

Brazil's Sovereign Sustainable Bonds

2025 Allocation and Impact Report

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Sovereign Sustainable Finance Committee
National Treasury Secretariat
Ministry of Finance
(CFSS)

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This document was prepared by the Federative Republic of Brazil, through the Sovereign Sustainable Finance Committee (CFSS), 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 the Environment and Climate Change*
- *Federal Budget Secretariat, Ministry of Planning and Budget*



Forward by the CFSS

We are pleased to present the second Allocation and Impact Report (RAI, from its acronym in Portuguese) on the first two issuances of sovereign sustainable bonds by the Federative Republic of Brazil in November 2023 and June 2024, under the scope of Brazil's Sovereign Sustainable Bond Framework. Together, the issuances raised US$4 billion, an amount equivalent to R$20.45 billion.

This report fulfills the commitment established in Brazil's Sovereign Sustainable Bond Framework to report the total equivalent amount of the first issuance within two years after the bond's issuance, reporting an amount equivalent to 60% of the net proceeds raised in environmental expenses and 40% in social expenses. In addition, in relation to the second issuance, 25.2% in environmental expenses are added to the 40% already reported for social expenses, leaving 34.8% to be reported until June 2026.

In terms of impact, the report advances in relation to the previous year, presenting the indicators of the medium-term strategy for the country, set out in the Federal Government's Multi-Year Plan, measured for the year 2024. In the case of the indicators for projects related to the National Fund on Climate Change (Climate Fund), most of them still need to be measured, as they are still in progress.

Among the main highlights in the environmental field is the allocation of resources to initiatives aimed at preserving biodiversity, an essential policy for protecting natural environments and of crucial importance for Brazil. Substantial resources have also been allocated to sustainable resource management and land use, mainly related to indigenous health. Within the scope of the Climate Fund, renewable energy projects stand out, promoting the country's energy transition.

Brazil reaffirms its commitment to strengthening sustainable finance, promoting transparency, and improving the disclosure of the socio-environmental impacts of resources raised through sustainable bonds, which play a decisive role in achieving the country's climate and social goals. The government, through the CFSS, will continue to drive the climate finance agenda and mobilize society to address, in an integrated and proactive manner, the challenges of the transition to a more inclusive and sustainable future.

Sovereign Sustainable Finance Committee
(Comitê de Finanças Soberanas Sustentáveis - CFSS)



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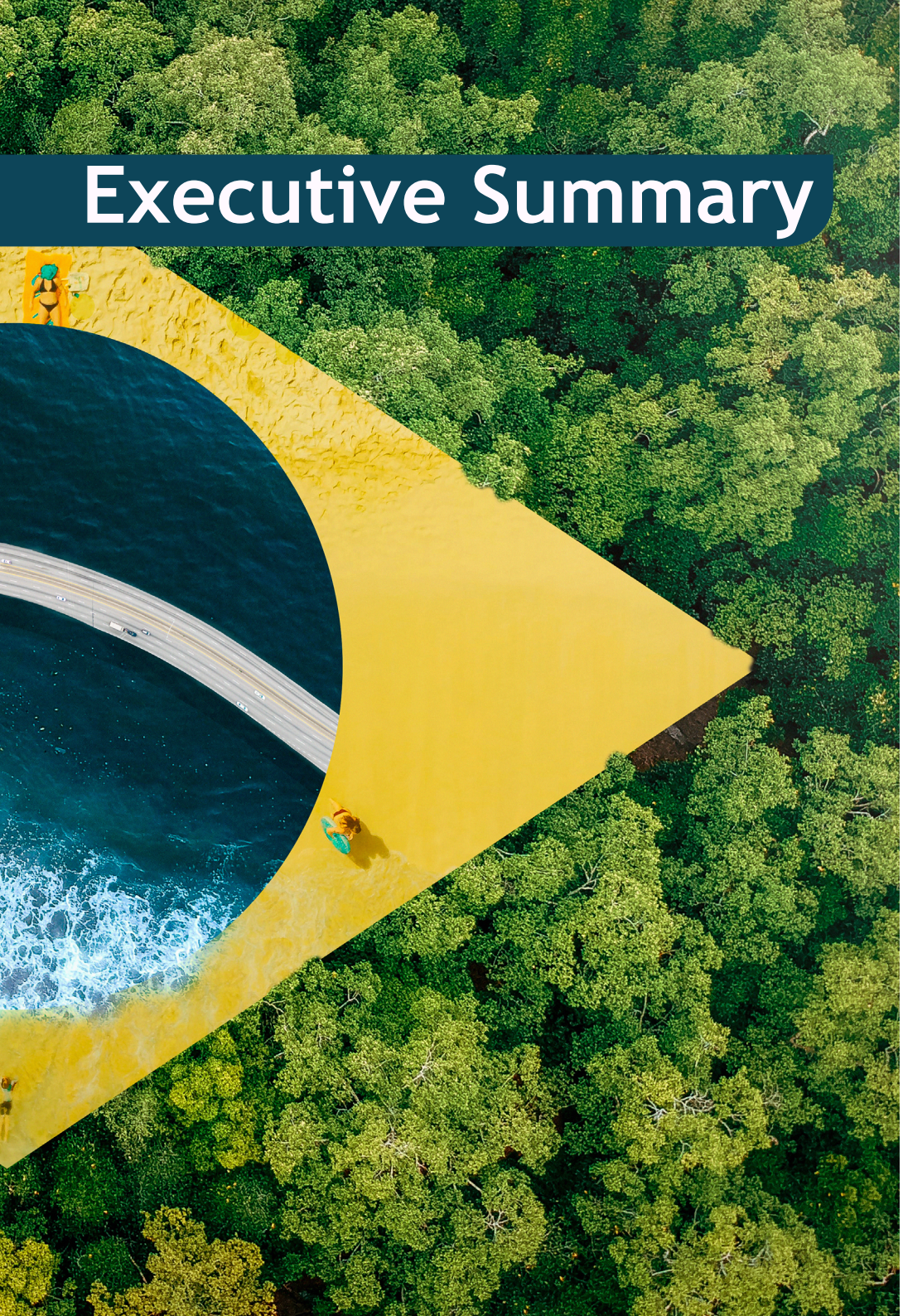
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Executive Summary

Since the publication of the Brazil's Sovereign Sustainable Bond Framework in October 2023, Brazil has established its presence in the international thematic bond market with three successful issuances , the last one having taken place only a few days prior to the publication of this report. Due to this, the last issuance is not reported in the current document. The first issuance, the Global 2031 bond, took place in November 2023 and resulted in net proceeds of US$ 1.97 billion (R$ 9.62 billion). The second, the Global 2032 bond, took place in June 2024 and resulted in net proceeds of US$ 1.97 billion (R$ 10.83 billion). Therefore, Brazil reaffirms its commitment to maintaining a consistent presence in the thematic bond market, reinforcing its sustainable financing strategy and alignment with international best practices.

In accordance with the "Use of Proceeds" section of the Framework and with a view to providing transparency for the allocation of an equivalent amount (virtual allocation)[1] of the net proceeds from Brazil's first two sustainable bond issuances, this report discloses the amounts disbursed by type of benefit (environmental/social), by eligible category, by time frame (indicating whether they are recent expenses, incurred before the issuance, or current/future expenses, incurred after the issuance), and by nature of the expense (current expenses/investments/financial investments). In this way, the Allocation and Impact Report 2025 reinforces the Brazilian government's commitment to leading with transparency and maintaining a high standard of annual disclosure, reconciling innovation with compliance with best market practices, such as the principles of the International Capital Market Association (ICMA)[2].

In addition, the report provides impact indicators associated with the activities and expenses reported in the allocation of resources, with their 2024 results, when available.

With regard to allocations, the report refers to the amounts paid[3] in eligible

1 Equivalent value allocation (virtual allocation) is carried out based on proof that liquid resources equivalent to the value of the bond issued have been/will be allocated to eligible expenses, without direct linkage and without constituting a new budget source

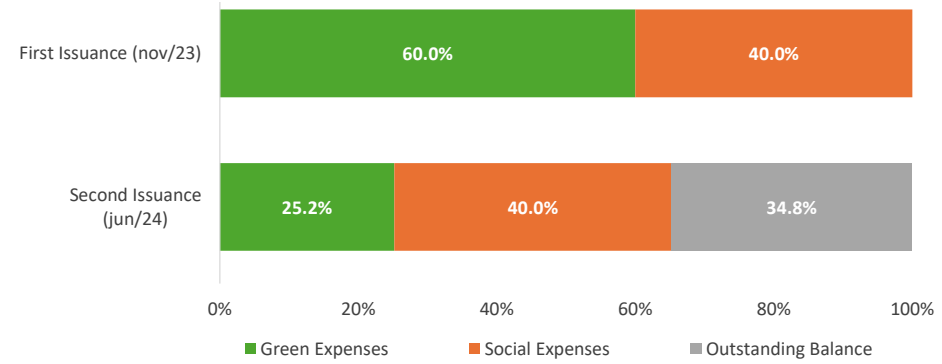
2 ICMA Green Bond Principles (2021), ICMA Social Bond Principles (2023), and ICMA Sustainability Bond Guidelines (2021).

3 The execution of public expenditure in Brazil is characterized by three stages: commitment, settlement, and payment, in that order. In this context, the term "amounts paid" indicates that the report only considers expenses that have already passed through the payment phase

expenses between January 2023 and June 2025[4], considering both budgetary resources and resources disbursed by the National Fund on Climate Change (Climate Fund) in projects financed under the Framework.

Regarding the distribution among the types of benefits provided for in the Framework, 60% of the net proceeds from the first issuance were allocated to environmental expenses and 40% to social expenses between January 2023 and June 2025. In financial terms, these allocations correspond to R$ 5.77 billion and R$ 3.85 billion, respectively. The net proceeds from the second issuance are distributed as follows: 25.2% for environmental expenses (R$ 2.73 billion) and 40% (R$ 4.33 billion) for social expenses.

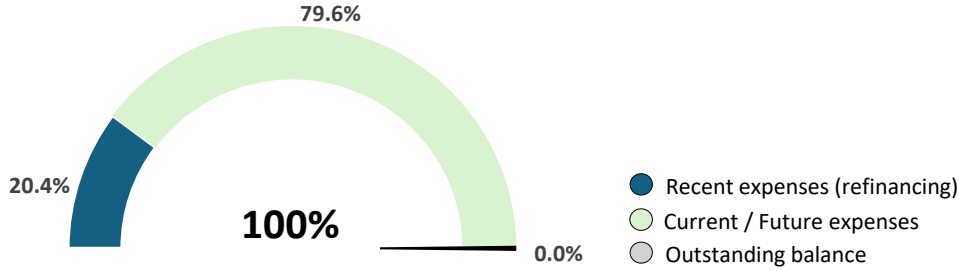
Graph SE 1. Distribution of net proceeds from issuances between environmental expenses, social expenses, and outstanding balance



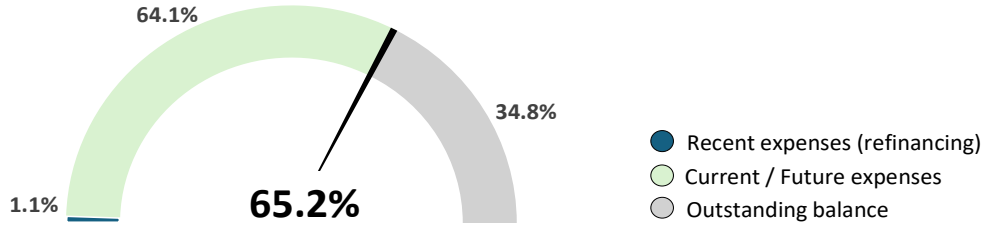
Source: Federal Government Integrated Financial Management System (SIAFI) and BNDES.

As for the timing of expenses, Graph SE.2 summarizes the total allocation of the first issuance, with 20.4% allocated to recent expenses (paid between January and November 2023) and 79.6% to current/future expenses (paid between December 2023 and June 2025). Graph SE.3 summarizes the second issuance, which had 1.1% allocated to recent expenses (paid between July 2023 and June 2024) and 64.1% to current/future expenses (paid between July 2024 and June 2025). Considering the amount issued and the amount allocated, there is still a remaining R$ 4.3 billion (34.8%) from the second issuance to be reported by the next report.

Graph SE 2. Amount allocated to recent expenses, current expenses and outstanding balance (% of net proceeds from the first issuance)



Graph SE 3. Amount allocated to recent expenses, current expenses and outstanding balance (% of net resources from the second issuance)



Source: Federal Government Integrated Financial Administration System (SIAFI) and BNDES.

With regard to the first issuance, Table SE.1 shows the minimum and maximum thresholds for each category, according to the Pre-Issuance Report with Indicative Allocation of Resources (RPE)[5] of October 2023, and the amount actually allocated, equivalent to 100% of the issuance.

4 The cut-off date for this report is June 2025, with the exception of data relating to category 2 Renewable Energy, for which disbursements from the Climate Fund made in July 2025 were also considered.

5 Pre-Issuance Report with Indicative Allocation of Resources.

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

Expenses Categories	1st Issuance Lower limit RPE	1st Issuance Upper limit RPE	Allocated %
Green	**50%**	**60%**	**60.0%**
1.1 Control of GHG emissions	0.1%	0.2%	0.2%
1.2 Solid waste management	-	-	0.1%
2. Renewable energy	15.0%	20.0%	15.0%
3. Energy efficiency	-	-	-
4. Clean transport	20.0%	25.0%	3.2%
5. Sustainable management of living and natural resources and land use	3.0%	6.0%	14.5%
6. Terrestrial and aquatic biodiversity	11.0%	18.0%	18.0%
7.Sustainable management of water and effluents	-	-	8.2%
8. Adaptation to climate change	0.5%	0.8%	0.8%
9. Circular economy	-	-	-
Social	**40%**	**50%**	**40.0%**
1.1 Combating poverty	30.0%	40.0%	30.0%
1.2 Combating discrimination	-	-	-
2. Food security and sustainable food systems	10.0%	17.0%	10.0%
3. Employment Generation	-	-	-
4. Access to Affordable Housing	-	-	-
5. Access to basic infrastructure	-	-	-

Sources: Pre-Issuance Report October/2023, SIAFI, and BNDES

An amount equivalent to 60% of the net proceeds from the first issuance was allocated to environmental expenses and 40% to social expenses. Considering environmental expenses, 18% was allocated to **6. Terrestrial and aquatic biodiversity**, 15% to **2. Renewable energy**, and 14.5% to **5. Living and natural resources and land use**. Considering the ranges indicated in the first Pre-Issuance Report, only category **4. Clean Transportation** did not reach the minimum[6]. As a result, a higher proportion of category **5. Living and natural resources and land use** was considered, and expenses were reported in categories that had not been previously anticipated (**1.2 Solid waste management** and **7. Water and effluent management**). Of the 40% allocated to social expenses in the first issuance, 30% was allocated to **1.1 Poverty Alleviation** and 10% to **2. Food Security and Sustainable Food Systems**, both within the indicative thresholds and with no change from last year's Allocation and Impact Report (RAI 2024).

Environmental expenses in categories **2. Renewable Energy** and **4. Clean Transportation** depend for reporting, to a large extent, on disbursements made for projects financed with Climate Fund resources. Since 2024, the Climate Fund has received significant contributions of resources to be used in accordance with its Annual Resource Application Plan (PAAR). In 2024, this contribution totaled R$ 10.40 billion, and in 2025, a contribution of R$ 21.2 billion was received, of which R$ 10 billion was earmarked exclusively for the Eco Invest program. For the purposes of reporting the allocation in an amount equivalent to the net proceeds of the issuances, only the amounts actually disbursed to projects eligible under the Framework will be considered.

In relation to social expenses for the first issuance, this RAI 2025 does not present anything new in relation to the RAI 2024. Therefore, the 40% reported for social expenses is comprised of 30% for category **1. Combating poverty** and 10% in category **2. Food security**.

Regarding the second issuance, Table SE.2 presents the minimum and maximum thresholds for each category, according to the Pre-Issuance Report with Indicative Allocation of Resources (RPE)[7] of May 2024, and the amount actually reported so far, equivalent to 65.2% of the issuance amount.

6 For more details, see section 3.1.2 Allocation – Environmental Expenses – First Issuance.

7 Pre-Issuance Report with Indicative Allocation of Resources

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

Expenses Categories	2nd Issuance		
	Lower limit RPE	Upper limit RPE	Allocated %
Green	**50.0%**	**60.0%**	**25.2%**
1.1 Control of GHG emissions	4.0%	5.0%	0.0%
1.2 Solid waste management	-	-	-
2. Renewable energy	30.0%	34.0%	11.2%
3. Energy efficiency	0.5%	1.0%	0.3%
4. Clean transport	13.0%	17.0%	0.0%
5. Sustainable management of living and natural resources and land use	-	-	8.9%
6. Terrestrial and aquatic biodiversity	1.0%	2.0%	2.9%
7.Sustainable management of water and effluents	-	-	-
8. Adaptation to climate change	1.0%	2.0%	1.7%
9. Circular economy	0.5%	1.0%	0.3%
Social	**40.0%**	**50.0%**	**40.0%**
1.1 Combating poverty	36.0%	46.0%	36.0%
1.2 Combating discrimination	-	-	-
2. Food security and sustainable food systems	-	-	-
3. Employment Generation	-	-	-
4. Access to Affordable Housing	-	-	-
5. Access to basic infrastructure	4.0%	8.0%	4.0%

Sources: Pre-Issue Report May/2024, SIAFI, and BNDES

Regarding environmental expenses, an amount equivalent to 25.2% of the net proceeds from the issue was allocated to this category, which are new expenses in relation to the 2024 Allocation and Impact Report (RAI). Among the categories indicated, expenses related to category **2. Renewable Energy** stand out, with an 11.2% allocation. Also noteworthy is the allocation of 8.9% of the resources to category **5. Living and Natural Resources and Land Use**, although this was not provided for in the May 2024 RPE.

