

## Symposium: Greening Capital Market in Brazil – Paving the Way for Green Bonds

### **GIZ and SEB Kick-Start their Activities in Brazil: CEBDS and Febraban Announce the Development of Green Bond Guidelines for Brazil during the Event**

Kick-starting their joint activities in Brazil, SEB and GIZ, within the framework their *Strategic Alliance (STA) on Green Bond Market Development in G20 Emerging Economies*, held the symposium **Greening Capital Markets in Brazil – Paving the Way for Green Bonds**. The event, which took place in São Paulo on June 28, was organized in cooperation with the STA's regional partner, the Brazilian Business Council for Sustainable Development (CEBDS) and with the support of the Brazilian Federation of Banks (Febraban). More than 70 representatives from financial institutions, companies, investor institutions, policymaking bodies, think tanks and academia joined the symposium, which successfully brought together both sustainability and finance professionals.

At the opening ceremony, Marina Grossi, the President of CEBDS, and Mario Sérgio Vasconcelos, head of Institutional Relations at Febraban, announced the development of Green Bond guidelines to support and guide issuers, investors, and financial institutions. According to Mrs. Grossi, "the Brazilian market conditions are not favorable at the moment, but this is bound to change, and we must prepare ourselves for it, especially since Brazil has committed itself under the Paris Agreement to ambitious targets, in which the financial market will have an important role to play." Subsequently, Mario Sérgio Vasconcelos made clear that the intention of Febraban regarding green bonds was not to create new regulation but to remove obstacles that impede the development of a bond market which favors environmentally beneficial actions.

#### **What are the opportunities and challenges in the green bond markets?**

Mats Olausson, senior advisor on climate and sustainable financial solutions at SEB, who moderated the first panel of the symposium, explained the "DNA" of green bonds as well as the market's rapid development since its beginnings in 2007. In particular, Mr. Olausson pointed out the additional benefits that green bonds bring to issuers, investors and society at large.

Harald Francke Lund, senior advisor at the world's leading second opinion provider CICERO, and Sören Elbech, former treasurer of the Inter-American Development Bank (IADB), spoke about international best practices in sustainable financing. Francke Lund emphasized the critical role of large institutional investors in providing private capital for green infrastructure projects given their propensity to invest in such large-scale and long-term projects. Furthermore, he pointed out the enormous growth potential of the green bond market as only 0.07 percent of the global debt securities market is labelled green while the actual volume of green investments and assets is sig. Sören Elbech presented a range of actions various stakeholders can take in order to boost the development of the market. For instance, he argued that local governments should use their power to create "green banks", which would be major supporters of projects to mitigate climate change. Lastly, Ms. Verónica García Seffino, senior investment officer at the International Finance Corporation (IFC), elaborated on the

essential pillars and principles a sustainable bank should incorporate. Furthermore, she outlined IFC's reporting standards and its impact assessment tool.

### **The experience of the first Brazilian company to issue a green bond**

First-hand knowledge on the issuance of a green bond was shared by Élcio Ito, CFO at BRF, the first Brazilian company to issue a green bond. He stated that their sustainability strategy was a matter of competitiveness, continuity and, hence, long-term success. With the EUR 500mn green bond issuance, the company intended to raise the visibility of its sustainability strategy and diversify its investor base on the European continent, where the bond was issued.

### **The financial system as catalyst**

The last panel, moderated by Carlos Nomoto, WWF-Brazil Secretary General, gathered Élcio Ito from BRF, Aline Pacheco, advisor of the São Paulo State Secretariat for the Environment, William Cardoso, head of the environment department at BNDES, Linda Murasawa, sectorial director of the Commission for Social Responsibility and Sustainability at Febraban, Rafael Bello Noya, director of Financial Solutions & Advisory at Santander and Warwick Manfrinato, professor at the Institute for Advanced Studies (IEA) of the University of São Paulo. The panelists discussed topics such as the importance of promoting sustainable investments in Brazil and the role of institutions in green bond markets. For instance, anchor investments by BNDES and guarantee mechanism, i.e. provided by state governments were of particular interest. Mr. Bello Noya from Santander shared his view on the Brazilian green bond market comparing it with his experiences from the BRF green bond transaction. Furthermore, Professor Manfrinato instigated the liberating role the financial system plays, especially in phases of stagnating markets.

At the end, Yannick Motz, project manager at GIZ, gave an overview on the ongoing projects of the *Emerging Markets Dialogue on Green Finance* – an initiative implemented by GIZ that brings together leading financial institutions, policymaking bodies and experts from around the world to develop solutions that integrate environmental indicators in lending and investment decisions, product development and risk management. As one example, he presented the ongoing project on Environmental Stress Testing.

In particular, Mr. Motz presented the *develoPPP.de* Strategic Alliance's objectives and approach targeting green bond markets in Brazil, China, India and Mexico. Beyond holding symposia, the initiative's main activities include a series of tailor-made workshops for various stakeholder groups such as potential green bond issuers, investors, second opinion providers, underwriters and regulators, as well as offering advisory and technical support. Trainings will start in late summer with support of CEBDS, the STA's local implementation partner. For more information, please visit [www.emergingmarketsdialogue.org](http://www.emergingmarketsdialogue.org).