The 2022 Finance Amazonia Report

Want to future-proof the world? Invest in the Amazon’s living system and local custodians.

Demystifying the why, what, how, and who of Amazon forest investing

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Section 1: Global Challenges and the Amazon Forest Investment Opportunity

Why should you care about Amazon impact investing?

Business leaders and investors across the globe are waking up to the alarm bells of ecological destabilization. Insurance firm, Swiss Re, estimates that 20% of countries are at risk of ecosystem collapse due to biodiversity loss. Not only is human activity causing a mass extinction (i.e., wild populations have declined by an average of 69% since 1970), but the cycles of nature that underpin our very civilization are breaking down (e.g., food production, pollination, water provision, soil formation, flood control, carbon storage, climate regulation). Today, Earth’s most valuable “tranches” of nature, or “natural capital,” are facing bankruptcy. While this may sound abstract, the effects are now visible to most. By as early as 2025, half of the world’s population will be living in areas with water stress.

Which investors and companies act to “bend the curve” of extinction will determine the winners and losers of future industry. Every day, more investors divest from ecologically destructive business-as-usual models that deplete, displace, and pollute. In parallel, increasing numbers of investors take bets on new business models that protect, restore, and uplift. With nature-positive investments, economies stand to gain an estimated $10 trillion annually in new business value while creating 395 million jobs by 2030. In contrast, if leaders don’t decarbonize economies and regenerate ecosystems, we can expect economic contractions of $2.7 trillion annually by 2030, as well as catastrophic knock-on effects that would make the COVID-19 pandemic look like mere “training wheels.” Ecological collapse would disproportionately harm the poor while wiping trillions of dollars off corporate balance sheets due to the unpriced costs of ecological bankruptcy. The world’s most valuable food and agriculture companies, for example, appear to be at risk of losing a quarter of their shareholder value by 2030.

Fortunately, many financial players are actively working on these trends. Asset managers representing over $130 trillion have made net zero commitments, and financial institutions with $9 trillion of assets under management have committed to “deforestation free” and “nature positive” value chains. Still, the private sector
will need to play a far greater role if the planet is to fill the $8.1 trillion shortfall in nature-based solutions needed by 2050. Fortunately, modern financial innovations (blended finance, bonds, insurance products, carbon offsets, SPVs, Micro CVC, etc.) are helping a greater spectrum of investors to invest in emerging markets by improving risk allocation. Blended finance, for example, can alter the risk-return profiles of investment projects to make them more bankable. It can also help to negotiate the time scales and profit horizons that are needed for ecosystem-scale regeneration.

Not only does more capital need to flow, but ecosystem investments need to become more catalytic. With little time to spare, and trillions of dollars at stake, philanthropists and impact investors need to be surgical and coordinated with their ecological imperatives.

The Amazon region is perhaps the single most strategic “opportunity zone” for climate and biodiversity. As the World Economic Forum asserts, “If there’s one place on the planet where we should prioritize the pursuit of equitable, net-zero, nature-positive business… it’s the Amazon.” Many groups, such as the Amazon Investor Coalition, are working to make it possible by supporting the development of standing forest bioeconomies.

**What is the standing forest Amazon bioeconomy?**

The Amazon ecosystem is a vital Earth system “leverage point.” It is home to as many as 30% of the world’s species. It secures 10% of terrestrial carbon and generates 20% of our planet’s fresh water. As a central pump of the global water cycle, the rainforest underpins our life-support system. Unfortunately, we may only have 5 years to prevent an ecological Amazon tipping point and catastrophic forest dieback.
With about 18% of the forest already destroyed and another 17% highly degraded, the Amazon ecosystem is hurtling towards an irreversible tipping point. If deforestation reaches 20-25% of the Basin (the estimated point-of-no-return), the water cycle will begin to break down, forests will dry out, and the living system will die back. This will tip the lush, carbon-rich tropical forest into a dry, species-poor savanna, setting in motion a dieback spiral that will expose global financial assets to existential risk. One risk, for example, is the disruption of planetary rain patterns. Due to the Amazon’s role in generating evapotranspiration, forest dieback could reduce water tables in regions far away from the biome, drying out cities across South America and agricultural areas as distant as the western United States.

