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Brazil's Amazon Fund: A global climate blueprint?

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4 hours ago

Ahead of the COP28 climate conference, Brazil wants to see more cooperation among countries of the Global South and is looking for industrialized nations to provide the funds they pledged but so far failed to deliver.



Brazilian President Luiz Inacio Lula da Silva (left) attending an Amazon summit in August

Image: Ricardo Stuckert/dpa/Palacio Planalto/picture alliance

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The [COP28 UN climate conference](#), held from November 30 to December 12 in Dubai, is all about money.

Attendees will discuss who will pay how much for efforts to slow climate change and mitigation measures to cope with it.

Ahead of the conference, Brazilian President Luiz Inacio Lula da Silva said industrialized countries should foot the bill — echoing a sentiment shared by many developing and emerging economies.

After four years under the leadership of his predecessor, Jair Bolsonaro, Lula's Brazil is now once again eager to lead on climate protection.

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Protecting Brazil's Amazon rainforest, one tree at a time

The Amazon Fund is unique in that it used to support climate projects outside Brazil. This includes, for example, providing financial and technical support for satellite monitoring of the Amazon rainforest in Bolivia, Colombia, Ecuador, Peru, Venezuela, Guyana and Suriname.

The fund has also paid for rainforest conservation efforts along the Mekong River in the Republic of Congo, the Democratic Republic of the Congo as well as in Borneo.

"South-South cooperation is possible. It was planned from the outset," Nabil Moura Kadri from Brazil's BNDES development bank told DW. BNDES administers the Amazon Fund.

Money provided by the fund does not have to be repaid. Currently, the fund holds \$1.2 billion (€1 billion), and with pledges made by Germany, the UK, Denmark, Switzerland, the US and the EU, that sum could double.

The funding mechanism also differs from other important instruments, such as the Global Environment Facility (GEF) and Green Climate Fund (GCF). A payout from the Amazon Fund will only be made after pre-arranged conservation targets have been met.

In other words, Brazil must prove that deforestation rates are falling before it can receive a payout. It's a method that works well, as falling deforestation rates show. Between 2008 and 2020, Amazon deforestation declined from around 13,000 square kilometers per year to 4,500 square kilometers per year, according to Brazil's Institute for Space Research (INPE).

Brazil alone in charge

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The Amazon deforestation rate has slowed since the beginning of the year

Image: Eraldo Peres/AP Photo/picture alliance

The Amazon Fund is also unique in that Brazil determines how the money is used. This simplifies project approvals compared to international financing mechanisms, where the World Bank and UN organizations are involved in project implementation.

"The fund is managed entirely by Brazil, all the way from project selection to fund allocation," Nabil Moura Kadri told DW. "Donors are not part of the fund's organizing committee, which selects projects."

Non-governmental organizations welcome the fund's flexibility and efficiency. Civil society representatives are also part of the fund's organizing committee alongside representatives of the Brazilian federal states and federal ministries.

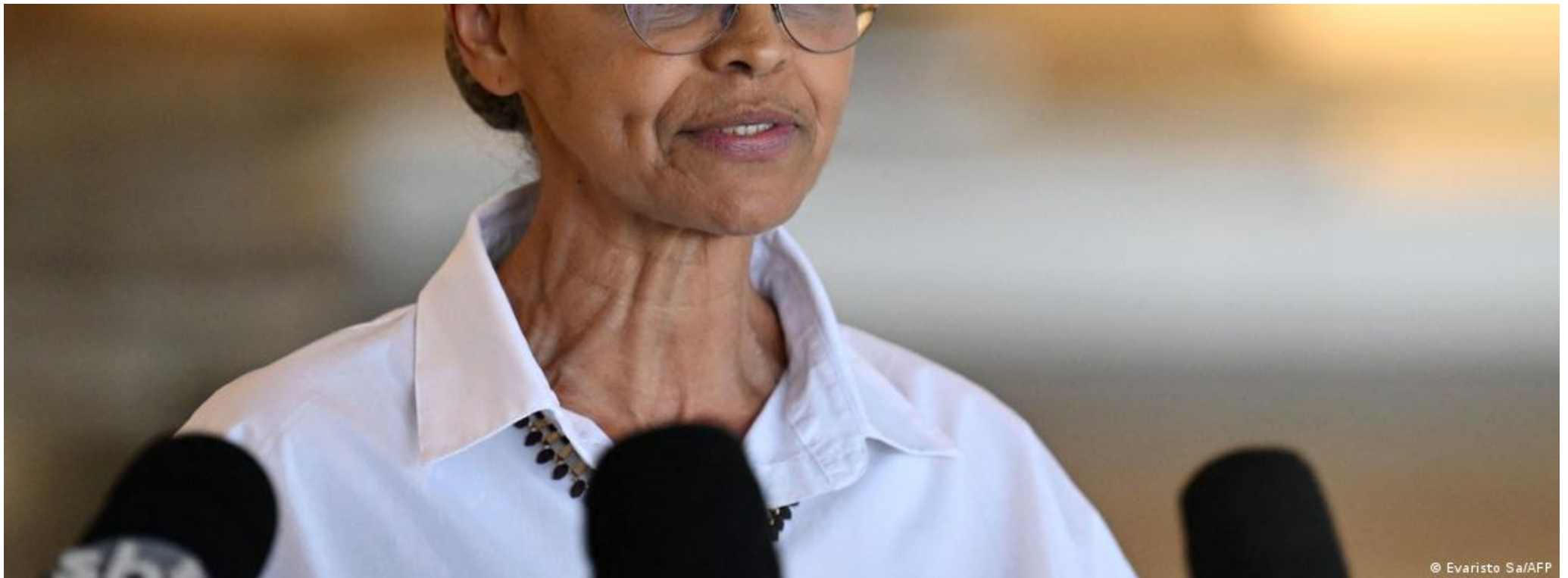
"The Amazon Fund is the most important instrument for Brazil to acquire international funding," Climate Observatory director Marcio Astrini told DW. It acts as an umbrella organization for around 90 Brazilian non-governmental organizations.

Funding mismatch

Despite successfully acquiring funds to conduct climate protection projects in the Amazon and other rainforest regions, fossil fuels continue to attract far greater investment than renewable energy projects. Fossil fuel subsidies amounted to a record \$7 trillion US last year, according to the [International Monetary Fund \(IMF\)](#).

The Green Climate Fund, set to hold \$100 billion (€91 billion) per year, seems almost paltry in comparison. That said, the fund is still a long way from meeting this financial target. At the end of October this year, its portfolio comprised \$13.5 billion to finance 243 projects worldwide.

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Brazilian Minister of Environment Marina Silva has an ambitious climate agenda

Image: Evaristo Sa/AFP

"Even if the planned \$100 billion were reached for the first time this year, this would still be too little," Brazilian Environment Minister Marina Silva told DW. "Investments made to limit global warming are insufficient, and industrialized countries have not kept their promises."

Brazil wants to show that things can be done differently at the upcoming COP28 climate conference.

"We want to showcase successful reforestation projects as well as the ecological and productive use of rainforests," Amazon Fund director Nabil Moura said. "We are managing 102 such projects."

This article was translated from German.

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