



2024

Published in
November/2024

Sovereign Sustainable Finance
Committee
Brazil's National Treasury,
Ministry of Finance
(Committee Chair)

Brazil's Sovereign Sustainable Bonds

Allocation and Impact Report



This document was prepared on behalf of the Federative Republic of Brazil, by the Sovereign Sustainable Finance Committee, which comprises:

- *Brazilian National Treasury, Ministry of Finance (Committee Chair)*
- *Ministry of Agriculture and Livestock*
- *Ministry of Science, Technology and Innovation*
- *Ministry of Integration and Regional Development*
- *Ministry of Mines and Energy*
- *Ministry of Agrarian Development and Family Farming*
- *Ministry of Social Development and Fight Against Hunger*
- *Ministry of Development, Industry, Trade and Services*
- *Office of Economic Policy, Ministry of Finance*
- *Ministry of Environment and Climate Change*
- *Federal Budget Secretariat, Ministry of Planning and Budget*

The report was also prepared with the support of the Inter-American Development Bank (IDB), the World Bank, the United Nations Development Program (UNDP) and ERM.¹

¹ The World Bank, the IDB and the UNDP do not guarantee the accuracy, completeness, or timeliness of the data included in this report and do not assume responsibility for any errors, omissions, or discrepancies in the information, or liability with respect to the use of or failure to use the information, methods, processes, or conclusions set forth.

Message from the Sovereign Sustainable Finance Committee (CFSS)

We are pleased to present the first Allocation and Impact Report (RAI 2024) of Brazil's sovereign sustainable bond issuances, carried out in November 2023 and June 2024. These two sovereign issuances represent milestones in the country's commitment to sustainable development, contributing to the transition to a low-carbon economy and to the reduction of social inequalities and poverty.

This report reflects our commitment to transparency and accountability in allocating proceeds, equivalent to the amounts raised, for specific budgetary programs and projects. The document presents the expected impacts, as established in Brazil's Sovereign Sustainable Bond Framework, and is aligned with international best practices. The report provides a comprehensive view of the environmental and social benefits generated by the sovereign issuances, aiming to offer investors and society clear and reliable information on the results achieved.

Among the main highlights, in the environmental sphere, we observe the allocation of resources to initiatives aimed at biodiversity preservation—a crucial policy for protecting natural environments and of critical importance to Brazil, which is home to around 12% of the planet's biodiversity. Resources were also allocated to the sustainable management of resources and land use, to climate change adaptation, and, through the National Fund for Climate Change (Climate Fund), to the promotion of renewable energy and to clean transportation. In the social field, special attention was given to poverty reduction, food security, and access to basic infrastructure.

The initiatives that received funding are expected to generate measurable positive impacts, such as increasing the share of clean energy in the country's energy matrix, expanding the land regularization index for Indigenous lands, and increasing the proportion of protected terrestrial and marine areas. These indicators and targets are aligned with the country's medium-term strategy, established in the current Multi-Year Plan (PPA 2024-2027) of the Federal Government, and also contribute to the achievement of the Sustainable Development Goals (SDGs) and to the 2030 Agenda.

Brazil remains committed to expanding and strengthening its sustainable finance initiatives. This report is not only an accountability document, but also a milestone in the government's ongoing commitment to transparency and continuous improvement in the disclosure of the impacts of the funds raised. We are confident that the issuance of sustainable bonds will significantly contribute to achieving our climate and social goals while promoting a more sustainable and inclusive future for all.

For 2025, the year in which Brazil will host the 30th United Nations Climate Change Conference (COP30) in Belém, in the state of Pará, the CFSS expects to continue contributing to the advancement of the climate finance agenda, preparing the country for the challenges that require a proactive response from all sectors of society.



Summary

Message from the Sovereign Sustainable Finance Committee	3
Glossary	5
Acronyms and Abbreviations	3
Executive Summary	8
1- Introduction	13
2- Details of the Issuances and Selection Process of the Budget Programs and Eligible Projects	16
3- Allocation Report	20
4- Impact Report	22
5- Highlighted Initiative	54
6- Recent Initiatives in the Sustainability Agenda	56
Disclaimer	61
Annexes	62

Glossary

Budget Program (“Ação orçamentária”): One of the expense classification components in the programmatic classification of the Brazilian Public Budget. Budget programs represent a set of operations that result in products (goods or services) for society or the State, contributing to the achievement of a program’s objective. These budget programs can be categorized as a project, an activity, or a special operational².

Virtual allocation (“Alocação virtual”): Virtual allocation is carried out based on proof that the amount equivalent to the net resources of the issued bond has been and/or will be allocated to eligible expenses, without direct linkage and not constituting a new budgetary source³. The effective transfers to the projects occur through the issuer’s own financial management system, and through monitoring, they are offsetting debts equivalent to the original value of the bond. This approach allows for periodic tracking of equivalent to periodically track equivalent amounts allocated against disbursements for eligible projects⁴.

Current expenses (“Despesas atuais”): Expenses foreseen under the respective Annual Budget Law (LOA, from its acronym in Portuguese) in force on the date of issuance of the bond⁵.

Future expenses (“Despesas futuras”): Expenses to be incurred within 24 months after the issuance of the bond⁶.

Budget Expenditure (“Despesa Orçamentária”): Public expenditure that depends on legislative approval to be carried out, through the Annual Budget Law (LOA, from its acronym in Portuguese) or Additional Credits. It refers to the total expenditures made by government agencies, including personnel expenses, operating costs, maintenance, and expansion of public services offered to the population⁷.

Recent expenses (“Despesas recentes”): Also called refinancing, these are allocations made under the Annual Budget Law (LOA, from its acronym in Portuguese) up to 12 months prior to the date of issuance of the bond – reimbursing expenses incurred as of January 2023⁸.

Commitment (“Empenho”): Commitment is the initial phase of execution of public expenditure, marked by the act of a competent authority that commits a portion of the available budget. This step ensures the creditor of the public entity the existence of the credit necessary to settle the commitment assumed⁹.

Expense Nature Group (“Grupo de Natureza de Despesa”): One of the components of expense classification by economic category and elements of the

² National Congress. Term: Budget Action.

³ National Treasury Secretariat (2023). [Brazilian Framework for Sustainable Sovereign Bonds](#).

⁴ ICMA Group (2018). [Green Bond Proceeds Management and Reporting Guide](#).

⁵ National Treasury Secretariat (2023). [Brazilian Framework for Sustainable Sovereign Bonds](#).

⁶ National Treasury Secretariat (2023). [Brazilian Framework for Sustainable Sovereign Bonds](#).

⁷ National Congress. [Term: Budget Expenditure](#).

⁸ National Treasury Secretariat (2023). [Brazilian Framework for Sustainable Sovereign Bonds](#).

⁹ National Congress. [Term: Commitment](#).

Brazilian Public Budget. It aggregates expenditure elements with the same characteristics regarding the object of expenditure. The classifications applicable to the expenses allocated in the bonds are: Investments, Financial Investments and Other Current Expenses^{10 11}.

Annual Budget Law (“*Lei Orçamentária Anual*” - LOA): Law initiated by the President of the Republic that estimates revenues and defines expenses for the financial year in question. It includes the fiscal, social security, and investment budgets of state-owned enterprises¹².

Budget Plan (“*Plano Orçamentário*”): Partial or total budget identification of an action, of a managerial nature - not provided for in the Annual Budget Law (LOA) -, provided during budget execution and associated with the budget program. Its objective is to enable the preparation and physical and financial monitoring of the execution to be carried out with a level of detail higher than that of the subtitle (expense locator) of the budget program¹³.

Multi-year Plan (“*Plano Plurianual*” - PPA): Law initiated by the President of the Republic that defines the guidelines, objectives and goals of the Federal Public Administration for capital expenditures and their consequences, as well as for programs of continued duration. It is prepared up to four months before the end of the financial year of the first year of the presidential term and serves as a basis for budget planning for the following four years¹⁴.

Program (“*Programa*”): One of the expense classification components in the Brazilian Public Budget programmatic classification. It represents a coordinated set of government actions funded by budgetary and non-budgetary resources aimed at achieving a government objective, as outlined in the Multi-Year Plan (PPA). The program is monitored and evaluated through indicators and targets defined in the PPA¹⁵.

10 National Congress. [Termo: Grupo Natureza de Despesa.](#)

11 SIOP. [Manual Técnico do Orçamento.](#)

12 National Congress. [Termo: Lei Orçamentária Anual.](#)

13 National Congress. [Termo: Plano Orçamentário.](#)

14 National Congress. [Term: Multi-year Plan \(PPA\)](#)

15 National Congress. [Term: Program](#)



Acronyms and Abbreviations

BC	Central Bank	PAAR	Annual Plan for the Application of Resources
BNDES	National Bank for Economic and Social Development	PAC	Growth Acceleration Program
BPC	Continuous Benefit Program	PBF	Bolsa Família Program
Cemaden	National Center for Monitoring and Alerts of Natural Disasters	PO	Plano Orçamentário
CFSS	Sovereign Sustainable Finance Committee	PPA	Multi-Year Plan
Codevasf	Development Company of the São Francisco and Parnaíba Valleys	PRSA	Social and Environmental Responsibility Policy
COP	United Nations Climate Change Conference	RAI	Allocation and Impact Report
CVM	Securities and Exchange Commission of Brazil	RMV	Lifetime Monthly Income
ESG	Environmental, Social and Governance	RPE	Pre-Issuance Report
GHG	Greenhouse Gases	SBCE	Brazilian Emissions Trading System
Ibama	Brazilian Institute of the Environment and Renewable Natural Resources	SFN	National Financial System
ICMBio	Chico Mendes Institute for Biodiversity Conservation	SIOP	Integrated Planning and Budgeting System
INMA	National Institute of Atlantic Forest	Sisnama	National Environment System
INPA	National Institute for Research in the Amazon	SNUC	National System of Nature Conservation Units
INPE	National Institute for Space Research	SPO	Second Party Opinion
INSA	National Institute of the Semi-Arid		
ISSB	<i>International Sustainability Standards Board</i>		
LOA	Annual Budget Law		
MMA	Ministry of Environment and Climate Change		
PAA	Food Acquisition Program		

Executive Summary

Since the publication of Brazil's Sovereign Sustainable Bond Framework (Framework)¹⁶ in October 2023, the Brazilian government has issued a total of US\$ 4 billion in the international market, distributed across two Sustainable Bonds. The first issuance, Global 2031, took place in November 2023, with a total amount of US\$ 2 billion and net proceeds of US\$ 1.97 billion. In line with the intention of maintaining a consistent presence in the thematic bond market, the Republic continued its sustainable sovereign bond issuances, launching its second bond, Global 2032, in June 2024, for an amount of US\$ 2 billion, also achieving US\$ 1.97 billion in net proceeds and maturing in 2032 (Table 1).

Table 1. Sustainable issuances overview¹⁷

	1 st Issuance Global 2031	2 nd Issuance Global 2032
Issuance	November 13, 2023	June 20, 2024
Maturity	March 18, 2031	January 22, 2032
Coupon (<i>per year</i>)	6.25%	6.13%
Yield rate (<i>per year</i>)	6.50%	6.38%
Amount issued (US\$ billion)	2,00	2,00
Net proceeds from issuance (US\$ billion)	1.97	1.97
Exchange rate	4.89	5.51
Net proceeds from issuance (R\$ billion)	9.62	10.83

Source: National Treasury

In order to provide transparency regarding the allocation of resources and social benefits associated with the first two sustainable bond issuances by Brazil, this report details the disbursed amount in relation to the equivalent amount (virtual allocation)¹⁸ of the net proceeds from each

¹⁶ [Brazil's Sovereign Sustainable Bond Framework](#).

¹⁷ The exchange rate refers to the PTAX rate at the opening on the day of settlement of each issue (November 20, 2023 and June 27, 2024).

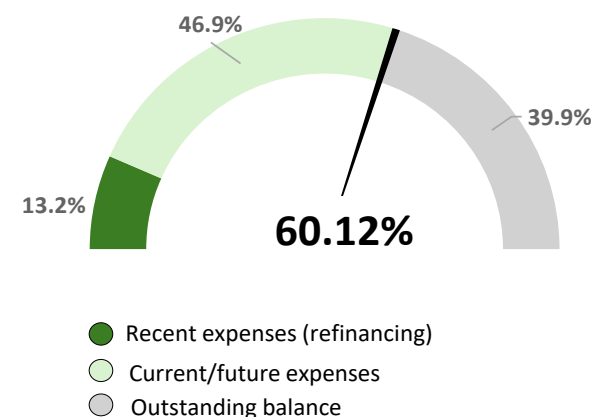
¹⁸ The virtual allocation is carried out based on evidence that net proceeds in an amount equivalent to the bond issued have been/will be allocated to eligible expenses, without direct connection and not constituting a new budget source.

issuance by: expense category, expense nature, current/future and recent (reimbursement) expenses, in accordance with the “Use of Proceeds” section of the Framework. This is presented both in absolute terms (R\$) and relative terms (%), in relation to the net proceeds of each bond. The report consolidates the commitment of the Brazilian Government to lead with transparency and to maintain a high standard of annual disclosure, reconciling both compliance with best market practices and establishing new precedents, while also meeting the reporting requirements of the International Capital Markets Association (ICMA) principles¹⁹.

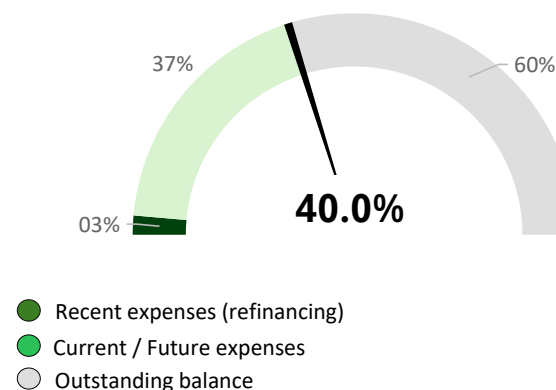
Additionally, the report includes impact indicators associated with the activities and expenses reported in the resource allocation, including the expected outcomes for these indicators, which will be monitored over the next year.

Regarding allocations, the report uses the amounts paid, in budget programs, between January 2023 and July 2024 for eligible expenses. Graph 1 summarizes the allocation from the first issuance, with 13.2% allocated to recent expenses (paid between January and November 2023) and 46.6% to current/future expenses (paid between December 2023 and July 2024). Graph 2 summarizes the second issuance, which allocated 2.8% to recent expenses (paid between July 2023 and June 2024) and 37.2% to current/future expenses (paid after June 2024). Considering the amount issued and the allocated value, there remains R\$ 3.87 billion (40.3%) from the first issuance and R\$ 6.49 billion (60%) from the second issuance to be reported until the next report.

Graph 1. Allocated amount for recent expenses, current/future expenses and outstanding balance (% net proceeds of 1st issuance)



Graph 2. Allocated amount for recent expenses, current/future expenses and outstanding balance (% net proceeds of 2nd issuance)



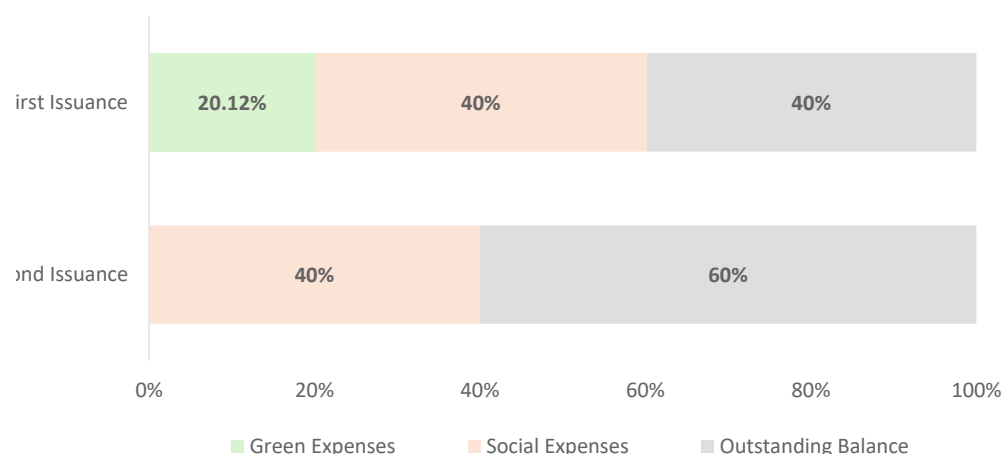
Source: Sistema Integrado de Administração Financeira do Governo Federal (SIAFI) and BNDES.

In terms of the distribution among the types of benefits outlined in the Framework, 20.1% of the net resources from the first issuance were allocated to environmental expenses and 40% to social expenses between January

¹⁹ ICMA Green Bond Principles (2021), ICMA Social Bond Principles (2023) and ICMA Sustainability Bond Guidelines (2021).

2023 and July 2024. In financial terms, these allocations correspond to R\$ 1.93 billion and R\$ 3.85 billion, respectively. Meanwhile, the net resources from the second issuance are distributed as follows: 0% for environmental expenses and 40% (R\$ 4.33 billion) for social expenses, considering the period from July 2023 to July 2024²⁰.

Graph 3. Distribution of net proceeds from issuances among environmental expenses, social expenses, and outstanding balance



Source: Sistema Integrado de Administração Financeira do Governo Federal (SIAFI) and BNDES.

In relation to the first issuance, Table 2 presents the minimum and maximum thresholds for each category, based on the Pre-Issuance Report with Indicative Allocation of Resources (RPE, from its acronym in Portuguese)²¹ from October 2023, and the amount reported. That is, the minimum and maximum RPE refer to the range of the share of net proceeds from the first issuance expected to be allocated to each category.

Table 2. Summary table of the allocation of the 1st issuance (% net proceeds of the 1st issuance)

Expense Type	Lower limit RPE 2023	Upper limit RPE 2023	Allocated %
Green Expenses			
1.1. Control of GHG emissions	0.10%	0.20%	0.08%
2. Renewable energy	15%	20%	5.11%
4. Clean transport	20%	25%	0.48%
5. Sustainable management of living and natural resources and land use	3%	6%	3.93%
6. Terrestrial and aquatic biodiversity	11%	18%	10%
8. Adaptation to climate change	0.50%	0.80%	0.52%
Green Subtotal			20.12%
Social Expenses			
1.1. Combating poverty	30%	40%	30%
2. Food security and sustainable food systems	10%	17%	10%
Social Subtotal			40.00%

Source: Pre-Issuance Report, October/2023.

An equivalent amount of 20.12% of the net proceeds from the first issuance was allocated to environmental expenses, and 40% to social expenses. Of this total, 3.9% was allocated to Category 5. **Sustainable management of living natural resources and land use**, and 0.52% to Category 8. **Adaptation to climate change**, both having already reached their minimum thresholds. Category 1.1. **GHG emission control** is close to the minimum, with 0.08% allocated, while Category 6. **Terrestrial and aquatic biodiversity**, with 10%, is 1 percentage point short of reaching the minimum threshold. As for the 40% allocated to social expenses in the first issuance, 30% was directed to 1.1. **Combating poverty**, and 10% to 2. **Food security and sustainable food systems**, both within the indicative thresholds.

Environmental expenses in 2. **Renewable energy** and 4. **Clean transportation** show a larger gap between the reported value and the minimum and maximum thresholds. Unlike the other categories, these two depend largely on disbursements made for projects funded by the **National Climate Change Fund (Fundo Clima)**. In April 2024, the Climate Fund received a significant amount of budgetary resources of R\$ 10.40 billion after the ap-

20 Note that the total reporting timeframe for this Allocation and Impact Report is between January 2023 and July 2024 for the first issuance, and between July 2023 and July 2024 for the second issuance.

21 [Pre-Issuance Indicative Resource Allocation Report](#)

proval of the **2024 Annual Resource Allocation Plan**. For reporting purposes, regarding the allocation equivalent to the net proceeds of the issuance, only the amounts effectively disbursed for eligible projects will be considered. Since the execution process of this amount is still in its early stages, it is expected to accelerate starting in the second half of 2024.

For the second issuance, Table 3 presents the minimum and maximum thresholds for each category, based on the Pre-Issuance Report with Indicative Allocation of Resources (RPE, from its acronym in Portuguese)²² from May 2024, and the actual amount reported.

