

# ABDE-UNDP

## METHODOLOGY

for Aligning the Brazilian National Development Financial System with the Sustainable Development Goals

2<sup>ND</sup> EDITION



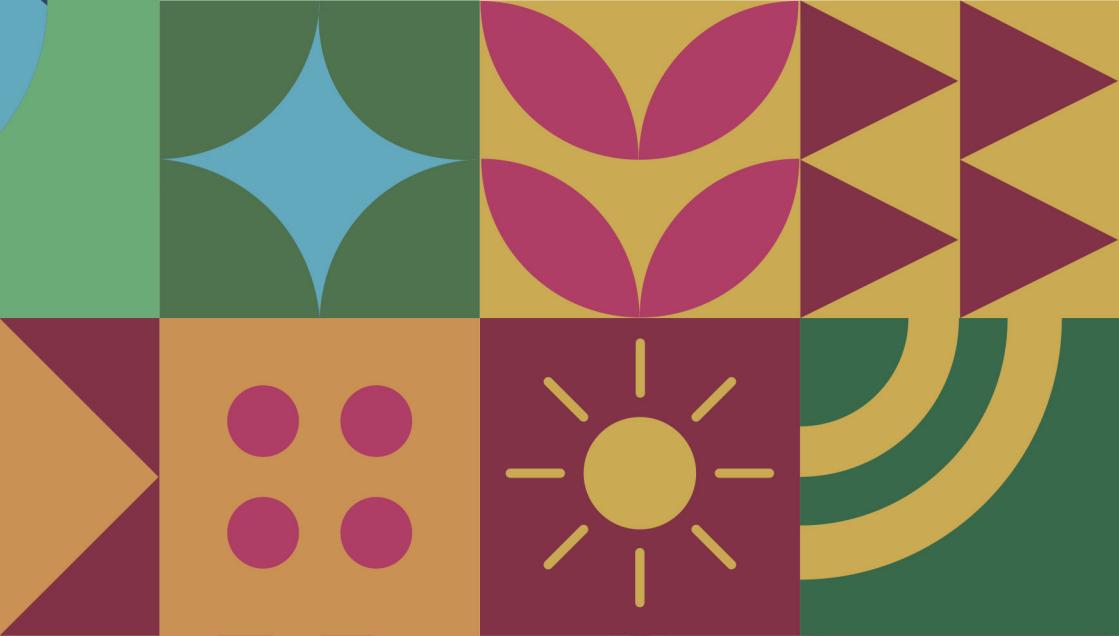




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# TECHNICAL SHEET

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## BRAZILIAN DEVELOPMENT ASSOCIATION (ABDE)

The Brazilian Development Association (ABDE) brings together the 34 institutions of the National Development Financial System (NDFS), which are present throughout the country. This system is composed of federal public banks, development banks controlled by subnational entities, cooperative banks, state public commercial banks with development portfolios, and development agencies, in addition to Finep and Sebrae. ABDE defines strategies and carries out initiatives to promote the NDFS, with the constant goal of improving the performance of its members so that these institutions can efficiently finance Brazil's sustainable development.

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# SUSTAINABLE DEVELOPMENT GOALS



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# COVER LETTER



We are thrilled to present the Second Edition of the ABDE-UNDP Methodology for Aligning the Brazilian National Development Financial System with the Sustainable Development Goals, a milestone in strengthening the Brazilian National Development Financial System (NDFS or *Sistema Nacional de Fomento* — SNF). This initiative aims to advance the 2030 Agenda for Sustainable Development in a particularly significant year for Brazil and the world, with COP 30 taking place in Brazilian soil.

The 2030 Agenda is an ambitious and essential response to today's global challenges. The 17 Sustainable Development Goals (SDGs), established by the United Nations in 2015, represent a global commitment to transforming society, striving to ensure quality of life, equality, and sustainability for future generations. This commitment is more than an ideal — it is an urgent call to action to combat inequalities, address the climate crisis, and promote just and inclusive development.

In 2025, with Brazil hosting COP 30, the world turns to the country's potential leadership on climate change and sustainable development. This is a strategic moment to reaffirm the country's commitment to the goals of the 2030 Agenda and highlight the relevance of development financial institutions (DFIs) as key pillars financing transformative projects.

In this context, the ABDE-UNDP Methodology establishes itself as a key tool for mapping, measuring, and aligning financial flows from Brazilian DFIs with the SDGs. This framework provides a strategic analysis, enabling institutions to assess their contributions to the global goals and refine their strategies with precision and confidence. More than just a methodology, it serves as a catalyst for transformation, translating global ambitions into tangible actions. Beyond showcasing past achievements, it also outlines pathways for the NDFS to expand its impact, leveraging synergies to turn challenges into opportunities.

We extend our gratitude to everyone involved in this publication and hope it serves as a source of inspiration, fostering engagement with the SDGs and positioning Brazil as a benchmark in building a fairer, more sustainable, and resilient future.

Happy reading!

**Maria Fernanda Ramos Coelho**

President of ABDE and Director of Digital Credit for Micro, Small, and Medium Enterprises at BNDES

# COVER LETTER



On the path to promoting the transition to a more sustainable, equitable, and inclusive development model, the global context is marked by geopolitical tensions, conflicts, worsening inequalities, the climate crisis, threats to biodiversity, and the urgent need to accelerate progress on gender equity. These overlapping crises reveal the shortcomings of the current global financial architecture, both in terms of instruments and the outcomes of capital mobilisation, which remain insufficient to accelerate the achievement of the 2030 Agenda and the Sustainable Development Goals (SDGs) agreed upon by UN member countries.

To address this, UNDP included in its 2022-2025 Strategic Plan the goal of mobilizing, leveraging, and aligning USD 1 trillion in public and private investments with the SDGs, recognizing development finance as a key driver in mobilizing finance at scale.

It is within this context that the ABDE-UNDP Methodology for Aligning the National Development System with the SDGs, launched in 2023 and now updated, is introduced as an innovative and vital tool for understanding the current contribution and future potential of the National Development Financial System (NDFS) in accelerating Brazil's progress toward achieving the SDGs. The results demonstrate that the NDFS is well positioned to play a crucial role in sustainable development, with approximately BRL 2 trillion already directed to and aligned with the SDGs and with the potential to grow further by integrating social objectives into financing.

We are confident that this publication once again reflects the ongoing efforts and shared commitment of UNDP and ABDE to developing tools that help understand and map the pathways for advancing the 2030 Agenda, solidifying itself as the benchmark document for aligning financing for development in Brazil.

**Claudio Providas**  
UNDP Resident Representative in Brazil

# COVER LETTER



It is with great satisfaction that the French Development Agency (AFD) reaffirms its strategic partnership with the Brazilian Development Association (ABDE) in the launch of the Second Edition of the ABDE-UNDP Methodology for Aligning the National Development System with the Sustainable Development Goals (SDGs). This initiative strengthens our shared commitment to Brazil's sustainable development and the consolidation of the Climate Agenda within the financial sector.

The partnership between AFD and ABDE aims to enhance the National Development Financial System (NDFS) in financing the SDGs by supporting capacity building for Brazilian Development Finance Institutions (DFIs), fostering exchanges of best practices with French institutions, generating knowledge, and assisting in the implementation of the ABDE 2030 Plan. Additionally, it seeks to strengthen institutional dialogue, clarify the role of DFIs as catalysts of sustainable development, and support the development of a regulated market for green and sustainable bonds in Brazil. These initiatives not only promote the dissemination of sustainable finance practices but also directly contribute to strengthening financing strategies aligned with the transition to a low-carbon economy, which underpins and informs this methodology.

This milestone comes at a particularly opportune moment. With COP 30 taking place in Brazil in 2025, the world's attention will be focused on the country's efforts to mitigate climate change and promote a low-carbon economy.

At AFD, we firmly believe that sustainable development is only achievable through collaboration and shared learning. Our partnership with ABDE reflects this vision and underscores the importance of international cooperation in building a financial system that is more responsive to global challenges.

We extend our gratitude to all those involved in the development of this new edition of the methodology and are confident that this work will continue to generate positive impacts on Brazil's development financing agenda. We remain committed to supporting initiatives that strengthen the role of DFIs in fostering a more inclusive, resilient, and sustainable future.

Best regards,

**Dominique Hautbergue**  
Regional Director for Brazil and Argentina  
French Development Agency (AFD)

# ACRONYMS AND ABBREVIATIONS

<b>ABC</b>	Low Carbon Agriculture
<b>ABDE</b>	Brazilian Development Association
<b>AFD</b>	French Development Agency
<b>CBI</b>	Climate Bonds Initiative
<b>CNODS</b>	National Commission on the Sustainable Development Bonds
<b>CNAE</b>	National Classification of Economic Activities
<b>CONAMA</b>	National Environment Council
<b>COP</b>	Conference of Parties
<b>DFIs</b>	Development Financial Institutions
<b>EU</b>	European Union
<b>FJP</b>	João Pinheiro Foundation
<b>GBP</b>	Green Bond Principles
<b>IBGE</b>	Brazilian Institute of Geography and Statistics
<b>ICMA</b>	International Capital Market Association
<b>IDB</b>	Inter-American Development Bank
<b>INFFs</b>	Integrated National Financing Framework
<b>IPEA</b>	Institute for Applied Economic Research
<b>LCE</b>	Low-carbon Economy
<b>MEI</b>	Individual Microentrepreneur
<b>MSMEs</b>	Micro, Small and Medium-sized Enterprises
<b>NDC</b>	Nationally Determined Contributions
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>PRSA</b>	Socio and Environmental Responsibility Policy
<b>RNV</b>	Voluntary National Report
<b>SBP</b>	Social Bond Principles
<b>SDGs</b>	Sustainable Development Goals
<b>SDG 1</b>	No Poverty
<b>SDG 2</b>	Zero Hunger
<b>SDG 3</b>	Health and Well-being
<b>SDG 4</b>	Quality Education
<b>SDG 5</b>	Gender Equality
<b>SDG 6</b>	Clean Water and Sanitation
<b>SDG 7</b>	Affordable and Clean Energy
<b>SDG 8</b>	Decent Work and Economic Growth
<b>SDG 9</b>	Industry, Innovation and Infrastructure
<b>SDG 10</b>	Reduced Inequalities
<b>SDG 11</b>	Sustainable Cities and Communities
<b>SDG 12</b>	Responsible Consumption and Production
<b>SDG 13</b>	Climate Action
<b>SDG 14</b>	Life Below Water
<b>SDG 15</b>	Life on Land
<b>SDG 16</b>	Peace, Justice and Strong Institutions
<b>SDG 17</b>	Partnerships for the Goals
<b>NDFS</b>	Brazilian National Development Financial System
<b>TCFD</b>	Taskforce on Climate-related Financial Disclosures
<b>UNDP</b>	United Nations Development Programme

# INSTITUTIONS AFFILIATED WITH ABDE

<b>AFAP</b>	Amapá State Development Agency S.A.
<b>AFEAM</b>	Amazonas State Development Agency S.A.
<b>AGE</b>	Entrepreneurship Agency of Pernambuco S.A.
<b>AgeRio</b>	Rio de Janeiro State Development Agency S.A.
<b>AGN</b>	Rio Grande do Norte State Development Agency S.A.
<b>BADESC</b>	Santa Catarina State Development Agency S.A.
<b>BADESP</b>	Piauí State Development and Promotion Agency S.A.
<b>BADESUL</b>	Rio Grande do Sul Development Agency S.A.
<b>BANDES</b>	Espírito Santo Development Bank S.A.
<b>BANESE</b>	Sergipe State Bank S.A.
<b>BANESTES</b>	Espírito Santo State Bank S.A.
<b>BANPARÁ</b>	Pará State Bank S.A.
<b>BANRISUL</b>	Rio Grande do Sul State Bank S.A.
<b>BASA</b>	Amazon Bank S.A.
<b>BB</b>	Bank of Brazil S.A.
<b>BDMG</b>	Minas Gerais Development Bank S.A.
<b>BNB</b>	Northeast Bank of Brazil S.A.
<b>BNDES</b>	National Bank for Economic and Social Development
<b>BRB</b>	Bank of Brasília S.A.
<b>BRDE</b>	Southern Region Development Bank
<b>CEF</b>	Federal Savings Bank
<b>CRESOL</b>	National Confederation of Credit Cooperatives for Family and Solidarity Economy
<b>DESENBAHIA</b>	Bahia State Development Agency S.A.
<b>DESENVOLVE AL</b>	Alagoas State Development Agency S.A.
<b>DESENVOLVE MT</b>	Mato Grosso State Development Agency S.A.
<b>DESENVOLVE RR</b>	Roraima State Development Agency S.A.
<b>DESENVOLVE SP</b>	São Paulo State Development Agency S.A.
<b>FINEP</b>	Financier of Studies and Projects
<b>FOMENTO PR</b>	Paraná State Development Agency S.A.
<b>FOMENTO TO</b>	Tocantins State Development Agency S.A.
<b>GO FOMENTO</b>	Goiás State Development Agency S.A.
<b>SEBRAE</b>	Brazilian Micro and Small Business Support Service
<b>SICOOB</b>	SICOOB Cooperative Bank S.A.
<b>SICREDI</b>	SICREDI Cooperative Bank S.A.

