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## Green Economy in the Amazon

within the context of COVID-19



Foto: Rodolfo Pongelupe

### ABOUT THE PROJECT

The pandemic caused by Covid-10 exposed structural inequalities and a lack of economic resilience around the world. Many countries have implemented packages of adopted financial measures as a strategy to promote economic recovery. In Brazil, more than R\$520 billion in executed fiscal and budgetary actions were spent to combat the effects of the pandemic just in 2020<sup>1</sup> alone, which represent almost 7% of the national GDP. But how much of these resources were allocated towards valuing natural capital at the center of political and economic decision-making, focusing on the Amazon, for a “green” recovery based on the nature of the context of COVID-19?

It is this evaluation about the impacts of the economic stimulus measures over natural capital, with a focus in implemented actions of the Brazilian Legal Amazon during the pandemic, that composes the study “Green Recovery in the Amazon: Natural Capital at the center of political and economic decision-making in the context of Covid - 19.

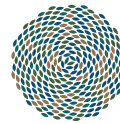
<sup>1</sup>Tesouro Nacional Transparente. Monitoramento dos Gastos da União com Combate à Covid-19.



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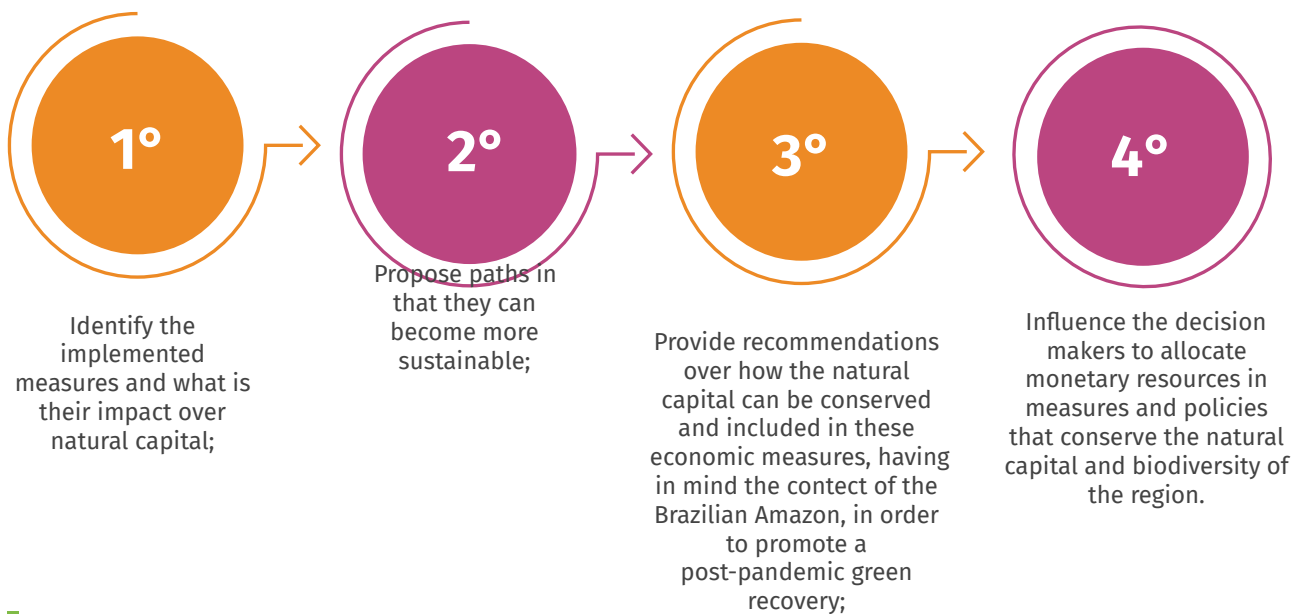


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## PROJECT OBJECTIVES

The study traces a detailed panorama of the impact of measures taken within the scope of fiscal, budgetary, monetary, and commercial politics within the context of the pandemic induced by COVID - 19, taking into consideration how these measures search out or simply do not integrate, within the center of the decision-making, the natural capital to influence green economic recovery plans in Brazil, with a focus on the Brazilian Legal Amazon.



