

TC Document

I. Basic Information for TC

▪ Country/Region:	BRAZIL
▪ TC Name:	Strengthening Sustainable finance and financial innovation in Brazil through the Laboratory of Financial Innovation in Brazil - LAB
▪ TC Number:	BR-T1653
▪ Team Leader/Members:	Ricas Da Cruz, Daniel (IFD/CMF) Team Leader; Sierra Gonzalez, Eduardo (IFD/CMF) Alternate Team Leader; Martinez Lopez, Cynthia (IFD/CMF); Us Alvarez, Hugo Amador (SCL/GDI); Urquijo, Lee (TTD/TTR); Casco, Mario A. (TTD/TTR); Marquez, Claudia (IFD/CMF); Queiroz Fenyves, Katia (CSD/CCS); Zarate Moreno, Ana Maria (IFD/CMF); Guevara Gavilanez Paola Fernanda (GPS/GCM); Mendoza Centellas, Mariana Beatriz (GPS/GCM); Azar Barros, Karina (IFD/CMF); Goncalves Dos Santos, Carolina (LEG/SGO)
▪ Taxonomy:	Client Support
▪ Operation Supported by the TC:	.
▪ Date of TC Abstract authorization:	02 Apr 2025
▪ Beneficiary:	Securities and Exchange Commission (CVM)
▪ Executing Agency and contact name:	Inter-American Development Bank
▪ Donors providing funding:	Brazilian Cofinancing Account(BCA); OC SDP Window 2 - Institutions(W2C)
▪ IDB Funding Requested: ¹	Brazilian Cofinancing Account (BCA): US\$2,470,000.00 OC SDP Window 2 - Institutions (W2C): US\$250,000.00 Total: US\$2,720,000.00 Account (BCA): US\$460,000.00 OC SDP Window 2 - Institutions (W2C): US\$250,000.00 Total: US\$710,000.00
▪ Local counterpart funding, if any:	US\$0
▪ Disbursement period (which includes Execution period):	36 months
▪ Required start date:	30 Sep 2025
▪ Types of consultants:	Firms and Individuals Consultants
▪ Prepared by Unit:	IFD/CMF-Connectivity Markets and Finance Division
▪ Unit of Disbursement Responsibility:	CSC/CBR-Country Office Brazil
▪ TC included in Country Strategy (y/n):	y
▪ TC included in CPD (y/n):	n
▪ Alignment to the Update to the Institutional Strategy 2024-2030:	Indigenous People; Gender equality; Diversity; Institutional capacity, rule of law, and citizen security; Public sector policy and management; Sustainable, resilient, and inclusive infrastructure; Productive development and innovation through the private sector; Transparency and integrity; Private sector development

¹ The IDB will administer these funds through a Project-Specific Grant (PSG). The Brazilian Cofinancing Account (BCA) with contributions from Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais - ANBIMA of BRL2,100,000, from Associação Brasileira de Criptoconomia - ABCripto of BRL 250,000, and from Associação Brasileira de Fintechs - ABFintechs of BRL250,000, adding up a total contribution of BRL2,600,000, equivalent to USD484,211 based on the of exchange rate of USD 1 = BRL 5.3696. From this amount, BRL130,000 will be set aside as a 5% administration fee. The remaining contribution of BRL2,470,000.00 (USD460,000) corresponds to the budget amount.

