

The Amazon Fund, retrospect and possibilities (2008 -?)

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Abstract. During a growing national and international climate agenda, one of the most important international climate funds emerged, the Amazon Fund (AF), along with it, increasing drops in the level of deforestation were observed. However, this Fund was destabilized with the arrival of the Bolsonaro government to the presidency of Brazil, leading, among others, to the freezing of resources by the main funders of the AF. Today, with the new Intergovernmental Panel on Climate Change (IPCC) report and after the 26th Conference of the Parties (COP26), it is necessary to analyse what the AF has been doing so far and what are the possible paths it may take in the coming years. To answer these questions, an analysis of primary sources was carried out - such as the AF activities report, INPE data, and others -, in addition to a broad bibliographic review, consultation of articles, and press news. It was observed that throughout its years of operation, the AF has positioned itself as a mechanism of great innovation, but despite the possible criticisms of it, hardly anyone could say that the Fund had a negative balance in the period, because in addition to the remarkable numbers presented by the AF in its years of operation, there was a constant learning curve for both the BNDES and the other actors. In the Bolsonaro government, despite efforts to maintain continuity in its actions, the AF suffered serious blows, which reflected in its performance, but with the prospect of new governments and policies, a window opens for the Fund to reinvent itself and reappear. as the avant-garde instrument, it was created to be.

Keywords. Amazon Fund, Sustainable Development, Bolsonaro; Deforestation; Green Gas Emission.

1. Introduction

In the midst of a growing national and international climate agenda, one of the most important international climate funds emerged, the Amazon Fund (AF). Been a reflection of the Reduction of Emissions from Deforestation and Forest Degradation (REDD+) approaches taken to the 12th COP, its creation was recognized through Decree 6,527, of August 1, 2008 [1]. The creation and subsequent maintenance of the Fund followed certain historical linearity framed within what can be understood as the last two phases of the economic development of the Amazon, socio-environmentalism (1990-2009) and post-environmentalism (2010-2019), that is, periods respectively marked by the union of forces between local and international actors in their efforts to protect the Amazon, which led to new models of socioeconomic development that integrate

environmental protection measures and, post-environmentalism, marked by a return to infrastructure development on a large scale, with the aim of protecting the environment and ensuring economic growth [2]. This process was accompanied by constant declines in deforestation, which ensured a constant flow of investments in the fund from its largest donors, Norway and Germany [2] [3] [4].

However, this "linearity" was abandoned with the arrival of the Bolsonaro government to the presidency of Brazil, leading, among others, to the freezing of resources by the main funders of the AF. Today, with the reanimation of the environmental agenda brought about by the new IPCC report and by COP 26, it is necessary to look at the AF to understand what it has been doing so far and what are the possible paths it may take in the coming years. Thus, the present research aims to answer the questions: what balance can be made of the AF and the impacts of the Bolsonaro government on it? And, what are the

possible paths that the AF can follow with this new scenario that is opening?

2. Research Methods

To answer these questions, an analysis of primary sources was carried out - such as the AF activities report, INPE (*Instituto Nacional de Pesquisas Espaciais*) data, and others -, in addition to a broad bibliographic review, consultation of articles, and press news.

3. Overview of the history of the Amazon Fund

3.1 The Amazon Fund, from creation to apex (2008 – 2018)

In 2006, in the 12th COP, the Brazilian delegation brought up the idea of creating a Fund that would seek to encourage Brazil and other developing countries in the Amazon region to adopt measures that would reduce deforestation, thus contributing to the reduction of greenhouse gas emissions. The AF was then established in August 2008, being the first major fund characterized by the Results-Based Funding (RBF) mechanism [2] [5] [6]. At the national level, this Fund was closely aligned with the Action Plan for the Prevention and Control of Deforestation in the Legal Amazon (PPCDAm), having this as a guiding public policy [1].

The Fund then started to survive based on voluntary donations from foreign governments, multilateral institutions, Non-Governmental Organizations (NGOs), or even individuals. Historically, the three major financiers of this fund were the Norwegian government, the German government, and Petrobras, and between 2009 and 2018, more than 3.4 billion reais in donations were received, covering 103 projects in an amount total support of 1.9 billion and 1.1 billion in amounts disbursed [7]. It is also worth noting that of this subsidized amount, 93.8% came from Norway, 5.7% from Germany, and 0.5% from Petrobras [7].

