

# Green and Sustainable Finance Project

## Finanças Brasileiras Sustentáveis — FiBraS

### Context

It requires substantial financial resources to reach the Sustainable Development Goals (SDGs) stipulated in the 2030 Agenda for Sustainable Development. Meanwhile, the Brazilian Federal Government is reorganizing its role in the economy, both as a regulator and an enabler for investments. The increase of private sector participation to mobilize such investments (crowding in) are among the expected results.

In that context, the capital and credit markets have the potential to allocate both national and international resources in projects and actions that promote sustainability.

Green financing instruments, such as green bonds and green credits, can channel private and public capital to investments and activities with positive environmental impacts, such as renewable energy generation, energy efficiency, sanitation, as well as sustainable forestry and agriculture.

The joint effort from public and private sectors to mobilize green investments, for example through blended finance instruments, is of growing importance.

Overall, Brazil's economy has ample potential to further develop its green financial market.

### Objective

Improving the framework conditions for developing green financial markets.

### Our approach

In 2018, Brazil and Germany started a technical cooperation project to foster green and sustainable finance, **Finanças Brasileiras Sustentáveis — FiBraS**. The project's main executing partners are the Secretariat of Economic Policy of the Ministry of the Economy and the Central Bank of Brazil, in cooperation with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH.

The project is organized into three lines of actions aiming at:

|                              |  |
|------------------------------|--|
| Formal project name          | Green Finance Market Regulation and Green Bonds  |
| Commissioned by              | German Federal Ministry for Economic Cooperation and Development (BMZ)   |
| Country                      | Brazil   |
| Brazilian Executing Partners | Secretariat of Economic Policy of the Ministry of Economy<br>Central Bank of Brazil<br>Private and public financial institutions |
| Political partner            | Ministry of the Economy  |
| German Executing agency      | Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH   |
| Budget                       | 4.000.000 €  |
| Duration                     | 10/2018 — 04/2022  |

- Assessing and raising the importance of green and sustainable finance in Brazil's political agenda;
- Strengthening the implementation of social and environmental risk management in the national financial system; and
- Expanding the offer of financial products and services aimed at financing sustainable development in Brazil.

### Fields of action and potential impacts

- Improvement of the framework conditions to strengthen the green and sustainable finance market in Brazil.
- Analysis of existing laws, strategies and initiatives regarding their relevance and effects on the green financial market.
- Assessment of the social consequences of government measures aimed at a Just Transition towards a low-carbon economy.
- Increased transparency and improved environmental, social and governance (ESG)-related risk management in Brazil's financial sector. A concrete initiative is the project's support to the Laboratory of Financial Innovation (LAB).



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*Left: Participants of the planning workshop at the beginning of the project: members of the Ministry of Economy, the Central Bank, the Brazilian Cooperation Agency, and consultants of GIZ.*

*Right: The project's new visual identity*



Left: Employee inspects a solar plant in Latin America

Right: Sustainable use of tropical forests in Brazil

- Awareness on international experiences in Blended Finance and analysis of the feasibility of its implementation by Brazilian development banks.
- Improvement of the monitoring of social and environmental risk management by financial institutions in granting credit according to current regulation.
- Creation of a technical cooperation mechanism to support financial institutions in the development and piloting of new green financial products.
- Strengthening of public and private institutional frameworks through dialogue, systematization and sharing of information and knowledge.
- Improvement of the coordination, cooperation and exchange of experiences among actors working on the sustainable finance agenda (G20, OECD, TCFD, and international financial sector networks).

## The project contributes in particular to the fulfillment of the following sustainability goals



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