II. Objectives and Justification of the TC

- 2.1 **Background and Justification.** Brazil financial sector faces the challenge of high interest rates,² ranking fourth globally in real terms, making credit expensive and limiting access for Small and Medium-sized Enterprises (SMEs), thereby restricting their growth and sustainability. Stricter lending criteria and rising default risks further emphasize the need for tailored credit policies and regulatory adjustments. At the same time, technology is transforming financial services, with innovations such as Pix³, open finance, and Artificial Intelligence (AI) enhancing accessibility and efficiency. Regulatory efforts by the Central Bank aim to foster competition and financial security, yet high interest rates and market financial literacy maturity remain key obstacles. The country also faces significant climate challenges, with projected economic losses reaching up to 2.8% of GDP by 2050 and 7.35% by 2100⁴ if mitigation measures are not implemented. The agribusiness sector, which accounts for nearly 26% of GDP and 50% of exports, is particularly vulnerable, with potential productivity declines of up to 18% between 2030 and 2049 due to climate impacts. Additionally, around 20% of the financial sector's credit portfolio is exposed to industries sensitive to climate change.⁵ To achieve its updated Nationally Determined Contributions (NDCs) and reduce Greenhouse Gas (GHG) emissions by 53.1% by 2030,⁶ Brazil will require at least US\$200 billion in capital. Addressing the country's financial market challenges will require not only public investment but also private sector engagement through new financial instruments like green, social, and sustainability-linked bonds. Moreover, developing a national taxonomy that aligns with Brazil's unique socio-environmental realities is essential to attract and guide investments, reducing uncertainty and ensuring compliance with global sustainability frameworks such as the Paris Agreement. While sustainability challenges remain, financial innovation is also crucial for fostering financial inclusion, managing risks, and adapting to rapid technological, regulatory, and societal changes.
- 2.2 The Laboratory of Financial Innovation (LAB), launched in 2017 by the IDB Group, the Brazilian Development Association (ABDE), and the Securities and Exchange Commission (CVM), is a collaborative initiative designed to foster innovation within Brazil's financial sector, with a focus on sustainability, inclusion, and technological advancement. The LAB has as its declared objective "to stimulate innovation and the development of the sustainable finance ecosystem in the country to enable private resources for projects with socio-environmental additionality, thus accelerating the necessary transformation toward a more just and low-carbon economy"⁷ – promoting the development of financial instruments that can address these pressing challenges, and to contribute with the ODSs achievement. The impact of LAB on Brazil's financial market has been profound. Since its inception, initially counting with 60 institutions, the LAB has experienced an expressive growth, and counts 368 institutions that voluntarily participate, represented by 1,430 specialists located in several states in Brazil and other countries⁸ – consolidating more than 500 meetings per year, including

² CNN, [Brasil tem 4ª maior taxa de juro real do mundo após alta da Selic](#), 03/19/2025.

³ Pix is an instant payment system launched by the Central Bank of Brazil (BCB) in 2020 that allows for real-time transfers of funds 24/7. It is a government-operated public service that has quickly become the most popular payment method in the country.

⁴ [Brazil - G20 Climate Risk Atlas \(g20climaterisks.org\)](#).

⁵ [Changing Climate in Brazil: Key Vulnerabilities and Opportunities \(imf.org\)](#), 2024.

⁶ Finding Pathways, Financing Innovation: Tackling the Brazilian Transition Challenge.

⁷ [LAB Inovação Financeira \(labinovacaofinanceira.com\)](#).

⁸ [Dashboard LAB > Numeros do LAB - Forum multisetorial \(google.com\)](#).

work meetings and webinars – in addition to regulatory contributions and literacy by technical publications. Furthermore, the LAB has been instrumental in developing Environmental, Social, and Governance (ESG) frameworks, which can be a reference to companies, including those in Brazil's main stock exchange (B3). This experience resulted in one of the most important publications regarding the potential of a taxonomy for the Brazilian context.⁹ Striving for excellence in its operation, since 2021, the LAB has been a member of the Financial Cities for Sustainability (FC4S), becoming the first Brazilian – and South American – organization to join this esteemed group affiliated with the UN Environment Programme (UNEP).¹⁰ The LAB also has been recognized three times, consecutively, as one of the best innovation laboratories in the world by Global Finance Magazine¹¹ in the Economic Development LAB category for its pioneering spirit and the impacts generated.

