



Drawing Lessons From Climate Finance in Brazil

June 2015

BNDES is a 62-year old institution, with a very solid financial position and a strong reputation...



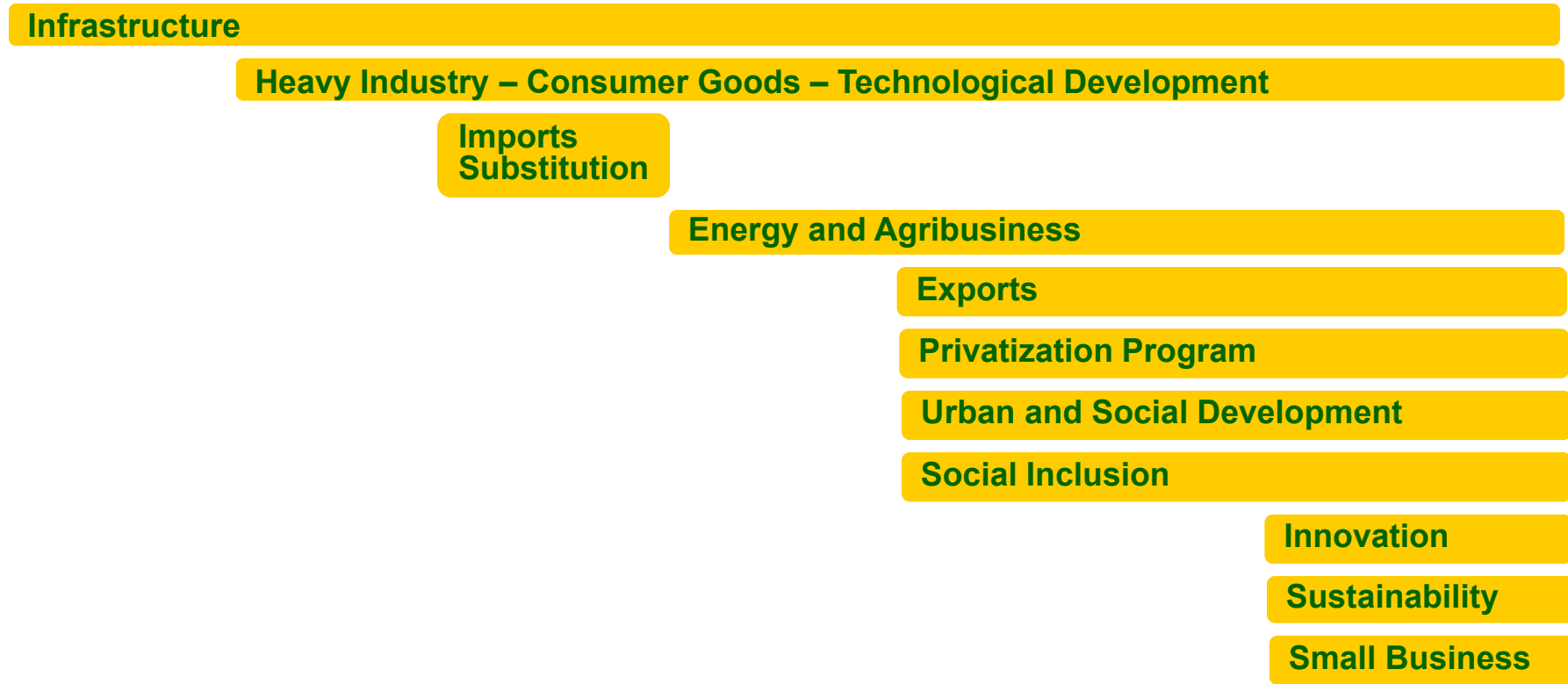
- **Founded** on June 20th, 1952.
- 100% **state-owned** company under **private law**.
- Main provider of **long-term financing** in Brazil (emphasis on **investment**).
- **Strong financial statements**
- **Robust fiduciary** standards (Non Performing Loans in 2014 = 0.01%)
- Has been **raising international funding** from MDBs and other NDBs since 1953 (86 contracts resulting in USD 15,9 billion)¹.
- **Disbursements in 2014 = USD 69.7 billion** (USD 10.5 billion to environmental projects)².

¹ As of 01/Jun/2015. ² BRL/USD exchange rate = 2,697.