Table 3. Summary table of the allocation of the 2nd issuance (% net proceeds of the 2nd issuance)

Expense Type	Lower limit RPE 2024	Upper limit RPE 2024	Allocated %
Social Expenses			
1.1. Combating poverty	36%	46%	36%
5. Access to basic infrastructure	4%	8%	4%
Social Subtotal			40%

Source: Pre-Issuance Report, May 2024

For the second issuance, there has not yet been an equivalent allocation to environmental expenditures. An equivalent amount of 40% of the net proceeds was allocated to social expenditures, with 36% going to **1.1 Combating poverty** and 4% to **5. Access to basic infrastructure** (Table 3). Both categories are within the indicative thresholds mentioned in the Pre-Issuance Allocation Report (RPE).

Despite the relevance of various federal government budget programs for the sustainability agenda, not all eligible categories within the Framework were executed in this first report regarding the first and second issuances, as the focus was on the traceability and granularity of expenditures, as required by the Framework.

Regarding impact, since the bonds are backed by budget programs, it was decided to follow the indicators available in the 2024-2027 Multi-Year Plan (PPA).²³ The PPA is the Federal Government's primary medium-term instrument, defining government programs for a four-year cycle. Each PPA program has specific objectives, monitored through its own indicators. These programs are tied to budget programs, which are detailed in each new Annual Budget Law.

The 2024-2027 Multi-Year Plan (2024-2027 PPA), established by Law No. 14,802,²⁴ from January 10, 2024, and regulated by Decree No. 12,066,²⁵ published in the Official Gazette on June 19, 2024, sets the objectives and guidelines that discipline government programs over the four-year period. Therefore, considering that the equivalent allocation of net proceeds from the issuances is carried out through budgetary programs linked to PPA programs, it was possible to correlate the budget programs mentioned in the allocation report with the indicators of the PPA programs.

Thus, considering the adequacy and level of alignment of the PPA indicators, the social and environmental benefits of the sovereign bonds will be monitored through the indicators and targets defined within the PPA. Nevertheless, additional indicators may also be included, when relevant.

In section 4. **Impact Report**, a non-exhaustive list of PPA indicators is presented, by category of eligible expenditures reported in section 3. **Allocation Report**, based on the PPA programs to which the budgetary programs are linked. It should be noted that the current PPA came into force in 2024. Since the measurement of the indicators is done annually, this report does not yet show the results of the indicators, but rather the targets associated with each indicator, established in the 2024-2027 PPA.

Although the PPA serves as the basis for impact assessment in this report, for expenditures executed through the Climate Fund, particularly in the

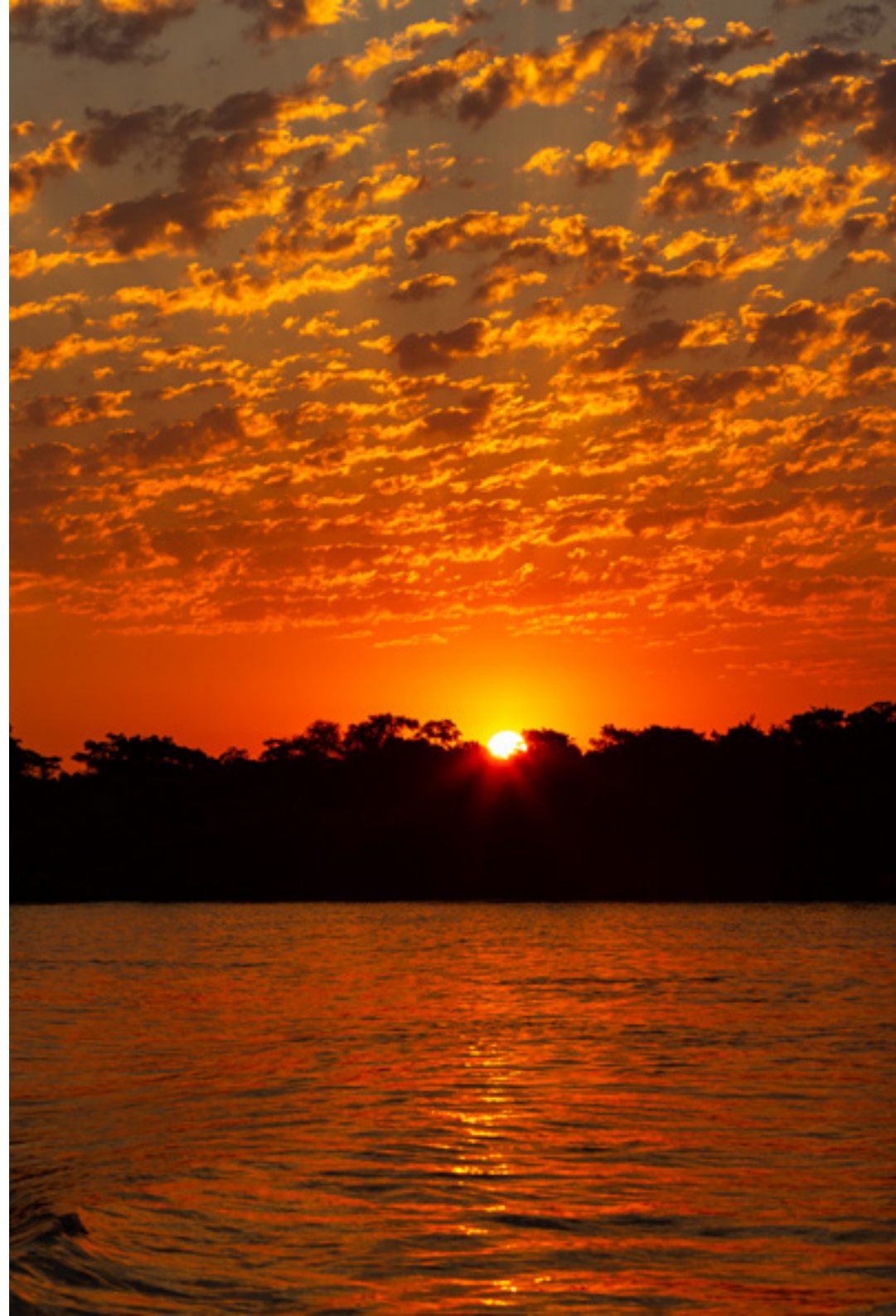
²³ <https://www.gov.br/planejamento/pt-br/assuntos/planejamento>

²⁴ [Law 14.402/2024](#)

²⁵ [Decree 12.066/2024](#)

²² [Pre-Issuance Indicative Resource Allocation Report](#)

categories of 2. Renewable Energy and 4. Clean Transportation, indicators related to the projects financed are presented. This is due to the specific nature of resource allocation through this fund, which is operated by the National Bank for Economic and Social Development (*BNDES*). In this case, the impact reporting considered the indicators that are reported and monitored by *BNDES*.

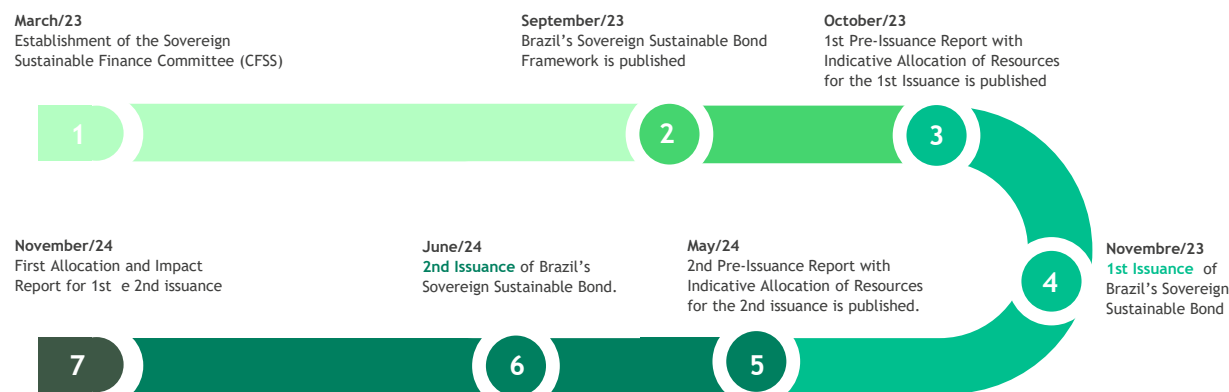


1 Introduction

Brazil is a country with continental dimensions, rich in biodiversity, natural resources, forests, and renewable energy sources—a combination that offers significant advantages and opportunities for sustainable development. To ensure that development occurs in a socially just and environmentally balanced manner, the country has expanded its role in the sustainable finance agenda through the proposition, monitoring, evaluation, and improvement of public policies, instruments, indicators, and studies that promote the country's economic, social, environmental, and climatic sustainability.

The issuance of Brazil's first Sovereign Sustainable Bond in November 2023 marked a milestone in the country's sustainable finance agenda. This issuance was supported by important advances in governance, such as the creation of the Sovereign Sustainable Finance Committee (CFSS, for its acronym in Portuguese)²⁶, established by Decree No. 11,532/2023²⁷, and the publication of Brazil's Sovereign Sustainable Bond Framework²⁸. In 2024, following the second issuance, this process culminates in the publication of the first allocation and impact report, providing transparency on the results achieved in both the first and second issuances, as outlined in the timeline below (Figure 1).

Figure 1. Timeline of Brazil's sovereign sustainable bonds



Source: Own elaboration

²⁶ [Sovereign Sustainable Finance Committee \(CFSS\).](#)

²⁷ [Decree n° 11.532/2023](#)

²⁸ [Brazil's Sovereign Sustainable Bond Framework](#)

The Framework, published in September 2023, guides the issuance of sovereign debt instruments backed by budgetary expenses that directly contribute to promoting the country's sustainable development. The Framework outlines Brazil's key public policies and commitments to sustainable development, its alignment with international market practices, the categories of eligible expenses related to social and/or environmental benefits, the process of evaluating and selecting eligible expenses, the management of resources and the best practices on transparency and impacts generated. The document was externally verified by Sustainalytics, which issued a Second Party Opinion (SPO)²⁹ regarding the environmental and social benefits of the Framework.

The first issuance, carried out in November 2023, issued an amount of US\$2 billion and raised a net total of US\$ 1.97 billion³⁰, with a return rate for investors of 6.50% *per year*, corresponding to a spread of 181.9 basis points above the benchmark Treasury (U.S. Treasury bond), the lowest level for new issuances in nearly a decade. The *Global 2031* bond has an interest coupon of 6.25% *per year*, with payments to be made on March 18 and September 18 of each year, maturing in 2031.

With the aim of maintaining a constant presence in the thematic bond market, the Republic continued issuing sustainable public bonds, having issued its second bond, *Global 2032*, in June 2024. An amount of US\$ 2 billion was issued, equivalent to a net intake of US\$ 1.97 billion³¹, maturing in 2032. The investor return rate is 6.375% *per year*, and the interest coupon, with semi-annual payments, is 6.125% *per year*.

The Republic's sustainable issuances are part of a broader agenda, encompassed by the Ecological Transformation Plan³², launched at the 2023 United Nations Climate Change Conference (COP28). This plan presents an opportunity for the country to foster sustainable and inclusive economic development that promotes social justice and the well-being of

the population. The plan is structured around six interdependent pillars, each with a set of specific measures and instruments: Sustainable Finance, Technological Advancements, Bioeconomy and Agro-Food Systems, Energy Transition, Circular Economy, and New Green Infrastructure and Climate Change Adaptation. In the Sustainable Finance pillar, other notable initiatives include the creation of a Brazilian sustainable taxonomy and the development of the Eco-Invest Brazil program, aimed at attracting private foreign investments necessary for Brazil's ecological transformation.

The next section of this report reviews the two issuances and the process of evaluating and selecting eligible projects according to the Framework. Subsequently, the allocation report section presents details of the allocation by expense category - environmental and social. In turn, the impact report section provides a non-exhaustive list of indicators by categories of eligible expenses reported in the allocation section. As will be explained in the impact section, the main indicators will reference the 2024-2027 Multi-Year Plan (*PPA*, from its acronym in Portuguese), which is the central instrument for medium-term government planning in Brazil. In particular, the government's budget programs, including those associated with sustainable sovereign bonds, are linked to *PPA* programs, featuring pre-defined indicators and expectations for their results. We highlight that the current *PPA* came into effect in 2024. Since the assessment of the indicators is conducted annually, this report does not yet show the results of the indicators, but rather the target for these indicators, set in the *PPA*. Finally, some notable initiatives that serve as a basis for the use of resources from the bonds are highlighted, along with other ESG initiatives undertaken by the Brazilian government beyond the Framework.

²⁹ [Second Party Opinion \(SPO\)](#)

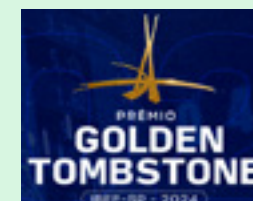
³⁰ The face value of the issuance was US\$ 2 billion, with a discount of US\$ 28.5 million and an issuance fee of US\$ 4 million.

³¹ The face value of the issuance was US\$ 2 billion, with a discount of US\$ 29.8 million and an issuance fee of US\$ 4 million.

³² [Finance Ministry. Ecological Transformation Plan.](#)

1 BOX: Premiações

The quality of the Brazilian bond has been recognized in four international awards, reflecting its relevance and innovation. These acknowledgments reinforce the prominence of the sustainable finance agenda and add to Brazil's other advancements in the field.



2 Details of the issuances and selection process of the budget programs and eligible projects

Since the publication of Brazil's Sovereign Sustainable Bond Framework³³ in October 2023, the Brazilian government has issued a total of \$4 billion in the international market through two sustainable bonds, aligned with best practices for the use and management of the resources associated with the issuance, as outlined in the Framework. An overview of the issuances can be found in Table 4.

Table 4. Sustainable issuances overviews³⁴

	1 st Issuance Global 2031	2 nd Issuance Global 2032
Issuance	November 13, 2023	June 20, 2024
Maturity	March 18, 2031	January 22, 2032
Coupon (per year)	6,25%	6,13%
Yield rate (per year)	6,50%	6,38%
Amount issued (US\$ billion)	2,00	2,00
Net proceeds from issuance (US\$ billion)	1,97	1,97
Exchange rate	4,89	5,51
Net proceeds from issuance (R\$ billion)	9,62	10,83

Source: National Treasury

A Transparency in the allocation of the net proceeds and in the impacts generated is an essential element related to the issuance of sustainable bonds. According to the Framework, allocation and impact reports must be published annually until the operation's maturity or until the full allocation of the net proceeds, with the first report due within one year of issuance. The first issuance is nearing one year, and although the second bond was issued less than six months ago, this report consolidates allocation and impact information from both operations, detailing the individualized allocation for each reported sustainable sovereign bond. This strategy aims to adhere to best reporting practices and enhance transparency. Future

³³ [Brazil's Sovereign Sustainable Bond Framework](#).

³⁴ The exchange rate refers to the PTAX rate at the opening on the day of settlement of each issue (November 20, 2023 and June 27, 2024).

reports will also be unified for both issuances and any subsequent ones, maintaining an annual reporting schedule.

Under the Framework, the Federal Government commits to allocate an amount equivalent to the net proceeds of each issuance across nine categories of eligible environmental expenses and five categories of eligible social expenses (Table 5), adhering to the use of proceeds principle³⁵.

Table 5. Eligible categories and subcategories

Environmental	Social
1. Pollution prevention and control	1. Social-economic development and empowerment
1.1 Control of GHG emissions	1.1 Combating poverty
1.2 Solid waste management	1.2 Combating discrimination
2. Renewable energy	2. Food security and sustainable food systems
3. Energy efficiency	3. Employment Generation
4. Clean transport	4. Access to Affordable Housing
5. Sustainable management of living and natural resources and land use	5. Access to basic infrastructure
6. Terrestrial and aquatic biodiversity	5.1 Urban development and mobility
7. Sustainable management of water and effluents	5.2 Universalization of basic sanitation
8. Adaptation to climate change	
9. Circular economy adapted products, production technologies and processes	

Source: Brazil's Sovereign Sustainable Bond Framework

The Brazilian government's issuances in the international market of sustainable public bonds, conducted in November 2023 and June 2024, relied on Pre-Issuance Reports with Indicative Resource Allocation, published in October 2023 and May 2024, respectively. These documents outline the expense categories from the Framework that will serve as references for each sustainable issuance by the Federative Republic of Brazil, as well as the minimum and maximum allocations for each type of benefit, segmented by time frame and expense category.

³⁵ Additionally, the Framework mentions 17 exclusion criteria that classify certain areas as ineligible for the allocation of net proceeds derived from the issuance of Sovereign Sustainable Bonds.

Regarding the allocation of resources by type of benefit, each issuance must adhere to the following indicative percentages (Table 6), with individual values able to vary within each category³⁶.

Table 6. Indicative range for the allocation of each issuance

Expense Type	Lower limit	Upper limit
Green	50%	60%
Social	40%	50%

Source: Pre-Issuance Reports, October 2023 and May 2024

Regarding the time frame, the indicative composition for each issuance states that a maximum of 25% may be dedicated to reimbursement of already executed expenses³⁷. Concerning the breakdown by expense category, the allocation of the amount equivalent to the issuances must follow the indicative allocation ranges for environmental and social expenses, calculated as a proportion of the total net proceeds from the issuance, as shown in Table 7:

³⁶ The compositions, both for the categories and for the allocation percentage limits mentioned above, are indicative, allowing for some differences in execution depending on the final amount raised through the sovereign public bonds.

³⁷ According to the Framework, page 21, recent expenses (refinancing) are expenses incurred within the scope of the LOA up to 12 months prior to the issuance date, starting in January 2023. Current expenses are those provided for within the scope of the relevant LOA in effect on the issuance date and future expenses are those incurred within 24 months after issuance.

TABLE 7. INDICATIVE RANGE FOR POST-ISSUANCE ALLOCATION BY CATEGORY (% NET PROCEEDS FROM EACH ISSUANCE) ³⁸

Expenses Categories	1 st ISSUANCE		2 nd ISSUANCE	
	Lower limit	Upper limit	Lower limit	Upper limit
Green Categories				
1.1. Control of GHG emissions	0.1%	0.2%	4%	5%
2. Renewable energy	15%	20%	30%	34%
3. Energy efficiency	-	-	0.5%	1%
4. Clean transport	20%	25%	13%	17%
5. Sustainable management of living and natural resources and land use	3%	6.0%	-	-
6. Terrestrial and aquatic biodiversity	11%	18.0%	1.0%	2.0%
8. Adaptation to climate change	0.5%	0.8%	1.0%	2.0%
9. Circular economy adapted products, production technologies and processes	-	-	0.5%	1.0%
Social Categories				
1.1. Combating poverty	30%	40%	36%	46%
2. Food security and sustainable food systems	10%	17%	-	-
5. Access to basic infrastructure			4%	8%

Source: Pre-Issuance Reports, October 2023 and May 2024.

³⁸ Regarding the environmental categories, although the individual values for each category may vary within the presented range, the total sum of the categories must always be at least 50% and no more than 60%. For the social categories, although the individual values for each category may vary within the range, the total sum of the categories must always be at least 40% and no more than 50%.

To define the budget programs to be reported, the line ministries members of the Sovereign Sustainable Finance Committee (CFSS, from its acronym in Portuguese)³⁹, present the budget lines they consider compliant with the Framework for evaluation. From this, the CFSS monitors the budget execution of these selected lines and, in the case of the Pre-Issuance Report, also tracks execution forecasts based on information from the line ministries. This process is essential to ensure that the budget programs reported as backing for the bonds are eligible and impactful.

In addition to the line ministries that are part of the Committee, information was gathered on the budget execution of other actors, including the ministries of Indigenous Peoples, Cities, and Health, which also have reported expenses here, as well as the National Bank for Economic and Social Development (BNDES), responsible for information related to the National Climate Change Fund (FNMC, from its acronym in Portuguese, hereafter referred to as the Climate Fund). Thus, the preparation and publication of this report were the responsibility of the Committee, which approved the allocations as eligible under the Framework.