Fortunately, there is still a narrow window of time to avert Amazonian dieback by embracing new alternative development models that replace deforestation economies with socially and environmentally responsible businesses and bioeconomies. These economies represent an emerging paradigm of industrial development that protects standing forests and restores the relational integrity of living systems. The paradigm is based on establishing new synergistic relationships between traditional livelihoods and Industry 4.0 in order to harness the economic benefits of healthy ecosystems, which can, in turn, capitalize forest protection and local economic development.

**Aren’t markets the problem driving deforestation to begin with?**

Deforestation in the Amazon today is driven by a systemic market failure. Deforested land, which is species-poor and carbon-poor, currently sells for 3+ times more, per hectare, than forested land, which is biodiversity-rich and carbon-rich. For over a half-century, clearing land for short-term economic gain has been the dominant form of income for many rural Amazonian communities (i.e., for illegal logging, cattle and soy monocultures). As a result, forests are often perceived by landholders as an “opportunity cost” and a liability. Additionally, illegal land grabbers are seldom held to account when they strip forests and displace indigenous peoples. To date, weak financial incentives to protect forests, combined with a weak rule of law, has resulted in deforestation and deliberate fires across millions of hectares. Forests are cut because their life-support infrastructure is not sufficiently valued by today’s markets. Short-term agricultural gains (i.e., internalities) are favored over the forest’s net primary productivity (i.e., externalities).

![Image](https://via.placeholder.com/150)

**Reference:** Green Forest Bond (GFB)

These are perverse economics. Financial forecasting clearly shows that Amazon forests are worth far more alive and standing, than cut and burned. One hectare of Amazon deforestation causes an estimated $55,000 in
damage to the global economy. When aggregated across the Amazon basin, stopping Amazon deforestation could avoid damages of at least $110 billion per year to the global economy, based on the estimated 2020 losses of 2 million hectares of forest.

What is the bioeconomy flywheel?

The rainforest ecosystem will only survive if it delivers economic benefits for the Amazonians that live in it. Furthermore, protecting the Amazon hinges on protecting the territorial rights of the region’s Indigenous Peoples and local communities. To achieve this vision, the Amazon needs new economic patterns and sustainable supply chains that can set in motion and scale local bioeconomies. Given that financial markets influence public opinion and drive human behavior globally, economic systems need to be enrolled in Amazon forest protection and ecosystem recovery. To halt deforestation, the business cycle or “flywheel” of nature-positive bioeconomies needs to spin faster than extractive economies. Consider the flywheel as a metaphor: a heavy spinning device that stores energy and helps maintain smooth, consistent movement. Economic cycles are characterized by dynamic systems of supply, demand and enabling conditions, similar to mechanical dynamics of push, pull and physics.

Bioeconomic cycles, or flywheels, are driven by: 1) The supply of investment opportunities such as Amazon entrepreneurs developing nature-positive solutions; 2) The demand for investment/purchase opportunities such as global investors, donors, and corporate buyers seeking nature-positive products and businesses; and 3) The enabling environment such as scale-up policies and institutional allies that help develop the entrepreneurship ecosystem and investment readiness. In the sections below, we describe the current dynamics of the Amazon bioeconomy flywheel, from the supply side (the Amazon ventures and products) to the demand side (the global investors and buyers).
Section 2: The Amazon Entrepreneurs

What are the most promising venture pathways for stimulating socio-ecological Amazon prosperity?

To stabilize the ecological integrity of the Amazon biome, a new generation of local startups are coming forward with solutions for profitably outcompeting the deforestation economy while increasing local resilience and economic inclusion. Looking to Natura (market cap of over $3 billion) and Sambazon (valued at $330 million) as Amazon bioeconomy leaders, Amazon entrepreneurs are emerging amidst a very dynamic ecosystem, with many entrepreneurship-support organizations (i.e., incubators and accelerators) emerging in just the past few years.