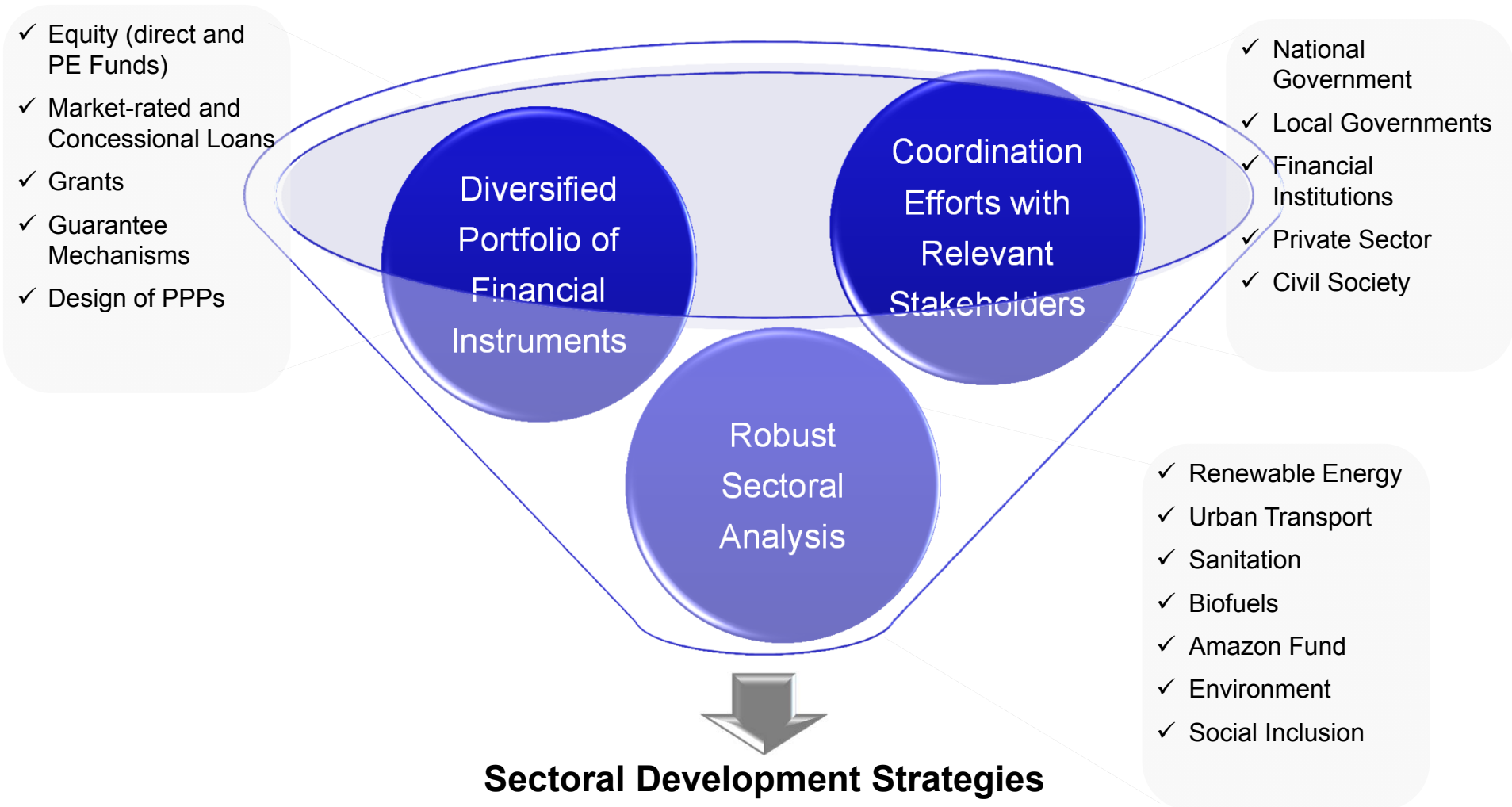
... and contributed to the country development in several dimensions, building capacity along the way.



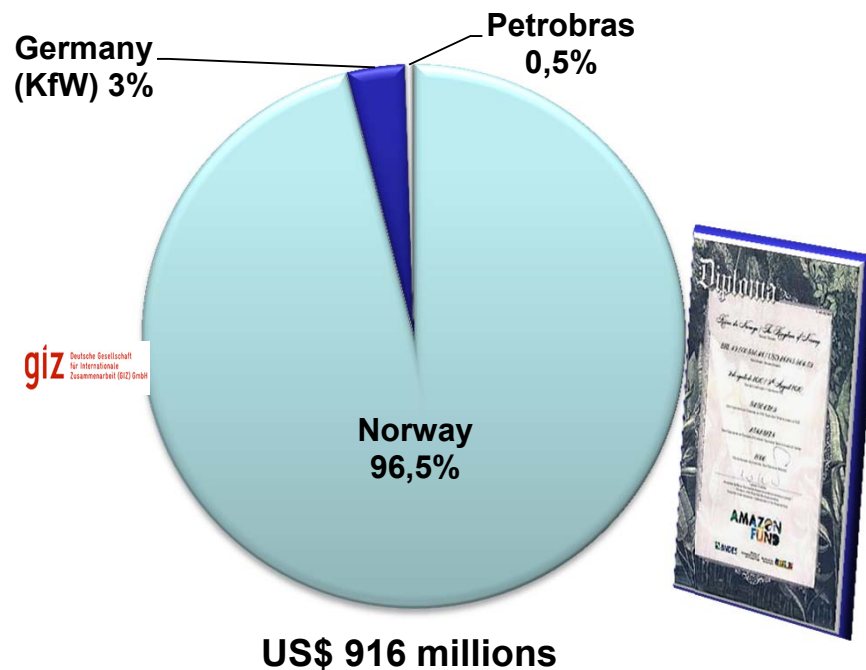
Since its foundation BNDES has been **adapting its priorities according to the main development challenges** faced by the country and designed/implemented the strategies needed to overcome such challenges.