Despite the relevance of various Federal Government budget programs for the sustainability agenda, not all eligible categories in the Framework

³⁹ These are the Ministry of Agriculture and Livestock; Ministry of Science, Technology and Innovation; Ministry of Integration and Regional Development; Ministry of Mines and Energy; Ministry of Agrarian Development and Family Farming; Ministry of Social Development and Fight Against Hunger; Ministry of Development, Industry, Trade and Services and Ministry of Environment and Climate Change.

were executed in this first report regarding the first and second issuances. This occurred due to the prioritization of traceability and granularity of executed expenses, as required by the Framework. The flexibility that Brazil has to compose expenses was also taken into account to pursue the Indicative Allocations presented in Tables 6 and 7.



3 Allocation Report

3.1 OVERVIEW

This report includes the individualized allocation of resources from the first and second sustainable bond issuances of Brazil, issued in November 2023 and June 2024, respectively, and covers the period from January 2023 to July 2024 for the expenses. This section outlines the amounts allocated by issuance, by current/future expenses and recent expenses, by the nature of expense and by expense category (environmental and social), ensuring compliance with the Framework. The line ministries responsible for executing the expenses, mostly members of the CFSS, provided the information presented, given the need to verify, at a more granular level, the correlation between activity categories and budgetary actions.

This report demonstrates a total of R\$10.11 billion allocated to eligible expenses from the use of resources from the two issuances conducted by the National Treasury⁴⁰. Of this total, R\$5.78 billion is associated with the *Global 2031* bond, corresponding to 60.12% of the net resources raised in this first issuance, with R\$1.93 billion in expenditures in environmental categories and R\$3.85 billion in social expenses. Additionally, the report shows R\$4.33 billion in social expenses associated with the *Global 2032* bond, corresponding to 40% of the net resources raised from this second issuance (Table 8).

Table 8. Allocated amounts in the first and second issuance in the first report (R\$ billions)

	1 st Issuance – Global 2031		2 nd Issuance – Global 2032	
	R\$ billion	% of the net proceeds from issuance	R\$ billion	% of the net proceeds from issuance
Green Expenses	1.93	20.12%	-	-
Social Expenses	3.85	40.0%	4.33	40.0%
Total Allocated	5.78	60.12%	4.33	40.0%
Net proceeds from issuance	9.62	100.0%	10.83	100.0%

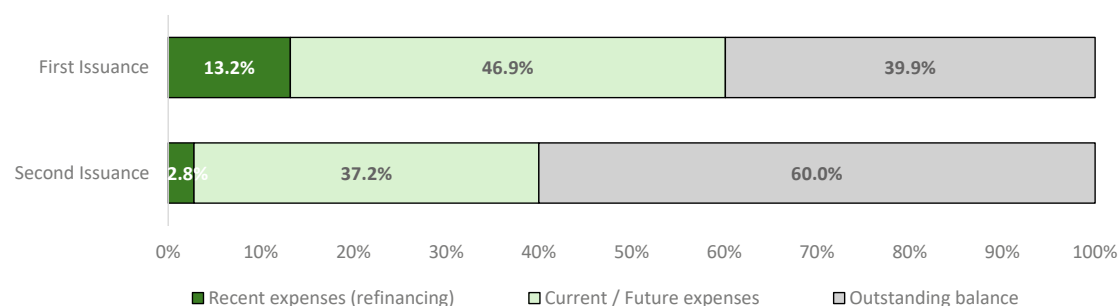
Source: Sistema Integrado de Administração Financeira do Governo Federal (SIAFI), BNDES and National Treasury.

Regarding the time frame, Graph 4 provides a summary of the percentage of recent expenses, current/future expenses, and the remaining balance for each bond, in relation

⁴⁰ Although the issuances were made in US dollars (USD), the amounts have been reported in this report considering the expenses incurred in Brazilian Reals (BRL), following the converted amount as indicated in Chapter 2.

to the net proceeds from the issuance. Considering the total issued amount and the allocated value, there remains R\$3.84 billion (39.88%) from the first issuance and R\$6.49 billion (60%) from the second issuance to be executed by the next report.

Graph 4. Allocated amount for recent expenses, current expenses and remaining balance in relation to net proceeds in the 1st and 2nd issue, respectively (%)⁴¹



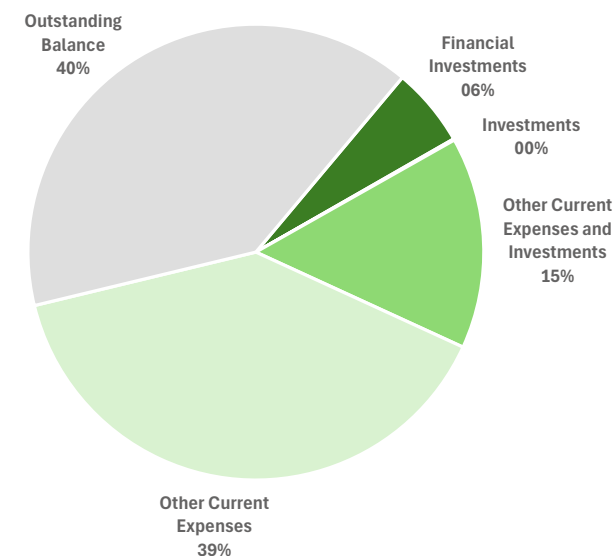
Source: Sistema Integrado de Administração Financeira do Governo Federal (SIAFI) and BNDES.

Regarding the classification by nature of expense⁴², a budgetary term used in Brazil to group expenses with similar characteristics concerning the object of expenditure, the expenses presented in the allocation report can be classified as (i) investments; (ii) financial investments; and (iii) other current expenses. Graphs 5 and 6 also account for cases where the same budgetary action has been classified under more than one nature of expense, and they indicate the remaining percentage of resources that have not yet been allocated.

⁴¹ Recent expenses (refinancing) are expenses incurred within the scope of LOA up to 12 months prior to the issue date, starting in January 2023. Current expenses are those provided for within the scope of the relevant LOA in effect on the issuance date and future expenses are those incurred within 24 months after issuance.

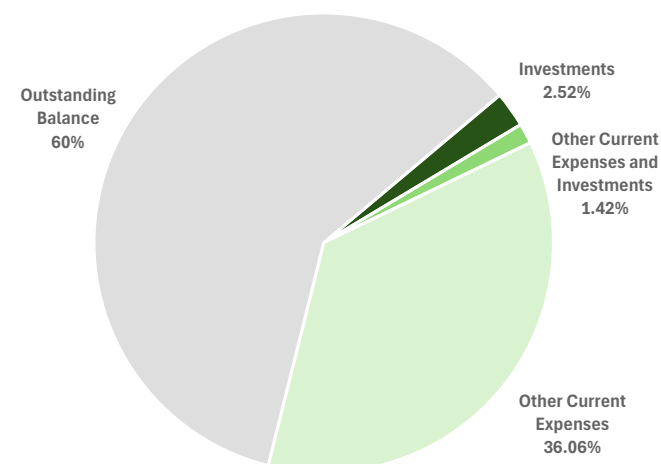
⁴² [SIOP. Technical Budget Manual, Chapter 4.](#)

Graph 5. Graph 5 - Classification by nature of expense - 1st issuance



Source: Sistema Integrado de Administração Financeira do Governo Federal (SIAFI) and BNDES.

Graph 6. Classification by nature of expense - 2nd issuance

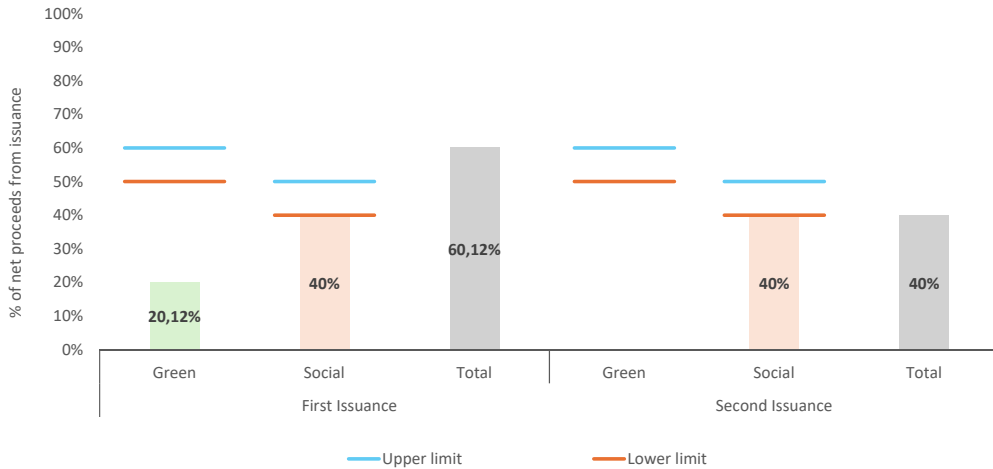


Source: Sistema Integrado de Administração Financeira do Governo Federal (SIAFI) and BNDES.

Additionally, the Framework stipulates the identification of the co-financing proportion in the reported expenses. None of the reported budget programs included other funding sources beyond budgetary resources. Furthermore, regarding the Climate Fund projects, the disbursements reported were related exclusively to resources from the Climate Fund, and resources from other sources were not considered.

Regarding the environmental and social expenses, and also considering the minimum and maximum thresholds presented in the Pre-Issuance Reports, the resources were allocated as follows in Graph 7.

Graph 7. Allocated amount for green, social and outstanding balance (% of net proceeds of each issuance)



Source: Sistema Integrado de Administração Financeira do Governo Federal (SIAFI) and BNDES.

An amount equivalent to 20.12% of the net proceeds from the first issuance was allocated to the environmental category, and 40% was allocated to the social category. Regarding the second issuance, there has not yet been any

allocation in the environmental category, while an amount equivalent to 40% of the net proceeds has been reported in the social category (Graph 7). Thus, in both issuances, the minimum threshold for the social category has been met.

To complete the remaining balance, amounting to R\$3.84 billion for the first issuance and R\$ 6.50 billion for the second, the expectation is that the allocation will aim to reach the maximum percentage of 60% in the environmental category for both issuances. However, the possibility of not reaching this limit is not ruled out, with the potential for additional allocation to social expenses, respecting the initially indicated limits.

3.2 ENVIRONMENTAL EXPENSES

In accordance with the “Use of Proceeds” section of the Framework, Table 9 details the total reported amounts and percentages by category and, where applicable, by subcategory, compared to the minimum and maximum thresholds presented in the Pre-Issuance Report (*RPE*, from its acronym in Portuguese) for the first issuance. The minimum and maximum values in *Reais* were calculated based on the threshold established in the *RPE* and the amount of net proceeds raised in the first issuance.

Table 9. RPE thresholds and allocated amounts by category in environmental expenditures - first issuance⁴³

Categorias	Lower limit RPE		Upper limit RPE		Allocated	
	R\$ million	%	R\$ million	%	R\$ million	%
1.1 Control of GHG emissions	9.6	0.10%	19.2	0.20%	7.8	0.08%
2. Renewable energy	1,442.5	15%	1,923.3	20%	491.6	5.11%
4. Clean transport	1,923.3	20%	2,404.2	25%	46.1	0.48%
5. Sustainable management of living and natural resources and land use	288.5	3%	577.0	6%	377.5	3.93%
6. Terrestrial and aquatic biodiversity	1,057.8	11%	1,731.0	18%	961.7	10.00%
8. Adaptation to climate change	48.1	0.50%	76.9	0.80%	50.1	0.52%
Total	4,808.3	50%	5,770.0	60%	1,934.75	20.12%

Source: Pre-Issuance Report, October 2023. Sistema Integrado de Administração Financeira do Governo Federal (SIAFI) and BNDES.

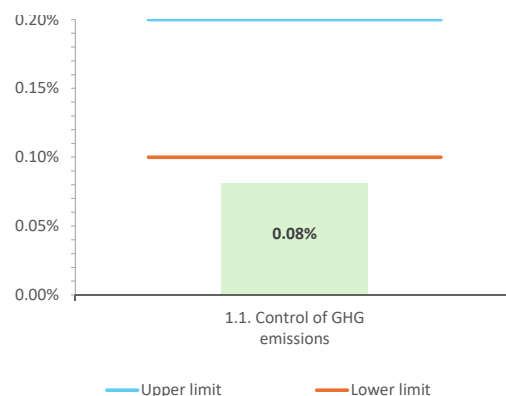
Notably, category **6. Terrestrial and Aquatic Biodiversity** has the highest number of allocated amount in budget programs (10%), but it is still below the minimum proposed in the *RPE*. In contrast, categories **5. Sustainable Management of Living and Natural Resources and Land Use**, with 3.9% of the total net resources from the issuance, and **8. Adaptation to Climate Change**, with 0.52%, have already met their minimum thresholds of 3.0% and 0.5%, respectively, as indicated in the *RPE*.

The following graphs show the reported value by environmental expense category in relation to the total net proceeds raised in the issuance and the thresholds indicated in the *RPE*, aiming to illustrate the participation of each category in the total amount and the progress of allocation for each category towards the maximum potential indicated in the *RPE*.

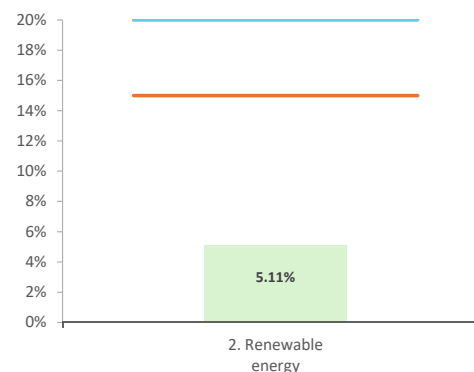
⁴³ Although the individual amount of each category may vary within the presented range, the sum of the categories must always be at least 50% and at most 60%.

Graphs 8 - 13: Allocated amounts in each category and RPE thresholds (% net proceeds of 1st issuance)

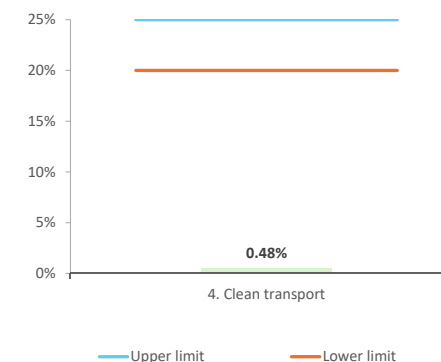
Graph 8. Category 1



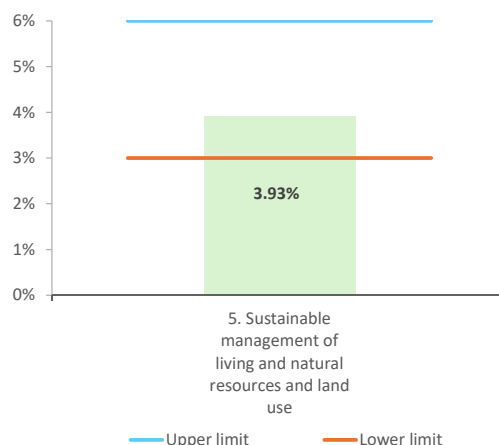
Graph 9. Category 2



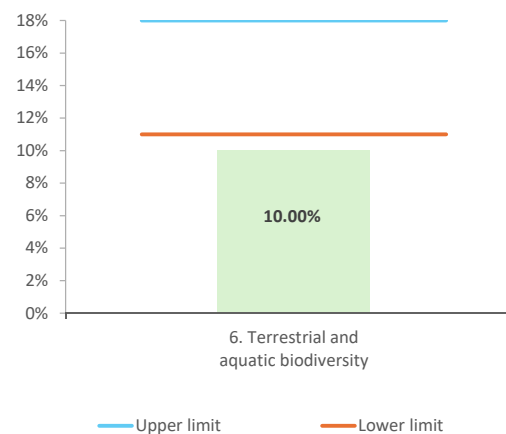
Graph 10. Category 4



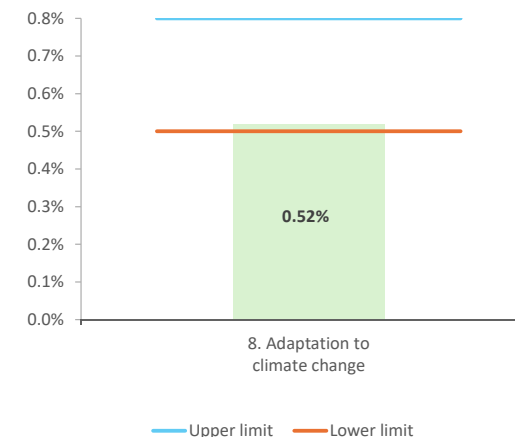
Graph 11. Category 5



Graph 12. Category 6



Graph 13. Category 8



Source: Pre-Issuance Report, October 2023. Sistema Integrado de Administração Financeira do Governo Federal (SIAFI) and BNDES.

The Categories 2. Renewable Energy and 4. Clean Transport, with 5.11% (Graph 9) and 0.48% (Graph 10) allocation, respectively, are projected to receive allocations through disbursements from the Climate Fund. After a period of little significance, the Climate Fund was restructured in 2023 as part of the Ecological Transformation Plan. In this context, a substantial portion of the Climate Fund's sources currently comes from budgetary resources, and thus, projects financed with its funds are also potentially eligible under the Framework.

The Climate Fund is managed by a Management Committee, linked to the Ministry of the Environment and Climate Change (MMA, from its acronym in Portuguese), which has the task of approving the Annual Resource Application Plan (PAAR, from its acronym in Portuguese), where the objectives and pri-

orities for the application of the Fund's resources are defined⁴⁴. These objectives are not identical but have a significant overlap with the eligible expenditure categories of the Framework. Projects aligned with the areas of action of the Climate Fund can obtain credit from the *BNDES*⁴⁵, which is the financial agent of the Climate Fund.

In 2024, the Climate Fund received a contribution from the *MMA* amounting to R\$10.4 billion⁴⁶ through budgetary action 00J4 - Reimbursable Financial Support through Financing and other Financial Instruments for Climate Change Mitigation and Adaptation Projects. *BNDES* was only able to receive the new funds in April 2024, after the approval of the 2024 *PAAR*, so the execution process of this amount is still in its early stages and it is expected to gain momentum from the second half of 2024. This is one of the main reasons justifying why environmental expenditures, especially Categories 2. **Renewable Energy** and 4. **Clean Transport**, have not yet reached the minimum threshold in this first report.

For a more detailed breakdown of the executed expenses, we present below the budget programs that were considered in each category for the reported amount. For each action, the amount paid up to July 2024 is presented. It is important to highlight that in some cases, an amount less than the amount of the total budget program was reported, as part of the expenses underlying the action was not considered eligible under the Framework's criteria.

⁴⁴ In line with the 2024 *PAAR*, the application of reimbursable resources from the Climate Fund should be directed towards the following purposes: (i) resilient and sustainable urban development, (ii) green industry, (iii) transport logistics, public transport, and green mobility, (iv) energy transition, (v) native forests and water resources, and (vi) green services and innovation.

⁴⁵ The Climate Fund operates in two modalities: reimbursable and non-reimbursable. The *BNDES* is responsible for managing the reimbursable resources, while the Ministry of the Environment and Climate Change (*MMA*) is in charge of allocating the non-reimbursable funds. For more information, visit: <https://www.bndes.gov.br/wps/portal/site/home/financiamento/produto/fundo-clima>.

⁴⁶ [https://www.gov.br/mma/pt-br/assuntos/noticias/mma-repassa-r-10-4-bi-ao-fundo-clima#:~:text=A%20ministra%20Marina%20Silva%20e,do%20Clima%20\(Fundo%20Clima\)](https://www.gov.br/mma/pt-br/assuntos/noticias/mma-repassa-r-10-4-bi-ao-fundo-clima#:~:text=A%20ministra%20Marina%20Silva%20e,do%20Clima%20(Fundo%20Clima).).

Category 1.1 **Greenhouse Gas Emission Control** reports the budget programs of Monitoring of Land Cover and Wildfire and Forest Fire Risk (*INPE*) and Research and Development Studies and Projects Related to Climate Change (Table 10).