Growth in land-based Amazon entrepreneurship is being ignited by two trends: an uptick in commercial investment into agroforestry, carbon sequestration, and regenerative land-use practices, along with a surge in 4th industrial revolution-style innovation for sustainably harnessing the powers of biodiversity. Numerous industries that value standing forests and socio-ecological health are beginning to take off. Forest-friendly business innovation is being driven by a range of markets, principally, food-and-beverage, cosmetics, pigments, materials, climate, biomimetics, pharmaceuticals and more. Several venture pathways stand out for their ability to deliver on economic and socio-ecological outcomes. The fastest growing sectors in the Amazon include:

**LAND RESTORATION AND AGROFORESTRY** – Amazon ecosystem restoration, reforestation, and agroforestry on cleared or degraded land represent big business opportunities for harmonizing ecological and economic goals. Combining carbon financing with agroforestry revenues can be highly profitable while reducing emissions, sequestering carbon, restoring the water cycle’s biotic pump, expanding wildlife habitat, strengthening community resilience, increasing food sovereignty, and providing rural jobs as alternatives to deforestation-linked industries. This process of regenerating degraded Amazon soils and canopies with ecosystem-friendly agroforestry could allow local farmers to earn 9 times more than they do today from the current deforesting industries of clear-cut timber, cattle and soy. Several companies are leading the way. Belterra is helping thousands of smallholder farmers transition into regenerative practices. Other restoration and agroforestry businesses include Courageous Land, RestaurAgro, 3Agro, Cafe Apui, Manioca, Amazon Smart Food, and Horta da Terra. Some of the leading products supplied by such companies include sustainable timber, fruits, nuts, plant oils and more. Some of the common agroforestry fruits include guava, acerola, cashews, soursop, mango, cocoa, and more.

**FOREST BIODIVERSITY PROTECTION AND WILD HARVESTING** – Although Amazonia is a leading source of non-timber forest products harvested from wild forests, it is also a one-of-a-kind laboratory for biodiversity-positive innovation. The forest is home to millions of scarcely known insects, plants, fungi, and microorganisms that can bring extraordinary value to the world when linked equitably and sustainably to global markets. The primary challenge is how to protect the forest and its wildlife along the way. For thousands of years, indigenous people created livelihoods, medicines, and production systems in harmony with the forest. The paradox today is that this unparalleled diversity is hardly
embraced by the leading edge of science, technology, and markets. A number of Amazonian companies have solutions in the form of innovative business models that grow through biodiversity stewardship, proving that standing forests can deliver more resilient livelihoods than single-product economies, while meeting international demand for food, materials, cosmetics, pharmaceuticals, and more. Coex Carajas, for example, created a low-impact forest-friendly system for harvesting jaborandi leaves, which provide pilocarpine, a natural medicine that cures glaucoma. The process provides forest guardians with a sustainable income while helping the industrialized world contend with eyesight problems. Following the examples of Natura, emerging biodiversity-based companies like Luisa Abram Chocolates, 100% Amazonia, and Mahta are creating brands through working regeneratively with wild harvesters. In collaboration with local forest communities, Amazonian Skinfood and Darvore are creating cosmetic products using sustainable ingredients from the forest. Some of the popular wild-harvest species include açai, cocoa, Brazil nuts, cupuaçu, andiroba, camu-camu, murumuru and more.