As for the social expenses in the second issuance, there is nothing new in relation to the 2024 RAI. Thus, there was an amount equivalent to 40% of net proceeds in social expenses, with 36% allocated to **1.1 Combating poverty** and 4% to **5. Access to basic infrastructure**. Both categories are also within the indicative threshold mentioned in the RPE.

Regarding impact, given that the bonds are backed by budgetary programs, we chose to follow the indicators available in the 2024-2027 Multi-Year Plan (PPA) [8], in addition to specific indicators for projects financed with Climate Fund resources.

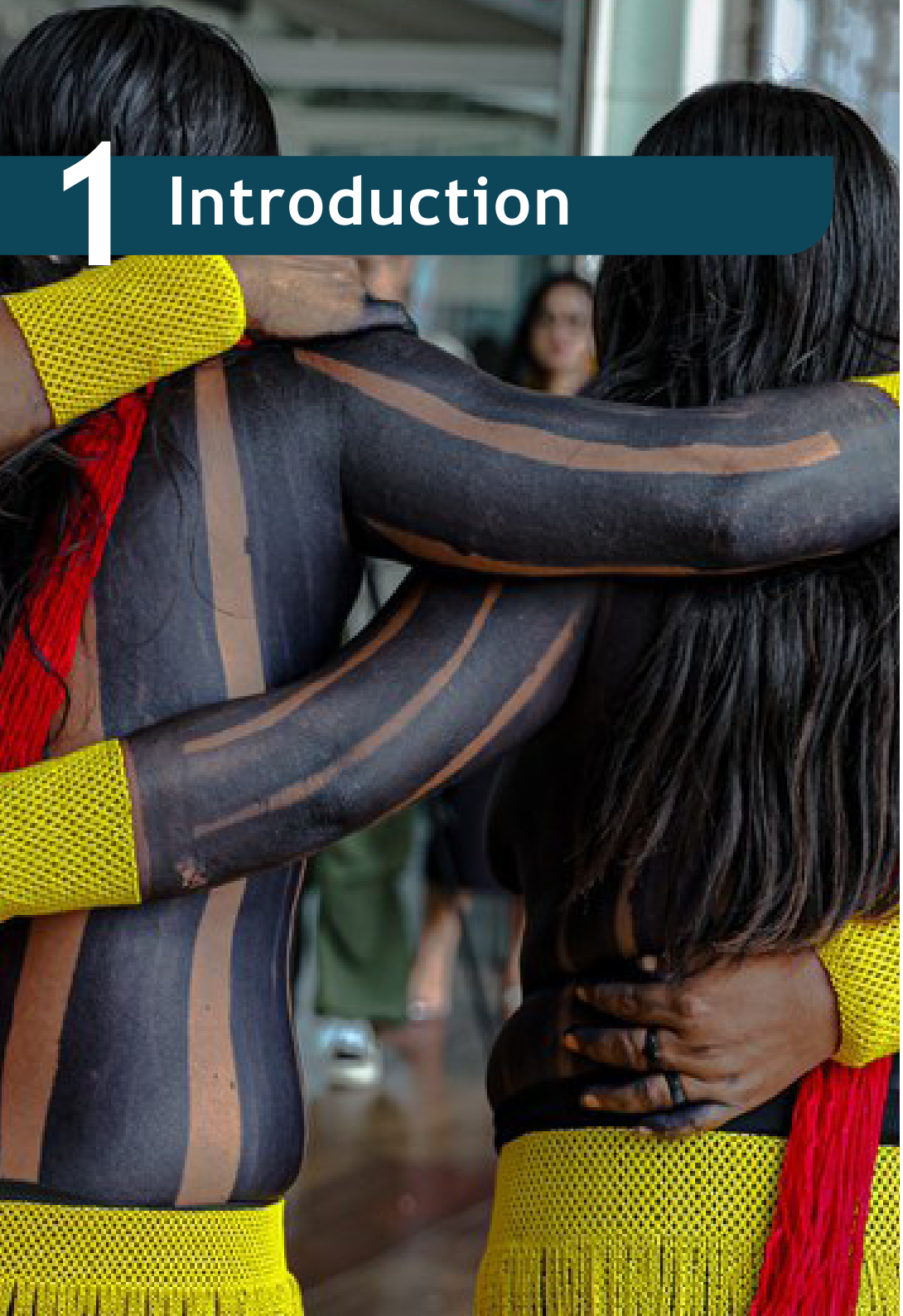
This report presents the results for 2024 for a non-exhaustive list of PPA indicators by categories of eligible expenses reported, based on the PPA programs to which the budgetary programs are linked. We emphasize that the current PPA came into effect in 2024, with the measurement of indicators beginning in 2025. Thus, this report presents the results for the year 2024 for the selected indicators.

Although the PPA is the basis for assessing impacts in this report, in the case of expenses also executed through the Climate Fund, indicators related to the financed projects are also presented. This is due to the specific nature of the allocation of resources through this fund, which is operated by the National Bank for Economic and Social Development (BNDES). In this case, the impact report considered the indicators that are reported and monitored by the BNDES itself. To date, most of these indicators have not been measured, as they are impact indicators, measured after the completion of projects.

With the publication of this report, Brazil reinforces its commitment to investors in sustainable sovereign bonds, transparency, and accountability in reporting resources, in an amount equivalent to those raised, for budgetary programs and specific projects. In terms of impact, the document

8 https://www.gov.br/planejamento/pt-br/assuntos/planejamento.

presents the results measured to date and offers a comprehensive view of the environmental and social benefits generated by sovereign fundraising, with the aim of providing investors and society with clear and reliable information on the results achieved.



1 Introduction

In 2023, Brazil published its Sovereign Sustainable Bond Framework[9], , under the auspices of the Sovereign Sustainable Finance Committee (CFSS)[10]. This Committee, inspired by international best practices, is responsible for tracking and monitoring eligible expenses listed in the Framework and reported annually in allocation and impact reports. Since the publication of the Framework, Brazil has already issued three sustainable bonds, the last one a few days prior to the publication of this report. Because of this, this report is only regarding the first two issuances.

The 2025 Allocation and Impact Report (RAI 2025) is structured as follows. In addition to this introduction, the next section of the document reviews information on the history of the two issuances and the process for evaluating and selecting eligible projects under the Framework. Next, the allocation section presents the details of the allocation by expenditure category—environmental and social—for each of the issuances. In turn, the impact section presents the results measured for 2024 from a list of indicators by eligible expense categories reported in the allocation section. As was done in the 2024 Allocation and Impact Report, the main indicators will refer to the Multi-Year Plan – PPA 2024-2027, which is the central instrument for medium-term government planning in Brazil, in addition to specific indicators for projects financed with resources from the National Fund on Climate Change (FNMC or "Climate Fund"). Finally, the conclusion is presented.

9 Brazil's Sovereign Sustainable Bond Framework
10 Sovereign Sustainable Finance Committee (CFSS).

2 Details of the issuances and selections process for elegible expenses



Since the publication of Brazil's Sovereign Sustainable Bonds Framework[11] in October 2023, the Brazilian government has issued a total of US$ 4 billion on the international market in two sustainable bonds, in line with best practices for the use and management of proceeds associated with the issuances, as provided for in the Framework. An overview of the issuances can be seen in Table 2.1.

Table 2.1. Overview of sustainable issuances[12]

	1st Issuance Global 2031	2nd 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

Transparency in the allocation of net proceeds and 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 maturity of the transaction or until the net proceeds have been fully allocated, with the first publication occurring within one year of the issuance date. Thus, in accordance with this guideline, the first Allocation

11 Brazil's Sovereign Sustainable Bond Framework

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

and Impact Report was published in November 2024 and, similarly, this second report brings together the allocation and impact information for the two operations, explaining the individualized allocation for each reported sustainable sovereign bond. This strategy was adopted to optimize the transparency process in compliance with best market practices. As a result, future reports will also be unified for all sustainable issuances made up to the reference date, with the publication of a single annual report.

Under the Framework, the Federal Government commits to allocate an equivalent amount to the net proceeds of each issuance across nine categories of eligible environmental expenses and five categories of eligible social expenses (Table 2.2), observing the use of proceeds principle[13].

Table 2.2. Eligible categories and subcategories

Green		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: Brazilian Framework for Sustainable Sovereign Securities

13 In addition, the Framework mentions 17 exclusion criteria, which classify as ineligible for the allocation of net proceeds derived from the issuances of Sovereign Sustainable Bonds.

The Brazilian government's international issuances of sustainable public bonds in November 2023 and June 2024 were based on the Pre-Issuance Reports with Indicative Allocation of Resources, published in October 2023 and May 2024, respectively. These documents indicate the Framework's expenditure categories that will serve as a reference for each sustainable issuance carried out by the Federative Republic of Brazil, as well as a minimum and maximum reference percentage of how much of the net proceeds from the issuance will be allocated by type of benefit, time frame, and expenditure category.

With regard to the allocation of resources by type of benefit, each issuance must follow the following indicative percentages (Table 2.3), which may include variations in individual values within each category[14].

Table 2.3. 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 is that a maximum of 25% be dedicated to refinancing expenses already incurred[15]. Concerning expense categories, the allocation of equivalent amounts is initially based on indicative ranges calculated as a proportion of the net proceeds of each issue, as shown in Table 2.4:

14 The percentage limits presented in the Pre-Issue Reports are indicative, making it possible for the execution to present differences depending on the achievement of the objectives and goals of the Multi-Year Plan (PPA), budget execution, and the pace of disbursements from the Climate Fund.

15 According to the Framework, page 21, recent expenses (refinancing) are those incurred under the LOA up to 12 months prior to the date of issuance, except for the first issuance, which is retroactive to January 2023. Current expenses are those provided for under the respective LOA in force on the date of issuance, and future expenses are those to be incurred within 24 months after issuance.

Table 2.4. Indicative range for allocation by eligible category (% of net proceeds from each issuance)[16]

Expenses Categories	1st Issuance		2nd Issuance	
	Lower limit	Upper limit	Lower limit	Upper limit
Green	**50.0%**	**60.0%**	**50.0%**	**60.0%**
1.1 Control of GHG emissions	0.1%	0.2%	4.0%	5.0%
1.2 Solid waste management	-	-	-	-
2. Renewable energy	15.0%	20.0%	30.0%	34.0%
3. Energy efficiency	-	-	0.5%	1.0%
4. Clean transport	20.0%	25.0%	13.0%	17.0%
5. Sustainable management of living and natural resources and land use	3.0%	6.0%	-	-
6. Terrestrial and aquatic biodiversity	11.0%	18.0%	1.0%	2.0%
7.Sustainable management of water and effluents	-	-	-	-
8. Adaptation to climate change	0.5%	0.8%	1.0%	2.0%
9. Circular economy	-	-	0.5%	1.0%
Social	**40.0%**	**50.0%**	**40.0%**	**50.0%**
1.1 Combating poverty	30.0%	40.0%	36.0%	46.0%
1.2 Combating discrimination	-	-	-	-
2. Food security and sustainable food systems	10.0%	17.0%	-	-
3. Employment Generation	-	-	-	-
4. Access to Affordable Housing	-	-	-	-
5. Access to basic infrastructure	-	-	4.0%	8.0%

Source: Pre-Issuance Reports (October 2023 and May 2024)

In the process of defining the expenses to be reported, sectoral ministries inform the Sovereign Sustainable Finance Committee (CFSS)[17] of the budget programs they consider compliant, so that the Committee can assess whether they are in line with the Framework. Based on this, the CFSS monitors the budget execution of the selected expenses, with a view to preparing allocation and impact reports. Prospectively, the CFSS also monitors the forecasts for the execution of these expenses, for the purpose of preparing pre-issuance reports. This process is essential to ensure that the reported budget programs are, in fact, eligible and relevant.

It should be noted that, in addition to the sectoral ministries that make up the Committee, this report incorporated eligible expenses from other ministries, such as the Ministry of Indigenous Peoples, the Ministry of Cities, and the Ministry of Health. We emphasize that, for the purposes of proving allocation in an equivalent amount, we considered the amounts executed (paid) from the budget.

In addition to verification through budgetary resources, this report also presents information on disbursements to borrowers in credit operations through Climate Fund resources. After a period of little significance, the Climate Fund was reformulated in 2023 as part of the Ecological Transformation Plan. The Climate Fund's budget increased almost 30-fold from 2023 to 2024, becoming a stable fund and one of the Federal Government's main initiatives in combating climate change and investing in adaptation. In this context, a substantial portion of the Climate Fund's sources currently comes from budgetary resources, and therefore projects financed with its resources are also potentially eligible under the Framework.

The Climate Fund is administered by a Management Committee, linked to the Ministry of the Environment and Climate Change (MMA), which is responsible for approving the Annual Resource Application Plan (PAAR), which defines the purposes and priorities for the application of the

16 Regarding environmental categories, even though the individual values of each category may vary within the range presented, the sum of the categories must always be a minimum of 50% and a maximum of 60%. Regarding social categories, even though the individual values of each category may vary within the range presented, the sum of the categories must always be a minimum of 40% and a maximum of 50%.

17 The sectoral ministries of the CFSS are: Ministry of Agriculture and Livestock (MAPA), Ministry of Science, Technology, and Innovation (MCTI), Ministry of Agrarian Development and Family Farming (MDA), Ministry of Development, Social Assistance, Family, and Hunger Alleviation (MDS), Ministry of Development, Industry, Trade, and Services (MDIC), Ministry of Integration and Regional Development (MIDR), Ministry of Environment and Climate Change (MMA), and Ministry of Mines and Energy (MME).

Fund's resources[18], which are not identical, but have significant overlap with the Framework's eligible expenditure categories. Projects that fall within the Climate Fund's areas of activity can obtain credit from the Brazilian Development Bank (BNDES)[19], which is the Climate Fund's financial agent.

In 2024, the Climate Fund received a contribution from the MMA in the amount of R$ 10.4 billion[20], through budgetary program 00J4 – Reimbursable Financial Support through Financing and other Financial Instruments for Climate Change Mitigation and Adaptation Projects. In 2025, through the same budget program, the Climate Fund received a new contribution from the MMA in the amount of R$ 21 billion, of which R$ 10 billion was directed exclusively to the Eco Invest program[21], and not to repayable financial support through financing.

When contracting financing with resources from the Climate Fund with the BNDES, the amount must first be approved, then effectively contracted, and only then disbursed, usually in several installments. Below are summary tables of the amounts approved, contracted, and disbursed by the Climate Fund in 2023, 2024, and 2025 through June 2025, in categories of the Framework. It is emphasized that, for the purposes of proving allocation, only the amounts disbursed are considered.

Table 2.5. Climate Fund: approvals (R$ million)

Expenses Categories	2023	2024	2025*
1. Pollution prevention and control	-	-	-
2. Renewable energy	378.9	2,148.4	758.4
3. Energy efficiency	32.8	-	-
4. Clean transport	80.0	156.3	112.0
5. Sustainable management of living and natural resources and land use	80.0	-	121.0
6. Terrestrial and aquatic biodiversity	-	-	-
7. Sustainable management of water and effluents	-	-	-
8. Adaptation to climate change	80.0	-	-
9. Circular economy adapted products, production technologies and processes	-	-	-
TOTAL	**651.7**	**2,304.7**	**991.4**

** Until June 2025.*

Source: BNDES

Table 2.6. Climate Fund: contracts (R$ millions)

Expenses Categories	2023	2024	2025*
1. Pollution prevention and control	-	-	-
2. Renewable energy	348.3	2,162.1	523.1
3. Energy efficiency	27.0	5.8	-
4. Clean transport	80.0	236.3	21.4
5. Sustainable management of living and natural resources and land use	-	80.0	148.7
6. Terrestrial and aquatic biodiversity	-	-	-
7. Sustainable management of water and effluents	-	-	-
8. Adaptation to climate change	-	80.0	-
9. Circular economy adapted products, production technologies and processes	-	-	-
TOTAL	**455.3**	**2,564.2**	**693.2**

** Until June 2025.*

Source: BNDES

18 In line with PAAR 2024, the Climate Fund's repayable resources should be used for 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.

19 The Climate Fund has two types of operations: repayable and non-repayable. BNDES is responsible for applying the repayable resources, while the Ministry of the Environment and Climate Change (MMA) is responsible for allocating the non-repayable amounts. For more information, visit: https://www.bndes.gov.br/wps/portal/site/home/financiamento/produto/fundo-clima

20https://www.gov.br/mma/pt-br/assuntos/noticias/mma-repassa-r-10-4-bi-ao-fundo-clima#:~:text=Minister%20Marina%20Silva%20and,Climate%20Change%20(Climate%20Fund).

