Project Summary Information

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Project Name	Southern Brazil Sustainable Infrastructure Project (PROINFRA)
Project Number	P001201
AIIB member	Brazil
Sector/Subsector	Multi-sector
Alignment with AIIB's thematic priorities	Green infrastructure; Connectivity and Regional Cooperation; Private Capital Mobilization
Status of Financing	Under Preparation
Objective	To improve infrastructure connectivity with Asia, trade competitiveness, and climate sustainability in Southern Brazil by expanding access to long-term financing for productive, trade-enabling, and low-carbon infrastructure investments through the Regional Development Bank of the Extreme South (BRDE).
Project Description	Southern Brazil is one of the country's most economically important and productive regions, with a diversified economic base that includes agribusiness, manufacturing, services, logistics, ports and export-oriented value chains. The region plays a strategic role in Brazil's food production, industrial activity and resulting international trade, while also serving as a key gateway for regional connectivity with Asian markets. Despite the region's economic importance and the progress achieved over recent decades, significant infrastructure gaps remain, particularly in energy, urban and rural logistics, rural infrastructure, water resources management and access to long-term finance for smaller municipalities and productive sectors. These gaps have direct implications for the region's competitiveness, resilience and capacity to maximize trade connectivity and sustain economic growth. In the energy sector, the narrowing gap between electricity generation and consumption in the South, combined with the region's dependence on large hydropower and its exposure to droughts, increases the vulnerability of the power system. Expanding renewable energy, biomass and energy efficiency investments is therefore critical to improve energy security and support the energy transition. The region also faces important logistics and connectivity challenges, affecting mobility, production, storage and the movement of goods. In rural areas, there is a need to expand storage capacity, improve secondary roads and logistics

	facilities, and lower logistics costs. These investments are particularly relevant for agribusiness and export-oriented value chains, which are central to Southern Brazil's economy. The proposed project would support low-carbon productive infrastructure, energy transition and sustainable regional competitiveness in Southern Brazil through credit lines provided by BRDE to public and private beneficiaries. It would also address structural connectivity constraints by leveraging investments in road, port, and rural infrastructure. Financing may be provided to municipalities, public-private partnerships, concessions, private companies, and rural producers. The Project will be implemented by the Regional Development Bank of Southern Brazil (BRDE). BRDE is a public development finance institution controlled by the states of Paraná, Santa Catarina and Rio Grande do Sul, with financial and administrative autonomy. Its mandate covers the Southern Region of Brazil and Mato Grosso do Sul. This would be the second AIIB-BRDE facility, following the Southern Brazil Sustainable Infrastructure and Trade Recovery Project that targeted climate-aligned investments for restoration of trade-enabling infrastructure. The second facility would allow expanding BRDE's capacity to finance sustainable infrastructure beyond the immediate post-flood recovery and trade-connectivity focus of the first operation. It would also adopt a more focused approach, concentrating on selected activities to reduce approval complexity and ensure a clear focus. Activities to be assessed include small hydropower projects, biomass energy, interurban transport infrastructure, and ports. These areas are expected to support trade-intensive value chains, climate mitigation and connectivity. The final loan amount would be calibrated to the expected demand and readiness of the selected eligible activities and defined after due diligence. The project beneficiaries are the inhabitants of the states of Rio Grande do Sul, Santa Catarina, Paraná and Mato Grosso do Sul. The project will focus particularly on low-income populations living in areas lacking basic services, as well as underserved rural communities.
Expected Results	The Project is expected to improve access to long-term financing for sustainable infrastructure investments in the Southern states of Brazil. The Project is expected to enhance infrastructure quality and service delivery, improve logistics efficiency, promote the transition to a low-carbon economy, and strengthen regional economic competitiveness. Among the key expected results, the Project will add 200,000 tons in port cargo-handling capacity, 100,000 tons of silo and storage capacity, 180,000 megawatt-hour per year of renewable energy generation capacity, and 20 kilometers of roads. The Project is also expected to generate positive economic spillovers through increased investment, employment creation, higher regional output, and additional fiscal revenues.
Environmental and Social Category	FI

