



ABDE 2030

Plano de Desenvolvimento Sustentável

EXECUTIVE SUMMARY



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ASSOCIADOS

Bancos públicos federais

BANCO DA AMAZÔNIA | Banco da Amazônia S.A.
BB | Banco do Brasil S.A.
BNB | Banco do Nordeste S.A.
BNDES | Banco Nacional de Desenvolvimento Econômico e Social

Bancos de desenvolvimento controlados por estados da federação

BANDES | Banco de Desenvolvimento do Espírito Santo S.A.
BDMG | Banco de Desenvolvimento de Minas Gerais S.A.
BRDE | Banco Regional de Desenvolvimento do Extremo Sul

Bancos cooperativos

SICOOB | Sistema de Cooperativas de Crédito do Brasil S. A.
BANCO SICREDI | Banco Cooperativo Sicredi S.A.
CRESOL | Cresol Confederação

Bancos públicos comerciais estaduais com carteira de desenvolvimento

BANESE | Banco do Estado de Sergipe S. A.
BANESTES | Banco do Estado do Espírito Santos S. A.
BANPARÁ | Banco do Estado do Pará S.A.
BRB | Banco de Brasília

Agências estaduais de fomento

AFAP | Agência de Fomento do Estado do Amapá S.A.
AFEAM | Agência de Fomento do Estado do Amazonas S.A.
Agência de Fomento do Estado de Tocantins
AGE | Agência de Empreendedorismo de Pernambuco
AGERIO | Agência Estadual de Fomento do Rio de Janeiro
AGN | Agência de Fomento do Rio Grande do Norte S.A.
BADESC | Agência de Fomento do Estado de Santa Catarina S.A.
BADESUL | Agência de Fomento do Rio Grande do Sul
DESENBAHIA | Agência de Fomento do Estado da Bahia S.A.

DESENVOLVE | Agência de Fomento do Estado de Alagoas S.A.
DESENVOLVE MT | Agência de Fomento do Estado de Mato Grosso S.A.
DESENVOLVE RR | Agência de Desenvolvimento de Roraima S.A.
DESENVOLVE SP | Agência de Desenvolvimento Paulista
FOMENTO PARANÁ | Agência de Fomento do Paraná S.A.
GOIÁS FOMENTO | Agência de Fomento de Goiás S.A.
PIAUÍ FOMENTO | Agência de Fomento e Desenvolvimento
do Estado do Piauí S.A.

FINEP | Inovação e Pesquisa

SEBRAE | Serviço Brasileiro de Apoio às Micro e Pequenas Empresas

CONSULTORES DO PLANO ABDE 2030

Coordenadora técnica: Karin Costa Vazquez

Luma Ramos
Lavinia Barros de Castro
Cristina Froes de Borja Reis
João Prates Romero
Fernanda Cimini Salles
Fabrício Silveira
Samara Cristina Viecei Piacenti
Guilherme Gonçalves Dias
Julia Mello de Queiroz
Marcio Alvarenga Junior
Camila Rizzini Freitas
Leonardo Barcellos de Bakker
Liziane Silva
Natália Gradin
Martha Silva
Ivan Aires

Apoio:



Introduction

The **Sustainable Development Goals (SDGs)** are a relevant conceptual framework for guiding public policies worldwide, representing the commitment made by the member States of the United Nations in the document “*Transforming Our World: The 2030 Agenda for Sustainable Development*” in 2015. The 2030 Agenda comprises 17 SDGs and 169 goals, covering urgent themes for sustainable development. That same year, the Addis Ababa Action Agenda was created, providing the basis for implementing the global sustainable transition and reinforcing the importance of financing to achieve the SDGs.

The Addis Ababa Action Agenda recommends that all countries maintain “*cohesive nationally owned sustainable development strategies, supported by Integrated National Financing Frameworks (INFF)*”¹. In line with this recommendation, the United Nations Development Programme (UNDP) has supported the development of INFFs in more than 50 countries, encouraging alignment with socioeconomic recovery plans in response to the covid-19 pandemic.