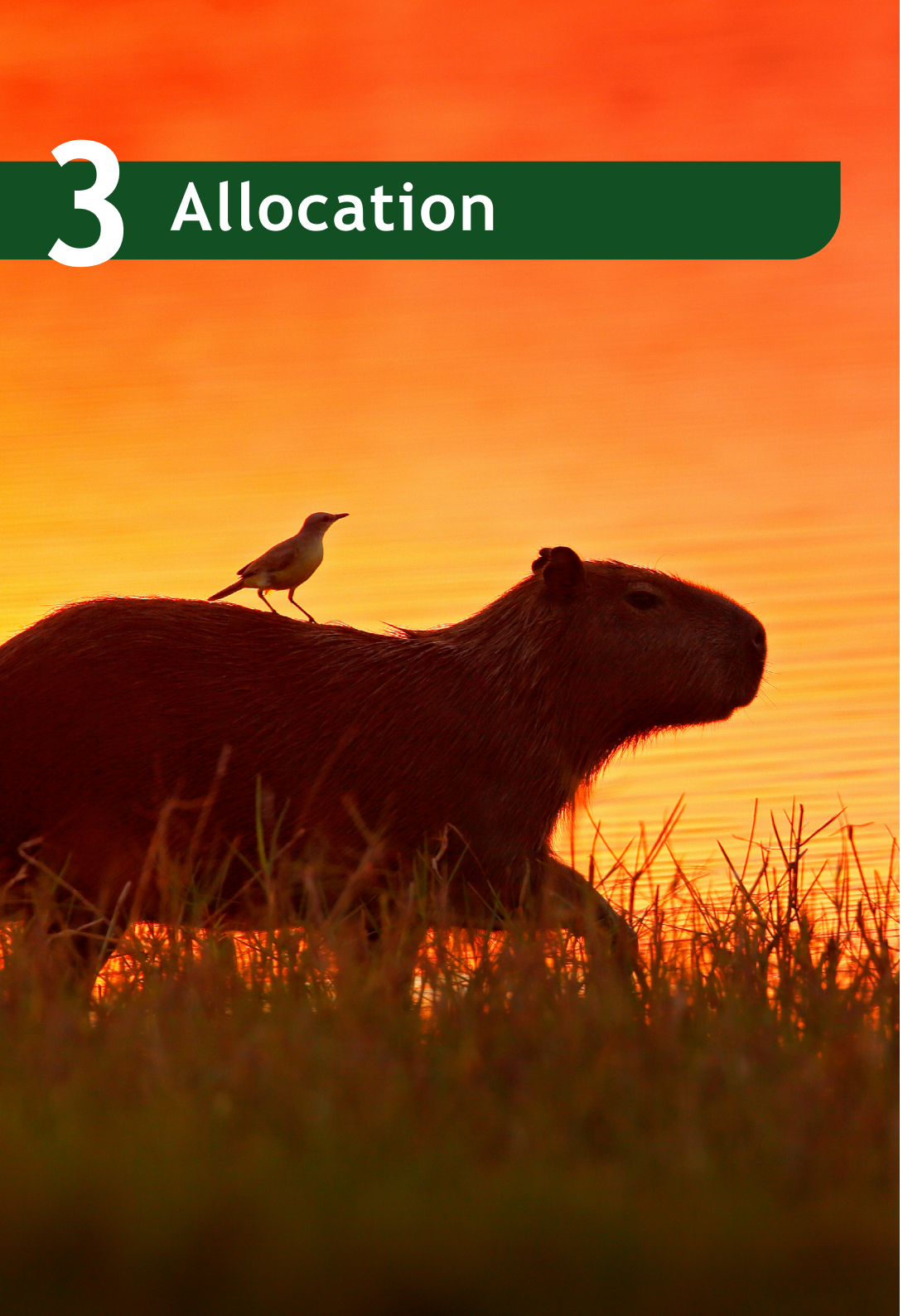
21 Eco Invest Program

Table 2.7. Climate Fund: disbursements (R$ millions)

Expenses Categories	2023	2024	2025*
1. Pollution prevention and control	-	12.1	-
2. Renewable energy	376.4	583.1	1,132.7
3. Energy efficiency	17.0	12.8	-
4. Clean transport	43.0	20.3	242.1
5. Sustainable management of living and natural resources and land use	-	-	95.0
6. Terrestrial and aquatic biodiversity	-	-	-
7. Sustainable management of water and effluents	-	-	-
8. Adaptation to climate change	18.1	28.5	13.7
9. Circular economy adapted products, production technologies and processes	7.2	27.1	2.9
TOTAL	**461.7**	**683.9**	**1,486.4**

Source: BNDES

The data show a time lag between the Federal Government's budget allocation to the Climate Fund – a step that, as a rule, conditions the start of the analysis of applications by the BNDES – and the actual disbursement to borrowers. The latter, a criterion established by the Allocation and Impact Report for reporting on sustainable bonds, is essential to ensure strict adherence of expenditure to the Framework.



3 Allocation

3.1 OVERVIEW

This section details the individualized allocation of funds raised in Brazil's first and second sustainable bond issuances (November 2023 and June 2024), covering expenses made from January 2023 to June 2025[22]. In accordance with the Framework, disbursements are reported based on the following criteria:

- Type of benefit (environmental or social);
- Eligible expense category;
- Time frame, separating recent expenses (pre-issuance) from current and future expenses (post-issuance);
- Nature of the expense (current, investments, or financial investments).

This report demonstrates a total of R$ 16.68 billion[23] allocated in eligible expenses, regarding the two sustainable bond issuances. The allocation by issuance and type of benefit is detailed below in Table 3.1:

- Global 2031: The R$ 9.62 billion raised was fully allocated (100%), divided between environmental (R$ 5.77 billion) and social (R$ 3.85 billion) expenses.
- Global 2032: R$ 7.06 billion (65.2% of the amount raised) was allocated, mainly to social benefits (R$ 4.33 billion), while R$ 2.73 billion went to environmental benefits. The remaining allocated amount of this bond will be shown in the next edition of the allocation and impact report.

Table 3.1 Amounts allocated in the first and second issuances (R$ billion)

	1st Issuance – Global 2031		2nd Issuance – Global 2032	
	R$ billion	Allocated %	R$ billion	Allocated %
Green Expenses	5.77	60.0%	2.73	25.2%
Social Expenses	3.85	40.0%	4.33	40.0%
Total Allocated	**9.62**	**100.0%**	**7.06**	**65.2%**
Net proceeds from issuance	**9.62**		**10.83**	

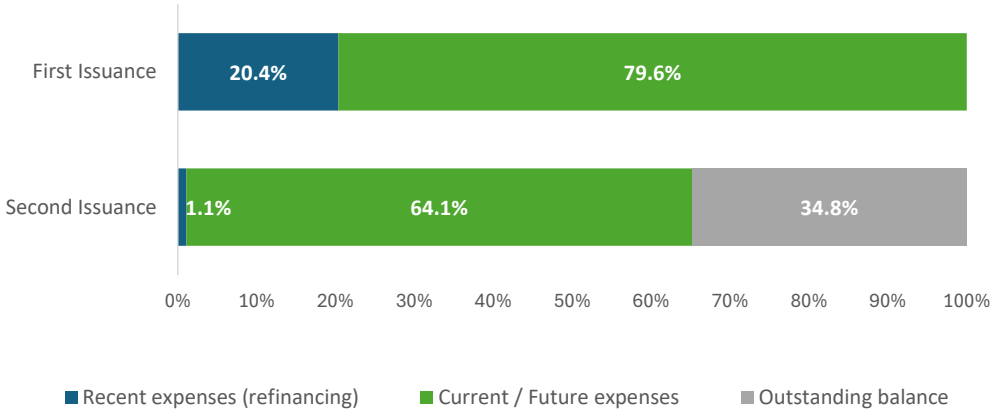
Source: SIAFI, BNDES and Tesouro Nacional.

22 The cut-off date for this report is June 2025, except for data relating to category 2 Renewable Energy, for which Climate Fund disbursements made in July 2025 were also considered.

23 Although the emissions were reported in US dollars (USD), the amounts in this report were reported in Brazilian reais (BRL), respecting the converted amount as indicated in Table 2.1.

Regarding the time frame, Graph 3.1 shows the percentage of recent expenses, current/future expenses, and the outstanding balance for each of the bonds in relation to the net proceeds from the issuance[24].

Graph 3.1. Amount allocated to recent expenses, current/future expenses, and remaining balance in relation to the net proceeds of each issuance (%)



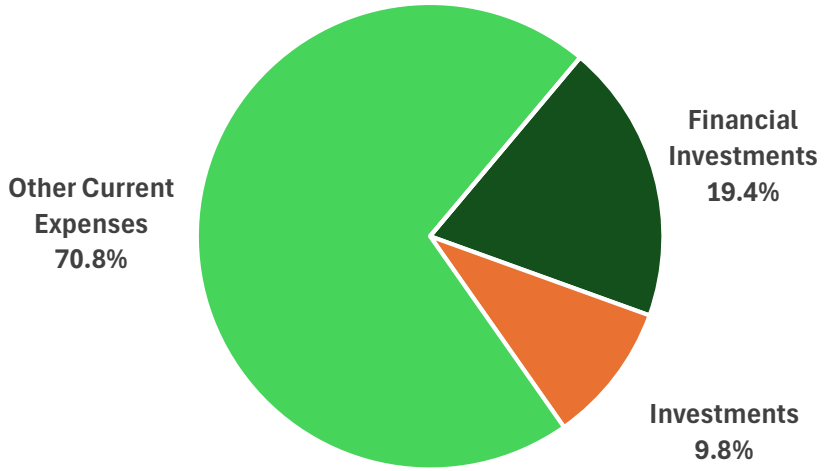
Source: Federal Government Integrated Financial Administration System (SIAFI) and BNDES.

With regard to the classification by nature of expense[25], a budgetary term used in Brazil to aggregate expenditure items with the same characteristics in terms of the object of expense, the expenses presented in the allocation report can be classified as (i) investments; (ii) financial investments; and (iii) other current expenses. In this regard, Graphs 3.2 and 3.3 summarize this information for the first and second issuances, respectively.

24Recent expenses (refinancing) are those incurred under the LOA in force in the fiscal year prior to the date of issuance—reimbursing expenses incurred up to 12 months prior to the date of issuance. Current expenses are those provided for under the respective LOA in force on the date of issuance, and future expenses are those to be incurred within 24 months after the date of issuance.

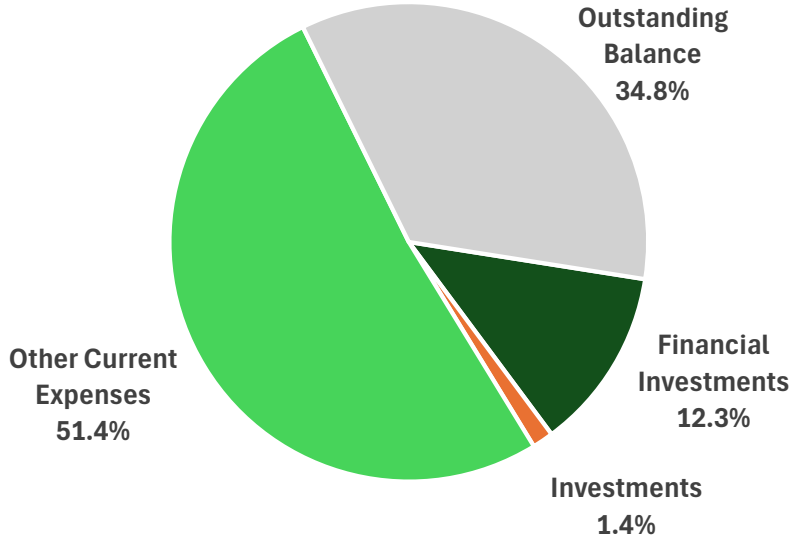
25 SIOP. Manual Técnico do Orçamento, Chapter 4.

Graph 3.2. Classification of the 1st issuance by type of expense



Source: Federal Government Integrated Financial Administration System (SIAFI) and BNDES.

Graph 3.3. Classification of the 2nd issuance by type of expense



Source: Federal Government Integrated Financial Administration System (SIAFI) and BNDES.

In addition, the Framework provides for the identification of the co-financing ratio in reported expenses. None of the reported budget programs had other sources of financing besides budgetary resources. With regard to Climate Fund projects, there are eleven projects financed not exclusively with its own resources (co-financing), ten of which are in category **2. Renewable Energy** and one in category 8. Adaptation to Climate Change (Table 3.2). Considering only these co-financed projects, 38.6% of disbursements in Renewable Energy were made through co-financing, while in Adaptation to Climate Change, this percentage rises to 96.9%. In aggregate terms, 49.6% of disbursements in co-financed projects came from other sources.

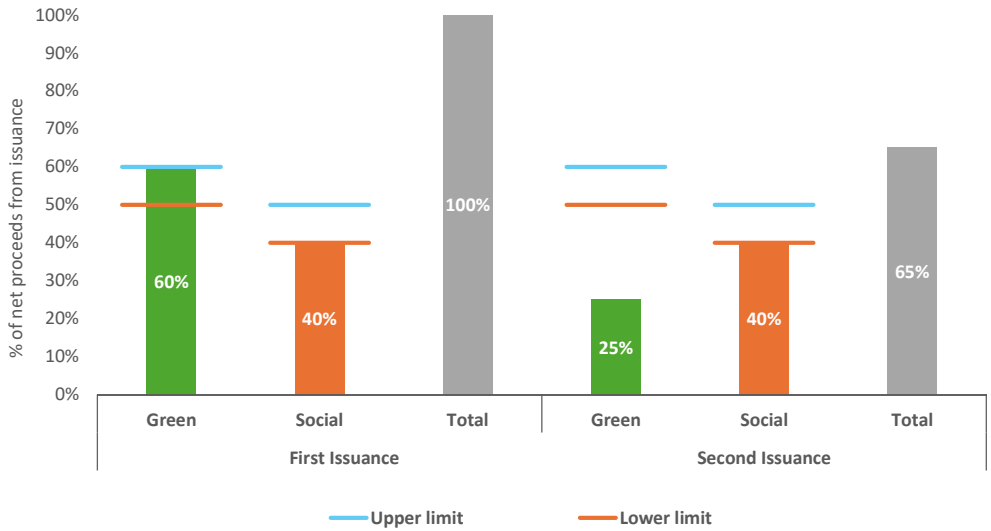
It should be noted that, for allocation purposes, only disbursements made by the Climate Fund were considered, and co-financed amounts were not considered.

Table 3.2 Climate Fund: co-financing (R$ billion and %)

Project Description	Contracts (A)	Disbursements (B)	Co-financed (C)	% Co-financed (C/B+C)
2. Renewable energy	**1,894.9**	**1,147.0**	**719.6**	**38.6%**
Solar energy (photovoltaic)	1,118.7	560.2	501.4	47.2%
Wind energy	500.0	500.0	190.0	27.5%
Energy from biomass and municipal solid waste or industrial waste	276.2	86.8	28.2	24.5%
8. Adaptation to climate change	**80.0**	**13.7**	**423.7**	**96.9%**
Adaptation, reduction of vulnerability, and increased resilience of urban infrastructure	80.0	13.7	423.7	96.9%
Total Co-financed Projects	**1,974.9**	**1,160.8**	**1,143.3**	**49.6%**

With regard to environmental and social expenses, and considering the minimum and maximum thresholds presented in the Pre-Issuance Reports, the resources were allocated as shown in Graph 3.4.

Graph 3.4. Amount allocated for environmental and social expenses in relation to net proceeds from the 1st and 2nd issuances (%)



Source: Federal Government Integrated Financial Administration System (SIAFI) and BNDES.

It should be noted that an amount equivalent to 60% of the net proceeds from the first issuance was allocated to the environmental category and 40% to the social category, complying with the maximum limit for environmental expenses established in the 1st Pre-Issuance Report. Regarding the second issuance, the minimum for social expenses had already been met in the last Allocation and Impact Report (RAI 2024), and now we have added the 25% report on environmental expenses. We emphasize that, according to the Framework, we have until June 2026 to complete the allocation equivalent to the second issuance.

3.2 ENVIRONMENTAL EXPENSES

In line with the Framework's rules for sustainable bonds, which allow up to 25% of the funds to be allocated to eligible expenses incurred up to 12 months prior to issuance (provided they are not prior to January 2023) and the remainder within 24 months after issuance, this report presents the expenses separately by issuance.

For the first issuance (November 2023), the reporting period includes

expenses from January 2023 to June 2025[26], which is sufficient to fully allocate the resources. In the case of the second issue (June 2024), the full allocation of the net proceeds raised will occur by July 2026, considering expenses since June 2023.

3.2.1. *First Issuance*

Table 3.3 details the reported values, totals and percentages, by category and subcategory, comparing them with the minimum and maximum thresholds defined in the Pre-Issuance Report for the first issuance – these values are calculated based on the net proceeds raised. We highlight that, although the environmental category of Clean Transportation did not reach its individual minimum threshold, the overall percentage of 60% for the set of environmental expenses was achieved. This was possible through the allocation in other eligible categories, including those not provided for in the Pre-Issuance Report, as will be detailed below.

Table 3.3 RPE thresholds and amounts allocated by category in environmental expenses - First Issuance[27]

Expenses Categories	Lower limit RPE		Upper limit RPE		Allocated	
	R$ million	%	R$ million	%	R$ million	%
1.1 Control of GHG emissions	9.6	0.1%	19.2	0.2%	16.0	0.2%
1.2 Solid waste management	-	-	-	-	12.1	0.1%
2. Renewable energy	1,442.5	15.0%	1,923.3	20.0%	1,442.5	15.0%
4. Clean transport	1,923.3	20.0%	2,404.2	25.0%	308.6	3.2%
5. Sustainable management of living and natural resources and land use	288.5	3.0%	577.0	6.0%	1,395.8	14.5%
6. Terrestrial and aquatic biodiversity	1,057.8	11.0%	1,731.0	18.0%	1,731.0	18.0%
7.Sustainable management of water and effluents	-	-	-	-	788.4	8.2%
8. Adaptation to climate change	48.1	0.5%	76.9	0.8%	76.9	0.8%
Total	**4,808.3**	**50.0%**	**5,770.0**	**60.0%**	**5,771.4**	**60.0%**

Source: Pre-Issuance Report (October/2023). (SIAFI) and BNDES.

Notably, category **6. Terrestrial and aquatic biodiversity** has the highest value in terms of net proceeds from the issue (18%), the maximum proposed by the RPE. Also noteworthy are categories **2. Renewable energy** (15%) and **5. Sustainable management of living and natural resources and land use** (14.5%), the latter well above the initial RPE forecast. In addition, we also highlight two categories not initially predicted by the RPE: category **1.2 Solid waste management** (0.1%) and category **7. Sustainable management of water and effluents** (8.2%).

Also noteworthy is the lower-than-expected percentage for category **4. Clean transportation**. This is explained by the fact that the initial projection for disbursements in Clean Transportation with Climate Fund resources was concentrated in operations with states and municipalities under the PAC Fleet Renewal and Fleet Replacement (Refrota)[28] program for the acquisition of electric buses. The projection has not yet been achieved, given the following operational aspects related to operations with such resources:

(i) Challenges in obtaining authorization to contract guarantees, including requests from customers to exchange guarantees for operations, which ended up taking longer than originally estimated;

(ii) The need for approval of enabling laws for public entities proved challenging in some situations; and

(iii) Further planning of business models for the acquisition of electric buses, prior to the actual disbursement of funds from the operations by the BNDES.

