



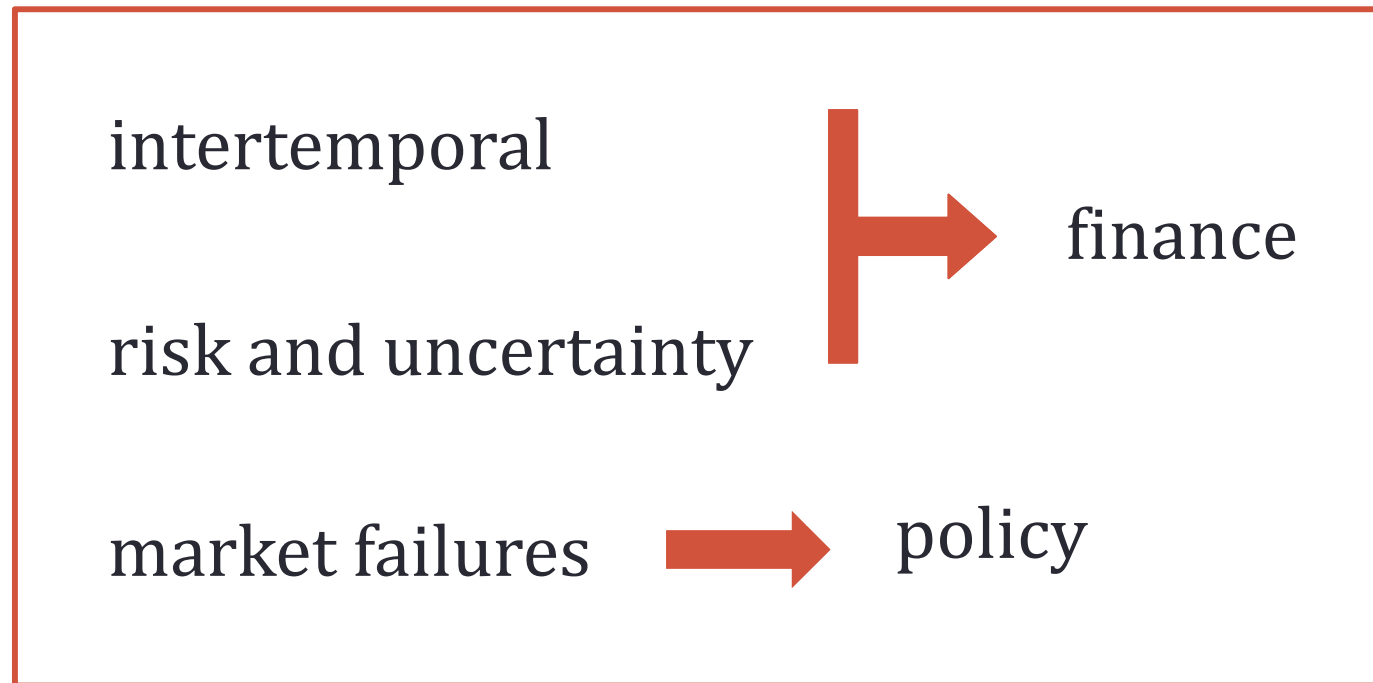
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Panel:
Greening a national (development) bank

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Key aspects of the 'climate problem' banks ?



Is it relevant worldwide?

La Porta, Lopez-de-Silanes and Shleifer (2002):

in an average country, government ownership
accounts for ...

59% of the equity of the 10 largest banks - 1970

42% of the equity of the 10 largest banks - 1995



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Case study: Brazilian Development Bank (BNDES)

established in June 20th, 1952

main provider of long-term financing in Brazil

100% state-owned company

2635 employees



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Case study: Brazilian Development Bank (BNDES)

US\$ billion

	Assets	Equity	Disbursement
World Bank	283	37.6	28.8
BNDES	329.5	39.6	96.3
IDB	87.2	21.0	10.3
China DB	665.2	55.5	93.0

Source: BNDES (Dec/10), World Bankl (Jun/10), IDB (Dec/10) and China DB (Dec/09).



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Case study: Brazilian Development Bank (BNDES)

Instruments

direct operation

indirect operation

project finance

equity investments

non-refundable credit lines

special funds



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Case study: Brazilian Development Bank (BNDES)

Greening in two directions:

credit policy (key sectors, directed subsidies, requirements, etc.)

special funds: Carbon Efficient Index, Amazonia Fund, Climate Fund



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The Carbon Efficient Index



IC02 is a joint initiative of BM&FBovespa and
BNDES

began in Sept 2010



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The Carbon Efficient Index



portfolio based on the Brazilian IBrX-50 stock index

companies' participation is voluntary

weights are adjusted according to a relative coefficient of carbon intensity
[tCO₂e emission/R\$MM of revenue]