Environmental and Social Information	**Applicable Policy and Categorization:** AIIB's Environmental and Social Policy (ESP), including Environmental and Social Standards (ESSs) and Environmental and Social Exclusion List (ESEL), applies to the Project. The Project is classified as Category FI since it involves the provision of funds through a Financial Institution (FI). Subprojects that involve major land acquisition and/or physical displacement will be excluded from financing. Subprojects with impacts on Indigenous Peoples will also be excluded from financing. Under this financing arrangement, BRDE will be responsible for selecting, appraising, approving and monitoring eligible sub-projects, and overseeing sub-borrowers, in compliance with AIIB's ESP requirements. **Environmental and Social Instruments:** BRDE has an approved Social, Environmental, and Climate Responsibility Policy, and Environmental and Social Management System (ESMS) - the Social, Environmental and Climate Risk Management System (SARSAC), which has been assessed as substantially aligned with AIIB's ESP. BRDE's SARSAC comprises six stages: (a) screening against the BRDE Exclusion List; (b) environmental and social (ES) and climate risk categorization; (c) ES and climate risk assessment; (d) negotiation and approval of ES and climate indicators, action plan, and legal clauses; (e) monitoring; and (f) final evaluation of client performance in relation to ES and climate indicators, clauses, goals, and commitments. BRDE will implement its ESMS and prepare a Project Operations Manual (POM) which will include AIIB's ESEL and enhanced tools for screening, monitoring and evaluating subprojects in its portfolio. To promote material alignment with AIIB's ESF, AIIB's ESEL will be incorporated into the POM and will apply to the Project and subprojects supported under AIIB's financing, alongside BRDE's existing exclusion list. In addition, AIIB will retain the right to receive prior notification of potential Category A and Higher-Risk Category B subprojects, conduct prior reviews, and supervise BRDE's implementation of its ESMS and POM. **Environmental and Social Aspects:** The sub-loans will support a range of infrastructure and productive investments, including urban and rural infrastructure, port and logistics facilities, renewable energy (including small hydropower projects) and energy efficiency, and low-carbon agriculture. Potential environmental and social (ES) risks include construction-related disturbances, biodiversity impacts, occupational and community health and safety risks, and livelihood impacts. Impacts on biodiversity may also occur during operations, for example, collision risks associated with wind power subprojects. These will be managed through measures under the BRDE's ESMS and the POM, which will include, as relevant, pollution prevention and control; the protection of biodiversity, critical habitats, and ecosystem services; compensation and livelihood restoration; labor and OHS management; community health and safety; stakeholder engagement; and accessible grievance mechanisms. Attention will be given to vulnerable groups and communities located within subproject areas of influence. A dedicated ES procedure will address risks associated with small hydropower investments. Investments involving major land acquisition, physical displacement, or impacts on Indigenous Peoples will be excluded. BRDE has prior experience with

	other MDBs and experience in managing the ES risks and impacts associated with projects in its portfolio. The institution relies on internal full-time staff to implement its ESMS. **Occupational Health and Safety, Labor and Employment Conditions:** As part of its ESMS, BRDE will screen all subprojects for potential labor and working conditions issues. The ESMS also incorporates requirements to identify and mitigate occupational health and safety (OHS) risks associated with subproject activities. Generally, labor laws in Brazil establish high OHS standards and worker awareness of these standards is strong. Site visits during implementation will verify compliance with these regulations. **Stakeholder Engagement, Consultation, and Information Disclosure.** BRDE regards stakeholder consultations as a key component in both the review of its policies and the financing of subprojects. In accordance with national legislation, such consultations are a critical part of the process for obtaining environmental licenses or approvals. Further guidance on stakeholder engagement and information disclosure will be included in the POM. BRDE's Information Disclosure Policy promotes the responsible dissemination of information related to BRDE and its operations. BRDE's Social, Environmental and Climate Responsibility Policy and an overview of its ESMS (embedded in its annual Social, Environmental and Climate Risks and Opportunities Reports) are disclosed on its website. **Grievance Redress Mechanism and Monitoring Arrangement:** BRDE has an External Communication Mechanism (ECM) known as the Ombudsperson, which handles post-service interactions and mediates conflicts between citizens and the institution. This mechanism facilitates clarifications, dispute resolution, and enhanced engagement between BRDE, its clients, and the public. BRDE's Whistleblowing Channel, Ombudsperson and subproject-level grievance mechanisms will address complaints, complemented by AIIB's Project-Affected People's Mechanism (PPM). AIIB has reviewed BRDE's process of addressing grievances and deems it satisfactory in its functioning, confidentiality, and adequacy for BRDE's operations. In addition, BRDE will submit semi-annual ES performance reports to AIIB based on an agreed format, and AIIB may conduct document review and joint site visits to selected subprojects with BRDE.
Cost and Financing Plan	AIIB: EUR100m
Borrower/Investee Company/Counter	Banco Regional de Desenvolvimento do Extremo Sul (BRDE)

party/Guaranteed entity			
Guarantor	Government of Brazil		
Implementing Entity/Sponsor	Banco Regional de Desenvolvimento do Extremo Sul (BRDE)		
Estimated date of loan closing	06/2032		
Contact Points:	**AIIB**	**Borrower**	**Implementing Entity**
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Date of Concept Decision	N/A		
Date of Appraisal Decision	Nov 4, 2026		
Date of Financing Approval/Estimated Date of Financing Approval	2027 Q2		

Independent Accountability Mechanism	The Project-affected People's Mechanism (PPM) has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through Project-level GRMs or AIIB Management's processes. For information on how to make submissions to the PPM, please visit https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html