

**Banco Pine Green Line
(BR-L1391)
Project Description**

The estimated GDP and population growth in Brazil through 2021¹ will significantly increase the demand for energy for domestic and industrial purposes, which is expected to increase by 60% through 2021. This expansion in energy supply could entail potential negative consequences on the environment; however, the government of Brazil has set out an elaborate plan to shift the country's energy matrix toward the use of more renewable sources, in order to reduce the effects this could have on climate change. To accomplish this, considerable amounts of investments in biofuels and renewable energies will be required in the next few years, and Brazilian financial institutions will play a prominent role in the allocation of resources across these sectors.

The proposed project consists of a partnership with Banco Pine to implement a Green Line with the following objectives: (i) promote environmentally friendly investments in Brazil, making available much needed private-sector funding in the renewable energy and biofuels sectors, with the possibility of expanding into other green-related investments, and (ii) complement the country's objective to reshape its energy matrix, by contributing to achieve the reduction of greenhouse gas emissions set for 2021. This Green Line consists of a US\$125 million senior loan with an expected maturity of up to 5 years.

This partnership with Banco Pine entails an effective channel for pursuing the fifth priority of the Ninth General Capital Increase of the IDB (GCI-9), which focusses on protecting the environment, responding to climate change and food security; particularly helping develop institutional frameworks to allow investments in alternative fuels and renewable energy. Additionally, the project is consistent with the Bank's country strategy for Brazil which emphasizes (i) the need for IDB support to increase participation by local and regional financial institutions in the supply of credit for investments in low-carbon projects; and (ii) the development of programs to work directly with public and private financial intermediaries to support various initiatives, such as green credit. The proposed financing is consistent as well with the strategy approved by the Structured and Corporate Finance Department and the Financial Markets Division to expand climate and environmentally friendly investments in the amount of US\$10 billion by 2015; a high social impact goal that is critical for the development of the region. The project is based on the *planetBanking* pillar of the *beyondBanking* program that fosters the development of a financial industry committed to the environment.

¹ Estimated annual average growth of Brazilian GDP through 2021: 4.7%.
Estimated annual average growth of Brazilian population through 2021: 0.7%.