# CONTENTS

<b>COVER LETTER — ABDE .....</b>	<b>09</b>
<b>COVER LETTER — UNDP .....</b>	<b>10</b>
<b>COVER LETTER — AFD .....</b>	<b>11</b>
<b>ACRONYMS AND ABBREVIATIONS .....</b>	<b>12</b>
<b>INSTITUTIONS AFFILIATED WITH ABDE .....</b>	<b>13</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>16</b>
<b>1. INTRODUCTION .....</b>	<b>19</b>
1.1 Context.....	19
1.2 DFIs and the 2030 Agenda .....	21
1.3 About the ABDE-UNDP Methodology .....	23
<b>2. METHODOLOGY .....</b>	<b>27</b>
2.1 Good practices and methodologies for assessing the alignment of portfolios with the SDGs, both within and beyond the NDFS.....	27
2.2 New contributions .....	37
2.3 Methodology and criteria for classifying NDFS funding of the SDGs.....	43
<b>3. RESULTS OF THE NDFS'S OBSERVANCE TO FINANCING THE SUSTAINABLE DEVELOPMENT GOALS .....</b>	<b>47</b>
<b>4. CONCLUSION AND RECOMMENDATIONS .....</b>	<b>57</b>
<b>5. METHODOLOGICAL ANNEXES .....</b>	<b>58</b>
ANNEX A — Special considerations on the adopted methodology and outcomes.....	58
ANNEX B — Credit line classification tool .....	59
ANNEX C — United Nations Sustainable Development Cooperation Framework 2023-2027 .....	62

## LIST OF BOXES

<b>Box 1.</b> Brazilian Development Bank (BNDES) .....	32
<b>Box 2.</b> Development Bank of Minas Gerais (BDMG) .....	33
<b>Box 3.</b> Bank of Brazil (BB) .....	34
<b>Box 4.</b> Southern Regional Development Bank (BRDE) .....	40
<b>Box 5.</b> Northeast Bank of Brazil (BNB) .....	41
<b>Box 6.</b> Federal Savings Bank (CEF) .....	42
<b>Box 7.</b> United Nations Framework for Cooperation on Sustainable Development in Brazil (2023-2027) .....	55

## LIST OF FIGURES

<b>Figure 1.</b> Key stages in the development of the Methodology .....	25
<b>Figure 2.</b> Internal and external good practice references for the creation of the Methodology for Aligning the National Development Financing System (NDFS) with the SDGs .....	28
<b>Figure 3.</b> Materials analysed from external references .....	29
<b>Figure 4.</b> Highlighted good practices .....	35
<b>Figure 5.</b> Criteria for economic activities .....	38
<b>Figure 6.</b> Stages of implementation of the ABDE-UNDP methodology .....	43
<b>Figure 7.</b> Institutions analysed by the ABDE-UNDP methodology .....	45

## LIST OF GRAPHS

<b>Graph 1.</b> Total NDFS financial flows aligned with the SDGs, 2020-2023 (in BRL billions) .....	47
<b>Graph 2.</b> Share of each SDG in the total resources allocated, 2020-2023 ..	49
<b>Graph 3.</b> Total NDFS disbursements by SDG, from 2020 to 2023 (in BRL millions) .....	50
<b>Graph 4.</b> NDFS disbursements by SDG per year (in BRL billions) .....	51
<b>Graph 5.</b> Evolution of total NDFS financial flows, 2020-2023 (in BRL billions) .....	54

## LIST OF TABLES

<b>Table 1.</b> Comparative macro-analysis of external references .....	36
<b>Table 2.</b> Comparative macro-analysis of internal references .....	37
<b>Table 3.</b> United Nations Sustainable Development Cooperation Framework 2023-2027 .....	62

# EXECUTIVE SUMMARY

The 2030 Agenda for Sustainable Development represents a global milestone, consolidating the Sustainable Development Goals (SDGs) as essential guidelines for achieving a fairer, more inclusive, and sustainable future. With 17 interconnected goals, it establishes a collective commitment between governments, the private sector, civil society, and financial institutions to address the key global challenges, such as inequality, environmental degradation, and poverty.

In this scenario, Development Finance Institutions (DFIs) and the National Development Financial System (NDFS) play strategic roles in Brazil. With their extensive reach and ability to offer long-term credit, these institutions are vital for financing sustainable initiatives, supporting the transition to a low-carbon economy, and promoting projects with social and environmental impact.

Given the importance of creating standardised taxonomies and methodologies to report the financial sector's contribution to the SDGs, the Brazilian Development Association (ABDE) and the United Nations Development Programme (UNDP) launched the ABDE-UNDP SDG Project in 2021: *Formulation and Implementation of a Methodology to Verify the Alignment of the National Development System with the 2030 Agenda*. Through this project, the ABDE-UNDP Methodology for Aligning the National Development System with the SDGs was developed, with the aim of mapping and quantifying the amounts disbursed annually by DFIs that align with the SDGs.

In its second edition, the ABDE-UNDP Methodology consolidates significant progress, with the participation of 29 DFIs submitting their annual disbursements from 2020 to 2023 for classification and analysis. Additionally, the classification of financing lines has been improved through an automated tool, which has brought greater efficiency and precision to the process.

The aggregate results consolidated by the second edition are positive: between 2020 and 2023, DFIs directed around BRL 2 trillion towards the SDGs, representing 63.8 per cent of NDFS disbursements during the period. The SDGs that received the most funding were: SDG 8 - Decent Work and Economic Growth, with BRL 505.2 billion, or 24.8 per cent of the total; followed by SDG 9 — Industry, Innovation and Infrastructure, with BRL 472.9 billion, equivalent to 23.2 per cent of the total; SDG 11 — Sustainable Cities and Communities, with BRL 369.4 billion, or an 18.2 per cent share; and SDG 2 — Zero Hunger and Sustainable Agriculture, with BRL 180.5 billion (8.9 per cent).

The reported results show that the SDGs receiving the most funding reflect the mandates of Brazilian DFIs, which are closely aligned with promoting economic growth, generating employment, modernising industry and infrastructure, and financing both the public and agricultural sectors.

Once again, the data updated in the second edition of the ABDE-UNDP Methodology highlights the importance of integrating social and environmental dimensions into financial operations, emphasising opportunities to mainstream underfunded objectives, such as SDG 4 (Quality Education) and SDG 5 (Gender Equality). Identifying these less-funded SDGs provides a basis for reflection on strategic opportunities for action and positioning for institutions and the NDFS and is crucial for expanding the impact of DFIs in historically neglected areas.

In the area of climate change financing, SDG 13 (Climate Action) is noteworthy for its continuous growth over the years, highlighting the efforts and contributions of DFIs in the transition to a low-carbon economy. This progress aligns with international commitments and underscores Brazil's leadership in climate initiatives.

In this regard, there are opportunities to leverage the SDGs by integrating the holistic perspective of the 2030 Agenda into funding strategies and key larger-scale financial products, particularly with respect to the intersectionality and cross-cutting nature of the SDGs.

Thus, the results of the ABDE-UNDP Methodology not only pinpoint gaps but also highlight opportunities for action, reinforcing Brazil's role in the 2030 Agenda. This alignment of investments with global commitments further consolidates the country as a reference in financing sustainable initiatives. The synergy of these efforts strengthens Brazil's capacity to spearhead the development of a fairer and more resilient model in a crucial year for the international climate agenda.



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# 1. INTRODUCTION

## 1.1 Context

Progress in the 2030 Agenda for Sustainable Development, resulting from a consensus between the 193 UN member countries, represents a momentous challenge to countries and requires a joint effort and broad mobilisation of resources from public, private, and financial actors across all sectors of the global economy.

The financial sector plays a critical role in providing resources to achieve the Sustainable Development Goals (SDGs), with funding increasing in recent years thanks to the key contributions of Development Finance Institutions (DFIs). However, the growth rate of these resources remains insufficient to meet the commitments of the 2030 Agenda, particularly in the context of multiple interconnected crises — climate, economic, social, and geopolitical — that have further widened the financing gap for the SDGs.<sup>1</sup>

The UN's 2024 *Financing for Sustainable Development Report*<sup>2</sup> emphasised that the next few years are critical, as failure to achieve the SDGs could lead to worsening poverty and inequality, intensified global political and economic instability, and irreversible environmental and climate damage. Notably, *The Sustainable Development Goals Report* (June 2024)<sup>3</sup> states that only 17 percent of the 169 SDG targets are progressing or show sufficient progress to be achieved by 2030.

In this context, mobilizing and targeting resources and financial flows at levels commensurate with the challenges posed by development are critical to advancing the 2030 Agenda globally. Current estimates from the Organisation for Economic Co-operation and Development (OECD)<sup>4</sup> and the UN<sup>5</sup> place the SDG financing gap between USD 2.5 trillion and USD 4 trillion per year. However high these figures may seem, the cost of inaction will be far greater.

Financing sustainable development at the scale required to achieve the 2030 Agenda is no trivial task. It will demand innovative financial instruments — whether concessional, non-reimbursable, or market-based — tailored to national and regional contexts. Additionally, mechanisms for exchange rate protection, systemic risk mitigation, and regulatory reforms in taxation systems will be essential. Strengthening partnerships among governments, public and private financial institutions, philanthropies, and civil society organizations is

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1. United Nations Inter-Agency Task Force on Financing for Development. 2024. *Financing for Sustainable Development 2024: Financing for Development at a crossroads*. New York: United Nations. Available at: <https://financing.desa.un.org/iatf/report/financing-sustainable-development-report-2024>. Access: 20 feb. 2025.

2. *Ibid*, p. 2.

3. Available at: <https://unstats.un.org/sdgs/report/2024/The-Sustainable-Development-Goals-Report-2024.pdf>.

4. OECD. 2023. *Contributions to the 2030 Agenda and Beyond: Shaping a Sustainable Future for All*. Paris: OECD Publishing. Available at: <https://doi.org/10.1787/69c94bd4-en>. Access: 20 Feb. 2025.

5. United Nations Inter-Agency Task Force on Financing for Development. 2024.

crucial to expanding and facilitating financial flows, particularly to developing countries. Technical cooperation will also be needed to support fund seekers and providers in areas such as project design, monitoring, and evaluation. Furthermore, financial institutions and governments must adopt taxonomies capable of classifying and assessing funding flows for initiatives aligned with sustainable development.

In developing countries, where the funding gap has increased by 56 per cent over the past five years,<sup>6</sup> the challenges are even more pronounced. These nations still grapple with acute historical socioeconomic issues while also facing the urgent need to mitigate and adapt to climate change. In many of these countries, both internal and external conditions for financing such projects have worsened since the 2008 global crisis, reversing trends seen since the early 2000s. The current environment of high interest rates and fiscal tightening further exacerbates the situation.

Brazil is no exception to the scenario outlined above. A recent series of publications by the Institute for Applied Economic Research (Ipea), the second edition of the *SDG Papers*,<sup>7</sup> analysed the evolution of all the SDG targets and found that only 20.7 per cent showed positive progress between 2016 and 2022. The economic crisis that began in 2015/16 and the COVID-19 pandemic undoubtedly contributed to the deterioration of indicators related to sustainable development during the period analysed.

Since 2023, however, positive initiatives by the federal government have signalled a renewed focus on the 2030 Agenda, including the re-establishment of the National Commission on the Sustainable Development Goals (*Comissão Nacional dos Objetivos do Desenvolvimento Sustentável* — CNODS), linked to the General Secretariat of the Presidency of the Republic, and the reissue of the Voluntary National Report (*Relatório Nacional Voluntário* — RNV) after a six-year hiatus. Additionally, efforts such as the development of the Brazilian Sustainable Taxonomy, the Ecological Transformation Plan, the Climate Plan, the New Industry Brazil Plan, the revitalisation of the Amazon Fund and the Climate Fund, among other measures, illustrate the government's efforts to integrate the economic, social and climate agendas.

The movement to prioritise policies aligned with sustainable development is not exclusive to Brazil. On the contrary, there are international movements under way to make the goals of the 2030 Agenda a reality. In the field of finance, the foundations for the international mobilisation of resources were laid, above all, in the Addis Ababa Action Agenda<sup>8</sup> of 2015. Since then, new commitments, many of which are still to be fulfilled, have been signed at meetings such as the Conference of the Parties (COP) on Climate.