CARBON, BIODIVERSITY AND ECOSYSTEM MARKET DEVELOPMENT - Monetizing stewardship of the historic, life-sustaining processes of nature has become a global priority. Amazonian trees contain the equivalent of a decade of global industrial carbon emissions locked up in their living tissues. This makes the Amazon rainforest one of the world’s largest potential carbon bombs if its forest ecosystem dies back. Without the carbon sequestration infrastructure of the Amazon ecosystem, there is no path to meeting the international Paris Accord and limiting global warming to 2 degrees C. To capitalize forest protection and regeneration at scale, some of the biggest buyers of carbon are turning to the Amazon biome to buy carbon credits that could soon be provided by large "jurisdictional REDD+" (j-REDD+) programs, which operate at the scale of entire states and nations. In Brazil alone, it is estimated that protecting the carbon reservoirs of Amazon forests could generate over $50 billion in high-integrity jurisdictionally aware credits by 2030. Full restoration of the deforested Brazilian Amazon could sequester an estimated $3 trillion worth of European carbon credits. In addition, representatives of 90% of the global economy have committed to net zero targets, and yet, corporate demand for high-quality carbon projects far outstrips the supply of investable projects. The new carbon economy of the Amazon could change this balance. It could protect one of the world’s most important ecosystems while helping companies reduce their emissions. While the LEAF Coalition has pledged $1 billion for jurisdictional carbon finance that prevents deforestation, startups like Mombak, Regreen, and coalitions of banks and businesses, are mobilizing hundreds of millions of dollars to reforest degraded cattle pasture through carbon credits.

In addition to carbon, there are rising biodiversity and ecosystem service payment markets. Biodiversity credits represent an opportunity to systematically reduce nature-related risk by financing positive biodiversity outcomes through nature protection and restoration. The reporting requirements promoted by the Taskforce on Nature-related Financial Disclosures will help to drive demand for biodiversity credits that are promoted by groups like the Biodiversity Credit Alliance and Wallacea Trust. Startups like Terrasos and rePlanet are already producing and selling biodiversity credits through well documented nature loss-prevention and protection projects. Technology startups like NatureMetrics, and the companies participating in the XPRIZE Rainforest, also represent investable opportunities. Finally, systems of ecosystem service payments and water credits are also gaining momentum. The Bolsa Floresta program in Brazil pays residents of the Amazon to adhere to a set of conservation pledges in select areas. The startup Brasil Mata Viva has a proprietary system for assessing ecosystem services and issuing credits that are authorized by the Amapa state government and sold as offsets to
private industry actors such as banks. Fundacion Natura, in Bolivia, developed a system of water credits so that downstream beneficiaries of waterways pay those upstream to avoid and reduce pollution and habitat destruction. At the global level, the UN-affiliated IPBES platform promotes standards for ecosystem service payment protocols. As concerns of nature financing become ever greater international priorities, these markets will gain traction and Amazonia will be the global center of attention.

**SUSTAINABLE COMMODITIES** - Business innovations and technologies that improve efficiencies, reuse resources, and reduce carbon emissions from single-commodity production are also important growth areas. Several of the solutions for improving seasonal harvests include enhancing crop intelligence, innovating pasture management, intensifying production, and scaling precision agriculture broadly. Supply chain interventions can improve processes as well, by tracking product origins and avoiding historic relationships to deforestation. In the case of Amazonian cattle, intensifying production can reduce land use needs and integrate with forest restoration and carbon removal strategies. Intensification includes rotational grazing, feedlot diet diversification, technology adoption with sensors, and more. Soy production can improve as well, with integrated pest management, crop rotation, soil regeneration, and integrated crop-livestock-forest systems.

Convened by the World Economic Forum, the Tropical Forest Alliance works to reduce deforestation and improve livelihoods. In 2021, in partnership with UNEP and The Nature Conservancy, they launched IFACC (Innovative Finance for the Amazon, Cerrado and Chaco) to unite investors and agribusinesses and mobilize $3 billion towards deforestation-free cattle and soy production. Some of the corporate partners include Syngenta, DuAgro and Vert. Some of the historic examples of sustainable commodity investments in the Amazon include the 2019 Marfrig Sustainable Beef Bond ($500 million) and the &Green Fund investment in Roncador ($10 million). Another example of sustainable commodity production could be ecologically responsible mining, though historically it is an environmentally destructive industry that conflicts with bioeconomies.