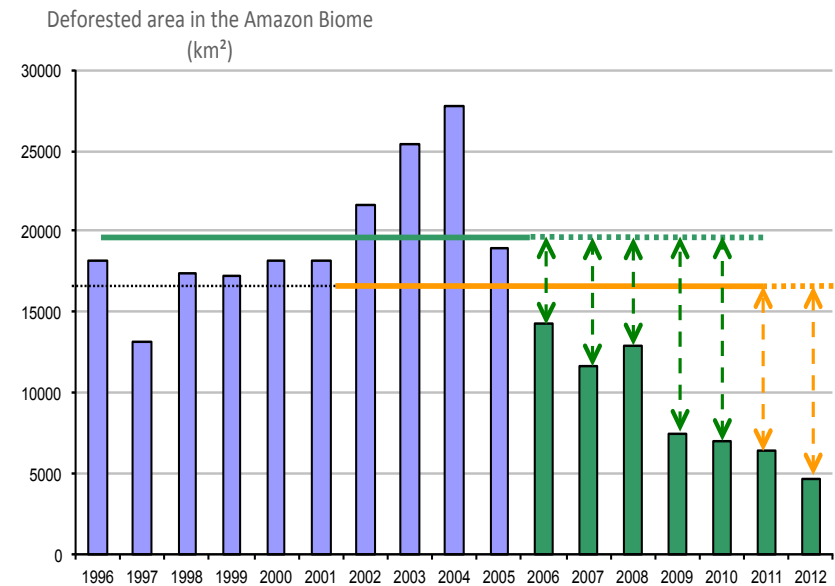
The design and implementation of each development strategy is based on three pillars.



The Amazon Fund was created by the Brazilian Government after negotiations with the Norwegian Government (first donor) and has BNDES as its manager



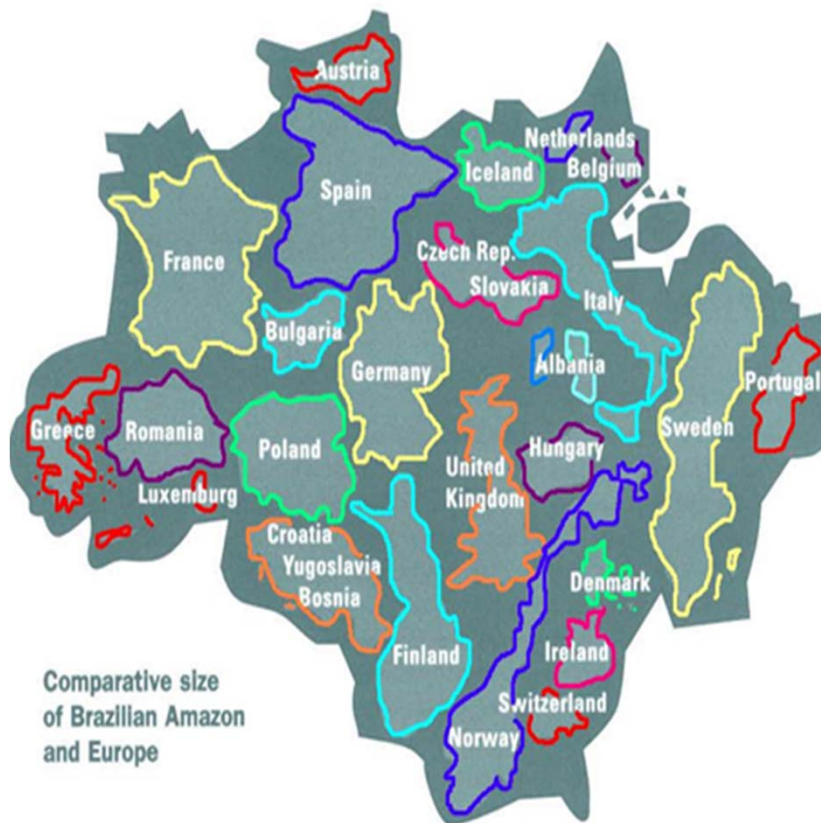
It is a performance-based mechanism, where the fund-raising potential is defined comparing the effective deforestation rate and a 10-year historical baseline.



