



Tracking the Effectiveness of Climate Finance: The Cases of the Amazon and the Brazilian Climate Funds

CCXG Seminar
September 2013

1. Landscape of Brazil and Climate Change

2. Overview of BNDES

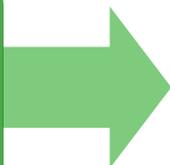
3. Tracking Effectiveness at the Amazon Fund

4. Tracking Effectiveness at the Brazilian Climate Fund

5. Final Remarks

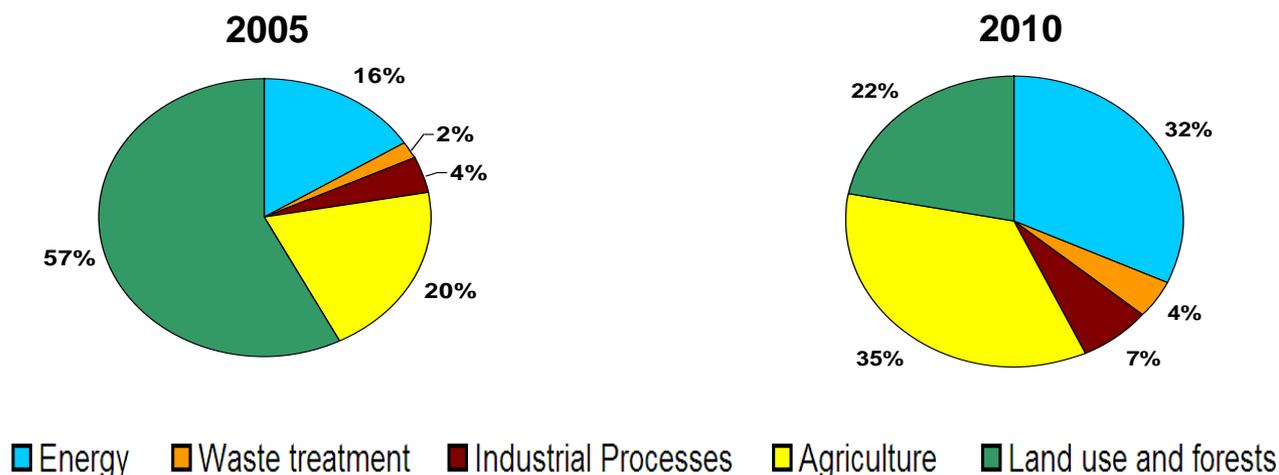
Economic Indicators (2012)

- 07th highest GDP ¹
- 66th highest GDP *per capita* ¹
- 85th highest HDI ²



A large economy with a huge challenge of social inclusion, that will demand expansion of economic activities and pressure the environment.

GHG Emissions Evolution (in CO₂ eq)



