

Brazil: EIB provides EUR 100m to boost climate action investments in Minas Gerais

- The EU bank and *Banco de Desenvolvimento de Minas Gerais* will provide this financing for renewable energy and energy efficiency projects
- EIB funds will cover up to 75% of climate investments
- **Employment: 700 jobs** are expected to be created during the implementation of the project

The European Investment Bank (EIB) will provide EUR 100m to *Banco de Desenvolvimento de Minas Gerais* (BDMG) to support climate action projects in this Brazilian state. Private companies and also municipalities will be able to benefit from the advantageous financing conditions of the EU bank, both in terms of long tenors and interest rates, to implement projects promoting renewable energy generation and energy efficiency technologies. The agreement was signed today by the Bank's Vice-President Emma Navarro and BDMG's President Sergio Gusmão Suchodolski at the EIB's headquarters in Luxembourg.

EIB funds will be allocated to renewable energy projects, such as small-scale solar photovoltaic plants and run-of-the-river hydropower plants, thus contributing to reducing CO₂ emissions in the country. These investments will increase the country's renewable and clean energy production capacity while securing energy supply.

Part of the EIB financing will also be dedicated to supporting energy efficiency projects, especially in public buildings, street lighting, and industrial facilities. Small businesses wishing to improve their environmental footprint are also eligible to receive EIB funds.

The EU bank is providing this finance, which will cover up to 75% of the final project investment cost, in the framework of the 2014-2020 lending mandate for Latin America. This agreement is therefore covered by the EU guarantee. By supporting this project, the EIB is contributing to achievement of the United Nations' Sustainable Development Goals, ensuring access to affordable, reliable, sustainable and modern energy while fighting climate change.

The different schemes under this programme will be carried out over the next four years, up to 2023, and their implementation is expected to provide jobs for around 700 people.

At the signature event that took place in Luxembourg, **EIB Vice-President Emma Navarro, responsible for EIB operations in Latin America and for the Bank's climate action**, said: *"Today's agreement demonstrates the EIB's commitment to tackling climate change and its willingness to continue leading the mobilisation of the finance needed for the transition to a low carbon economy worldwide. This operation is a perfect example of our priorities in Latin*

America: promoting sustainable and inclusive economic growth by boosting investments that help to reduce CO₂ emissions. We are happy to join forces with Banco de Desenvolvimento de Minas Gerais to achieve these goals and to contribute to the development of clean energy sources in Brazil”.

For **Sergio Gusmão Suchodolski, President of BDMG**, this partnership with the EIB place the state of Minas Gerais on the global map of major investments in sustainability: *“This operation is a strategic opportunity for the diversification of the energy mix in our region. Undoubtedly, having a partner like the EIB, one of the largest multilateral institutions in the world, will strengthen BDMG’s role in the growing market for clean and renewable energy. In this context, it is our commitment to promote new business on a sustainable basis, in line with the credit profile available worldwide”.*

The EIB, a key player in supporting climate projects in Latin America

The EIB is one of the world’s largest multilateral providers of finance for climate action projects. 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. At September’s Climate Action Summit in New York, the EIB Group announced that it intends to expand its climate action, gradually increasing the financing that the EIB dedicates to climate and environmental objectives to 50% of its activity by 2025 and mobilising up to EUR 1tn by 2030 to support investments helping to achieve these goals. It also announced its intention to align all EIB Group activities with the Paris Agreement.

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.

In Latin America, the EIB has become a major promoter of renewable energy and energy efficiency, having signed projects worth over EUR 880m in the region between 2013 and 2018. 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 is the world’s largest issuer of green bonds and was the first to make an issue on this market.