



REDD+ IN BRAZIL:

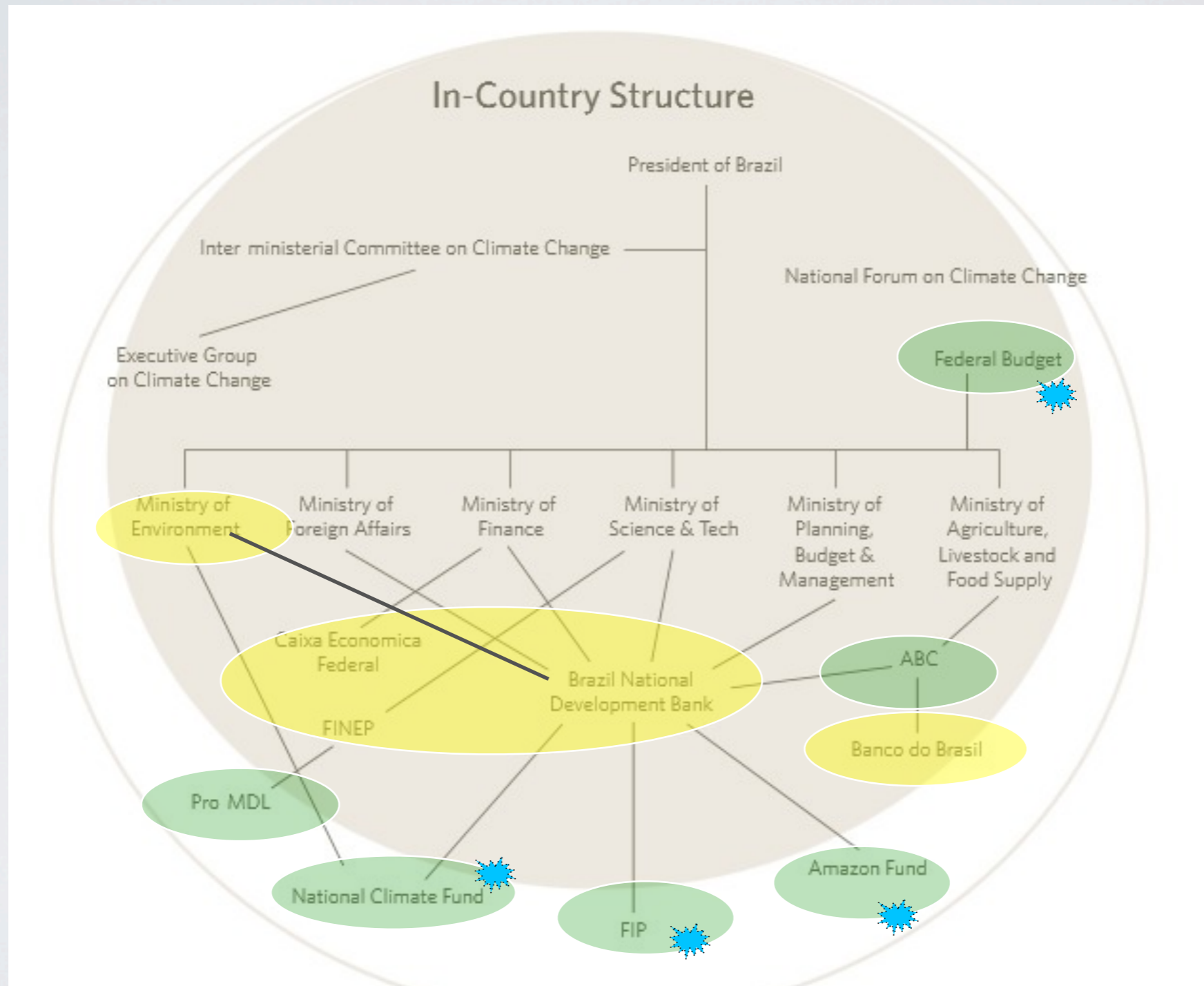
funding instruments

May 2013

by Natalie Unterstell, Ministry of Environment

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NATIONAL ARCHITECTURE



Financial Agents

Financial Vehicles

★ REDD+ related

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NATIONAL CONTEXT

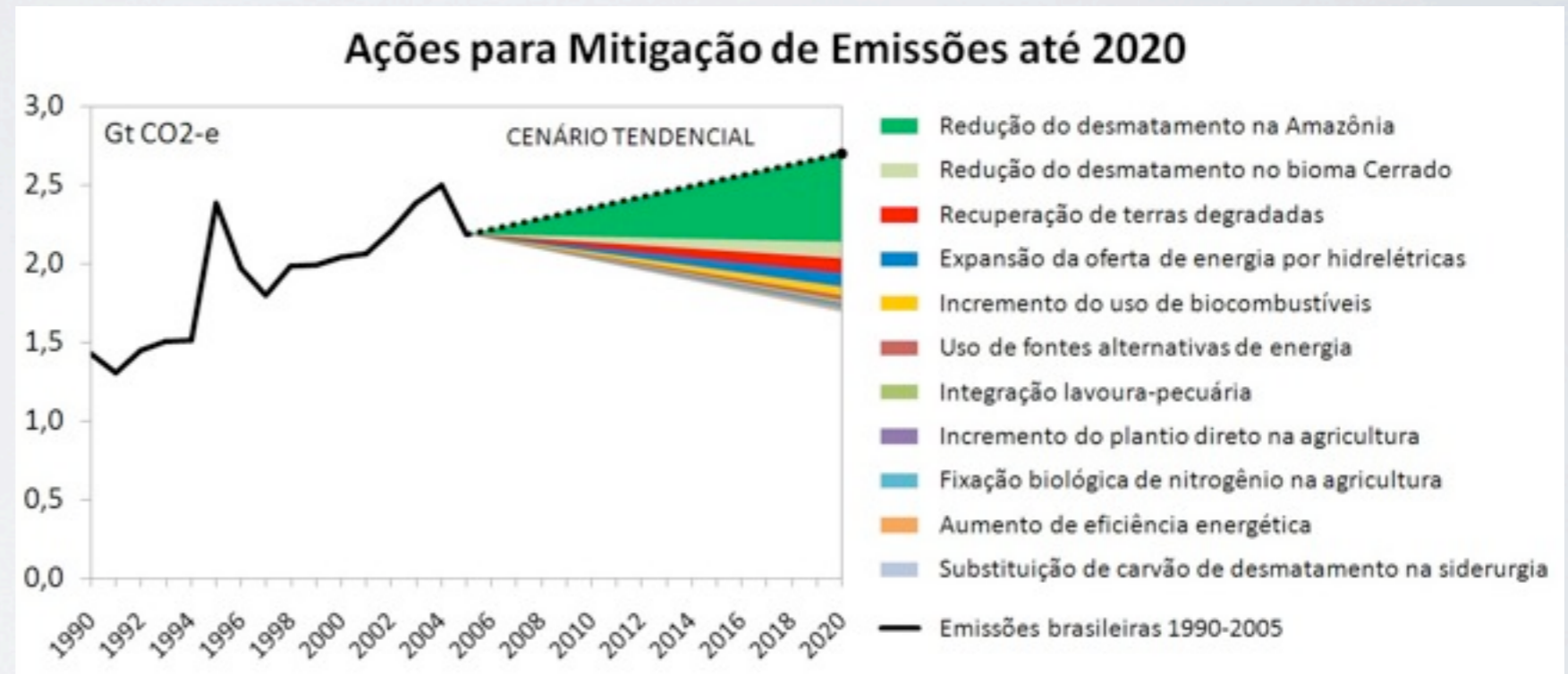
National Climate Change Policy

NAMAs
submitted to the UNFCCC

Sectoral Plans
9 areas

Funding Instruments
under development

Brazilian Emissions Reduction Market
under design



Emissions projected for 2020:

3.236 mi tCO₂eq

Reduction goal:

Between 1.168 mi tCO₂eq and 1.259 mi tCO₂eq

National Climate Change Funding Instruments

National Climate Change Fund
government-led

STRATEGIC GOALS: enable the achievement of national CC mitigation targets + reduce vulnerability to CC negative impacts + prepare for a low carbon economy.