For more details on the expenses incurred, we present below the budgetary programs and projects financed with Climate Fund resources that were considered in each category for the reported amount. For each budget program, the amount paid through June 2025 is presented. It is important to note that in some cases, an amount lower than the total for the budget program was reported, as part of the expenses underlying the budgetary program were not considered eligible under the Framework criteria. In the

26 The cut-off date for this report is June 2025, with the exception of data relating to category 2 Renewable Energy, for which Climate Fund disbursements made in July 2025 were also considered

27 Although the individual value of each category may vary within the range presented, the sum of the categories must always be a minimum of 50% and a maximum of 60%.

28 REFROTA Program

case of financed projects, the amount disbursed is presented per eligible expense under the Framework.

Category **1.1 GHG Emissions Control** has allocations to the budget programs of Monitoring Land Cover and the Risk of Forest Fires and Burning (INPE), of Studies and Research and Development Projects Related to Climate Change, and, in addition to the budget programs already presented in RAI 2024, also a budget program related to the implementation and Monitoring of the National Policy on Climate Change (Table 3.4).

Table 3.4 First Issuance - Category 1.1 (R$ million)

		RAI 2024	RAI 2025	TOTAL
Budget Program				
20V9	Monitoring of Land Cover and Wildfire and Forest Fire Risk (INPE)	6.14	1.43	7.57
20VA	Support for Studies and Research and Development Projects Related to Climate Change	1.63	1.44	3.06
21E4	Implementation and Monitoring of the National Policy on Climate Change		5.38	5.38
Total				**16.01**

Source: Federal Government Integrated Financial Management System (SIAFI).

The National Policy on Climate Change is directly related to the development of the Climate Plan. The National Plan on Climate Change (Climate Plan) will guide Brazilian climate policy until 2035 Its new version, to be presented in 2025, is being developed by the government, with broad participation from society, and will define actions for Brazil to reduce its greenhouse gas emissions and adapt to the impacts of climate change, which are already occurring and will intensify year by year.[29]

Category **1.2 Solid waste management** is a new category that was not included in the 2024 Allocation and Impact Report or in the 1st Pre-Issuance Report. However, there is a project financed with resources from the Climate Fund for the construction of a landfill biogas purification plant for the production of biomethane. For more information, see Box 1.

Table 3.5 First Issuance - Category 1.2 (R$ million)

		RAI 2024	RAI 2025	TOTAL
Climate Fund				
	Installation and Maintenance of Landfill Biogas Capture Systems	-	12.14	12.14
Total		**-**	**12.14**	**12.14**

Source: Federal Government Integrated Financial Management System (SIAFI) and BNDES

Box 1: Biomethane plant at the largest landfill in Latin America

Essencis Biometano S.A., part of the Solví Group, has built an industrial plant for the production of biomethane, an alternative to fossil fuels, at the landfill in the city of Caieiras (SP). This landfill receives waste from the city of São Paulo and more than 20 other municipalities in the metropolitan region of SP, making it the largest in Latin America and the third largest in the world.

Financing via the Climate Fund amounted to R$ 53.7 million. The project includes a network of pipelines that capture biogas at the landfill and a purification plant where CO2 and other polluting gases are separated. The plant's biofuel production capacity will be 68,000 m^3 per day. The estimated greenhouse gas emissions avoided is 43,068 tons of CO2 equivalent per year.

The biofuel produced by Essencis will be marketed by Ultragaz and Neogás, via compressed gas transported by road. Biomethane has the potential to replace diesel in heavy vehicles and agricultural machinery, contributing to the decarbonization of the country's fuel matrix. While the use of diesel B produces an average of 79 grams of CO2 equivalent per megajoule of energy, the use of biomethane produces 8 grams.

For more information, see: https://agenciadenoticias.bndes.gov.br/industria/Usina-de-biometano-do-3-maior-aterro-sanitario-do-mundo-tem-apoio-do-BNDES/

On category **2. Renewable Energy** (Table 3.6), eligible projects financed with Climate Fund resources are reported, including disbursements through July 2025, in addition to a budgetary program that also complies with the

29 Climate Plan

Framework. The four eligible expenses associated with the Climate Fund in the renewable energy category encompass 30 different projects. Among the funds disbursed in this category for the first issuance, 26% (R$ 373.40 million) went to a project to implement 39 photovoltaic solar plants. For more information on these projects, see Annex RAI 2025 – Special Tables.

Table 3.6 First Issuance - Category 2 (R$ million)

		RAI 2024	RAI 2025	TOTAL
Budget Program				
21BD	Biofuels Industry Studies	-	0.51	0.51
Climate Fund				
	Solar Energy	394.24	883.90	1,278.14
	Energy from Biomass and Municipal Solid Waste or Industrial Waste	51.47	49.77	101.24
	Biomethane Production	45.86	0.00	45.86
	Hydropower from Run-of-River Plants without Artificial Reservoirs or with Reduced Storage Capacity	-	15.69	15.69
Total		**491.57**	**949.87**	**1,441.44**

Source: BNDES

In category **4. Clean Transportation**, we report only expenses related to the Climate Fund (Table 3.7). Of the expenses related to the first issuance, 50% are concentrated in two projects, one for the implementation of the BRT system between São Bernardo do Campo and the city of São Paulo, and the other for investments in waterway grain transportation in the state of Pará. For more information on the latter, see Box 2. It is important to note that the four eligible expenses presented in the table encompass 19 projects reported in this category.

Table 3.7 First Issuance - Category 4 (R$ million)

	RAI 2024	RAI 2025	TOTAL
Climate Fund			
Electric Buses	3.13	101.37	104.50
Low-Impact Rail and Waterway Infrastructure for Cargo Transport	0.00	78.00	78.00
Infrastructure Related to Low- and Zero-Emission Public Transport, such as Electric Charging Stations, Signaling and Control Systems, Intermodal Stations, Hydrogen Refueling Stations or Electric Roads, as well as Sidewalks, Walkways, Underpasses, and Pedestrian Paths	43.00	20.44	63.44
Procurement, Design, Maintenance, Extension, Repair, Refurbishment, Upgrade, Operation and/or Implementation of Zero- or Low-Carbon Transport	0.00	62.65	62.65
Total	**46.13**	**262.47**	**308.60**

Source: BNDES

Box 2: Multimodal cargo transport in Pará

Transdourada Navegação Ltda, headquartered in the city of Ananindeua (PA) and with branches in Manaus (AM) and Santana (AP), operates in the waterway transport segment in the north of the country. Founded in 1985, Transdourada Navegação was originally involved in fuel transport and in recent years has expanded its operations to include grain transport, with financing from the Climate Fund enabling this expansion.

The amount financed via the Climate Fund for Transdourada Navegação is R$ 128 million. The project aims to modernize cargo transport in the Pará region between the city of Paragominas and the Port of Vila do Conde. The road section between the two points comprises more than 280 km of single-lane highway, with ferry crossings and urban sections. Once the project is completed, part of the route will be covered by water transport using six bulk carriers on the Capim and Guamá rivers. This will significantly increase the capacity for transporting agricultural bulk goods, from the current 600,000 tons to 1.2 million tons per year, at a lower cost and with lower greenhouse gas emissions.

The estimated greenhouse gas emissions avoided is 31,072 tons of CO_2 equivalent per year, contributing to climate change mitigation. It is also estimated that 75 indirect jobs will be created during the construction phase and, after completion, 145 direct and 150 indirect jobs, contributing to income generation in the interior of Pará.

For more information, see: https://agenciadenoticias.bndes.gov.br/infraestrutura/Com-R$-160-milhoes-do-BNDES-Transdourada-investe-em-transporte-hidroviario-de-graos-no-Para/.

In category **5. Sustainable management of living and natural resources** and land use (Table 3.8), one budget program that stands out for its high allocation is the "promotion, protection, and recovery of indigenous health" (43% of the total amount reported in the category). This category also reports the allocation of other budgetary programs aimed at indigenous peoples, in addition to budget programs directed at other relevant topics. Studies show that, on average, forests in territories demarcated for indigenous peoples have been better preserved[30] and, therefore, we consider that the resources allocated to these budgetary actions, despite also having social impacts, are primarily classified as environmental expenses.

Table 3.8 First Issuance - Category 5 (R$ million)

		RAI 2024	RAI 2025	TOTAL
Budget Program				
20UF	Land Regularization, Protection, and Management of Indigenous Territories	167.91	165.23	333.14
20ZU	Risk Reduction in Agricultural Activities	0.84	0.96	1.80
210V	Productive Structuring, Promotion, and Strengthening of Family Farming and Agroecology	80.64	58.47	139.11
210W	Support for Economic Organization and Promotion of Citizenship and Well-being of Rural Women	0.18	2.09	2.27
21B8	Sustainable Development of the Bioeconomy	4.34	1.17	5.51
21BO	Pluriethnic-Cultural and Social Rights of Indigenous Peoples	68.64	78.36	147.00
21DG	Hydro-environmental Recovery in Watersheds within CODEVASF's Area of Operation	22.60	9.80	32.40
21FL	Management of Policies for Indigenous Peoples	31.57	47.28	78.85
8593	Support for the Development of Sustainable Agricultural Production	0.80	15.83	16.63
20YP	Promotion, Protection, and Recovery of Indigenous Health	-	602.47	602.47
20M4	Support for the Implementation of Agro-environmental Policies	-	0.02	0.02
20VQ	Socio-environmental Management in Territories of Traditional Peoples, Communities, and Family Farmers	-	0.14	0.14
20WA	Forest Registration, Restoration, and Production	-	2.45	2.45
20Y1	Sustainable Development of Artisanal Fisheries	-	1.69	1.69
211A	Environmental Development and Management for Agrarian Reform Beneficiaries	-	0.13	0.13
214S	Structuring and Dynamization of Productive Activities – National Integration Routes	-	31.86	31.86
Total		**377.52**	**1,017.94**	**1,395.46**

Source: Federal Government Integrated Financial Administration System (SIAFI)

The budget program related to indigenous health refers to expenses linked to the Secretariat of Indigenous Health (SESAI)[31], of the Ministry of Health. This secretariat, created in 2010, serves more than 762,000 indigenous people living in villages throughout Brazil, through the promotion of primary health care and sanitation actions, in a participatory and differentiated manner, respecting the epidemiological and sociocultural specificities of these peoples.

Notably, category **6. Terrestrial and Aquatic Biodiversity** (Table 3.9), accounts for 18% of the allocation of the first issuance, the largest category among environmental categories, and consists exclusively of budgetary expenses. The budgetary programs that received the highest allocation were those aimed at supporting the creation, management, and implementation of federal Conservation Units and environmental control and enforcement.

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

31 Secretariat of Indigenous Health (SESAI)

Table 3.9 First Issuance - Category 6 (R$ million)

Ação orçamentária		RAI 2024	RAI 2025	TOTAL
Budget Program				
20UV	Promotion of Research and Development in Marine, Ocean, and Climate Science and Technology	1.06	0.24	1.30
20V9	Monitoring of Land Cover and Wildfire and Forest Fire Risk (INPE)	1.00	0.83	1.83
20VP	Support for Environmental Conservation and the Eradication of Extreme Poverty – Green Grant Program	86.64	130.63	217.27
20WM	Support for the Creation, Management, and Implementation of Federal Conservation Units	308.21	246.66	554.87
214M	Prevention and Control of Forest Fires in Priority Federal Areas	100.62	141.49	242.11
214N	Environmental Control and Enforcement	264.88	229.33	494.21
214P	Environmental Enforcement and Forest Fire Prevention and Combat	196.83	0.00	196.83
215L	Promotion of Scientific and Technological Research and Development	2.16	2.26	4.42
218D	Science, Technology, and Innovation at the National Atlantic Forest Institute (INMA)	0.28	0.67	0.95
125F	Environmental Restoration of the Santa Catarina Carboniferous Basin	-	3.12	3.12
154k	Development of Infrastructure for the National Semi-Arid Institute	-	0.40	0.40
20WB	Forest Research and Information	-	1.46	1.46
20WK	Research, Assessment, and Monitoring of Brazilian Flora	-	0.69	0.69
20WN	Research and Conservation of Species and Speleological Heritage	-	2.08	2.08
214O	Management of Sustainable Biodiversity Use and Environmental Restoration	-	8.50	8.50
21A8	Formulation and Implementation of Strategies to Promote Conservation, Restoration, and Sustainable Use of Biodiversity, Native Vegetation, and Genetic Heritage	-	0.96	0.96
Total		**961.68**	**769.31**	**1,730.99**

Source: Federal Government Integrated Financial Management System (SIAFI)

Conservation Units were created by the National System of Nature Conservation Units Law (SNUC) – Law No. 9,985, of July 18, 2000, which establishes this system[32]. At the Federal level, this management is carried out by the Chico Mendes Institute for Biodiversity Conservation (ICMBio). Currently, there are more than 300 federal conservation units, covering an area of approximately 171 million hectares[33], approximately 19% of the continental area and 26% of the marine area of Brazilian territory[34] [35]. Budget program 20WM is ICMBio›s main budgetary program aimed at funding the final activities and maintenance of Federal Conservation Units. In addition to regular operating expenses, it also includes expenses related to technical activities involving the promotion of public visitation, the creation of new Conservation Units, socio-environmental management, environmental compensation, territorial consolidation, actions related to traditional populations, and those resulting from environmental emergencies.

With regard to environmental control and enforcement (budget program 214N), the Brazilian Institute of the Environment and Renewable Natural Resources (Ibama) uses funds from this budget program to carry out enforcement activities to verify environmental compliance and enforcement of environmental standards and to prevent and punish environmental violations. More broadly, environmental inspection authority is shared with other entities of the federation: states, municipalities, and the federal district, which are members of the National Environmental System (Sisnama). There are several areas of federal environmental inspection, such as polluting and contaminating activities, fauna, flora, genetic heritage, among others[36]. Ibama is also responsible for the prevention and control of forest fires (budget program 214M), through which it carries out its mission of protecting priority federal areas by implementing integrated fire management with a view to controlling forest fires. Activities are carried out in the areas of prevention, education, management, preparation, monitoring, combat, area recovery, and encouraging the replacement of

32 MMA (2022). National System of Nature Conservation Units (SNUC).

33 Data from April 2024, from the Federal Conservation Units Attributes database. Available at: https://dados.gov.br/dados/conjuntos-dados/atributos-das-unidades-de-conservacao-federais

34 ICMBio. Open Data.

35 CNUC. Brazilian Conservation Units Panel.

36 Ibama. What is environmental inspection?

the use of fire in rural areas. The training of Ibama's internal technical staff and partners will be one of the means to achieve this objective, as well as the hiring and administration of temporary federal firefighters to work in these regions.

Category **7. Water and effluent management** is a new category, that is, not reported in the 2024 Allocation and Impact Report or in the 1st Pre-Issuance Report. Among the reported expenses (Table 3.10), budget programs related to improvements in the sewage system and the implementation of the National Water Resources Policy stand out.

Table 3.10 First Issuance - Category 7 (R$ million)

		RAI 2025
Budget Program		
00TO	Support for the Implementation, Expansion, or Improvement of Sanitation Systems	503.94
10ZW	Hydro-Environmental Restoration in Watersheds within CODEVASF's Area of Operation	2.41
15MZ	Upgrading of Sanitation Systems in CODEVASF's Area of Operation	5.89
20VR	Conservation and Restoration of Watersheds	20.59
20VS	Formulation and Support for the Implementation of the National Water Resources Policy	1.34
20WI	Implementation of the National Water Resources Policy	203.80
21F2	Socio-Environmental Management of Natural Resources in Territories of Traditional Peoples, Communities, and Family Farmers	0.69
2223	Support for Institutional Research Projects in the Water Resources Sector (CT-Hidro)	30.07
4926	Regulation and Oversight of Water Resource Uses	19.68
Total		**788.41**

Source: Federal Government Integrated Financial Management System (SIAFI)

The National Water Resources Policy (PNRH), established by Law No. 9,433/1997, established instruments for the management of federal water resources and created the National Water Resources Management System (SINGREH). The specific objectives of the plan are to ensure: 1) the improvement of surface and underground water availability in terms of quality and quantity; 2) the reduction of actual and potential conflicts over water use, as well as critical hydrological events; and 3) the perception of water conservation as a relevant socio-environmental value[37].

In relation to category **8. Adaptation to climate change**, the expenditure related to monitoring and warning of natural disasters by the National Center for Monitoring and Alerting Natural Disasters (Cemaden) stands out, accounting for 52% of the total amount allocated. Since its creation in 2011, Cemaden has monitored threats in risk areas in Brazilian municipalities susceptible to natural disasters and issued early warnings, with the aim of safeguarding lives and reducing the social, environmental, and economic vulnerability resulting from such events throughout the country[38]. Other budgetary programs in this category refer to incentives for science and research, as well as support for infrastructure to adapt to climate change.

Table 3.11 First Issuance - Category 8 (R$ million)

	Ação orçamentária	RAI 2024	RAI 2025	TOTAL
Budget Program				
15P6	Expansion and Modernization of Infrastructure for the Study of Biodiversity, Technological Innovation, and Sustainability of Amazonian Ecosystems in Response to Global Changes	5.44	4.19	9.63
20GB	Monitoring and Early Warning of Natural Disasters - CEMADEN	30.72	8.97	39.69
20UJ	Science, Technology, and Innovation at the National Semi-Arid Institute - INSA	0.38	0.72	1.10
20UR	Science, Technology, and Innovation at the National Institute for Amazonian Research - INPA	1.90	6.66	8.56
20VA	Support for Research and Development Studies and Projects Related to Climate Change	2.88	0.38	3.26
8348	Support for Emergency Mitigation Works to Reduce Disasters	8.75	0.16	8.91

37 National Water Resources Policy

38 Cemaden. Presentation.

		RAI 2024	RAI 2025	TOTAL
14RL	Support for the Execution of Studies, Plans, Projects, and Works for Coastal Erosion Prevention and Protection in Urbanized Areas	-	1.55	1.55
20W2	Addressing Desertification Processes, Mitigation, and Adaptation to Drought Effects	-	0.10	0.10
21A9	Implementation of Programs, Plans, and Actions for the Improvement of Urban Environmental Quality	-	4.14	4.14
Total		**50.06**	**26.87**	**76.93**

Source: Federal Government Integrated Financial Management System (SIAFI)

Box 3: Flood Control Solutions Project in Campinas (SP)

The City of Campinas is implementing a macro-drainage project aimed at controlling floods in the city's central region. The project combines traditional works with so-called nature-based solutions, which integrate ecosystem protection, management, and restoration actions with direct benefits for the population and biodiversity.