In Brazil, the **Brazilian Development Association** (ABDE in its Portuguese acronym) represents Development Financial Institutions (DFIs) that together form the country’s **National Development Financial System (NDFS)**². The DFIs represented by ABDE include federal public banks³, commercial public banks with development portfolios⁴, development banks controlled by states⁵, development agencies⁶, cooperative banks⁷, as well as Finep and Sebrae². The NDFS’ potential for action makes the System a first class ally in financing

¹ INFF is a tool to assist countries strengthen planning processes and overcome obstacles to the financing for sustainable development and the SDGs at the national level. It sets out the full range of financing sources – domestic and international sources of public and private financing – and allows countries to develop a strategy to increase investments, manage risks, and achieve sustainable development priorities as identified in their national development strategy. For more details, see: <https://inff.org/about>.

² SNF in its Portuguese acronym.

³ Banco Nacional de Desenvolvimento Econômico e Social (BNDES), Banco do Brasil (BB), Banco do Nordeste do Brasil (BNB) and Banco da Amazônia (Basa).

⁴ Banco de Brasília (BRB), Banco do Estado do Espírito Santo (Banestes), Banco do Estado de Sergipe (Banese), Banco do Estado do Pará (Banpará), Banco do Estado do Rio Grande do Sul (Banrisul).

⁵ Banco de Desenvolvimento de Minas Gerais (BDMG), Banco de Desenvolvimento do Espírito Santo (Bandes) and Banco Regional de Desenvolvimento do Extremo Sul (BRDE).

⁶ Agência de Fomento do Amapá (Afa), Agência de Fomento do Estado do Tocantins (Fomento TO), Agência de Empreendedorismo de Pernambuco (Age), Agência de Fomento do Rio Grande do Norte (AGN-RN), Agência de Fomento de Alagoas (Desenvolve), Agência de Fomento do Estado de Mato Grosso (Desenvolve MT), Agência de Fomento do Estado de Roraima (Desenvolve RR), Agência de Fomento e Desenvolvimento do Estado do Piauí (Piauí Fomento), Agência de Fomento do Estado do Amazonas (Afeam), Agência de Fomento do Estado do Rio de Janeiro (AgeRio), Agência de Fomento de Goiás (Goiás Fomento), Agência de Fomento do Estado da Bahia (Desenbahia), Agência de Desenvolvimento Paulista (Desenvolve SP), Agência de Fomento do Paraná (Fomento PR), Badesul Desenvolvimento (Badesul), Agência de Fomento de Santa Catarina (Badesul).

⁷ Banco Sicoob, Sicredi and Cresol.

and mobilizing the necessary resources to enable sustainable, inclusive and innovative development projects in the most diverse sectors and segments of the Brazilian economy.

To realize its full potential, Brazilian DFIs could develop a **financing strategy** for meeting the SDGs. The **ABDE 2030 Sustainable Development Plan** represents the first step of this journey. It is a **policy agenda** that aims to **enhance the contribution of the NDFS** in achieving the SDGs and the goals of the **2030 Agenda**. The Plan is divided into two parts:

- **Part I – The NDFS in the 2030 Agenda for Sustainable Development:** brief analysis on the progress of SDGs fulfillment in Brazil and mapping of the Brazilian DFIs initiatives in the 2030 Agenda classified in four dimensions: environmental, social, economic and institucional.⁸; and
- **Part II: How can the NDFS accelerate and scale up SDGs fulfillment in Brazil:** definition of strategic missions to guide development policies to fulfill the SDGs as well as policy recommendations and proposed actions to strengthen the NDFS and its initiatives to meet the 2030 Agenda and the five missions proposed in the Plan.

Part I: The Brazilian NDFS in the 2030 Agenda for Sustainable Development

- **The NDFS has a decisive role triggering a virtuous dynamic in the social, economic, environmental and institutional dimensions of the 2030 Agenda, and already has relevant examples of initiatives targeting the SDGs, many of which can be strengthened, adjusted and/or replicated to enhance the NDFS contribution to this agenda.** A preliminary analysis of 20 DFIs⁹ reveals that ten of them explicitly cite the SDGs or align their strategic planning with goals of the 2030 Agenda. SDG 8 (decent work and economic growth) stands out as the one most directly cited in the documents analyzed.

