



Joint Statement on the Brazil Fazenda – U.S. Treasury Climate Partnership

July 26, 2024

The flooding in Rio Grande do Sul that began in late April had a devastating impact across southern Brazil. We express our condolences to the families of those who died in this disaster and recognize that the Brazilian government is working hard to help the hundreds of thousands of people that remain displaced. The recognition of the grave environmental and climate crises faced by all nations is part of the motivation for our coming together to address climate change, and to leverage the opportunities doing so presents for supporting just transitions and economic development.

Since early last year, the U.S. Department of the Treasury (Treasury) and the Brazilian Ministry of Finance (Fazenda) have implemented unprecedented measures to align their institutions with the best environmental and climate policies. Senior officials from both organizations have convened on several occasions, united by a common commitment to advancing inclusive economic development, preserving the environment, promoting regional integration, and advancing democratic values and social justice. The U.S. Treasury and Fazenda proudly announce the Brazil Fazenda – U.S. Treasury Climate Partnership (the Climate Partnership). In doing so, we jointly recognize:

Brazil's bold plans to safeguard its natural capital, and its leadership in the global fight against climate change and environmental destruction.

From innovative sustainable investment platforms to new and cross-cutting green legislation, Fazenda is leading the government's implementation of the Ecological Transformation Plan (ETP) and is demonstrating the critical role of finance ministries in addressing climate change and protecting the environment. The ETP is projected to raise Brazil's GDP by 2 percent by 2030, and to generate millions of new jobs.

Brazil is a top 10 world economy with over 90 percent carbon-free electricity generation and a caretaker of vast ecological resources, and it is poised to serve as an example of how

emerging market and developing economies can contribute to mitigating and adapting to the effects of climate change and conserving nature and biodiversity, while fostering social development, productivity increases, and reindustrialization through smart investment and policy decisions. Brazil has prioritized sustainable and climate finance as part of its Presidency of the G20 (particularly through the Sustainable Finance Working Group and the Task Force for the Global Mobilization against Climate Change), and Brazil and the United States plan to continue to cooperate to achieve ambitious outcomes in the G20.

The United States' historic policy innovations that are driving substantial financial commitments to protect nature and to invest in its green economy.

The Inflation Reduction Act and Bipartisan Infrastructure Law are transforming the U.S. economy, mobilizing hundreds of billions of dollars in clean power investments by the private sector. The laws aim for a just transition, and helped create over 170,000 clean energy jobs in their first year in effect, especially in low-income communities. These investments are helping to drive down the costs of new technologies globally, for the benefit of countries around the world. These laws have also helped channel over \$10 billion of investment into conservation initiatives, protecting more than 41 million acres of land and water in just a little over three years as part of the goal of conserving 30% of U.S. lands and waters by 2030.

We are stronger together.

Global action to mitigate climate change, adapt to the effects of a changing climate and build resilience, and conserve natural resources and protect biodiversity requires collaboration. Brazil and the United States have a deep economic relationship through trade and investment and share a commitment to sustainable, inclusive development. We both recognize that climate and development go hand in hand and, when well-designed, are mutually reinforcing and serve as catalysts for economic growth. The United States and Brazil are also deeply committed to the sustainable development of Latin America more broadly, including through leading work to evolve the multilateral development banks and the climate finance architecture.

Today, on the margins of the G20 Finance Minister and Central Bank Governor Meetings in [Rio], Fazenda and Treasury renew their intention to work together—bilaterally and multilaterally—to address today's most pressing environmental challenges and advance the coordination and integration of our national and regional sustainable and resilient economies through this new partnership across four pillars: (1) clean energy supply chains; (2) high-

integrity carbon markets; (3) nature and biodiversity finance; and (4) the multilateral climate funds.

The Climate Partnership will help to develop policies and drive reforms at international institutions where both countries are shareholders, so that global public and private capital is more efficiently and effectively deployed to address today's most pressing environmental challenges, including for clean energy technologies, building resilience of value chains, fostering high-integrity carbon markets, and conserving forests and biodiversity. We intend to leverage our bilateral work in multilateral forums such as the G20; Annual Meetings of the World Bank, International Monetary Fund, and other International Financial Institutions; the Coalition of Finance Ministers for Climate Action; and at the meetings of the conferences of the parties to multilateral environmental agreements and their financial mechanisms.

