

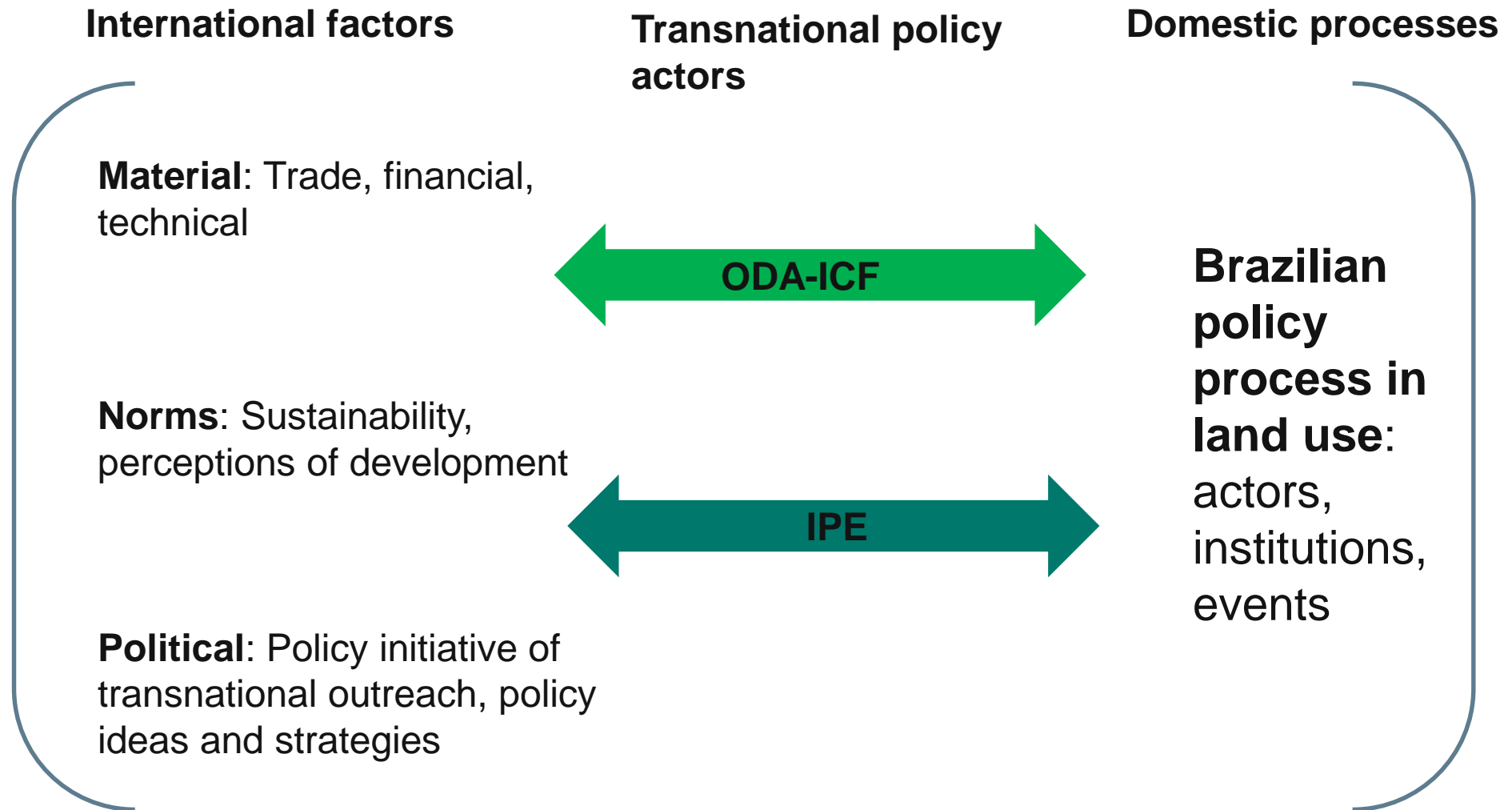
SNAPFI webinar, June 13, 2023

How does Brazil react to transnational policy influences in the land use sectors? Evidences from public and private climate finance