⁸ This grouping is only intended to facilitate a preliminary diagnosis of what initiatives the NDFS has been carrying out to meet the agenda. It is not the purpose of the analysis to present an exhaustive mapping, nor to lose sight of the indivisibility and integrality of the 17 SDGs.

⁹ BDMG, FINEP, DESENBÁHIA, BADESC, SICREDI, Fomento PR, AFEAM, Age Rio, AGN, Desenvolve MT, Goiás Fomento, BANDES, Desenvolve SP, CRESOL, BADESUL, Banco do Brasil, BNDES, BASA, BRDE and BNB.

- In complement to that first analysis and based on a study conducted by ABDE and UNDP Brazil, it was possible to verify **which SDGs were most financed by the NDFS**¹⁰. The data represents the percentage of funds made available for each SDG out of the total allocated by the NDFS for the set of SDGs in the years 2020 and 2021 (only its 1st semester). The results show that the SDGs **with the highest participation in the NDFS portfolio are SDGs 8** (decent work and economic growth) with **24.3%** (2020) and **22%** (2021); and **SDG 9** (industry, innovation and infrastructure) with **23.7%** (2020) and **24%** (2021). They are on top of the NDFS contribution to the 2030 Agenda in Brazil highlighting the system's role in supporting small businesses, production and innovation; and investment in infrastructure.
- It is also worth mentioning the participation of other SDGs in the analysis for the years 2020 and 2021, respectively. These are: **SDG 7** (affordable and clean energy) with **10.7%** and **14%**; **SDG 2** (zero hunger) with **8.7%** and **9.3%**; and SDG 10 (reduced inequalities) with **8.1%** and **9.3%**, the numbers **reinforce NDFS's potential to contribute to a more inclusive, sustainable and innovative development.**
- **Most of the NDFS institutions are currently in the early stages of internalizing the 2030 Agenda.** Given the allocation profile of the DFIs portfolio, it is clear that there is room to **increase knowledge about negative effects among the SDGs** (spillover effect) **and the risk of cross-cutting agendas** (such as diversity, inequality, gender, race, decent work, among others) **being underestimated other themes.** Some important recommendations to increase awareness on the 2030 Agenda by DFIs include:
 - Training staff on different taxonomies;
 - Strengthening monitoring and evaluation capacities;
 - Increase knowledge on international experiences for the fulfillment of the SDGs;
 - Diagnosis on local needs so that DFIs can better identify bottlenecks and prioritize which sectors and segments they should focus..

¹⁰ It is worth noting that this data refers to a sample of 17 DFIs. The analysis is the result of a first effort to quantify the NDFS's performance in the SDGs. The methodology used remains subject to improvement, given that the study is in the final stage of its preparation. Primary and secondary data from the DFIs for the years 2020 and the first half of 2021 were used to classify their portfolios in the SDGs. The DFIs analyzed were AFEAM, AgeRio, AGN, Badesc, Desenvolve MT, Fomento PR, Sicredi, Desenbahia, Bades, Finep, Desenvolve SP, Goias Fomento, Cresol, Badesul, BDMG, BNB, and BNDES.

Part II: How the NDFS can accelerate and scale SDGs fulfillment in Brazil

- **The ABDE 2030 Plan adopted a mission-oriented policy approach¹¹ to guide the NDFS in building a strategy capable of enhancing DFIs contribution to promoting sustainable development.** The idea of electing missions for the NDFS seeks to engage DFIs actors in facing major challenges that can transform production, distribution and consumption patterns in various sectors and across social groups targeting value creation, inclusion and sustainability. The mission goal points out to the strategic level of the intervention, aiming for a transformative development. Potential projects represent the tactical level, that is, available pathways to achieve mission goals, whereas proposals represent how projects can be carried out.
- **The five missions with a transforming potential** in terms of contribution to sustainable development in Brazil are:

1. Digital, smart and inclusive future: This mission seeks to raise the value added in the economy and generate decent work (SDG 8) on an inclusive basis. The contribution of the NDFS is linked to its central role in promoting the digital transformation of MSMEs (micro, small and medium-sized enterprises) – supporting employment generation (SDG 8); financing digital infrastructure and investing in innovation (SDG 9); supporting smart cities (SDG11) and agribusiness, as well as promoting equal opportunities (SDGs 5 and 10). Some examples of projects that could be developed for this mission are:

