Climate Risk-Sensitive Planning of Public Investments:
The Latin American Experience

BNDES

May 2018
General information

BNDES in numbers

BNDES & IPACC II

Extreme events: adaptation and recovery
Founded on June 20th, 1952.

100% State-owned company under private law, linked to the Ministry of Planning, Development and Management.

Key instrument for implementation of Federal Government’s industrial and infrastructure policies.

Main provider of long-term financing in Brazil, especially for investment projects in the infrastructure sector.

Mission: to promote sustainable and competitive development of the Brazilian economy by promoting job creation and reducing social and regional inequalities.
General information // Timeline

- 1950: Infrastructure
- 1960: Heavy industry – consumer goods, Technological development, Imports substitution
- 1970: Energy, Agribusiness
- 1980: BNDE becomes BNDES
- 1990: Exports, Urban and social development, Social inclusion
- 2000: Innovation, Sustainability
- 2010: Small business
- Today:
General information

BNDES in numbers

BNDES & IPACC II

Extreme events: adaptation and recovery
Disbursements // Disbursements by business sector

<table>
<thead>
<tr>
<th>Year</th>
<th>Industry</th>
<th>Infrastructure</th>
<th>Agriculture</th>
<th>Trade and Services</th>
</tr>
</thead>
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<tr>
<td>2008</td>
<td>43%</td>
<td>6%</td>
<td>12%</td>
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<tr>
<td>2009</td>
<td>47%</td>
<td>5%</td>
<td>13%</td>
<td>36%</td>
</tr>
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<td>2010</td>
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<td>6%</td>
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<td>2011</td>
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<td>2012</td>
<td>31%</td>
<td>7%</td>
<td>28%</td>
<td>34%</td>
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<td>2013</td>
<td>30%</td>
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</tr>
<tr>
<td>2014</td>
<td>27%</td>
<td>9%</td>
<td>26%</td>
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</tr>
<tr>
<td>2015</td>
<td>27%</td>
<td>10%</td>
<td>22%</td>
<td>40%</td>
</tr>
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<td>2016</td>
<td>21%</td>
<td>16%</td>
<td>21%</td>
<td>29%</td>
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<tr>
<td>2017</td>
<td>21%</td>
<td>20%</td>
<td>21%</td>
<td>38%</td>
</tr>
</tbody>
</table>
Disbursements in infrastructure sector // \( R\$ 25.9 \text{ bi in 2016} \)

**ENERGY**

Generation (Hydro, Wind, Solar, Biomass, Thermal), Transmission Lines, Energy Efficiency, Distribution

**LOGISTICS & URBAN MOBILITY**

Roads, Railways, Ports, Port Terminals, Airports, Urban Trains, Metro, BRTs, VLTs

**SANITATION**

Water Supply, Sewage Collection and Treatment, Collection and Final Disposal of Solid Waste

**INVESTMENT IN GENERATION OF RENEWABLE ELECTRIC ENERGY (2016)**

- Wind power: 1,247 MW
- PCHs: 178 MW
- Hydroelectric plants: 1,100 MW

This capacity will serve 6.3 million households.

*CESB: basic sanitation state companies.*
General information

BNDES in numbers

BNDES & IPACC II

Extreme events: adaptation and recovery
IPACC and BNDES // Objectives

CAPACITY BUILDING
- analysis of risks associated with climate change in investment projects

BENCHMARKING
- financial institutions with advanced climate change practices

FRAMEWORK DEVELOPMENT
- methodology, tools and information sources
- pilot application using infrastructure projects supported by BNDES

INTERNAL & EXTERNAL DISSEMINATION

GOAL
Reduce extreme events impacts in brazil infrastructure investments
CAPACITY BUILDING

- Analysis of risks associated with climate change in investment projects

- Multidisciplinary team
  - Socio-Environmental, Planning, Credit and Risk Management Divisions
  - Environmental, Planning and Finance Ministries

- Sensibilization about climate change risks relevance
  - Global
  - National
  - BNDES core business

- Content building for future disclosure
IPACC & BNDES // Work plan overview

BENCHMARKING
financial institutions with advanced climate change practices

- Focus in Development Banks
  - Good practices in climate change risks management in investment projects
- Practical experiences
  - Methodologies
  - Tools
  - Information sources/databases
  - Governance and internal procedures
- Lessons learned
FRAMEWORK DEVELOPMENT

- methodology, tools and information sources
- pilot application using infrastructure projects supported by BNDES

- Evaluation of possible ways to implement knowledge acquired
  - Capacity building
  - Benchmarking

- Climate change risk evaluation framework for infrastructure investments
  - Individual projects
  - Portfolio projects
  - Different sectors

- Practical application to validate framework proposal
IPACC & BNDES // Work plan overview

INTERNAL & EXTERNAL DISSEMINATION

- **Internal dissemination**
  - Proposal of possible ways to implement results achieved in BNDES workflow
  - Socioenvironmental Sustainability Committee
  - Others committees / Board of Directors

- **External disclosure**
  - Public report
  - Workshop
Coalition of public and private financial institutions around the globe aiming to:

- adopt a pathway to systematically integrate climate change considerations across their strategies, programs and operations;
- provide financial institutions an opportunity to learn from each other, to disseminate good practice and lessons learned and to collaborate on areas of common interest.
BNDES in numbers

BNDES & IPACC II

Extreme events: adaptation and recovery
Adaptation: water for food production in semi-arid region

CONSTRUCTION OF CISTERNS IN THE SEMI-ARID REGION

In 2016, we supported the construction of approximately 3,000 cisterns in the semi-arid region for food production. These units enable the families to store water for drought periods and produce food for consumption and trade.

With the rains of 2015, in some regions visited in 2016, the results can already be observed, such as increased plantations and animal culture, allowing improvements in the feeding of beneficiaries and trade of surplus production.
Emergency program for reconstruction of municipalities affected by natural disasters

BNDES’s contribution to support the resumption of economic activity

Disbursements – BNDES PER – BRL MM

BRL 2.426 MM
Thank you!
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