As part of the traditional infrastructure, three stormwater reservoirs will be built, in addition to a diversion gallery that will redirect water runoff to one of the reservoirs in the drainage system. Regarding the nature-based solutions, three linear parks will be created to restore vegetation. These parks will also provide social benefits, including the construction of bike lanes, walking trails, a multipurpose sports court, among other facilities.

The BNDES is financing the project with R$ 504 million, representing 90% of the project's total investment. Of this amount, R$ 80 million come from the Climate Fund and R$ 424 million from other funding sources

The improvements will directly benefit 200,000 people by preventing floods in the region. The project foresees 288,000 m^3 of reservoir capacity, 387,000 m^2 of new green areas, 9,000 seedlings planted, and 7.7 km of bike lanes built. It will reduce the number of critical flooding points in the city by three, and it is estimated that about 63,000 people will use the parks each year

For more information, see: https://agenciadenoticias.bndes.gov.br/infraestrutura/BNDES-financia-com-meio-bilhao-de-reais-proje...

3.2.2. *Second Issuance*

Regarding the expenses reported for the second issuance, this report is the first to report environmental expenses. It is important to note that many of the budget programs and projects are repeated from one issuance to another, and therefore, this section will highlight expenses other than those already discussed above.

Table 3.12 details the reported values, totals and percentages, by category and subcategory, comparing them with the minimum and maximum thresholds defined in the Pre-Issue Report for the second issue – these values are calculated based on the net proceeds raised.

Table 3.12 RPE thresholds and amounts allocated by category in environmental expenses - Second Issuance[39]

Expenses Categories	Lower limit RPE		Upper limit RPE		Allocated	
	R$ million	%	R$ million	%	R$ million	%
1.1 Control of GHG emissions	433.1	4.0%	541.4	5.0%	0.0	0.0%
2. Renewable energy	3,248.1	30.0%	3,681.2	34.0%	1,207.7	11.2%
3. Energy efficiency	54.1	0.5%	108.3	1.0%	29.8	0.3%
4. Clean transport	1,407.5	13.0%	1,840.6	17.0%	0.0	0.0%
5. Sustainable management of living and natural resources and land use	0.0	-	0.0	-	962.2	8.9%
6. Terrestrial and aquatic biodiversity	108.3	1.0%	216.5	2.0%	311.5	2.9%
8. Adaptation to climate change	108.3	1.0%	216.5	2.0%	178.7	1.7%
9. Circular economy	54.1	0.5%	108.3	1.0%	37.2	0.3%
Total	**5,413.5**	**50.0%**	**6,496.2**	**60.0%**	**2,727.2**	**25.2%**

Source: Pre-Issuance Report (May/2024). Federal Government Integrated Financial Administration System (SIAFI) and BNDES.

The category that stands out with the most significant amounts is category **2. Renewable energy**. Individually, the project with the highest allocated

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

value is the implementation of wind farms in Rio Grande do Norte, part of the "Serra do Tigre" Wind Complex. When completed, the complex will be one of the largest in Brazil, contributing to the diversification of the Brazilian energy matrix[40]. Considering the resources reported in the first and second issuances, 307 projects have already received disbursements from the Climate Fund for renewable energy financing. For more information on the Climate Fund projects reported in this report, see Annex RAI 2025 – Special Tables.

Table 3.13 Second Issuance - Category 2(R$ million)

		RAI 2025
Climate Fund		
	Solar Energy	659.08
	Wind Energy	500.00
	Energy from biomass and urban solid waste or industrial waste	47.00
	Development and industrial capacity for the production of equipment, components, technologies, and materials necessary for the energy transition	2.69
Total		**1,208.77**

Source: BNDES

Regarding Category **3. Energy efficiency**, only projects financed with Climate Fund resources are reported. Of particular note is a project related to energy efficiency actions in different companies in the industrial and retail segments.

Table 3.14 Second Issuance - Category 3 (R$ million)

		RAI 2025
Climate Fund		
	Investments in public lighting through the replacement of conventional lamps with LED technology	5.28
	Upgrading of industrial infrastructure to achieve higher energy efficiency levels, resulting in savings of no less than 20% compared to pre-investment conditions	24.55
Total		**29.84**

Source: BNDES

40 BNDES News Agency, "With R$ 690 million, BNDES finances the construction of wind farms in RN."

As for Category **5. Sustainable management of living and natural resources and land use**, as in the first issuance, the expenditure with the largest contribution is the budgetary program related to the promotion and protection of indigenous health. In addition to budgetary programs, two projects carried out with resources from the Climate Fund for the restoration of degraded forest areas were also reported.

Table 3.15 Second Issuance - Category 5 (R$ million)

		RAI 2025
Budget Program		
20M4	Support for the implementation of agro-environmental policies	0.07
20VQ	Socio-environmental management in territories of traditional peoples, traditional communities, and family farmers	6.13
20WA	Registration, restoration, and forest production	13.41
20Y1	Sustainable development of artisanal fisheries	66.47
210X	Support for sustainable territorial development, productive inclusion, and rural infrastructure	2.61
211A	Environmental development and management for land reform beneficiaries	1.71
214S	Structuring and promotion of productive activities – National integration routes	66.91
21F1	Development of the bioeconomy	3.20
21F2	Socio-environmental management of natural resources in territories of traditional peoples, traditional communities, and family farmers	8.10
21F3	Implementation of policies for biodiversity, native vegetation, and protected areas	4.15
21F5	Forest management	6.76
21HJ	Assessment, monitoring, and conservation of Brazilian flora	0.00
20YP	Promotion, protection, and recovery of Indigenous health	566.00
21FL	Management of policies for Indigenous peoples	121.78
Climate Fund		
	Afforestation, reforestation, and ecological restoration of degraded areas	95.00
Total		**962.32**

Source: Federal Government Integrated Financial Administration System (SIAFI) and BNDES

Regarding category **6. Terrestrial and Aquatic Biodiversity**, the main budget

program is related to the funding of environmental inspection operations and the prevention and fighting of forest fires. This is an action of the Chico Mendes Institute for Biodiversity Conservation (ICMBio).

Table 3.16 Second Issuance - Category 6 (R$ million)

		RAI 2025
Budget Program		
125F	Environmental restoration of the Coal Basin of Santa Catarina	10.46
154k	Construction of infrastructure for the National Institute for the Semi-Arid Region (INSA)	1.25
20WB	Forest research and information	5.49
20WK	Research, assessment, and monitoring of Brazilian flora	3.53
20WN	Research and conservation of species and speleological heritage	10.57
211A	Environmental development and management for land reform beneficiaries	1.82
214O	Management of sustainable use of biodiversity and environmental restoration	34.54
21A8	Formulation and implementation of strategies to promote the conservation, restoration, and sustainable use of biodiversity, native vegetation, and genetic resources	9.52
21F4	Formulation and implementation of policies, strategies, and initiatives to control deforestation and forest fires	6.88
21F5	Forest management	1.45
21HF	Environmental restoration of the Coal Basin of Santa Catarina	0.47
21HK	Research and conservation of plant biodiversity	0.16
2C67	Research and development at the Center for Strategic Technologies of the Northeast (CETENE)	2.04
214P	Environmental monitoring, prevention, and firefighting	220.74
214M	Prevention and control of forest fires in federal priority areas	2.63
Total		**311.55**

Source: Federal Government Integrated Financial Administration System (SIAFI)

Regarding category **8. Adaptation to climate change**, budget programs related to support for coastal erosion prevention projects and other projects to improve environmental quality are noteworthy. In addition, two projects associated with eligible expenditure for adaptation, vulnerability reduction, and increased resilience of urban infrastructure were financed with resources from the Climate Fund.

Table 3.17 Second Issuance - Category 8 (R$ million)

		RAI 2025
Budget Program		
20GB	Monitoring and early warning of natural disasters – CEMADEN	4.61
00T5	Support for the development of studies, projects, and works by federative entities for the containment or mitigation of floods and inundations, as well as the containment of marine and riverbank erosion	9.74
14RL	Support for the implementation of studies, plans, projects, and works for the prevention and protection against coastal erosion in urbanized areas	39.43
20G4	Promotion of studies and projects for climate change mitigation and adaptation	8.83
20W2	Addressing desertification processes, and mitigation and adaptation to the effects of drought	7.89
21A9	Implementation of programs, plans, and actions to improve urban environmental quality	47.92
Climate Fund		
	Adaptation, vulnerability reduction, and resilience strengthening of urban infrastructure	60.33
Total		**178.74**

Source: Federal Government Integrated Financial Management System (SIAFI) and BNDES

Finally, category **9. Circular Economy**, presents two eligible expenses covering eight projects financed with resources from the Climate Fund. Among these, one project stands out for the implementation of a scrap processing line for use in the manufacturing process of aluminum billets.

Table 3.18 Second Issuance - Category 8 (R$ million)

	RAI 2025
Climate Fund	
Industrial plants that process waste to generate new products or to restore them to a previous state that allows further processing	26.95
Bio-based products that use renewable materials as substitutes for fossil-based inputs	10.27
Total	**37.21**

Source: BNDES

3.3 SOCIAL EXPENSES

Considering social expenditures, this report does not present new resource allocations in relation to RAI24, since the minimum indicative limit presented in the pre-issuance reports has already been reached for both issues. With regard to the first issuance, the environmental allocation has already been presented at its maximum threshold and, similarly, the expectation is also to obtain the maximum threshold for environmental expenses in the second issuance, to be reported by the next edition of the RAI in 2026. Thus, it was decided not to report additional social expenses in this edition of the report.

To summarize the allocation to social expenses already presented in the first allocation and impact report, Table 3.19 shows the reported values, totals, and percentages by category, compared to the minimum and maximum thresholds defined in the Pre-Issuance Report (RPE) for the two sustainable sovereign issuances. Of the total 40% of net proceeds allocated to social spending in the first issuance, 30% was allocated to **1.1 Poverty Alleviation** and 10% to **5. Food Security and Healthy Food Systems**. In the second issuance, of the total 40% allocated to social spending, 36% was reported in **1.1 Combating poverty** and 4% in **5. Access to basic infrastructure.**

Table 3.19 Amounts allocated by category in the 1st and 2nd issuances to social expenses (R$ millions)

1st Issuance

Expenses Categories	Lower limit RPE		Upper limit 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%**

2nd Issuance

Expenses Categories	Lower limit RPE		Upper limit 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%**



4 Impact

This section presents the environmental and social impacts associated with the eligible expenses reported, as provided for in Brazil›s Sovereign Sustainable Bond Framework. The impact measurement seeks to ensure transparency and regularity in the disclosure of the results of public policies financed through the Republic›s sustainable bonds.

To ensure methodological consistency, the impact indicators used are aligned with the objectives and targets of the 2024–2027 Multi-Year Plan (PPA), the Federal Government›s main medium-term planning instrument. As eligible budgetary programs are linked to structural programs under the PPA, it was possible to establish a correspondence between the allocated resources and the government›s official performance indicators.

Although the indicators reflect broader programmatic goals, and not just the direct effects of the budget programs financed, they allow for continuous monitoring of the social and environmental benefits linked to the use of the resources raised. Complementary indicators may be incorporated, when relevant, to enrich the impact assessment.

The current PPA entered into force in 2024, and the indicators are measured annually. In the first report on the allocation and impact of sustainable sovereign bonds, published in 2024, only the targets set for the PPA program indicators to which the reported budget programs were linked were presented. In this report, we have already incorporated the officially measured results for the 2024 fiscal year, allowing for a more robust analysis of the expected effects of eligible expenses.

In this edition, we seek to present, whenever feasible, the estimated specific contribution of the amounts equivalent to the net proceeds obtained from the sustainable issuances considered, based on the available results of the assessment of the PPA indicators.

It is important to highlight the development of the PPA Aberto platform[41] by the National Planning Secretariat, which enables the monitoring of PPA targets and indicators as a whole and benefits the preparation of this and

41 Open PPA

future impact reports on sustainable sovereign bonds. In addition to this platform, this section is also based on the PPA Annual Monitoring Report[42], also prepared by the National Planning Secretariat.

In this context, this section presents an assessment of the PPA indicators by categories of eligible expenses presented in section 3. Allocation, 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 are identified that can adequately represent the impacts of the environmental and social benefits that will be reported at that time.

In the case of categories that also include projects financed with resources from the Climate Fund, indicators are also presented for financed projects that had disbursements starting in August 2024[43]. This is due to the specific nature of the allocation of resources through this fund, which is operated by the Brazilian Development Bank (BNDES).

To verify the relationship between budgetary programs and the 2024-2027 PPA programs, see Annex RAI 2025 – Special Tables.

4.1 ENVIRONMENTAL EXPENSES

This section presents a general analysis for each category reported in section 3. Allocation. The indicators presented are related to the PPA's finalistic programs to which the reported budgetary programs are linked[44] and, when available, indicators of projects financed by the Climate Fund.

Category 1.1 - Control of GHG emissions

Climate change represents a major global challenge, affecting essential resources such as drinking water and increasing extreme events.

Brazil remains committed to sustainable development, integrating greenhouse gas (GHG) emissions mitigation and climate adaptation. Monitoring emissions and producing data strengthens planning and makes adaptation more efficient and evidence-based.

Alignment with SDG 13 and Brazil's NDC demonstrates a commitment to reducing emissions and moving toward a low-carbon economy. Practices such as integrated fire management in protected areas contribute to environmental conservation and emissions control.

Although this category focuses specifically on controlling GHG emissions, other environmental categories in the Framework also contribute to reducing emissions in Brazil.

PPA 2024-2027 indicators

Table 4.1 below shows the indicators from the 2024-2027 PPA related to the programs of which the budget programs supported in this category are a part, as well as their baseline and the target and measured result for 2024.

Table 4.1. Indicators - Category 1.1

PPA Program	Indicators	Baseline	2024 Target	2024 Result	Target Achievement
6114	Protected area with integrated fire management implemented	200,000	200,000	344,838	172%
1158	Number of climate information tools made available	0	2,602	2,604	100%
	Percentage of national GHG emissions covered by mitigation plans	59.8	81.7	59.8	73%

Source: Annual Monitoring Report: base year 2024/Ministry of Planning and Budget.

In 2024, the indicators for this category showed significant progress. The area under integrated fire management reached 344,838 km², exceeding the annual target by 72%, with emphasis on the work of federal brigades in critical states, strengthening fire prevention and ecosystem protection. A total of 2,604 climate information tools were also made available, fully achieving the target and strengthening the institutional capacity to generate reliable data for climate change mitigation and adaptation. The

42 PPA Annual Monitoring Report

43 For projects financed with Climate Fund resources but which did not show disbursements as of August 2024, see the 2024 Allocation and Impact Report (RAI).

44 For this report, we chose to use only the 2024-2027 PPA programs. Thus, budget programs from 2023 that did not remain in the 2024 Budget had their programs adjusted to the current PPA numbering for continuity purposes.

percentage of national GHG emissions covered by mitigation plans stood at 59.8%, equivalent to 73% of the target, reflecting advances in the land use and agriculture sectors, highlighting the pending consolidation of sectoral plans in energy, transportation, industry, waste, and cities, which are being developed for 2025.

Category 1.2 – Solid waste management



Solid waste management in Brazil is directly related to the National Solid Waste Policy (PNRS), established by Law No. 12,305/2010. This law represents a fundamental regulatory milestone for addressing the challenges of waste management in Brazil, establishing principles such as shared responsibility, non-generation, reduction, reuse, recycling, and proper treatment of waste. This policy is directly aligned with the Sustainable Development Goals (SDG), in particular SDG 11, by contributing to the construction of more sustainable cities and communities, with a higher quality of life and lower environmental impact, and SDG 12, by encouraging responsible consumption and production patterns, promoting the circular economy and reducing waste. In this way, the PNRS strengthens the integration between environmental management, urban development, and international commitment to sustainability.

PPA 2024-2027 indicators

As reported in section 3. Allocation, the expenses reported in this category refer to a project financed with resources from the Climate Fund. Table 4.2 below presents a 2024-2027 PPA indicator related to this category, as well as its baseline and target, in addition to the result achieved this year.

Table 4.2. Indicators - Category 1.2

PPA Program	Indicators	Baseline	2024 Target	2024 Result	Target Achievement
2322	Proportion of Urban Solid Waste Collected with Environmentally Appropriate Final Disposal	73.9	76.86	73.7	96%

Source: Annual Monitoring Report: base year 2024/Ministry of Planning and Budget.

In sanitation, the proportion of urban solid waste with adequate disposal was 73.7%, below the target of 76.9%, although two management projects were completed in Rondônia and São Paulo, benefiting 23,483 families. For 2025, 81 proposals selected under the New PAC are planned, totaling R$ 703 million in works and equipment for urban waste management. As for the disposal of hazardous chemicals, in 2024, Brazil disposed of 227,570 tons of polychlorinated biphenyls (PCB), exceeding the target of 25,000 tons by more than eight times, a result made possible by the proximity of the Stockholm Convention deadlines, Law No. 14,250/2021, and the National PCB Inventory System. Despite this progress, challenges remain in terms of technical training, disposal infrastructure, and enforcement.

Indicators related to Climate Fund projects

In 2025, under the Category **1.2 - Solid Waste Management**, the Climate Fund supported a structural project aimed at expanding the final waste disposal infrastructure. Although still in the implementation phase, the project already shows delivery indicators with relevant impact estimates[45].

