

Financing Climate Change: a View from Brazil

European Development Cooperation to 2020: can Europe meet climate change challenges for development cooperation?

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1 – Do the development cooperation and climate change finance agendas overlap in developing countries?

2 – How does a country like Brazil view Europe's contribution to the emerging international climate change finance architecture?

3 – Reduction of emissions from deforestation in Brazil: the Amazon Fund

1 – Do the development cooperation and climate change finance agendas overlap in developing countries?

- Yes

- Most actions that require development cooperation are directly related to climate change mitigation or adaptation, for instance:
 - Access to sustainable energy
 - Agricultural development

- No

- Climate change significantly increases the demand for ODA. New and additional resources are required, not just a rearrangement of existing resources. These new demands are evident in areas such as:
 - Public health – new epidemiological risks
 - Water and sanitation – increased water scarcity

2 – How does a country like Brazil view Europe's contribution to the emerging international climate finance architecture?

- As a block, the EU is:
 - the largest economy in the world
 - the biggest provider of ODA
 - the largest and most organised carbon market in the world (ETS)
 - the biggest provider of resources for climate change mitigation and adaptation
 - the actor most seriously committed to addressing climate change in the developed world
 - the third largest current emitter of greenhouse gases, and ranks first or second in terms of historical contributions to climate change
 - one of the world's largest per capita energy consumers and greenhouse gas emitters

- According to the European Commission, to ensure that global warming stays below 2° C, yearly additional investments of € 175 billion will be required by 2020, more than half of it in the developing world
- *For all these reasons, the EU has the opportunity and the responsibility of leading the world in establishing a financial architecture compatible with the challenge posed by climate change. Commissioner Dimas was right when he said last January that in Copenhagen “there will be no agreement without money”.*

3 – Reduction of emissions from deforestation in Brazil: the Amazon Fund

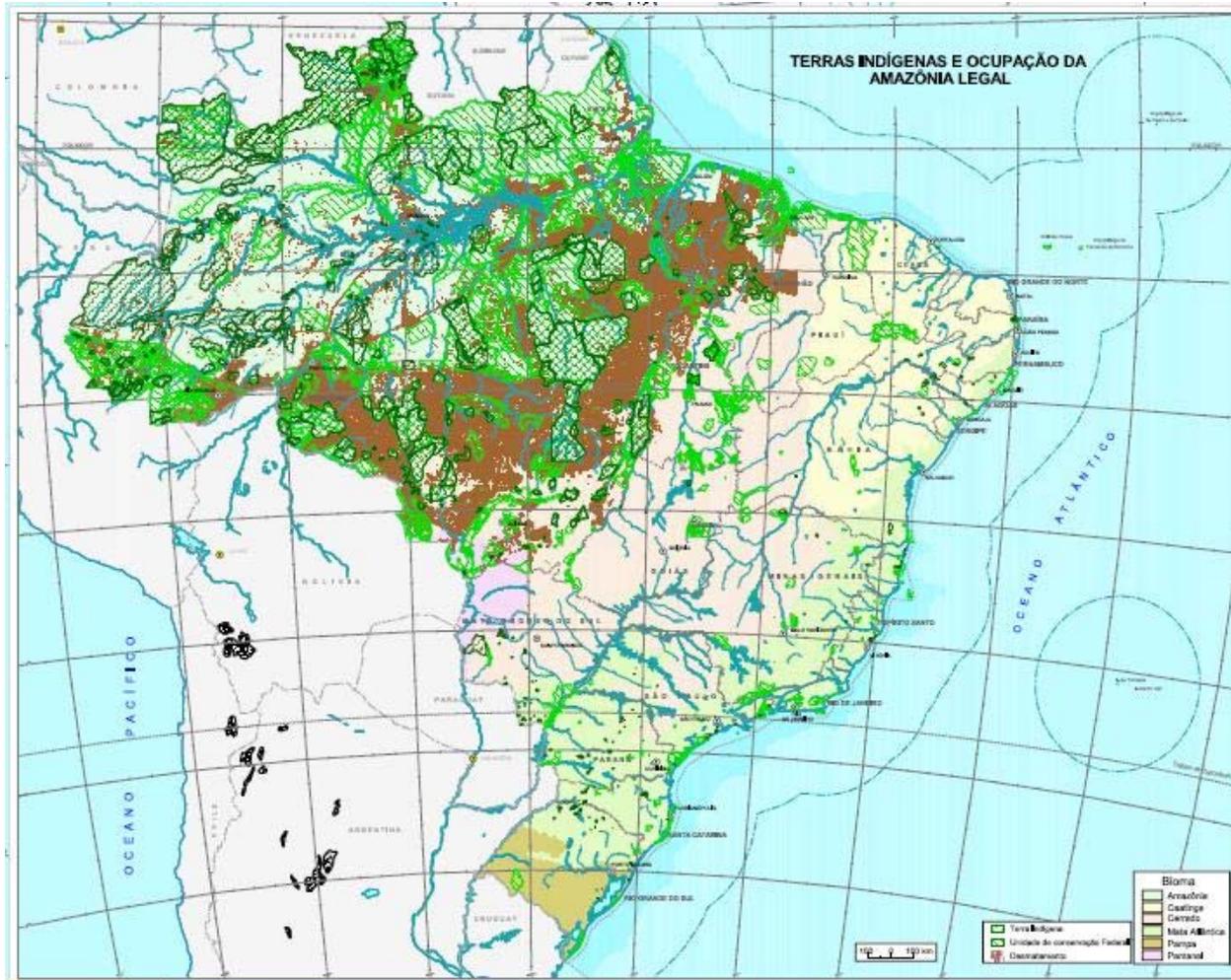
- Objective: channel resources to support actions to reduce emissions from deforestation in the Brazilian Amazon.
- Steering committee with representatives from government, NGOs, scientists and companies.
- Operation of the Fund subject to regular independent auditing.
- The Fund will play a key role in reaching the objectives of the National Climate Change Plan, such as:
 - halt of net forest cover loss by 2015 (including planted forests)
 - reduction of deforestation by 70% by 2017

