



ICF BRAZIL

SUMMARY

**UK IN
BRAZIL**

March 2024



UK Government

UK Government's commitment to support developing countries to respond to the challenges and opportunities generated by climate change, through International Climate Finance (ICF).



ICF GLOBAL

Climate change is a global challenge that affects us all. Without a collaborative global action to limit and manage the impacts of climate change, we risk losing the huge progress in reducing global poverty, which the UK has helped to achieve over the last three decades.

UK INTERNATIONAL CLIMATE FINANCE

(ICF) plays a crucial role in addressing this global issue. The Foreign, Commonwealth and Development Office (FCDO) in the UK has the responsibility to invest £11.6 billion from ICF between 2016 and 2025.

Our ICF delivers in the national interest, supporting all objectives of the UK's aid strategy:

- strengthening global peace, security and governance
- strengthening resilience and response to crisis
- promoting global prosperity
- tackling extreme poverty and helping the world's most vulnerable
- If we do not tackle climate change, it will undo the progress made globally to meet the Sustainable Development Goals. We directly support climate action and clean, affordable energy goals, as well as indirectly supporting many others.

UK ICF is present in Brazil through Defra, DESNZ, FCDO and the International Forest Unit, with investments of over £510 million.



ICF BRAZIL

What are the ICF goals?

ICF seeks to enable and accelerate the implementation of the Nationally Determined Contributions (NDCs) by:

- i) catalysing and mobilising strategic private sector investments in sustainable low-carbon projects on forests, agriculture and infrastructure and;
- ii) encouraging technological progress, ensuring that these activities can continue to be developed, while preserving natural resources and reducing deforestation and GHG emissions.

Climate policy objectives in Brazil:

- We seek to expand and strengthen collaboration with Brazil as a major player on climate and development. We have historic collaboration as Brazil's second partner on science and third on climate, with over **£510M** in International Climate Finance programmes committed since 2016.
- Both UK and Brazil are committed to address the global climate crisis, promote sustainable development, and foster a just and inclusive ecological transition. Our new UK-Brazil Green and Inclusive Growth Partnership launched in May 2023 sets out **5 initial pillars** in which we will drive strengthened cooperation and dialogue:

1. Climate



Implementing ambitious NDCs and adaptation strategies, including for the protection of oceans and coastal zones, Net Zero goals and targets, and a COP-to-COP exchange, under the United Nations Framework Convention on Climate Change (UNFCCC) mandate.

2. Forests



Fostering biodiversity goals, combatting deforestation, tackling illegal gold supply chains, promoting socio-bioeconomy and non-timber products, with a view to promote the rights and engagement of indigenous peoples and local communities.

3. Agriculture



Scaling up sustainable agriculture practices & promoting responsible supply chains.

4. Energy



Promoting a just and fair energy transition and the decarbonisation of industry.

5. Finance



Promoting a just and inclusive economic transition, green finance, carbon markets and other approaches, including results-based payments, in addition to mobilising new and additional financial resources, including through private investments.