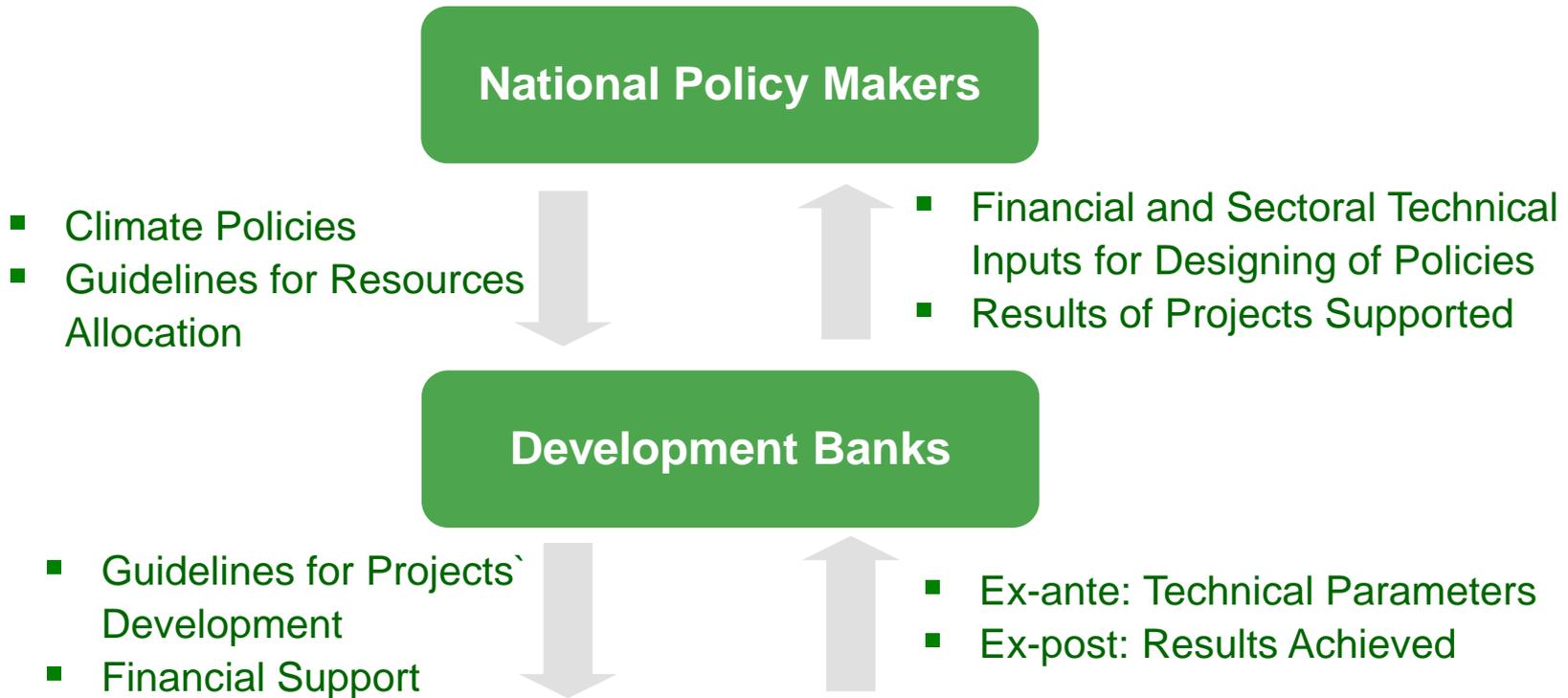
As a consequence of the great success achieved by public policies to combat the Amazon deforestation, the total estimated for Brazilian emissions dropped 38.7% from 2005 to 2010 and the emissions profile had a relevant change.

¹ World Bank; ² UNDP

In 2012 BNDES had disbursed USD 78.7 billions, supporting virtually all sectors, sizes and types of projects and companies in Brazil. This result is consequence of the development of a broad portfolio of equity, hybrid, debt (first and second tier) and grants instruments.

- **Founded** in 1952 as a 100% **state-owned** company under **private law**
- **Key instrument** for implementation of Federal Government's policies
- Main provider of **long-term financing** in Brazil
- Emphasis on financing **investment projects**
- Support to **micro, small and medium-sized** companies
- Support to **Export and Internacionalization of Brazilian companies**
- **Changed its priorities** across the years in order to reflect the country updated development challenges

The effectiveness of climate finance needs to be fostered by adopting a complementary set of “top-down” and “bottom-up” instruments.



Projects Developers:



Interministerial Committee for Climate Change

Approves and provides guidelines for the National Climate Policy's actions

National Forum for Climate Change

Provides support to the government to embed climate change related issues in different public policies

Executive Group for Climate Change

Leads the design and implementation of the National and Sectoral Plans

Biomes Conservation Plans

Establishes specific guidelines for the conservation of the Amazon and Savanna biomes

Sectoral Plans

Establishes specific guidelines for the reduction of GHG emission within each sector (e.g. Industry, energy and agriculture).

