



## POSITIVE INCENTIVES COLLABORATIVE PROJECT

*Task 18 of the Biodiversity Plan “The Power of Voluntary Action”*

Case Study (Brazil)

### BRDE Green and Equality Fund

Mitigating impacts on biodiversity as a bank of development

BRDE



Organizers



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# BRDE Green and Equality Fund

## Mitigating impacts on biodiversity as a bank of development

BRDE (Regional Development Bank of the Extreme South)



### Summary

BRDE has, as its main activity, since its creation in 1961, the long-term financing for projects in the South Region of Brazil, aiming for positive externalities for society that are socially and environmentally sustainable, that implement innovation, that develop micro and small rural and urban enterprises, and aimed at improvements in the infrastructure of the municipalities. Due to its very nature as a development bank, ESG practices have always been aligned with BRDE's strategy. But from the beginning of 2000, the Bank's operations in this field became more structured and were consistently strengthened year after year. Launched in 2022, **Banco Verde** is a large umbrella that makes visible the Bank's actions in promoting positive social, environmental and climate impact in the Southern Region of Brazil. In 2023, **BRDE became the first bank member of the LIFE Coalition for Business and Biodiversity**. To achieve one of the objectives as a Green Bank, Brde launched a **Green and Equality Fund** that is a financial support instrument for projects that will be selected and awarded for the exemplary and relevance in its social and environmental purpose. The BRDE is currently developing projects to use the **BRDE Green and Equality Fund**.

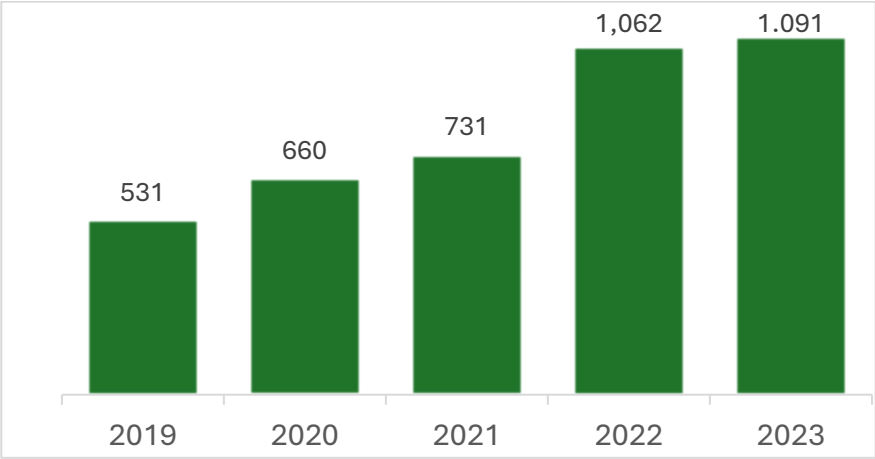
### Case Study

BRDE has, as its main activity, since its creation in 1961, the long-term financing for projects in the South Region of Brazil, aiming for positive externalities for society that are socially and environmentally sustainable, that implement innovation, that develop micro and small rural and urban enterprises, and aimed at improvements in the infrastructure of the municipalities. On the other hand, BRDE provides technical assistance for the structuring of projects in various sectors, such as energy, innovation and in municipalities, in addition to the recognized support for agro-industrial cooperativism. BRDE forms strategic partnerships with credit and agro-industrial production cooperatives, and also with manufacturers of machinery and equipment to achieve greater capillarity of their operations, since, in this modality, operations are carried out directly by partners in their locations of operation. With this strategy, BRDE credit is effectively in 95,7% of the municipalities of the South Region, even though it has agencies only in the capitals of the controlling states. The Bank, for its knowledge and experience, collaborates with state governments and other institutions aimed at development, such as the Brazilian Development Association (ABDE), Alianza

de Desarrollo – Alliance of Subnational Development Banks of Latin America and the Caribbean, the Latin American Association of Financial Institutions for Development (ALIDE), the Ministry of Regional Development (MDR), the Global Compact of the United Nations (UN), among others. **BRDE is the first bank to become a member of the LIFE Coalition for Business and Biodiversity**, an initiative formed by companies that are protagonists of the transformation of business models, which recognize biodiversity as a fundamental part of the global ESG agenda (Environmental Governance, social and corporate). The bank's adherence to LIFE practice brings access to practical solutions and metrics developed for biodiversity performance. BRDE will incorporate them into its business models in intention of optimizing decision-making in investments that effectively contribute to the conservation of biodiversity. LIFE certification ensures confidence, transparency, and robustness in corporate management with their methodology.

Due to its very nature as a development bank, ESG practices have always been aligned with BRDE's strategy. This, more than a concern or a speech, is a constant practice of the Institution. From the beginning of 2000, the Bank's operations in this field became more structured and were consistently strengthened year after year. Launched in 2022, **Banco Verde** is a large umbrella that makes visible the Bank's actions in promoting positive social, environmental and climate impact in the Southern Region of Brazil, including the organization's internal climate and environmental performance, helping to capture international resources and the multiplication of positive actions.