Table 10. Budget programs associated with category 1.1

Budget Program		Value (R\$ million)
20V9	Monitoring of Land Cover and Wildfire and Forest Fire Risk (<i>INPE</i>)	6.14
20VA	Support for Studies and Research and Development Projects Related to Climate Change	1.63
Total		7.77

Source: Sistema Integrado de Administração Financeira do Governo Federal (SIAFI).

For over 30 years, the National Institute for Space Research (*INPE*, from its acronym in Portuguese) has maintained an operational program for monitoring vegetation fires by satellite, having developed various methodologies and computational systems that generate coordinates, risk maps, and a history of fire occurrences⁴⁷. Through *INPE* reports, it is possible to monitor deforestation and forest degradation, which helps guide inspections carried out by the relevant authorities. Activities like this, along with incentives for studies and research, drive the generation of knowledge and scientific and technological progress in climate change, which is intrinsically linked to greenhouse gas (GHG) emissions control.

Regarding Categories **2. Renewable Energy** (Table 11) and **4. Clean Transport** (Table 12), the eligible projects financed with Climate Fund resources are reported, along with the sum of disbursements from January 2023 to July 2024. The Fund's allocations have so far focused mainly on the Renewable Energy category, which accounted for 98% of the Fund's allocations in this report. These were directed to projects such as the installation of photovoltaic plants, efficient machines and equipment, and the implementation of biogas purification and production plants. In the Clean Transport category, the allocation was made for two projects: support for a bike-sharing system and purchase of electric bus. The *BOX: Climate Fund* highlights this instrument in more detail.

Table 11. Projects associated with category 2

Projects	Value (R\$ million)
Financial support to Alsol Energias Renováveis S.A. for the implementation of photovoltaic mini-generation in the distributed generation (DG) modality, through 49 photovoltaic plants, in the states of Mato Grosso, Mato Grosso do Sul, Minas Gerais and Rio de Janeiro, with a total installed capacity of approximately 144 MWAC.	68.57
Construction of a waste biomass reception and processing plant for the production of biogas, biomethane, CO2 and fertilizers, with a purification system with a nominal installed capacity of 36,000 nm/day of biomethane and a CO2 purification system with a nominal installed capacity of 40 t/day, in Triunfo (RS).	36.41
Construction of a landfill biogas purification plant for the production of biomethane, with a maximum installed capacity of 66,000 m/day, in Minas do Leão, state of Rio Grande do Sul.	28.50
Construction of a landfill biogas purification plant for the production of biomethane, with a maximum installed capacity of 68,000 m/day, in Caieiras, state of São Paulo.	39.39
Climate Fund Efficient Machinery and Equipment - Other	94.02
Implementation of 17 photovoltaic plants, located in the municipalities of Loanda-PR, Cidade Gaúcha-PR, Alto Paraná-PR, Paranaíba-MS and Rolim de Moura-RO, grouped into 5 SPEs, in the distributed generation modality, with a total installed capacity of approximately 19 MWAC.	45.00
Implementation of 26 (twenty-six) photovoltaic solar plants (UFVs) in the states of Goiás, Rio de Janeiro and São Paulo, for mini-generation in the distributed generation modality with a total installed capacity of approximately 26 MWAC.	62.50
Implementation of 9 (nine) photovoltaic solar plants (UFVs) in the states of Paraná, São Paulo and Mato Grosso, for mini-generation in the distributed generation modality with a total installed capacity of approximately 32.3 MWAC.	11.00
Implementation of two photovoltaic solar plants (UFV) in the distributed generation (DG) modality, located in the municipalities of Redentora and Maçambara, in the state of Rio Grande do Sul, with a total installed capacity of approximately 5 MWAC.	5.70
Implementation of a biogas production line from vinasse with increased energy generation at the Goianésia/GO unit.	0.57

Projects	Value (R\$ million)
Implementation of eleven photovoltaic plants, in the distributed generation modality, with a total installed capacity of approximately 19 MW.	31.50
Implementation of four photovoltaic solar plants in the distributed generation (DG) modality, located in the municipalities of Pongai (SP), Cafelândia (SP), and Mata Romã (MA), with a total installed capacity of approximately 7.6 MW.	12.50
Implementation of six photovoltaic plants in the distributed generation modality, in the state of Minas Gerais, with an installed capacity of 18 MW.	12.50
Implementation of three photovoltaic solar plants in the distributed generation (DG) modality, located in the municipality of Limeira (SP), with a total installed capacity of approximately 3 MWAC.	5.40
Implementation of a plant in Elias Fausto (SP), with two biodigesters that will be fed with biodegradable waste for biogas production and electricity generation.	22.97
Installation of 2.76 thousand photovoltaic panels, with an installed capacity of 1.1 MWp2, to meet the energy consumption used in the industrial unit located in Pedra Preta/MT, with financing through the Climate Fund program.	0.92
Installation of 4 (four) photovoltaic plants on the roof of commercial stores located in João Pessoa-PB, Caruaru-PE, Aracaju-SE and Natal-RN, with a total installed capacity of at least 5MWp.	8.22
Supplementation of resources for the implementation of a biogas production line from vinasse with an increase in energy generation at the Goianésia/GO unit with associated working capital.	5.90
Total	491.57

Table 12. Projects associated with category 4

Project	Value (R\$ million)
Support for the business plan of Tembici Participações S.A. from 2021 to 2023	11.00
Support for the business plan of Tembici Participações S.A. from 2021 to 2023	32.00
Climate Fund Efficient Machinery and Equipment - Other	3.13
Total	46.13

Source: BNDES

1 BOX: Climate Fund

The Climate Fund, created in 2009, aims to finance projects, studies, and ventures focused on reducing greenhouse gas emissions and adapting to the effects of climate change, with its resources available in two modalities: reimbursable and non-reimbursable. The reimbursable resources are managed by the National Bank for Economic and Social Development (BNDES), while the non-reimbursable resources are operated by the Ministry of the Environment and Climate Change (MMA).

In the context of the first sustainable sovereign bond, categories 2 and 4 are related to two modalities of the Climate Fund: (i) Energy Transition, which supports the adoption of clean energy sources, including the modernization of energy grids and the promotion of electrification in highly polluting sectors that emit greenhouse gases and other atmospheric pollutants; and (ii) Transport Logistics, Collective Transport, and Green Mobility, which supports the implementation, expansion, modernization, and recovery of cargo and passenger transport infrastructure that enables more sustainable transport alternatives, with less environmental impact and reduced greenhouse gas emissions.

In subsequent public bond issuances, in addition to the two categories already included in the first issuance, other categories of the Framework may receive disbursements through the Climate Fund.

In 2024, a new contract governing the management of Climate Fund resources by the *BNDES* was signed. It included the transfer of up to R\$10.4 billion, which was completed in April 2024, to be used by the Bank for reimbursable financing of projects aimed at mitigating and adapting to climate change and its effects, such as sustainable urbanization, green industry, resilient logistics infrastructure, energy transition, and forest protection. This was the largest transfer in the fund's history since its creation^{48 49}.

This new phase of the Fund will be aligned with the New Growth Acceleration Program (*PAC*), the Ecological Transformation Plan, and the sustainable bond issuances, all public policies of the Federal Government. The goal is to create competitive advantages for the country, with the development of national technology, quality green jobs, and climate resilience, focusing on the population most vulnerable to climate change.

The Climate Fund's budget has increased by almost 30 times from 2023 to 2024, becoming a stable fund and the Federal Government's main initiative in combating climate change and investing in adaptation. Therefore, it is expected that in the second report, the value of environmental expenses will be higher as transfers to the Fund are executed, reaching the thresholds established in the Pre-Issuance Report.

In Category 5. **Sustainable management of living and natural resources and land use** (Table 13), one action that stands out due to the high allocated amount is "land regularization, protection, and management of Indigenous Territories." This category also reports the allocation of other budgetary actions aimed at Indigenous peoples, as well as actions focused on other relevant themes. Studies show that, on average, forests in territories designated for Indigenous

48 Ministério do Meio Ambiente e Mudança do Clima (2023). [MMA e BNDES relançam Fundo Clima com aporte de R\\$ 10 bilhões.](#)

49 BNDES. [Relatório Anual 2023.](#)

peoples have been better preserved⁵⁰, and therefore, we consider that the resources allocated to these actions, despite also having social impacts, primarily qualify as environmental expenses.

Table 13. Budget programs associated with category 5

Budget Program		Value (R\$ million)
20UF	Land Regularization, Protection and Management of Indigenous Territories	167.91
20ZU	Risk Reduction in Agricultural Activity	0.84
210V	Productive Structuring, Promotion and Strengthening of Family Farming and Agroecology	80.64
210W	Support for economic organization and promotion of citizenship and welfare of rural women	0.18
21B8	Sustainable development of the bioeconomy	4.34
21BO	Multiethnic-cultural and social rights of indigenous peoples	68.64
21DG	Hydro-environmental recovery in the hydrographic basins in the area of operation of CODEVASF	22.60
21FL	Policy management for indigenous peoples	31.57
8593	Supporting the development of sustainable agricultural production	0.80
Total		377.53

Source: Sistema Integrado de Administração Financeira do Governo Federal (SIAFI).

Notably, category 6. **Terrestrial and aquatic biodiversity** (Table 14) accounts for more than half of all environmental allocations up to the cutoff date of this report. The budget programs with the highest allocated amounts were those aimed at supporting the creation, management, and implementation of federal Conservation Units, as well as environmental monitoring and enforcement.

50 FAO. FILAC. (2021). [Forest governance by indigenous and tribal peoples - An opportunity for climate action in Latin America and the Caribbean.](#)

Table 14. Budget programs associated with category 6

Budget Program		Value (R\$ million)
20UV	Promotion of Research and Development in Science and Technology of the Sea, Oceans and Climate	1.06
20V9	Monitoring of Land Cover and Wildfire and Forest Fire Risk (INPE)	1.00
20VP	Support for environmental conservation and the eradication of extreme poverty - Bolsa Verde	86.64
20WM	Support for the Creation, Management and Implementation of Federal Conservation Units	308.21
214M	Wildfire Prevention and Control in Federal Priority Areas	100.62
214N	Environmental control and monitoring	264.88
214P	Environmental inspection and prevention and fighting of forest fires	196.83
215L	Promotion of scientific and technological research and development	2.16
218D	Science, technology and innovation at the National Institute of the Atlantic Forest - INMA	0.28
Total		961.69

Source: Sistema Integrado de Administração Financeira do Governo Federal (SIAFI).

In the budget program related to the Conservation Units, resources from Executive Measure No. 1,223, dated May 23, 2024, are included. This measure was enacted following the public calamity that affected the state of Rio Grande do Sul. These resources are intended for the recovery of the management structures of the Conservation Units and for environmental monitoring and enforcement that were damaged after the floods in the first half of 2024.

The Conservation Units were created by the National System of Conservation Units Law - Law No. 9,985, of July 18, 2000, which establishes the *SNUC* system, from its acronym in Portuguese⁵¹. This law defines a conservation unit as a “*territorial space and its environmental resources, including jurisdictional waters, with relevant natural characteristics, legally instituted by the Public Authority, with conservation objectives and defined boundaries, under a special management regime, to which adequate protection guarantees*”

51 MMA (2022). [Sistema Nacional de Unidades de Conservação da Natureza \(SNUC\).](#)

apply.” At the Federal level, this management is carried out by the Chico Mendes Institute for Biodiversity Conservation (ICMBio). Currently, there are over 300 federal conservation units, covering an area of about 171 million hectares⁵², approximately 19% of the continental area and 26% of the marine area of Brazilian territory^{53 54}.

Regarding environmental control and enforcement, this is the exercise of police power provided for in environmental legislation. The responsibilities for environmental policing were granted to the Brazilian Institute of Environment and Renewable Natural Resources (Ibama) by Law No. 7,735, dated February 22, 1989. More broadly, the authority for environmental enforcement is shared with other entities of the federation: states, municipalities, and the Federal District, which are part of the National Environmental System (Sisnama). There are several areas of federal environmental enforcement, such as those related to polluting and contaminating activities, wildlife, flora, genetic heritage, among others⁵⁵.

Another budgetary action classified under Category 6 is related to the “Bolsa Verde⁵⁶”. Initially established by Law No. 12,512/2011, the Environmental Conservation Support Program - Bolsa Verde Program was deactivated in 2016 and subsequently reestablished in 2023 through Decree No. 11,635/2023. The Bolsa Verde provides payments to families living in Sustainable Use Conservation Units (Extractive Reserves, National Forests, and Sustainable Development Reserves), in environmentally differentiated settlements from the Agrarian Reform (forestry, agro-extractive, and sustainable development), and in territories occupied by traditional peoples and communities, such as riverside dwellers, extractivists, Indigenous peoples, quilombolas, and others.

The beneficiaries of the program commit to taking care of the region where they live, using natural resources sustainably, and preserving the forest, in addition to helping with monitoring and protecting these areas. Besides the payments, they will have access to technical assistance actions, socio-environmental rural extension, environmental conservation, and socio-productive inclusion.

52 Data from April 2024, from the database of Federal Conservation Unit Attributes: <https://dados.gov.br/dados/conjuntos-dados/atributos-das-unidades-de-conservacao-federais>

53 ICMBio. [Dados Abertos](#).

54 CNUC. [Painel Unidades de Conservação Brasileiras](#).

55 Ibama. [O que é fiscalização ambiental](#).

56 MMA. [Programa de Apoio à Conservação Ambiental - Programa Bolsa Verde](#).

Table 15. Budget programs associated with category 8

Budget Program Code		Value (R\$ million)
15P6	Expansion and modernization of infrastructure for the study of biodiversity, technological innovation and sustainability of Amazonian ecosystems in the face of global changes	5.44
20GB	Natural Disaster Monitoring and Warning - CEMADEN	30.72
20UJ	Science, technology and innovation at the national institute of the semi-arid region - INSA	0.38
20UR	Science, technology and innovation at the National Institute for Research in the Amazon - INPA	1.90
20VA	Support for Studies and Research and Development Projects Related to Climate Change	2.88
8348	Support for Emergency Mitigation Works for Disaster Reduction	8.75
Total		50.06

Source: Sistema Integrado de Administração Financeira do Governo Federal (SIAFI).

Regarding category 8. **Adaptation to Climate Change** (Table 15), the largest budget program was the Monitoring and Early Warning of Natural Disasters by the National Center for Monitoring and Early Warning of Natural Disasters (Cemaden, from its acronym in Portuguese). Since its establishment in 2011, Cemaden has monitored threats in high-risk areas in Brazilian municipalities susceptible to natural disasters and issues early warnings with the aim of safeguarding lives and reducing social, environmental, and economic vulnerability resulting from such events throughout the country⁵⁷. Other budget programs in this category relate to promoting science and research, as well as support for infrastructure for climate change adaptation.

57 Cemaden. [Apresentação](#).

3.3 SOCIAL EXPENSES

Regarding the allocation of resources in social expenses, Table 16 presents the reported values, both total and percentage, by category and subcategory, where applicable, in comparison with the minimum and maximum thresholds defined in each Pre-Issuance Report (RPE) for the first and second issuances of sustainable sovereign bonds covered in this report.

Table 16. Amounts allocated by category in the 1st and 2nd issuances in social expenses (R\$ million)

First Issuance						
Categories	Minimum RPE		Maximum RPE		Allocated	
	R\$ million	%	R\$ million	%	R\$ million	%
1.1. Combating Poverty	2,885	30%	3,847	40%	2,885	30%
2. Food security and sustainable food systems	962	10%	1,635	17%	962	10%
Total	3,847	40%	4,808	50%	3,847	40%

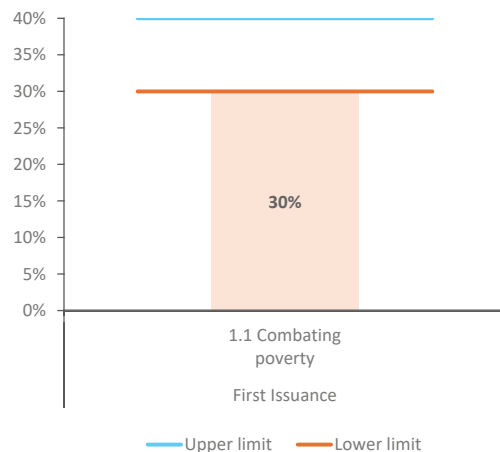
Second Issuance						
Categories	Minimum RPE		Maximum RPE		Allocated	
	R\$ million	%	R\$ million	%	R\$ million	%
1.1. Combating poverty	3,898	36%	4,980	46%	3,898	36%
5. Access to basic infrastructure	433	4%	866	8%	433	4%
Total	4,331	40%	5,413	50%	4,331	40%

Source: Pre-Issuance Reports, October 2023 and May 2024. Sistema Integrado de Administração Financeira do Governo Federal (SIAFI).

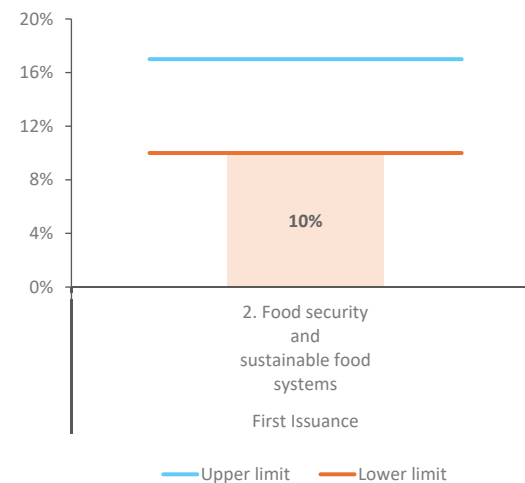
The following graphs indicate the reported value by category of social expenditure in relation to the total net proceeds raised in the two issuances and the thresholds indicated in each RPE, aiming to illustrate the participation of each category in the total amount of the bond and the progress of the allocation of each category towards the maximum potential indicated in the each RPE.

Graphs 14 and 15: Allocated amounts in each category and RPE thresholds (%net proceeds of 1st issuance)

Graph 14. Category 1.1



Graph 15. Category 2

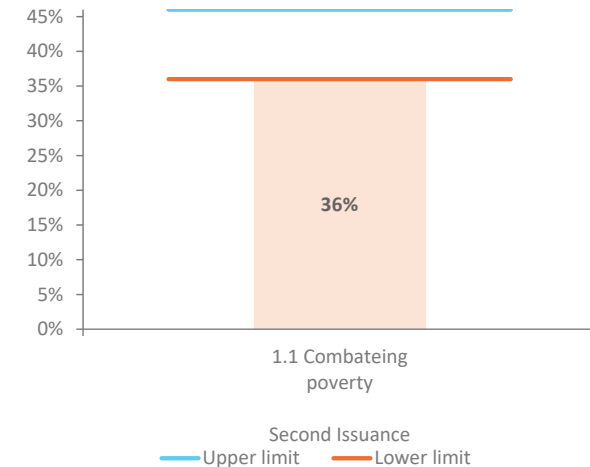


Source: Pre-Issuance Report, October 2023. Sistema Integrado de Administração Financeira do Governo Federal (SIAFI).

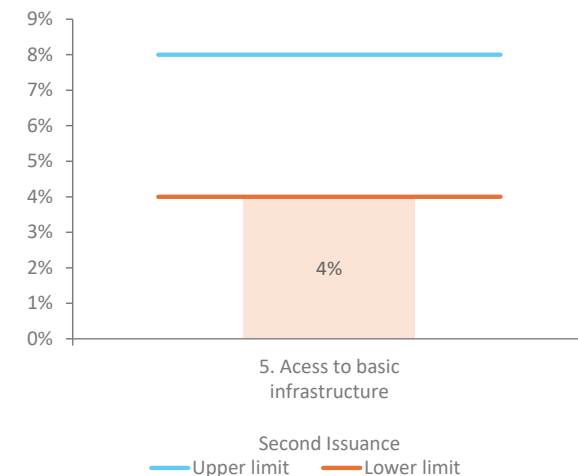
In the 2023 issuance, the two eligible categories for this report, according to the RPE, were **1.1 Combatting Poverty**, for which 30% of the total bond was reported (Graph 14), and **2. Food Security and Sustainable Food Systems**, with 10% (Graph 15). Both categories are within the indicative threshold mentioned in the RPE for their respective categories.

