



FACTSHEET

NATURE, PEOPLE AND CLIMATE (NPC) INVESTMENT PLAN FOR BRAZIL

BACKGROUND

Deploying the power of nature is essential to addressing climate change, with natural ecosystems sequestering around 30% of man-made emissions. Rural peoples' resilience to the effects of climate change can also be strengthened when the vital services that nature provides are maintained and bolstered.

CIF's \$400 million Nature, People, and Climate investment program supports the development of Nature-based Solutions to climate change in low and middle-income countries, ranging from small island states to highly vulnerable sub-Saharan African nations and large Latin American countries. The program funds initiatives that recognize the interdependence among land use, climate change, and the livelihoods of rural communities and Indigenous Peoples.

By bridging the gap between mitigation and adaptation funding, CIF's programmatic approach incentivizes countries to manage these complex relationships and understand the trade-offs between them, contributing to lasting change. It will target additional benefits, such as improved biodiversity and livelihoods.

A unique feature is the programs' Dedicated Grant Mechanism (DGM), a direct financing window for Indigenous Peoples and local communities. With DGM, they are empowered to contribute traditional knowledge to climate solutions, with the autonomy to decide how to allocate funding.

CIF NPC partners with Africa's Zambezi River Basin Region (Zambia, Malawi, Mozambique, Namibia, and Tanzania), Brazil, Dominican Republic, Egypt, Ethiopia, Fiji, Kenya, Namibia, Rwanda and Zambia to generate Nature-based Solutions as a contribution to achieving global climate goals.

THE CHALLENGE

Brazil's NPC Investment Plan is focused on an area within the **Tocantins-Araguaia Basin** referred to as the **'Arc of Deforestation'** because it contains the regions with the highest rates of deforestation in the Amazon and Cerrado biomes. The region faces many challenges:

- **Illegal deforestation:** Despite command-and-control mechanisms implemented by the Government, Brazil has lost 33% of its natural areas, including native vegetation, water surfaces, beaches and dunes. Illegal deforestation represents the biggest threat and source of reduction to the supply of environmental services in the country.
- **Greenhouse Gas Emissions:** Since 2013, Brazil's emissions from sectors other than agriculture, land use change, and forestry have been declining. But these sectors represent 60.3% of Brazil's national emissions, leading to an overall increase in total emissions in Brazil since 2017.
- **Agricultural vulnerability:** The agriculture sector is one of the most vulnerable to extreme climate and weather events. For example, 25.2 million tons of grains were estimated to be lost in 2022 due to prolonged droughts and soil degradation. In recent years, reduced production increased food prices and had a significant impact on inflation.
- **Extreme weather events:** In 2024, Brazil recorded the highest number of forest fires in 14 years and the Amazon experienced historical droughts. The volume of rivers reached the lowest levels in 120 years, with strong impacts on the lives of millions of people living in the region, notably on food production and hydroelectric generation.

INVESTMENT PLAN HIGHLIGHTS

To address these challenges and deliver on national climate goals, Brazil's \$47 million NPC Investment Plan, generating an expected \$200 million in co-financing, seeks to transform vulnerable areas marked by high rates of deforestation into resilient and sustainable territories. Specifically, the plan aims to promote large-scale restoration of degraded areas in the **Tocantins-Araguaia Basin**, promoting sustainable practices and socio-economic benefits. It intends to reduce and remove greenhouse gas and strengthen the resilience of lands and communities, restoring the water supply, while benefiting Indigenous and local communities and supporting a strong gender focus.

The **Brazilian Development Bank (BNDES)** will blend CIF funding with existing credit lines to support private sector-led restoration efforts. These are linked to environmental services payment schemes and emphasize voluntary carbon credits for afforestation, reforestation & revegetation and sustainable forestry. Additionally, major Brazilian agribusiness exporters have shown a growing commitment to forest restoration and anti-deforestation efforts within their supply chains, including support for producers of different scales. These efforts **boost employment and income**, including by indirectly supporting local nurseries, often run by small cooperatives and associations. The plan considers multiple restoration models at the landscape level:

- active, assisted, and passive restoration where it is most effective; prioritizing costly restoration approaches in highly degraded sites
- restoring least productive and most degraded lands to minimize agricultural production loss



- improving the well-being and livelihoods of the population by increasing the availability of forest products, expanding food supplies, improving water security, and supporting the diverse cultural values attributed to landscapes
- maximizing biodiversity benefits by increasing connectivity between old forest fragments and enabling movement and cross pollination between populations
- reducing forest fire risk by suppressing vulnerable species and creating buffer areas at the edges of primary forests
- reducing demand for wood in natural forests by allowing larger areas to be sustainably managed for wood production

FUTURE IMPACT

The Brazil NPC Investment Plan includes initiatives to encourage ecological recovery and implementing agroforestry systems to increase forest cover, contribute to carbon sequestration, protect water resources, conserve biodiversity, and create sustainable economic opportunities for local communities with significant environmental, economic, and social outcomes:

- **Forest restoration** of a target **54,000 hectares**
- Directly/indirectly generate **21,000 jobs** by implementing ecological restoration projects
- **Up to 7.75 million tCO₂eq per year reduction in GHG emissions** resulting from the agriculture and land use sector
- **Green growth powered by regenerative industries** that contribute to national development, social welfare and prosperity
- Potential to generate Afforestation, Reforestation, and Revegetation (ARR) **carbon credits**



THE CLIMATE INVESTMENT FUNDS

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