**INFRASTRUCTURE AND ENABLING TECHNOLOGIES** - Businesses and technologies that facilitate market access can unlock the commercial value of the Amazon in ways that were never accessible before. There are many solutions. E-commerce platforms unite buyers and sellers. Product tracking blockchains create transparency. Mobile apps use GPS to improve shipping logistics. Artificial intelligence algorithms help to calculate deforestation risk and price out avoidance. Satellite internet access strengthens workforce development training. Fintech innovations permit last-mile financial transactions. The list goes on. The leading edge of innovation comes from the ways in which these solutions work together. Navegam, for example, operates as an Uber of the Amazon river, permitting e-commerce platforms to execute otherwise improbable deliveries of forest-derived products. The Open Food Chain unites dozens of corporate juice companies for an industry-owned blockchain that traces raw materials and helps to improve conservation. Pix Force conducts biomass inventories, carbon stock assessments, and deforestation risk analysis in remote areas by using satellite and AI resources. The advance of these solutions also helps to foster job creation and remote employment options in the urban Amazon, reducing the economic stressors that often drive deforestation and habitat destruction in the rural Amazon.
What forest friendly industries are there?
In addition to the venture pathways outlined above, there are many other industries in the Amazon that foster forest friendly economic cycles. A comprehensive list is shared here.

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<th>Table 1. Forest Friendly Industries</th>
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<td>Alternative Proteins</td>
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<td>Biotechnology</td>
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<td>Carbon, Biodiversity &amp; Ecosystem Markets</td>
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<td>Cosmetics, Perfumes &amp; Pigments (Plant Oils)</td>
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<td>Ecotourism, Hospitality &amp; Services</td>
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<td>Education, Extension Services &amp; Research</td>
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<td>ESG &amp; Impact Metrics</td>
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<td>Fintech, Microcredit &amp; Crypto</td>
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<td>Fisheries &amp; Aquaculture</td>
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<td>Food &amp; Beverages</td>
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<td>Health, Pharmaceuticals &amp; Phytochemicals</td>
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<td>Housing, Infrastructure &amp; Civil Construction</td>
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<td>Information Technology (Blockchain, IoT, Traceability, Artificial Intelligence, Big Data &amp; Marketplaces)</td>
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<td>Land Tenure, Legal &amp; Regulatory Affairs</td>
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<td>Machinery &amp; Equipment</td>
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Section 3: The Amazon Investors

As public awareness about Amazonian solutions spread, demand for local entrepreneurship will grow. During this process, investors will play a key role in helping to catalyze the regional economic shift. But, what will come first, the entrepreneur or the investment opportunity?

What is needed to get the bioeconomy flywheel spinning?

The flywheel of the Amazon standing forest bioeconomy is starting to spin. To get the flywheel up to speed, greater strategic integration is needed between philanthropy, corporate procurement, and investment capital. Philanthropy is needed to de-risk bioeconomy investment routes and make early enterprises more bankable. Corporate procurement is needed to create sustained demand for regenerative bioeconomy products and services. Finally, return-seeking investment is needed to enable these emerging markets to reach scale over time.

![Diagram showing interconnectivity of Philanthropy, Investment, Corporate Procurement, and Amazon Stakeholders]

Today, the numbers behind Amazon forest-friendly philanthropy, procurement and investment are modest. Private philanthropy (not including government aid) for the Amazon is estimated to reach $109 million annually, a drop in the bucket relative to what’s needed in the region, and equivalent to only 0.027% of US philanthropy. The corporate procurement volumes of Amazonian bioeconomy products are limited, but poised for growth. One of the top performers, açai, is expected to be a $2 billion market by 2025, while Brazil nut exports reached $240 million in 2021. The investment sector shows promise as well, if the right investment opportunities can be...
found. It is estimated that up to $2.5 billion has been allocated for future Amazonian bioeconomy investing, with perhaps up to $528 million having been deployed in recent years.

Many of the deforestation-conscious investors who have pledged to divest from destruction-linked industries such as clear-cut timber, cattle and soy, are looking for alternatives. They would consider supporting nature-positive value chains, but most do not yet know how.

The chief pathway for attracting and absorbing capital into the region for bioeconomic expansion will be long-term partnerships between local Amazonians and circles of capital outside the region, with community wellbeing, the rule of law, and rights-based development at the center of the agenda.

What is the Amazon Investor Coalition?

