



GREEN
CLIMATE
FUND

GOAL

- Reduce the impacts of climate change and greenhouse gas emissions in the Amazon by shifting towards business models and technologies that sustainably use natural capital and forest assets.
- Increase the region's climate's resilience by encouraging private investment in bio-businesses.

ESTIMATED PROJECT LIFESPAN

7 years

FINANCING

TOTAL: USD 598.1 million

GCF FINANCING: USD 279 million (USD 137.5 million in grants, USD 135 million in loans, USD 6.5 million in equity)

GEOGRAPHIC FOCUS

Brazil, Colombia, Ecuador, Guyana, Peru, Suriname

PARTNERS

Inter-American Development Bank

PROJECT LINK

greencclimate.fund/project/fp173

THE AMAZON BIOECONOMY FUND

UNLOCKING PRIVATE CAPITAL BY VALUING BIOECONOMY PRODUCTS AND SERVICES WITH CLIMATE MITIGATION AND ADAPTATION RESULTS IN THE AMAZON

BACKGROUND

Home to the world's largest tropical forest, the Amazon is highly vulnerable to climate change impacts. The combination of increased temperatures and human-induced deforestation are creating adverse climate feedback loops. Increasingly warmer and drier conditions will further result in forest degradation and loss of ecological functions, ultimately bringing the Amazon forests to the point of no return. Known as the tipping point, there may come a time when the forests die and are replaced by dry savannah-like landscapes. This would have grave consequences on biodiversity, agriculture, human health and livelihood, and would also affect the Amazon's key role in absorbing and storing the world's carbon.

GCF's Amazon Bioeconomy Fund aims to reduce the impacts of climate change and greenhouse gas emissions and increase climate resilience in the region by promoting a paradigm shift to business models and technologies that sustainably use natural capital and forest assets. The programme will focus on prioritizing natural capital and delivering climate benefits in six countries (Brazil, Colombia, Ecuador, Guyana, Peru, Suriname). With a catalytic investment of USD 279 million from GCF, private investment will be encouraged in six key areas of the bioeconomy: sustainable agroforestry, native palm cultivation, non-timber natural forest products, growing native species timber, aquaculture, and community-led nature tourism.

PROJECT DESCRIPTION

The programme will address the main barriers faced by bio-businesses such as lending risk, underdeveloped capital and financial markets, weak governance to support business development, and lack of standardized frameworks and capacity to monitor ecosystem related impacts.

A mix of financial instruments - sovereign investment loans, green bonds, reimbursable investments grants, risk capital investments (equity), guarantees - and technical assistance will be provided in order to de-risk bio-businesses in the Amazon. Efforts will be made to increase financial availability, improve suitable project concepts, and increase support for business development (via knowledge and institutional mechanisms) in order to encourage more investment in the six key areas of the bioeconomy: sustainable agroforestry, native palm cultivation, non-timber natural forest products, growing native species timber, aquaculture, and community-led nature tourism.

GCF'S UNIQUE AND INNOVATIVE ROLE

The injection of USD 279 million from GCF will catalyse the flow of private funds to bio-businesses and address critical barriers for private investment in bio-businesses that have a high-risk profile. The GCF funds will be channeled to the programme in the form of grants, loans and equity through the Inter-American Development Bank (IDB), the Accredited Entity (AE) and GCF's implementing partner. As the AE, IDB is responsible for the management and administration of the programme.

EXPECTED RESULTS AND IMPACTS

The programme aims to deliver direct environmental benefits amounting to 3.9 million hectares of Amazon ecosystems protected and under strengthened management in response to climate variability and change.

Over 20 years of the programme, it is estimated the overall climate change contribution will be 123 million tonnes of carbon dioxide equivalent (MtCO₂eq) mitigated through improved forest and land use that avoids deforestation and enhances forest carbon stocks.

It is also estimated climate resilience will affect 191,952 direct and 485,375 indirect beneficiaries (of which 50% are female) through improved adaptation capacities from the adoption of diversified, climate-resilient livelihood options. Other socioeconomic benefits include the support of 57,299 bio-businesses, 58% of which have female majority ownership.

As the programme is designed so that all activities can be integrated into national systems, it aims to enable a transition from grant-funded models to self-sustaining structures supporting bio-business markets after the programme's completion.

The Green Climate Fund (GCF) is the world's largest dedicated climate fund. GCF's mandate is to foster a paradigm shift towards low emission, climate-resilient development pathways in developing countries. GCF has a portfolio of USD 10 billion (USD 37.2 billion including co-financing) delivering transformative climate action in more than 100 countries. It also has a readiness support programme that builds capacity and helps countries develop long-term plans to fight climate change. GCF is an operating entity of the financial mechanism of the UNFCCC and serves the 2015 Paris Agreement, supporting the goal of keeping average global temperature rise well below 2 degrees Celsius.