The total capacity of the landfill is estimated at 3,633,300 cubic meters, with a projected intake and treatment of up to 10,000 tons of waste per day. The project also provides for the collection and burning of approximately 8.2 million cubic meters of biogas per year, contributing significantly to greenhouse gas mitigation. Based on these operations, the annual greenhouse gas emissions avoided are estimated at 86,197 tons of CO_2 equivalent per year.

Table 4.3. Indicators related to projects supported by the climate fund - Category 1.2

Indicator	Estimated Output
Landfill capacity	3,633,300 m^3
Daily waste intake and treatment capacity	10,000 tons/day
Annual biogas collection and combustion	8,194,762 m^3/year
Avoided greenhouse gas emissions	86,197 tons of CO_2eq/year

Source: BNDES.

45 For more details, see Box 1, "Biomethane plant at the largest landfill in Latin America," in section 3.2.1 Allocation, Environmental Expenses, First Issue.

The data related to the projects supported by the Climate Fund presented here reflect expected impacts and contractual targets, not results already verified in operation. The actual measurement of environmental and social impacts will be carried out throughout the execution and operation of the projects.

Category 2 - Renewable energy



Brazil has a predominantly renewable electricity matrix, with approximately 93% of generation coming from sources such as hydroelectric, wind, solar, and biomass plants in 2024[46]. In terms of the total energy matrix - which includes transportation, industry, and other end uses - about 48% of the energy consumed comes from renewable sources[47], keeping the country well above the global average.

Expanding the share of clean energy is essential to reducing the carbon intensity of the national energy matrix. The 2024–2027 PPA includes an indicator that tracks the proportion of clean energy (renewable and nuclear sources) demanded in the country in relation to total consumption, considering end use in various sectors, transportation losses, and the energy sector's own consumption.

The country has been strengthening policies to sustain this high share of renewable sources and improve energy efficiency in generation, distribution, and consumption. Budget programs in this category are aligned with SDG 7 – Affordable and clean energy, promoting the transition to a low-carbon economy.

46 CCEE. Monthly Market Info – May 2024. "In May 2024, 93.1% of the energy generated in the National Interconnected System (SIN) came from renewable sources." Available at: https://www.ccee.org.br/documents/80424/2093532/INFO_MERCADO_MENSAL_MAI24.pdf.

47 Energy Research Company (EPE). National Energy Balance 2024 (Base Year 2023). "The share of renewable sources in the Brazilian energy matrix was 48.4% in 2023, more than three times the world average (16.8%)." Available at: https://www.epe.gov.br/sites-pt/publicacoes-dados-abertos/publicacoes/PublicacoesArquivos/publicacao-701/BEN2024.pdf.

PPA 2024-2027 indicators

As reported in section 3. Allocation, the expenses reported in this category refer mainly to projects financed with resources from the Climate Fund. Table 4.4 below shows the 2024-2027 PPA indicator related to the projects supported in this category, as well as its baseline and 2024 target, in addition to the result achieved this year.

Table 4.4. Indicator - Category 2

PPA Program	Indicators	Baseline	2024 Target	2024 Result	Target Achievement
3107	Clean Energy Supply	46.3%	47.7%	50.3%	105.0%

Source: Annual Monitoring Report: base year 2024/Ministry of Planning and Budget.

In 2024, the Clean Energy Supply (%) indicator measured the share of renewable and nuclear sources in the Brazilian energy matrix, reflecting the national commitment to reducing emissions and transitioning to a low-carbon economy. The result exceeded the target set for the year, indicating a significant advance in the share of clean sources (biomass, solar, wind, and nuclear) in the energy matrix. This increase demonstrates the country's ongoing efforts to diversify generation, increase energy security, and reduce the sector's emissions intensity. Compared to 2022, there was growth from 48.7% to 50.3% in 2023, consolidating Brazil as one of the leaders in clean energy in the G20.

This performance is in line with SDG 7 – Affordable and Clean Energy, in addition to supporting the climate commitments made under the United Nations Framework Convention on Climate Change.

Indicators related to Climate Fund projects

In 2025, Category 2 – Renewable Energy projects supported by the BNDES with resources from the Climate Fund advanced in their execution, allowing for the mapping of more robust impact estimates. It should be noted, however, that the data presented refer to delivery indicators reported by the projects themselves. In other words, these are expectations of future impact based on contracted goals and scopes, and not results already measured or verified in the field.

Table 4.5. Indicators related to projects supported by the Climate Fund - Category 2

	Indicator	Delivery Estimate
Solar Energy	Installed capacity – solar (MW)	1,164 MW
	Firm generation capacity – solar (average MW)	339 average MW
	Households served (units)	1,300,915 units
	Avoided emissions – solar generation (tCO2e)	901,452 tCO2e
	Annual avoided emissions – solar generation (tCO2e/year)	258,998 tCO2e/year
Wind Energy	Installed capacity – wind (MW)	121.5 MW
	Equivalent households served (units)	256,168 units
	Annual avoided emissions – power generation (tCO2e/year)	188,477.6 tCO2e/year
Hydropower	Installed capacity – hydropower (MW)	2.5 MW
	Households served (units)	5,876 units
	Avoided emissions – hydropower generation (tCO2e)	37,403 tCO2e
Small Hydropower Plant (SHP)	Installed capacity – SHP (MW)	4 MW
	Avoided emissions – SHP generation (tCO2e)	26,898 tCO2e
Biogas	Installed capacity – biogas (MW)	2.2 MW
	Avoided emissions – biogas generation (tCO2e)	1,761,000 tCO2e
Biomethane	Biomethane produced (m^3/year)	38,814,150 m^3/year
	Biomethane production capacity (m^3/year)	63,751,000 m^3/year
	Avoided emissions – biomethane (tCO2e)	56,536 tCO2e
	Annual avoided emissions – biomethane (tCO2e/year)	417,819.4 tCO2e/year
Development and industrial capacity for the production of equipment, components, technologies, and materials necessary for the energy transition	Expenditure on innovative activities (R$ thousand)	632,197 (R$ thousand)
	Innovation effort (Expenditure on innovative activities/Net Operating Revenue) (%)	2.30 %
	Researcher man-hours allocated to engineering projects (HH)	259,836 HH
	Payroll of researchers allocated to engineering projects (R$ thousand)	24,286.92 (R$ thousand)

Source: BNDES.

Based on the information available to date, it can be seen that the solar generation projects supported have a total expected installed capacity of 1,164.78 MW, with a physical guarantee of 381.55 MW on average, which corresponds to the potential to serve approximately 1.47 million equivalent households. These projects are expected to contribute to a reduction of 936,000 tons of CO_2 equivalent over the course of their operation, in addition to avoiding 56,300 tons annually based on actual solar energy generation.

In the biomethane segment, the mapped projects point to an estimated production capacity of 50.6 million cubic meters per year, with an expected effective production of 27.8 million cubic meters per year. As a result, a total reduction of 106,600 tons of CO_2 equivalent is estimated, in addition to the avoidance of 339,500 tons of emissions per year.

In the case of biogas generation, the projects have an installed capacity of 2.15 MW, with a potential reduction impact of 3.52 million tons of CO_2 equivalent.

Other supported projects cover sources such as wind energy, with 121.5 MW of installed capacity, hydroelectric generation, with 2.5 MW and an estimated reduction of 37,400 tons of CO_2 equivalent, and small hydroelectric plants (SHPs), with 4 MW of capacity and 26,900 tons of CO_2 equivalent avoided.

So far, we have measured indicators for three projects in this category, available on the table below:

Table 4.6. Measured Indicators Indicators related to projects supported by the climate fund - Category 2

Source	Indicator	Target	Measured Performance
Project for Solar Energy Generation on Commercial Rooftops in Northeast Brazil	Greenhouse gas emissions avoided - solar generation (tCO2e)	653.8 (Dec/22)	653.80 (Dec/22)
	Physical guarantee of solar generation (average MW)	1.01 (Dec/22)	1.01 (Dec/22)
	Installed capacity of solar generation (MW)	4.8 (Dec/22)	5.34 (Dec/22)
Project for the Implementation of Photovoltaic Solar Power Plants in GO, RJ, and SP	Greenhouse gas emissions avoided - solar generation (tCO2e)	111,609.28 (Nov/24)	601,622.7 (Jun/24)
	Physical guarantee of solar generation (average MW)	7.76 (Nov/24)	7.76 (Jun/24)
	Installed capacity of solar generation (MW)	26 (Nov/23)	26 (Jun/24)
Project for Biomethane Production from Landfill Biogas in SP	Biomethane production capacity (m^3/year)	24,820,000.00 (Dec/24)	24,820,000.00 (Dec/24)
	Biomethane produced (m^3/year)	18,589,500.00 (Dec/26)	to be measured
	Greenhouse gas emissions avoided - biomethane (tCO2e)	78,123.65 (Dec/26)	to be measured

Source: BNDES.

Category 3 - Energy Efficiency



Energy efficiency plays a central role in climate change mitigation strategies, as it allows for reduced energy consumption without compromising economic activity, thereby decreasing the carbon intensity associated with energy production and use. Projects in this area contribute directly to the transition to a low-carbon economy, as they reduce greenhouse gas emissions while promoting cost rationalization, competitiveness gains, and energy security.

This category is aligned with Sustainable Development Goal (SDG) 7 – Affordable and clean energy, and SDG 13 – Climate action, reinforcing the need to reconcile economic development, industrial competitiveness, and the reduction of greenhouse gas emissions.

PPA 2024-2027 indicators

As reported in section 3. Allocation, the expenses reported in this category refer to projects financed with resources from the Climate Fund. Table 4.7 below presents a 2024-2027 PPA indicator related to the projects supported in this category, as well as their baseline and respective targets.

Table 4.7. Indicator - Category 3

PPA Program	Indicators	Baseline	2024 Target	2024 Result	Target Achievement
3107	ODEX Brasil	100	90	88.2	118%

Source: BNDES.

ODEX is an indicator that measures progress in energy efficiency. Considering a base year as equal to 100, a decrease in ODEX represents efficiency gains[48]. Thus, the reduction in the ODEX value from 100 to 88.2 in 2024 represented an efficiency gain of 11.8%, above the target of 10%.

48 Energy Efficiency Atlas – Brazil 2024

Indicators related to Climate Fund projects

Within the scope of the Climate Fund, Category 3 – Energy Efficiency was structured to support initiatives that promote more rational energy use in different sectors through the adoption of technologies, processes, and practices that reduce consumption and, consequently, greenhouse gas emissions. The indicators linked to these projects reflect the expected impact in terms of CO_2 equivalent emissions reduction and annual energy savings.

To date, the projects contracted in this line are projected to avoid 7,467.5 tons of CO_2 equivalent per year and save approximately 77,100 MWh annually, targets that will be measured throughout the execution and operation of the supported initiatives.

Table 4.8. Indicators related to projects supported by the Climate Fund - Category 3

Indicator	Estimated Output
Greenhouse gas emissions avoided annually – energy efficiency (tCO_2e/year)	7,467.5 tCO_2e/year
Energy saved (MWh/year)	77,145.07 MWh/year
Implementation of energy efficiency actions (estimated energy saved – MWh/year)	77,145.07 MWh/year

Source: BNDES.

Category 4 - Clean transportation



The transportation sector in Brazil plays a significant role in greenhouse gas (GHG) emissions, reflecting the country's heavy dependence on road and fossil fuels, such as petroleum products, for freight. 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 transport matrix.

In this context, the Decarbonization Credit (CBIO) is an environmental

asset that corresponds to one ton of carbon dioxide equivalent avoided by replacing fossil fuels with biofuels.[49] The CBIO issuance program in Brazil is of great importance for promoting a low-carbon economy, especially in the biofuel sector. Created under the RenovaBio national policy, CBIO encourages the production and use of biofuels such as ethanol and biodiesel by assigning decarbonization credits to companies that produce or sell sustainable fuels.

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

In addition to biofuels, the government monitors the progress of fleet renewal as an important indicator for measuring the impact of public policies on the modernization and decarbonization of the transport sector, contributing to climate and sustainable mobility goals. Linked to the Urban Mobility Program, the 2024-2027 PPA considers an indicator for monitoring the percentage of fleet renewal, which aims 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 the reduction of pollutant emissions, improve energy efficiency, and improve the quality of transport.

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

PPA 2024-2027 indicators

As reported in 3. Allocation, the expenses reported in this category refer to projects financed with resources from the Climate Fund. Below, in Table 4.9, you can see the PPA 2024-2027 indicators related to the projects supported in this category, as well as their baseline and the 2024 target:

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

Table 4.9. Indicators - Category 4

PPA Program	Indicators	Baseline	2024 Target	2024 Result	Target Achievement
3107	Number of Decarbonization Credits (CBIOs) issued in the country during the year	31.23	42.31	42.40	100.0%
2319	Fleet renewal rate	0%	6.3%	13.9%	221.0%

Source: BNDES.

In 2024, 42.4 million Decarbonization Credits (CBIOs) were issued, a result that fully achieved the PPA target (42.31 million) and exceeded the decarbonization target set by CNPE Resolution No. 6/2023, highlighting the strengthening of policies to replace fossil fuels with renewable sources in the transport sector. The fleet renewal rate reached 13.9%, more than double the target of 6.3%, with the acquisition of 8,092 buses, mainly in the Southeast and Northeast regions, including higher-capacity articulated vehicles. These results demonstrate significant progress in both energy transition and urban mobility, although further planning is require to ensure sustainability in the coming years.

Indicators related to Climate Fund projects

The clean transportation category under the Climate Fund includes initiatives aimed at transitioning to modes of transportation with less environmental impact and incorporating technological innovations that increase efficiency and reduce emissions. Among the solutions supported are high-capacity public transport projects, such as BRT systems, waterway cargo transport, renewable energy generation for logistical support, and innovative initiatives in electric mobility and alternative fuels.

These projects are aligned with SDG 11 – Sustainable Cities and Communities, and SDG 13 – Climate Action, reinforcing the role of clean transportation in promoting more resilient urban systems, improving the efficiency of national logistics, and contributing to the reduction of greenhouse gas emissions.

Table 4.10. Indicators related to projects supported by the Climate Fund - category 4

Modality	Indicator	Estimated Output
Electric Vehicles (eVTOLs)	New products/services developed	1
BRT – São Bernardo do Campo/SP to São Paulo/SP	Length implemented	17.3 km
	Buses acquired	92 units
	Demand served	173,000 users/business day
Waterways (grain transport – Pará/SC)	Cargo transported	600,000 tons/year
	Cargo handling capacity	1,200,000 tons/year
	Vessels acquired	6 units
	Pushers acquired	1 unit
	Annual GHG emissions avoided – waterways	31,071.7 tCO_2e/year
Electric Buses	Acquisition of electric buses (Number of buses)	21
	Annual avoided greenhouse gas emissions – urban mobility (tCO2e/year)	1,470 tCO2e/year

Source: BNDES.

Among the highlights is support for the second phase of development of electric vertical takeoff and landing vehicles (eVTOLs), which envisages the delivery of a new product by 2026, representing a pioneering innovation in sustainable air mobility.

In urban public transportation, the Climate Fund is enabling the implementation of the BRT system between São Bernardo do Campo and São Paulo, which is expected to have 17.3 km of dedicated lanes, 92 buses purchased, and the capacity to serve up to 173,000 users per working day, expanding the supply of high-capacity public transportation with less environmental impact.

In waterway transport, investments target grain logistics, strengthening sustainable transport in the north of the country[50]. The project plans to move 1.2 million tons per year, supported by the acquisition of six vessels and one pusher, with the potential to avoid approximately 31,000 tons of CO_2 equivalent emissions annually by replacing part of road transport with river transport, which is more carbon-efficient.

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



In 2025, Brazil maintained its commitment to biodiversity conservation and sustainable management of its natural resources, reconciling economic development with environmental protection. Budget programs aimed at land regularization of Indigenous Lands and the protection of their territories continued to be a key pillar for the promotion of social justice and the preservation of biomes, especially the Amazon and the Cerrado.

Initiatives were monitored to support family farming, socio-biodiversity, and the recovery of degraded areas, with a focus on traditional populations and rural women. Such initiatives contribute to food security, income generation, and the reduction of rural inequalities, while strengthening sustainable and environmentally friendly production practices.

The implementation of these policies contributes directly to the achievement of Sustainable Development Goals (SDGs) 13, 14, and 15, promoting a balanced, healthy, and resilient environment, with positive impacts on the climate, terrestrial biodiversity, and aquatic life.

PPA 2024-2027 Indicators

Table 4.11 below shows PPA indicators related to the budget programs supported in this category:

50 For more information, see Box 2 "Multimodal freight transport in Pará" in section 3.2.1 Allocation, Environmental Expenses, First Emission.

Table 4.11. Indicators - Category 5

PPA Program	Indicators	Baseline	2024 Target	2024 Result	Target Achievement
1144	Number of producers benefiting from the Rural Insurance Premium Subsidy Program (PSR)	78,574	89,723	86,443	96%
1189	Number of families in the target audience served with agroecological, socio-biodiversity and agro-industry initiatives, with environmental conservation and recovery of degraded areas	-	2,000	-	-
1617	Land Regularization Index of Indigenous Lands	67	68	69	101%
	Number of Indigenous lands supported by actions of protection, full ownership, and exclusive usufruct	-	101	150	149%
2321	Total area benefited by watershed revitalization actions	-	45,821	9,892	22%
5122	Infant mortality rate from preventable causes	19	18	17	106%
5136	Number of beneficiaries assisted (Promote access to rural education for beneficiaries of Agrarian Reform, Quilombolas, and Traditional Peoples and Communities)	-	16,250	2,061	13%
1191	Number of rural women benefiting from public policies to strengthen economic and productive autonomy	452,394	509,000	758,751	149%
5838	Number of Indigenous Peoples represented	-	30	51	170%

Source: Annual Monitoring Report: base year 2024/Ministry of Planning and Budget.

In the indigenous agenda, the Indigenous Land Regularization Index reached the expected level (101% of the target), and 150 indigenous lands were registered with protection, full ownership, and exclusive use actions (149%), in addition to representation of 51 indigenous peoples (170%). These advances indicate positive impacts on both family production and the guarantee of territorial rights and political representation.