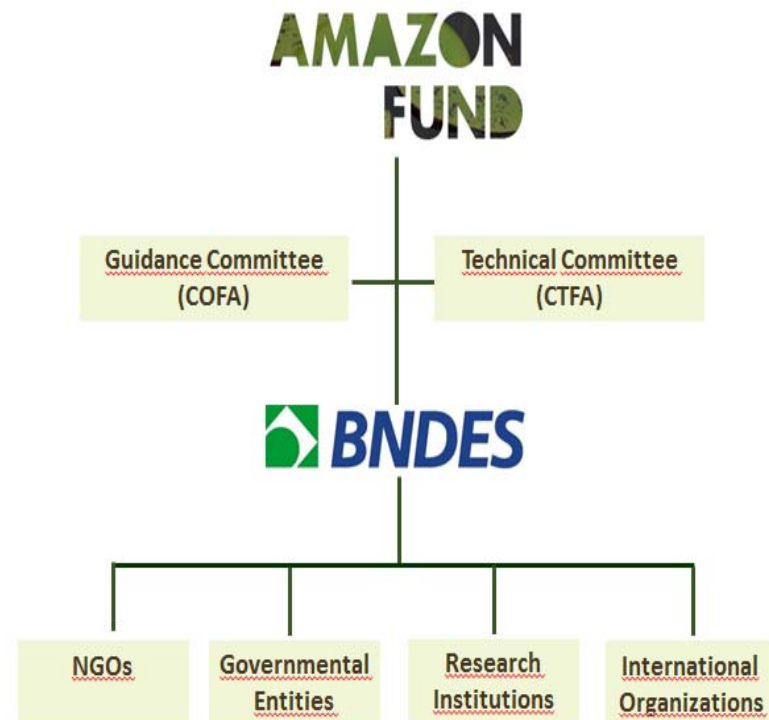
... a successful instrument that has helped, but is not sufficient, to face an enormous challenge...



The Brazilian Amazon has a 4.2 million km² area, 23 million people (46% of them below the poverty line) and over 80% of the original forest.



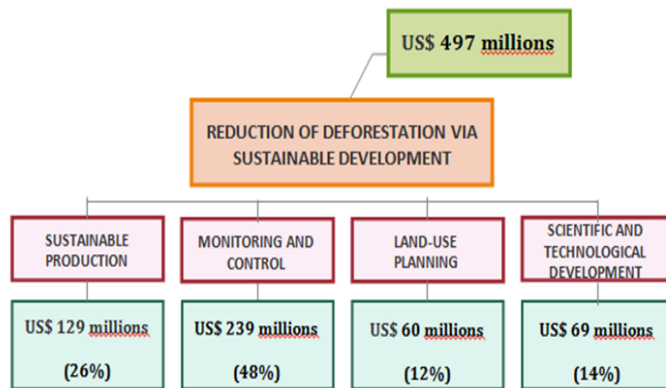
The Fund's governance includes bodies of the national government, local governments and representatives from the civil society.



... a responsibility that led BNDES to adapt its organization structure and to develop new skills and tools.



Amazon Fund's support by its components **AMAZON FUND**



Communication and Transparency **AMAZON FUND**



- 51 News bulletins
- 75 Portfolio reports
- 4 Annual Reports (Portuguese and English)
- 2 Short films produced
- 300 messages / year: fundoamazonia-faleconosco@bndes.gov.br
- Financial and compliance audits annually

www.fundoamazonia.gov.br

July 2009

✓ *first projects were submitted*



June 2015

✓ *73 supported projects (US\$ = 497 millions)*

✓ *5 concluded projects*

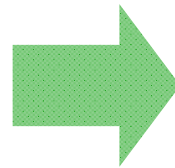
✓ *23 projects under consultation or analysis*

The initiatives in place put Brazil in the right direction to deal with Climate Change, but there is much more to be done.



Brazilian Economic Indicators

- 07th highest GDP¹
- 66th highest GDP *per capita*¹
- 85th highest HDI²



A large economy with a huge challenge of social inclusion, that will demand expansion of economic activities and pressure the environment.

Main Development Challenges Related to Climate:

- ✓ Continue reducing the **Amazon deforestation rate**.
- ✓ Expand the **power generation capacity** with a relevant portion of renewable sources.
- ✓ **Improve land-use efficiency** by adopting best practices in agriculture and cattle production.
- ✓ **Increase the industry activity** with renewable sources of energy and highly efficient technologies.
- ✓ Promote adaptation investments at the most **vulnerable regions**.

¹ World Bank, 2012; ² UNDP, 2012



Thank you!