- 2.3 The IDB has been, alongside its local partners CVM and ABDE, one of the LAB managers from its inception, consistently steering and focusing the initiative towards promoting financial innovation and fostering sustainable finance within the Brazilian Financial landscape. The LAB has also served as a regional benchmark for innovation within the IDB Group, inspiring similar initiatives in Argentina, Chile and Mexico.
- 2.4 The LAB plays a crucial role in aligning Brazil's financial regulatory landscape with global trends in sustainable finance and technological innovations, and it is especially strategic for the CVM, the Brazilian government agency responsible for regulating and overseeing the securities market in the country. The Sustainable Finance Taxonomy and the Brazilian Carbon Market regulation, both under development by public institutions with the LAB's support, are key tools to address the pressing challenges of the Brazilian financial system. They also focus on best practices in ESG risk management, gender and diversity, biodiversity, and other critical areas shaping the financial landscape within Financial Institutions (FIs). By facilitating the development and implementation of innovative financial solutions and disseminating knowledge products, the LAB addresses both Brazilian and regional challenges, contributing to sustainable finance progress across Latin America.
- 2.5 At the same time, to facilitate significant investment in transitional technologies and strategies, Brazil needs to establish strong financial structures to attract capital. This includes creating new financial instruments, such as green, social, sustainable, and sustainability-linked bonds, and others. Farther, private sector funding must be mobilized, and a national taxonomy developed to define sustainable activities aligned with Brazil's unique socio-environmental conditions. The current lack of a clear understanding of Brazil's specific economic and environmental characteristics creates obstacles to greater capital flow and slows the process of achieving sustainability goals. A national taxonomy would help bridge this gap, guiding investments toward projects that meet environmental and social benchmarks specific to Brazil. This would encourage both local and international investors to participate in sustainable finance while reducing uncertainties about how these investments align with global standards like the EU's Green Deal or the Paris Agreement.
- 2.6 This TC will ensure the LAB's operational capacity, within its working groups, to tackle key regulatory topics under discussion by CVM and the Brazilian public sector, including carbon markets regulation, sustainable finance topics, blended finance

⁹ [LAB Inovação Financeira \(labinovacaofinanceira.com\)](https://www.labinovacaofinanceira.com) - Taxonomias em Finanças Sustentáveis, 2023.

¹⁰ [FC4S Assessment Programme](#) - Personalized Report 2022-2023 - Financial Innovation Laboratory, 2024.

¹¹ [The Innovators 2024—Best Financial Innovation Labs | Global Finance Magazine \(gfmag.com\)](#).

structures, decentralized finance, and crypto assets. By facilitating the development and implementation of innovative financial solutions while disseminating knowledge products, the LAB is an essential tool for Brazil's public financial sector, especially CVM, addressing Brazilian and regional challenges, and advancing sustainable finance across Latin America.

- 2.7 **Objective.** The general objective of this Technical Cooperation (TC) is to strengthen the institutional capacity of the Laboratory of Financial Innovation (LAB), a key platform for promoting multisectoral public-private dialogue in Brazil and Latin America, to contribute to sustainable finance and financial innovations in Brazil. These resources will drive the development of sustainable finance solutions and financial innovation that promote financial inclusion, green finance practices, and innovation in the Brazilian financial regulatory landscape, while contributing to FIs institutional strengthening in the National Development System (SNF, for its acronym in Portuguese).
- 2.8 **Beneficiaries.** The beneficiaries of this TC will be CVM and the Brazilian financial sector public and private key stakeholders Brazil through the Laboratory of Financial Innovation (LAB), while the indirect beneficiaries include: (i) ABDE and its network of financial institutions, which will gain access to studies, new sustainable finance products, and regulatory innovations; (ii) other relevant government agencies, such as ministries and regulatory bodies, which will benefit from innovative financial instruments to support national sustainability goals; and (iii) the broader Brazilian financial ecosystem, including private financial institutions, which will advance in credit solutions, green finance, digital banking, and the integration of technology with regulatory adaptability.
- 2.9 **Gender and Diversity (G&D).** The LAB has been a key player in promoting the topic of G&D among financial institutions in recent years. In 2020, the LAB's Impact Working Group (GT Impacto) created the Diversity in the Financial System Subgroup (DFS) aiming to enhance transparency and promote inclusivity across the financial ecosystem. The DFS Subgroup was recognized as one of the global best practices 2023 by the FC4S;¹² has worked on regulatory advancements as the Public Hearing No. 01/2022¹³ by Brazil's Stock Exchange (B3) and CVM Resolution 59,¹⁴ which required publicly held companies to report diversity data; and coordinated relevant and pioneering publications on the topic of diversity in the financial system.¹⁵ Through these initiatives, the LAB and its partners have played a crucial role in fostering transparency, diversity, and inclusion in Brazil's financial market, contributing to the sector's ongoing transformation, and there are numerous opportunities for improvement yet to be explored. One of the most persistent gender equality challenges in Brazil is the underrepresentation of women—particularly Black and Indigenous women—in leadership roles within the financial sector. Despite advances in education and workforce participation, structural barriers such as gender wage gaps, unconscious bias, and limited institutional support for work-life balance continue to hinder women's progression into executive and board-level positions. Additionally, financial products often overlook the specific needs of women from underserved