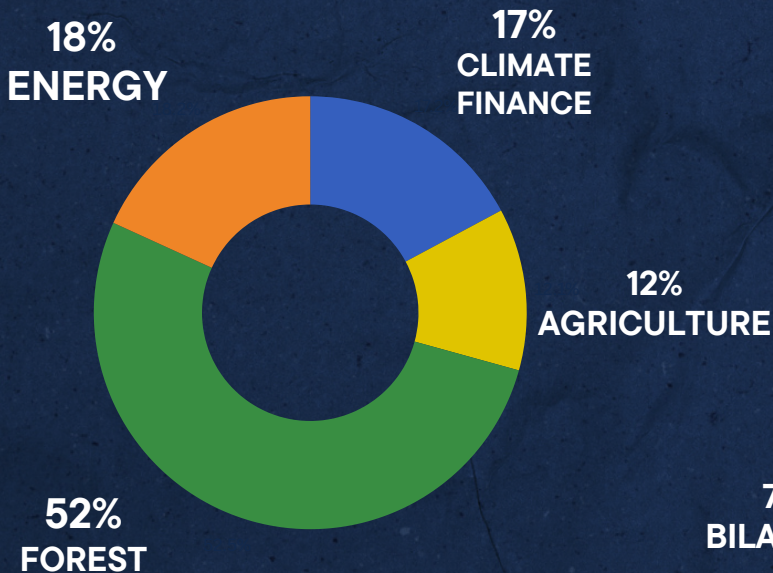
BRAZIL ICF PORTFOLIO



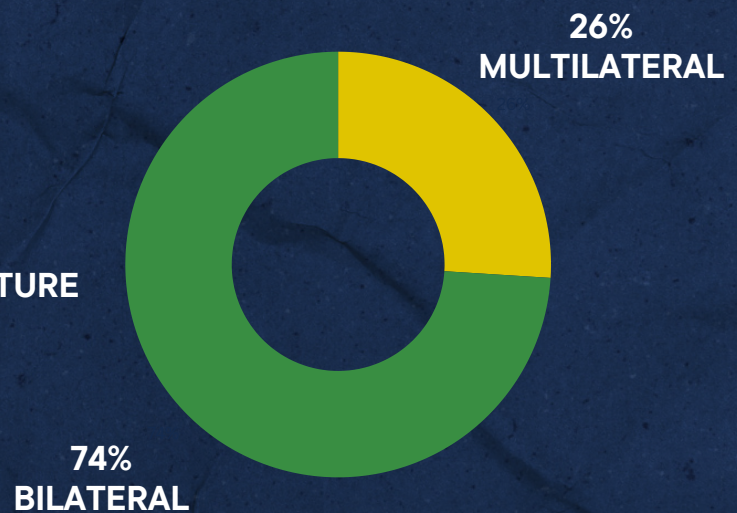
Total Portfolio ICF in Brazil:
£ 510.000.000

Ongoing portfolio:
£ 461.000.000

Finalised portfolio
£ 49.000.000



Portfolio Per Pillar



Multilateral vs. Bilateral



UK MULTILATERAL PROGRAMMES IN BRAZIL

ICF also operates through multilateral programmes. UK is one of the largest climate donors to multi-donor funds to support transformational change at scale. It is the largest donor to the GCF contributing £2.16 billion since 2014 through its delivery partners *World Bank*, *Inter-American Development Bank*, *UN Agencies*. Expanding in areas such as **Forest**, **Land Use Agriculture**, **Adaptation**, **Sustainable Cities**, **Transport**, and **Sustainable Infrastructure**.

Green Climate Fund (£27.3 million)

The Green Climate Fund is a fund established within the framework of the United Nations Framework Convention on Climate Change as an operating entity of the Financial Mechanism to assist developing countries in adaptation and mitigation practices to counter climate change.

Global Environment Facility (£7.1 million)

The Global Environment Facility (GEF) is a multilateral environmental fund with the core mission to help, through providing grants and blended finance for projects, ensure the protection and sustainable use of ecosystems and resources and focal areas such as biodiversity, international water and land degradation.

- **Clean Technology Fund / Climate Investment Funds (£4.5 million)**

The Clean Technology Fund (CTF), one of two multi-donor trust funds under the Climate Investment Funds (CIF) framework, its objective is to unlock private financing for urban energy efficiency projects in Brazil by reducing the credit risk and enhancing the technical quality of Efficient Street Lighting and Industrial Energy Efficiency projects - FINBRAZEEC (public).

- **Forest Investment Programme/Climate Investment Funds (£25 million)**

The Forest Investment Programme (FIP) is a targeted programme of the Strategic Climate Fund (SCF) within the Climate Investment Funds (CIF). The FIP supports developing countries' efforts to reduce deforestation and forest degradation (REDD) and promotes sustainable forest management.

- **Renewable Energy Integration (REI)/Climate Investment Funds (£55.6 million)**

The programme will help low- and middle-income countries develop more flexible and resilient energy systems through solutions that can accelerate the uptake of the best combinations of technologies to help in the following areas: absorbing new sources of intermittent renewable energy, managing advanced grids, balancing different infrastructural requirements and improving overall energy systems operation.



UK BILATERAL PROGRAMMES IN BRAZIL

AMAZON FUND

INTERMEDIATOR: BNDS

VALUE: £115 million



The *Amazon Fund* is a **REDD+ mechanism** created to raise donations for non-reimbursable investments in efforts to prevent, monitor and combat deforestation, as well as to promote the preservation and sustainable use in the Brazilian Amazon. The Amazon Fund supports projects related to:

- Management of public forests and protected areas;
- Environmental control, monitoring and inspection;
- Sustainable forest management;
- Economic activities created with sustainable use of the vegetation;
- Ecological and economic zoning, territorial arrangement and agricultural regulation;
- Preservation and sustainable use of biodiversity; and
- Recovery of deforested areas.

For more: <https://www.amazonfund.gov.br/>

REDD For Early Movers

IMPLEMENTER: KFW

VALUE: £58 million



The programme is a REDD+ results-based payment programme to reduce deforestation and support activities aimed at further protecting the forest, including through working with indigenous and vulnerable communities in the states of Acre and Mato Grosso.

The UK and Germany have partners in this initiative since 2017, with the aim of strengthening forest governance and emission reduction.

