

Investments by
**international financial
institutions** in Brazil in
2020:

**WAS THERE
ASSISTANCE
TO COMBAT
THE COVID-19
PANDEMIC?**

CREATION



SUPPORT



Title: Investments by international financial institutions in Brazil in 2020: Was there assistance to combat the Covid-19 pandemic?

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EXECUTIVE SUMMARY

Since the beginning of this pandemic, several International Financial Institutions (IFIs) have pledged to contribute as part of the global response to the Covid-19 pandemic. According to statements given by the IFIs themselves, investments made in the year should target aid and other support to those who are most in need, especially those who are most vulnerable to Covid-19 and the socio-economic impacts of the pandemic.

An amount of US\$ 13.5 billion was allocated to 123 IFI projects between March and November 2020 in Brazil. This study extracts the data of these projects from the [Early Warning System](#) and critically examines the measures taken and commitments made by the IFIs that invested in Brazil during the first year of the new coronavirus pandemic. We try to answer three questions about these investments in this study:

Did the investments focus primarily on the emergency support needed to combat the pandemic and prioritize those most vulnerable to it?

The sectors most privileged by the IFIs' investments in this period were not those related to the immediate relief of the Brazilian population's situation, such as health, education and sanitation. In addition, only 28% of the investment amount for this period went to projects specifically combatting Covid-19. Only two projects were focused on directly transferring support to the populations most affected by the pandemic; five projects had women as the main beneficiaries - three of them focused on combating the pandemic; and of the 123 projects, none mentioned Indigenous peoples and only 1 mentioned Black people. We concluded that emergency support was not the primary focus of investments that arrived in Brazil in 2020.

Did the investments incorporate the green recovery concern in the energy area?

Of the 12 energy projects directed to Brazil in 2020, 10 were classified as clean by the investing banks. However, they mainly deal with issues not related to energy production, but to energy distribution and efficiency. We were also able to identify two investments in

non-renewable energy production, and only one project aimed at producing a specific renewable energy. We conclude that investments have only partially met green recovery in the energy requirement.

Are the investments directed at properly addressing the possible negative socio-environmental impacts of their projects?

Only 50% of the projects have a socio-environmental risk classification. It is possible to infer from this data that for half of the projects there are no mitigation plans for negative socio-environmental impacts or safeguards, as risk analysis is the first step for mitigation to happen.

In no way, however, does the classification indicate that mitigation will be done properly. Looking at past cases, we know what the drastic consequences are in terms of human rights violations when plans related to these risk categorizations are not created by IFIs, or when they are designed but not implemented. The study analyzed two IFI investments in Brazil made prior to the outbreak of the pandemic, and asked whether the safeguards were implemented, from the point of view of the affected communities: a Quilombola community in Araripe, intersection of the Ceara, Pernambuco and Piauí states, and the São José Dos Campos Favelas Association, from São Paulo. In both cases, the failure to comply with safeguards and the lack of transparency of the IFIs worsened the social, cultural and economic situation of these communities.

We conclude that, in general, IFI projects for Brazil in 2020 were very similar to the investments of previous years and did not prioritize fighting the pandemic, in addition to not meeting the minimum necessary requirements to ensure that implementation of their investments would not worsen the situation of human rights violations in Brazil.

Since the 2021 situation in the country will, in many spheres, be similar to that of 2020, and the economic crisis will continue for the next years, we recommend that IFIs review their strategy for Brazil and prioritize the needs of the Brazilian population, especially the sectors most affected by the economic, health, social and environmental crises.