Some indicators showed partial performance. The infant mortality rate from preventable causes, related to indigenous health, stood at 16.6%, reaching 94% of the target for 2024. The area of revitalized river basins totaled 9,892 hectares (22% of the target), a result that is still limited despite actions in different regions.

Two indicators have not yet had their 2024 results measured and, therefore, are not reported here.

Indicators related to Climate Fund projects

In Category 5, the Climate Fund supports projects focused on ecological restoration and sustainable land use management, with the aim of restoring degraded ecosystems, increasing environmental resilience, and contributing to climate change mitigation

Table 4.12. Indicators related to projects supported by the Climate Fund - category 5

Indicator	Estimated Output
Area with completed actions for vegetation cover restoration with native species	27,802 hectares
Annual greenhouse gas emissions removed	422,446 tCO_2e/year

Source: BNDES.

The projects contracted under this line provide for the restoration of 27,800 hectares through the planting of native species. One of them is exclusive to the Amazon biome, while another also includes the Atlantic Forest, representing an important effort in forest restoration for global climate balance.

The indicators defined for this project are output-based, reflecting the expected impact to be measured upon the completion of the actions in

2028. The estimated annual removal is 422,000 tons of CO_2 equivalent, underscoring the role of forest restoration in carbon sequestration and biodiversity preservation.

Category 6 - Terrestrial and aquatic biodiversity



Brazil has the greatest biological diversity on the planet, with tens of thousands of known species of fauna and flora and a wide variety of ecosystems, both continental and marine. This wealth is distributed across six major terrestrial biomes – Amazon, Cerrado, Caatinga, Pantanal, Atlantic Forest, and Pampa – and in coastal and oceanic areas that are home to reefs, mangroves, estuaries, and dunes. This diversity is strategic not only for environmental balance, but also for the country's climate resilience, food, water, and energy security.

The commitment to biodiversity conservation is reflected in budget programs aimed at protecting endangered species, expanding and managing protected areas, combating forest fires, and promoting the recovery of native vegetation. These policies are part of a cross-cutting approach that combines social inclusion, sustainable production, and environmental governance, promoting synergies between the federal, productive, and community spheres.

The initiatives developed within this category are also linked to multilateral commitments, such as the Convention on Biological Diversity and the Kunming-Montreal Global Biodiversity Framework, as well as the Sustainable Development Goals (SDGs), especially SDG 13 (Climate Action), 14 (Life Below Water), and 15 (Life on Land). The consolidation of robust, results-oriented public policies is essential to ensure the resilience of Brazilian ecosystems, especially in the face of the adverse effects of climate change.

Through institutional strengthening, the use of monitoring technologies, and the expansion of territorial partnerships, Brazil is advancing in the protection of its natural resources and the development of nature-based sustainable solutions, reaffirming its leading role in the global biodiversity and climate agenda.

PPA 2024-2027 indicators

Table 4.12 below shows the PPA indicators related to the final programs linked to the budget programs supported in this category, as well as their baseline and respective targets. In relation to the 2024 Allocation and Impact Report, we present two new indicators related to final programs that were not previously included (2308 – Consolidation of the National Science, Technology, and Innovation System – SNCTI and 5136 – Land Governance, Agrarian Reform, and Regularization of Quilombola Territories and Traditional Peoples and Communities).

Table 4.13. Indicators - Category 6

PPA Program	Indicators	Baseline	2024 Target	2024 Result	Target Achievement
1189	Number of families served by the Bolsa Verde program and other policies to promote sustainable productive activities	-	50,000	51,621	103%
2308	Number of laboratories focused on standardization, metrology, accreditation, and conformity assessment supported	1,330	1,400	1,436	103%
5136	Number of beneficiaries served (Promoting access to Rural Education for the public of Agrarian Reform, Quilombolas, and Traditional Peoples and Communities)	-	16,250	2,061	13%
6114	Percentage of terrestrial and marine territory protected	20.67%	22%	21%	95%
	Number of endangered fauna/flora species with action plans or other conservation instruments	1,853	1,860	1,853	100%
	Area of native vegetation cover in recovery	-	187,500	-	-
6113	Percentage of monitored variables (Promoting scientific knowledge, technological development, and innovation in the ocean, coastal zone, and polar regions)	-	60%	56%	93%

Source: Annual Monitoring Report: base year 2024/Ministry of Planning and Budget.

Six indicators aligned with category 6 expenses were identified. In 2024, the main highlight was the number of families served by the Bolsa Verde Program and other policies to promote sustainable productive activities, which reached 51,621 families, exceeding the target of 50,000 (103%). The result was driven by the update of the eligibility list in Conservation Units, conducted in partnership between the Chico Mendes Institute for Biodiversity Conservation (ICMBio) and the Ministry of the Environment and Climate Change (MMA).

Among the partially achieved indicators, the percentage of protected terrestrial and marine territory reached 21%, close to the target of 22% (95%). The number of beneficiaries served in rural education for agrarian reform, quilombolas, and traditional peoples and communities totaled 2,061 people (13% of the target).

One indicator was not achieved in 2024: the area of native vegetation cover under recovery, whose target was 187,500 hectares. The measurement did not occur due to the absence of a consolidated national system to monitor vegetation recovery. According to information from the MMA and the National Institute for Space Research (INPE), the development of the RECOOPERAR platform has begun, which will allow data to be consolidated and made available by the end of 2025.

Category 7 - Sustainable water and effluent management



Sustainable water and effluent management is a cornerstone of Brazil's environmental and social policy, linking water security, agricultural production, and quality of life in cities. The country holds about 12% of the world's freshwater supply, which is unevenly distributed among regions, posing challenges in terms of governance and equitable access. In this regard, the National Water Resources Policy (Law No. 9,433/1997) established regulatory and enforcement instruments aimed at the sustainable use of water, with concessions being an essential mechanism for ensuring compatibility between demand and availability.

In the 2024-2027 Multi-Year Plan (PPA), the category is represented by indicators that reflect both the effort to expand irrigation in areas authorized by the federal government, which are fundamental for food security and regional development, and the effort to expand basic sanitation coverage, in line with the goals of the New Legal Framework for Basic Sanitation (Law No. 14,026/2020), which establishes deadlines through 2033 for universal water supply and sewage treatment.

From the perspective of the sustainable finance agenda, the Brazilian Framework for Sustainable Sovereign Bonds recognizes expenses in this area as eligible for green and social financing, in direct alignment with the Sustainable Development Goals (SDG 6 – Clean Water and Sanitation and SDG 11 – Sustainable Cities and Communities). Investments in water management and sanitation contribute to reducing regional inequalities, strengthening climate resilience, and expanding equitable access to essential services for the population.

PPA 2024-2027 Indicators

Table 4.14 below shows the PPA indicators related to the budget programs supported in category 7:

Table 4.14. Indicators related to category 7

PPA Program	Indicators	Baseline	2024 Target	2024 Result	Target Achievement
2321	Estimated annual increase in irrigated area based on authorizations for the use of Union domain waters	346,152	383,433	277,683	72%
2322	Percentage of urban households served by a sewerage system or septic tank for excreta or sanitary sewage	83.3%	85.1%	84.7%	100%

Source: Annual Monitoring Report: base year 2024/Ministry of Planning and Budget.

Two indicators were identified that are aligned with the expenses in this category, related to the increase in irrigation in authorized areas and basic sanitation.

The indicator referring to the percentage of urban households served by a

collection network or septic tank for excreta or sanitary sewage reached 84.7% in 2024, a figure very close to the target of 85.1%, which represents approximately 100% compliance with the specific objective. This result was obtained from IBGE data for 2023 and reflects the investments made by the Federal Government in interventions aimed at urban sewage. Of particular note is the completion of 81 sewage projects, 40 of which were part of the New PAC, distributed throughout all regions of the country. The actions benefited around 590,000 families, contributing to the improvement of urban infrastructure, job creation, and public health, in addition to ensuring better quality of life conditions.

The indicator for the estimated annual increase in irrigated area based on authorizations for the use of federal waters reached 277,700 hectares against a target of 383,400 hectares, which corresponds to 72% of the specific objective. In 2024, four new Irrigated Agriculture Hubs were recognized in strategic areas (Tocantins, Mato Grosso do Sul, the Federal District, and Vale do Paranã), in addition to advances in existing hubs, with emphasis on energy surveys, pilot irrigation projects on family farms, and studies aimed at expanding irrigated fruit growing. A Plan to Promote Irrigated Agriculture on Small Farms was also developed, the result of a partnership between MIDR, IICA, and Embrapa Semiárido. Despite this progress, the target was not fully achieved, reflecting the complexity and gradual pace of implementation of the National Irrigation Policy.

Category 8 - Adaptation to climate change



The worsening of extreme weather events—such as floods, droughts, fires, and sea level rise—requires public authorities to integrate climate change adaptation actions into multiple spheres of public management. Although mitigation efforts remain central to the environmental agenda, adaptation has become imperative in view of the Brazilian population's growing exposure to climate risks. Recent data indicate that more than 90% of the country's municipalities have been affected by natural disasters in recent years, highlighting the need to strengthen response and prevention infrastructure throughout the national territory.

In this context, climate adaptation is gaining relevance in government planning, with an emphasis on expanding investments in scientific, technological, and digital infrastructure, which allow for monitoring risks, developing innovative solutions, and responding more efficiently to emergencies. The National Plan for Adaptation to Climate Change (PNA) and the National Plan for Civil Protection and Defense (PNPDEC) are the main instruments for coordinating sectoral policies and guiding investments in local response and resilience capacities.

Budget programs range from strengthening research and development infrastructure to modernizing warning systems and reducing humanitarian response times. Integrated action between federal entities and participation in international forums reinforce the country's commitment to the climate security of the population, in line with SDG 11 and 13 and the commitments made in the Brazilian NDC.

PPA 2024-2027 Indicators

Table 4.15 below shows the PPA indicators related to budget programs supported in category 8: Adaptation to climate change

Table 4.15. Indicators - Category 8

PPA Program	Indicators	Baseline	2024 Target	2024 Result	Target Achievement
1190	Percentage of states generating air, water, and soil quality monitoring data integrated with federal monitoring systems	10%	20%	27.45%	137%
2318	Proportion of municipalities in the "High" and "Advanced Intermediate" ranges of the Municipal Capacity Index for Risk and Disaster Management (ICM)	40.93%	41.35%	33.07%	80%
2318	Adjusted average time between request and transfer of resources for humanitarian assistance	22.8	22.75	25	110%
2308	Annual evolution in the availability of R&D infrastructure	3760	4500	4220	94%
1158	Number of climate information instruments made available	381	2600	2600	100%

Source: Annual Monitoring Report: base year 2024/Ministry of Planning and Budget.

Six indicators were identified as aligned with the budget programs in this category, related to risk and disaster management, environmental quality, deforestation monitoring, consolidation of the National Science, Technology, and Innovation System, and tackling the climate emergency.

The percentage of states that generate air, water, and soil quality monitoring data integrated with federal systems reached 27.45% in 2024, exceeding the 20% target (137% compliance). This result reflects the growing engagement of Brazilian states, with 14 already integrated into the federal air quality monitoring system (MonitorAr), in addition to data provided by 10 states on contaminated areas and 27 states on effluent discharges. This performance demonstrates the strengthening of inter-institutional and inter-federative coordination in environmental monitoring.

The proportion of municipalities in the "High" and "Advanced Intermediate" ranges of the Municipal Capacity Index for Risk and Disaster Management (ICM) stood at 33.07%, below the target of 41.35% (80% of the specific objective). Despite this, 2024 was marked by relevant institutional achievements: the technical completion of the National Civil Protection and Defense Plan (PNPDEC); the implementation of the Civil Defense Alert (DCA) tool, which sends emergency warnings via cell phone; and the expansion of training activities, with more than 31,000 certificates issued. There was also an increase in the number of municipalities with greater risk and disaster management capacity (from 483 to 556, including 42 priority municipalities).

The evolution of research and development (R&D) infrastructure reached 4,220 units, compared to a target of 4,500 (94%), a result that reflects significant advances in structural science and technology projects. Finally, the indicator for the percentage reduction in the total area of native vegetation cleared per year and per biome, which had a target of 20%, has not yet been measured.

Indicators related to Climate Fund projects

In Category 8, the Climate Fund supports initiatives aimed at urban and environmental adaptation to the effects of climate change, promoting green infrastructure, improving environmental quality, and social resilience.

Table 4.16. Measured Indicators related to projects supported by the Climate Fund - Category 8

Indicator	Target	Measured Performance
Recovered area / total area (%)	9.26% (Dec/24)	8.0% (Jun/25)
User rating (score)	9.0 (Dec/24)	8.9 (Jun/25)
Businesses opened in the park as a result of the project (no.)	22 (Dec/24)	62 (Jun/25)
Free events held (no./year)	144 (Dec/24)	128 (Jun/25)
Water quality of water bodies (no. of water bodies with upgraded water classification)	2 (Dec/24)	0 (Jun/25)
Average income of park entrepreneurs (R$)	3,946 (Dec/24)	3,994 (Jun/25)
Physical visitation (no. of visits/year)	17,000,000 (Dec/24)	18,382,795 (Jun/25)
School visitors per year (no. of students)	5,400 (Dec/24)	9,849 (Jun/25)
Volume of waste transformed into co-products (index t co-products/t waste)	0.69 (Dec/24)	0.98 (Jun/25)
Area of sports facilities renovated/modernized (m^2)	16,340 (Dec/24)	17,517 (Jun/25)
Permeable area implemented (m^2)	15,667 (Dec/24)	23,684 (Jun/25)
Cameras installed (no.)	255 (Dec/24)	390 (Jun/25)
Co-product production capacity (t/day)	0.03 (Dec/24)	9.83 (Jun/25)
Bike lanes implemented/modernized (m)	4,427 (Dec/24)	4,029 (Jun/25)
Cultural facilities implemented/revitalized (no.)	5 (Dec/24)	5 (Jun/25)
User infrastructure implemented/modernized (no. of structures)	132 (Dec/24)	200 (Jun/25)
Soil recovery (m^2)	75,248 (Dec/24)	77,064 (Jun/25)

Source: BNDES.

The featured project refers to the redevelopment of six urban parks in the city of São Paulo, located in environmentally protected areas. The planned interventions range from expanding the permeable area and soil recovery to implementing cultural, sports, and leisure infrastructure.

The defined indicators reflect a comprehensive view of the expected benefits: recovery of degraded areas, increased soil permeability, improved water quality, stimulation of local enterprises, increased visitation and cultural offerings, as well as gains associated with waste management and the strengthening of green infrastructure.

Based on measurements taken as of June 2025, significant progress has been observed on several fronts. The recovery of the total area reached 8%, approaching the target of 9.26%. The number of businesses opened in the parks has already totaled 62, far exceeding the initial goal of 22. There has also been an increase in visitation, with more than 18.3 million annual visits, and a significant expansion of permeable areas, which reached 23,684 m^2 (target: 15,667 m^2).

In addition, there was an improvement in the coproduct index (0.98 t/t of waste) and significant progress in coproduct production capacity, which reached 9.83 t/day. Soil recovery has already exceeded the goal, totaling 77,064 m^2, and the five revitalized cultural facilities have been maintained as planned. These achievements further reinforce the expectation of a positive impact on climate adaptation and urban quality of life.

In addition to this highlighted project, we also have delivery estimates for another project in this category, related to climate adaptation in the municipality of Campinas, as shown below.

Table 4.17. Indicators related to projects supported by the Climate Fund - category 8

Indicator	Estimated Output
Volume of reservoirs built for water storage (m^3)	288,750 m^3
Critical flooding, flash flood, and inundation points (number of critical points)	from 6 to 3
Green areas implemented or restored (m^2)	387,186 m^2
Bicycle lanes implemented/modernized (m)	7,712 m
Seedlings planted (number of seedlings)	9,150 units
Physical visitation to implemented parks (number of visits/year)	62,723 visits/year

Source: BNDES.

Category 9 - Products, production technologies, and processes adapted to the circular economy

In 2025, the Federal Government launched the National Circular Economy Strategy (ENEC)[51], which aims to promote the transition from a linear production and consumption economic model to a Circular Economy, encouraging the efficient use of natural resources and sustainable practices throughout the production chains.

PPA 2024-2027 Indicators

The circular economy is directly related to recycling policies. In the PPA, in the Environmental Quality in Cities and the Countryside program, there is an indicator tracking the recovery rate of dry recyclables from municipal solid waste. However, it has not yet been measured.

Table 4.18. Indicators - Category 9

PPA Program	Indicators	Baseline	2024 Target	2024 Result	Target Achievement
1190	Recovery rate of dry recyclables from municipal solid waste	2.20	5.70	-	-

Source: Annual Monitoring Report: base year 2024/Ministry of Planning and Budget.

Indicators related to Climate Fund projects

Among the projects in this category, only one has impact indicators, presented below in Table 4.19, with one indicator scheduled for delivery by December 2024 and another by December 2026.

Table 4.19. Indicators related to projects supported by the Climate Fund - category 9

Indicator	Estimated Output
Solid waste treatment and disposal capacity (ton/day)	222
Waste effectively treated or disposed of (ton/day)	222

Source: BNDES.

51 National Circular Economy Plan 2025-2034

4.2 SOCIAL EXPENSES

This section brings together the indicators selected to assess the social impacts of eligible expenses, in line with the final programs of the 2024-2027 PPA. The methodology follows the same principle applied to environmental categories: seeking both quantitative and qualitative evidence that allows the scope of the supported policies to be measured.

The analysis considers the results achieved in 2024, relating them to the planned targets and highlighting trends in progress, implementation challenges, and critical points to enhance the effectiveness of public actions. Thus, the indicators not only show the achievement of goals, but also provide inputs for the continuous monitoring of policies aimed at reducing inequalities, strengthening social protection, and promoting sustainable human development. [52]

Category 1.1 - Combating Poverty



Brazil has made significant progress in reducing poverty and expanding the middle class over the last decade, but the challenge of ensuring broad social inclusion and reducing inequalities remains central. The consolidation of cash transfer programs and the expansion of decent work opportunities remain fundamental pillars for ensuring adequate living conditions for vulnerable families.