¹² [FC4S Gender Finance Booklet - FC4S - Financial Centres for Sustainability](#), p.44, 2023.

¹³ LAB, [Contribuição do Subgrupo de Diversidade do GT Instrumentos Financeiros e Investimento de Impacto para a Audiência Pública 01/22 da B3](#).

¹⁴ [Resolução CVM 59, 2021](#).

¹⁵ (1) [LAB, Diversidade no sistema Financeiro, 2022](#); and (2) [LAB, Guia para transparência em diversidade nas empresas Brasileiras, 2023](#).

communities, reinforcing systemic economic disparities. Addressing these issues is not only a matter of equity but also essential for fostering innovation, resilience, and improved performance within the financial system.

- 2.10 **Strategic Alignment.** This TC is consistent with the IDB Group Institutional Strategy: consistent Transforming for Scale and Impact (CA-631) and is aligned with the objectives of: (ii) address climate change; and (iii) bolster sustainable regional growth, as the LAB is aimed at supporting the adoption of sustainable accountability mechanisms and the alignment of green financial instruments. The TC is also aligned with the operational focus areas of: (i) productive development and innovation through the private sector; (ii) biodiversity, natural capital and climate action; (iii) gender equality and inclusion of diverse population groups; (iv) institutional capacity, rule of law, and citizen security; and (v) sustainable, resilient, and inclusive infrastructure. Likewise, the TC is consistent with the Priority Area of “Effective, efficient and transparent institutions” of the Strategic Program for Development Financed with Ordinary Capital (GN-2819-14), which has the expected results: (i) strengthen the quality of institutions and policies as well as the provision of services and implementation of policies, to improve public management and promote the development of the private sector; and (ii) leverage digital transformation to promote more effective, efficient and transparent governments, better and more equitable opportunities for citizens, and more productive and innovative companies. This TC is also aligned with the Climate Change Sectoral Framework Document (GN-2835-13), as the TC addresses climate-resilient and low-carbon development supporting the LAC region’s needs; and the Gender and Diversity Sector Framework Document (GN-2800-13), as the TC intends to develop institutional capacity to design and execute gender and diversity policies, strengthening mainstreaming processes and technical expertise. Finally, the TC is aligned IDB Country Strategy with Brazil 2024-2027 (GN-3243-3) through the objectives: (i) strengthen the public sector sustainability and government efficiency; and (ii) driving infrastructure growth by leveraging private Investment.
- 2.11 **Added Value.** The added value of this TC lies in its ability to leverage the expertise and resources to foster financial innovation in Brazil and its regulatory landscape. This TC is expected to increase the adoption of sustainable finance practices among LAB’s public and private members, contributing to financial institutions capacity building, such as federal, regional and state development public banks, commercial public banks, state development agencies and cooperative banks and microfinance institutions. The long-term impact of this TC will be a more resilient and sustainable financial market, capable of driving systemic change and contributing to global sustainability goals. Additionally, this TC will enhance LAB’s ability to serve as a model for other countries in the region, potentially replicating its success in other Latin American markets.
- 2.12 **IDB programmatic approach and complementarities.** The TC aligns with the IDB Group’s programmatic approach by supporting the strategic priorities and objectives outlined in the Group’s overarching development framework. It complements ongoing initiatives, leverages existing resources, and addresses specific challenges identified in the programmatic agenda. The intense multisector dialogue, innovation insights and best practices derived from LAB’s experimentation and learning processes enrich the IDB Group’s broader development framework. Specialists and consultants from different sectors and departments across the IDB, IDB Invest and IDB Lab actively engage in these processes, promoting cross-collaboration and innovation. For IDB

Invest the LAB is an essential tool that prepares and guides the country's financial system to a higher level of maturity, enhancing its overall effectiveness, and fostering collaboration and opportunities. Additionally, The LAB's natural emphasis on social impact, gender, diversity, and sustainability, aligns with IDB Impact+'s strategy.