For More: <https://programarem.ac.gov.br/> <https://remmt.com.br/pt/>



United Kingdom Sustainable Infrastructure Programme (UKSIP)



PERIOD: 2018-2030

VALUE: \$51 million / £40 million

IMPLEMENTER: Interamerican Development Bank (IDB)

Since 2017 UKSIP has supported Mexico, Colombia, Peru, and Brazil to reduce emissions and develop sustainably.

UKSIP provides technical assistance to develop climate and investment policies, and capital investments into projects such as renewable energy, clean transport, and water and sanitation infrastructure, all aimed at mobilising and leveraging private finance for climate and development. By doing so the programme supports countries to ensure their climate ambitions result in changes in market activity.

Since 2017 UKSIP has committed around **USD\$51M** in Brazil. This includes a **USD\$30M** investment to improve access to sanitation services for around 10 million people in Rio de Janeiro state and a USD\$10m performance-based incentive grant to demonstrate the viability of using renewables to power aluminium supply chains.

In its next phase, from 2024 to 2029 UKSIP will continue to support Brazil, alongside **14** other countries across Latin America and the Caribbean, with an expanded remit which includes climate adaptation and resilience, and nature-based solutions alongside mitigation.

UK support IDB and Brazil's Ministry of Economy to create a new **Foreign Exchange Hedge Platform**. This platform can reduce foreign exchange risks faced by international investors, and enable private investments to flow behind Brazil's ambitious Ecological Transition Plan.

For More: <https://devtracker.fcdo.gov.uk/projects/GB-GOV-13-ICF-0014-SIPLA/summary>

LEAF – Lowering Emission and Accelerating Forest finance

The LEAF Coalition
Lowering Emissions by Accelerating Forest finance

PERIOD: 2023 - ongoing

VALUE: up to £1 million

IMPLEMENTER: Emergent

The LEAF Coalition is a public-private initiative designed to scale private finance for the protection of forests through the voluntary carbon market. LEAF accepts proposals for jurisdictional REDD+ credits from both national and subnational governments. LEAF provides a model to unlock significantly greater financial flows to forest protection, particularly from the private sector, changing in helping to reward and incentivise forest nations to protect their forests, which are so critical for global climate, biodiversity and sustainable development goals.

The initiative helps to raise global climate ambition, as it demonstrates that the demand and supply of results-based finance can follow a high integrity path, in line with the goals of the Paris Agreement. Buyers purchase in addition to, and not a substitute for, deep cuts in global carbon emissions. And forest country participants will follow a rigorous, high-integrity approach that guarantees robust results in terms of carbon - where payments come only upon verified results - and in terms of social and environmental safeguards.

For More: <https://www.leafcoalition.org>



Partnerships for Forests (P4F)



PERIOD: 2018-2024

VALUE: £24.0 million

IMPLEMENTER: PALLADIUM

The programme is supporting work to reduce deforestation and grow forest businesses in partnership, with public, private and civil society partnerships. This programme provides grants and technical assistance to reduce deforestation and support rural economies through (i) the development of forest partnerships, from concept through to commercial scale-up, (ii) enabling conditions and (iii) demand-side measures.

For More: <https://partnershipsforforests.com/>

Mobilising Finance for Forests (MFF)



PERIOD: 2021-2025

VALUE: £10.7 million

IMPLEMENTER: FMO DUTCH DEVELOPMENT BANK

The programme was established in 2021 by the United Kingdom government and FMO as a blended finance investment programme to combat deforestation and other environmentally unsustainable land use practices contributing to global climate change.

For More: <https://mff.fmo.nl/>

UK Partnering for Accelerated Climate Transitions (UK PACT)



PERIOD: 2021-2025

VALUE: £20 million

IMPLEMENTER: PALLADIUM

UK PACT supports the delivery of each pillar of the Green and Inclusive Growth Partnership through different funding windows. The programme supports countries that strive to overcome barriers towards clean growth and have high emission reduction potential to accelerate their climate change mitigation efforts. Support the creation of low-carbon policy, regulations and financial mechanisms that will result in wide-spread change and leverage further public and private finance

For More: <https://www.ukpact.co.uk/country-programme/brazil>

Mitigation Action Facility



PERIOD: 2012-2024

VALUE: UP TO €25 million / £22 million

IMPLEMENTER: SECRETARIAT: TECHNICAL SUPPORT UNIT (TSU)

Mitigation Action Facility supports the decarbonisation of the energy, industry and transport sectors by funding projects that test new or existing technologies, demonstrate their effectiveness and facilitate their subsequent scaling. The Facility supports any ODA-eligible emerging economy to meet their Nationally Determined Contribution (NDC) under the Paris Agreement with grants combining financial and technical assistance. Projects are EUR 5 – 25 million in size and between 3-5.5 years long.