INTRODUCTION

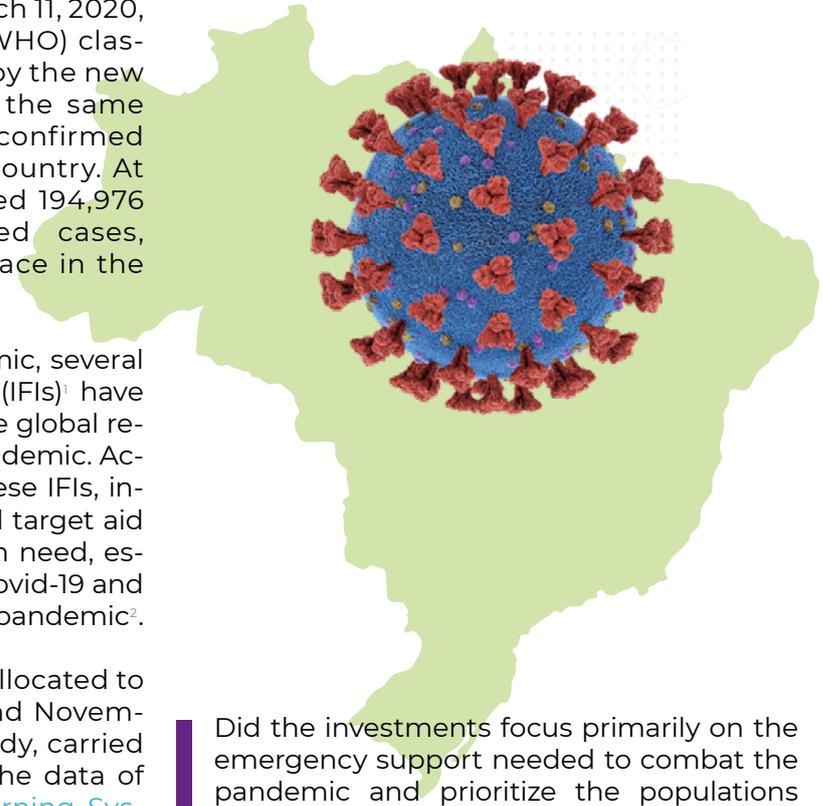
Analysis of investments by development banks in Brazil during the pandemic period (MAR 11 - NOV 15 2020).

In a press conference held on March 11, 2020, the World Health Organization (WHO) classified Covid-19, a disease caused by the new coronavirus, as a pandemic. On the same day, the Brazilian government confirmed 34 cases of Covid-19 across the country. At the end of the year, Brazil reached 194,976 deaths and 7,675,781 diagnosed cases, placing the country in second place in the world's death rate.

Since the beginning of this pandemic, several International Financial Institutions (IFIs)¹ have pledged to contribute, as part of the global response, to fighting the Covid-19 pandemic. According to statements made by these IFIs, investments made in the year should target aid and other support to those most in need, especially those most vulnerable to Covid-19 and the socio-economic impacts of the pandemic².

An amount of US\$13.5 billion was allocated to 123 IFI projects between March and November 2020 in Brazil. The present study, carried out in December 2020, extracts the data of these projects from the [Early Warning System](#)³ and critically examines the measures taken and commitments made by the IFIs invested in Brazil during the first year of the new coronavirus pandemic.

We tried to answer three questions about these investments, which correspond to the sections of the study:



Did the investments focus primarily on the emergency support needed to combat the pandemic and prioritize the populations most vulnerable to it?

Did the investments incorporate the concern of green recovery in the energy area?

Are the investments directed at properly addressing the possible negative socio-environmental impacts of their projects?

The current moment of the pandemic has created new risks and challenges for the fulfillment of human rights by the IFIs. As their mandates are directed at financing development, they must ensure that the beneficiaries of their investments, whether governments or companies, establish strict protocols to combat Covid-19 and fully respect human and environmental rights. In addition, they must respect due access to information and participation, essential for international investments to be constantly monitored and evaluated⁴.

¹ International Financial Institutions are entities that have their mandates directed at financing development. To this end, they offer financial and technical assistance in order to facilitate access to financial services and products such as loans, credits and donations.

² See, eg, IDB Group announces priority areas of support for countries affected by Covid-19, available at: <https://www.iadb.org/pt/noticias/grupo-bid-anuncia-areas-prioritarias-de-apoio-to-countries-affected-by-covid-19>. Or else, the priorities presented by the World Bank Group in combating Covid-19: <http://documents.worldbank.org/curated/en/136631594937150795/pdf/World-Bank-Group-COVID-19-Crisis-Response-Approach-Paper-Saving-Lives-Scaling-up-Impact-and-Getting-Back-on-Track.pdf>

³ The Early Warning System (EWS) monitors and systematizes information about projects of financial institutions that promote development. In Latin America, SAP is co-administered by a network composed of Instituto Maíra, Sustentarse, FUNDEPS, AIDA and International Accountability Project. The data extracted from SAP were: Project Description; Financial institution; Sectors; Investment Amount.

