

Brazil: COP 25 – EIB to increase cooperation with public promotional bank of Minas Gerais



- **New agreement will allow to reinforce collaboration to boost sustainable development in Latin America**
- **Climate action: EIB and BDMG have joined forces to support climate projects in the Brazilian State of Minas Gerais**

In the margins of the UN Climate Change conference (COP 25) taking place in Madrid, the European Investment Bank (EIB) has taken a new step to further strengthen its sustainable development activity in Latin America. The EU bank and the public promotional bank of the Brazilian State Minas Gerais, Banco De Desenvolvimento De Minas Gerais (BDMG), have signed a memorandum of understanding to reinforce the cooperation between the two institutions.

This new agreement signed with BDMG aims at sharing experiences and best

practices in areas and sectors of common interest, thus fostering financial cooperation in Brazil between the two institutions. The EIB will support BDMG in its goal to promote sustainable economic and social development in the State of Minas Gerais by facilitating investments in both the public and private sectors.

In October this year, the two entities joined forces to support climate action projects in Brazil. Thanks to agreement, the EIB facilitated EUR 100 m to boost climate investments in this Brazilian State, contributing to an increased production of renewable and clean energy while securing energy supply. Part of this EIB financing is going to be dedicated to supporting energy efficiency projects, especially in public buildings, street lighting, and industrial facilities.

At the signing ceremony, **EIB Vice-President Emma Navarro responsible for EIB operations in Latin America and the Bank's climate action**, said: *"This Memorandum of Understanding shows the EIB commitment to promote our climate change ambition in Latin America. Cooperation with promotional banks is of key importance as it allows the EIB to draw on their valuable experience and know-how in the region. Thanks to this strengthened partnership with BDMG, we will mobilise the financial resources needed to further support the development of sustainable and inclusive projects in Brazil."*

BDMG President Sergio Gusmão Suchodolski said: *"BDMG and the EIB are both committed to foster investments aimed at mitigating climate change, in line with the 2030 United Nations Agenda. The EIB expertise will contribute to strengthen our business model, enhancing BDMG's role as a major driver of sustainable development in Brazil, especially in the state of Minas Gerais."*

The EIB, a key player in Latin America

The EU is the main development partner of the Latin America region, its number one investor and its second-largest trading partner. As the EU bank, the EIB supports the EU's relationship with Latin America by financing projects that contribute to the EU's external policy objectives: the development of economic, environmental and social infrastructure; private sector development; and climate change mitigation and adaptation.

Climate change mitigation and adaptation is the EIB's main priority in the region, where projects supported by the EU bank focus on the environment, and especially on boosting renewable energy, energy efficiency and sustainable public transport schemes. Climate change adaptation-related projects involve upgrading existing infrastructure to be more resilient in the face of more volatile and unpredictable weather patterns, preparing it for direct and indirect impacts. In 2018, the EIB stepped up its contribution to sustainable development and climate action in Latin America, providing EUR 640m to finance 15 operations: that is the highest number of EIB operations structured in one year in the region.

The EIB and climate crisis

The EIB is among the world's largest multilateral providers of climate

finance. The Bank's goal is to be a leader in mobilising the finance needed to keep global warming to under 2 °C and limit temperature rises to 1.5 °C to meet the Paris Agreement objectives. On 14 November, the EIB Board of Directors approved its new climate objectives and the new energy lending policy. The Bank will gradually increase its financing for climate and environmental objectives up to 50% by 2025, to ensure that the EIB Group mobilises at least EUR 1 trillion by 2030 to promote investments helping to meet these objectives. It also announced its intention to align all EIB Group activities with the Paris Agreement. To this end, the EIB will cease financing fossil fuel-based projects from late 2021.

In 2018, the EIB provided almost EUR 1.3bn to support climate action in Spain by financing projects involving the development of cleaner means of transport and implementation of new, less polluting and more environmentally friendly production processes.

Related link:

<https://www.eib.org/en/press/all/2019-281-eib-provides-eur-100m-to-boost-climate-action-investments-in-minas-gerais-brazil>

About BDMG

The Minas Gerais Development Bank (BDMG) is a financial institution founded in 1962 with the purpose of promoting the state's economic, financial and social development. BDMG's actions serve various sectors of the economy and offers finance to infrastructure and urbanization projects to all municipalities of Minas Gerais promoting regional development. In 2018, the Bank disbursed BRL 1,280 Million, an increase of 11% over 2017 – generating an additional impact of BRL 1.14 Billion on the economy and stimulating the creation of around 23,000 jobs.