

***Speaker:***  
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BNDES, founded in 1952, is the Development Bank of Brazil. It is wholly owned by the federal government, is the main source of medium- and long-term financing for the Brazilian economy and the main Brazilian agent of multilateral credit organizations.

At the bank they feel like the dean of the region as far as social and environmental awareness is concerned, one that goes back to the seventies. BNDES works with 180 different banks, and behoves them to convey to their respective branches and agents the bank's vision and requirements on credit geared to sustainable development. Over the past five years, very specific criteria have been developed in this regard.

The bank has US\$55.8 billion in assets, and its disbursements in 2000 reached US\$13.1 billion. Of this total, US\$1 billion, i.e., 6%, was allocated to environmental projects. Its mission statement includes a vision of its evolving role up to the year 2005. This refers to a broadening of the capital market, which is conservative for a country the size of Brazil; it also mentions "the management of environmental risk, associated to BNDES' actions, incorporating compromises taken by the Brazilian government according to the Earth Summit and Agenda 21".

The environmental policy of the Bank is based on legal duties (The Law for Nature States that anyone can be liable for civil and criminal responsibility in a case of proven environmental damage), an ethical commitment, participation in national policies and programs, environmental risk management and business niches.

The Brazilian environmental agenda is differentiated by colors: green stands for biodiversity conservation; blue, for wetlands, coastal areas, rivers and underground water management; brown, for urban and industrial pollution alleviation and waste management; white, for Agenda 21, national development and sectoral policies. The Bank brought in, for the first time, the social and environmental policies in the long term planning process. A partnership between BNDES and the Ministry of Planning is the result of this approach, one that integrates economic, social, environmental, information and knowledge issues; development, spatial and ecological boundaries; broad consultation among stakeholders; and a 2000-2005 investment portfolio of US\$165.1 billion, of which US\$12.4 billion will go to environmental projects.

As to the latter, the difficulties they face within the financial services sector include, among others, weak and bureaucratic implementation and the need for many permits. Timing is also a key issue as investors believe that environmental impact studies should not be made before the decision to invest has been reached; enforcement and monitoring is weak; reactive behavior remains the norm; and international market demands for certified products and life cycle analysis.

In concluding, the speaker pointed out that the very definition of sustainable development is not clear. Accordingly, it becomes a bit of an empty mandate. This means the region has to be especially creative in responding to it.