Another relevant example is the *Joint Report on Multilateral Development Banks*, produced at meetings of the world's leading Multilateral Development Banks (MDBs).<sup>9</sup> This document

6. See: <https://unstats.un.org/sdgs/report/2024/The-Sustainable-Development-Goals-Report-2024.pdf>.

7. Available at: <https://www.ipea.gov.br/ods/publicacoes.html>. (in portuguese).

8. See: [https://coebank.org/documents/1577/G20\\_Roadmap\\_towards\\_better\\_bigger\\_and\\_more\\_effective MDBs.pdf](https://coebank.org/documents/1577/G20_Roadmap_towards_better_bigger_and_more_effective MDBs.pdf).

9. This group consists of the African Development Bank (AfDB), Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank Group (IDB), Islamic Development Bank (IsDB), New Development Bank (NDB), and the World Bank Group (WBG).

advocates for the transparency of goals and results, rather than the climate commitments of these institutions, based on the application of a unified methodology and common principles for reporting data and information on the impact of their financing. The progress made since the publication of this report led to the launch of the *G20 Roadmap Towards Better, Bigger and More Effective MDBs*<sup>10</sup> during the 4th Meeting of G20 Finance Ministers and Central Bank Governors in October 2024, with concrete targets for financing and monitoring operations aimed at climate, social, and environmental objectives.

Also worth highlighting is the work carried out jointly by Peking University and the French Development Agency (AFD) to build a global database on DFIs,<sup>11</sup> with the aim of identifying institutions relevant to the sustainable development agenda and collecting information on their role, functional processes, and effectiveness. This work strengthens the development of the global financial architecture needed to build a coalition around the SDGs.

## 1.2 DFIs and the 2030 Agenda

The world currently has more than 500 Public Development Banks and DFIs across over 155 countries. Together, they hold USD 23 trillion in assets and are responsible for around 10 per cent of annual global investment. When it comes to financing sustainable development, some estimates suggest their share exceeds the global relative value. The Climate Policy Initiative, in its annual study on climate finance, highlights that DFIs are responsible for around 57 per cent of public climate finance globally, and 34 per cent of the world's total climate finance.<sup>12</sup>

In this context, DFIs are crucial for mobilizing resources — including private resources — for social, climate, and environmental objectives. As their name suggests, these institutions are mandated to boost economic development, which encompasses scientific-technical, productive, social, and more recently, environmental and climate dimensions. In addition to financing large, long-term production and infrastructure projects, DFIs play a leading role in financing micro, small, and medium-sized enterprises in many countries. They are also at the forefront of blended finance and venture capital projects, through which they aim to attract the private sector to riskier ventures.

Their risk appetite and greater capacity to absorb it make these institutions more likely to pioneer projects at the forefront of climate and sustainable finance, paving the way for the subsequent involvement of private actors. Additionally, DFIs will continue to play an important counter-cyclical role in times of crises and disasters, when they are responsible for revitalising the economy from stagnation.

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10. Available at: [@download/file.](https://g20.org/pt-br/sobre-o-g20/trilhas/trilha-de-financas/arquitetura-financeira-internacional/7-g20-roadmap-towards-better-bigger-and-more-effective-mdbs.pdf)

11. See: <http://www.dfidatabase.pku.edu.cn/>.

12. Buchner, B., et al. 2023. Global Landscape of Climate Finance 2023. Climate Policy Initiative. Available at: <https://www.climatepolicyinitiative.org/pt-br/publication/global-landscape-of-climate-finance-2023/>. Access: 20 feb. 2025.

Brazil has one of the most complex and comprehensive National Development Financial Systems (NDFS) in the world. The country boasts a robust set of DFIs focused on promoting sustainable and inclusive economic, social, and environmental development. These institutions are controlled by both national and sub-national governments, as well as co-operatives with a mandate to foster development.

The National Development System is composed of 34 institutions, all represented by the Brazilian Development Association (ABDE). They are:

1. Federal public banks: BNDES, BB, BNB, BASA, CEF.
2. Banks controlled by Federation Units: BRB, Banestes, Banese, Banpará, Banrisul, BDMG, BRDE, Bandes.
3. Development Agencies: Afap, Afeam, Fomento TO, AGE, AGNRN, Desenvolve MT, Desenvolve AL, Desenvolve RR, Badespi, AgeRio, Goiás Fomento, Badesul, Badesc, Desenbahia, Desenvolve SP, and Fomento PR.
4. Co-operative banks: Banco Sicoob, Sicredi, and Cresol.
5. Other institutions: Finep and Sebrae.

This set of institutions is strategically positioned and highly relevant to supporting Brazil's sustainable development. Together, they represent 46 per cent of the total credit in the National Financial System — a portfolio of BRL 2.4 trillion in financial operations with more than 45 million clients. The NDFS also stands out in financing micro, small, and medium-sized enterprises (MSMEs), with a portfolio of over BRL 280 billion in credit for this segment.

In financing the Brazilian public sector, the System is a creditor for 98.8 per cent of the total credit directed to municipalities. Additionally, the NDFS plays a crucial role in the viability of national investments, accounting for 74 per cent of long-term financing and financing for national infrastructure.

In terms of reach, these institutions are able to mobilise resources from various sources and play an important role in coordinating actions at different levels — national, sub-national, and regional. This makes the NDFS the key player in driving strategies and initiatives for local projects in Brazil, addressing the demand for credit at a disaggregated level and responding to local specificities.

These characteristics, combined with its ability to operate as a system and its history of cooperation with international and multilateral organisations, make the NDFS one of the key elements in financing the 2030 Agenda in Brazil. It has the potential to channel both national and international resources, translating global ambitions into local contexts.

To assess the volume of financing from DFIs aligned with the SDGs in Brazil, the ABDE and the United Nations Development Programme (UNDP) developed a methodology to estimate the flow of resources allocated annually to the 17 goals and 169 targets of the 2030 Agenda.

The first edition of the *ABDE-UNDP Methodology for Aligning the National Development System with the Sustainable Development Goals* was published in 2023, featuring data on contracts and disbursements between 2020 and 2022. The Methodology gained significant visibility in 2023 and 2024, and its innovation and relevance were recognised during the High-Level Political Forum on Sustainable Development by the United Nations Assistant Secretary-General, Mrs. Amina J. Mohammed.

In this edition, the Methodology presents the financial flow results of the institutions within the NDFS for each of the 17 SDGs<sup>13</sup> during 2023 and compares them against the results from 2020 to 2022. With the continuation of this publication, the aim is to build a historical series on financing for the SDGs by Brazilian DFIs, contributing to the monitoring and evaluation of the 2030 Agenda's progress in Brazil. Furthermore, it is important to note that the methodology presented here is an initiative of the ABDE and UNDP in support of SDG 17 (Strengthen Partnerships for Sustainable Development) by fostering effective transformations at the local level.

### 1.3 About the ABDE-UNDP Methodology

The Brazilian Development Association (ABDE) has the cross-cutting goal of strengthening the NDFS, enabling financial institutions to realise their full potential and drive sustainable projects in the country. In this context, it is especially important to develop methodologies for evaluating and monitoring these institutions and their activities, alongside the broad, clear, and objective dissemination of data on their operations and related impacts. As will be shown, several Brazilian Development Finance Institutions already have, or are in the process of implementing, methodologies — including frameworks and taxonomies — to assess the alignment of their portfolios with social, climate, or Agenda 2030 goals.

Given the importance of creating standardised taxonomies and methodologies to report the contributions of DFIs, the ABDE and UNDP developed the project *Formulation and Implementation of a Methodology to Verify the Alignment of the National Development System*

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13. See: <https://www.nse.pku.edu.cn/dfidatabase/>.

*with the 2030 Agenda (ABDE-UNDP Methodology), focused on the work, specificities, and needs of the NDFS. Launched in 2021, the project is aligned with the Memorandum of Understanding signed by the ABDE and UNDP, with the aim of “promoting debate on the role of NDFS institutions in the context of the SDG agenda.”*

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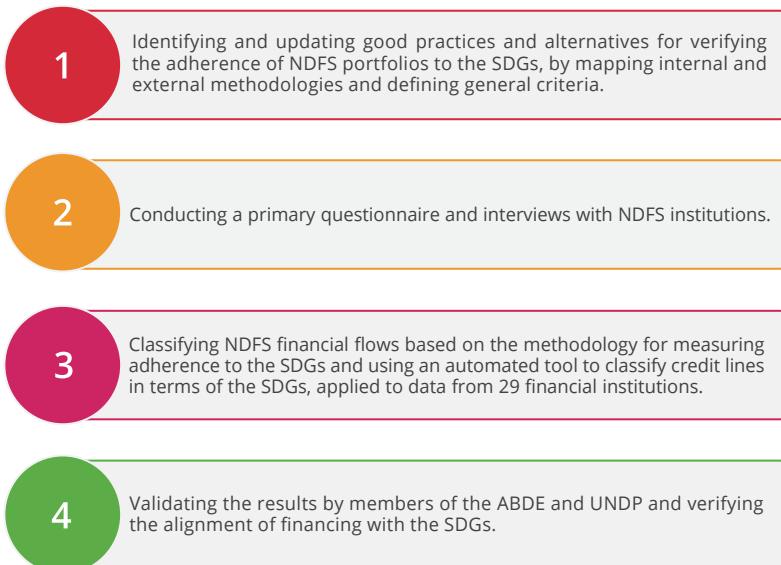
The publication of the first edition of the ABDE-UNDP Methodology in 2023 marked a significant effort and mobilisation for mapping and classifying initiatives, programmes, and products aimed at the sustainable financing of the NDFS. In strict alignment with the mission of strengthening the NDFS in the ABDE 2030 Plan, it introduced an unprecedented and robust methodology to assess the allocation of resources provided by institutions for each SDG, thereby enhancing the visibility, transparency, and dissemination of NDFS actions in line with the principles of sustainable finance. It also enabled the future monitoring and evaluation of impacts on sustainable economic and social development.

The second edition of the ABDE-UNDP Methodology is a crucial tool for garnering a systemic understanding of the allocation of NDFS resources to the SDGs in 2020, 2021, 2022, and 2023. It enables comprehension, reflection, planning, alignment, and the targeted allocation or application of resources to the most relevant SDGs in light of the strategy of each institution and the NDFS as a whole.

This year, the Methodology introduced automation through the development of a tool designed to classify DFI financial flows in 2023. This innovation enhanced the efficiency and speed of the credit line classification process, making it less prone to errors.

The guiding question of the study was, "What is the contribution of the National Development System to the SDGs?" It was carried out in four main stages:

**FIGURE 1.** Key stages in the development of the Methodology



*Source: Authors' elaboration.*

The next section will outline the steps taken to develop the Methodology, including an overview of best practices for verifying the alignment of credit portfolios with the SDGs, which contributed to the creation of the framework.

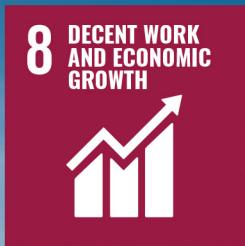
In addition, the results of the application of the methodology will be presented, including the use of the tool to classify contracts signed by the DFIs as related to the SDGs, based on primary data regarding the amount contracted and/or disbursed by the institutions' financial products.



12 RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



11 SUSTAINABLE CITIES  
AND COMMUNITIES



8 DECENT WORK  
AND ECONOMIC  
GROWTH



## 2. METHODOLOGY

To develop a methodology for measuring and monitoring the alignment of NDFS resources with the SDGs, the project kicked off with benchmarking to identify, qualitatively analyse, and compare good national and international practices. To this end, exploratory research was conducted, which included a literature review of the main methodologies used to assess the sustainable contribution of financial institutions, as well as a search for methodologies in official documents from sector peers. In addition, survey and interviews were carried out with ABDE members to gain insights into their experiences in mapping resource flows and assessing their impact on the SDGs.

### 2.1 Good practices and methodologies for assessing the alignment of portfolios with the SDGs, both within and beyond the NDFS

An investigation into examples of good practices for assessing the alignment of the actions of development institutions with the SDGs selected nine references for the development of the ABDE-UNDP Methodology for Aligning the NDFS with the SDGs. Of these, four are internal — methodologies created by entities within the NDFS; four are external — developed and applied in other institutions; and one is considered both internal and external, as it encompasses NDFS institutions while also being applied to the operations of private financial institutions. The benchmarking stage thus aimed to identify: (1) methods for assessing the alignment of resources and the impact of the SDGs on development institutions; (2) the main elements used; and (3) the challenges involved in developing each methodological framework. It therefore serves as a benchmark of good practices to be followed. Figure 2 shows the organisations that participated in the benchmarking process as a reference for developing the methodology for NDFS alignment with the SDGs:

**FIGURE 2.** Internal and external good practice references for the creation of the Methodology for Aligning the National Development Financing System (NDFS) with the SDGs

INTERNAL	EXTERNAL
BNDES	OECD - UNDP
Banco do Brasil	AFD
BRDE	KfW
BDMG	UN Global Compact
Febraban	

*Source: Authors' elaboration.*

For external references, the materials analysed included the reference documents on the subject published by the institutions, as shown in Figure 3. *The Framework for SDG-Aligned Finance*,<sup>14</sup> developed by the Organisation for Economic Co-operation and Development (OECD) and the UNDP (OECD and UNDP, 2020), was designed to help identify common challenges, themes, and solutions to improve the alignment of financing with the SDGs. The goal was to amplify the impact of public and private financing by making better use of resources and targeting sustainable development.