⁴ Although there is no hierarchy between fundamental rights and guarantees, access to information is a structural foundation of all human rights. See, e.g., Resolution no. 59 (I) of the first 1946 UN General Assembly.

Table 1 – INTERNATIONAL INVESTMENTS AND THE EFFORT TO COMBAT COVID-19 IN BRAZIL (March 11 to November 15, 2020)

| | | Amount in billions US\$ | % |
|--|------------|-------------------------|------|
| Projects analysed | 123 | 13.5 | 100 |
| Projects that mention combating Covid-19 | 24 | 3.8 | 28.1 |

Source: Early Warning System Dec/2020

Table 2 – INTERNATIONAL FINANCIAL INSTITUTIONS AND THE FIGHT AGAINST COVID-19 IN BRAZIL (March 11 to November 15, 2020)

| International Financial Institution | Number of Projects | % | Amount in millions US\$ | % |
|--|--------------------|------|-------------------------|------|
| Inter-American Development Bank (IDB) | 50 | 40.6 | 7112.4 | 52.4 |
| Corporación Andina de Fomento (CAF) | 24 | 19.5 | 1802.4 | 13.2 |
| World Bank (WB) | 6 | 4.8 | 1304.4 | 9.6 |
| New Development Bank (NDB) | 7 | 5.6 | 929.2 | 6.8 |
| IDB Invest | 12 | 9.7 | 870.4 | 6.4 |
| US International Development Financial Corporation (DFC) | 5 | 4 | 619.5 | 4.5 |
| European Investment Bank (EIB) | 2 | 1.6 | 520.0 | 3.8 |
| International Finance Corporation (IFC) | 17 | 13.8 | 413.6 | 3 |
| Total | 123 | 100 | 13571.9 | 100 |

Source: Early Warning System Dec/2020

IDB7⁺bi

Amount invested in projects by the Inter-American Development Bank (IDB)



IMMEDIATE RELIEF AND ASSISTANCE FOR THE MOST VULNERABLE

The parameters used for this section are the 11 principles formulated by the [Coalition for Human Rights in Development](#)⁵. One of the principles emphasizes that IFIs must ensure that their funding serves the most vulnerable social groups and facilitates universal and equal access to basic services such as: health, decent housing, clean water, basic sanitation, education, healthy food and other sustainable livelihoods.

The situation of greatest vulnerability is understood to be people and communities who live in poverty and have precarious livelihoods. This group, although not exclusively, includes women, children, the elderly, people with disabilities, LGBTQIA+ people, Black and Indigenous peoples.

According to Table 3, we realize that the prioritized investments do not correspond to the most urgent needs arising from the economic and health crises caused by the new coronavirus. The sector that encompasses education and health is only in the fifth position. The water and sanitation sector, which should also be a priority during the pandemic, ranked eighth. No project has prioritized universal and equal access to decent housing and food and nutritional security.

⁵ The Coalition for Human Rights in Development is a global coalition of social movements, civil society organizations and grassroots groups that work together to ensure that development is led by communities and that human rights are respected, protected and fulfilled.

Table 3 – SECTORS INVESTED DURING THE COMBAT TO COVID-19 IN BRAZIL (March 11 to November 15, 2020)

| SECTOR | Sectors Invested | | | |
|--------------------------|------------------|------|-------------------------|------|
| | Projects | % | Amount in millions US\$ | % |
| Law and Government | 31 | 13.4 | 4482.5 | 19.9 |
| Finance | 25 | 10.8 | 3293.2 | 14.6 |
| Infrastructure | 34 | 14.7 | 2720.0 | 12.1 |
| Technical Cooperation | 26 | 11.2 | 2719.6 | 12.1 |
| Education and Health | 22 | 9.5 | 2108.0 | 9.3 |
| Transport | 23 | 9.9 | 1951.0 | 8.6 |
| Industry and Trade | 11 | 4.7 | 1297.7 | 5.7 |
| Water and Sanitation | 17 | 7.3 | 1291.1 | 5.7 |
| Communications | 3 | 1.2 | 1043.0 | 4.6 |
| Energy | 12 | 5.1 | 643.3 | 2.8 |
| Climate and Environment | 14 | 6.06 | 488.4 | 2.1 |
| Construction | 4 | 1.7 | 248.0 | 1.1 |
| Agriculture and Forestry | 8 | 3.4 | 156.8 | 0.6 |
| Mining | 1 | 0.4 | No information | \ |
| Total | 231 | 100 | 22442.6 | 100 |

