

## 5. Disagreements between donor countries and the Bolsonaro government regarding the Amazon Fund

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Governors of Amazonian states, who also informed the Amazon Synod about the current situation, had spoken out against the Amazonian policy of the Brazilian federal government and its rejection of offered foreign financial aid, which was urgently needed in the region. The governors were prepared to negotiate direct aid with international donors. This would be complicated but could offer new opportunities through a regional bank independent of the central government.

Objectives of the Amazon Fund are the reduction of CO<sub>2</sub> emissions caused by slash-and-burn agriculture, reforestation, promotion of sustainable agroforestry, environmental management and safeguarding of human rights in Indigenous protected areas as well as financial support of the important environmental register. The Amazon Fund is the largest financial instrument to support REDD+ actions in the tropics. Since 2008, it has raised around US\$ 1.3 billion in promised donations from bilateral agreements. The situation was good as long as the projects approved under the Amazon Fund were aligned with national policies to reduce deforestation and emissions, such as PPCDam, and ENREDD+ (Jordão 2022, 204; van der Hoff *et al.* 2018).

From a geopolitical perspective, the Amazon Fund's creation and consolidation strengthened Brazil's international position as a country with political leadership and technical ability to control deforestation and promote sustainable land use. The Fund's resources allocated to government agencies became one of the only sources of financing strategies to control deforestation.<sup>462</sup>

Environment Minister Salles caused great embarrassment to the backers of the Amazon Fund (Norway contributes 94%, Germany 5% of the funds) by criticising the project's management model. "Without filing any complaints or irregularities, Salles ended up triggering a diplomatic incident" (Trigueiro 2019, n. p.). Norway and Germany considered the governance of the Amazon Fund exemplary and also praised the BNDES mediation, transparency and the concrete results of the 103 projects funded so far. Salles wanted to change the Amazon Fund Advisory Committee by raising government participation and using part of the funds given to pay compensation to landowners located illegally within conservation units, which is contrary to the Fund's rules. In order to change the composition of the decision-making body for the allocation of funds at the National Development Bank (BNDES) to the detriment of NGOs, Salles

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462 It was mentioned by NGOs that it could take a long time to get a project approved and accessing funds could be quite bureaucratic and required more organised administrative and accountability systems (Jordão 2022, 205).

had dissolved the body. The Bolsonaro government definitely wanted to change the objectives of the Fund. Of course, the donor countries did not agree to changing the committee and misappropriating the Fund.

The main donor countries of the Amazon Fund, Norway and Germany, had pledged funds due to the deforestation situation – the German Ministry of the Environment has also frozen funds for other forest protection projects for the time being. Bolsonaro responded with sarcastic formulations: “We don’t need German funding” and “Germany wants to buy Amazonia,” among others.

The Amazon Fund is regarded as the world’s most successful financing initiative for rain forest conservation to date. Government projects (federal, state, environmental agencies, municipalities) received 60% of the financial means. Important projects of non-governmental organisations of Indigenous people and scientific research were supported by the other funds, as well as the manifold advisory services of the German GIZ.<sup>463</sup>

Therefore, no projects could be approved under the Bolsonaro government. Even after talks between the German Minister for Economic Cooperation and Development (BMZ), Müller, and the Brazilian Environment Minister Salles, no solution was on the horizon. After numerous scandalous actions and statements by Salles and his statement in a cabinet meeting on how to circumvent the environmental laws in Amazonia, Salles disappeared from the scene.<sup>464</sup> From the point of view of the donor countries and the affected population, however, it is essential to continue promoting projects of the civil society that the Bolsonaro government wanted to marginalise.

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463 GIZ (German Agency for International Cooperation). The main commissioning party is the German Federal Ministry for Economic Cooperation and Development (BMZ).

464 The head of the investigation of the Federal Police against illegal timber trade had reported Minister of Environment Salles, a hardliner in implementing Bolsonaro’s anti-ecological strategies, for obstruction of environmental investigations, abuse of office and participation in a criminal organisation of illegal timber exports. Salles resigned in June 2021 (Compilation of press information).