**Amazon
Conservation Plan
(PPCDAM)**

**Amazon Sustainable
Development Plan (PAS)**

Amazon Fund Guidance Committee
Sets Fund guidelines and follows up on the results attained.

Technical Committee

Attests carbon emissions caused by deforestation, calculated by the Ministry of the Environment.



Auditing

- Financial
- Compliance

Supported Projects



Strategic Target

Reduction of Deforestation with Sustainable Development in the Amazon Forest

Systemic Indicators

Tactic Target 1

Activities that maintain the Forest standing with Economic Attractiveness

Results

Indicators

Tactic Target 2

Government Actions that Assure the Compliance of Anthropic Activities with the Legal Framework

Results

Indicators

Tactic Target 3

Area of the Biome with territorial management

Results

Indicators

Tactic Target 4

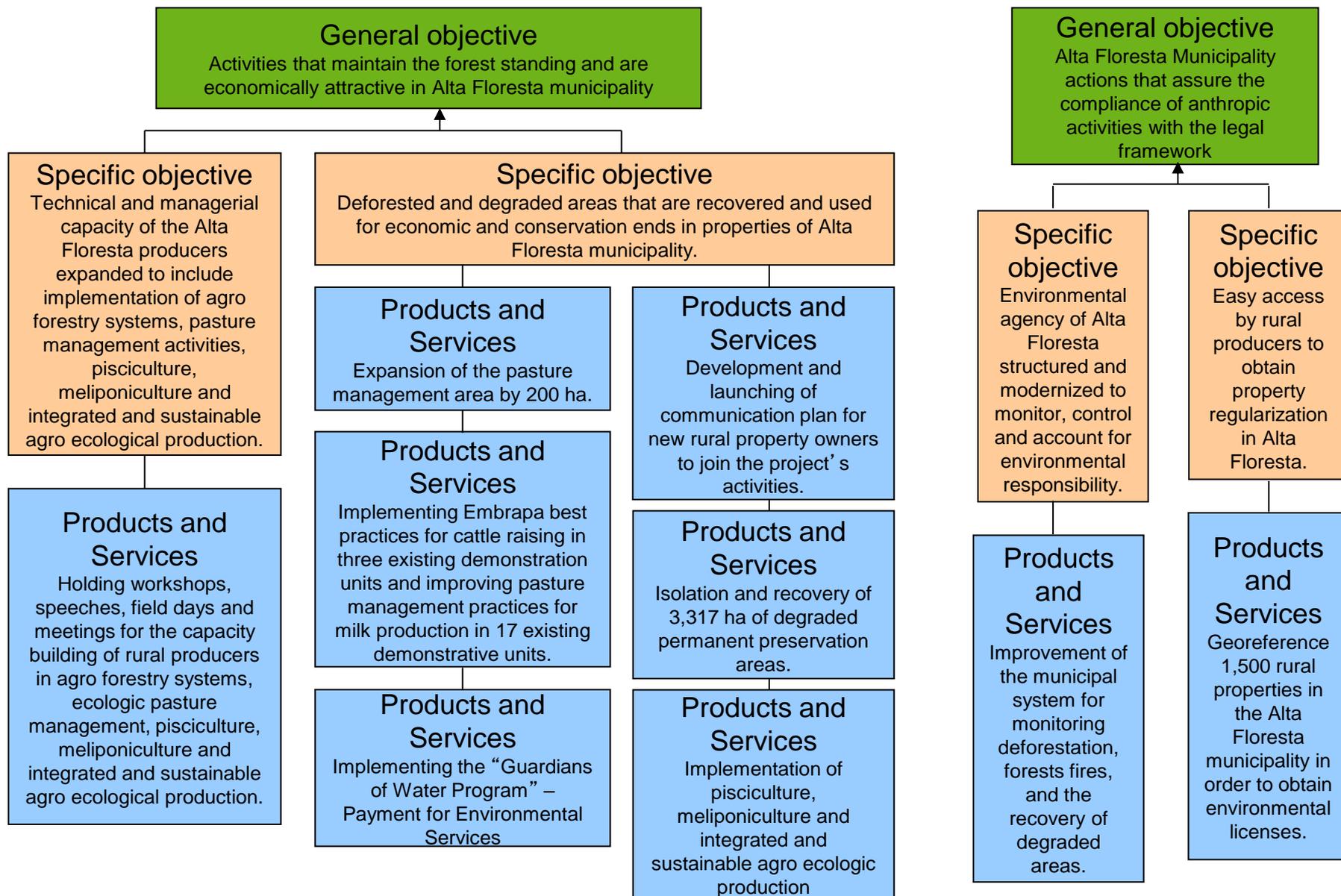
Science, Technology and Innovation aiming to promote the conservation, recovery and sustainable use of the Amazon Biome