Source: Early Warning System Dec/2020

*each project can be identified in more than one sector

The three sectors most privileged by the IFIs were: Law and Government, Finance and Infrastructure. It should be noted that the prioritized sectors, instead of adapting to the needs arising from the pandemic, follow the trend presented by the World Bank Group⁶, which introduced in 2017 the concept of “cascade” investment, which aims to seek in the private sector resources considered “missing” in the public sector for development finance. Investment in the sectors mentioned above is

⁶ [Forward Look: a vision for the World Bank Group in 2030 – progress and challenges](#)

in line with the vision of preparing the ground, through better regulatory, financial and connectivity conditions, so that the private sector has the necessary profitability to motivate it to invest. When we contrast the amounts invested in the emergency sectors and those needed for the “cascade effect”, we can conclude that the priorities of the IFIs have not changed structurally with the advent of the pandemic.

In addition, of the 123 projects analyzed, only 24 (19.5%) focused on combating Covid-19⁷. It is important to highlight that some projects, despite being described as actions to combat the new coronavirus, may mask possible other interests that are not evidenced in their description. This is the case of the project called [RSE COVID Jalles](#), of the International Finance Corporation (IFC), which allocates US \$20 million to a sugar and agribusiness company as a response to Covid-19, without detailing the relationship of this project to the emergency fight against the virus.

Only two projects were of direct impact to populations most affected by the pandemic: the [Emergency Support Program for vulnerable populations affected by Coronavirus](#), from the Inter-American Development Bank, and the [Income Support for Vulnerable Groups affected by COVID-19 in Brazil](#), from the World Bank, totaling US\$2 billion.

OF THE 123 PROJECTS ANALYZED, ONLY 24 (19.5%) FOCUSED ON COMBATING COVID-19

⁷ The methodology to identify if projects had their focus on combating the pandemic was to read their titles and summaries. If these mentioned Covid-19, the project was classified as having a focus on the matter.

How can development financiers ensure their COVID-19 responses respect human rights?

| | |
|---|--|
|  | <p>1. Uphold human rights Respect the human right to development in all supported projects and policies; ensure development is participatory; conduct human rights due diligence and risk assessments in consultation with affected communities.</p> |
|  | <p>2. Provide immediate relief Prioritize immediate relief measures and access to housing, food, water, sanitation, medical care, education, and sustainable livelihoods.</p> |
|  | <p>3. Support the most vulnerable Support those in greatest need, including women, children, elders, people with disabilities, LGBTQ people, Indigenous Peoples, people living in slums, and people living in poverty or with precarious livelihoods.</p> |
|  | <p>4. Support affected communities Provide community-led support to those facing increased risks because of past or ongoing harms related to activities funded by development financiers.</p> |
|  | <p>5. Address growing poverty and inequality Ensure that support will not exacerbate inequality of access to health care and other essential services through privatization or public-private partnerships.</p> |
|  | <p>6. Uphold safeguards, transparency and accountability Require borrowers and their clients to comply with social and environmental safeguards; follow heightened levels of transparency and accountability; clearly indicate which projects are for Covid-19 and how they help.</p> |
|  | <p>7. Communicate with communities and civil society Ensure appropriate means of communication are used to secure participation from project-affected communities and civil society organizations, and free, prior and informed consent of Indigenous Peoples during lockdowns.</p> |
|  | <p>8. Protect civil society space and ensure safety from reprisals Ensure Covid-19 support does not increase risks to human rights defenders through increased inequality, violence, militarisation or surveillance, or due to decreased opportunities for public participation.</p> |
|  | <p>9. Protect the planet Projects should not cause environmental destruction or jeopardize ecological resources of Indigenous Peoples and local communities. Support should comply with the Paris Agreement on climate change.</p> |
|  | <p>10. Private sector support should reach the most vulnerable Ensure that funds going to the private sector are directed towards the common good and to support workers' rights.</p> |
|  | <p>11. Cancel public debt payments Cancel debt payments for borrowing countries for as long as necessary to protect access to health, water, sanitation, food, education, and other essential social services; advocate for other lenders to do the same.</p> |