CREATED IN: 2009, by Law 12187/2009 and regulated by Decree

STATUS: operative; undertermined lifespan

AGENT: MMA and BNDES

MAIN SOURCE: proceeds of oil revenues (budgetary source)

MODALITIES: non-reimbursables and reimbursables

SCOPE: national; complementary to Amazon Fund.

MRV: UNDER DEVELOPMENT, TIED TO SPECIFIC PROJECTS.

Amazon Fund
separate

STRATEGIC GOAL: promote sustainable development of the Amazon region and its peoples

CREATED IN: 2008, by Presidential Decree

STATUS: operative; undertermined lifespan

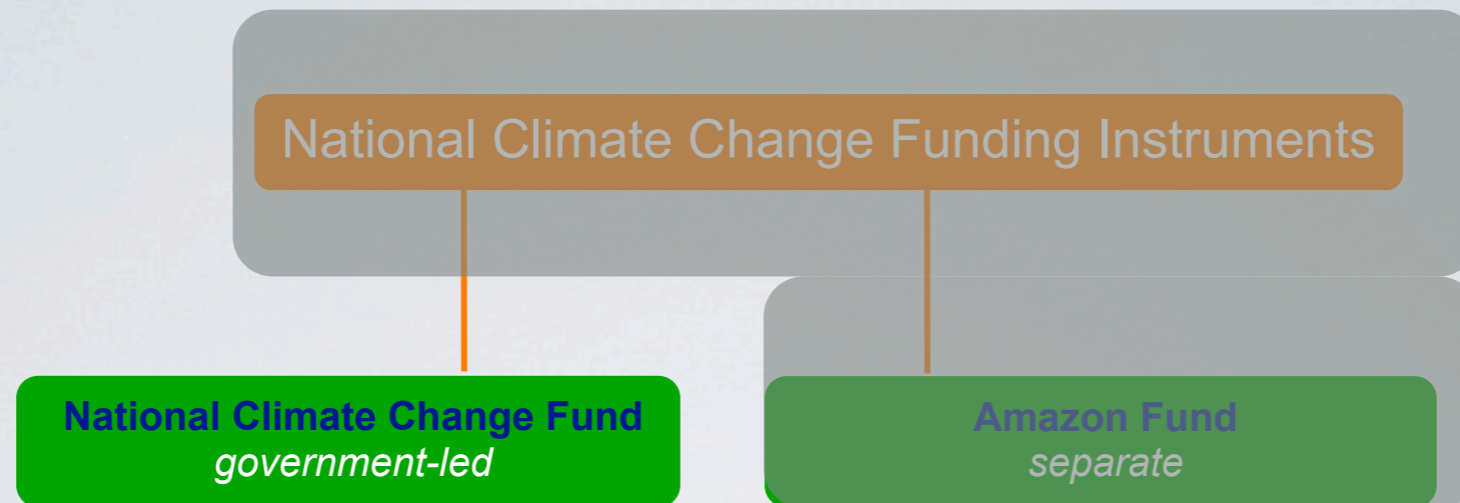
AGENT: BNDES

MAIN SOURCE: payments for verified results (extra-budgetary source)

MODALITIES: non-reimbursables

SCOPE: Amazon region and 20% on monitoring projects in other biomes and other developing countries

MRV: TIED TO REGIONAL (AMAZON BIOME) RESULTS



GOVERNANCE: Administered by a Multi-stakeholder Committee – Composition and competences established by Decree:

- 6 – federal governmental agencies
- 5 – non governmental organizations
- 1 - state government forum

ADMINISTRATION: Coordinated by the Ministry of Environment

FINANCIAL OPERATIONS: Ministry of Environment (N-R). In the case of R, National Monetary Council does regulation (including interest rates and tax incidence) while BNDES defines loans' assurances.