- Providing access to information technologies for 5G digital transformation in the city and countryside**
- Expanding digital opportunities for business and research led by women**
- Preparing small- and medium-sized enterprises (SMEs) and workers for digitized production chains** (*Smart Networks*)

¹¹ Mazzucato, M. (2018). *Mission-oriented Innovation Policy: Challenges and Opportunities*. Available at: [OP-ICCJ180035.803..816 \(ucl.ac.uk\)](https://op-iccj180035.803..816@ucl.ac.uk)

2. Ecosystem for innovation in bioeconomy and the Amazon:

This mission provides an opportunity to promote economic growth and generate decent work (SDG 8) on sustainable basis, in addition to contributing to the improvement of citizens' quality of life and environmental protection (SDG 15). Bioeconomy contributes to the solution of social and environmental challenges (SDGs 11 and 13) by promoting equitable access to land use (SDGs 4 and 10) by small producers of food and sociobiodiversity products¹², particularly women, black people, and traditional communities (SDGs 5 and 10). Some examples of projects that could be developed for this mission are:

- a. Business management support, training and risk mitigation and capacity building in bioeconomy**
- b. Science and technology program with focused on biotechnology**
- c. Economic incentives for valuing environmental assets and deforestation control in the Amazon**

3. Engaged agribusiness: A significant part of total greenhouse gas emissions results from deforestation originating from the agricultural sector. Therefore, the commitments made in relation to climate change (SDG 13) depend, to a large extent, on transformations in the land. Likewise, responsible consumption and production patterns are strongly associated with the rural environment and the value chains of agri-food systems (SDG 12). This mission contemplates the agribusiness value chain, including sectors of agriculture and livestock, processing industry, family farming, among others. These agri-food systems have a substantial impact on the production structure of the economy, on sustainability and on the quality of life of Brazilians

¹² The concept of sociobiodiversity concerns goods and services generated from biodiversity resources, aiming to develop production chains of interest to traditional peoples and communities, which promote the maintenance and appreciation of their practices and knowledge, generating income, and improving their quality of life and the environment in which they live.

– notably with regard to food security and the inclusion of vulnerable groups in rural areas. Some examples of projects that could be developed for this mission are:

- a. Expansion of sustainable patterns of production via innovative financing instruments**
- b. Reduce costs and food waste in value chains**
- c. Increase resilience and robustness in value chains to ensure food security focusing on family farming**

4. Infrastructure and sustainable cities: Infrastructure *gap* in Brazilian cities is a historical problem directly linked to the country's urban population growth as the infrastructure available does not seem to develop at the same pace people migrate from rural to urban areas. The infrastructure and sustainable cities mission aims at reducing regional inequalities through inclusive and sustainable urbanization. The goal is to find alternatives for financing more resilient and inclusive cities, comprising different dimensions of the sustainable cities concept– ranging from connectivity technologies to public facilities (daycare centers, parks, public lighting) – which, in turn, require innovative solutions in terms of financing. Some examples of projects that could be developed for this mission are:

- a. Diversification and development of sources of renewable energy and energy efficiency**
- b. Expansion of access to water and waste management**
- c. Inclusive urban mobility**

5. Health as a driving force for development – This mission is based on the Health Economic-Industrial Complex (CEIS, in its Portuguese acronym) concept, in which health sectors are interconnected and social rights effectiveness is enabled through the development of a productive, technological and innovation base that works as its foundation.¹³ Production includes the productive space for the provision of healthcare services, involving primary care, diagnosis and treatment, outpatient and hospital services, which sets the conditions for the entire health sector competitive and technological dynamics. The goal is to strengthen both demand and supply sides of healthcare in Brazil. One challenge is to expand and improve healthcare services while investing in supporting pillars of the Health Economic-Industrial Complex, contributing to the country's economic development. Some examples of projects that could be developed for this mission are:

- a. **Strengthening of production and innovation in the Health Economic-Industrial Complex**
- b. **Improving health-related infrastructure**
- c. **Digitization and improvement of health management**

Strengthening the National Development Financial System

These missions represent a **window of opportunity for a transformative contribution by the National Development Financial System** in areas that are crucial for achieving sustainable development in Brazil. Nevertheless, the challenges ahead of the Development Financial Institutions (DFIs) on this journey are also substantial. In this context, the **ABDE 2030 Plan proposes a set of initiatives to strengthening NDFS institutions** – both internally and externally – aiming to address challenges that might prevent them from exercising their potential in financing sustainable development in Brazil.