- 2.13 This TC also complements and brings continuity of the implementation efforts of the Scaling-Up Sustainable Debt Capital Markets Financing for Brazil's Economic Recovery TC ([ATN/OC-19012-BR](#)) and the Strengthening financial instruments and capital markets for low carbon infrastructure in Brazil TC ([ATN/PI-19367-BR](#)). However, differently from previous efforts, this TC is more focused in consolidating the LAB as a catalytic agent and a key platform for fostering multisectoral dialogue in Brazil and Latin America, while expanding its capacity to develop and implement innovative financial solutions and regulatory changes that tackle sustainability, inclusion, and technological challenges.

III. Description of activities/components and budget

- 3.1 The TC activities will be organized in two components, as described below:

- 3.2 **Component 1. Strengthening financial innovation through the LAB (US\$550,000.00).** This component aims to support the LAB's group discussions, activities and knowledge generation to increase the level of maturity of development finance in Brazil. The resources, used to hire technical consultants, will enhance the LAB's capacity to act as a platform for collaboration among financial institutions, regulatory bodies, and other stakeholders to promote innovation and sustainable finance solutions. Activities under this component include:

- (i) **Institutional strengthening programs:** organizing technical events, training sessions and discussions workshops with key stakeholders to foster collaboration and exchange of best practices and innovative approaches in sustainable finance;
- (ii) **Knowledge sharing:** generate knowledge on financial innovations and sustainability, bringing emerging topics like green bonds, ESG frameworks, and climate finance, to support the development of new policies and frameworks;
- (iii) **Collaborative networks and strategic dialogue:** building partnerships between public and private sectors, international organizations and academia, to advance the development of sustainable financial instruments and to leverage expertise and resources in sustainability innovation. Facilitating discussions between government, regulators, and industry players to align sustainable finance initiatives with national development goals;
- (iv) **Testing and piloting:** promote and support the development of pilots, financial initiatives and products, such as (but not limited to) new financial products, innovative call for proposals, new technologies (i.ex. blockchain within financial market), etc., within the LAB operational agenda, through it's members;¹⁶

¹⁶ Every pilot initiative and product conducted within the LAB environment is carried out by its members. The LAB, through the support of its consultants, promotes, engages and helps foster the idea development. No acquisition of works of goods are foreseen.

- (v) **Monitoring and evaluation practices:** promote the dialogue and knowledge-sharing about the impact of the Brazilian financial system and how they contribute to advancing sustainable finance in Brazil.
- 3.3 **Component 2. CVM Experimental Laboratories. (US\$160,000.00).** This component will focus on technological innovation, considering solutions like (i) **Test&Learn Hub**, and (ii) **Regulatory Sandbox**. These initiatives aim to foster a controlled environment where financial innovation can be developed and tested. Specific activities under this component include:
- (i) **Design and implementation of the Test&Learn Hub Hub:**¹⁷ Providing a dialogue and support platform, through technical assistance, for financial institutions and startups to experiment with new financial products and services under the CVM regulatory supervision;
 - (ii) **Development of the Regulatory Sandbox:** promote a new cohort, within the current CVM Regulatory Sandbox,¹⁸ that will allow market participants to test innovative financial products, services, and business models with real clients in a monitored and secure environment;
 - (iii) **Stakeholder Engagement:** Engaging with public and private entities to ensure that the outcomes from these laboratories align with national financial and technological policies;
 - (iv) **Capacity Building:** Conducting workshops and training sessions to equip participants with the necessary knowledge and skills to leverage new financial technologies.
- 3.4 **Budget.** The Brazilian Cofinancing Account (BCA) expects to commit US\$460,000.00 to this project, with an additional contribution from the OC SDP Window 2 – Institutions (W2C) for the amount of US\$250,000.00, giving a total cost for this TC of US\$710,000.00 during the execution period of 36 months. This reinforcement will bolster the funding for the project, ensuring its long-term sustainability and impact in fostering financial innovation and sustainable investments.
- 3.5 The Brazilian Cofinancing Account (BCA) expects to commit BRL2,470,000. to this project, which is equivalent to US\$460,000.00, based on the exchange rate of USD 1 = BRL 5.3696. Final resources in US dollars will be dependent on the exchange rate of the date when the resources are received by the Bank and converted into US dollars. If a significant adverse fluctuation in the exchange rate reduces the amount of US dollars and such amount cannot be covered by the contingency line, the project activities will be decreased appropriately, and the budget will be adjusted accordingly by the project team.