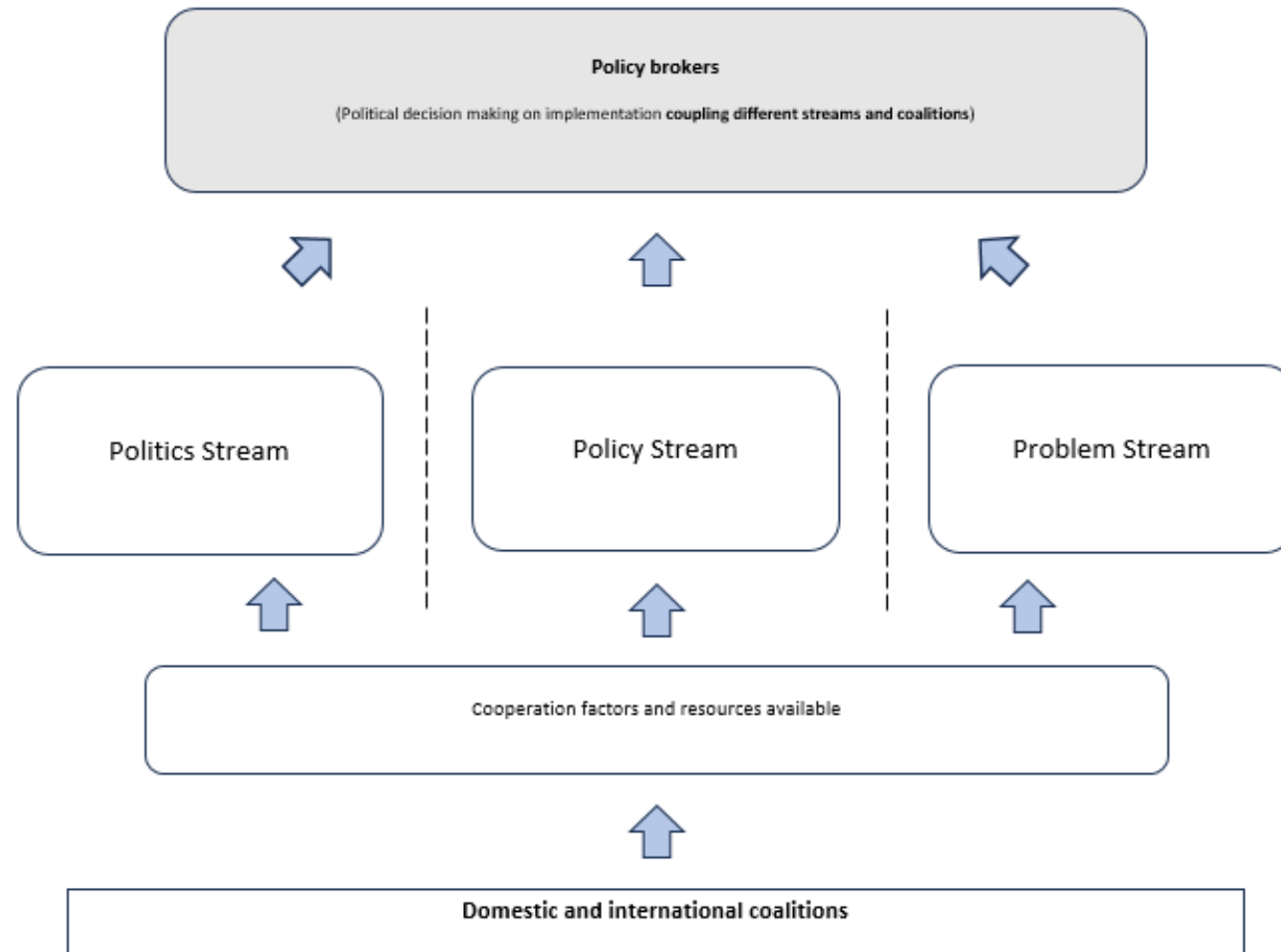
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1. Study rationale and objectives
2. Research questions
3. Methods
4. Results: Case study of transnational policy actors in Brazil's land use policy processes
5. Conclusions