Founded in 2020 as a partnership platform of the UN 75 Global Governance Forum, the [Amazon Investor Coalition](https://www.amazoninvestorbioeconomy.com) works to unite investors, donors, and corporate buyers to advance forest friendly economic development and the rule-of-law across the Amazon region of South America. In 2022, the AIC secured a grant from [Partnership for Forests](https://www.partnershipforforests.org) (a program of the UK government) to expand its operation and foster a more coordinated financing environment for the regional bioeconomy. To begin, the AIC conducted research on the supply-and-demand levers that spin the bioeconomy’s virtuous cycle of innovation and investment. The study sought to understand what investors are seeking and whether such appetites align with the bets being taken by Amazonian entrepreneurs.

To grease the wheels of Amazon investing and opportunity development, an Amazon investment opportunity or “deal flow” preference survey was issued to over 90 investors in 2022. The goal of the survey was to understand patterns of historic investing in the Amazon and future targets for the biome (investor mandates, ticket sizes, impact targets, geographies, industry affiliations, and more). The study identified a pool of target funds managing between $1.3 billion and $2.5 billion that is currently pointed directly at the Amazon. The sustainable finance startup, Capital for Climate, estimates that there may be an additional $5 billion ready to follow. With this information in tow, the Amazon Investor Coalition sought to understand which actors have serious track records in the region, and to streamline matchmaking between opportunity and interest.

Investors were qualified based on whether they were looking for returns and/or interested in reviewing Amazon-focused impact investment opportunities. Almost all surveyed investors had "Amazon-serious" or "Amazon-inclined" investing mandates/interests. A taxonomy was developed to characterize the diversity of investor types and vehicles. Investor types included angel investors, accelerators, venture funds, growth funds, private equity funds, private debt funds, blended finance funds, family offices, corporate strategic investors, commercial banks, development banks/multilaterals/DFIs, insurance companies, hedge funds, pension funds, endowment funds, sovereign wealth funds, public investment funds, donors, and wealth networks.

Where are Amazon-facing investors from?

Investors from 18 countries spanning 5 continents, including 4 Amazonian countries (Brazil, Colombia, Ecuador, and Peru), participated in the study. Most investors were based in the US, Brazil, and Europe (primarily Great Britain, Germany, Switzerland and the Netherlands). The global footprint of investors demonstrates the Amazon region’s broad appeal as a globally significant center of attention.
Figure 1: Geographic distribution of surveyed investors seeking Amazon deal flow

Figure 2: Geographic distribution of “Amazon-serious” investor respondents, mostly from the US, Brazil and Europe
What are investor motivations, beyond seeking returns on investment?

Investors cited "conservation" as the most frequent motivation for Amazon investing. The phrases "environmental impact," "climate," and "biodiversity" were cited only slightly less frequently. In response to a question about the UN Sustainable Development Goals, "Climate action," "Decent work and economic growth," and "Life on land" were the most frequently cited impact targets. These word choices tell us about investor perception. While they reflect global climate concerns and may inform the design of Amazon-investment marketing materials, they also demonstrate absent concerns. For example, "Peace and justice / Strong institutions," was the least cited SDG impact target, yet the prevalence of illegal deforestation, and impunity, in the region, is one of the top reasons why many major corporations have stayed away from the Amazon bioeconomy. The citation of “Quality Education” as the second-to-last SDG impact priority target, emphasizes the way that investors are focused on the natural resources of the Amazon and less on the children who could be future stewards of it. Historically, quality education has been at the very top of the Brazilian philanthropic agenda among urban elites. The data here indicate that informing wealthy Brazilians about the education deficits of Amazonians, and their legal environment, may help to mobilize new resources and attend to important unmet needs in the region.