We highlight a third project that allocates part of its investments to micro, small and medium-sized companies and the other part to those most vulnerable: this is the case with the IDB Invest [Creditas](#) project. Finally, although it is not directly aimed at combating Covid-19, we consider it pertinent to mention the IDB [Ceara State Integrated Violence Prevention and Reduction Program](#) project. This seeks to qualify government action in carrying out social prevention and public security actions, aiming to reduce vulnerabilities and violence to specific audiences such as children, youth and women who are victims of violence.

The same applies to gender: of the 123 projects, only five are focused on women and, of the projects aimed to combat Covid-19, this number is reduced to three. They are: [BRAZIL GENDER MSMES COVID-19 RESPONSE](#) from the European Development Bank; and [WCS COVID Santander Brasil](#) and [WCS COVID Daycoval](#) from the International Finance Corporation.

Finally, none of the 123 projects sought to directly protect Indigenous and original peoples, or high-risk groups: until December 9, 2020, the National Committee for Indigenous Life and Memory registered 41,250 infected and 889 deaths due to Covid-19⁸. The Black population, in turn, was more directly affected by Covid-19 than the white population⁹, but was mentioned directly in only one project. The lack of care of IFIs with the most vulnerable groups only intensifies social inequalities, further aggravating the humanitarian crisis caused by Covid-19.

NONE OF THE 123 PROJECTS SOUGHT TO DIRECTLY PROTECT INDIGENOUS AND ORIGINAL PEOPLES, OR HIGH-RISK GROUPS

8 For more info: <https://covid19.socioambiental.org/>

9 <https://www.medicina.ufmg.br/negros-morrem-mais-pela-covid-19/>



ENERGY POLICY AND ENVIRONMENT

Of the 12 projects related to the energy sector, financed by four IFIs, 10 are classified by their respective banks as clean energy. It would seem possible to conclude, at first, that the green renewal discourse had consequences to resource allocations during the pandemic.

However, one of the challenges to critically assess the environmental impacts of IFIs is in the definition of clean investment. There is no international rule that defines this concept, so each IFI classifies its projects according to its own criteria. For example, the US International Development Finance Corporation in 2020 changed its policies to allow “clean” investments in nuclear power, which is considered dirty by most other IFIs due to

its high environmental impacts¹⁰. The classification of a project as clean energy should observe a series of connected factors, such as the production of renewable energy, the prevention of socio-environmental impacts and the free, prior and informed consent of affected communities.

Another aspect of this classification is that of the 10 “clean” projects carried out in 2020, 7 are related to electrical distribution, reduction of electricity consumption and emissions of greenhouse gases. Most of these projects are concentrated in the International Finance Corporation’s investments (for example: [Campinas Street Lighting Child Project](#) and [Feira de Santana Street Lighting Child Project](#)). Although projects of this type can cause positive environmental impacts, they are not directly related to energy production or to tackling the pandemic.

¹⁰ For more info: <https://www.dfc.gov/media/press-releases/dfc-modernizes-nuclear-energy-policy>

Only 3 of the 12 projects are related to the production of renewable energy. We have the [New Juazeiro Bifacial PV Power Project](#) from IDB Invest, which consists of the design, construction, commission and operation of four photovoltaic plants. The other two, both from the New Development Bank, are infrastructure projects: the [Desenvolve SP Sustainable Infrastructure Project](#) and the [BNDES-NDB Sustainable Infrastructure Project](#). These projects only mention that they will finance sustainable renewable energy development sub-projects, among other objectives, but without defining which sub-projects these will be.

Analyzing investments related to non-renewable energies, the US International Development Finance Corporation presented two projects with high potential risk related to the oil sector: [Acu Petroleo S.A.](#) and [Environmental and Social Assessment for T-Oil](#). The same institution invested in the [PNP 1000 Project](#), which involves the construc-

tion and operation of an open pit nickel and cobalt mine, with a high risk of impact, but did not provide the budget information for the action.