## METHODOLOGY

The study counted on methodological support from the Economics For Nature program of the Green Economy Coalition (GEC) and the International Institute for Environment and Development (IIED). The measures with monetary values, budget and grants, were analyzed for the construction of the Green Recovery Covid Index, with the intent of being comparable to parallel studies realized by partner organizations in France, India and Uganda, that utilized similar parameters.

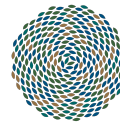
This publication is part of the global study “Mainstreaming Natural Capital Approaches in Economic Decision-Making” over the green economic recovery in the context of COVID - 19 with participation of case studies from Brazil, France, India, and Uganda. It was coordinated in Brazil by the Hub de Bioeconomia Amazônica, a coalition between the Fundação Amazônia Sustentável (FAS) and Green Economy Coalition (GEC), in partnership with the Program “Economics For Nature” of the Green Economy Coalition (GEC) and International Institute for Environment and Development (IIED). This project is financed by the foundation MAVA.



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## WHY THIS STUDY IS IMPORTANT

The Amazon has the most cultural biodiversity on the planet and faces a crisis without precedent. It possesses 60% of the remaining tropical forests of the world and is home to at least 25% of its terrestrial species. Besides this, it unites cultures and knowledge uniquely associated with the forest, by means of indigenous populations belonging to more than 400 different ethnic groups, that utilize the forest sustainably for the production of materials, foods and medicines.

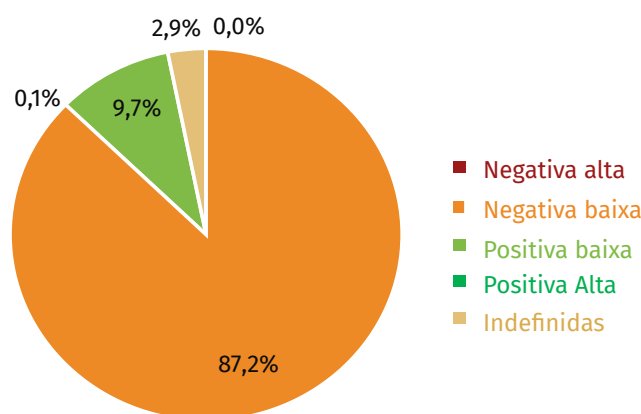
According to the report from the World Economic Forum, prioritizing nature and integrating natural capital in the forming of economic decisions in the middle of the pandemic of COVID - 19, could create 395 millions of jobs and more than US \$10 trillion in revenue annually until 2030. Nonetheless, until now, few countries have taken measures to integrate and prioritize the protection of natural capital in the formation of economic decisions in this context.

In Brazil, more than R\$ 520 billion were spent combating the effects of the pandemic, principally with emergency aid for people in vulnerable situations, financial aid for states and municipalities, support for micro and small businesses, additional expenditures for health care, among others. Nonetheless, none of these measures considered in their scope, centrally or even marginally, natural capital.

In this scenario, the confluence of climactic, sanitary, and socio-economic crises, provide an opportune moment to put nature at the center of decision-making in order to stimulate the green recovery, contributing to the protection of biodiversity and promoting sustainable economic development in the Amazon.

## PRINCIPAL FINDINGS

**Figure:** Impact of economic stimulus measures about natural capital



**Source:** Database of green economic stimulus. Elaborated by us.

<sup>2</sup> World Economic Forum (2020). The Future of Nature and Business.