Figure 3: Motivations for Amazon investing
**How dedicated are Amazon-facing investors?**

Nearly 95% of the surveyed investors reported that they are either actively pursuing Amazon impact investing opportunities, are very interested, or inclined if the opportunity is right. The other 5% reported either "not yet having an opinion" or being "impartial." Given that most participating investors were cultivated through the networks of the Amazon Investor Coalition, the sample draws most strongly from “Amazon-serious” investors, actors that are already engaged in the region with previous sustainable investments or investors who are actively looking for deals through their dedicated investment entities. Of the 92 investors surveyed, the study identified 51 as "Amazon-serious" investors who are leading funds with robust Amazonian impact mandates and strong track records in the region ([some listed here](#)).
How much capital has been deployed to date?

The study asked participants about their past investments and identified between $235 and $528 million that was previously invested in the Amazon. The distribution of investment amounts reveal some important gaps in the financial ecosystem. Of the 92 survey participants, 52 indicated that they had invested between $0 and $25,000, 3 indicated investing at the next level up ($25,000 to $100,000), and an additional 33 indicated investing even more. These numbers suggest that many investors are just getting started in the region and that many have not yet made their first investments.
How much capital will be managed by the investors who were surveyed?

The 48 funds mapped by the survey represent an aggregate of $7.9 billion in capital, with some Amazon-specific allocations. Several of the fund managers surveyed were still working to secure the final investors in their funds. If successful, the fund sizes will range from $4 million to $1.5 billion, with an average size of $140 million.
**Figure 7: The number of fund targets and their sizes**

![Bar chart showing the distribution of fund target sizes.](image)

**How much is allocated for Amazon-specific investing?**

The study identified between $1.3 billion and $2.5 billion in target fund allocations specific for Amazon region investing. The distribution of investment intentions reveals some important trends in the potential startup financing ecosystem. When looking across target allocations per investor, the most common amount of dry powder for Amazon deployment was $10-$50 million, representing 23% of investors. By comparison, fewer than 8% of investors intend to deploy less than $100,000. The small-dollar investors are far and few between. This is bad news for the layer of startup financing that depends on access to affluent friends and family. In US markets, traditionally 35%-40% of startups rely on friends-and-family to get started. The absence in the Amazon of larger populations of high-net-worth individuals with disposable assets, known as the “mass affluent,” is a major obstacle. However, it also points to a major opportunity. The Amazon frequently ranks among the top-most-desired destinations of potential ecotourism clients. This study suggests that trade delegations of the mass affluent travelers organized in a program of “impact investment tourism,” with site visits to Amazonian eco-businesses, could be commercially successful for tourism operators, paradigm-shifting for fund-seeking entrepreneurs, and disproportionately beneficial for early investors who gain first access to top opportunities, given the relative dearth of competing investor money.
What types of funds are represented in the ecosystem?

Venture funds and angel investors were the most prevalent Amazon-facing investor types captured by the survey. Private equity funds and blended finance funds comprised the largest proportion of targeted committed capital. These numbers point to an important structural need in the Amazon financing ecosystem. Standing at nearly 35% of all committed capital, private equity money appears readily available to help with scaling, but there are relatively few businesses in the region that are ready for scaling. More capital from small dollar investors is a significant need. Currently, few enterprises in the ecosystem could absorb a $30 million dollar check and even fewer are ready for a $100 million round of growth equity financing. Note that the actual numbers for “growth funds” and “private debt funds” might actually be higher because they were added as categories later in the survey process.
How are Amazonian funds structured?

Most surveyed investors use traditional debt and equity structures, with blended finance as a significant runner-up. Note that several investors indicated that they use carbon and biodiversity credits in their structures, which are listed here as “Other.” In total, 25% of survey respondents indicated that their investments include some form of blended finance, while 96% reported that returns on “impact” are part of their overall investment performance analysis.
What industries are of most interest to investors?

Amazon investor appetite spans across a large diversity of sectors. Interest is clustered around land-based sectors, including sustainable agriculture, agroforestry, restoration, carbon-and-ecosystem markets, circular economy, and food-and-beverage. The least popular industries were “Media and communications,” “Machinery & Equipment,” and “Responsible mining.” Some of these trends can be explained by future market expectations and speculation. Carbon/ecosystem markets, for example, were selected by 79 investors compared to just 51 for food-and beverage. Even though Colombia is the only Amazonian country with an active, regulated cap-and-trade carbon market across industries, many expect Brazil’s market to come online soon and to be worth billions. Note that Brazil does have a regulated carbon market but only for biofuels. Compared to carbon, by many accounts food-and-beverage is the leading Amazonian bioeconomy growth industry at the moment with historic, current, and future business cycles that have continuous predictable production and income.
Do Amazon investors have geographic preferences?