In terms of governance, the Fund's management would be carried out by the National Bank for Economic and Social Development (BNDES), being then responsible for attracting donations, selecting the projects that would benefit, and the dissemination of their results [7] [8]. Furthermore, in terms of governance, it is worth noting the action of a Guiding Committee of the Amazon Fund (COFA), responsible among others for creating guides for the allocation of resources, and for monitoring the results obtained by the Fund, and the action of the Technical Committee of the Amazon Fund (CTFA), which would have the function of attesting to GHG reductions from deforestation [4] [5] [7].

During this period, the Fund consolidated itself as innovative and unique as it was based on fundraising based on evidence of results, the RBF, by presenting

multi-stakeholder governance with managerial autonomy, crystallized by the action of the CTFA, COFA, and of GIZ, in addition to having very low management costs, as it integrates the team and infrastructure provided by BNDES, which do not generate costs for AF resources [9].

In substantive terms of resource allocation, it is observed that there is a high concentration of beneficiaries of investments, in 2017, for example, about 95% of the amount financed went to state governments, NGOs, or federal governments – while governments municipalities, Universities or other international institutions together received less than 5% of the resources [5]. However, between 2008 and 2017 in the groups linked to the state apparatus, that is, all except NGOs, showed great variation in the number of resources allocated to them, Correa, van der Hoff and Rajão (2019) argue that, although rejected by the principles of the Fund signed in 2008, it is possible to observe that increases in disbursements to federal agencies coincided with their reduction in budgets, suggesting that the Fund could replace rather than complement taxpayer funds.

Over the period described, a considerable decrease in deforestation levels in the legal Amazon can be observed [10], however, it is noted that this movement had already been observed before the implementation of the AF, in addition, a series of initiatives that sought to Deforestation reductions also occurred in parallel with the Fund, so that, as Pinsky, Kruglianskas and Victor (2019) argue, it is difficult to establish any cause and effect relationship between the supported projects and these results since interventions and respective results require funding from long term, and projects have a specific deadline to be implemented.

Furthermore, despite the large volume of donations in the period, 3.4 billion reais, only 1.9 billion were used [7], this shows that disbursements even in the period were low compared to the capitation potential presented by the AF. This also reflects the fact that the original deadline for using the resources donated by Norway has already been postponed twice, in 2013, extending the deadline from 2015 to 2020, and in 2016, extending the deadline from 2020 to 2030 [8].

3.2 Amazon Fund and Bolsonaro (2019 – actual)

The Bolsonaro administration has undoubtedly brought considerable impacts on the climate agenda, for example, deforestation rates in the Amazon have had the highest rate in recent years [10], the highest since the implementation of the first AF projects. Other data that corroborate this are, for example, the number of fires in Brazilian territory that occurred in 2020, 222,797 - the highest record in the last 10 years - [11], or even, in 2020, Brazil presented the highest GHG emissions since 2006 [12].

This movement also affected the Fund, in April 2019,

decree no. 9759/2019 was signed, which extinguished any council, committee, commission, group, and others created by administrative act or decree before 2019 [13]. The CTFA and COFA [14] [15] were included in this decree, which was especially problematic in the view of the Fund's main contributors, Norway and Germany, as they understood that any unilateral change in the Fund's administration by the Brazilian government could not occur, as explained in a letter from the Norwegian government that claimed that "(...) we emphasize that there can be no changes in the management structure of the fund without the consent of Norway as part of the agreement" [16].

This movement, linked to the previously mentioned low performance in terms of reducing deforestation, the inflexibility of the Bolsonaro government in opening itself to dialogue, ended up culminating in the freezing of the resources of the two main contributors to the fund, blocking in 2019 the transfer of about 133 million reais from the Norwegian government [17], a suspension that continues to this day. In the period, it is still worth noting that the Brazilian Ministry of the Environment, also harshly criticized the use of resources by NGOs, in part what justified the extinction of COFA and CFTA, arguing that it was necessary to adopt other strategies for choosing AF beneficiaries [18].