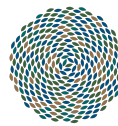
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## EMPHASIS AMONGST THE POSITIVE MEASURES



### Low Carbon Family Farming:

The credit programs of Pronaf and Program ABC represent, together, the equivalent of R\$ 4.9 billion (US\$ 942.7 million)



### Infrastructure

budgetary action of “Implantation of infrastructure for the Projeto Norte Conectados”, that should contribute to the integration of isolated communities and the economy of the forest. The plan for 2021 is to allot for the distribution of water and sewer in Amapá,



### Bioeconomy

a budget of R\$ 2.2 million (US\$ 419 thousand) for Sustainable Bio-Economic Development in conjunction with the Program InovaSociobio, founded by the Amazonas State Government.



### PD&I

magnification and modernization of infrastructure for study and (ii) the support for projects in the scientific area in general.

## EMPHASIS AMONGST THE NEGATIVE MEASURES



### Farming

Flexibilize Central Bank in the use of LCAs (Letra de Crédito do Agronegócio). Estimating that of the total, R\$ 462 million (US\$ 126 million) impacts the Amazon. Besides this, around R\$ 47.2 billion is projected for credits and grants in 2021 for the agricultural sector.



### Mining:

four regulatory acts that tend to flexibilize mining activities in the region and two rounds of mining concessions, including municipalities that appear on the list of priorities for preventative actions, monitoring and controlling deforestation.

## EMPHASIS AMONGST THE UNDEFINED MEASURES



### Infrastructure:

around R\$ 786 million is projected through budgetary actions to implement basic infrastructure in the municipalities of the Calha Norte region, the resources are to be implemented depending on the projects.



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## CONCLUSIONS AND RECOMMENDATIONS

- 1** Tributary measures put into practice, before and during the pandemic, do not consider natural capital as a guide. As medidas extrafiscais colocadas em prática, antes e durante a pandemia, não consideraram o capital natural como norteador.
- 2** The absence of specific measures that value natural capital left space for protagonistic governors of Amazonia to formulate a Plano de Retomada Verde (PRV). A ausência de medidas específicas de valorização do capital natural deixou espaço para o protagonismo dos governadores da Amazônia com a formulação de um Plano de Retomada Verde (PRV).
- 3** Diverse positive budgetary platforms for natural capital have less available resources for 2021, in comparison to 2020. Environmental inspection and control to prevent fires created a case which reversed the budget fall due to strong pressure. Diversas linhas orçamentárias positivas para o capital natural têm menos recursos disponíveis em 2021, se comparado a 2020. Controle e fiscalização ambiental para prevenção de incêndios foi um caso que reverteu a queda orçamentária devido às fortes pressões.
- 4** Economic appreciation through intelligent use of the forest can occur by way of bio-economy and low carbon agriculture. The budget, grants and credits for these sectors should be expanded. A valorização econômica de uso inteligente da floresta em pé pode ocorrer por meio da bioeconomia e da agricultura de baixo carbono. O orçamento, as subvenções e os créditos para esses setores devem ser ampliados.
- 5** Resources from funds and donations are fundamental to foment public policy for protection of the forests in Amazonia. In the case of programs such as Floresta +, Adote um Parque, ARPA, Mais Luz Para a Amazônia, among others. Os recursos provenientes de fundos e doações são fundamentais para fomentar políticas públicas de proteção às florestas na Amazônia. É o caso dos programas Floresta +, Adote um Parque, ARPA, Mais Luz Para a Amazônia, dentre outros.
- 6** Diverse regulatory acts have favored a flexibilization of mining, agricultural, fishing, fishing, and forestry activities in the region, impacting negatively natural capital. Diversos atos regulatórios têm favorecido a flexibilização das atividades de mineração, agricultura, pesca e floresta na região, impactando negativamente o capital natural.
- 7** Measures in the area of sanitation have shown to be insufficient to change the indexes of low access. The shaping of new projects can contribute to attract public and private investment in green infrastructure in general. As medidas na área de saneamento se mostram insuficientes para mudar os baixos índices de acesso. A modelagem de novos projetos pode contribuir para atrair investimentos públicos e privados em infraestrutura verde no geral.

## Parceria

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