Graphs 16 and 17: Allocated amounts in each category and RPE thresholds (%net proceeds of 2nd issuance)

Graph 16. Category 1.1



Graph 17. Category 5



Source: Pre-Issuance Report, May 2024. Sistema Integrado de Administração Financeira do Governo Federal (SIAFI).

Regarding the 2024 issuance, the selected categories were **1.1 Combatting Poverty**, with 36% of the reported issued amount (Graph 16), and **5. Access to Infrastructure**, with 4% (Graph 17). Both categories are also within the indicative threshold mentioned in the *RPE* for their respective categories.

Concerning budget programs, the following tables detail the programs considered in each category for the reported amount. As in the environmental categories, for each program, the amount paid up to July 2024 is presented. It is worth noting that, in the case of social expenditures, in many cases a lower amount than the total value of the budget program is reported. Although the social dimension has substantial resources in Brazil, in the context of sustainable sovereign issuances, it is primarily justified as an element of transparency and demonstration of the country's commitment to social policies, especially those aimed at supporting the most vulnerable population, reducing poverty, and addressing inequalities.

A large portion of the allocations indicated in the category **1.1 Combatting Poverty** (Table 17), which received the highest amounts in both issuances, corresponds to the allocations made to the *Bolsa Família*, which will be discussed in more detail in Chapter 5 as a highlighted case, along with other social assistance programs, such as the **Continuous Cash Benefit (BPC)**, from its acronym in Portuguese)⁵⁸.

Table 17. Budget programs associated with category 1.1

Budget program		Value (R\$ million)	
		1st issuance	2nd issuance
00H5	Continuous Provision Benefits (BPC) for the elderly and Lifetime Monthly Income (RMV) by age	592.54	616.88
00IN	Continuous Cash Benefits (BPC) for people with disabilities and monthly lifetime income (RMV) for disability	752.11	782.99
219E	Basic social protection actions	17.96	18.70
8442	Direct and conditional transfer of income to families benefiting from the <i>Bolsa Família</i> program	1,522.39	2479.10
Total		2,884.99	3,897.75

Source: Sistema Integrado de Administração Financeira do Governo Federal (SIAFI)

⁵⁸ The Continuous Cash Benefit (BPC) is the guarantee of a monthly minimum wage to its beneficiaries (elderly individuals aged 65 or older or persons with disabilities of any age, with certain conditions, mainly related to income). The BPC is not retirement and does not require prior contributions to social security, as it is an assistance benefit, rather than a social security benefit.

Regarding category **2. Food Security** (Table 18), the **Food Acquisition Program (PAA)**, from its acronym in Portuguese) stands out, with the main goal of promoting access to food and encouraging family farming. The program facilitates the purchase of food produced by family farmers and allocates these foods free of charge to individuals in situations of food and nutritional insecurity. Additionally, the food is distributed to entities within the social assistance network and to public food security and nutritional equipment, such as community kitchens and popular restaurants.

Table 18. Budget programs associated with category 2

Budget programs		Value (R\$ million)	
		1st issuance	2nd issuance
2792	Distribution of food to traditional and specific population groups	152.94	-
2798	Acquisition and distribution of food from family farming	808.72	-
Total		961.66	-

Source: Sistema Integrado de Administração Financeira do Governo Federal (SIAFI)

Finally, regarding **Category 5. Access to Basic Infrastructure** (Table 19), the initiatives primarily involve sanitation and infrastructure works in northeastern Brazil. One of the budget programs included in this report is the construction of the **Fronteiras Dam**. The dam, located in Ceará, aims to provide water security and boost the local economy, benefiting up to 300,000 people in urban and rural areas. In addition to improving water supply, the dam will facilitate the irrigation of approximately five thousand hectares of agricultural land, benefiting agricultural production and fish farming, and strengthening local industries.

Table 19. Budget programs associated with category 5

Budget program		Value (R\$ million)	
		1st issuance	2nd issuance
00TK	Support for sustainable urban drainage and rainwater management systems in municipalities critical to recurrent flooding, flash flooding and flooding events	-	26.14
00TN	Support for the implementation, expansion or improvements in water supply systems in municipalities with a population of more than 50 thousand inhabitants or municipalities that are part of metropolitan regions or integrated development regions	-	32.19
00TO	Support for the implementation, expansion or improvement of sanitary sewage systems in municipalities with a population of more than 50 thousand inhabitants or municipalities that are part of metropolitan regions or integrated development regions	-	98.02
00UN	Support for the implementation, expansion, improvements or adaptation of water supply systems in areas where Codevasf operates	-	0.28
11AA	Construction of the <i>Fronteiras</i> dam	-	27.48
14VI	Implementation of infrastructures for water security	-	25.78
15XT	Implementation of water supply systems	-	7.43
15XV	Construction of an integrated water supply system	-	5.95
15ZK	Implementation of the <i>Serido</i> project	-	4.04
162K	Implementation of the <i>Sertão Baiano</i> channel	-	0.02
1851	Acquisition of equipment and/or implementation of water infrastructure works	-	11.84
1N64	Implementation of the <i>Pajeú</i> pipeline in the states of Pernambuco and Paraíba	-	3.26
20AG	Support for the management of basic sanitation systems in municipalities of up to 50 thousand inhabitants	-	2.89
21CJ	Basic sanitation in indigenous villages for the prevention of diseases and injuries	-	39.10
21DD	Rehabilitation of dams and other water infrastructure	-	14.03
5314	Implementation of the <i>Baixio de Irecê</i> public irrigation project	-	1.72
7X91	Implementation of the Xingo Channel	-	1.14
8865	Support for the execution of slope containment projects and works in urban areas	-	18.35
8948	Implementation of social technologies for access to water for human consumption and food production	-	113.41
Total		-	433.08

Source: Sistema Integrado de Administração Financeira do Governo Federal (SIAFI)

4 Impact Report

In accordance with the Framework, the Impact Report aims to communicate the environmental, social, and governance effects associated with the reported eligible expenditures. This section is crucial for understanding the results achieved and includes the definition and monitoring of specific performance indicators. The report seeks to ensure regular and transparent disclosure of the impacts generated from public policies included in the country's sustainability agenda and interconnected with the Republic's financing through sustainable sovereign bonds.

Regarding the impact, since the bonds are backed by budgetary programs, the decision was made to follow the available indicators in the 2024-2027 Multi-Year Plan (*PPA*, from its acronym in Portuguese). The *PPA* is the main medium-term instrument of the Federal Government, defining government programs for a four-year cycle. Each program in the *PPA* has specific objectives, monitored through its own indicators. These programs are associated with budgetary programs, which are detailed in each new Annual Budget Law.

The objectives and guidelines governing government programs for the four-year period are set in the 2024-2027 Multi-Year Plan, established by Law No. 14,802⁵⁹, dated January 10, 2024, and regulated by Decree No. 12,066⁶⁰, published in the Official Gazette on June 19, 2024. Therefore, considering that the allocation of an amount equivalent to the net proceeds from the issuances is carried out in budgetary programs linked to *PPA* programs, it was possible to correlate the actions mentioned in the allocation report with the indicators of the specific objectives of the Multi-Year Plan.

Considering the suitability and level of alignment of the *PPA* indicators with the Framework, the social and environmental benefits of the sovereign bonds will be monitored by the indicators and goals defined within the *PPA*, without excluding the inclusion of additional indicators when relevant. It is important to note that these indicators do not refer directly to the budget programs reported in the previous section but rather to the *PPA* programs to which these actions are linked. Moreover, the expected impact of the *PPA* may be influenced not only by these actions but also by external factors and complementary actions.

⁵⁹ https://www.planalto.gov.br/ccivil_03/_ato2023-2026/2024/lei/L14802.htm

⁶⁰ https://www.planalto.gov.br/ccivil_03/_ato2023-2026/2024/decreto/D12066.htm#:~:text=DECRETO%20N%C2%BA%2012.066%2C%20DE%2018,per%C3%ADodo%20de%202024%20a%202027.

As the current *PPA* came into effect in 2024, the indicators for 2024 have not been measured yet. Therefore, in this first report, the results of the indicators will not be presented. Instead, the goals established for the indicators of the *PPA* programs to which the budget programs belong to will be shown. In the next report, after the results of the *PPA* indicator measurements are published, this information will be presented, aiming, whenever feasible, to estimate the specific contribution of the amounts equivalent to the net resources obtained from the sustainable issuances considered. It is important to highlight the development of the “*PPA Aberto*” platform⁶¹ by the National Planning Secretariat, which enables the monitoring of the *PPA*’s goals and indicators as a whole and will benefit the preparation of the impact report for sustainable sovereign bonds in the coming years.

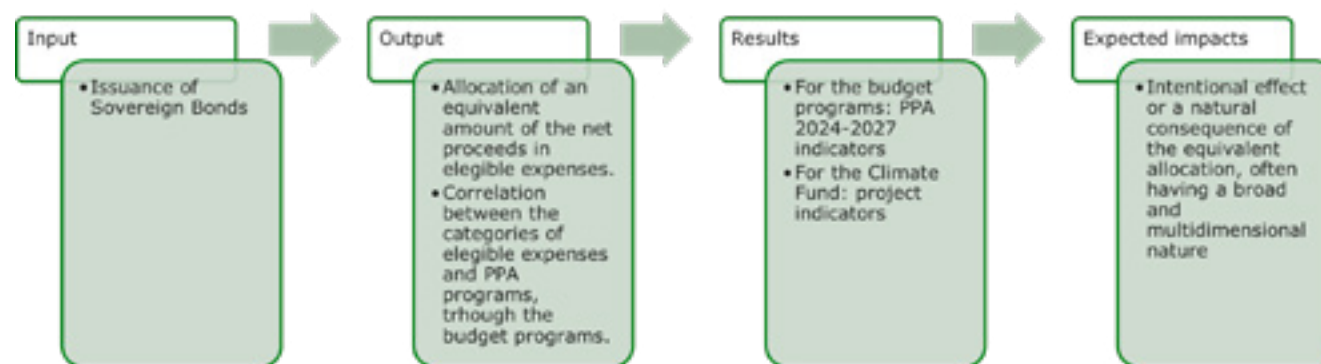
This section presents the *PPA* indicators by eligible expenditure categories presented in Section 3. **Allocation Report**, based on the *PPA* programs to which the budget programs are linked. We emphasize that the set of indicators considered here may be supplemented in the next report if other indicators that can adequately represent the impacts of the environmental and social benefits are identified to be reported at that time.

Although the *PPA* serves as the basis for impact evaluation in this report, in the case of expendi-

tures executed through the Climate Fund, especially in environmental categories 2. Renewable Energy and 4. Clean Transport, indicators related to the financed projects are presented. This is due to the specific nature of resource allocation through this fund, which is managed by *BNDES*. In this case, the impact report considered the specific indicators that are reported and monitored by *BNDES*.

Figure 2 illustrates, through a logical framework⁶², the connection between allocation, result indicators, and the expected impacts of the allocation in this report.

Figure 2. Association between Allocation, Indicators and Impact



Source: Own elaboration.

For the next report, the *CFSS* will undertake efforts to also report additional indicators, such as those listed as examples in the Framework.

4.1 ENVIRONMENTAL EXPENSES

This section provides a general analysis for each category reported in Section 3, Allocation Report. The aim was to present indicators that are always related to the final programs of the *PPA* to which the reported budgetary programs are linked⁶³.

⁶² The logical framework can be defined as an operationally organized structure for strategic decisions regarding the allocation of resources in a project or program, clarifying where one intends to go (effects or objectives) and what one intends to achieve (how).

⁶³ For this report, only the programs from the *PPA* 2024-2027 were used. Thus, budget programs from 2023 that were not carried over into the 2024 Budget had their *PPA* programs adjusted to the numbering of the current *PPA* for continuity purposes.

In the case of categories **2. Renewable Energy** and **4. Clean Transport**, some indicators of projects funded by the Climate Fund resources are also presented.

CATEGORY 1.1 - CONTROL OF GHG EMISSIONS



Context

Climate change represents one of the greatest challenges of the century, affecting fundamental aspects of human life, such as access to clean water and the intensification of extreme weather events and temperatures.

Brazil is committed to a sustainable development path, where the mitigation of greenhouse gas (GHG) emissions and adaptation to climate change are essential⁶⁴. The monitoring of national emissions and the production of climate data strengthen the country's ability to face the climate emergency and improve strategic planning in critical sectors, promoting a more resilient adaptation based on scientific evidence.

The alignment with Sustainable Development Goal 13 and Brazil's Nationally Determined Contribution (NDC) reinforces the country's commitment to reducing emissions and leading the transition to a low-carbon economy. Integrated fire management in protected areas will contribute to achieving the goals of creation, recognition, and conservation of each protected area, aiming for the conservationist management of native vegetation and its biodiversity, while maintaining the culture of resident populations and supporting GHG emission control.

Although this category is more directly focused on GHG emissions control, all other environmental categories in the Framework will make decisive contributions to reducing GHG emissions by Brazil.

⁶⁴ The importance of this commitment is evidenced by the country's dimensions and its population, placing Brazil among the largest greenhouse gas emitters in the world, according to data from 2021. See: [Climate Watch Data - World Resources Institute WRI, 2024 - Com Dados de emissões de 2021](#)

Relation between budget program and PPA 2024-2027

As explained in section 3.2 of the Allocation Report, the budget programs reported in this category are presented in Table 20 below:

Table 20. Budget programs reported in category 1.1

Budget Program		PPA Program	
20V9	Monitoring land cover and the risk of burning and wildfires	6114	Protection and recovery of biodiversity and combating deforestation
20VA	Support for studies and research and development projects related to climate change	1158	Addressing the climate emergency

Source: Sistema Integrado de Administração Financeira do Governo Federal (SIAFI)

PPA 2024-2027 Indicators

Below, in Table 21, are PPA indicators for the PPA programs related to the budget programs mentioned above, as well as their baseline and respective targets.

Table 21. Indicators related to category 1.1

PPA Program		Indicators	Baseline	2024 Target	2025 Target	2026 Target	2027 Target
6114	Protection and recovery of biodiversity and combating deforestation	Protected area with integrated fire management implemented (km2)	200,000	200,000	205,000	210,000	215,000
1158	Addressing the climate emergency	Number of climate information tools made available	381	2,602	5,200	7,788	10,374
		Percentage of national GHG emissions covered by mitigation plans	59.8	81.7	92.5	100	100

Source: PPA 2024-2027

CATEGORY 2 - RENEWABLE ENERGY



Context

The Brazilian electricity matrix is based on renewable energy sources, with renewables accounting for 48%,⁶⁵ which is more than three times the global average. According to the Electric Energy Commercialization Chamber (CCEE, from its acronym in Portuguese), renewable power plants (wind, centralized solar, hydroelectric, and biomass) produced an average of 70,206 MW in 2023. This means that 93.1% of all electricity produced in the year came from clean energy.⁶⁶



Increasing the share of clean energy in Brazil's energy matrix is essential and aims to promote the reduction of carbon content in the Brazilian energy matrix. The PPA 2024-2027 considers an indicator that measures the percentage of clean energy (including renewable and nuclear sources) demanded by Brazil compared to the total energy demand in the country in a given year. Measured annually, the indicator reflects the proportion of clean energy required to power the Brazilian economy, including final consumption in various economic sectors, losses in transport and distribution, and the energy sector's self-consumption.

The country has been directing efforts to maintain the high share of clean and renewable energy supply and to increase energy efficiency, both in supply and in distribution logistics and final energy use. The goal is that the higher the value of this indicator, the better the country's energy performance. The actions in this category are directly related to SDG 7: Affordable and Clean Energy.

⁶⁵ <https://www.gov.br/pt-br/noticias/energia-minerais-e-combustiveis/2021/08/energia-renovavel-chega-a-quase-50-da-matriz-eletrica-brasileira>

⁶⁶ <https://canalsolar.com.br/energia-gerada-por-usuarios-cresce-e-reduz-demanda-em-2023-diz-ccee/>

PPA 2024-2027 Indicators

As shown in Section 3.2 of the Allocation Report, the expenses reported in this category mainly refer to projects financed by the Climate Fund. In total, the Climate Fund projects supported in this category received more than R\$ 491 million in disbursements. Below, in Table 22, the PPA indicator related to the projects supported in this category is presented, along with its baseline and respective targets.

Table 22. Indicators related to category 2

PPA Program		Indicator	Baseline	2024 Target	2025 Target	2026 Target	2027 Target
3107	Energy Transition	Clean Energy Supply (%)	46.3	47.7	47.7	47.8	47.8

Source: PPA 2024-2027

INDICATORS RELATED TO CLIMATE FUND PROJECTS

Regarding the Climate Fund projects classified under Category 2 - Renewable Energy and supported by BNDES, there are specific indicators and targets related to them. However, by the time this report was prepared, only a small portion of the supported projects had measurable performance, as these are recent operations contracted after the Climate Fund was restructured in 2023. Therefore, the project durations do not yet allow for an effective impact analysis in most cases, which will be conducted later. Below, the expected impacts of the main projects are presented.

It is estimated that the solar energy generation projects supported will increase the installed solar generation capacity by 300 MW, ensuring an average of 75 MW. This is enough to supply 80 thousand households and avoid greenhouse gas emissions of 562 thousand tons of CO2 equivalent per year.

Table 23. Indicators related to projects supported by the climate fund - solar energy

Indicator	Delivery Estimate
Installed Solar Generation Capacity	300 MW
Solar Generation Physical Guarantee	75 average MW
Equivalent Households Served Based on the Physical Guarantee	80,000 households
Annual Avoided Greenhouse Gas Emissions from Solar Generation	562,000 tCO ₂ e

Source: BNDES

Additionally, projects for biomethane production with a capacity of 67.3 million m³/year were supported, resulting in avoided emissions of 1.9 million tons of CO₂ equivalent. Biogas projects were also backed, with a capacity to process 2.4 million m³/year of industrial waste and the potential to produce 396 thousand MWh/year of energy, enough to prevent 229 thousand tons of CO₂ equivalent emissions.

CATEGORY 4 - CLEAN TRANSPORT



Context

The transportation sector in Brazil plays a significant role in greenhouse gas (GHG) emissions, reflecting the country's strong reliance on road freight transport and fossil fuels such as petroleum derivatives. Clean transportation is crucial for the energy transition.



Among the commitments made by Brazil is the promotion of biofuels, such as ethanol and biodiesel, which already play an important role in the national transportation matrix.

The Decarbonization Credit (*CBIO*, from its acronym in Portuguese) is an environmental asset that corresponds to one ton of carbon dioxide equivalent avoided by replacing fossil fuel with biofuels. The *CBIO* issuance program in Brazil is highly significant for promoting a low-carbon economy, especially in the biofuels sector⁶⁷. Created under the national *RenovaBio* policy, *CBIO* encourages the production and use of biofuels like ethanol and biodiesel by assigning decarbonization credits to companies that produce or trade sustainable fuels.

In addition to helping Brazil meet its climate targets under the Paris Agreement, the program promotes the expansion of the bioeconomy and contributes to the country's energy security, stimulating investments in clean and sustainable technologies. The aim is to gradually replace fossil fuels, reducing emissions from the sector, which is one of the main contributors to urban pollution and greenhouse gas emissions.

⁶⁷ <https://www.gov.br/mme/pt-br/assuntos/noticias/entenda-a-politica-nacional-de-biocombustiveis-e-como-funciona-o-credito-de-descarbonizacao-cbio>

Beyond biofuels, the government monitors the progress of fleet renewal as an important indicator to measure the impact of public policies on the modernization and decarbonization of the transportation sector, contributing to climate and sustainable mobility goals. Linked to the Urban Mobility Program, the *PPA 2024-2027* includes an indicator to monitor the percentage of fleet renewal, aiming to track the replacement of older vehicles with newer and more sustainable models, especially in public transport, such as buses and trucks. This monitoring is essential to ensure emission reductions, increase energy efficiency, and improve the quality of transportation.

Category 4 - Clean Transportation is directly related to SDG 7 - Clean and Affordable Energy and SDG 9 - Industry, Innovation, and Infrastructure.

