average, the growth in score in the index was 0.3 point for the Brazilian municipal school networks (compared with an increase of 0.5 in Una and 0.6 in Uruçuca). In the state of Bahia, only 22% of the municipal districts evolved to the same extent or more than Una and Uruçuca in the index.

+0,5 \(\begin{align*} 4,8 \\ \points \end{align*} \) Una \(\begin{align*} \begin{align*} 4,2 \\ \points \end{align*} \) Uruçuca

Pedagogical Policy Project

As part of our commitment to improve public education, we commemorated the delivery of the Pedagogical Policy Project (PPP) for the municipal schools in the Serra Grande district (Uruçuca-BA), developed collectively and collaboratively in conjunction with the community. This represents a key landmark for the Serra Grande Integrated Center for Integral Education, which is under construction and will serve students in the municipality and the surrounding region.

"Una and Uruçuca showed significant, steady growth in children's learning, the result of the development and construction of educational projects in the schools"

Cleuza Repulho, education specialist and consultant to the Commitment to Public Education Plan

The covid-19 pandemic

The severity and complexity of the pandemic led us to adopt emergency measures, articulating partnerships and donations aimed at the provision of social assistance and healthcare in the region.

rom the beginning of the pandemic, we conducted a series of actions in the south of Bahia to help communities and public administrators combat the crisis provoked by the new coronavirus.

Tests

We donated R\$ 55,000 to the Santa Cruz State University (UESC) for the maintenance and certification of equipment in the Pharmacogenomics and Molecular Epidemiology laboratory of the Public Health Central Laboratory (LACEN), aimed at reducing the waiting time for the results of covid-19 tests for residents in 19 municipalities in the south of Bahia. The wait of up to 10 days was reduced to 2 days. The donation was also used to purchase PPEs (aprons, masks and glasses) and primary consumption materials (pipettes and tubes) for laboratory staff.

Personal protective equipment (PPE)

The public hospitals in Ilhéus and Itabuna received a donation of 24 boxes of orotracheal intubation kits and 600 face shields, essential protective equipment for front line healthcare workers. We assumed responsibility for the product logistics, while the companies ZCO2, Kiddo, Okean and Gazit were involved in producing the merchandise, financing the raw materials and coordinating the project.

Furthermore, the institute donated inputs for the production of hand sanitizer by the Federal University of the South of Bahia for distribution among the population of Itabuna and university staff. We also donated approximately 6,000 masks to the municipalities of Ca-

navieiras and Uruçuca, as well as the Santa Casa de Ilhéus; and 500 bottles of hand sanitizer to the local government of Canavieiras – the city actually ran out of this product due to the high demand.

Respirators

We donated funds to the Empathy Company's Be Open Air project for the development of a pulmonary ventilation appliance created based on an MIT (Massachusetts Institute of Technology) program that enabled reduced costs and the use of Brazilian raw materials. We also articulated an approximation between Empathy and the hospitals in Ilhéus and Itabuna, which treat medium to high complexity patients from 30 municipalities in the south of Bahia. This led to a partnership between these medical centers and the company, which sent them 20 pulmonary ventilators.

Basic food baskets

We articulated the donation of more than two thousand basic food baskets for Uruçuca, Ilhéus, Itabuna and Canavieiras. This donation was supported by the local governments of Ilhéus and Canavieiras, which identified more vulnerable groups through a public registration process. In Uruçuca, the donation was supported by the NGO Tabôa, which mapped the families most affected in the city. In Itabuna, the institute partnered with the UFSB, which undertook the delivery to families in vulnerable locations.

Communication

We developed communication pieces with guidance on covid-19 contamination and prevention in partnership with social organizations active in the region. These pieces were circulated in the six municipalities along the Cocoa Coast (Ilhéus, Itabuna, Una, Uruçuca, Canavieiras and Itacaré).