EXISTING CAPITALIZATION: USD 15 mi for NR + USD 150 mi for R yearly

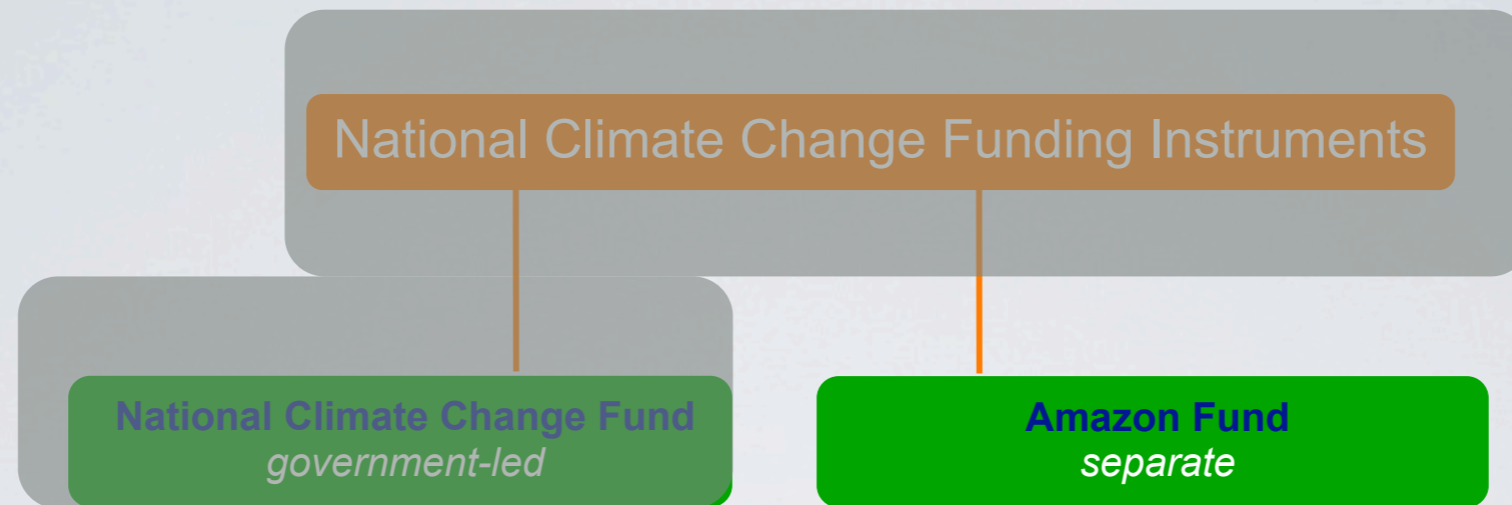
FUND FLOWS: NR: 99,4% disbursed in 2011, 2012 and 2013.

R: 100% disbursed to BNDES; no proposals yet.

DISBURSEMENT MODALITIES: NR can be shared through agreements, contracts, partnership agréments and decentralization to other financial or public agents. (Varying bureaucratic and accountability requirements). R through credit operations.

SAFEGUARDS: Financial support guided by principles and criteria established by a Multistakeholder Committee

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GOVERNANCE: Overseen by a Multi-stakeholder Committee (3 sectoral chambers: Civil Society and Private Sector, including Indigenous Peoples + State Governments + Federal Government Agencies) and supported by a Technical Committee responsible for MRV of results.

ADMINISTRATION: BNDES

FINANCIAL OPERATIONS: BNDES

FUNDRAISING: Brazilian Government and BNDES

EXISTING CAPITALIZATION: USD 350 mi approx.