PPA 2024-2027 Indicators

As shown in Section 3.2 of the Allocation Report, the expenses reported in this category primarily refer to projects funded by the Climate Fund. In total, the Climate Fund projects supported in the first issuance under the Clean Transportation category received over R\$ 46.1 million in disbursements. Below, in Table 24, you can find the PPA indicators related to the projects supported in this category, as well as their baseline and respective targets:

Table 24. Indicators related to category 4

PPA Program			Indicator	Baseline	2024 Target	2025 Target	2026 Target	2027 Target
3107	Energy Transition		Number in millions of Decarbonization Credits (CBIOS) issued in the country in the year	31.23	42.31	50.41	57.99	64.43
2319	Urban Mobility		Fleet renewal percentage	0	6.3	14.1	21.9	31.3

Source: PPA 2024-2027

INDICATORS RELATED TO CLIMATE FUND PROJECTS

As shown in section 3. Allocation Report, the expenses reported in this category refer to projects funded by the Climate Fund. During the period analyzed, the Climate Fund financed three projects that fall under this category. The highlight is the Tembici urban micromobility project, presented in the following box.

BOX: Highlighted projects financed by the Climate Fund

TEMBICI

Tembici Participações S.A. is a Brazilian company operating in the urban mobility sector, specializing in bicycle-sharing solutions. Founded in 2010, *Tembici* is a pioneer in Brazil and Latin America, running shared bicycle programs in major cities such as São Paulo, Rio de Janeiro, Buenos Aires, and Santiago. The company promotes bicycle use as a sustainable and efficient alternative to traditional transportation, contributing to reducing carbon emissions and encouraging a healthier lifestyle. *Tembici* is known for its partnerships with private companies and local governments, providing technological and logistical infrastructure to expand access to urban cycling.

Tembici received support from the Climate Fund through the BNDES for its business and innovation plan, in two operations contracted in December 2022^{68 69}. With the resources, *Tembici* will have the opportunity to improve its technological solutions and expand its production capacity at its facilities located in the Manaus Free Trade Zone and in Extrema (MG). The support's main objectives include the acquisition of thousands of electric and regular bicycles, which will allow the expansion of the service in cities where the company already operates and in new locations in Brazil, as well as investments related to technology and innovation.

In addition to focusing on expansion and innovation, *Tembici* will collaborate with BNDES in developing programs aimed at smart cities. This effort will include sharing crucial information such as traffic data, location, climate, and pollution with public authorities. The partnership aims to optimize urban management and enhance the efficiency of mobility and sustainability systems in cities.

Below are some indicators and delivery estimates for *Tembici* regarding projects funded by the Climate Fund:

TABLE 25. INDICATORS RELATED TO PROJECTS SUPPORTED BY THE CLIMATE FUND - CLEAN TRANSPORT

Indicator	Delivery Estimate
Avoided greenhouse gas emissions – urban mobility	168,570 tCO2e by Dec/26
Cities served	18
Electric bicycles made available	8.884
Mechanical bicycles made available	19.114

Source: BNDES

68 BNDES, 2024. Principais Projetos Financiados
69 BNDES, 2024

Category 5 - Sustainable management of living and natural resources and land use



Context

Brazil is home to the greatest biodiversity on the planet, with natural forests covering 98% of the total forested area, which corresponds to 58.5% of the national territory⁷⁰. However, the country faces critical challenges in sustainably managing its living and natural resources and land use. With vast forest areas such as the Amazon and *Cerrado*, which play a crucial role in global climate regulation, Brazil must balance economic development with environmental conservation.



The goals for regularization of Indigenous Lands in Brazil have significant long-term impacts, both in protecting Indigenous peoples' rights and in environmental preservation. By ensuring the ownership and sustainability of these territories, the benefits extend beyond social

justice, as Indigenous presence is essential for protecting and restoring degraded areas, acting as a barrier against deforestation. Indigenous Lands play a vital role in forest preservation and climate change mitigation, contributing to the sustainable governance of Brazil's natural resources. Continuous monitoring of these areas, with protective actions and exclusive use, ensures environmental conservation and strengthens sustainable management of Brazil's biomes.

In addition, the government monitors Indigenous peoples' access to rights and public services, promoting social inclusion and justice for these communities. Programs focusing on sustainable agriculture, family farming, bioeconomy, and water resources benefit family farmers, traditional peoples, and local communities, with a special emphasis on women, promoting a more inclusive and sustainable economy. In the long term, these initiatives strengthen the

resilience of these communities in the face of environmental and socioeconomic challenges, while preserving the country's biodiversity and natural resources.

Beyond this, Brazil's long-term goals for family farming aim to strengthen the socio-productive structure of biodiversity chains, medicinal plants, and other traditional products. By supporting family farmers, traditional peoples, and communities, with a particular focus on women, Brazil seeks to ensure food security, generate income, and preserve production practices that respect the environment. These actions contribute to reducing rural inequalities and ensuring the long-term sustainability of natural resources.

The expected impacts of these actions are related to promoting a healthy, protected, and conserved environment, guaranteeing food sovereignty, and ensuring socio-environmental and climate justice. Category 5 is directly related to SDG 13 - Global Climate Action, SDG 14 - Life Below Water, and SDG 15 - Life on Land.

Relation between budget program and PPA 2024-2027

As shown in section 3.2 of the Allocation Report, the budget program lines reported in this category are presented below in Table 26:

Table 26. Budget programs reported in category 5

Budget Program		PPA Program	
20UF	Land Regularization, Protection and Management of Indigenous Territories	1617	Demarcation and Management of Indigenous Territories for Good Living, Sustainability and Facing the Climate Emergency
20ZU	Risk Reduction in Agricultural Activity	1144	Sustainable Agriculture
210V	Productive Structuring, Promotion and Strengthening of Family Farming and Agroecology	1191	Family farming and agroecology
210W	Support for economic organization and promotion of citizenship and the good living of rural women	1191	Family farming and agroecology
21B8	Sustainable development of the bioeconomy		
21BO	Multiethnic-cultural and social rights of indigenous peoples	5838	Multiethnic-Cultural and Social Rights for the Full Exercise of Citizenship and the Good Living of Indigenous Peoples
21DG	Hydro-environmental recovery in the watersheds in the area of operation of CODEVASF		
21FL	Policy management for indigenous peoples	5838	Multiethnic-Cultural and Social Rights for the Full Exercise of Citizenship and the Good Living of Indigenous Peoples
8593	Supporting the development of sustainable agricultural production		

Source: Sistema Integrado de Administração Financeira do Governo Federal (SIAFI)

PPA 2024-2027 Indicators

Below, in Table 27, are PPA indicators which are related to the PPA programs shown above, as well as their baseline and targets. This is a non-exhaustive list:

Table 27. Indicators related to category 5

PPA Program		Indicators	Baseline	2024 Target	2025 Target	2026 Target	2027 Target
1617	Demarcation and Management of Indigenous Territories for Good Living, Sustainability and Facing the Climate Emergency	Land Regularization Index for Indigenous Lands	67.38	68.46	69.58	70.72	71.42
		Number of indigenous lands served with protection, full possession and exclusive usufruct actions	-	101	109	116	123
1189	Bioeconomy for a new cycle of prosperity	Number of families in the target audience served with agroecological, socio-biodiversity and agro-industry initiatives, with environmental conservation and recovery of degraded areas	0	2,000	4,000	6,000	8,000
2321	Water Resources: Water in Quantity and Quality forever	Total area benefited by watershed revitalization actions -	-	45,821	173,568	426,315	666,915

Source: PPA 2024-2027

CATEGORY 6 – TERRESTRIAL AND AQUATIC BIODIVERSITY

Context



Brazil, which occupies nearly half of South America, is the country with the greatest biodiversity on the planet. It is home to more than 116 thousand known animal species and over 46 thousand known plant species, spread across six terrestrial biomes and three major marine ecosystems. Its diverse climatic zones contribute to the formation of distinct biomes, such as the Amazon Rainforest, the largest tropical rainforest in the world; the Pantanal, the largest floodplain; the *Cerrado*, with its savannas and woodlands; the Caatinga, formed by semi-arid forests; the Pampas grasslands; and the Atlantic Forest, a tropical humid forest⁷¹. Additionally, Brazil has an extensive coastline of 3.5 million km², encompassing ecosystems like coral reefs, dunes, mangroves, lagoons, estuaries, and swamps. Brazil's participation in international agreements, such as the Convention on Biological Diversity and the Kunming-Montreal Global Biodiversity Framework, reflects its responsibility to conserve this natural wealth.

The ongoing protection and restoration of natural areas are crucial for mitigating the environmental, social, and economic consequences of environmental degradation. Achieving the goals of preventing and combating wildfires is a critical measure for maintaining the integrity of ecosystems, which play an essential role in climate regulation, the water cycle, and biodiversity maintenance. Prolonged degradation of these areas without intervention can lead to the collapse of vital ecosystem services, such as pollination, water purification, and soil fertility maintenance, leading to environmental crises with irreversible impacts.

The protection of terrestrial and marine territories, alongside the restoration of native vegetation, represents a significant commitment to restoring degraded ecosystems, which is vital for combating climate change and preserving biodiversity. In the long term, these actions will help ensure the resilience of Brazil's biomes, promoting food, water, and energy security while contributing to sustainable development. However, gaps such as the lack of effective monitoring in some variables of the Ocean, Coastal Zone, and Antarctic program, or delays in achieving the goals of the Green Grant Program, could undermine the efficiency and impact of these conservation policies.

Preserving terrestrial and marine biomes is not just about protecting endangered species but maintaining a balance that sustains human life and economic activities in the country. Biodiversity protection programs, aligned with SDGs 13, 14, and 15, play an essential role in adapting to climate change, as biodiversity is crucial for mitigating its effects. The long-term outcomes of these policies will have a profound impact on environmental sustainability and the quality of life for future generations, consolidating Brazil as a global leader in biodiversity protection and climate action.

Relation between budget program and PPA 2024-2027

As show in in section 3.2 of the Allocation Report, the budget program in this category are shown in Table 28:

Table 28. Budget programs reported in category 6

Budget Program		PPA Program	
20UV	Promotion of scientific and technological research and development	6113	Ocean, coastal and Antarctic area
20VP	Support for environmental conservation and the eradication of extreme poverty - bolsa verde	1189	Bioeconomy for a new cycle of prosperity
20WM	Support for the creation, management and implementation of federal conservation units	6114	Protection and recovery of biodiversity and Combating deforestation and fires
214M	Wildfire Prevention and Control in Federal Priority Areas		
214N	Environmental control and inspection		
214P	Environmental inspection and prevention and fighting of forest fires		
215L	Promotion of research and development in science and technology of the sea, oceans and climate	2308	Consolidation of the National System of Science, Technology and Innovation – SNCTI
218D	Science, technology and innovation at the National Institute of the Atlantic Forest - INMA		

Source: Sistema Integrado de Administração Financeira do Governo Federal (SIAFI)

PPA 2024- 2027 Indicators

Below, in Table 29, are indicators related to the *PPA* programs presented above, as well as their baselines and targets. This is a non-exhaustive list:

Table 29. Indicators related to category 6

PPA Program		Indicators	Baseline	2024 Target	2025 Target	2026 Target	2027 Target
1189	Bioeconomy for a new cycle of prosperity	Number of families served by the Bolsa Verde program and other policies to promote sustainable productive activities	0	50,000	70,000	100,000	120,000
6114	Protection and Recovery of Biodiversity and Combating Deforestation and Fires	Percentage of terrestrial and marine territory protected	21	22	24	26	28
		Number of endangered species of fauna/flora with action plans or other instruments for conservation	1,853	1,860	1,870	1,880	1,890
		Area of native vegetation cover in recovery (hec)	0	187,500	375,000	750,000	1,500,000

Source: PPA 2024-2027

CATEGORY 8 - ADAPTATION TO CLIMATE CHANGE



Context

According to the Intergovernmental Panel on Climate Change (IPCC), even if greenhouse gas (GHG) concentrations are stabilized, their cumulative effects will continue to influence the behavior of the climate system. This implies that, in addition to mitigation efforts aimed at reducing emissions, it will be essential to implement adaptation measures on both global and national scales. Over the past ten years,

93% of Brazilian municipalities have experienced some form of natural disaster caused by extreme events. In response to these challenges, the National Adaptation Plan (PNA, from its acronym in Portuguese), formalized in 2016, aims to prepare the country to deal with the impacts of climate change by incorporating adaptation actions into various public policies and economic sectors⁷².

Brazil's commitment to creating and modernizing laboratories and research centers enhances the country's ability to generate innovations, strengthening its global competitiveness. Achieving the goals set in the Multi-Year Plan (PPA) by 2027, by expanding available infrastructure, will not only boost technological development but also foster innovation in strategic sectors such as clean energy, health, and agriculture, benefiting the country continuously.

Likewise, Disaster Risk Management is crucial for ensuring the resilience of Brazilian cities in the face of natural disasters, with long-term impacts. By improving municipalities'

⁷² <https://www.wribrasil.org.br/noticias/adaptacao-climatica-brasil-esta-pronto>

response capabilities and reducing the time needed to release resources for humanitarian assistance, Brazil will be better prepared to face the climate crisis. The implementation of adaptation actions in cities will also help mitigate the adverse effects of climate change, making communities safer and more sustainable in the future.

Adaptation to climate change is linked to two Sustainable Development Goals (SDGs): SDG 11 - Sustainable Cities and Communities and SDG 13 - Climate Action. Brazil's Nationally Determined Contribution (NDC) addresses climate change adaptation as an essential part of its national strategy, recognizing the country's vulnerability to extreme weather events such as droughts, floods, and rising sea levels.

Relation between budget program and PPA 2024-2027

As shown in section 3.2 of the Allocation Report, the budget program lines reported in this category are presented below in Table 30:

Table 30. Budget programs reported in category 8

Budget Program		PPA Program	
15P6	Expansion and modernization of infrastructure for the study of biodiversity, technological innovation and sustainability of Amazonian ecosystems in the face of global changes	2308	Consolidation of the National System of Science, Technology and Innovation
20UJ	Science, technology and innovation at the national institute of the semi-arid region - INSA		
20UR	Science, technology and innovation at the National Institute for Research in the Amazon - INPA		
20GB	Natural Disaster Monitoring and Warning - CEMADEN	2318	Risk and disaster management
8348	Support for Emergency Mitigation Works for Disaster Reduction		

Source: Sistema Integrado de Administração Financeira do Governo Federal (SIAFI)

PPA 2024-2027 Indicators

Below, in Table 31, are indicators related to the *PPA* programs presented above, as well as their baselines and targets. This is a non-exhaustive list:

Table 31. Indicators related to category 8

PPA Program		Indicators	Baseline	2024 Target	2025 Target	2026 Target	2027 Target
2318	Risk and disaster management	Proportion of municipalities in the "High" and "Advanced Intermediate" bands of the Municipal Capacity Index in Risk and Disaster Management (%)	40.93	41.35	42.00	43.00	44.00
		Adjusted average time between resource request and transfer of resources for humanitarian assistance	22.8	22.75	22.6	22.18	22.27
2308	Consolidation of the National System of Science, Technology and Innovation	Annual evolution of the provision of R&D infrastructure	3,756	4,500	5,400	6,480	7,776

Source: PPA 2024-2027

4.2 SOCIAL EXPENSES

This section presents the impact evaluation indicators for the social categories reported in the Allocation Report. As was done for the environmental categories, the aim was to provide indicators related to the programs of the Multi-Year Plan (PPA) to which the reported budgetary programs are linked.⁷³

CATEGORY 1.1 COMBATING POVERTY



Context

In recent years, Brazil has lifted 28 million people out of poverty and moved 36 million into the middle class⁷⁴. However, the country still faces the need to intensify efforts to combat poverty in order to promote effective social inclusion and reduce inequalities. Expanding income transfer programs and creating sustainable jobs are essential for improving living conditions and building a more robust social safety net.



The broad development agenda outlined in the Multi-Year Plan (PPA) has also focused on producing data and information for public policies, with an emphasis on providing updated data on low-income and vulnerable families to inform national policymaking. The combination of economic growth, effective public policies, and the strengthening of social safety nets has led to a significant reduction in the number of people living in extreme poverty in the country.

⁷³ For this report, only the programs from the PPA 2024-2027 were used. Thus, budget programs from 2023 that were not carried over into the 2024 Budget had their PPA programs adjusted to the numbering of the current PPA for continuity purposes.

⁷⁴ https://www.mds.gov.br/webarquivos/publicacao/brasil_sem_miseria/caderno_brasil_sem_miseria.pdf

Social category 1.1 is directly related to SDG 1 - No Poverty, and SDG 10 - Reduced Inequalities. Brazil has been making progress toward achieving these goals. Social welfare programs, the re-establishment of the Ministry of Social Development and Assistance, and the expansion of Bolsa Família to 21 million families have been crucial to the advances observed in recent years.⁷⁵

Relation between budget program and PPA 2024-2027

As shown in section 3.3 of the Allocation Report, the budget program lines reported in this category are shown in Table 32, below:

Table 32. Budget programs related to category 1.1

Budget Program		PPA Program	
00H5	Continuous Provision Benefits (BPC) for the elderly and Lifetime Monthly Income (RMV) by age	5131	Social Protection through the Unified Social Assistance System (SUAS)
00IN	Continuous Cash Benefits (BPC) for people with disabilities and monthly lifetime income (RMV) for disability		
219E	Basic social protection actions		
8442	Direct and conditional transfer of income to families benefiting from the Bolsa Família program	5128	Bolsa Família: Social Protection through Income Transfer and the Articulation of Public Policies

Source: Sistema Integrado de Administração Financeira do Governo Federal (SIAFI)

PPA 2024-2027 Indicators

Below, in Table 33, are indicators related to the PPA programs presented above, as well as their baselines and targets. This is a non-exhaustive list:

⁷⁵ [Relatório Luz, 2024](#)

Table 33. Indicators related to category 1.1

PPA Program		Indicators	Baseline	2024 Target	2025 Target	2026 Target	2027 Target
5131	Social Protection through the Unified Social Assistance System (SUAS)	Percentage of families with an income of up to 1/2 minimum wage enrolled in the Unified Registry, covered by CRAS units	68.2	69	71	72	73
		Average Concession Time (in days) for the BPC (PCD and Elderly)	164	133	101	70	70
		Percentage of municipalities with completion of the registration and monitoring systems of the requirements of Article 30 of the LOAS (Council, Fund and Social Assistance Plan)	40	50	75	85	95
5128	Bolsa Família: Social Protection through Income Transfer and the Articulation of Public Policies	Percentage of attendance of families with a PBF profile (ratio between the number of families benefiting from the PBF and the estimate of families with a PBF permanence profile, calculated based on the PNADC)	102.2	100	100	100	100

Source: PPA 2024-2027

CATEGORY 2. FOOD SECURITY AND SUSTAINABLE FOOD SYSTEM

Context



The country is the fourth-largest agricultural producer in the world, the third in exports, and the first in trade surplus in the sector. For Brazil, creating efficient, sustainable, and resilient food systems is essential to ensuring the Human Right to Adequate Food (*DHAA*) and providing healthy food at affordable prices and in adequate quantities for the entire population. Over the past few decades, the country has developed food systems where conventional agriculture, agroecology, and organic farming coexist⁷⁶.

Initiatives supporting food marketing for farmers, such as the Food Acquisition Program (*PAA*, from its acronym in Portuguese) and the National School Feeding Program (*PNAE*, from its acronym in Portuguese), have significant long-term impacts. By increasing social inclusion and strengthening family farming, these programs not only ensure a stable market for small producers but also contribute to food security and poverty reduction by providing food to populations facing food insecurity. The *PAA* stimulates local economies and promotes inclusion, while the *PNAE* ensures healthy school meals, improving children's performance and development, and supports family farming and sustainable practices.

Table 35. Indicators related to category 2

PPA Program	Indicators	Baseline	2024 Target	2025 Target	2026 Target	2027 Target
5133 Food and nutrition security and the fight against hunger	Percentage of family farmers registered in the Unified Registry (CAD Único) as suppliers to the PAA.	41	45	50	55	60

Source: PPA 2024-2027

76 https://www.unfoodsystemshub.org/docs/unfoodsystemslibraries/national-pathways/brazil/2023-07-20-caminhos-nacionais-ii-ptg.pdf?sfvrsn=7a4d06bd_1

These joint efforts promote social and economic development, improve the quality of life for vulnerable communities, and reinforce environmental sustainability, creating a solid foundation for ongoing progress and long-term resilience. This category is related to SDG 2 - Zero Hunger and Sustainable Agriculture.