Support for Tabôa

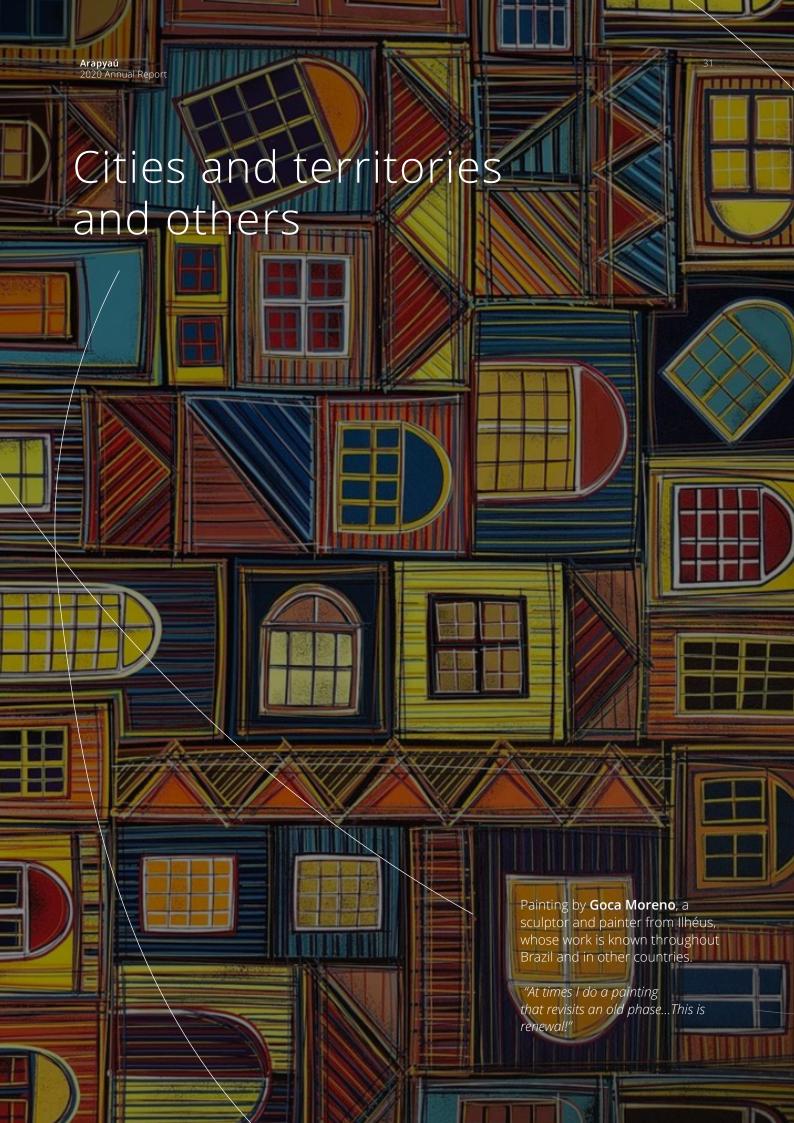
Tabôa was an important center for the distribution of donations. With financial support from Arapyaú and other institutions, the NGO distributed more than 750 basic food baskets to the public, in particular in the south of Bahia. In addition to its regular institutional financing for the NGO, Arapyaú donated R\$ 30,000 for the distribution of 250 basic food baskets in Uruçuca and another 36 rural areas. These funds were also employed in the production of one thousand protective masks, the donation of cleaning materials for a public clinic in Serra Grande (BA), and the supply of soup for the *Mães Solidárias* project. Another 173 basic food baskets were donated to the district of Serra Grande (BA).

"The network would not survive if it were only the agricultural producers, it is the sum of different factors. The support from institutions strengthens our educational and training processes, as well as our technical capabilities, be it in production, processing, commercialization or the formation of the groups"

Roberto Vilela, of Tabôa

In partnership with the Instituto Humanize, another 330 basic food baskets were donated to vulnerable families in the municipalities of Camamu, Ibirapitanga, Maraú and Uruçuca, benefiting 200 agricultural producers. These agricultural producers are part of the Agroecological Circuits, a platform to reinforce agro-ecology maintained in partnership between Tabôa, Instituto Ibiá and Rede Povos da Mata.