- Emission reductions are calculated in proportion to the reduction of deforestation in a given year, compared to the average for the period 1996-2005
- Reduction of deforestation in 2007 was equivalent to 54,5 million tonnes of carbon, or 200 million tonnes of CO₂eq (100 tC/ha)
- Donors receive Diplomas corresponding to the amount of emission reductions obtained in the reference year. Donations are voluntary and the Diplomas cannot be used as credits in the carbon market.



- Replenishment of the fund is ongoing for the year 2006. The value attributed to the reduction of 1 tonne of CO2 equivalent is US\$ 5.00 for the period.
- In March 2009, the Fund has signed a first contract for a grant of US\$ 110 million from the government of Norway. The total pledge amounts to US\$ 1 billion, to be disbursed up to 2015.

Conservation Units and Indigenous Areas in Brazil



Source: IBGE

The Amazon Fund and the Brazilian Government Policies

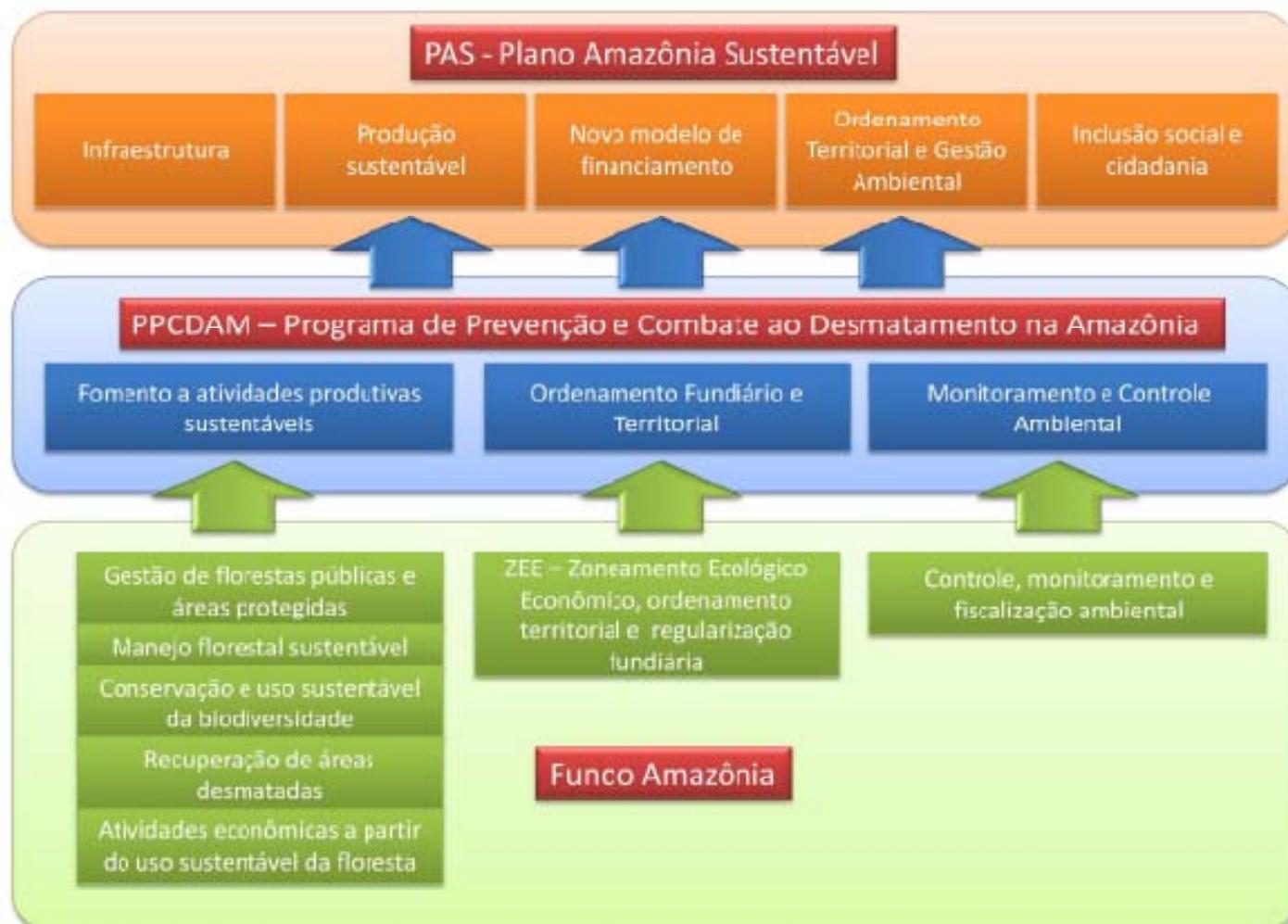
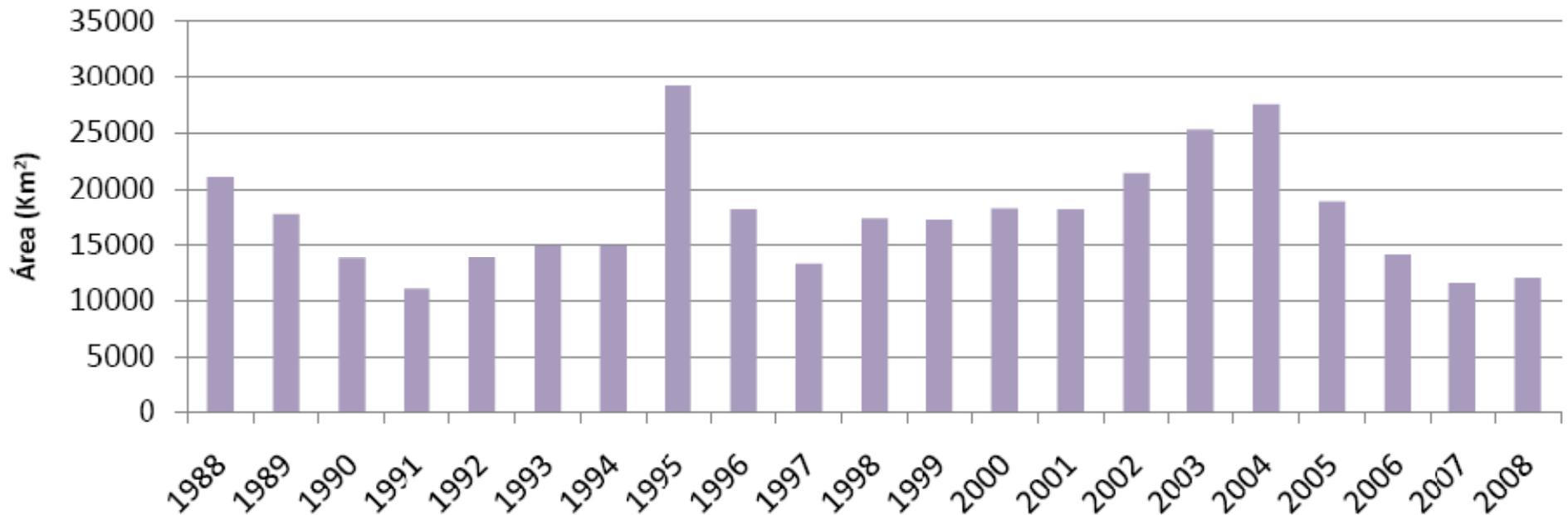