Relation between budget program and PPA 2024-2027

As shown in section 3.3 of the Allocation Report, the budget program lines reported in this category are shown in Table 34, below:

Table 34. Budget programs reported in category 2

Budget Program	PPA Program
2792 Distribution of food to traditional population groups	5133 Food and nutritional security and fight against hunger
2798 Acquisition and distribution of food from family farming	

Source: Sistema Integrado de Administração Financeira do Governo Federal (SIAFI)

PPA 2024-2027 Indicators

Below, in Table 35, are indicators related to the PPA programs presented above, as well as their baselines and targets. This is a non-exhaustive list:

CATEGORY 5. ACCESS TO BASIC INFRASTRUCTURE



Context

The efficient provision of infrastructure services is a necessary condition for the economic and social development of a country, as it enhances growth, productivity, and competitiveness, while also reducing inequalities⁷⁷. Despite progress, Brazil still faces a gap in achieving levels of infrastructure investment comparable to various Latin American countries⁷⁸. Many regions in Brazil still lack access to essential services such as clean water and adequate sanitation, which directly affects public health and the quality of life of populations, especially in rural areas and urban peripheries.

National basic sanitation plans are fundamental for promoting sustainable development and improving the quality of life for the population. They guide public policies toward the universalization of drinking water services, sewage treatment, solid waste management, and urban drainage, ensuring that these essential rights are accessible to all. Effective implementation of these plans contributes to improved public health by preventing diseases related to inadequate sanitation, as well as promoting environmental preservation by efficiently treating and recycling water resources. Thus, national basic sanitation plans play a crucial role in reducing social inequalities and strengthening the country's basic infrastructure, contributing to a more

⁷⁷ https://repositorio.ipea.gov.br/bitstream/11058/11401/4/Concess%C3%B5es_e_Parcerias_Cap01.pdf

⁷⁸ https://repositorio.ipea.gov.br/bitstream/11058/11401/4/Concess%C3%B5es_e_Parcerias_Cap01.pdf

just and sustainable future.

The Brazilian government's efforts to improve risk and disaster management, ensure food and nutrition security, and promote the health of Indigenous populations have profound and lasting impacts. By strengthening the capacity to prevent, respond to, and recover from disasters, the country builds a more robust resilience against extreme weather events, reducing vulnerabilities and facilitating adaptation to climate change.

Simultaneously, by promoting sustainable food systems and prioritizing access to healthy food for vulnerable populations, Brazil improves public health and promotes food equity. Furthermore, by enhancing health and sanitation services to respect and integrate the traditional knowledge of Indigenous communities, the country strengthens the rights of these populations, ensuring dignity, cultural appreciation, and well-being, which contributes to the preservation of cultural identities and sustainable long-term development. Category 5 is related to SDG 6 - Clean Water and Sanitation.

Relation between budget program and PPA 2024-2027

As shown in section 3.3 of the Allocation Report, the budget program lines reported in this category are shown in Table 36, below:

Table 36. Budget programs reported in category 5

Budget Program		PPA Program	
00TK	Support for sustainable urban drainage and rainwater management systems in municipalities critical to recurrent flooding, flash flooding and flooding events	2318	Risk and disaster management
8865	Support for the execution of slope containment projects and works in urban areas		
00TN	Support for the implementation, expansion or improvements in water supply systems in municipalities with a population of more than 50 thousand inhabitants or municipalities that are part of metropolitan regions or integrated development regions	2322	Sanitation
00TO	Support for the implementation, expansion or improvement of sanitary sewage systems in municipalities with a population of more than 50 thousand inhabitants or municipalities that are part of metropolitan regions or integrated development regions		
20AG	Support for the management of basic sanitation systems in municipalities of up to 50 thousand inhabitants		
00UN	Support for the implementation, expansion, improvements or adaptation of water supply systems in areas where Codevasf operates	2321	Water Resources: Water in Quantity and Quality forever
11AA	Construction of the border dam		
14VI	Implementation of infrastructures for water security		
15XT	Implementation of water supply supply systems		
15XV	Construction of an integrated water supply system		
15ZK	Implementation of the Serido project		
162K	Implementation of the Sertão Baiano channel		
1851	Acquisition of equipment and/or implementation of water infrastructure works		
1N64	Implementation of the Pajeú pipeline in the states of Pernambuco and Paraíba		
21DD	Rehabilitation of dams and other water infrastructure		
5314	Implementation of the Baixo de Irecê public irrigation project		
7X91	Implementation of the Xingo Channel		
8948	Implementation of social technologies for access to water for human consumption and food production	5133	Food and nutrition security and the fight against hunger
21CJ	Basic sanitation in indigenous villages for the prevention of diseases and injuries	5122	Indigenous health

Source: Sistema Integrado de Administração Financeira do Governo Federal (SIAFI)

PPA 2024-2027 Indicators

Below, in Table 37, are indicators related to the PPA programs presented above, as well as their baselines and targets. This is a non-exhaustive list:

Table 37. Indicators related to category 5

PPA Program		Indicators	Baseline	2024 Target	2025 Target	2026 Target	2027 Target
2322	Sanitation	Percentage of urban households supplied with water by distribution network or by well or spring.	96.8	97.4	97.7	98	98.3
		Percentage of rural households supplied with water by distribution network or by well or spring.	72.9	74.6	76	77.4	78.7
		Percentage of urban households served by a collection network or septic tank for excreta or sanitary sewage.	83.3	85.1	85.9	86.8	87.7
		Percentage of rural households served by a collection network or septic tank for excreta or sanitary sewage.	38.7	40.7	43.8	47	50.1
2321	Water Resources: Water in Quantity and Quality forever	Number of municipalities with a low or critical Water Security Index (ISH) in the human dimension benefited from the expansion of water supply.	75	100	135	205	405
5122	Indigenous health	Number of indigenous villages benefited from drinking water supply infrastructure works.	96	60	130	205	286
5133	Food and nutrition security and the fight against hunger	Number of rural families in the Unified Registry without access to water	993,000	945,000	890,000	832,000	774,000

Source: PPA 2024-2027

5 Highlighted Initiative

As discussed in Chapter 3, category 1.1 **Combating Poverty** had a significant participation in the social expenses outlined in this report. In this category, the direct and conditional cash transfer to families benefiting from the *Bolsa Família* Program, budgetary program 8442, accounted for the largest allocation of resources backing both issuances, with amounts of R\$ 1.5 billion in the first issuance and R\$ 2.4 billion in the second issuance, representing 16% and 23% of each issuance, respectively. Nevertheless, given its broad scope, it is important to note that the data here do not necessarily reflect the impacts of the sovereign issuance.

5.1 PROGRAMA BOLSA FAMÍLIA

Context

Social protection programs based on cash transfers have been widely developed in various countries; however, in Latin America, such actions hold greater importance as they characterize a universalist policy, encompassing a large portion of the population that previously had no access to social protection. Brazil was one of the pioneers in developing cash transfer programs, having implemented several at the state and municipal levels during the early 1990s.



The *Bolsa Família* Program (*PBF*), created in 2003, is a conditional cash transfer program that consolidated other cash transfer initiatives such as *Bolsa-Escola*, *Bolsa-Alimentação*, and *Auxílio-Gás*, which previously existed at the subnational level. To access the program, a family must have a per capita income of up to R\$ 218 per month and must meet targets related to exercising social rights in the areas of health, education, food, and social assistance, implying shared responsibility from the family in seeking access to these services⁷⁹. The program considers that individuals earning less than R\$ 218 per month are living below the poverty line. This amount is approximately US\$ 38 and is at least eight times lower than Brazil's average per capita income, which reached R\$ 1,848 in 2023⁸⁰.

The *PBF* has two central objectives: (i) combating poverty through direct cash transfers to eligible families and (ii) developing human capital by requiring regular attendance of children linked to the program in educational institutions. The program also addresses other purposes that define a broad vision of citizenship, including requirements related to health and social assistance⁸¹. One of its requirements in this regard is health monitoring, such as vaccination and nutritional monitoring, which promotes inclusion and child development.

⁷⁹ MDS. [Bolsa Família](#).

⁸⁰ Secretaria de Comunicação Social (2024). [Renda média per capita no Brasil cresce 11,5% e atinge maior valor em 12 anos.](#)

⁸¹ [Trajetória do Bolsa Família e a recomposição das estratégias de superação da fome no Brasil \(2024\)](#)

Execution

In 2023, the program introduced innovations, including the Early Childhood Benefit, which allocates an additional R\$ 150 per month for children aged 0 to 7 years old; the Variable Family Benefit, which provides R\$ 50 for pregnant women, children, and adolescents aged 7 to 18 years old; and the Nursing Benefit, which grants R\$ 50 for babies up to six months of age. Additionally, rules were established to ensure that if the family's income increases due to the employment of any member, the benefit will not be lost as long as the family's per capita income remains at or below half of the minimum wage⁸². In cases where the family exceeds this income level and their inclusion in the program is suspended, there is a provision to guarantee their return to the benefit if the income source is lost within a period of two years⁸³.

For September 2024, the Bolsa-Família Program served over 20 million families, with an average benefit of R\$ 684.27, benefiting more than 54 million people⁸⁴.

Measurement

The improvement in income, health, and education conditions for beneficiaries of the Bolsa Família program is another element measured through indicators and targets of the *PPA* 2024-2027. In terms of education, the program aims to reduce school dropout rates by ensuring that children and adolescents attend school regularly, which contributes to better academic performance and breaks the cycle of poverty, with a target of achieving 80% educational monitoring by 2027 according to the *PPA*. In the area of health, the regular monitoring of children's health ensures that nutrition issues and preventable diseases are adequately tracked and treated, positively impacting the well-being and overall development of children. The *PPA* also sets a target of 80% health monitoring for children aged 0 to 7 and women beneficiaries of the *PBF* by 2027.

Acknowledgments

Throughout its existence, the program has lifted 3.4 million people out of extreme poverty and enabled another 3.2 million people to leave poverty by 2019⁸⁵. Notably, 64% of children and adolescents receiving the benefit in 2005 achieved sufficient income to leave the program by 2019⁸⁶. The program has also promoted increased school productivity among beneficiary children⁸⁷, reduced infant mortality rates⁸⁸, and enhanced protection against hunger and poverty⁸⁹.

National relevance

The *PBF* stands out as one of the most effective instruments for reducing extreme poverty, hunger, and inequality in Brazil, while also positively impacting variables related to education and health. Its coverage is among the top four of social policies implemented in Brazil, surpassed only by the Unified Health System (*SUS*), the Public Education System, and Social Security, demonstrating its robustness and reach across the territory. With its establishment, Brazil has become a reference point for other countries seeking to expand the implementation of public policies related to citizenship, social participation, and access to public rights for socially and economically vulnerable populations.

82 MDS (2023). [Informe Bolsa Família](#).
83 MDS (2023). [Informe Bolsa Família](#).
84 <https://mds.gov.br/monitora/>

85 IPEA (2019). [Bolsa Família reduz pobreza e desigualdade em 15 anos.](#)
86 Instituto Mobilidade e Desenvolvimento Social (2019)
87 IPEA (2013)
88 Plos Medicine (2021). [Conditional cash transfer program and child mortality: A cross-sectional analysis nested within the 100 Million Brazilian Cohort.](#)
89 FGV/IPEA (2023)



6 Recent Government Initiatives

In addition to the Sustainability Bonds, the Federal Government is implementing several other strategic initiatives that complement and increase the impact of its sustainability policies. These initiatives include developing national and regional programs that promote environmentally responsible practices, reduce greenhouse gas emissions, preserve biodiversity, and promote social justice.

The Federal Government has strongly committed to sustainable development by implementing several programs and strategies that promote ecological transformation and social inclusion in Brazil. These initiatives seek to align economic growth with environmental responsibility while addressing challenges such as social inequality and the urgency to promote decarbonization of the economy. Through this integrated approach, Brazil is tracing a path combining innovation, socioenvironmental responsibility, and the attraction of investment to build a more balanced and sustainable future.

By contextualizing these efforts, we can better understand how these public policies not only guide the country towards a more sustainable future but also create an environment conducive to attracting investment and promoting a more inclusive and resilient economy.

Figure 3 summarizes some of the key major initiatives, which will be detailed below.

Figure 3. RECENT GOVERNMENT INITIATIVES TIMELINE



Source: Own elaboration

Ecological transformation plan (Dec-23)⁹⁰

The Ecological Transformation Plan was launched in 2023, during the United Nations Climate Conference (COP 28), as a proposal to change the development model, seeking a national development project based on environmentally sustainable and socially fair principles. The objective of the plan is to stimulate investments that contribute to the environment and reduce social inequalities. The plan is structured in six axes, with investments expected mainly in infrastructure. The issuance of sustainable bonds was one of the actions set by the Plan.

⁹⁰ <https://www.gov.br/fazenda/pt-br/aceso-a-informacao/acoes-e-programas/transformacao-ecologica>



*Nova Indústria Brasil (Jan-24)*⁹¹

The *Nova Indústria Brasil* (New Industry Brazil program), launched in 2024, aims to boost the national industry by 2033, through subsidies, low-interest loans, federal investments, tax breaks, and special funds' investments. Among the program's missions are: bioeconomy, decarbonization, and energy transition and security; sustainable infrastructure, sanitation, housing and mobility; and sustainable digital and agro-industrial chains for food, nutritional, and energy security.

*Eco Invest Brazil (Feb-24)*⁹²



Eco Invest Brazil - Mobilization of Foreign Private Capital and Currency Hedge is a program created to promote the attraction of foreign private investments, necessary for the ecological transformation of Brazil. The initiative is part of the Ecological Transformation Plan and was established within the scope of the Climate Fund. It offers four sub-lines of credit aimed at national and foreign investors to achieve its objectives, adopting principles of good practices and climate, environmental, social and governance criteria.

*Brazilian Sustainable Taxonomy (Nov-24)*⁹³



The Brazilian Sustainable Taxonomy, which is under development, will consist in a “classification system for activities, assets or projects’ categories that contribute to the achievement of climate, environmental and social objectives, through specific criteria”. The taxonomy is an essential tool for identifying investments and directing resources to projects that effectively contribute to social and environmental sustainability. In doing so, it promotes transparency and confidence in the sustainable finance market, also facilitating integration with global markets.

The Brazilian Sustainable Taxonomy Action Plan⁹⁴, published in September 2023, proposes objectives, principles, safeguards and sectors aligned with economic sustainability. The taxonomy will reunite a review of the points addressed in the Action Plan, as well as civil society contributions collected through a public consultation process. The expectation is that a first version of the Sustainable Taxonomy will be released by November 2024, and after debates with society, its final version will be officially presented at the 2025 United Nations Climate Change Conference (COP-30), in Belém.

⁹¹ <https://www.gov.br/mdic/pt-br/assuntos/noticias/2024/janeiro/nova-industria-brasil-e-marco-para-a-retomada-do-setor>

⁹² <https://www.gov.br/tesouronacional/pt-br/fomento-ao-investimento>

⁹³ <https://www.gov.br/fazenda/pt-br/orgaos/spe/taxonomia-sustentavel-brasileira>

⁹⁴ [Ministério da Fazenda. Plano de Ação.](#)



Brazil 2050 Strategy⁹⁵

The proposal of the National Long-Term Strategy (Brazil 2050 Strategy) aims to provide strategic guidelines to reduce social and regional inequalities, address climate change, ensure sustainable and inclusive development, and promote investments in all sectors and sizes of companies. The launch will take place in 2025.



Climate Plan⁹⁶

The National Climate Change Plan (*Plano Clima*), whose mandate and guidelines were established through CIM Resolution No. 3/2023, will be the instrument of the National Climate Change Policy (*PNMC*)⁹⁷ that will consolidate the strategies, plans, and goals of the Federal Executive Branch for achieving the objectives of the PNMC and for reaching the targets of Brazil's Nationally Determined Contribution (NDC). The Climate Plan will cover the period from 2024 to 2035 and will consist of at least: the National Mitigation Strategy, Sectoral Mitigation Plans, the National Adaptation Strategy, and Sectoral Adaptation Plans. The documents that will make up the Climate Plan are being prepared and are expected to be published in the first half of 2025. The plan will serve as a guide for Brazil's climate policy in the coming years, outlining strategies for the country to reduce its greenhouse gas (GHG) emissions and establishing actions for adapting to the impacts of climate change.

Other actions and programs

Among other actions and programs developed by the Federal Government, a bill⁹⁸ regulating the Brazilian Emissions Trading System (SBCE)⁹⁹ was submitted to the National Congress, as a result of the combined efforts of many ministries to develop carbons market regulations in the country. Also in 2023, several environmental issues were addressed in the Tax Reform regulation bills, following the government's perspective of using tax instruments and tax incentives to promote environmental solutions and reduce fossil fuel consumption¹⁰⁰.

Brazil also has a pioneering socio-environmental financial market regulation represented by the environmental agenda of the Central Bank (BC) and the *Comissão de Valores Imobiliários (CVM)*. As the National Financial System (SFN) regulator, the Central Bank, aligned with other central banks and with the best practices of the global sustainability agenda, has established a series of standards and measures related to the topic, such as the establishment of the Social and Environmental Responsibility Policy of the Central Bank of Brazil (*PRSA*, from its acronym in Portuguese)¹⁰¹. The CVM, the securities market

⁹⁵<https://www.gov.br/planejamento/pt-br/assuntos/noticias/2024/mpo-apresentara-ate-julho-de-2025-o-planejamento-de-longo-prazo-para-o-brasil>

⁹⁶<https://www.gov.br/mma/pt-br/composicao/smc/plano-clima>

⁹⁷ Law n. 12.187/2009.

⁹⁸ Presented as a substitute for Bill No. 412/2022.

⁹⁹ [Sistema Brasileiro de Comércio de Emissões \(SBCE\)](#).

¹⁰⁰ USP News. [Projeto da Reforma Tributária apresenta diversas questões ambientais](#).

¹⁰¹ Central Bank Sustainability. [Sustentabilidade](#).

regulatory body, has a strong role in promoting sustainable finance in the capitals market, through policies and resolutions¹⁰². By CVM Resolution No. 193, for instance, Brazil was the first country to adopt the international standard of the International Sustainability Standards Board (ISSB) as a reference for the preparation and disclosure of financial information reports related to sustainability¹⁰³.

Furthermore, the publication of *COFLEX*¹⁰⁴ Resolution No. 80 in December 2023, expanding states and municipalities' access to resources from international development banks to finance projects linked to sustainability, also reflects the importance of the environmental and climate agenda for the Federal Government. This standard was established to achieve strategic objectives related to tackling the climate crisis, fighting environmental degradation and biodiversity loss, thus contributing to reducing the gap in investments of this nature for subnational entities¹⁰⁵.

102 Comissão de Valores Mobiliários.

103 Comissão de Valores Mobiliários. [Brasil é 1º país no mundo a adotar relatório de informações financeiras relacionadas à sustentabilidade emitidas pelo ISSB.](#)

104 External Financing Commission (COFLEX, from its acronym in Portuguese). This is a Federal Government commission responsible for evaluating projects and programs receiving external funding from multilateral and bilateral organizations.

105 Agência Gov. [MPO quer ampliar recursos para estados e municípios enfrentarem desafios ambientais.](#)





Disclaimer

The information and opinions contained in this Allocation and Impact Report are provided as of the date of this Allocation and Impact Report and are subject to change without notice. Brazil, its controlled entities or any of their respective affiliates assume any responsibility or obligation to update or revise any such statements, regardless of whether those statements are affected by the results of new information, future events, projects developments and/or contingencies or otherwise. This Allocation and Impact Report is not intended to, nor can it be relied on, to create legal relations, rights or obligations. This Allocation and Impact Report may contain or incorporate by reference public information not separately reviewed, approved or endorsed by Brazil or any of its affiliates and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Brazil or any of its affiliates as to the fairness, accuracy, reasonableness or completeness of such information.