Further information in the report "Atuação na Pandemia".





Supporting public authorities in overcoming their main challenges has always been a premise for the Instituto Arapyaú and, in the context of the pandemic, our activities were intensified. We provided direct support to Brazilian municipalities and offered administrators technological tools capable of ensuring a rapid response to the needs imposed by covid-19. But this year also represented the end of the cycle for the Cities and Territories Program. The cumulative knowledge generated on this front will inspire and drive our actions in the two territories defined for our activities: the south of Bahia and the Amazon.

New paths

s part of the institute's evolutionary process, in 2020 we formalized a new direction for our programs, concentrating our focus on activities in two territories: the south of Bahia, where we have operated since our foundation, and in the Amazon region, by means of the Climate Change Program.

Part of our portfolio for six years, the Cities and Territories Program progressed naturally to the finalization of the programmed activities, which reached the end of their cycle. The change does not mean a rupture in the cities agenda, because the cumulative experiences and learnings will be directed with tighter focus on the sustainable development of territories that are important for the country because of their wealth of biodiversity.

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During the course of these activities, we were able to exercise an important role in building knowledge, promoting discussion and influencing public policies for the creation of sustainable cities, such as the participative long-term projects developed in Sobral and Três Lagoas. More recently, we also had the experience of a pilot project involving innovative solutions in four municipalities representing the North, Northeast, South and Southeast regions of Brazil.

As part of the closure of this cycle, there was also an intense focus on supporting public authorities in combating the pandemic, as we shall see ahead.

The pandemic and the challenge for public administration

he rapid transmission of the new coronavirus placed all the Brazilian municipalities on alert, demanding decisive responses from public administrators. Attentive to this need, we supported the development and execution of Municípios contra o Coronavírus (Municipalities against Coronavirus) a series of tools to support public administrations in the implementation of measures to contain the advance of covid-19 over the last year.

In March, in partnership with Impulso and the health-care policy institute IEPS (Instituto de Estudos para Políticas de Saúde), we launched the CoronaCidades platform, a decision making support tool for public authorities, given the rapid spread of covid-19 cases.

Over time, the platform incorporated other tools which proved essential in managing the crisis:

Preparation check-list for covid-19 in municipalities

This manual sets forth priority topics and actions to be taken in a crisis situation. It is divided into four sections: crisis governance, communication and distancing, vigilance and assistance.

Access: https://coronacidades.org/checklist/

Municipalities against the Coronavirus

We partnered with the Instituto Votorantim in the Municípios contra o Coronavírus (Municipalities against Coronavirus) call for proposals, which selected 20 cities in Brazil to receive technical support from consultancies in the public health area for a four-month period. The project incorporated the pillars of the preparation check-list for municipalities in the pandemic from the Coronacidades platform, elaborated by Arapyaú in partnership with Impulso and IEPS (Instituto de Estudos para Políticas de Saúde).

With our support, a further seven municipalities were incorporated into the project: Bento Gonçalves (RS), Chapecó (SC), Conde (PB), Petrolina (PE), Presidente Prudente (SP) and São Bento do Una (PE), area which have leaders from the RAPS (Political Action Network for Sustainability) program, and Ilhéus (BA). At the end of the process, all the municipalities had achieved the targets agreed upon initially, and five cities exceeded the expected results.

<u>Innovative</u> solutions

Over two years, we executed the project Strengthening Municipal Capabilities for Innovative Solutions, focused on implementing initiatives capable of responding to the main challenges faced by municipal administrations. The project was developed in Caruaru (PE), Aracaju (SE), Cachoeiro de Itapemirim (ES) and Blumenau (SC). The innovation experiences in public administration, resulting from this project were systematized in partnership with the agency Tellus with a view to inspiring new initiatives.

