



Project Summary Information

Date of Document Preparation: June 25, 2025	
Project Name	Brazil Value-Enhancing Reforms for Development and Ecological Sustainability (VERDES) Climate Policy-Based Financing
Project Number	P000977
AIIB member	Brazil
Sector/Subsector	Multi-sector
Alignment with AIIB's thematic priorities	Green infrastructure
Status of Financing	Under Preparation
Objective	The Program supports the Government of Brazil's actions toward achieving the climate goals articulated in the Nationally Determined Contributions (NDCs) through policy and institutional measures required to implement the Ecological Transformation Plan (ETP) in the areas of sustainable finance, energy transition, and green infrastructure and resilience.
Project Description	<p>While Brazil faces increasing vulnerability to adverse impacts from climate change particularly in the agricultural sector and urban areas, Brazil can further strengthen its capability to rein in Greenhouse Gas (GHG) emissions through strategic policy reforms and innovative financial, economic, and social instruments such as carbon market, blended climate finance, technology development, and community participation in conservation of critical natural assets. Furthermore, these innovative instruments are also aiming at attracting greater private sector investment in sustainable and climate friendly projects and programs.</p> <p>To support the government's National Determined Contribution (NDC) ambition to move toward net zero in 2050 and resilient development pathway under the ETP platform, AIIB designed the Brazil VERDES Climate Policy-Based Financing (BR-CPBF) Program in close collaboration with the Government of Brazil (GOB) and in coordination with development policy financing programs led by the World Bank (WB) and the Inter-American Development Bank (IDB).</p> <p>The Program comprises three Pillars and corresponding Policy Actions (PAs) that are closely aligned with the three thematic areas of the ETP:</p> <p>Pillar 1 – Sustainable Finance: Directing public, private, national, and international financial resources to sustainable activities, low carbon growth, resilience, ecological transformation, and biome regeneration.</p> <p>Pillar 2 – Energy Transition: Promoting technologies in sustainable bioenergy with competitive cost and ensuring sustainable value chains.</p>

	Pillar 3 – Green and Resilient Infrastructure: Enhancing resilience of critical natural assets and infrastructure to mitigate and address potential impacts of climate change, as well as protect and restore critical natural ecosystems.
Expected Results	Expected results include establishing governance structure of the carbon market; private resources mobilized for sustainable infrastructure investment and forest conservation; production of low GHG-emitting sustainable aviation fuel; climate health risks reduced by establishing an early warning system for extreme heat events; forest and mangrove restoration and conservation strengthened and extended.
Environmental and Social Category	Not Applicable
Environmental and Social Information	<p>Applicable Policy and Categorization. The updated AIIB Environmental and Social Framework (ESF, June 2024) introduces provisions for environmental and social (ES) management applicable to the CPBF instrument. AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Exclusion List (ESEL), and provisions related to CPBF set forth in Section 16 of the ESP, are applicable to this Program. Therefore, the provisions on ES categorization in the ESP do not apply to this Program.</p> <p>Environmental and Social Aspects. The Program focuses on policy and institutional reforms expected to result in significant environmental and social benefits, particularly through the reduction of greenhouse gas (GHG) emissions and the promotion of socially inclusive, climate-resilient development. No direct adverse impacts on Indigenous Peoples or cases of involuntary resettlement are expected, though these aspects will be further assessed and confirmed during the appraisal phase through a comprehensive Environmental and Social Assessment (ESA). While downstream investments linked to the policy actions may lead to short-term, indirect environmental or social impacts, Brazil's strong environmental regulatory system, aligned with AIIB's ESS1, is expected to adequately address such risks. The social risks associated with each pillar will be further analyzed during appraisal and reflected in the ESA. The appraisal will determine whether any additional risk management or stakeholder engagement instruments are required. In addition, this CPBF is categorized as effective gender mainstreaming and aligns with Brazil's broader gender equality agenda, offering multiple opportunities to enhance women's resilience, participation, and access to climate-related benefits across all three pillars of the Program. However, the success of expected gender-responsive outcomes depends on the integration of gender considerations in implementation, which will be further assessed during the appraisal and incorporated into the Environmental and Social Assessment (ESA).</p> <p>Information Disclosure and the Program Grievance Redress Mechanism (GRM). ESA prepared will be disclosed on the Bank's website in a timely manner to inform the stakeholder engagement. The final ESA will be disclosed prior to the approval of the CPBF. Brazil's strong environmental regulatory system, along with existing GRMs in implementing agencies, is expected to adequately address ES risks and impacts, Individuals and communities who believe that they</p>

	<p>are adversely affected by the Program may submit complaints to the GRM of responsible government authorities and the appropriate local/national grievance mechanisms. The information of the GRMs to be used and AIIB's Project-affected People's Mechanism (PPM) will be timely disclosed in the appropriate manner.</p> <p>Monitoring and Reporting Arrangement. The Program implementation will be monitored by the Program Implementation Agencies and will report to the Bank based on the agreed format. AIIB, working in coordination with the WB and the IDB, will carry out a semi-annual program monitoring activity to follow up on the implementation progress of each prior action. More details about the Monitoring and Reporting arrangement will be determined during the Program appraisal phase.</p>		
Cost and Financing Plan	USD1,000.0 million		
Borrower	Federative Republic of Brazil		
Implementing Entity	Ministry of Finance of Brazil		
Estimated date of loan closing (SBF)	December 31, 2027		
Contact Points:	AIIB	Borrower	Implementation Organization
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Date of Concept Decision	June 19, 2025		
Estimated Date of Appraisal Decision	Q3, 2025		
Estimated Date of Financing Approval	Q4, 2025		
Independent Accountability Mechanism	<p>The AIIB's Policy on the PPM applies to this Program. The PPM has been established by AIIB to provide an opportunity for an independent and impartial review of submissions from project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement the ESP in situations when their concerns cannot be addressed satisfactorily through the program-level GRM or the processes of AIIB's Management. Information on AIIB's PPM is available at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html.</p>		