Figura 2: Esquema de articulação entre as áreas do Fundo Amazônia, o Plano de Ação para a Prevenção e Combate ao Desmatamento na Amazônia Legal - PPCDAM e o Plano Amazônia Sustentável - PAS

Annual Rates of Deforestation in the Brazilian Amazon 1988-2008

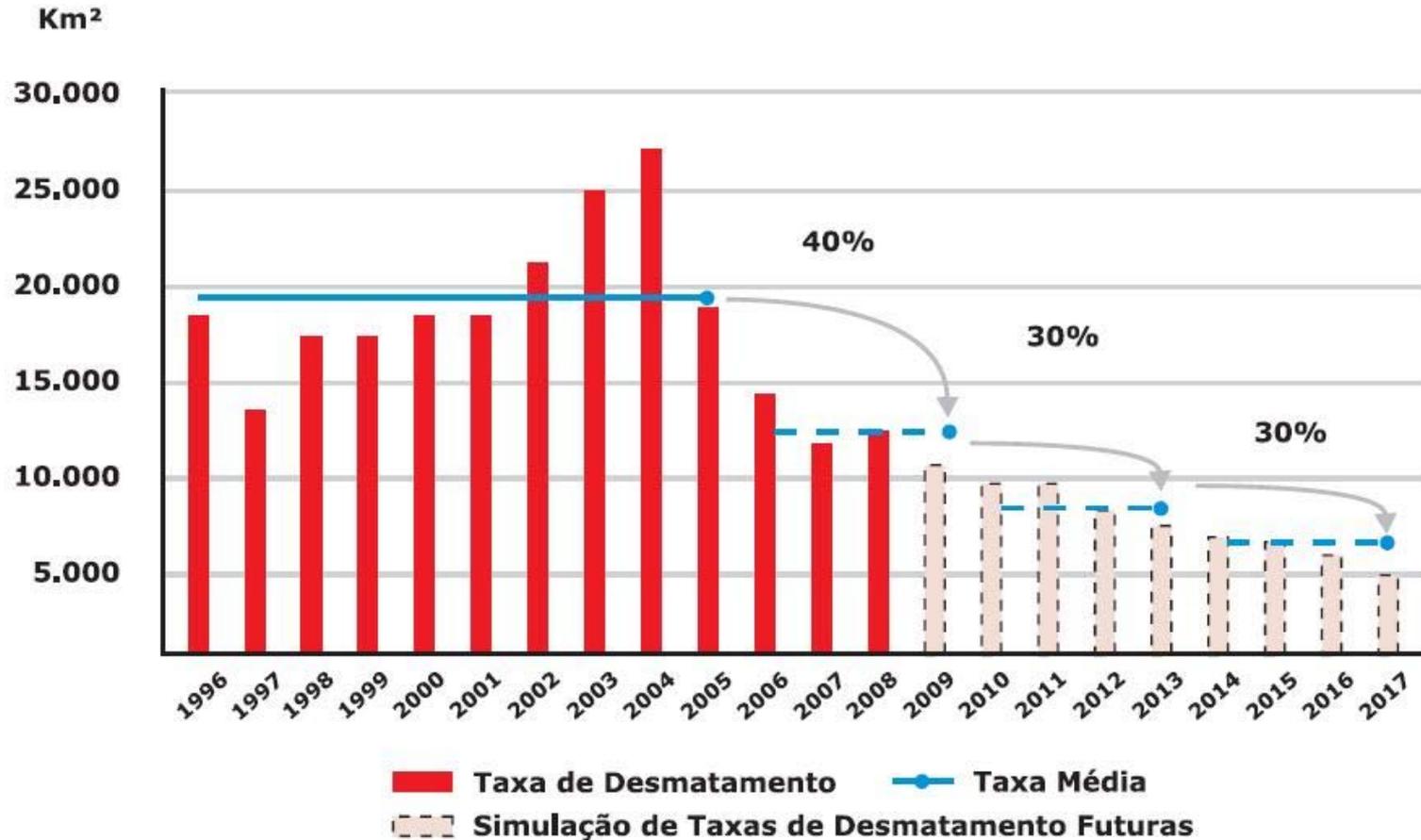
(Source: PRODES/INPE)



National Climate Change Plan

- Targets for reduction of deforestation

Gráfico 4: Evolução das Taxas de Desmatamento na Amazônia



Thank you

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