¹⁷ The Test&Learn Hub is a LAB-style (following the same LAB methodology of membership participation and interaction), controlled environment (supervised directly by the CVM team) to pilot new ideas with technical support, where the selected institutions (via calls for ideas) receive support from consultants hired under the PEC modality, that will be responsible, alongside the CVM team, to coordinate the initiative. Additionally, an ITE representative has been included on the project team, to ensure that, if the developed idea matures towards a possible technology platform design, it complies with Bank policies.

¹⁸ The CVM (Securities and Exchange Commission) [regulatory sandbox](#) in Brazil is a controlled environment where selected companies can test innovative products, services, or business models in the capital market under a temporary and flexible regulatory regime. The goal is to foster innovation, test new technologies such as tokenization, and improve regulation, enabling the creation of rules that are more appropriate for economic development and legal certainty.

- 3.6 Resources of this project will be received from the Brazilian Cofinancing Account (BCA) through a Project Specific Grant (PSG). A PSG is administered by the Bank according to the "Report on COFABS, Ad-Hocs and CLIFGS and a Proposal to Unify Them as Project Specific Grants (PSGs)" (Document SC-114). As contemplated in these procedures, the commitment by the Brazilian Cofinancing Account (BCA) will be established through separate Administration Agreements with donors *Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais - ANBIMA*, *Associação Brasileira de Criptoconomia - ABCripto*, and *Associação Brasileira de Fintechs - ABFintechs*. Under such agreements, the resources for this project will be administered by the Bank. The indicative budget as follows:

Activity/ Component	Description	IDB/W2C (USD)	IDB/BCA (USD)	IDB/BCA (BRL)	Total Funding (USD)
Component 1	Strengthening financial and regulatory innovation through the LAB	\$200,000.00	\$350,000.00	R\$1,879,348.00	\$550,000.00
Component 2	CVM Experimental Laboratories	\$50,000.00	\$110,000.00	R\$590,652.00	\$160,000.00
Total		\$250,000.00	\$460,000.00	R\$2,470,000.00	\$710,000.00

IV. Executing agency and execution structure

- 4.1 As requested by the beneficiary, the TC will be executed by the IDB through the Connectivity, Markets and Finance Division (IFD/CMF). The LAB was created with the support of IFD/CMF, 8 years ago, and has been acting as its manager, alongside CVM and ABDE, since its inception. The technical and institutional knowledge accumulated during this period, as well as the strategic performance in the management of LAB, best qualifies the IDB to manage and deal with several entities involved in implementation and coordination challenges, vis a vis the sustainability of the implementation of the Project, it is considered appropriate for the Bank to carry out the contracting of consultants in line with the Bank Policy on Technical Cooperation (GN-2470-2), Operational Guidelines for Technical Cooperation Products (GN-2629-1), and Procedures for the Processing of Technical Cooperation Operations and Related Matters (OP-619-4 Annex II, C 2.2, i).
- 4.2 **Procurement.** All procurement to be executed under this Technical Cooperation have been included in the Procurement Plan (Annex IV) and will be hired in compliance with the applicable Bank policies and regulations as follows: (a) Hiring of individual consultants, as established in the Regulation on Complementary Workforce (AM-650) and (b) Contracting of consulting firms for services of an intellectual nature and the contracting of logistics services and non-consulting services in accordance with the Corporate Procurement Policy (GN-2303-33) and its associated Guidelines. To ensure proper execution of the proposed project, the Project Team will organize launching, mid-term and final review meetings with the beneficiaries and the consultants for each of the phases contemplated in the design and implementation of the Program. The Project Team will also fulfill all the annual and periodical monitoring requirements established by the Bank, under current policies and procedures for this type of operation.