For More: <https://mitigation-action.org/about/>

Partnership for Market Readiness



PERIOD: 2011-2021

VALUE: £200K

The PMR is a forum for collective innovation and action and a fund to support capacity building to scale up climate change mitigation.

- The PMR provides support to prepare and implement climate change mitigation policies—including carbon pricing instruments—in order to scale up GHG mitigation.
- Serving as a platform to share lessons, countries work together to shape the future of cost-effective GHG mitigation.

For More: <https://ndcpartnership.org/>

The Global Innovation Lab for Climate Finance – Brazil Programme



PERIOD: 2021-2024

VALUE: £900K

IMPLEMENTER: CLIMATE POLICY INITIATIVE

The Lab crowdsources, selects, develops, and launches transformative financial solutions to drive billions of dollars of private investment into climate change action in developing countries. The Brazil programme helps public and private investors and leaders identify, develop, and launch innovative investment solutions to drive funds for the country's national climate priorities.

For More: <https://www.climatefinancelab.org/>



SUSTAINABLE & LOW CARBON AGRICULTURE

Low Carbon Agriculture for Avoided Deforestation and Poverty reduction in Brazil



PERIOD: 2012-2025

VALUE: £62.3 million

IMPLEMENTER: IDB AND IABS

Better known as Projeto Rural Sustentável in Portuguese. The Inter-American Development Bank is the delivery partner in Brazil, working closely with the Brazilian Ministry of Agriculture, Livestock and Food Supply (MAPA) to support the successful implementation of the Brazilian ABC+ plan (Low Carbon Agriculture Plan).

This project focused on the Amazon & Atlantic Forests biomes in the first phase, and now operates in the Cerrado, Amazon and Caatinga biomes. It is recovering deforested and degraded land on small and medium sized farms to improve agriculture productivity through low carbon agriculture practices, whilst developing conversion-free value chains.

For More: <https://www.iadb.org/en/whats-our-impact/BR-T1409>



ENERGY / DECARBONISATION INDUSTRY

ESMAP - Energy Sector Management Assistance Programme



PERIOD: 2018-2025

VALUE: £37.3 million

IMPLEMENTER: World Bank

ESMAP is a partnership between the [World Bank](https://www.worldbank.org/) and [24 partners](#) to help low and middle-income countries reduce poverty and boost growth through sustainable energy solutions. ESMAP's analytical and advisory services are fully integrated within the World Bank's country financing and policy dialogue in the energy sector. Through the World Bank Group (WBG), ESMAP works to accelerate the energy transition required to achieve [Sustainable Development Goal 7 \(SDG7\)](#) to ensure access to affordable, reliable, sustainable and modern energy for all. It helps to shape WBG strategies and programs to achieve the [WBG Climate Change Action Plan](#) targets.

For More: <https://www.esmap.org/>

EEIST : Economics of Energy Innovation and System Transition



PERIOD: 2020-2024

VALUE: £250K

IMPLEMENTER: University of Cambridge

The aim of EEIST is to use cutting edge advanced methods, which exist in the sciences of complexity and economics, to support government decision making around facilitating a rapid low-carbon transition. By engaging with policy-makers in large emerging economies, this project will contribute to the economic development of emerging nations and support sustainable development globally.

The programme brings together world-leading expertise in complex systems modelling, economics and climate and environmental policy to better understand, and contribute to informing with rigorous science climate policy initiatives in China, Brazil, India, the UK and EU.

For More: <https://eeist.co.uk/>



HUBS : *Decarbonisation Industry and Hydrogen*

The UK is the only country that has secured such cooperation on decarbonisation where we're shaping the international offer to Brazil whilst enabling Brazil's ability to deliver its NetZero plans.

The Hubs were designed to better coordinate the international climate finance and technical assistance offers, and support Brazil to accelerate its transition towards net zero in two specific topics: hydrogen, and industrial decarbonisation.

The Hubs will facilitate engagement between international actors - bilateral partners, multilateral funds, technical assistance programmes, private sector coalitions and initiatives - and the government of Brazil to mobilise support for its industrial transition and hydrogen production. It aims to ensure different types of support and offer fit well together and help to identify new opportunities for future engagement with international partners.

The UK has a substantial range of existing and new ICF programmes to bring to bear in support of the Hubs, including the forthcoming CIF Industry Programme - the world's first largescale concessional finance programme for industry decarb which should go live during Brazil's G20.





brazil.climate@fcdo.gov.uk