The 2024-2027 PPA reinforces this commitment by coordinating social protection policies, producing and using up-to-date data on low-income populations, and strengthening institutional support networks. These efforts not only expand the coverage of social benefits, but also improve the State's capacity to plan and monitor actions aimed at eradicating extreme poverty.

Social category 1.1 is directly linked to SDG 1 (No Poverty) and SDG 10 (Reduced Inequalities). Initiatives such as expanding the SUAS service network, strengthening the Single Registry, and continuing the Bolsa Família program, which currently covers more than 21 million families, have been instrumental in recent advances. Even so, the scenario requires continued investment and the integration public policies to sustain the results obtained and advance social inclusion.

52 For this report, we chose to use only the programs from the 2024-2027 PPA. Thus, budget programs from 2023 that did not remain in the 2024 Budget had their programs adjusted to the numbering of the current PPA for continuity purposes.

PPA 2024-2027 Indicators

Table 4.20 below shows the PPA indicators related to programs linked to actions supported in this category:

Table 4.20. Indicators - Category 1.1

PPA Program	Indicators	Baseline	2024 Target	2024 Result	Target Achievement
5131	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	74.71	108%
	Average Concession Time (in days) for the BPC (PCD and Elderly)	164	133	83	261%
	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)	-	50%	95%	190%
5128	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	100.93	101%

Source: Annual Monitoring Report: base year 2024/Ministry of Planning and Budget.

The 2024 indicators related to combating poverty show significant progress in expanding social assistance coverage and strengthening the Single Registry.

The percentage of families with an income of up to half the minimum wage registered in the Single Registry and served by CRAS units reached 74.7%, exceeding the annual target of 69% and reaching 108% of the specific target. The result was consistent across all regions, with the Midwest (83.4%) and South (94.8%) standing out. This performance reflects the expansion of the service network and the registration update carried out in 2024.

In the case of the Continuous Cash Benefit (BPC), the average time for granting the benefit was significantly reduced, falling from 164 days at baseline to just 83 days in 2024. Compared to the target of 133 days, this performance corresponds to 261% achievement, evidencing significant advances in administrative efficiency and faster access to the benefit. Despite this progress, regional inequalities persist: while the Southeast reached an average of 53 days, regions such as the North and Midwest still recorded times exceeding 100 days.

Another indicator that far exceeded the target was the percentage of municipalities that completed the registration and monitoring systems required by Article 30 of the LOAS, which reached 95%, compared to a target of 50%, representing 190% of the target achieved. The result stems from massive adherence to the SUAS Census, an instrument that enabled standardized data collection, although the final publication has been postponed to 2025.

Under the Bolsa Família Program, the percentage of eligible families served remained above the target, at 100.9%, ensuring full coverage of families entitled to the benefit. This performance confirms the program's operational capacity to guarantee social protection and prevent the spread of extreme poverty.

Category 2 - Food security and sustainable food systems



Brazil plays a central role in global food security, serving as a benchmark both for its agricultural production capacity and for the diversity of food systems within its territory. The country combines conventional agriculture, agroecology, and organic production practices, linking the generation of trade surpluses with public policies focused on the Human Right to Adequate Food (DHAA).

Domestically, programs such as the Food Acquisition Program (PAA) and the National School Feeding Program (PNAE) strengthen family farming, ensure stable marketing channels, and contribute to the food security of vulnerable populations. These initiatives also foster local economies, stimulate social inclusion, and support the transition to more sustainable production models.

Category 2 is directly related to SDG 2 – Zero Hunger and Sustainable Agriculture, reinforcing the importance of creating resilient, accessible food systems that are capable of simultaneously promoting social inclusion, environmental sustainability, and long-term economic development.

PPA 2024-2027 Indicators

Below, in the Table 4.21, the PPA indicator related to the program linked to the budget programs supported in this category is presented:

Table 4.21. Indicators - Category 2

PPA Program	Indicators	Baseline	2024 Target	2024 Result	Target Achievement
5133	Percentage of family farmers registered in the Unified Registry (CAD Único) as suppliers to the PAA.	41	45	60	133%
	Percentage of rural families in the Single Registry assisted through productive inclusion actions, especially the Rural Productive Activities Promotion Program	5.2	5.5	5.8	105%

Source: Annual Monitoring Report: base year 2024/Ministry of Planning and Budget.

In 2024, the indicator referring to the percentage of family farmers from priority groups covered by the Food Acquisition Program (PAA) did not have available measurement data. The target for the period was 45%, but it was not possible to measure the result due to methodological difficulties in the form of accounting. Currently, the criteria adopted are not mutually exclusive, which compromises the comparability and accuracy of the data.

Despite the absence of consolidated data in 2024, the PAA continues to play an important role in promoting the productive inclusion of family farmers and strengthening short marketing circuits, contributing to the food and nutritional security of vulnerable populations.

In addition to the indicator directly related to the PAA, we also present another indicator from the same program, which indicates the percentage of rural families in the Single Registry served by productive inclusion actions, in particular the Program for the Promotion of Rural Activities. Although it is another program, the target audience is similar. For 2024, the target of 5.5% was equivalent to approximately 19,700 families, and 22,680 families were served, an increase of 15% over the target originally set for the fiscal year.

Category 5 - Access to basic infrastructure



The provision of basic infrastructure services, especially drinking water and sewage, is a fundamental condition for economic and social development, as it directly impacts public health, quality of life, and the reduction of regional inequalities. Despite recent advances, Brazil still faces significant challenges in achieving the universal coverage envisaged in the National Basic Sanitation Plan (Plansab), especially in rural areas and urban peripheries.

National sanitation plans and policies guide the expansion of access to drinking water, sewage, solid waste management, and urban drainage, coordinating actions for environmental preservation and the promotion of public health. The effective implementation of these guidelines contributes to preventing diseases associated with poor sanitation, the sustainable use of water resources, and the improvement of urban resilience to extreme weather events.

Category 5 is directly aligned with SDG 6 – Clean Water and Sanitation, reinforcing the country's commitment to ensuring essential rights for the population and building a more just, healthy, and sustainable future.

PPA 2024-2027 Indicators

Table 4.22 below shows PPA indicators related to programs linked to budget programs supported in this category:

Table 4.22. Indicators - Category 5

PPA Program	Indicators	Baseline	2024 Target	2024 Result	Target Achievement
2322	Percentage of urban households supplied with water by distribution network or by well or spring.	96.8%	97.4%	98.0%	100.6%
	Percentage of rural households supplied with water by distribution network or by well or spring.	72.9%	74.6%	74.3%	99.6%
	Percentage of urban households served by a collection network or septic tank for excreta or sanitary sewage.	83.3%	85.1%	74.3%	87.3%
	Percentage of rural households served by a collection network or septic tank for excreta or sanitary sewage.	38.7%	40.7%	26.0%	63.9%
2321	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	135%
5122	Number of indigenous villages benefited from drinking water supply infrastructure works.	96	60	225	375%
5133	Number of rural families in the Unified Registry without access to water	993,000	945,000	942,495	100%

Source: Annual Monitoring Report: base year 2024/Ministry of Planning and Budget.

In 2024, there were significant advances in water supply, but challenges remain in sanitation, especially in rural areas. The percentage of urban households supplied reached 98%, exceeding the target of 97.4%, while rural coverage reached 74.3%, close to the target of 74.6%, but with significant regional disparities. In terms of sanitation, 84.7% of urban households were

served by a network or septic tank (target: 85.1%), while in rural areas the result was only 26%, far from the target of 40.7%.

Among the other indicators, the following results stand out: 135 municipalities with a low or critical Water Security Index received benefits (target: 100), reflecting the resumption of works and integration with local governments. The number of indigenous villages served by water supply works reached 225, exceeding the target of 60, expanding the rights and health conditions of these communities. Finally, rural families in the Single Registry without access to water were reduced to 942,500 (target: 945,000), supported by more than 50,000 social technologies implemented in 2024, especially in the Semi-Arid region.

In summary, the results reveal consistent advances in water security and access for indigenous populations but also reinforce the need to accelerate investments in rural sanitation to reduce inequalities in access to basic infrastructure.



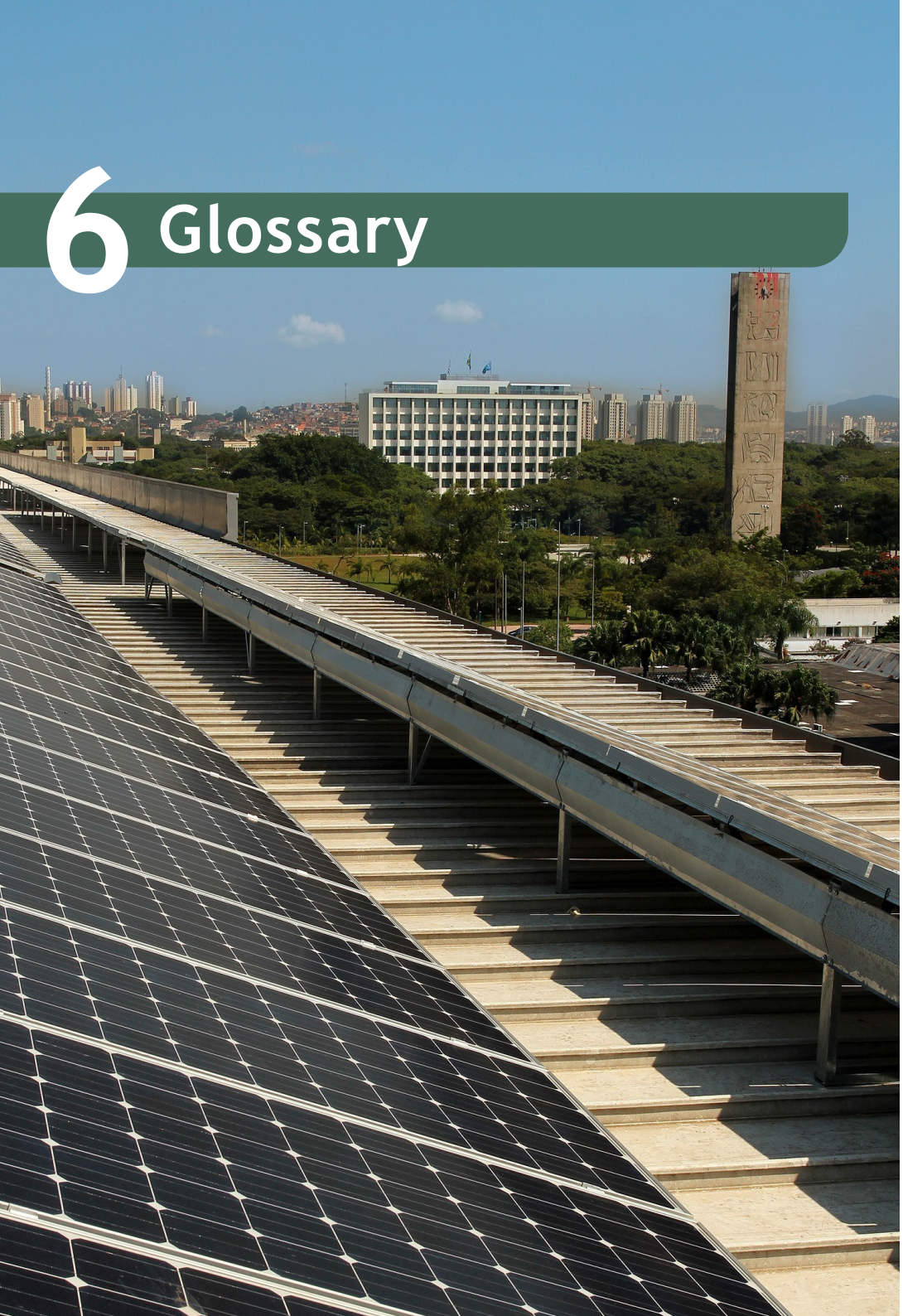
5 Conclusion

In this 2025 Allocation and Impact Report, we continue to report on the two sustainable bond issuances carried out in November 2023 and June 2024, under Brazil's Sovereign Sustainable Bond Framework. In terms of allocation, we supplement the data from the 2024 Allocation and Impact Report with data on amounts paid and disbursed through June 2025, and in the impact section, we present the first results measured under the Multi-Year Plan (PPA) for 2024, in addition to estimates for the delivery of projects financed with Climate Fund resources.

In relation to the first issuance, with this RAI 2025, we concluded the allocation in an amount equivalent to R$ 9.62 billion raised in the international market, reporting 60% of the amount in environmental expenses and 40% in social expenses. This follows the maximum allocation in environmental expenses provided for in the 2023 Pre-Issuance Report, signaling, in a year in which Brazil hosts the 30th Conference of the Parties (COP30) to the United Nations Framework Convention on Climate Change (UNFCCC) in Belém, its commitment to this issue.

As for the second issuance, the allocation of social expenses had already been reported in the 2024 RAI, with 40%, and in this 2025 RAI, 25.2% was presented in environmental expenses, with 34.8% still to be reported in the next annual Allocation and Impact Report.

For 2026, the Sustainable Sovereign Finance Committee (CFSS) remains committed to tracking and monitoring the allocation of the remaining equivalent amount, along with impact indicators, in addition to constantly monitoring new possibilities for issuing sustainable bonds.



6 Glossary

Budget Program ("Ação orçamentária"): One of the components of expenditure classification 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, which contribute to meeting the objective of a program, and may be of the project, activity, or special operation type[53].

Virtual Allocation ("Alocação virtual"): Alocação virtual é realizada a partir da comprovação de Virtual allocation is carried out based on proof that the amount equivalent to the net resources of the issued security has been and/or will be allocated to eligible expenses, without direct linkage and not constituting a new budgetary source[54]. Actual transfers to projects are made through the issuer's own financial management system, and through monitoring, debits equivalent to the original value of the security are offset. Through this approach, it is possible to periodically track equivalent amounts allocated in relation to disbursements for eligible projects[55].

Current expenses ("Despesas atuais"): Expenses provided for in the respective Annual Budget Law (LOA) in force on the date of issuance of the security[56].

Future expenses ("Despesas futuras"): Expenses to be incurred within 24 months after the issuance of the security[57].

Budgetary expenditure ("Despesa orçamentária"): Public expenditure that depends on the approval of the Legislative Branch to be incurred, through the Annual Budget Law (LOA) or Additional Credits. It refers to the total expenditure incurred by government agencies, including personnel expenses, operating costs, maintenance, and expansion of public services offered to the population[58].

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53 National Congress. Term: Budget Program.
54 National Treasury Secretariat (2023). Brazilian Framework for Sustainable Sovereign Securities.
55 ICMA Group (2018). Green Bond Proceeds Management and Reporting Guide.
56 National Treasury Secretariat (2023). Brazilian Framework for Sustainable Sovereign Securities.
57 National Treasury Secretariat (2023). Brazilian Framework for Sustainable Sovereign Securities.
58 National Congress. Term: Budgetary Expenditure

Recent Expenses ("Despesas recentes"): Also called refinancing, these are allocations made under the Annual Budget Law (LOA) up to 12 months prior to the date of issuance of the security — reimbursing expenses incurred as of January 2023[59].

Commitment ("Empenho"): Commitment is the initial phase of public expenditure execution, marked by the act of a competent authority committing a portion of the available budget. This step assures the public entity's creditor that the necessary credit exists to settle the commitment assumed[60].

Expenditure Nature Group ("Grupo de Natureza de Despesa"): One of the components of the classification of expenditure by economic category and elements of the Brazilian Public Budget. It aggregates expenditure elements with the same characteristics in terms of the object of expenditure. The Expenditure Nature Groups applicable to the expenses allocated in the titles are: Investments, Financial Investments, and Other current expenses[61] [62].

Annual Budget Law ("Lei Orçamentária Annual" - LOA): A law initiated by the President of the Republic that estimates revenues and defines expenses for the fiscal year in question. It includes the fiscal, social security, and investment budgets of state-owned companies[63].

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 purpose is to enable the preparation and physical and financial monitoring of the execution to be carried out with a higher level of detail than that of the subtitle (expense locator) of the action[64].

Pluriannual Plan ("Plano Plurianual" - PPA): A law initiated by the President of the Republic that defines the guidelines, objectives, and goals of the federal public administration for capital expenses and their consequences, as well as for ongoing programs. It is prepared up to four months before the end of the fiscal year of the first year of the presidential term and serves as the basis for budget planning for the following four years[65].

Program ("Programa"): One of the components of expenditure classification in the programmatic classification of the Brazilian Public Budget. They represent the coordinated set of government actions financed by budgetary and non-budgetary resources aimed at achieving a government objective, as expressed in the Multi-Year Plan (PPA). The program is monitored and evaluated by indicators and targets defined in the PPA[66].

59 National Treasury Secretariat (2023). Brazilian Framework for Sustainable Sovereign Securities.
60 National Congress. Term: Commitment.
61 National Congress. Termo: Grupo Natureza de Despesa.
62 SIOP. Technical Budget Manual.
63 National Congress. Term: Annual Budget Law.
64 National Congress. Term: Budget Plan.
65 National Congress. Term: Multi-Year Plan (PPA)
66 National Congress. Term: Program



7 Acronyms and Abbreviations

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



8 Annex

ANNEX 1 RAI 2025 – SPECIAL TABLES

A complete and detailed database on allocation and impact is consolidated in an Excel spreadsheet available online. Access: CLICK HERE

ANNEX 2 RAI 2025 - EXTERNAL VERIFICATION

The external verification of this report was carried out by Morningstar Sustainalytics.

Below is their conclusion:

"Based on the limited assurance procedures conducted[67], 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 has disclosed to Sustainalytics that 100% of the proceeds from the Global 2031 Bond and 65.2% of the Global 2032 Bond proceeds were fully allocated as of June 2025. The Republic of Brazil intends to allocate the remaining 34.8% of proceeds from the Global 2032 Bond by the end of June 2026."

Access complete report: CLICK HERE

67 Sustainalytics' limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

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