¹³Gadelha, C. O complexo industrial da saúde e a necessidade de um enfoque dinâmico na economia da saúde. *Ciência e saúde coletiva*, Rio de Janeiro, v. 8, n. 2, p. 521-535, 2003. Available at [SciELO - Brasil - O complexo industrial da saúde e a necessidade de um enfoque dinâmico na economia da saúde O complexo industrial da saúde e a necessidade de um enfoque dinâmico na economia da saúde](#).

To identify the main actions and proposals for targeting the NDFS, the ABDE 2030 Plan considered the system's initiatives that are aligned with the SDGs and/or that could be scaled up to enhance DFIs contribution to the sustainable transition. The proposals were classified into six main themes: (i) dissemination of the NDFS's role in the 2030 Agenda; (ii) internalization of the SDGs in DFIs institutional and regulatory frameworks; (iii) stakeholder engagement; (iv) adaptation institutional and regulatory framework; (v) sources of funding; (vi) strengthening the use of blended finance, guarantees and financial innovative instruments.

- **Dissemination of the NDFS role in the 2030 Agenda through more transparency and broader communication of its initiatives.** It contributes to justify the performance of development institutions and strengthening their internal and external structures to carry out the series of investments expected within the scope of the 2030 Agenda. Therefore, it is important to intensify data collection and dissemination and the development of evaluation and monitoring methodologies of the DFIs and their activities, contributing to the communication of results achieved. An action to support this recommendation would be to improve processes and digitization of institutions in order to strengthen their capacity to process data and information and, consequently, to generate knowledge about the NDFS performance.
- **Internalization of the SDGs in the DFIs institutional and regulatory frameworks to advance alignment of their strategic planning with the SDGs.** This can be done by raising awareness of senior leadership, board members and shareholders, and by creating shared agendas with common goals and communication vocabulary among DFIs regarding the SDGs.

- **Stakeholder engagement.** This action would strengthen the synergy between DFIs investments and the multi-annual planning government units (Federal to local levels) increasing the NDFS ability to act together and cohesively, interacting with other public and private entities based on a coordinated strategy. In addition, it would be interesting to create a transition plan for a sustainable, inclusive and innovative economy aligned with the the NDFS potential, considering the need to adapt it to local realities and maturity of each institution, thus exploring the potentialities for their performance within a system.
- **Adaptation of DFIs institutional and regulatory framework.** It contributes to expanding DFIs regulatory space to act which not only allow, but also encourage, a performance that is suitable to the current context of these institutions, including the possibility of a special treatment due to their crucial role in sustainable transition. Another key point would be the institutionalization of a legit sustainability taxonomy that could be adopted more broadly by all DFIs, ensuring more security and predictability for stakeholders involved in projects of this nature.
- **Sources of funding.** First, it would be beneficial for funding purposes to enable a closer integration between subnational DFIs and intitutions such as BNDES and Finep; the expansion of atraction of funds from international and multilateral funds and banks; and the creation of innovative partnerships with unionized financing or consortium of DFIs oriented towards specific SDGs. The creation of a national fund to promote the SDGs; the preservation of constitutional funds and the use of the Infrastructure Guarantee Fund (FGIE) to enable the structuring and development of concessions and public-private partnership (PPPs) projects are also recommended on this topic.

- **Strengthening the use of blended finance, guarantees and financial innovative instruments.** This recommendation seeks to stimulate the adoption of different strategies that allow a coordinated action from public and private agents, increasing the availability of funds allocated to sustainable development projects. DFIs are important actors in blended finance for the strategic use of public resources and mobilization of private resources for the sustainable agenda. One possible initiative is to create a guarantee fund for the SDGs with well-defined sustainability criteria for granting credit, in addition to the adoption of SDG criteria by national and subnational guarantee funds already in place, as well as a stronger performance of the DFIs in public-private partnerships (PPPs) and in the green bond market.