14. Available at: <https://is.gd/rcm0u1>.

**FIGURE 3.** Materials analysed from external references

OECD-UNDP	<i>Framework for SDG Aligned Finance (2020)</i>
French Development Agency (AFD)	<i>Methodology Guide to the "Sustainable Development Opinion" Mechanism (2014)</i>
KfW Development Bank	<i>The SDG mapping of KfW Group (2022)</i>
UN Global Compact	<i>SDG Compass The guide for business action on the SDGs (2015)</i>
Brazilian Federation of Banks	<i>Green Taxonomy (2021)</i>

Source: Authors' elaboration.

The OECD-UNDP Framework presents recommendations for aligning funding across three main axes:<sup>15</sup> (1) Policies — better policies to improve market integration and efficiency; (2) Standards — harmonisation of definitions, metrics and ratings, transparency and sharing of good practices; and (3) Tools — de-risking, digitalisation and partnerships. This roadmap towards the alignment of sustainable development highlights the importance of harmonising the evaluation of the impacts of financing, considering common standards, methodologies/taxonomies of different actors for monitoring actions, and the frequent review of the framework and its results.

The AFD's Methodology Guide to the "Sustainable Development Opinion" Mechanism<sup>16</sup> provides guidelines for drafting opinions and questions in project cycles and is designed to support the intersectoral inclusion of sustainable development in AFD financing operations. The methodology suggests a classification that goes beyond the financial aspects and sectoral risks of projects to facilitate the formulation of opinions/establish the alignment of financing with the SDGs.

15. The examples for each axis are not an exhaustive list of the elements mentioned in the report.

16. The Methodology Guide to the "Sustainable Development Opinion" Mechanism is available at: <https://is.gd/udlsRG>.

The AFD methodology considers six operational dimensions for sustainable development: (1) economic development; (2) social well-being and reduction of inequalities; (3) gender equity; (4) conservation of biodiversity, the environment and natural resources; (5) mitigation of climate change and its impacts; and (6) sustainability of project impacts and governance. For each of the dimensions, questions are asked that must be answered according to the expected impact of the project, scored on a scale of “not applicable”, neutral (= 0), individual/micro impact (= 1), medium impact (= 2), structural impact (= 3), negative impact to be mitigated during project evaluation (= -1), and very negative impacts that could make funding unfeasible (= -2). Thus, the AFD has clear guidelines and criteria for classifying all its projects, including negative effects on the SDGs, which contribute to more accurate reporting of its actions towards financing the 2030 Agenda.

Germany's KfW Development Bank has its own methodology<sup>17</sup> for mapping and reporting the financing contributions focusing on the SDGs, based on the Theory of Change.<sup>18</sup> The methodology is underpinned by the concept of the impact chain, from financing to the activities financed, to the results of financing for beneficiaries, and finally the measurable externalities for society, impacting the SDGs. The methodology is based on KfW's understanding of the specific characteristics of each business area financed and the impacts derived from the financing. Over 1,500 indicators were used, along with international taxonomies, development frameworks, strategic goals, and economic sectors, to classify financing data into specific SDGs.

The UN Global Compact's *SDG Compass*<sup>19</sup> offers a guide for companies to align, manage, and measure their activities and strategies relative to the SDGs. The guide consists of five steps that help companies — especially larger ones — maximise their contributions to the SDGs: (1) understanding the SDGs; (2) prioritisation; (3) goal setting; (4) integration; and (5) reporting and communication.

The *SDG Compass* provides useful reporting and communication recommendations for the creation of methodologies to evaluate contributions to the SDGs, such as the consideration of the chain impacts of business finance, which contribute to a more accurate classification of credit operations for companies regarding specific SDGs.

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17. The methodological note is available at: <https://is.gd/NdH0aT>.

18. The Theory of Change is a tool used in impact evaluation that describes how a programme generates specific outcomes through intermediary results (Rodrigues et al., 2021).

19. The SDG Compass guide and other related materials are available at: <https://unglobalcompact.org/>.

Finally, the Brazilian Federation of Banks' *Green Taxonomy*<sup>20</sup> is a methodology for classifying activities financed by the Brazilian banking sector based on socio-environmental and climate aspects. The methodology combines national and international references that are being adopted by the financial system to classify credit from a socio-environmental and climate perspective, based on three modalities: (i) Green Economy — potential positive impacts on the environment; (ii) Exposure to climate change — activities with greater exposure to physical and transition risks related to climate change; and (iii) Exposure to environmental risk.

In the Green Economy modality, the National Classification of Economic Activities (CNAEs) was cross-checked against the taxonomies of the Climate Bonds Initiative (CBI), the taxonomy of the European Union (EU) and the Social Bond Principles (SBP), to verify a high or moderate contribution. In the case of exposure to climate change, the sectors in the CNAE framework were matched with the sectors most likely to suffer financial impacts related to climate change, as defined by the Task-Force on Climate-related Financial Disclosures (TCFD), to check for high or moderate exposure to financing operations. Finally, in the environmental risk exposure modality, the CNAE sectors were matched with the classification in the National Environment Council (CONAMA) ruling, which categorises types of activity or enterprise according to their potential to cause significant environmental impact. Thereafter, a check is carried out to determine if the funding exposure is high or moderate. The methodology also classifies lines and programmes including established socio-environmental criteria.

Some NDFS institutions have their own SDG impact assessment methodologies, such as the BNDES, BDMG, BRDE and Banco do Brasil. The frameworks already institutionalised and validated by NDFS institutions were especially relevant to the work of creating the ABDE-UNDP Methodology for Aligning the NDFS with the SDGs, since they address the specific needs of development institutions in analysing data and information. Boxes 1, 2 and 3 detail the methodologies of three of these institutions.<sup>21</sup>

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20. Febraban's Green Taxonomy can be accessed at: <https://is.gd/qYCSCs>.

21. It is important to highlight that this benchmarking was carried out in 2021. It is therefore possible that the institutions have modified and/or improved their evaluation methodologies since then.

#### BOX 1. Brazilian Development Bank (BNDES)

In 2019, the Brazilian Development Bank (BNDES) launched the SDG Portal, a web page that aims to present the Bank's disbursements in each state by SDG. The initiative is in line with the Bank's Social and Environmental Responsibility Policy, which provides for strategic alignment not only with the SDGs, but also with Brazil's Nationally Determined Contribution (NDC). The BNDES adopted a parameterisation process to identify which of the 169 SDG targets were related to the bank's projects. This parameterisation extracts the necessary information about operations from the bank's databases, considering the objectives of the financial solutions and the economic sectors that are related to the SDG themes, using the CNAE. To link the BNDES' operations with the respective SDGs, a matrix was developed featuring financial solutions for each SDG target. Each financial solution was compared with the 62 targets and, when they were aligned, they were classified under the corresponding SDG. Although sectors with low compatibility with the SDGs were excluded (such as thermoelectric power plants), their innovation projects were accepted because they have the potential to counterbalance the negative impacts of their activities. Disbursements were aggregated annually since 2015, the year the SDGs were conceived.

*Source: Methodology for identifying BNDES's contribution to the Sustainable Development Goals (SDGs)<sup>22</sup> and BNDES Sustainability Taxonomy – 2021 Revision.<sup>23</sup>*

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22. The methodology for identifying BNDES's contribution to the Sustainable Development Goals (SDGs) is available in the BNDES Technical Note from May 2021, which can be consulted at: <https://is.gd/poJxmj>.

23. The BNDES Sustainability Taxonomy – 2021 Revision is available at: <https://bit.ly/4csNeUM>.

## BOX 2. Development Bank of Minas Gerais (BDMG)

BDMG was one of the pioneers in developing sustainable frameworks and methodologies for the Brazilian National Development System. The journey began in 2013, when BDMG voluntarily developed and adopted a Social and Environmental Responsibility Policy (PRSA). In 2016, the bank developed and included an environmental risk management methodology in its credit policy. Later on, BDMG launched two main frameworks to reinforce its support for sustainable development: the Framework for Issuing Sustainable Bonds and the SDG Framework. The former, launched in 2018, received technical support from the Inter-American Development Bank (IDB) to structure the institution's issuance of sustainable bonds. The ODS Framework, in turn, has the main objective of assessing the compliance of the bank's credit portfolio with the SDGs.

The SDG Framework consists of an ex-post evaluation of the disbursements made by BDMG. The three stages of classification consist of: (i) analysing the operations and classifying them according to the framework's categories of green and social contributions; (ii) analysing the credit operations according to the financial product offered, the purpose of the financing, target audience, CNAE, etc., observing the eligibility criteria for each category of the framework; and (iii) analysing the disbursements made in relation to each of the respective SDGs. In the third stage, to assess the impact of total disbursements on the economy of the Brazilian state of Minas Gerais, BDMG applied the Input-Output Matrix methodology developed by the João Pinheiro Foundation (FJP), which makes it possible to identify the volume of inputs from different branches needed to produce a good or service. Using this methodology, it is possible to identify the main sectors of the economy and assess the impact of public policies on employment, income, tax revenue, among others.

It is important to note that the framework categories were considered only once — i.e., even though the same operation could fall into more than one category, such as "inclusive and sustainable urbanisation" and "economic recovery after disasters", the most representative category was chosen for the purposes of this methodology. This approach avoids double counting the volume of funding directed towards the SDGs.

Source: *Returns on BDMG disbursements to the economy of Minas Gerais (2018)*<sup>24</sup> and *BDMG Sustainability Report*.<sup>25</sup>

24. Returns from BDMG disbursements for the economy of Minas Gerais. Available at: <https://www.bdmg.mg.gov.br/wp-content/uploads/2018/10/Retornos-dos-desembolsos-do-BDMG-para-a-economia-de-Minas-Gerais.pdf>.

25. BDMG Sustainability Report. Available at: <https://www.bdmg.mg.gov.br/relatorio-de-sustentabilidade/>.

### BOX 3. Bank of Brazil (BB)

Since 2020, Banco do Brasil has been assessing the positive socio-environmental impacts on its operations and credit lines. The methodology applied by the institution was developed by SITAWI Finanças do Bem, and is based on internationally recognised standards, such as the Green Bond Principles (GBP) and Climate Bonds Standards.

The portfolio is analysed according to the following categories: (i) Low Carbon Agriculture; (ii) Good Social and Environmental Practices; (iii) Business Portfolio — Green Economy CNAEs; (iv) Social Products; and (v) Renewable Energy.

The first category, "Low Carbon Agriculture", includes the eleven lines of the ABC Plan and two lines of Direct Planting (Plantio Direto) System aimed at covering operating costs. The "Good Environmental Practices" category assessed a set of 10 financing lines with potential for socio-environmental complementarity, such as FCO Verde, Pronaf, Inovagro, among others.

The "Business Portfolio - Green Economy CNAEs", in turn, comprises a series of credit operations for economic sectors with positive socio-environmental additionality, in line with FEBRABAN'S Green Taxonomy. These economic activities include renewable energy, sustainable construction, sustainable transport and waste management, among others.

The Social Products category includes a range of programmes and financing lines that contribute to sustainability from a social perspective. Some examples include: the Student Financing Fund, My House My Life Programme, BB Accessibility Credit, Pronampe Covid-19 Working Capital, among others.

Finally, the bank also has a set of financing lines for renewable energy sources (wind, solar, biomass and biogas), aimed at individuals and companies.

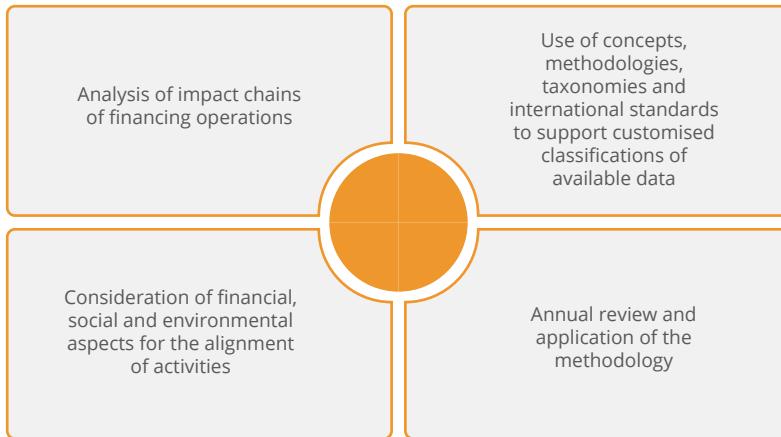
The assessment of the lines consisted in verifying their alignment with national and international taxonomies. The lines could be considered fully or partially aligned from an environmental perspective and fully or partially aligned from a social perspective. The higher the level of alignment from both perspectives, the greater the complementarity of the lines, according to the following scale: High, Moderate, Limited and Insufficient.

