

 Early Warning System

AFDB-GCF-FP173

The Amazon Bioeconomy Fund: Unlocking private capital by valuing bioeconomy products and services with climate mitigation and adaptation results in the Amazon



## Quick Facts

<b>Countries</b>	Brazil, Colombia, Ecuador, Guyana, Peru, Suriname
<b>Financial Institutions</b>	Green Climate Fund (GCF), Inter-American Development Bank (IADB)
<b>Status</b>	Approved
<b>Bank Risk Rating</b>	B
<b>Voting Date</b>	2021-10-07
<b>Borrower</b>	Regional
<b>Sectors</b>	Agriculture and Forestry, Climate and Environment, Finance
<b>Investment Type(s)</b>	Equity, Grant, Loan
<b>Investment Amount (USD)</b>	\$ 279.00 million
<b>Loan Amount (USD)</b>	\$ 135.00 million
<b>Grant Amount (USD)</b>	\$ 137.50 million
<b>Project Cost (USD)</b>	\$ 598.10 million



## Project Description

The Amazon region is highly vulnerable to climate change because of its direct exposure to climate risks, its high sensitivity to such risks, and its low adaptive capacity. Global warming may induce a higher frequency of extreme climate events and fires, directly impacting forests and agricultural productivity. In parallel, changes in land-use linked to unsustainable practices in agriculture and other land-use are a primary cause of forest loss, exacerbating the degradation of Amazon ecosystems and global climate. Temperatures have increased by 0.5°C on average since 1980 in the region, and some 23% of its GHG emissions were driven by the Agriculture, Forestry and Other Land-use (AFOLU) sector between 2007 and 2016. Deforestation and forest degradation, land-use, anthropogenic fires, biodiversity loss, and ecosystem fragmentation, among other factors, create adverse climate feedback loops. Without intervention, growth on demand of unsustainable use of agricultural land and forests will continue to raise deforestation and degradation in the Amazon, critically affecting ecosystems over the long-term. Altogether, impacts on natural capital stocks and future health of ecosystems could be severe.

In 2019, the governments of Bolivia, Brazil, Colombia, Ecuador, Guyana, Peru and Suriname signed the Leticia Pact for the Amazon Region, seeking cooperation among Amazon countries for the conservation of the region to generate opportunities for the sustainable development and well-being of its population. The Pact includes action related to the fight against deforestation and forest degradation; the conservation, recovery and resilience of biodiversity and ecosystems; sustainable productive systems; active participation by women, by indigenous and tribal peoples and by local communities in the sustainable development of the region; as well as the promotion of financial mechanisms to implement the Pact.

Because of the Amazon's diverse biological, land and water resources, the bioeconomy provides a robust framework for promoting sustainability in the AFOLU sector. Shifting to business models and technologies that sustainably use natural capital and forest assets (i.e., bio-businesses) can contribute to lower the impacts of climate change, reducing GHG emissions and increasing the region's resilience. The potential for private investment in bio-business is significant and tapping it can be determinant of the ability of economies to sustainably leverage natural capital. The financial sector can play a significant role, along with boosting processes such as incubation and accelerating businesses and promoting comprehensive regulatory tools to adequately value natural and forest assets involved in bio-businesses.

With a regional, multi-stakeholder approach (including investors, banks, project developers, producers and specialized advisory institutions) the Programme focuses on enabling the conditions to increase the flow of private funds to bio-businesses that can reduce the impact of climate change, safeguard local livelihoods and promote more inclusive development. The Programme focuses on addressing some of the most critical barriers specifically faced by bio-businesses (namely, risks of lending to bio-businesses, immature capital and financial markets, weak institutional environment for bio-business development, lack of standardized frameworks to monitor biodiversity impacts, and knowledge and capacity gaps) to encourage private investment. Programme activities are expected to help effectively overcome these barriers, ensuring financing becomes available and projects are suitable for financing, and enabling the use of thematic bonds to further support the development of these businesses. Targeted financing schemes and channels, such as blended finance, high-risk capital investment, bond issuance and shared-risk models designed to meet biobusiness needs can make financiers more willing to serve the sector and developers more willing to invest without risking profitability. Knowledge and institutional mechanisms can help ensure a continued flow of quality and inclusive projects that can be financed successfully, including innovative ways to structure partnerships between public and private actors through concessions.

Activities under the Programme are expected to reduce 6.2 million tCO<sub>2</sub>e annually (123.4 million tCO<sub>2</sub>e over a 20-year lifespan of investments) from forest and land-use, enhance carbon stocks of forests under improved management, leverage US\$719.1 million resources additional to GCF funding (including US\$319.1 million Programme co-finance as per Section C.1.b plus US\$400 million from other sources), and increase resilience and adaptation of some 677,327 beneficiaries (direct and indirect).



## Investment Description

- Green Climate Fund (GCF)
- Inter-American Development Bank (IADB)

The investment is divided into three types:

- 1) Grant - US\$137.5 mi
- 2) Loan - US\$135 mi
- 3) Equity - US\$6.5 mi



## Contact Information

### GCF CONTACTS

General media inquiries

### GCF Communications

PHONE +82 32 4458 6338 (KST)

[SEND E-MAIL](#)

Request for information

### ACCESS TO INFORMATION

Requests for project information may be submitted using the IDP Request for Information by email to: [disclosure@gcfund.org](mailto:disclosure@gcfund.org).

You can also submit an information request using this online form: <https://www.greenclimate.fund/about/disclosure/form>.

Additionally, if information requested is denied, an appeal can be filed to the Information Appeals Panel: [iap@gcfund.org](mailto:iap@gcfund.org). You can learn more about the Information Appeals Panel at: <https://www.greenclimate.fund/about/disclosure/appeals>.

### ACCOUNTABILITY MECHANISM OF GREEN CLIMATE FUND

The Independent Redress Mechanism (IRM) addresses complaints by people who believe they are negatively affected or may be affected by projects or programmes funded by the Green Climate Fund (GCF). The complainant can raise issues related to any of GCF's policies and procedures, including those relating to social and environmental issues, indigenous peoples, gender, and information disclosure, among others. If you submit a complaint to the IRM, it may seek to address the issues raised by facilitating [problem solving or conducting a compliance process](#). You can learn more about the Independent Redress Mechanism and how to file a complaint at <https://irm.greenclimate.fund/>.

You can access a video about the IRM (English) at: <https://youtu.be/1LanbriVhfs>.

A brochure about the IRM can be accessed in English, French, Spanish, Portuguese, Arabic, Mandarin, Mongolian, Vietnamese, Russian, Ukrainian, Korean, German, and Kiswahili at: <https://irm.greenclimate.fund/>.



## Bank Documents

- [Environmental and social safeguards \(ESS\) report for FP173: The Amazon Bioeconomy Fund: Unlocking pr](#)
- [Gender action plan for FP173: The Amazon Bioeconomy Fund: Unlocking private capital by valuing bioec](#)
- [Gender assessment for FP173: The Amazon Bioeconomy Fund: Unlocking private capital by valuing bioeco](#)
- [The Amazon bioeconomy fund](#)
- [The Amazon Bioeconomy Fund: Unlocking private capital by valuing bioeconomy products and services wi](#)