

Project Summary for Public Disclosure

Project Name	Financing of Renewable Energy Projects and Associated Transmission
Country	The Federative Republic of Brazil
Sector	Clean Energy
Board Approval Date	26 April 2016
Total Project Cost	USD 600 million
Initial Limit of NDB Financing	USD 300 million
Current Limit of NDB Financing	USD 300 million
Borrower	The Brazilian Development Bank (BNDES)
Implementing Agency	BNDES
Introduction	<p>Brazil is the largest economy in South America. Brazil's share of GDP in South America accounts for more than 55%. In recent years, Brazil's economic development has been volatile. Domestic demand has been contracting and investments are falling. Brazil is also experiencing a significant drop of investment in infrastructure. This negatively impacts the energy sector, which is a critical part of the country's overall infrastructure. Current energy structure heavily depends on hydel power, with 61% of the country's total energy power generated by hydel capacity. Volatility in hydel generation has an amplifying effect on the country's entire energy capacity, due to the excessive reliance on hydel. Alternative renewable energy resources haven't been fully explored, constrained by financing. In this context, the project is designed with financing facility provided by New Development Bank (NDB), to enhance the capacity of Brazil's alternative renewable energy. The project is in alignment with NDB's objective to accelerate green financing and promote renewable energy development.</p>
Project Description	<p>The NDB will support the Banco Nacional de Desenvolvimento Econômico e Social (BNDES) with a two-step loan to on-lend to renewable energy projects and associated transmission projects. The objective of NDB's financing is to provide an alternative financing source for BNDES to facilitate development of infrastructure. BNDES is a 100% state owned national bank for economic and social development. BNDES is the main financier for infrastructure projects.</p>

	<p>BNDES will finance at least 5 sub-projects under the proposed loan. The proposal for sub-loans will be subject to eligibility criteria and NDB's appraisal, where the sub-loan financing is in excess of USD 70 million or assessed as an Environmental or Social Category A. The aggregate exposure for projects in any one of alternative renewable energy areas will not exceed 60% of the total loan amount, to diversify the development. Sub-loan for any single sub-project will be limited to maximum 25% of the total loan.</p>						
Environmental and Social Aspects	<p>The Project contributes to a diversified renewable energy portfolio for Brazil's energy sector, to reduce reliance on hydel and increase the country's resilience in energy supply. It aligns with NDB's focus to support projects that aim at developing renewable energy sources. BNDES will ensure compliance with the country's legislative requirements and NDB's environmental and social framework.</p>						
Financing Aspects	<p>The total amount of the loan is USD 300 million. For each sub-project, BNDES will finance from its other sources an amount equal to or higher than the sub-loan disbursed by NDB. Up to 20% of the loan amount can be used by BNDES for financing debentures or bonds for the renewable energy projects.</p> <table border="1"> <thead> <tr> <th>Financier</th><th>Amount (USD million)</th></tr> </thead> <tbody> <tr> <td>New Development Bank</td><td>300</td></tr> <tr> <td>BNDES</td><td>300 (Minimum)</td></tr> </tbody> </table>	Financier	Amount (USD million)	New Development Bank	300	BNDES	300 (Minimum)
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New Development Bank	300						
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Implementation	<p>The BNDES will be responsible for assessment of the sub-loans for each renewable energy project. Where the NDB's approval is required, BNDES will submit due diligence documents, procurement terms, environmental and social assessment, economic and financial analysis and other relevant project reports.</p>						