Source: Banco do Brasil Sustainable Finance Network and Agenda 30 BB.<sup>26</sup>

26. See: [https://www.bb.com.br/docs/portal/pub/CadernoAgenda30BB.pdf?\\_=378ee802602ae53b1621\\_966982eb835e&pk\\_vid=43659bb02b14cc0c16733952744e8e4e&pk\\_vid=43659bb02b14cc0c16733952744e8e4e](https://www.bb.com.br/docs/portal/pub/CadernoAgenda30BB.pdf?_=378ee802602ae53b1621_966982eb835e&pk_vid=43659bb02b14cc0c16733952744e8e4e&pk_vid=43659bb02b14cc0c16733952744e8e4e).

Important lessons emerged from the benchmarking stage for the construction of the ABDE/UNDP Methodology for Aligning the NDFS with the SDGs, as shown in Figure 4.

**FIGURE 4.** Highlighted good practices



*Source: Authors' elaboration.*

Finally, recognising the difficulty of creating an SDG methodology for financial institutions encourages more players to contribute to the debate, in order to improve the transparency of support for sustainable goals, as well as assessments and customised data that can be continually improved.

**TABLE 1.** Comparative macro-analysis of external references<sup>27</sup>

External	AFD	KfW	Pacto Global	Febraban
<b>1. Policies</b>				
<b>Taxonomy</b>				
Proprietary, aligned with the 2030 Agenda	●	●	●	
External, aligned with external premisses				●
<b>Timeframe</b>				
Annualised	●	●		●
Starting from	2014	2018	2015	2019
<b>2. Standards</b>				
<b>Data collation</b>				
Financing lines	●			●
CNAEs		●		
Products	●			●
Disbursements for projects	●		●	
<b>3. Tools</b>				
<b>Alignment with the SDGs</b>				
Level of specificity	Impact on SDG target	Impact on SDG target	You can reach the indicator	Contribution to the green economy and exposure to environmental and climate risks
Collation	Standardised Scale	Tacit	Structure via value chain and process analysis	Standardised Scale

Source: Authors' elaboration, based on the OECD-UNDP Framework for SDG Allied Finance.

27. FEBRABAN's Green Taxonomy covers the credit operations of national banks and includes the NDFS banks that are part of the federation. It is therefore considered both an internal and an external source for the purposes of this methodology.

**TABLE 2.** Comparative macro-analysis of internal references

Internal	BDMG	BNDES	BRDE	BB
<b>1. Policies</b>				
<b>Taxonomy</b>				
Proprietary, aligned with the 2030 Agenda	●	●	●	
External, aligned with external premisses				●
<b>Timeframe</b>				
Annualised	●	●	●	●
Starting from	2018	2015	2014	—
<b>2. Standards</b>				
<b>Data collation</b>				
Financing lines		●		
CNAEs	●	●		
Products				
Disbursements for projects	●		●	
<b>3. Tools</b>				
<b>Alignment with the SDGs</b>				
Level of specificity	SDG target	SDG target	SDG target	SDG target
Collation	Tacit	Tacit/ Standardised keywords	Tacit	—

Source: Authors' elaboration, based on the OECD-UNDP Framework for SDG Allied Finance.

## 2.2 New contributions

Since the first edition of the ABDE-UNDP Methodology, new contributions have been identified through updates to the frameworks mentioned in the previous section. External and internal innovations have been mapped, reflecting the concerns of national and international institutions regarding the implementation of the SDGs.

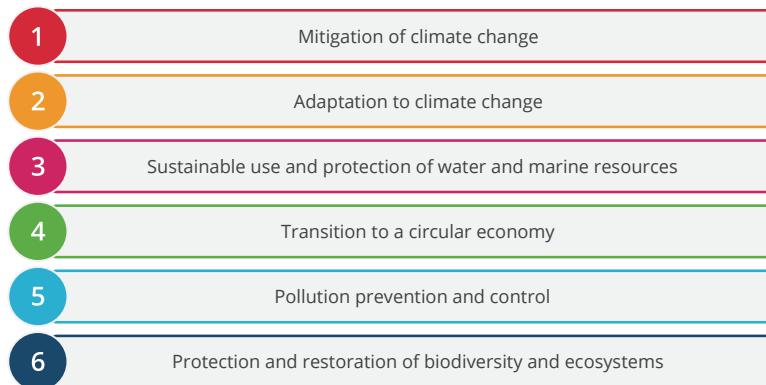
## External references

### European Union (EU) Taxonomy

The EU Taxonomy<sup>28</sup> is a classification system developed by the European Union to identify environmentally sustainable economic activities. This system is a fundamental part of the EU's sustainable finance framework and aims to direct investments towards activities that contribute significantly to the European Union's environmental and climate objectives, as set out in the European Green Deal, which aims to make Europe the first carbon-neutral continent by 2050.

This taxonomy defines criteria for economic activities that make a substantial contribution to at least one of the following environmental objectives:

**FIGURE 5.** Criteria for economic activities



*Source: Authors' elaboration.*

For an activity to be considered sustainable, it must meet specific technical criteria that ensure it makes a significant contribution to one or more environmental objectives, without causing significant harm to any of the other objectives.

The taxonomy promotes transparency and comparability of economic activities, assisting investors and companies in identifying and investing in sustainable activities. It also helps protect investors from greenwashing (practices that create a false impression of sustainability). Additionally, the taxonomy establishes a common language and a clear

28. Available at: <https://eur-lex.europa.eu/legal-content/PT/TXT/PDF/?uri=CELEX:52021DC0188>.

definition of what is considered sustainable, facilitating the harmonisation of sustainable investment practices across the EU.

The European Taxonomy helps align Brazilian practices with global green investment standards, particularly in areas such as energy transition and ecosystem preservation, promoting a common language for public and private investors.

### **Brazilian Sustainable Taxonomy**

The Brazilian Sustainable Taxonomy<sup>29</sup> is an initiative of the Ministry of Finance aimed at steering Brazil's economy towards a more sustainable and regenerative model. It establishes a classification system for economic activities and assets that contribute to climate, environmental, and social objectives, promoting transparency and integrity in financial information. The taxonomy has three main strategic objectives:

1. Mobilisation and reorientation of financing: redirecting public and private investment towards activities that generate positive environmental, climate, and social impacts.
2. Technological densification: encouraging the development of sustainable technologies to increase the productivity and competitiveness of the Brazilian economy.
3. Production of reliable information: establishing a foundation for the production of accurate information on sustainable finance flows, promoting transparency and a long-term perspective.

The taxonomy is integrated with other national policies, such as the National Climate Change Adaptation Plan and the ABC+ Plan (Low Carbon Agriculture Plan). This integration ensures a cohesive and coordinated approach to addressing Brazil's environmental and social challenges. Additionally, the taxonomy includes mechanisms for monitoring and evaluating progress towards its strategic objectives. These mechanisms allow for the refinement of policies and criteria as needed, ensuring that the transition to a sustainable economy is effective and that climate, environmental, and social objectives are met.

Its implementation reinforces the need to align Brazil with international commitments, such as the 2030 Agenda for Sustainable Development and the Paris Agreement, while also adapting to the country's particularities, such as biodiversity conservation, forest management, and water resource management. This is especially relevant for sectors such as agriculture, livestock, and energy, which have a significant environmental impact and are crucial for Brazil's economic development. The mobilisation of resources through this taxonomy is also seen as a tool for stimulating technological densification, promoting innovation and sustainable competitiveness, and ensuring transparency and reliable

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29. Available at: <https://www.gov.br/fazenda/pt-br/orgaos/spe/taxonomia-sustentavel-brasileira/taxonomia-sustentavel-brasileira.pdf>.

information in the financial market. In doing so, Brazil seeks not only to reduce social and regional inequalities but also to enhance its capacity to address global environmental challenges, positioning itself as a leader in sustainable climate solutions.

#### Internal references

The SDG impact assessment methodologies adopted by some NDFS institutions, such as BRDE, BNB, and CAIXA, have recently been updated in their internal references. These frameworks, which have already been institutionalised and validated, have proven especially relevant in the development of the ABDE-UNDP Methodology, as they address specific data and information analysis needs for development institutions. The following boxes detail the updated methodologies of three of them.

#### BOX 4. Southern Regional Development Bank (BRDE)

Sustainability is a key part of the BRDE's mandate and business focus. In 2017, the bank took a leading role by conducting the first study to align its operations with the SDGs, covering three years of contracts. In the following years, a series of internal initiatives and the absence of an established methodology for the financial sector led to the development of a proprietary methodology.

In 2021, the first results were obtained for direct operations, and, in the following year, the methodology was adapted to include indirect operations. The BRDE's SDG alignment methodology is based on the guidelines established in the 2030 Agenda documents, adaptation to the local context, an integrated and indivisible view of the SDGs, and ensuring no significant harm to any of the goals while adhering to proportional responsibility. It was developed through an analysis of the context and portfolio, including relationship matrices and analytical procedures. At its core is a Typology of Sustainable Projects/Activities (TPAS), which allows for the alignment of financed projects and companies with the 169 targets of the 17 Sustainable Development Goals.

Periodically, all direct operations are assessed individually based on the purpose of the financing, the nature of the activities, and the type of organisation financed. All projects included in the TPAS have at least one contribution target, which defines the level of alignment reported annually by the BRDE. Additionally, the Integrated and Indivisible Vision enables the assessment of the cross-cutting nature of the targets in specific reports on the contribution to each SDG. The institution is currently reviewing its Typology and criteria to incorporate lessons learned and adapt them to the commitments outlined in the UNEP-FI Principles of Banking Responsibility.

#### BOX 5. Northeast Bank of Brazil (BNB)

The Northeast Bank of Brazil (BNB) developed the Sustainable Financing Framework to direct resources towards investments that promote environmental protection, strengthen resilience to climate change, support the transition to a low-carbon economy, reduce poverty and other inequalities, and meet financing needs across various sectors through the issuance or raising of green, social, and/or sustainable bonds or loans.

Since 2022, the BNB has been developing its own methodology for assessing the positive socio-environmental impacts of its operations and credit lines. It is being created in collaboration with the IDB and is based on international standards, such as the Green Bond Principles (GBP) and the guidelines of the Climate Bonds Initiative. As a result, the analysis of the BNB's credit portfolios is divided into the following categories: (i) Sustainable Agriculture; (ii) Renewable Energy; (iii) Infrastructure and Sanitation; (iv) Social and Financial Inclusion; and (v) Green Enterprises.

The Sustainable Agriculture category includes credit lines that support low-carbon agriculture and sustainable farming practices, such as the *FNE Verde and Pronaf Bioeconomia programmes*, which finance environmental recovery projects and the use of renewable energy in the agricultural sector. The Renewable Energy category encompasses credit lines aimed at generating and distributing clean energy, focusing on solar, wind, biomass, and small hydroelectric power stations. BNB has excelled in financing distributed micro and mini-generation projects, particularly in the Northeast region of Brazil, through initiatives like FNE Sol. The Infrastructure and Sanitation category covers financing for sustainable urban development projects, including the expansion of sanitation networks, solid waste management, and energy efficiency in both urban and rural areas.

In the Social and Financial Inclusion category, the BNB promotes access to credit through programmes such as *Crediamigo and Agroamigo*, which focus on urban and rural microcredit. These programmes aim to financially include small entrepreneurs and family farmers, contributing to poverty reduction and fostering social equality in the region. Finally, the Green Enterprises category encompasses financing for economic sectors that generate additional environmental benefits, such as sustainable construction, the circular economy, and efficient management of natural resources, in line with the guidelines of Febraban's Green Taxonomy.

The assessment of credit lines considers their alignment with national and international taxonomies. The lines can be fully or partially aligned from an environmental or social perspective. Socio-environmental additionality is classified into four levels: High, Moderate, Limited, and Insufficient, based on the relevance of the impacts generated. In this regard, the bank, committed to transparency, publishes annual reports detailing the allocation of resources and the impact of the projects financed, reinforcing its commitment to sustainability and regional development.

#### BOX 6. Federal Savings Bank (CAIXA/CEF)

CAIXA's Sustainable Finance Framework is designed as a structured guide to promote the financing of projects with positive social, environmental, and climate impacts. The framework enables the issuance of financial instruments, such as green, social, gender, and sustainability bonds and loans, directing resources to eligible projects across various categories.

The investment categories are divided into seven environmental areas and six social areas. In the environmental sphere, these include clean transport, energy efficiency, green buildings, pollution prevention and control, sustainable agriculture, sustainable sanitation management, and renewable energy. In the social dimension, the categories cover financing for essential services such as education, health, assistive technology for people with disabilities, affordable housing, affordable basic infrastructure, and financial inclusion, providing credit for MSMEs, MEIs, and vulnerable groups.