- **Necessity to cooperate internationally** on climate policy, but how?
- Brazil´s biomes under deforestation pressure and international willingness to cooperate: what approaches will work?
- Discussion on **international climate finance** (article 9 Paris Agreement): insufficient amounts, unclear relationship with ODA, critique of northern influence seeking /patronization, public versus private finance
- So we selected **two types for the analysis**:
 - ODA based climate finance (Technical-financial cooperation), the „**ODA-ICF**“
 - Investors policy engagement, the „**IPE**“



Zoom into the Brazilian policy process



- **Single case study of Brazil's land use sectors** to address the questions:
- How to **characterize** public (ODA based) and private (investor-led) actors as international cooperation factors in domestic policy processes?
- How to **assess** these in the context of effective **international cooperation on climate and development**?

- Qualitative, explorative research
- 30 semi-structured interviews with actors from academia, Brazilian public and private sectors, international investors, ODA-ICF

- Focus on land use conversion forests -> agriculture
- Policy focus on national Forest code, and related ministries Environment, Agriculture, finance institutions Central Bank, agencies
- ODA-ICF: German GIZ
- IPE: Investors policy dialogue on deforestation (IPDD)

- We identify three levels that matter for international cooperation:
 - (I) International agreements;
 - (II) National decisions on policy goals and outputs (Forest Code);
 - (III) Implementation of existing policies
- Political struggle ongoing about the terms of implementation of the forest code, with two coalitions:
 - „Strict implementation“: MMA, NGOs, Coalicao Brasil, transnational policy actors
 - „Weak implementation“: Rural caucus, rent-seeking agribusiness