This partly reflected the Fund's performance, since, in the two years of government (2019 and 2020), it was observed that there were almost no increases in the numbers related to donations received, projects contemplated, the total amount of support, and amounts disbursed, being for the year 2020 102 projects supported, 1.3 billion reais Disbursed in donations, 3.4 billion reais received and, 1.8 billion in support and for 2019 103 projects supported, 1.2 billion reais Disbursed in donations, 3.4 billion reais received and 1.9 billion in support [14] [15]. In the two years, 16 projects were completed, 6 in 2019 and 10 in 2020, but without starting any other projects [14] [15]. But despite this, the Fund has relative sustainability and constancy of actions regardless of its interlocutor, proof of this is the continuity with all projects and the more than 100 million disbursed between 2019 and 2020.

4. The Future of the Fund

Given the slow steps taken in the last two years, and the end of resource mobilization by the AF's main donors much has been speculated about its continuity. A special point for this attention was the announcements made by the current minister of the environment of Brazil, Joaquim Leite, at COP 26, such as the reduction by 2030 of polluting gas emissions, in addition to the goal of zero illegal deforestation in Brazil by 2028 [19] [20]. On the part of the former financiers of the AF, however, the discourse that continues to be presented is that activities will only be resumed if the government presents concrete and convincing plans to reduce deforestation [19], which

is corroborated by noting that donors did not ask for their money back, demonstrating a belief that this government is transitory – or at least its environmental policies – and the resumption of the AF will be possible.

Concomitantly with discussions about the resumption of the AF, other moves have been taken that can be understood as “outlines” of the AF or even its updating, initiatives that have been taking on relative importance, for example, the “Amazon Fund 10+” announced at COP 26, or the LEAF Coalition.

5. Concluding Remarks

Throughout its years of operation, the AF has positioned itself as a mechanism of great innovation, whether due to the characteristic of the RBF, participatory governance, pioneering REDD+ investments, etc. In addition, some criticisms can be made of it, mainly linked to the allocation of resources, which is far from meeting the goal established for 2030, or regarding the types of projects and locations that are being served - as seen in section 2 of this work. However, what the present work aims to argue is that hardly anyone could say that the Fund had a negative balance in the period because, in addition to the remarkable numbers presented by the FA in its years of operation, there was a constant learning curve both for the BNDES and for the others. actors. Such is the importance of this learning that, even in a scenario of a complete dismantling of the environmental agenda in Brazil and freezing of resources, the Fund can remain active, completing projects and putting more than 100 million reais in years of a pandemic scenario.

Nevertheless, the impact that the Bolsonaro government had on the possible growth of this mechanism is remarkable, notably with the extinction of one of its founding and most innovative instruments, the COFA and CFTA, which discredited the FA to the point of leading to the freezing of donations and impossibility of implementing new projects.

For the future, what is argued is that, given the broad expertise that has been acquired over the years, there is no better scenario than the resumption of the FA to produce quick results that bring both external and internal confidence, restoring COFA maintaining the BNDES as manager, because, as it has consolidated itself as an institution solid enough to be able to face the challenges of implementation and the very conduct of activities even in moments of profound change. However, this analysis does not rule out the possibility of a self-reflection of the criticisms previously made, and this possible moment of resumption is a milestone for rethinking the axes and themes of the AF, its policies for choosing projects - it can be more flexible from the perspective of innovation, and active in adopting actions in some problems and key areas for deforestation. In addition to the possibility, as pointed out by all the interviewees, to seek

complementarity with these new financing instruments that are emerging, which are channeled or managed by the apparatus already existing in the AF.

It is then concluded that the Fund had a remarkable gain of national and international relevance in its first years of operation, and some criticisms can be made about its performance. However, in the Bolsonaro government, despite efforts to maintain continuity in its actions, the AF suffered serious blows, which reflected in its performance, but with the perspective of new governments and policies, a window opens for the Fund to reinvent itself. and re-emerge as the cutting-edge instrument it was created to be.

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