The Framework adopts international principles established by the International Capital Market Association (ICMA), following the Green, Social, and Sustainability Bond Principles, and aligns with the Green and Social Lending Principles set by market associations. This alignment ensures that the projects financed meet global sustainability and social impact standards.

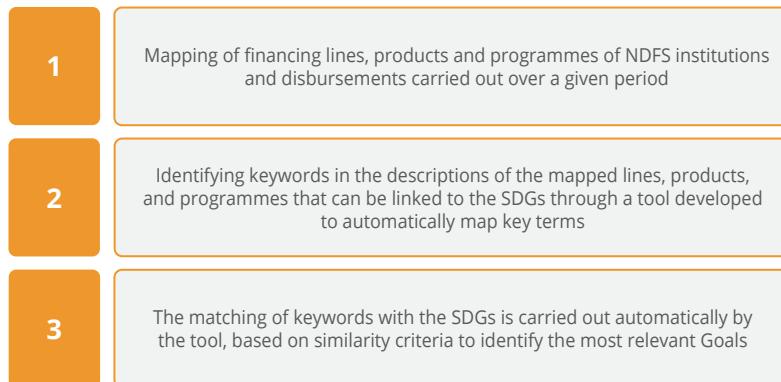
In addition, it incorporates a methodology for measuring the impact of funded projects, with performance indicators that address aspects such as the reduction of greenhouse gas (GHG) emissions, improvements in public health, and increased access to education. These metrics allow for the assessment of progress toward environmental and social goals, demonstrating CAIXA's commitment to sustainability and inclusive development.

Through this instrument, CAIXA will be able to raise funds or issue green, social, and sustainability bonds, which will be used to finance or refinance projects in 12 categories that directly contribute to the achievement of 14 SDGs: SDG 1, SDG 2, SDG 3, SDG 4, SDG 5, SDG 6, SDG 7, SDG 8, SDG 9, SDG 10, SDG 11, SDG 12, SDG 13, and SDG 15.

## 2.3 Methodology and criteria for classifying NDFS funding of the SDGs

The main objective of the methodology developed in the ABDE-UNDP SDG Project is to offer a classification of financing that can be applied consistently to all the institutions in the NDFS — i.e., one that can be analysed collectively, using primary data collection from ABDE members to assess alignment with the SDGs. To this end and based mainly on the experiences of the BNDES and KfW highlighted in the previous section, as well as the lessons learned during the benchmarking stage and the good practices outlined in Section 2.1, the ABDE-UNDP Methodology for Aligning the NDFS with the SDGs was built in three main stages, as shown in Figure 6.

**FIGURE 6.** Stages of implementation of the ABDE-UNDP methodology



*Source: Authors' elaboration.*

To build the database (Step 1), ABDE sent out a consultation form to all members, requesting information on their credit lines and programmes, as well as the amounts actually contracted/disbursed for each product. To supplement this information, the official websites and materials of each of the institutions were consulted. This allowed for the inclusion of information on characteristics, objectives, target audience, and other relevant data to identify keywords and classify actions as pertaining to one or more SDGs.

Great efforts were made to standardise information from official sources, identifying the objectives and beneficiaries of the lines and programmes. This was a key concern when developing the methodology, as the description of same line could vary significantly depending on its publication and dissemination format (common formats include legislation, executive and commercial folders, reports, or operational policies).

After building the database, the next step was to identify decentralised actions — i.e., those carried out by institutions acting through financial intermediaries. The purpose of this analysis was to avoid double counting and overestimating outcomes.

In the identification of keywords (**Step 2**), key terms representing the initiatives were selected, looking for those that best aligned with the language of the SDGs, which led to the creation of a lexicon. In the second edition of the Methodology, however, this stage was enhanced with the creation of an automated tool, which not only simplified the identification of keywords but also allowed for the establishment of more precise selection parameters. The automated criteria include a minimum acceptable similarity of terms<sup>30</sup> and the minimum number of terms required to associate a credit line with a specific SDG.

The tool adheres to the following rules for calculating the values associated with the SDGs and targets: i) if classification is only available at the SDG level, the value is computed directly at that level; ii) if classification is only available at the target level, the computed value represents the sum of all values allocated to each target, resulting in a higher total at the SDG level (thus attributing more weight to the SDGs with more targets attached); iii) if classification is available at both the SDG and target levels, only the targets will be used as a reference for the calculation, adding up the values per target and totalling at the SDG level. This approach ensures greater precision and consistency in value allocation, avoiding double counting and more accurately reflecting the initiatives in relation to the SDGs and their specific targets.

Next, word matching (**Step 3**) was conducted by aligning the selected keywords with the targets set for each SDG. Initially, this step utilised a report from the Brazilian Institute for Applied Economic Research (Ipea 2018), which presents the global goals of the 2030 Agenda adapted to the Brazilian context. However, this stage has also been updated in this second edition of the Methodology, with a revision of the keyword dictionary and the introduction of a tool that serves as a final cut-off parameter to limit the number of SDGs or targets resulting from the classification, sorting them by similarity of terms.

The tool also offers flexibility in the classification process, with parameters that can be automated and customised. This represents significant progress over the first edition of the Methodology by allowing for more precise classification, tailored to the individual contexts of participating institutions.

As a result of these steps, a matrix was created that assigns a more precise classification to the SDGs directly impacted by each financial product analysed, facilitating the integration of sustainability practices into the operations of the NDFS institutions.

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30. The classification tool had to be calibrated for each portfolio submitted, adjusting it to an appropriate level of similarity for accurately assessing and classifying the description of the DFIs' disbursements and contracts. For more information on the tool and level of similarity, see Annex B.

The estimate of the distribution of amounts allocated by the institutions to each Goal within the same line was made uniformly among the SDGs indicated in the classification matrix. In other words, if a line or programme contributes to 'x' SDGs, it was assumed that each receives a share of 1/x of the amount allocated to the product.

The ABDE-UNDP Methodology was applied to data provided by 29 ABDE member institutions (Figure 7). Five are federal institutions, three are co-operatives, eight are banks controlled by federal units, and 13 are development agencies.

**FIGURE 7. Institutions analysed by the ABDE-UNDP methodology**

29 INSTITUTIONS				
Federal institutions	Cooperative system	Development banks controlled by federative units	Development agencies	
BNDES	Sicoob	BDMG	AGE	Afap
BNB	Sicredi	Bandes	AgeRio	AGN
BASEA	Cresol	BRB	Badesc	Badespi
CEF		Banestes	Badesul	Desenbahia
Finep		Banese	Desenvolve AL	Desenvolve MT
		Banpará	Desenvolve SP	Fomento PR
		Banrisul	GO Fomento	
		BRDE		

*Source: Authors' elaboration.*

To apply the methodology, the institutions provided monthly disbursement data for each credit line, programme and financial product in their portfolios for 2020, 2021, 2022 and 2023.

Thus, with the information on the distribution of resources across the SDGs, it was possible to estimate the amounts earmarked by the NDFS for the achievement of each SDG.

The results obtained by applying the ABDE-UNDP Methodology for Aligning the NDFS with the SDGs are therefore a good proxy for the NDFS's mapped contribution towards achieving the goals of the 2030 Agenda.



**14** LIFE BELOW  
WATER



**3** GOOD HEALTH  
AND WELL-BEING



**15** LIFE ON  
LAND



**6** CLEAN WATER  
AND SANITATION



**13** CLIMATE  
ACTION

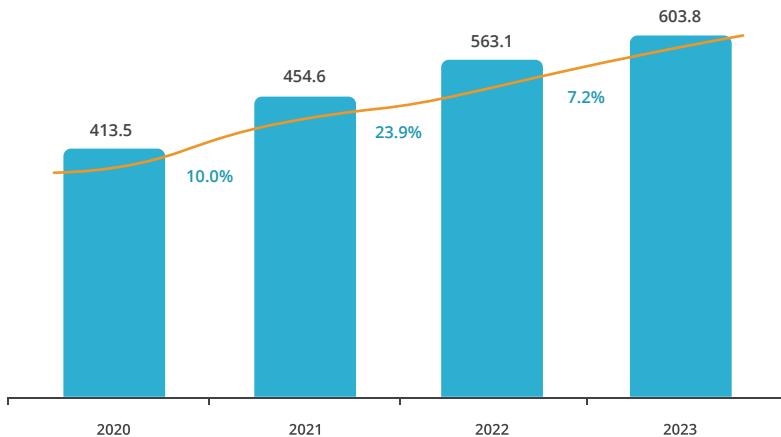


### 3. RESULTS OF THE NDFS'S OBSERVANCE TO FINANCING THE SUSTAINABLE DEVELOPMENT GOALS

Between 2020 and 2023, the NDFS allocated around BRL 2 trillion to the SDGs, according to estimates from the ABDE-UNDP Methodology for Aligning the NDFS with the SDGs. This result represents over 63.8 per cent of the disbursements made by the 29 DFIs in the NDFS that participated in this edition over the four-year analysed period.

This amount resulted from continuous growth in the disbursements made by the DFIs and classified under the SDGs over the years, rising from BRL 413.5 billion in 2020 to BRL 454.6 billion in 2021, reaching BRL 563.1 billion in 2022, and totalling BRL 603.8 billion in 2023. This variation represented an increase of 10 per cent from 2020 to 2021, 23.9 per cent from 2021 to 2022, and 7.2 per cent in 2023. Chart 1 shows the total flows for each year and their respective growth.

**GRAPH 1.** Total NDFS financial flows aligned with the SDGs, 2020-2023 (in BRL billions)



*Source: ABDE based on NDFS data.*

Analysing by SDG and considering the total volumes over the four years, it is estimated that the SDGs receiving the most funding from the NDFS were SDG 8 (Decent Work and Economic Growth), with BRL 505.2 billion, or 24.8 per cent of the total, followed by SDG 9 (Industry, Innovation and Infrastructure), with BRL 472.9 billion, or 23.2 per cent, SDG 11 (Sustainable Cities and Communities), with BRL 369.4 billion, or 18.2 per cent, and SDG 2 (Zero Hunger and Sustainable Agriculture), with BRL 180.5 billion (8.9 per cent). This result is expected, as it reflects the mandates of Brazilian DFIs, which are closely linked to promoting economic growth, modernizing industry and infrastructure, financing the public and agricultural sectors. These are the traditional mandates of DFIs in Brazil, to which new objectives have been added, as will be discussed further.

In the case of SDG 8, the largest volume of resources is linked to the impact of the aforementioned investments on job creation, stimulating productive economic activities, particularly in less developed regions. SDG 9 reflects the priority of DFIs in strengthening economic, industrial, and technological infrastructure, which is essential for Brazil's sustainable development. SDG 11 highlights investment in housing, urban mobility, and city infrastructure issues that directly impact the quality of life in urban centres. Finally, SDG 2 stands out as well, as the NDFS is one of the main financial drivers of the country's major agricultural financing programmes.

Together, these four SDGs accounted for more than 75 per cent of the total financial flows directed towards the SDGs over the four years, as shown in Chart 2.

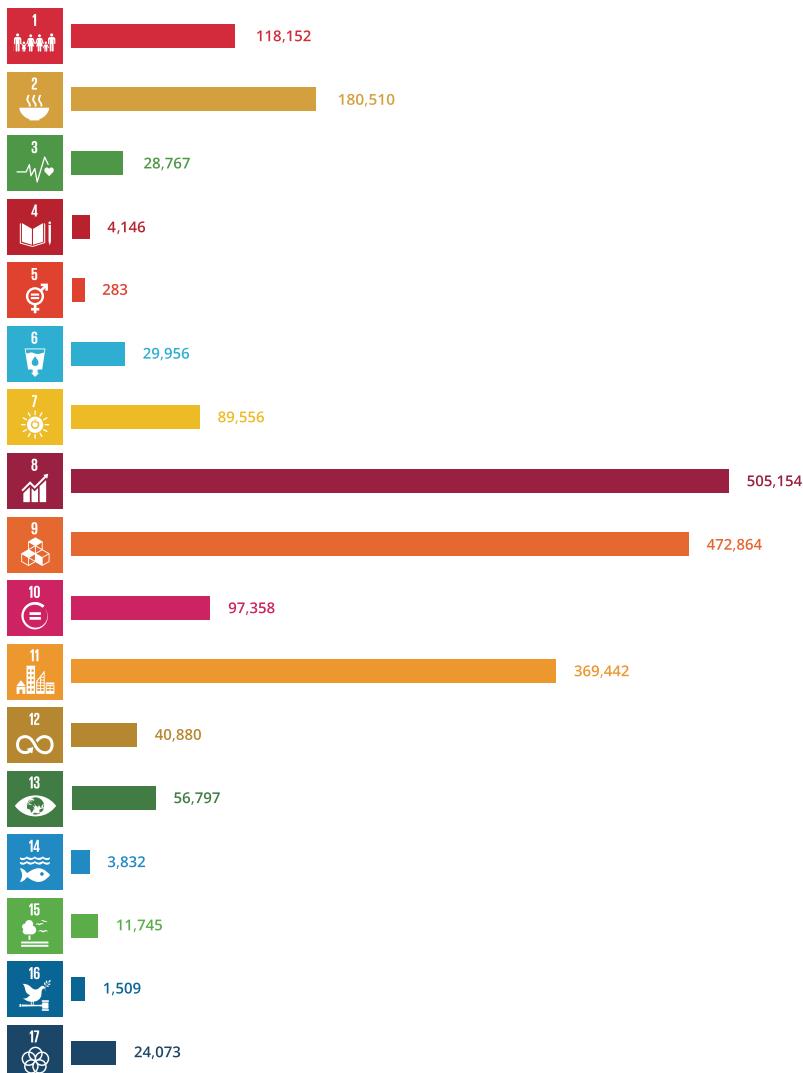
On the one hand, this amount highlights the importance of promoting sustainable, inclusive, and resilient economic development in the country, marking progress in absolute terms compared to previous years. On the other, there is still significant potential for banks and DFIs to deepen their policies focused on financing projects that address other SDGs, particularly those linked to social indicators.