We plan to jointly support enhancing the complementarity, coherence, and ambition of the climate finance architecture—including the Climate Investment Funds (CIFs), Global Environment Facility (GEF), Adaptation Fund (AF), and Green Climate Fund (GCF)—to improve access to finance for emerging markets and developing countries and to mobilize public and private finance. We plan to work to continue to prioritize climate related action and to create continuity across our G20 Presidencies, including through engagement with the incoming 2025 South African Presidency.

KEY PILLARS OF THE CLIMATE PARTNERSHIP

1. Clean energy supply chains. We acknowledge the substantial financing requirements needed to finance the climate transitions in both our countries and globally, and are working together to develop policy tools that crowd in private sector investment to diversify global supply chains, support advancement and deployment of clean technologies at scale, and to finance renewables manufacturing, low-carbon hydrogen, and biofuels, among other areas. Fazenda and Treasury have engaged in policy dialogues and are working to mobilize institutions, such as our Development Finance Institutions, to better understand how innovative tools can support more rapid private investment to better integrate clean energy supply chains, including recent measures from Brazil's Ecological Transformation Plan and the United States' Inflation Reduction Act.

In line with the U.S.-Brazil Partnership for Workers' Rights, Fazenda and Treasury recognize the importance of protecting the environment, the rights of workers, vulnerable

and exposed communities, and indigenous peoples, and promoting clean energy supply chain resilience.

2. **High-integrity carbon markets.** We jointly recognize the role transparent and well-functioning carbon markets, including voluntary carbon markets, can play in meeting global climate change goals. High-integrity carbon markets can be a source of capital for technologies and practices essential for the climate transition, including carbon removals, nature-based decarbonization, and protecting natural resources. We respect each other's approaches, including how benefits are allocated and shared in each country. We both strongly support efforts to improve the integrity and effectiveness of carbon markets and are sharing best practices. We also support multilateral initiatives in the appropriate fora, including the G20 Sustainable Finance Working Group, that could lead to the development of global voluntary carbon market integrity principles.
3. **Nature and biodiversity finance.** We strongly support efforts to mobilize finance and develop innovative solutions to conserve and restore nature and biodiversity, including at the multilateral development banks and environmental trust funds. Public funds are important for leveraging private capital to support these objectives. We applaud the U.S. Department of State's initial contribution to the Amazon Fund, that will help protect tropical rainforests in Brazil and across the region, and acknowledge the United States' intention to fulfill President Biden's \$500 million pledge to the Amazon Fund made last year. We plan to continue to work together with a view towards mobilizing finance to support ecosystems, which will include discussions on Brazil's proposal for a Tropical Forest Financing Facility.

We recognize the 2010 debt-for-nature swap between the United States and Brazil under the Tropical Forest Conservation Act (TFCA), and applaud the conservation efforts made leveraging this innovative financial instrument. Drawing on lessons learned from TFCA, Fazenda and Treasury intend to work to derive best practices for debt-for-nature swaps to inform global policies ahead of the COP30/CMA7 meetings next year.

4. **Multilateral climate funds.** Fazenda and Treasury are working to promote concrete steps to facilitate emerging market and developing economies' ease of access to multilateral climate funds resources, especially for the most vulnerable countries. Acknowledging the work of the Independent High-level Expert Group on the Vertical Climate and Environmental Funds in the G20 Sustainable Finance Working Group, we are working to simplify and harmonize processes, where possible, and advance ambition in

areas that are shared priorities, such as private capital mobilization and nature-based solutions financing, while reinforcing their connection with the countries' needs and priorities. We applaud the multilateral climate funds' initiative to present a draft Action Plan to their respective governing bodies and look forward to a robust final Action Plan at COP29/CMA6 that delivers on the needs of developing countries to improve access to climate finance.

We are collaborating to shape the strategic direction of the CIF, by supporting the launch of the CIF Capital Markets Mechanism that will fund a new generation of investment plans for critical areas of clean technology deployment. In parallel, Fazenda and Treasury are exploring opportunities, including for Brazil, for the CIF Clean Technology Fund's Futures Window— supported by the \$568M loan contribution from the United States to the Fund made in 2023— to advance industry decarbonization and clean technology investments aligned with national priorities.

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