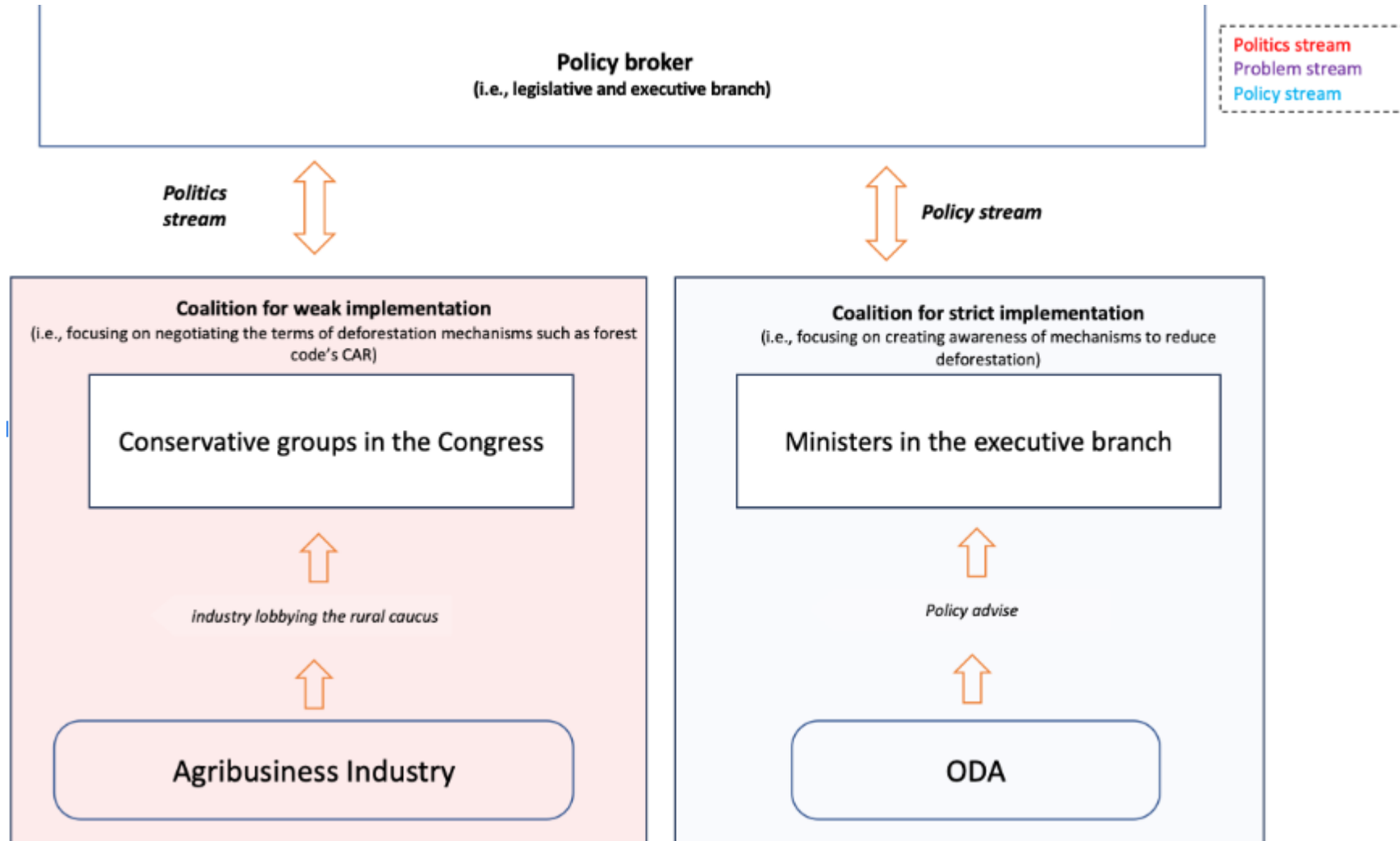
Comparing ODA-ICF and IPE

| | ODA-ICF | IPE |
|-----------------------------------|--|---|
| Goals | Working with Brazilian partners on the protection, sustainable use and the restoration of tropical forests | Significant reduction in deforestation rates and enforcement of Forest Code |
| Interests | External: To move the sustainability agenda forward As organization: To stay relevant as an implementing entity | To reduce material and financial risks through deforestation Increasing returns of investments |
| Values and norms | Reflected in the SDGs (sustainability agenda) | Reflected in Environmental, Social and Governance standards (ESG) Belief in market mechanisms |
| Instruments / methods | Policy advice, capacity building, pilot projects | Policy advocacy |
| Role on the policy process | Policy stream | Problem stream |
| Legitimacy | Positive under current conditions | Need to increase |

We identify the ODA-ICF type as a **transnational policy actor**:

- Closely cooperating with “client ministries” through policy advice, capacity building, pilot projects
- In the concept of the Multiple streams approach: an actor contributing to the policy stream by offering policy solutions
- **Agreement among interviewees on role**: important support element for the implementation of policies, but firewall (national sovereignty) if political decision making is concerned
- **Legitimacy not questioned in current role** (unlike in previous administration)