**GRAPH 2.** Share of each SDG in the total resources allocated, 2020-2023



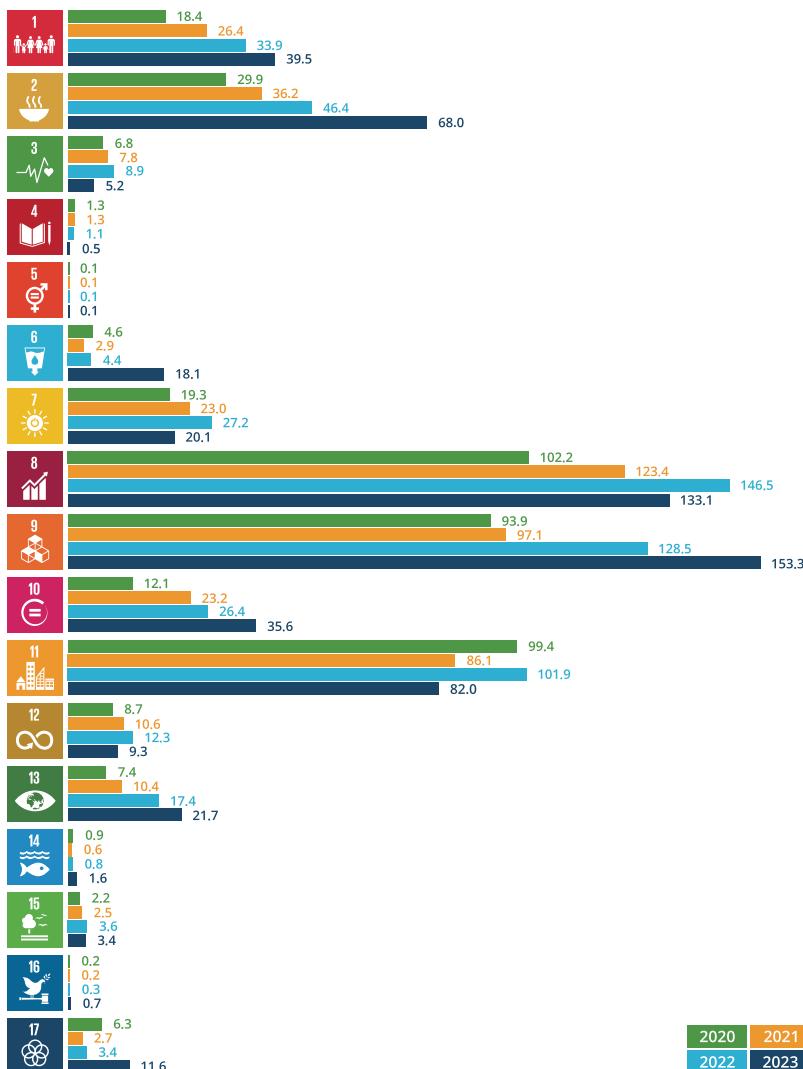
Source: ABDE based on NDFS data.

**GRAPH 3. Total NDFS disbursements by SDG, from 2020 to 2023 (in BRL millions)**



Source: ABDE based on NDFS data.

**GRAPH 4.** NDFS disbursements by SDG per year (in BRL billions)



Source: ABDE based on NDFS data.

Chart 4 illustrates the financial flows of NDFS DFIs, classified by SDGs over the years. Analysis shows that some financing lines had their amounts distributed across multiple SDGs, as we will be explored below.

Regarding SDG 1 (No Poverty) and SDG 10 (Reduced Inequalities), both showed steady growth over the years. This reflects the ongoing efforts to reduce social disparities, particularly in regions with large vulnerable populations. Notably, in 2023, the Brazilian government renewed its focus on social inclusion and social protection policies for historically marginalised groups, in alignment with SDG 10 goals. The expansion of social programmes aimed at eradicating poverty and supporting small entrepreneurs contributed to the progress of SDG 1.

Analysing the resources aligned with SDG 7 (Affordable and Clean Energy) the volumes classified showed continuous growth from 2020 to 2022 but then decreased from 2022 to 2023. This decline occurred because, in 2022, the financed volumes were largely concentrated in a few projects with substantial amounts, funded by a small number of large development institutions. In 2023, there was a broader distribution of resources aligned with SDG 7, with a greater number of smaller projects receiving funding from various financial institutions. This spread of resources reduced the total impact on the overall volume compared with 2022, when large projects accounted for significant totals.

Additionally, it is important to note that SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action) are interconnected and have direct implications for the transition to a low-carbon future. Investments in clean energy and energy efficiency help reduce emissions, thereby contributing to global climate change mitigation efforts. The continuous increase in resources allocated to SDG 13 over the years is positive and reflects not only direct investment in climate finance projects but also intersections with sectors such as sustainable agriculture (SDG 2), sustainable and resilient infrastructure (SDG 9), clean energy (SDG 7), urban solutions such as sustainable transportation and waste management (SDG 11), and synergies in projects that preserve forests and promote sustainable agricultural practices (SDG 15). This highlights the strategic role of DFIs and the NDFS in supporting the transition to a low-carbon economy.

For this second edition of the Methodology, there has been an increase in the volumes allocated to housing and sustainable cities across the entire period. Particularly during the COVID-19 pandemic, there was increased investment in housing, construction, and renovation, as evidenced by the 2020 data for SDG 11. In 2023, initiatives such as the Minha Casa Minha Vida programme received significant funding, which was classified in a cross-cutting manner by the methodology under SDG 11, SDG 1, and SDG 10, reflecting the programme's focus on housing and its alignment with social initiatives.

The simultaneous classification of investment in Housing and Construction under SDG 8 (Decent Work and Economic Growth) helps explain why the largest volume of disbursements for this Goal occurred in 2022. The trend for SDG 8 shows continuous growth from 2020 to 2022, followed by a decline from 2022 to 2023. Despite this decrease, disbursements remained high, ranking this SDG among those most financed in 2023. The key focus in 2022 was financing lines aimed at promoting decent work and economic growth, particularly in the construction sector, which employs both formal and informal workers while also stimulating related small businesses. The large amount disbursed for such projects in 2022 reflects the strong performance of the sector in the Brazilian economy during the period.

The second-largest SDG funded from 2020 to 2023 was SDG 9 (Industry, Innovation, and Infrastructure), which showed a consistent increase in significant volumes over the entire period. The increase in these disbursements, particularly in 2023, can be attributed to the resumption of industrial policies, which led to higher volumes of financing aimed at boosting competitiveness and developing the industrial sector, promoting infrastructure modernisation, and fostering innovation in the productive sector.

Another highlight is that some SDGs still account for less than 1 per cent of total disbursements. This applies to SDG 4 (Quality Education), SDG 5 (Gender Equality), SDG 14 (Life Below Water), SDG 15 (Life on Land), and SDG 16 (Peace, Justice and Strong Institutions).

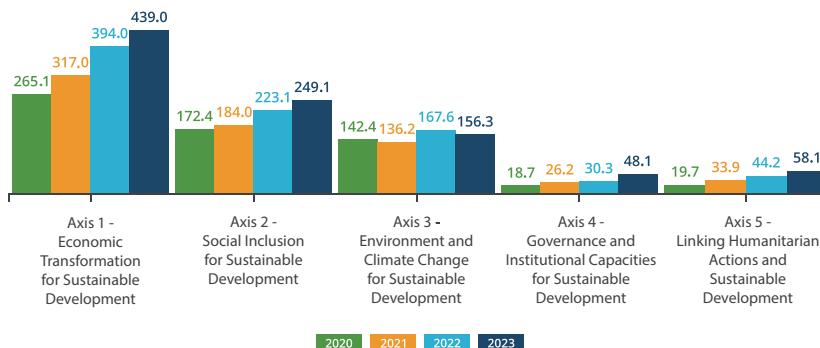
SDG 4, which aims to ensure inclusive, equitable, and quality education, as well as promote lifelong learning opportunities for all, is a crucial pillar for sustainable development and the reduction of global inequalities. Educational funding plays a strategic role, particularly in the Brazilian context, where regional and socioeconomic disparities remain significant barriers to both access and the quality of education. Although this is not one of the main SDGs financed by the DFIs' mandates, it is essential that institutions provide more support for the social-focused SDGs, as they are the foundation for implementing public policies in the country. In the case of SDG 4, the goal is to promote education as a development tool.

Despite having received a significant increase in funding compared to previous years, SDG 5 continues to have low participation in 2023, along with SDGs 14, 15, and 16. However, it is important to highlight SDG 5's cross-cutting nature. For example, in light of SDGs 1 and 10, reducing poverty and inequality improves living conditions for women, particularly those in vulnerable situations. SDG 3, by improving access to health, especially maternal and sexual health, is also essential for gender equality. SDG 4 impacts SDG 5 as well, since education is key to empowering women and girls and breaking the cycle of inequality. Finally, regarding SDG 6, women and girls are the most affected by the lack of clean water and sanitation, often being responsible for water collection in their communities. Therefore, actions aimed at these SDGs can lead to positive indirect effects, as they are gender-sensitive initiatives.

Regarding SDG 5, and considering that historically the volume of resources allocated for gender equality is proportionally low, it is possible to identify opportunities for DFI's to mainstream gender perspectives into funding lines that already have large volumes of resources allocated. For SDGs 8 and 9, for example, one alternative is to offer funding lines that generate employment, economic growth, and innovation, but also include a gender perspective, reaching women in line with the mandates of DFI's. This is an alternative considering that the design of funding lines reflects the specific objectives of DFI's mandates, not necessarily integrating other dimensions.

Therefore, incorporating SDGs into the design of financing lines represents a 'low-hanging fruit' —an opportunity ready to be seized — to increase the NDFS' contribution to advancing the 2030 Agenda. Through a cross-cutting approach, it is possible to support underrepresented SDGs by incorporating their perspectives into lines primarily aimed at more favoured SDGs, which can create leverage and a multiplier effect.

**GRAPH 5. Evolution of total NDFS financial flows, 2020-2023 (in BRL billions)**



Source: ABDE based on NDFS data.

**BOX 7. United Nations Framework for Cooperation on Sustainable Development in Brazil (2023-2027)**

The United Nations Framework for Cooperation on Sustainable Development in Brazil (2023-2027) establishes the guidelines for the strategic partnership between the UN System and the Brazilian government, with a focus on promoting sustainable development and equity in the country. This Framework is in alignment with Brazilian priorities and the SDGs and serves as a key instrument for supporting the implementation of inclusive and sustainable public policies.

It is organised around five main thematic axes:

**Axis 1: Economic Transformation for Sustainable Development**

Focuses on promoting inclusive and sustainable economic growth, fostering innovation, responsible industrialisation, and resilient infrastructure.

**Axis 2: Social Inclusion for Sustainable Development**

Aims to reduce inequalities and promote social inclusion, ensuring equitable access to basic services, quality education, and opportunities for all segments of the population.

**Axis 3: Environment and Climate Change for Sustainable Development**

Emphasises environmental protection, biodiversity conservation, and the adoption of effective measures to combat climate change, promoting sustainable practices across all sectors.

**Axis 4: Governance and Institutional Capacities**

Seeks to strengthen public institutions, promote transparency, encourage citizen participation, and implement effective policies that support sustainable development.

**Axis 5: Linking Humanitarian Actions and Sustainable Development**

Aims to integrate humanitarian actions with sustainable development strategies, ensuring that emergency interventions contribute to long-term and resilient solutions.

Considering the results obtained by classifying the financial flows sent by the DFIs over the past four years, we can observe the evolution of the flows allocated to each of the axes of the Sustainable Development Cooperation Framework.



16 PEACE, JUSTICE  
AND STRONG  
INSTITUTIONS



17 PARTNERSHIPS  
FOR THE GOALS



## 4. CONCLUSION AND RECOMMENDATIONS

The unprecedented development and implementation of the ABDE-UNDP Methodology for Aligning the NDFS with the SDGs, in line with the ABDE 2030 Plan and the UNDP's goal of supporting the expansion of resources for the 2030 Agenda, is an essential step towards fostering progress towards the SDGs in Brazil.