EXPECTED: USD 1.03 billion until 2015

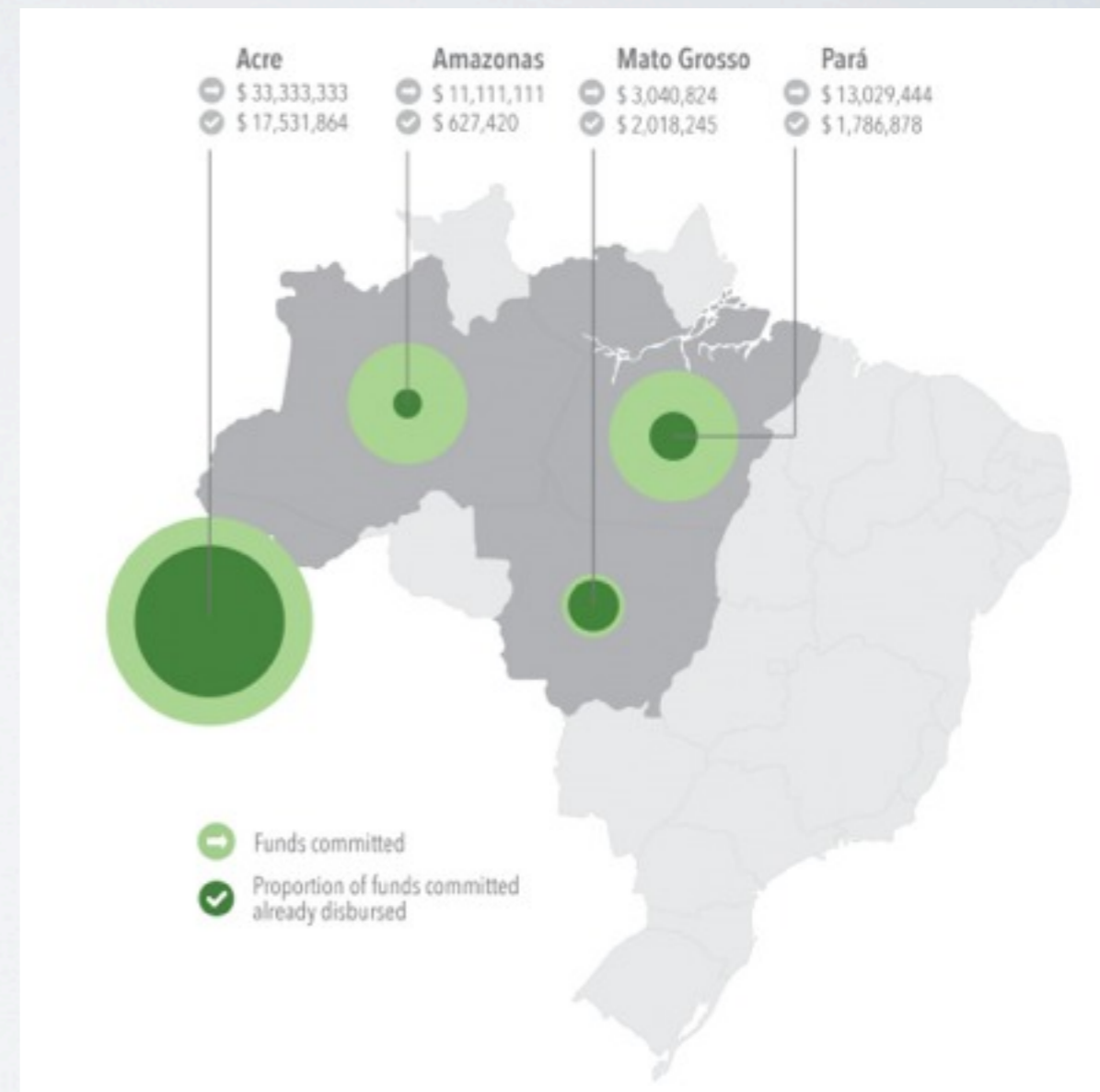
FUND FLOWS: USD XX approved , USD 350 mi committed, USD XXX mi disbursed

DISBURSEMENT MODALITIES: Non reimbursable can be shared through agréments and contracts. (Varying bureaucratic and accountability requirements). Projects range: USD 100,000 to USD 30 million.

SAFEGUARDS: Financial support guided by principles and criteria established by civil society organizations and adopted by the Amazon Fund.

NATIONAL REDD+ ARCHITECTURE

- The Amazon Fund as a biome-scale REDD instrument; not federal, but open to all actors with good proposals to develop the Amazon sustainably
- Actions on the ground as well as policies at various levels receiving Amazon Fund support
 - National Climate Change Fund: complements the AF supporting actions in other biomes; also works with reimbursables



Source: REDD+ Tracking Funds, 2013.

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LESSONS LEARNED

National Climate Change Fund *government-led*

- 1. Start-up-and-evolve approach;
- 2. Avoid “spontaneous demand”;
- 3. Electronic government tools to enhance disbursement;
- 4. Quantifying measures and emissions reductions;
- 5. Macroeconomic changes affected competitiveness of Fund’s interest rates

Amazon Fund *separate*

- 1. Simplicity;
- 2. Scale matters: mobilizing transformational proposals;
- 3. MRV transparency and credibility;
- 4. Accountability;
- 5. Negotiating with national and subnational stakeholders and financiers, on priority areas for funding.