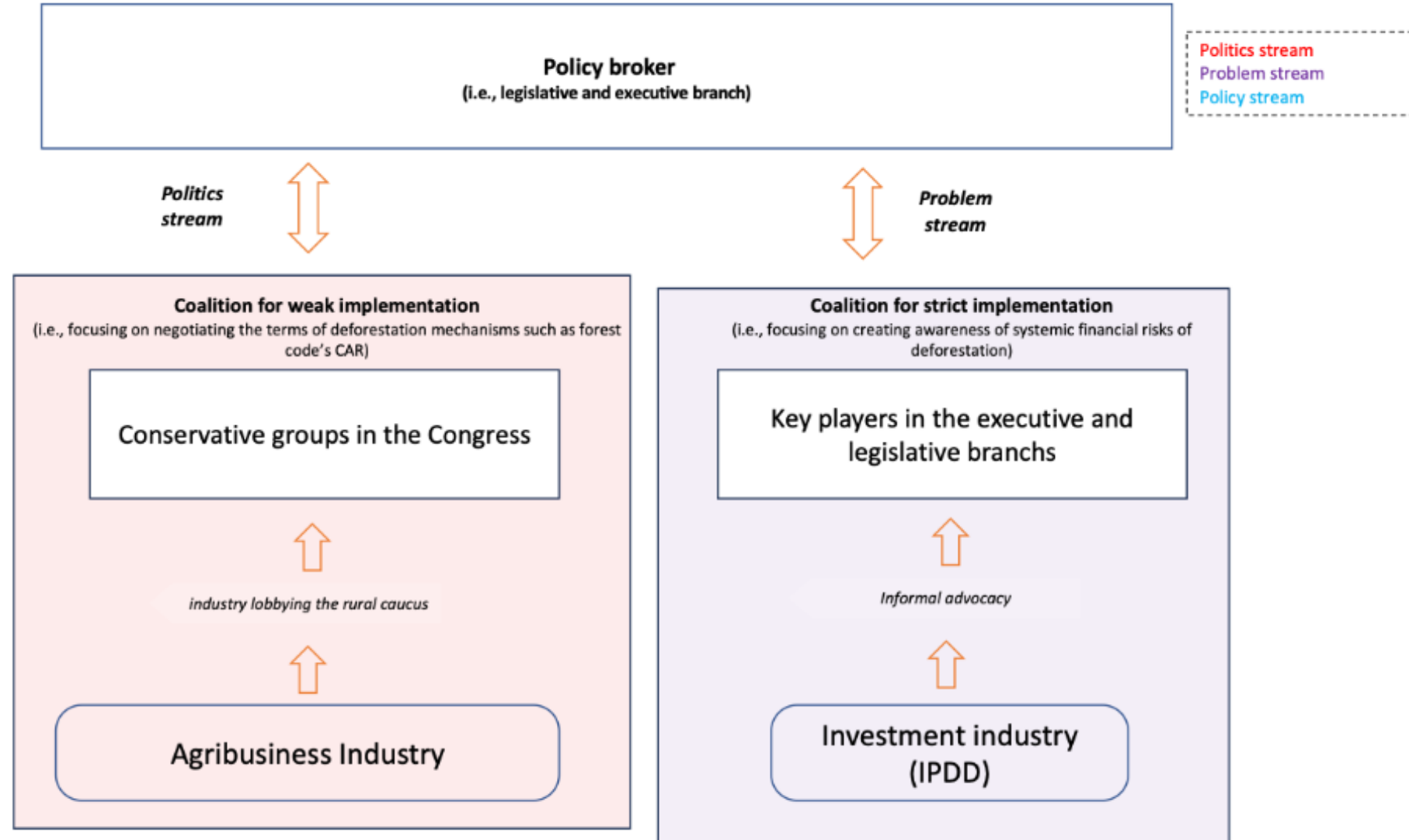
Results: ODA-ICF as a transnational policy actor