This Allocation and Impact Report may contain “forward-looking statements” about future events and expectations. Forward-looking statements are generally identified through the inclusion of words such as “aim,” “anticipate,” “believe,” “drive,” “estimate,” “expect,” “goal,” “intend,” “may,” “plan,” “project,” “strategy,” “target” and “will” or similar statements or variations of such terms and other similar expressions. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Allocation and Impact Report. No assurance can be given that any goal or plan set forth in forward-looking statements in this Allocation and Impact Report can or will be achieved, and readers are cautioned

not to place undue reliance on such statements which speak only as of the date of the Allocation and Impact Report, and none of Brazil, any of its controlled entities or any of their respective affiliates undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made.

This Allocation and Impact Report is provided for information purposes only and does not constitute a recommendation regarding the purchase, sale, subscription or other acquisition or disposal of any debt or other securities of Brazil, any member of Brazil or any securities backed by a security or insurance product of Brazil. This Allocation and Impact Report is not and is not intended to be, and does not form part of or contain an offer to sell or an invitation to buy, or a solicitation of any offer or invitation to buy, any securities. If any such offer or invitation is made, it will be done pursuant to separate and distinct documentation (the “Offering Documents”) and any decision to purchase or subscribe for any securities pursuant to such offer or invitation should be made solely on the basis of such Offering Documents and not these materials. Prospective investors should make their own independent investigations and appraisals of the business and financial condition of Brazil and its controlled entities and the nature of the securities before taking any investment decision with respect to securities of Brazil.

This Allocation and Impact Report is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution.

ANNEX 1 - AMOUNT ALLOCATED BY BUDGET PROGRAM AND MINISTRY IN THE 1ST AND 2ND ISSUANCES (R\$ MILLION)

Below, it is possible to check the budget programs and amounts allocated by Ministry and by category, both in the first and second issuances:

First Issuance

Ministry	Category	Budget program		Amount Allocated 1st issue (R\$ million)
Environmental				
Ministry of Agriculture and Livestock (MAPA)	5. Sustainable management of living and natural resources and land use	20ZU	Risk Reduction in Agricultural Activity	0.8
		210V	Productive Structuring, Promotion and Strengthening of Family Farming and Agroecology	57.1
		21B8	Sustainable development of the bioeconomy	2.5
		8593	Supporting the development of sustainable agricultural production	0.8
Ministry of Science, Technology and Innovation (MCTI)	1.1 GHG Emissions Control	20V9	Monitoring of Land Cover and the Risk of Burnings and Forest Fires (INPE)	6.1
		20VA	Support for Studies and Research and Development Projects Related to Climate Change	1.6
	6. Terrestrial and aquatic biodiversity	20UV	Promotion of Research and Development in Science and Technology of the Sea, Oceans and Climate	1.1
		20V9	Monitoring of Land Cover and the Risk of Burnings and Forest Fires (INPE)	1.0
		215L	Promotion of scientific and technological research and development	2.2
		218D	Science, technology and innovation at the National Institute of the Atlantic Forest - INMA	0.3
	8. Adaptation to climate change	15P6	Expansion and modernization of infrastructure for the study of biodiversity, technological innovation and sustainability of Amazonian ecosystems in the face of global changes	5.4
		20GB	- Natural Disaster Monitoring and Warning - CEMADEN	30.7
		20UJ	Science, technology and innovation at the national institute of the semi-arid region - INSA	0.4
		20UR	Science, technology and innovation at the National Institute for Research in the Amazon - INPA	1.9
		20VA	Support for Studies and Research and Development Projects Related to Climate Change	2.9
Ministry of Integration and Regional Development (MIDR)	5. Sustainable management of living and natural resources and land use	21DG	Hydro-environmental recovery in the watersheds in the area of operation of CODEVASF	22.6
	8. Adaptation to climate change	8348	Support for Emergency Mitigation Works for Disaster Reduction	8.8
Ministry of Agrarian Development and Family Agriculture (MDA)	5. Sustainable management of living and natural resources and land use	210V	Productive Structuring, Promotion and Strengthening of Family Farming and Agroecology	23.6
		210W	Support for economic organization and promotion of citizenship and the good living of rural women	0.2
		21B8	Sustainable development of the bioeconomy	1.8
Ministry of Environment and Climate Change (MMA)	6. Terrestrial and aquatic biodiversity	20VP	Support for environmental conservation and the eradication of extreme poverty - Bolsa Verde	86.6
		20WM	Support for the Creation, Management and Implementation of Federal Conservation Units	308.2
		214M	Wildfire Prevention and Control in Federal Priority Areas	100.6
		214N	Environmental control and inspection	264.9
		214P	Environmental inspection and prevention and fighting of forest fires	196.8
Ministry of Indigenous Peoples	5. Sustainable management of living and natural resources and land use	20UF	Land Regularization, Protection and Management of Indigenous Territories	167.9
		21BO	Multiethnic-cultural and social rights of indigenous peoples	68.6
		21FL	Policy management for indigenous peoples	31.6
Social				
Ministry of Social Development and Fight against Hunger (MDS)	1.1 Fighting poverty	00H5	Continuous Provision Benefits (BPC) for the elderly and Lifetime Monthly Income (RMV) by age	592.5
		00IN	Continuous Cash Benefits (BPC) for people with disabilities and monthly lifetime income (RMV) for disability	752.1
		219E	Basic social protection actions	18.0
		8442	Direct and conditional transfer of income to families benefiting from the Bolsa Familia program	1,522.4
	2. Food security and sustainable food systems	2792	Distribution of food to traditional and specific population groups	152.9
		2798	Acquisition and distribution of food from family farming	808.7
Total				5,243.7

ANNEX 1 - AMOUNT ALLOCATED BY BUDGET PROGRAM AND MINISTRY IN THE 1ST AND 2ND ISSUANCES (R\$ MILLION)

Second Issuance

Ministry	Category	Budget program		Amount Allocated 2st issue (R\$ million)
Social				
Ministry of Social Development and Fight against Hunger (MDS)	1.1 Fighting poverty	00H5	Continuous Provision Benefits (BPC) for the elderly and Lifetime Monthly Income (RMV) by age	616.9
		00IN	Continuous Cash Benefits (BPC) for people with disabilities and monthly lifetime income (RMV) for disability	783.0
		219E	Basic social protection actions	18.7
		8442	Direct and conditional transfer of income to families benefiting from the Bolsa Família program	2,479.1
	5. Access to basic infrastructure	8948	Implementation of social technologies for access to water for human consumption and food production	113.4
Ministry of Integration and Regional Development (MIDR)	5. Access to basic infrastructure	00TK	Support for sustainable urban drainage and rainwater management systems in municipalities critical to recurrent flooding, flash flooding and flooding events	8.5
		00TN	Support for the implementation, expansion or improvements in water supply systems in municipalities with a population of more than 50 thousand inhabitants or municipalities that are part of metropolitan regions or integrated development regions	8.1
		00TO	Support for the implementation, expansion or improvement of sanitary sewage systems in municipalities with a population of more than 50 thousand inhabitants or municipalities that are part of metropolitan regions or integrated development regions	35.6
		00A	Support for the implementation, expansion, improvements or adaptation of water supply systems in areas where Codevasf operates	0.3
		11AA	Construction of the border dam	27.5
		14VI	Implementation of infrastructures for water security	25.8
		15XT	Implementation of water supply supply systems	7.4
		15XV	Construction of an integrated water supply system	6.0
		15ZK	Implementation of the Serido project	4.0
		162K	Implementation of the Sertão Baiano channel	0.0
		1851	Acquisition of equipment and/or implementation of water infrastructure works	11.8
		1N64	Implementation of the Pajeú pipeline in the states of Pernambuco and Paraíba	3.3
		21DD	Rehabilitation of dams and other water infrastructure	14.0
		5314	Implementation of the Baixo de Irecê public irrigation project	1.7
		7X91	Implementation of the Xingo Channel	1.1
		8865	Support for the execution of slope containment projects and works in urban areas	7.6
Ministry of Health	5. Access to basic infrastructure	20AG	Support for the management of basic sanitation systems in municipalities of up to 50 thousand inhabitants	1.8
		21CJ	Basic sanitation in indigenous villages for the prevention of diseases and injuries	39.1
Ministry of Cities	5. Access to basic infrastructure	00TK	Support for sustainable urban drainage and rainwater management systems in municipalities critical to recurrent flooding, flash flooding and flooding events	17.7
		00TN	Support for the implementation, expansion or improvements in water supply systems in municipalities with a population of more than 50 thousand inhabitants or municipalities that are part of metropolitan regions or integrated development regions	24.1
		00TO	Support for the implementation, expansion or improvement of sanitary sewage systems in municipalities with a population of more than 50 thousand inhabitants or municipalities that are part of metropolitan regions or integrated development regions	62.4
		20AG	Support for the management of basic sanitation systems in municipalities of up to 50 thousand inhabitants	1.1
		8865	Support for the execution of slope containment projects and works in urban areas	10.8
Total				4,330.8

ANNEX 2 - ASSOCIATION BETWEEN BUDGET PROGRAMS AND ELIGIBLE EXPENSES

In this Annex, the association between the budgetary programs and the eligible expenses related to the environmental and social categories is presented, along with the total amount paid during the considered timeframe (January 2023 to July 2024).

It is important to note that, in some cases, the amounts allocated do not correspond to the total amount paid in the considered timeframe. This can happen when the entire budget program has not been deemed eligible or when the amount is greater than what is required to be allocated. For a complete monthly overview by budget plan (PO), see Annex 3, available in Excel.

Budget Programs	Environmental Eligible Expenses - Categories 1 to 5									Total Jan23 - Jul24
	A11010	A50010	A50130	A50150	A50171	A50172	A50180	A50190	A50200	
	Monitoring, Reporting and Verification, as well as disclosure and estimation of Greenhouse Gas (GHG) emissions and their reduction	Sustainable agriculture practices and climate smart farming that prevent or minimize the degradation of soil, ecosystems or habitat loss, or that promote soil carbon sequestration	Implementation of Agricultural Climate Risk Zoning	Sustainable use of natural resources in production chains based on biodiversity	Valuing rural communities, their products, services and processes related to social-biodiversity, related to: ϕ Projects to identity and visibility of products and rural communities	Valuing rural communities, their products, services and processes related to social-biodiversity, related to: ϕ Registration, management and dissemination of knowledge, techniques, and traditional and scientific knowledge	Projects that enable participation of family farming in renewable energy	Projects for areas belonging to indigenous peoples and traditional peoples and communities ¹²⁸ , including demarcation and restoration of areas;	Revitalization of Hydrographic Basins - Water production and retention in their natural environments with a focus on Sustainable Development.	
1.1 Greenhouse Gas (GHG) Emissions Control	7.77									7.77
20V9 Monitoring of Land Cover and Wildfire and Forest Fire Risk (INPE)	6.14									6.14
20VA Support for Studies and Research and Development Projects Related to Climate Change	1.63									1.63
5. Sustainable management of living and natural resources and land use		0.80	0.84	1.63	81.95	0.59	1.00	268.12	22.60	377.53
20UF Land Regularization, Protection and Management of Indigenous Territories								167.91		167.91
20ZU Risk Reduction in Agricultural Activity			0.84							0.84
210V Productive Structuring, Promotion and Strengthening of Family Farming and Agroecology				1.63	78.39	0.59	0.04			80.64
210W Support for economic organization and promotion of citizenship and welfare of rural women					0.18					0.18
21B8 Sustainable development of the bioeconomy					3.37		0.96			4.34
21BO Multiethnic-cultural and social rights of indigenous peoples								68.64		68.64
21DG Hydro-environmental recovery in the hydrographic basins in the area of operation of CODEVASF									22.60	22.60
21FL Policy management for indigenous peoples								31.57		31.57
8593 Supporting the development of sustainable agricultural production		0.80								0.80

ASSOCIATION BETWEEN BUDGET PROGRAMS AND ELIGIBLE EXPENDITURES - ENVIRONMENTAL CATEGORIES

Budget Programs	Environmental Eligible Expenses - Categories 6 to 8								Total jan23 - jul24	
	A60020	A60040	A60050	A60060	A60062	A60090	A60100	A80010		A80040
	Creation, operation and maintenance of land and marine Conservation Units	Prevention and fight against forest fires	Improvement of the inspection process for compliance with environmental legislation, including remote monitoring technologies	Combating deforestation	Combating deforestation, related to: Environmental monitoring and control	Research and development of conservation technologies and strategies	Implementation of the “Bolsa Verde”	Surveys, studies, and mechanisms for prevention and alerts of extreme weather events, focusing on the construction of the adaptive capacity of vulnerable communities	Development and improvement of methods for assessing the efficiency of resilience, adaptive capacity and productivity of sustainable systems, practices, products and production processes	
6. Terrestrial and aquatic biodiversity	308.21	297.45	242.77	22.12	1.00	3.50	86.64			961.69
20UV Promotion of Research and Development in Science and Technology of the Sea, Oceans and Climate						1.06				1.06
20V9 Monitoring of Land Cover and Wildfire and Forest Fire Risk (INPE)					1.00					1.00
20VP Support for environmental conservation and the eradication of extreme poverty - Bolsa Verde							86.64			86.64
20WM Support for the Creation, Management and Implementation of Federal Conservation Units	308.21									308.21
214M Wildfire Prevention and Control in Federal Priority Areas		100.62								100.62
214N Environmental control and monitoring			242.77	22.12						264.88
214P Environmental inspection and prevention and fighting of forest fires		196.83								196.83
215L Promotion of scientific and technological research and development						2.16				2.16
218D Science, technology and innovation at the National Institute of the Atlantic Forest - INMA						0.28				0.28
8. Adaptation to climate change								42.72	7.34	50.06
15P6 Expansion and modernization of infrastructure for the study of biodiversity, technological innovation and sustainability of Amazonian ecosystems in the face of global changes									5.44	5.44
20GB Natural Disaster Monitoring and Warning - CEMADEN								30.72		30.72
20UJ Science, technology and innovation at the national institute of the semi-arid region - INSA								0.38		0.38
20UR Science, technology and innovation at the National Institute for Research in the Amazon - INPA									1.90	1.90
20VA Support for Studies and Research and Development Projects Related to Climate Change								2.88		2.88
8348 Support for Emergency Mitigation Works for Disaster Reduction								8.75		8.75

ANNEX 2 - ASSOCIATION BETWEEN BUDGET PROGRAMS AND ELIGIBLE EXPENDITURES - SOCIAL CATEGORIES

Budget Programs		Social Eligible Expenses - Categories 1 to 2					Total jan23-jul24
		S11010	S11020	S11030	S20010	S20020	
		Financial assistance through direct cash transfers for families living in situation of poverty or extreme poverty linked to the Single Registry of the Federal Government ¹³⁹ , as defined in the section of target population	Financial assistance for the elderly (65 years old or older) and people with disabilities	Basic Social Protection Actions of the Unified Social Work System ("SUAS")	<ul style="list-style-type: none"> • Healthy and nutritious food service programs including the purchase and distribution of food as well as food subsidies to target population: ◊ Population experiencing food or nutrition insecurity; ◊ Students of public schools; ◊ Traditional communities, including quilombolas, people living from extractivism and indigenous people. 	Finance activities of the National Food and Nutrition Security System ("SISAN") to increase food security	
1.1 Fighting poverty		169,142.65	149,395.59	1,995.46			320,533.69
00H5	Continuous Provision Benefits (BPC) for the elderly and Lifetime Monthly Income (RMV) by age		65,833.73				65,833.73
00IN	Continuous Cash Benefits (BPC) for people with disabilities and monthly lifetime income (RMV) for disability		83,561.85				83,561.85
219E	Basic social protection actions			1,995.46			1,995.46
8442	Direct and conditional transfer of income to families benefiting from the <i>Bolsa Família</i> program	169,142.65					169,142.65
2. Food security and sustainable food systems					1,193.89	225.79	1,419.68
2792	Distribution of food to traditional and specific population groups					225.79	225.79
2798	Acquisition and distribution of food from family farming				1,193.89		1,193.89

ANEXO 2 - ASSOCIATION BETWEEN BUDGET PROGRAMS AND ELIGIBLE EXPENDITURES - SOCIAL CATEGORIES

Budget Programs	Social Eligible Expenses - Category 5							Total jan23-jul24
	S51040	S52010	S52020	S52040	S52050	S52070	S52080	
	Concessions and Public-Private Partnerships with a focus on Sustainable Development	Expansion of access and efficacy of water supply, sewage, urban cleaning and solid waste management services for families living in situation of poverty or extreme poverty, informal settlements or households not yet connected to the service network	Projects/interventions that will guarantee the supply of water with sufficient and appropriate quality and quantity for human supply and multiple uses	Sustainable urban drainage and rainwater management systems in critical municipalities ¹⁴⁸ subject to recurring events of floods and overflows	Containment of slopes in urban areas	Support for the implementation, expansion or improvement of water supply systems in municipalities in the semi-arid region	Promotion of access to water for human consumption and for food production through the implementation of simple and low-cost social technologies (such as cisterns) for low-income rural families affected by drought or regular lack of water, with priority given to traditional peoples and communities	
5. Access to basic infrastructure	5.39	540.56	300.40	82.05	57.60	17.47	356.01	1,359.49
00TK Support for sustainable urban drainage and rainwater management systems in municipalities critical to recurrent flooding, flash flooding and flooding events				82.05				82.05
00TN Support for the implementation, expansion or improvements in water supply systems in municipalities with a population of more than 50 thousand inhabitants or municipalities that are part of metropolitan regions or integrated development regions		101.05						101.05
00TO Support for the implementation, expansion or improvement of sanitary sewage systems in municipalities with a population of more than 50 thousand inhabitants or municipalities that are part of metropolitan regions or integrated development regions		307.69						307.69
00UN Support for the implementation, expansion, improvements or adaptation of water supply systems in areas where Codevasf operates			0.89					0.89
11AA Construction of the <i>Fronteiras</i> dam			86.26					86.26
14VI Implementation of infrastructures for water security			80.92					80.92
15XT Implementation of water supply systems			23.34					23.34
15XV Construction of an integrated water supply system			17.54			1.15		18.69
15ZK Implementation of the <i>Serido</i> project						12.67		12.67
162K Implementation of the <i>Sertão Baiano</i> channel						0.06		0.06
1851 Acquisition of equipment and/or implementation of water infrastructure works			37.18					37.18
1N64 Implementation of the Pajeú pipeline in the states of Pernambuco and Paraíba			10.24					10.24
20AG Support for the management of basic sanitation systems in municipalities of up to 50 thousand inhabitants		9.08						9.08
21CJ Basic sanitation in indigenous villages for the prevention of diseases and injuries		122.75						122.75
21DD Rehabilitation of dams and other water infrastructure			44.04					44.04
5314 Implementation of the <i>Baixio de Irecê</i> public irrigation project	5.39							5.39
7X91 Implementation of the Xingo Channel						3.59		3.59
8865 Support for the execution of slope containment projects and works in urban areas					57.60			57.60
8948 Implementation of social technologies for access to water for human consumption and food production							356.01	356.01

ANEXO 3 - RAI 2024 - Base de Dados

A complete and detailed database on allocation is consolidated in an Excel spreadsheet available online.

Please visit: https://sisweb.tesouro.gov.br/apex/f?p=2501:9:::9:P9_ID_PUBLICACAO_ANEXO:23797

ANNEX 4 - EXTERNAL REVIEW

The external review of this report was conducted by Morningstar Sustainalytics.

Below is their conclusion:

“Based on the limited assurance procedures conducted, nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework. The Republic of Brazil disclosed to Sustainalytics that 60.12% of the proceeds from the Global 2031 Bond and 40% of the proceeds from the Global 2032 Bond were allocated as of November 2023 and June 2024, respectively. The Republic of Brazil intends to allocate the remaining 39.88% of the proceeds from the Global 2031 Bond and 60% of the proceeds from the Global 2032 Bond by the end of November 2025 and June 2026, respectively.”

To read the full report, please visit: https://sisweb.tesouro.gov.br/apex/f?p=2501:9:::9:P9_ID_PUBLICACAO_ANEXO:23762