Simulacovid

The system provides free simulations to predict in how many days hospital bed and mechanical ventilator capacity will reach their limits in each municipality, based on real-time DataSUS data.

Access: https://simulacovid.coronacidades.org/.

Evaluation for the reopening of municipalities

The tool evaluates each municipality's level of preparedness for the flexibilization of social distancing and the resumption of activities during the pandemic. It was created by Vital Strategies and translated by CoronaCidades.

Access: https://coronacidades.org/avaliacao-pa-ra-reabertura-de-municipios/

Farolcovid

The tool provides data and information updated on a daily basis to support public authorities in crisis management. Developed by Impulso in partnership with the Instituto Arapyaú and InLoco, it assists in the adaptation of policies in response to the pandemic, based on the situation in each municipality.

Access: Farolcovid.coronacidades.org

Support

REDE DE AÇÃO POLÍTICA PELA SUSTENTABILIDADE - RAPS (POLITICAL ACTION NETWORK FOR SUSTAINABILITY)

We have supported RAPS since its creation in 2012. The organization's mission is to contribute towards enhancing democracy and the political process in Brazil by means of support for political leaders from different parties who hold different ideological positions so that they understand and incorporate the principles of sustainability into their mandates. Currently the network comprises over 670 people, of whom 141 hold elective office (2 governors, 7 senators, 32 federal deputies, 40 state deputies, 2 district deputies, 17 mayors and 41 local councilors).

In 2020, RAPS was awarded the Municipal Human Rights and Diversity Seal, granted by the city of São Paulo government, in the Transversalities category. The recognition was for the *Orienta RAPS* program, which consists of mentoring by political leaders who exercise or have exercised public office for persons wishing to dispute an election. The purpose is to boost the exchange of experiences and good practices between these actors and the network.

Best election results

In the 2020 municipal elections, one out of every three RAPS candidates was elected. Of the 187 RAPS leaders who ran, 57 were elected — 17 mayors and 40 councilors. This number is 154% higher than in the 2016 municipal elections. In the sum of the two rounds of the elections, the RAPS leaders received over 5.8 million votes, 120% more than in the previous polls. It was RAPS's best election result ever in its nine years of existence.

Other RAPS actions in 2020

- 90 RAPS leaders participated in a manifesto in defense of the World Health Organization's (WHO) guidance on dealing with the new coronavirus pandemic. The document advocated joining forces and observing international recommendations for combating covid-19 in Brazil.
- RAPS leaders participated intensely in the articulation and mobilization
 of organizations and members of parliament for the approval of the
 education fund Fundeb (Fundo de Manutenção e Desenvolvimento da
 Educação Básica e de Valorização dos Profissionais da Educação), the
 main mechanism for funding basic public education in Brazil.
- 28 RAPS leaders participated in the manifesto <u>6 Priority Anti-Deforesta-</u> <u>tion Measures</u>, launched by Coalizão Brasil Clima Florestas e Agricultura.
- The network launched research into what <u>municipal government programs reveal about the sustainability agenda in the last elections (2012-2016-2020)</u>. The survey consisted of the automated collection of almost all the government plans available on the Higher Electoral Court's (TSE) *DivulgaCand* platform. The survey was conducted by the lecturer Humberto Dantas, a political scientist and researcher at Fundação Getulio

Vargas (FGV), and Joyce Luz, a doctoral candidate in Political Science at the University of São Paulo (USP).

EM MOVIMENTO (IN MOVEMENT)

Em Movimento is an alliance of organizations dedicated to fostering and leveraging youth action in Brazil. It is jointly managed by seven organizations: Instituto Arapyaú, Ashoka, Impact Hub São Paulo, Fundação Arymax, Instituto Elos, Historiorama and Grupo +Unidos.