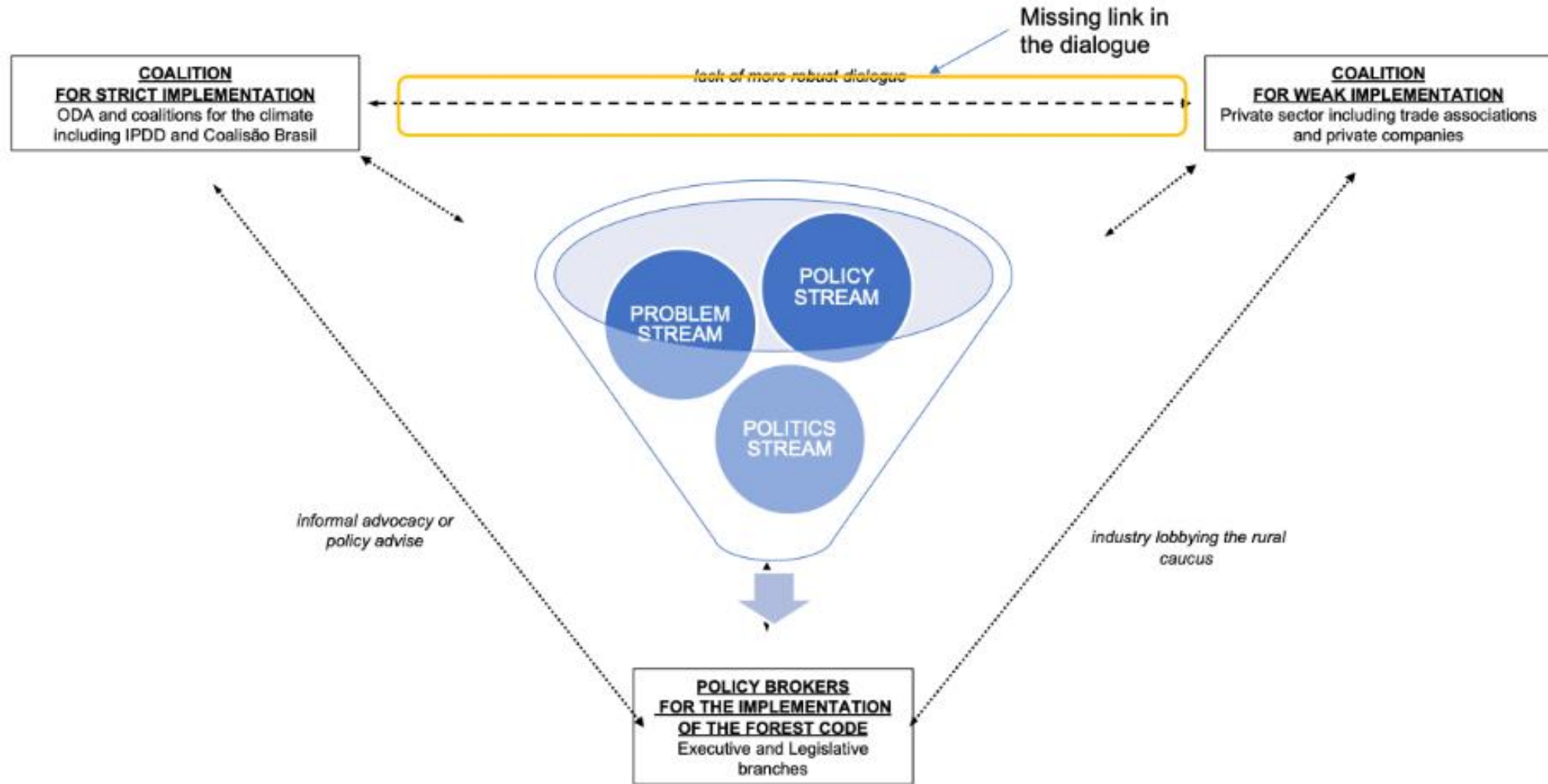


Similarly to ODA-ICF, we identify the IPDD as a **transnational policy actor** and being part of the Strict implementation coalition, but with a difference:

- IPDD as an actor contributing to the **Problem stream in the MSA**: raising concerns of risks through deforestation -> intention of agenda setting
- **Meeting of two worlds**: Private finance and public policy, mutual learning
- Need to **address legitimacy** as a policy actor by e.g., partnering with domestic investors

Results: The IPDD as transnational policy actor





Brazilian biomes move between two scales:

- National sovereignty and global public goods
- Climate change and development

This has important implications for the international cooperation and transnational policy actors: currently a policy window for international cooperation

With specific conclusions for ODA-ICF and IPE:

Both types play roles as transnational policy actors and act in the same “belief coalition”, but in different streams of the policy process

There is a **missing link** in the policy process: the gap between the coalitions:

- Potentially be bridged through dialogue and supportive arguments
- Could lead to decisions towards stricter implementation of forest code

Envisaged role for ODA-ICF in implementation: but what is the role in a political struggle on the terms of implementation of policies, is that legitimized?

ODA-ICF most relevant criterion of **country ownership to be combined with legitimacy?**

IPE financial and market arguments add elements into the policy discourse, which may lead to buy in by conservative actors outside the sustainability community

Motivations and concerns by IPE expressed qualitatively: Impacts could be increased if impacts of deforestation on businesses are expressed quantitatively

Thank you for your attention

- ODA and international public climate finance (ICF) **almost synonymous**: tracked according to OECD DAC
- **Implications**: ICF implemented through ODA institutions, principles and instruments
- **Critique**: governance of decision making leaning towards funders, ODA narratives still up to date? Lack of mutual cooperation approaches