In addition to increasing the visibility, transparency, monitoring, and reporting of the actions of the NDFS as a whole to society, the methodology is a useful tool for every player in the area, enabling them to discuss how their strategies and mandates can be consciously reflected in their financing policies and financial products, thereby increasing their impact. The results show that the NDFS makes a significant contribution to the SDGs by directing significant resources — more than BRL 2 trillion in the last four years alone, considering 29 DFIs. They also underscore that this allocation has increased over the period, reflecting the NDFS's increased alignment with the 2030 Agenda.

As expected, resources are concentrated on specific SDGs that reflect the mandate of the institutions, their choices and the characteristics of the NDFS. Pinpointing the SDGs that receive less resources allows for both the institutions and the NDFS to reflect on strategic opportunities for action and positioning. Moreover, there is an enormous opportunity for innovation and high boosting impact for these SDGs with the incorporation of a holistic perspective of the 2030 Agenda into the major lines of financing and financial products, especially with regard to the cross-cutting nature of the Goals, thus further expanding the NDFS's contribution to sustainable development in Brazil.

The ABDE and the UNDP hope that this methodology will be able to contribute to positioning the NDFS as a central player in the discussion on sustainable financing in Brazil and Latin America, as well as guide the ABDE's actions in support of its members to expand their contribution to the 2030 Agenda and a prosperous and sustainable future.

## 5. METHODOLOGICAL ANNEXES

### ANNEX A — Special considerations on the adopted methodology and outcomes

The assessment methodology consists of comparing the lines of financing against SDG targets, creating a 'from-to' lexicon, with the allocation of resources being divided evenly among the SDGs identified.

In light of these methodological guidelines, we have produced the proposed classification of the SDGs and the matrices for each institution analysed, which were then gathered and published in this report. The classification procedure is consistent with the methodology applied by the BNDES and the German development bank KfW, respecting good international practices. In the case of the BNDES, the bank's own methodology and the results of disbursements by SDG were considered, since it is compatible with the ABDE-UNDP Methodology's approach.

In the second edition of the ABDE-UNDP Methodology, we received the DFIs' portfolios for analysis, following the model adopted in 2023. However, it is important to note that, as in the first edition, the BNDES was included exogenously in all the portfolios, which means we received the data already classified by SDG directly from the BNDES and incorporated it into the total. Regarding other institutions, such as CEF, which did not provide information for 2020, and Cresol, which did not submit data for 2023, we estimated the amounts based on the growth of each institution's loan portfolio, using data available for those periods.

The total annual disbursement to all SDGs does not necessarily reflect the total volume of resources disbursed by the institutions, since not all resources were classified as being directed to the Goals. A first round of data analysis of the ABDE-UNDP Methodology was carried out in 2021, and the results can be found in the ABDE 2030 Sustainable Development Plan, launched in March 2022. For this publication, a fresh round of data analysis was conducted. Thus, the contributions to the SDGs were recalculated, including for the period 2020-2022, according to new data submitted by the institutions in 2024.

Furthermore, the group of participating institutions was not the same in both rounds, so the data in the ABDE 2030 Plan and this publication are not directly comparable. Finally, it is important to emphasise that this is an innovative classification proposal, which can and should be refined based on discussions and feedback, including aligning terms with the classifications used. Any improvements will be implemented by the ABDE and the UNDP in due course.

## ANNEX B — Credit line classification tool

To analyse multiple lines of credit, a tool was created to classify the portfolios of NDFs DFIs. In this edition, 29 DFIs participated in the process, submitting the results of their operations, including financial flows and credit lines operationalised in 2023. Based on these data and the need to process a large volume of information quickly and efficiently, the automatic classification tool was developed.

To classify the financial flows and ensure alignment with the SDGs, calibration parameters were established to define the degree of similarity of the terms and expressions contained in the descriptions of the credit lines. Upon classification of a new credit line description, it was converted into coordinates, and its distance was compared with the coordinates of predefined categories (such as the SDGs and their targets). The category with the closest coordinates to the description was considered the most similar, allowing for effective classification based on the actual meaning of the words within their context.

### Term selection parameters

The following parameters were used by the tool to filter the most relevant terms, after comparing by similarity between a credit line description, the terms associated with a particular SDG, and the targets stored in the database:

- Minimum acceptable similarity of the term (default 0.3 or 30 per cent, can range from 0.01 or 1 per cent to 1 or 100 per cent). If a term has a similarity value below this parameter, the higher the similarity, and the more restricted the resulting list of SDGs/Targets. It is important to note that this parameter affects the following one.
- Minimum number of terms for SDG/target selection (default 3, can range from 2 to 100). This is the minimum number of terms returned from the similarity comparison that are associated with a given SDG/target. An SDG/target must meet this minimum to be considered. Otherwise, the SDG/target will be excluded from the credit line classification.
- Parameters for adjusting the weights of data sources (default weight 1, can range from 0, eliminating the data source, to weight 10). These allow for different degrees of importance to be assigned to the data sources. The higher the selected number, the greater the importance of the data source in the final similarity calculation. For example, if the user assigns a weight of 2.0 to the data source from the terms captured in the previous study, those terms will be twice as relevant in classifying the credit line(s) compared to terms from other data sources.

1. Terms captured from the previous study: terms used for manual classification in the ABDE/UNDP 2023 Methodology.
2. Terms captured from official descriptions: terms derived from the official Portuguese descriptions of the SDGs, targets, and indicators developed by the United Nations.
3. Terms used by the European Commission: terms used for classifying texts on the SDGs by the European Commission, adapted and translated into Portuguese.
4. Final cutoff parameter: refers to the number of SDGs/Targets resulting from the classification. For example, if the value 10 (default value) is selected, up to 10 of the main SDGs/Targets will be listed in order of term similarity.

- Final cut-off parameter: refers to the number of SDGs/goals resulting from the classification. If the value 10 (default value) is selected, for example, up to 10 of the main SDGs/targets will be listed in order of term similarity.

Therefore, considering the calibration possibilities, various tests were carried out with the portfolios sent by the 29 DFIs to determine the ideal calibration for each type of portfolio. It should be noted that a detailed description of the credit lines was crucial for a more accurate classification, as it allowed the tool to classify the lines into more SDGs/targets. On the other hand, more concise descriptions were classified into fewer SDGs/targets, as the tool works by capturing descriptions and terms. After classification, the following lines were disregarded to avoid double counting:

- ABC (Low Carbon Agriculture) is a government programme, and its resources often come from BNDES sources. When the resources come from the BNDES, it is not classified as an SDG, but when they come from the DFI's own resources, it is classified.
- PCA (Programme for the Construction and Expansion of Warehouses) is a decentralised line operated by the BNDES. Operations under this line were not classified to avoid double counting with the BNDES results.
- MODERAGRO is a decentralised line operated by the BNDES. Operations under this line were not classified to avoid double counting with the BNDES results.
- MODERFROTA is a decentralised line operated by the BNDES. Operations under this line were not classified to avoid double counting with the BNDES results.
- PRODECOOP is decentralised line operated by the BNDES. Operations under this line were not classified to avoid double counting with the BNDES results.

- MODERINFRA is decentralised line operated by the BNDES. Operations under this line were not classified to avoid double counting with the BNDES results.
- PROIRRIGA is a decentralised line operated by the BNDES. Operations under this line were not classified to avoid double counting with the BNDES results.
- FINAME lines are decentralised resources from the BNDES. They were not classified in other DFIs to avoid double counting with the BNDES results.

## ANNEX C — United Nations Sustainable Development Cooperation Framework 2023-2027

**TABLE 3.** United Nations Sustainable Development Cooperation Framework 2023-2027 (in BRL)

Axes	SDG	NDFS financial flows - 2020	NDFS financial flows - 2021	NDFS financial flows - 2022	NDFS financial flows - 2023
Axis 1: Economic Transformation for Sustainable Development	SDG 1	18,355,883,660.92	26,389,179,568.40	33,880,223,423.33	39,527,164,625.42
	SDG 2	29,883,287,670.05	36,200,929,053.84	46,401,998,553.56	68,024,251,014.44
	SDG 5	53,589,912.69	59,507,891.23	50,727,815.75	119,236,638.63
	SDG 8	102,244,696,811.46	123,394,771,343.18	146,451,547,765.21	133,063,910,301.93
	SDG 9	93,869,071,086.17	97,144,205,021.27	128,515,474,217.01	153,335,610,371.84
	SDG 10	12,068,352,326.95	23,232,056,240.00	26,441,920,921.62	35,615,708,136.36
	SDG 12	8,664,127,580.12	10,598,678,002.43	12,291,846,025.21	9,325,952,633.12
	<b>TOTAL</b>	<b>265,139,009,048.35</b>	<b>317,019,327,120.35</b>	<b>394,033,738,721.68</b>	<b>439,011,833,721.73</b>
Axis 2: Social Inclusion for Sustainable Development	SDG 1	18,355,883,660.92	26,389,179,568.40	33,880,223,423.33	39,527,164,625.42
	SDG 2	29,883,287,670.05	36,200,929,053.84	46,401,998,553.56	68,024,251,014.44
	SDG 3	6,820,366,632.86	7,840,582,792.95	8,938,928,241.77	5,167,589,163.40
	SDG 4	1,291,684,935.40	1,312,721,821.25	1,078,569,094.69	463,126,738.83
	SDG 5	53,589,912.69	59,507,891.23	50,727,815.75	119,236,638.63
	SDG 6	4,563,661,076.41	2,894,627,514.76	4,355,210,555.72	18,142,606,037.88
	SDG 10	12,068,352,326.95	23,232,056,240.00	26,441,920,921.62	35,615,708,136.36
	SDG 11	99,410,970,278.85	86,077,723,364.42	101,918,163,589.36	82,035,405,108.36
	<b>Total</b>	<b>172,447,796,494.13</b>	<b>184,007,328,246.86</b>	<b>223,065,742,195.79</b>	<b>249,095,087,463.32</b>
Axis 3: Environment and Climate Change for Sustainable Development	SDG 5	53,589,912.69	59,507,891.23	50,727,815.75	119,236,638.63
	SDG 6	4,563,661,076.41	2,894,627,514.76	4,355,210,555.72	18,142,606,037.88
	SDG 7	19,251,751,695.50	22,989,761,942.77	27,229,402,800.69	20,085,332,866.89
	SDG 11	99,410,970,278.85	86,077,723,364.42	101,918,163,589.36	82,035,405,108.36
	SDG 12	8,664,127,580.12	10,598,678,002.43	12,291,846,025.21	9,325,952,633.12
	SDG 13	7,350,593,651.88	10,402,767,288.92	17,391,770,750.84	21,652,296,606.43
	SDG 14	862,097,640.73	634,409,202.50	775,394,510.70	1,560,787,993.70
	SDG 15	2,234,995,986.10	2,545,272,039.89	3,596,662,531.51	3,368,371,185.70
	<b>Total</b>	<b>142,391,787,822.27</b>	<b>136,202,747,246.91</b>	<b>167,609,178,579.77</b>	<b>156,289,989,070.71</b>
	<b>Axis 4: Governance and Institutional Capacities for Sustainable Development</b>	<b>SDG 5</b>	<b>53,589,912.69</b>	<b>59,507,891.23</b>	<b>50,727,815.75</b>
	<b>SDG 10</b>	<b>12,068,352,326.95</b>	<b>23,232,056,240.00</b>	<b>26,441,920,921.62</b>	<b>35,615,708,136.36</b>
	<b>SDG 16</b>	<b>244,974,957.11</b>	<b>215,824,267.01</b>	<b>343,951,640.23</b>	<b>705,202,244.88</b>
	<b>SDG 17</b>	<b>6,315,461,129.20</b>	<b>2,699,657,100.68</b>	<b>3,447,470,123.49</b>	<b>11,610,884,129.38</b>
	<b>Total</b>	<b>18,682,378,325.95</b>	<b>26,207,045,498.93</b>	<b>30,284,070,501.09</b>	<b>48,051,031,149.25</b>
Axis 5: Linking Humanitarian Actions and Sustainable Development	SDG 5	53,589,912.69	59,507,891.23	50,727,815.75	119,236,638.63
	SDG 10	12,068,352,326.95	23,232,056,240.00	26,441,920,921.62	35,615,708,136.36
	SDG 13	7,350,593,651.88	10,402,767,288.92	17,391,770,750.84	21,652,296,606.43
	SDG 16	244,974,957.11	215,824,267.01	343,951,640.23	705,202,244.88
	<b>Total</b>	<b>19,717,510,848.63</b>	<b>33,910,155,687.17</b>	<b>44,228,371,128.44</b>	<b>58,092,443,626.30</b>

Source: ABDE based on NDFS data.

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