

 Early Warning System

AIIB-000883

Brazil: BNDES Green and Sustainable Infrastructure On-Lending



Quick Facts

Countries	Brazil
Specific Location	Uninformed
Financial Institutions	Asian Infrastructure Investment Bank (AIIB)
Status	Proposed
Bank Risk Rating	U
Borrower	Banco Nacional de Desenvolvimento Economico e Social (BNDES), Vivian Machado
Sectors	Energy
Investment Type(s)	Loan
Investment Amount (USD)	\$ 250.00 million
Loan Amount (USD)	\$ 250.00 million
Project Cost (USD)	\$ 250.00 million



Project Description

OBJECTIVE

To increase the capacity of renewable energy generation in Brazil and contribute to climate change mitigation.

DESCRIPTION

The proposed Project is a sovereign backed on-lending facility of up to USD250million to Banco Nacional de Desenvolvimento Economico e Social (BNDES) to support renewable energy subprojects in Brazil. BNDES is Brazil's largest national development bank, whose main purpose is to execute investment policies, and support programs, projects and services that promote economic and social development of the country. The bank plays a critical role by providing long-term financing in key segments of the economy, including sustainable infrastructure, and supports the transition to a low carbon economy.

ENVIRONMENTAL AND SOCIAL INFORMATION

Applicable Policy and Categorization.

AIIB's Environmental and Social Policy (ESP) applies to the Project, which has been assigned as Category FI since it involves the provision of funds through a financial institution (FI). The Environmental and Social Management System (ESMS) for the Project will be aligned with AIIB's Environmental and Social Framework (ESF), Environmental and Social Standards (ESS) and the Environmental and Social Exclusion List (ESEL). As this Project can involve Higher Risk Activities, AIIB will conduct prior review of the first three subprojects with Higher Risk Activities and all Category A subprojects. AIIB will require BNDES to furnish its detailed environmental and social due diligence (ESDD) assessment and instruments for the Bank's prior review and approval for inclusion in the Project. Coal mining, coal transportation, or coal-fired power plants, as well as infrastructure exclusively dedicated to supporting any of these activities, are excluded.

Environmental and Social Instruments

. BNDES has an existing ESMS based on IFC Performance Standards (PSs). AIIB will assess the ESMS with respect to alignment with AIIB's ESP and enhance it where required in areas such as environmental and social (ES) risk rating or categorization, referencing AIIB's ESS and ESP, particularly for subprojects with Higher Risk Activities, comprising all Category A and selected Category B subprojects. BNDES has previous experience with other MDBs such as IDB, World Bank, IFC, and AFD, and relies on internal full-time staff to implement the ESMS, which will be applied to the Project.

Environment and Social Aspects.

AIIB's financing in this Project will be used to promote renewable energy subprojects in Brazil. These subprojects are expected to present significant ES risks and impacts during the construction and operation period; these risks will be mitigated through scoping, screening, categorization, risk assessment, mitigation plans, and project monitoring and supervision. BNDES has commitments to diversity and inclusion, which is part of its environmental, social and governance (ESG) mandate. BNDES' Gender Equity and Diversity Valuing Policy affirms the bank's commitment to contribute to eliminating all forms of inequality and discrimination in BNDES' workplace and in the institutions that participate in its relationship chain. As part of the ESDD, AIIB will assess the processes for gender-related consultations to identify any perceived gender-based violence (GBV) risk or gender inequality in the sub-projects.

Information Disclosure, Stakeholder Engagement, and Grievance Redress Mechanisms (GRM).

BNDES discloses its Social, Environmental, and Climate Responsibility Policy and an overview of the ESMS on its website ([link](#)

). In addition, for Category A subprojects, the required ES information will be disclosed at least sixty (60) calendar days prior to final approval of the activity for inclusion in the Project. For other subprojects involving Higher Risk Activities, ES information on the activities financed during the preceding 12 months will be disclosed annually. BNDES also has an External



Early Warning System Project Analysis

The AIIB categorized the project risk as FI.



Investment Description

- Asian Infrastructure Investment Bank (AIIB)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- [Banco Nacional de Desenvolvimento Econômico e Social BNDES](#) (Financial Intermediary)



Private Actors Description

As stated by Bloomberg, Banco Nacional de Desenvolvimento Economico e Social, doing business as BNDES, operates as a development bank. The Bank supports exports, technological innovation, sustainable development, public administration modernization, and financing for companies. BNDES serves customers in Brazil.



Contact Information

AIIB

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ACCESS TO INFORMATION

You can submit an information request for project information at: <https://www.aiib.org/en/contact/information-request/index.html>.

ACCOUNTABILITY MECHANISM OF AIIB

The AIIB has established the Accountability Mechanism for Project-Affected People (PPM). The PPM provides “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 Project level GRMs or AIIB Management processes.” Two or more project-affected people can file a complaint. Under the current AIIB policy, when the bank co-finances a project with another development bank, it may apply the other bank's standards. You can refer to the Project Summary Information document to find out which standards apply. You can learn more about the PPM and how to file a complaint at: <https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html>.

The complaint submission form can be accessed in Arabic, Bahasa Indonesia, Bengali, Chinese, English, Tagalog, Hindi, Nepali, Russian, Turkish, or Urdu. The submission form can be found at: <https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/submission/index.html>.



Bank Documents

- [Project Summary \(September 5, 2024\)](#) [\[Original Source\]](#)