In 2020, the alliance undertook a series of activities in the pandemic. It participated in the launch and the execution of the research <u>Youth and the Coronavirus Pandemic</u>, conducted by the youth council Conjuve (Conselho Nacional de Juventude) in partnership with a number of other institutions, including Arapyaú, Fundação Roberto Marinho, Rede Conhecimento Social, and the United Nations Educational, Scientific and Cultural Organization (Unesco). Visão Mundial, Mapa Educação and Porvir also participated

The research was conducted among more than 33,000 young people aged between 15 and 29 years from the five regions of the country. It addressed topics such as the impact of the pandemic on the economy, health and well-being, education and the outlook for the future.

Municipal Agenda with and for Youth

Also with the objective of strengthening the youth agendas in the context of the 2020 municipal elections, the Youth Atlas – a national survey coordinated by Em Movimento and the Youth Pact for the SDGs (Sustainable Development Goals) – led to the elaboration of the Municipal Agenda with and for Youth. The document is part of the third stage of the atlas, which is focused on the provision of support for public administrators, social actors and young people who want to influence the formulation of public policies for youth in the country's municipalities.

PROGRAMA CIDADES SUSTENTÁVEIS (SUSTAINABLE CITIES PROGRAM)

The Sustainable Cities Program (PCS in the Portuguese acronym) is oriented to an urban sustainability agenda that incorporates the social, environmental, economic, political and cultural dimensions into planning municipal management.

This year, the Sustainable Cities Institute (ICS), in partner-ship with the United Nations Organization's (UN) Sustainable Development Solutions Network (SDSN), launched the Sustainable Development Index for Brazilian Cities (IDSC-BR). The tool enables the mapping, monitoring and evaluation of the implementation of the 17 Sustainable Development Goals (SDGs), formulated by the UN in 2015, in diverse Brazilian cities, addressing questions such as the eradication of poverty and the promotion of sustainable agriculture.

Based on over 80 indicators, the index attributes a specific score per goal for each municipality -- and another for the set of 17 SDGs. With this index, the ICS expects to contribute towards an effective transformation movement in Brazilian cities, guiding municipal action through references and targets based on management indicators.

In 2020, the program also established the commitment to assist pre-candidates in municipal elections in the field of urban sustainability with a view to promoting the construction of fairer, more democratic and sustainable cities as part of their campaign agendas. In this regard, two letters of commitments were made available for signature by pre-candidates to local governments and the Municipal Chambers. A third letter along the same lines was prepared for the political parties.

See the program website:

https://www.cidadessustentaveis.org.br/inicial/home

Other actions in 2020

- Launch of the <u>Civic Participation Guide</u>
- Launch of the survey "Impacts of covid-19 on the municipalities", disseminated jointly with Ibope Inteligência
- <u>Covid Good Practices Special</u> presenting positive initiatives in combating the new coronavirus in Brazil and worldwide, as well as general guidance and tools for municipal public administrators
- Launch of the <u>Inequalities among State Capitals</u>
 <u>Map</u>, a survey of the effects of inequality on the evolution of the pandemic in the 26 state capitals in the country.

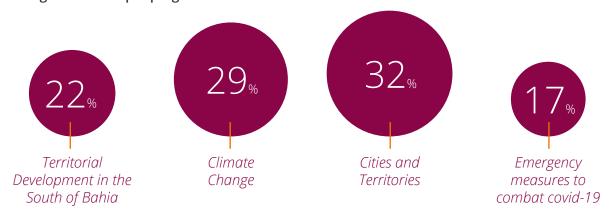
Financial information

R\$ 22,9 million

Was the amount invested by Arapyaú in initiatives to promote sustainable development in Brazil in 2020.

For 2021, the total investment budget is **R\$ 24,2 million.**

Funding breakdown per program in %:



Co-investments

We have monitored our co-investment ratio since 2019. During this year, each 1 real invested by Arapyaú, mobilized a further R\$ 4.78. This represents an increase of 141% over the previous year.

Relação de Investimento e co-investimento

each R\$ 100 invested

drives co-investments of R\$478

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