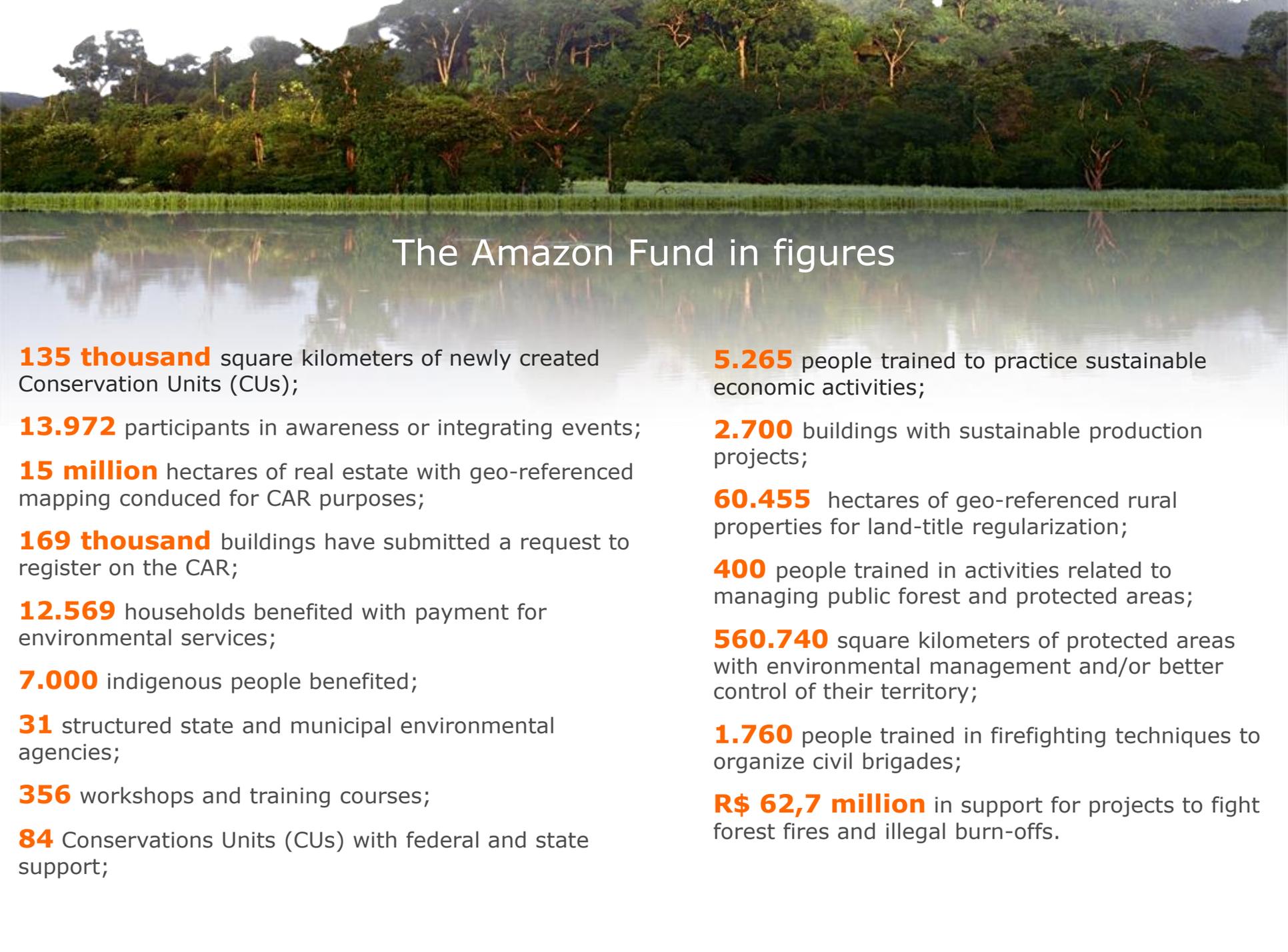
Results

Indicators

Amazon Fund's Results Matrix Example

Results Tree Diagram for Alta Floresta Municipality





The Amazon Fund in figures

135 thousand square kilometers of newly created Conservation Units (CUs);

13.972 participants in awareness or integrating events;

15 million hectares of real estate with geo-referenced mapping conducted for CAR purposes;

169 thousand buildings have submitted a request to register on the CAR;

12.569 households benefited with payment for environmental services;

7.000 indigenous people benefited;

31 structured state and municipal environmental agencies;

356 workshops and training courses;

84 Conservation Units (CUs) with federal and state support;

5.265 people trained to practice sustainable economic activities;

2.700 buildings with sustainable production projects;

60.455 hectares of geo-referenced rural properties for land-title regularization;

400 people trained in activities related to managing public forest and protected areas;

560.740 square kilometers of protected areas with environmental management and/or better control of their territory;

1.760 people trained in firefighting techniques to organize civil brigades;

R\$ 62,7 million in support for projects to fight forest fires and illegal burn-offs.

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GHG Emissions` Reduction Sectoral Plans
Energy, Industry, Transport, Mining and Charcoal

Steering Committee

Establishes guidelines for resources allocation and approves the monitoring reports designed by the resources managers

**Environmental
Ministry**

Grants

 **BNDES**

Concessional Loans

Concessional Loans` Elegibility

Criteria:

- 1) Contribute to Mitigation or Adaptation
- 2) Financial Additionality
- 3) Efficiency in Allocation Resources

Examples of Supported Sectors:



Renewable
Energy



Sustainable Production Activities: native wood