Recent Evolution of BRDE's Green Bank contracts (R\$ million)



In the last 2 years, there has been a significant increase in financing for sustainable projects, increasingly demonstrating the importance of the topic for BRDE.

As a **Green Bank**, BRDE intensifies its commitment to the incorporation of themes of a social nature, environmental and climate change in leading its business, its activities, and processes, as well as its relationship with society. There are three major priorities for **Banco Verde BRDE**:

1. Mitigation of the environmental impact generated by BRDE's operational activities.
2. Promotion of socio-environmental and climate projects with financial support from the **Green and Equity Fund**.
3. Promotion of socio-environmental and climate projects through credit operations.

To achieve the objective of Axis I, actions are carried out that reduce or compensate the consumption of electricity and the emission of CO2 in the premises of BRDE, as well as the adequate management of the waste generated in the execution of the Bank's operational activities in each dependence. In addition, the initiatives involve: incorporating technological solutions that can improve governance; promoting the improvement of purchasing processes and contracting of services to include environmental and climate issues; considering sustainable building standards and best practices in relation to existing or future built structures; valuing and promoting appropriate environmental and climate management actions in the network of customers and suppliers, as well as among other stakeholders.

The activities of Green Bank BRDE in financial support (Axis II) and credit (Axis III) are guided by projects linked to the following themes:

- I. Sustainability and water protection.
- II. Pollution prevention and control.
- III. Protection and restoration of biodiversity.
- IV. Mitigations and adaptations to climate change.
- V. Transition to a circular economy.
- VI. Resilient and sustainable agriculture.
- VII. Equity and economic and citizen inclusion.

The core business of a bank is credit, but in addition to credit BRDE has always been alongside entrepreneurship through the participation in Investment Funds or through institutional support with civil society entities and governments. However, it was necessary to create another line of action, capable of covering another set of initiatives, lacking resources, with a high social and environmental impact, but not yet empowered to credit. Then **BRDE Green and Equality Fund** is a financial support instrument for projects that will be selected and awarded for the exemplary and relevance in its social and environmental purpose. The Fund will value actions that respond to the challenges of sustainability in rural production and urban space, including organic production, protection of biodiversity and water, circular economy, and waste utilization, forecasting and control of pollution and climate effects. In addition to these, activities will also be considered that seek the economic inclusion of populations in situations of vulnerability or social risk, low income, precarious or informal work, including the valorization of traditional communities, such as afrobrasilian communities and Indigenous peoples, family producers and the popular and solidarity economy. BRDE hopes to bring together other institutions to expand the application of resources in the Green and Equality Fund, with responsibility, exemplarity, and social and environmental purpose, without necessarily achieving financial return.

The BRDE's Agency in Paraná is currently developing 3 projects to use the **BRDE Green and Equality Fund**.

1. Technical Cooperation Agreement signed by BRDE with the **Araucária Foundation to Support Scientific and Technological Development of Paraná and the Secretariat of Science, Technology and Higher Education of Paraná, (Seti-PR)** launched, in February 2024, the notice for the contribution of R\$3.2 million, of which R\$1.2 million will be invested by BRDE, non-refundable, within the scope of the Green and Equity Fund. Sixteen projects

focused on research into socio-environmental and climate issues are being selected, involving innovation and sustainable development in the territory of Paraná. In addition to these criteria, there will be additional points for projects aimed at populations in situations of vulnerability or social risk, low income, precarious or informal work, preferably in terms of race and gender, including the valorization of traditional communities such as Quilombolas and Indigenous people. The call for projects is still in the final phase. In June 2024, we will have a list of research that will be supported by the Green Fund.

2. This action is developed in partnership with **Boticario Group Foundation**. With 33 years of history, Boticario Group Foundation is one of the main corporate foundations in Brazil that works to protect Brazilian nature. The institution works to ensure that the preservation of biodiversity is prioritized in business and public policies and supports actions that bring together different players and key tools in search of solutions for major environmental, social and medical challenges. It has already supported around 1,600 initiatives in all biomes in the country. It protects two areas of Atlantic Forest and Cerrado – the most threatened biomes in Brazil –, adding up to more than 1,184,030 sqft. The objective of this cooperation is to select and support projects focused on socio-environmental issues and income generation associated with nature conservation, involving innovation and sustainable development in the municipalities of Paraná belonging to the **Great Atlantic Forest Reserve**. More specifically, the supported projects will be aimed at nature tourism, traditional communities and adaptation to climate change. The amount contributed by BRDE will be R\$1.2 million, out of a total of R\$ 2.9 million.
3. Project under study in partnership with the **Secretary of State for Sustainable Development of Paraná (SEDEST)** to subsidize **Private Natural Heritage Reserves**, located in Paraná, to obtain Certification as businesses committed to the conservation of biodiversity and maintenance of ecosystem services. The project also provides for a guarantee for the purchase of credits generated by the areas during a two-year period.

Our purpose, as a LIFE Coalition member is to measure the result of these three actions and their positive impact on biodiversity, promoting, as a development institution, the scalability of these practice.