- 4.3 The project team will be responsible for the preparation and submission, to the donor of the project reporting, in compliance with the stipulations of the Administration Agreement.

V. Major issues

- 5.1 **Ensuring good engagement level of beneficiaries and other involved stakeholders.** Key implementation risks for this TC include coordination challenges, due to the diversity of participants. To mitigate this risk, it is important to ensure a good engagement level of beneficiaries and other involved stakeholders, with a continuous engagement strategy to foster active participation. A continuous engagement strategy will be essential, contributing to the definition of an active participation mechanism that enhances their willingness to participate, and ensuring that TC closely contributes to long-term governmental programs and priorities.
- 5.2 **Ensuring LAB technical relevance.** Without sufficient support, selection of qualified consultants, and effective dialogue with financial institutions to foster debates and publish market-relevant references, the LAB risks fading away, undermining its ability to drive innovation in the regulation of Brazil's financial market. To mitigate this risk of the LAB losing technical relevance, it is essential to strengthen its governance through multi-stakeholder support, ensure transparent selection of qualified consultants, and actively engage financial institutions via regular dialogue and collaboration. The LAB should prioritize the publication of high-quality, market-relevant research and tools, while also increasing its visibility through strategic partnerships, events, and targeted communication efforts. These measures will reinforce LAB's credibility and maintain its role as a driver of regulatory innovation in Brazil's financial sector.
- 5.3 **Shifts in focus on the priorities of the Brazilian financial sector.** Another major risk is shifts in focus on the priorities of the Brazilian financial sector. As global or national policy priorities evolve, the focus on sustainable finance and climate change may wane, especially under economic pressures that favor traditional sectors. This shift could lead to stakeholder disengagement, diminishing the LAB's influence. Additionally, without producing concrete results or maintaining partner interest, the LAB risks declining participation and support. On the other hand, LAB has enough flexibility to diversify its focus to remain aligned with emerging policy trends and ensure continuous relevance. Strengthening impact measurement and effectively communicating results will also help maintain partner engagement. Moreover, securing long-term financial partnerships and exploring institutional reforms will provide stability and resilience in the face of shifting priorities.
- 5.4 **Risk of appropriability of The LAB's products.** Additionally, there is the risk of appropriability of The LAB's products, referring to the possibility that the value generated by a product, service, or innovation may not be fully captured by its developers or intended beneficiaries. In that case, a structured and organized approach is required to the project, where the activities planned are to be completed in a specific order to achieve the TC's main objective. Therefore, close monitoring of the work plan to ensure timely execution of the plan will be guaranteed. The IDB will be the Executing Agency of this TC to ensure overall implementation coordination, establishing an agreed calendar of meetings with consultancy firms and individual consultants as well as with the beneficiaries. In addition, execution agreements may be signed with beneficiaries to ensure effective engagement.
- 5.5 **Intellectual Property.** Any knowledge products generated within the framework of this technical cooperation will be the property of the Bank and may be made available to

the public under a creative commons license or as otherwise provided under Banks policies. However, upon request of the beneficiary, the intellectual property of said products may also be licensed and/or transferred to the beneficiary through specific agreements, in accordance with Banks policies and procedures on this matter.

VI. Exceptions to Bank policy

- 6.1 There are no exceptions to the Bank policies.

VII. Environmental and Social Aspects

- 7.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

Required Annexes:

[Request from the Client_33244.pdf](#)

[Results Matrix_49436.pdf](#)

[Terms of Reference_48179.pdf](#)

[Procurement Plan_90990.pdf](#)