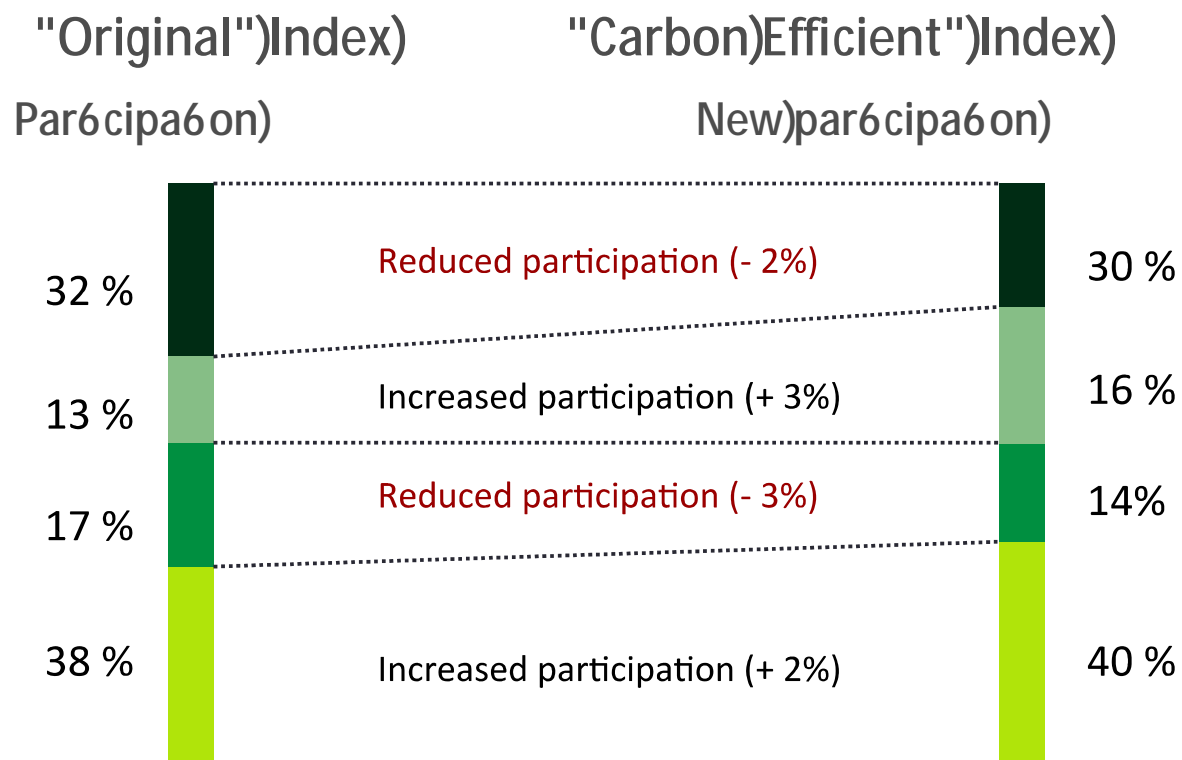


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The Carbon Efficient Index



Example(



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The Carbon Efficient Index



Expected impacts

encourage the dissemination and adoption of policies to reduce emissions in companies

bring transparency to the market regarding company emissions

anticipate the competitive environment in a low carbon economy

create investment opportunities for investors sensitive to environmental issues



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The Carbon Efficient Index



Key aspects of implementation

participation – payoffs were not clearly perceived by firms

carbon inventories



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The Amazon Fund

created in August 2008

aims at raising donations for non-reimbursable investments in Amazon

managed by the BNDES



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The Amazon Fund

Main donations

Norway: > US\$200MM

German: €21MM



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The Amazon Fund

Scope

management of public forests and protected areas

environmental control, monitoring and inspection

sustainable forest management

economic activities created with sustainable use of forests

ecological and economic zoning, territorial arrangement
and agricultural regulation

preservation and sustainable use of bio-diversity

recovery of deforested areas



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The Amazon Fund

Current status

16 projects were contracted – US\$ 109MM

4 approved projects – US\$ 17.9MM

disbursement – app. US\$ 12MM



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The Climate Fund



created in Dec 2009, regulated in Oct 2010

to ensure support for projects and studies aiming
climate change adaptation and mitigation



The Climate Fund



Funding

government budget

donations

oil production (royalty-related revenues)



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The Climate Fund



Management

non-reimbursable funds (Ministry of Environment)

reimbursable funds (BNDES)



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The Climate Fund



Management Costs	560.000,00
Total	233.727.463,00



The Climate Fund



Current status

non-reimbursable funds – 2 calls for proposals
in 2011 (Jan and Feb)

reimbursable funds – have not been used yet



Discussion

On the one hand ...

BNDES is an interesting lab for climate finance

it is relevant (big)

and moving in different directions



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Discussion

On the other hand ...

climate issues are not yet in the 'core business'
of the bank

available funds seem to flow at a slow pace



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Discussion

Why?

is it too early?

institutional arrangement?

political economy?

is the problem intrinsically hard?
(cash flows x emission flows)



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