production, fruit and fiber



Strategic Target

Reduce GHG Emissions and Promote Adaptation Investments



Efficient Transport



Renewable Energy



Waste Management



Energy Efficiency in Equipment



Combating Desertification



Charcoal

Sectoral Results Matrix Under Implementation:

- With a joint support of the British Embassy and the ClimateWorks Foundation a Brazilian University is developing specific results matrix for each sector supported.
- The project is based on CDM standards and methodologies.

Results from BNDES` s Experience:

- **National Policy:** the establishment of a robust climate policy governance at the national government level has been crucial for the results achieved so far in both Funds.
- **Legitimacy:** At all levels and initiatives the establishment of governance instruments that include the whole society and the adoption of transparency mechanisms are fundamental to obtain legitimacy with the society.
- **Current Challenges:** After a huge effort in establishing appropriated frameworks for both funds the escalation of the results achieved so far will demand significant additional funding.

Trying to Address some Methodology Issues:

- Appropriated Level:** A robust system for tracking effectiveness in climate financing needs to go beyond "results matrixes, including top-down and bottom-up approaches.
- Objective:** Climate initiatives cannot be isolated from the development agenda, in particular in developing countries, so it needs to be reflected on the effectiveness analysis.
- Financial Instruments:** A comprehensive set of financial instruments is needed to support climate investments and the aggregated leverage ratios per instrument can lead to wrong conclusions in prioritizing one instrument against the others.



BNDES

*Brazilian
development bank*

Thank you!

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