In total, 59% of investors reported having geographic preferences, while 41% cited not having any specific geographic priorities. In the survey, investors were able to select multiple countries of interest, indicating 132 preferences in total. Brazil earned 33% of total interest, despite occupying 60% of Amazon territory. Instead of being guided by the volume of investable opportunities, investor language skills may be a leading factor given that Spanish speaking countries earned 60% of the total preferences indicated by investors. This trend may be an indicator of Spanish speaking abilities in the US, where 13% of the population are Spanish speakers and only 0.2% are Portuguese speakers. These numbers demonstrate how important it may be for Portuguese speaking startups to include English speakers among their founding teams if they seek funding from foreign markets.
Figure 12: Distribution of geographic preferences indicated by investors

What about investor exits?

Investors were given a range of years to indicate when they expect to exit from investments. The data suggest that 34% investors want hold-periods of 5 years or less. Over 10% of investors indicated that hold periods do not matter or that they have a willingness to stay involved indefinitely. The news that 55.6% of investors expect hold periods of at least 6 or more years may sound like good news for the rising cohorts of Amazonian startups that are still trying to find their way to initial profitability. Seasoned investors, however, may see some structural shortcoming in these numbers recognizing that the median hold time, internationally, is 21 years in agriculture companies and 17 years in food preparation companies. As long as the financial ecosystem is diverse and the Amazon is a center of global attention, investors and entrepreneurs are likely to find paths to liquidity, but a lot of work still needs to be done to mobilize patient capital for the region, at scale.
**What are the risk appetites of these investors?**

Investor risk tolerance was assessed in the survey with the option to select among five levels, from low to high. Over 69% of investors described themselves as having “above average” or “high” risk tolerance. Given the underdeveloped infrastructure and emerging market dynamics of the Amazon, this is good news. The risks are real and tolerance is needed. In addition, 53% of investors reported that their risk tolerance level could change depending on the potential social and environmental impacts of the businesses they are invited to invest in. The high participation of risk-friendly investors should have a calming effect on more risk averse financiers. It suggests that the early bets on questionable startups and business models will be weathered by more patient capital providers in a gradual process that will progressively mature the local business ecosystem.
What prevents investing?

According to the investors surveyed, the limited supply of investment-ready opportunities was the top historic reason for not investing more to date. (Note that several investors in the survey responded "Not applicable" or "None of the above" to the question making precise percentages hard to calculate.) The second most popular reason for not yet investing was "General unfamiliarity with the Amazon." This suggests that educating investors around the world about the Amazon could go a long way to attract more capital to the region.
Figure 15: Obstacles to investing in the Amazon

Historic reasons for not investing

- Bureaucratic & logistical barriers: 8
- Can’t easily find qualified professional asset managers with experience investing in the Amazon: 3
- General unfamiliarity on how to do business in the Amazon: 26
- History of destruction from extractive industries: 4
- Lack of innovative blended models: 7
- Lack of legal enforcement and weak governance environment: 14
- Lack of market infrastructure and readiness: 16
- Lack of reliable information and transparency: 27
- None of the above: 21
- Not enough investment-ready opportunities: 47
- Other: 18
- Poor track record of impactful companies: 6
- Regulatory restrictions for foreign capital: 8
- The need for more innovative and sustainable financing models: 6
- Underdeveloped entrepreneurial ecosystem & lack of talent: 10

Conclusion

The world and the Amazon are at a crossroads and three concurrent trends are setting up the region to make a major bioeconomic breakthrough in the near future. The biosphere needs climate stability, the Amazon bioeconomy offers systemic solutions, and the global investor community is getting ready to help. The time to shine the global spotlight on Amazonian health, wealth and security, is now.