NON-RENEWABLE ENERGIES HAD MORE FOCUS THAN RENEWABLE ONES IN INVESTMENTS DURING THE FIGHT AGAINST THE PANDEMIC IN 2020.

We can conclude that despite the greater number of projects classified as clean by IFIs, when we contrast only those of energy production in which it is possible to know what will be financed, non-renewable energies had more focus than renewable ones in investments during the fight against the pandemic in 2020.

GUARANTEE OF HUMAN RIGHTS AND APPLICATION OF SAFEGUARDS

IFIs should ensure that their projects are transparent, participatory and respect human rights. These institutions normally commit to these issues – albeit unsatisfactorily - in their safeguards, which are their policies for preventing and mitigating negative socio-environmental impacts of the projects they finance.

OF THE 123 PROJECTS ANALYZED BY THE SURVEY, ONLY 61 OR 49.6%, CONTAINED SOCIO-ENVIRONMENTAL IMPACT RISK CLASSIFICATION

It is not possible to evaluate the execution of the projects analyzed in this study, since most of them have not yet been completed. However, an indication of the banks' commitment to comply with its safeguards can be found in the risk analysis, as it classifies the project according to its possible impacts, and it is from this classification that a line of action is chosen by the bank. Generally speaking, risk A is the highest risk, while C is the least¹¹.

Of the 123 projects analyzed by the survey, only 61 or 49.6%, contained socio-environmental impact risk classification. In other words, most projects, 62, violate the right to full and transparent access to information and are not committed to complying with safeguards. Without the classification of the risk analysis, it is incomprehensible to the public the possible magnitude of the impact to be generated by a project and the necessary attention to socio-environmental safeguards that should be applied.

¹¹ Each IFI has its own socio-environmental impact risk matrix that helps to identify the relevant impacts and risks, as well as their respective safeguards and mitigation measures. Depending on the risks identified, the IFIs may present requirements or request the submission of additional documents before investing in a project.

Table 4 – RISK ANALYSIS OF INTERNATIONAL INVESTMENTS MADE DURING THE COMBAT TO COVID-19 IN BRAZIL (March 11 to November 15, 2020)

| Risk Analysis | | | | | |
|--|----------|-----------|-----------|-----------|-----------|
| International Financial Institution | RISK | | | | |
| | A | B | C | FI | U |
| Corporación Andina de Fomento (CAF) | | | | | 24 |
| European Investment Bank (EIB) | | | | | 2 |
| IDB Invest | | 5 | | 7 | |
| Inter-American Development Bank (IDB) | 1 | 9 | 24 | | 16 |
| International Finance Corporation (IFC) | | 3 | | 3 | 11 |
| New Development Bank (NDB) | | 1 | | | 6 |
| U.S. International Development Finance Corporation (DFC) | 3 | 2 | | | |
| World Bank (WB) | 1 | 1 | 1 | | 3 |
| Total | 5 | 21 | 25 | 10 | 62 |

Subtitle: Potential impact risk: A- high, B- medium, C- low, FI- financial intermediary, U- without risk classification

Source: Early Warning System Dec/2020

Some banks, such as the Corporación Andina de Fomento and the European Investment Bank, do not have any projects with an impact risk assessment. The International Finance Corporation discloses the risks of only 35% of its projects and the New Development Bank, only 14%.

When we analyze the question of transparency, the number of financial intermediaries in international financial transactions is also worth mentioning. A financial intermediary is an institution, usually a bank, that connects the IFI with the beneficiaries of its investments. 10 of the 123 projects analyzed were carried out with the presence of financial intermediaries.

The presence of these intermediaries makes it difficult to track financing, since it is up to

the intermediary itself to evaluate and monitor the execution of the project. For example, in the [Creditas](#) and [Banco ABC - Social Bond](#) projects, both from IDB Invest, it is not possible to know which beneficiaries will receive investments from Creditas or Banco ABC, nor what the interest rates charged by these institutions will be¹². The presence of financial intermediaries, therefore, increases the risk of distorting the objectives proposed by the IFIs, to serve the accumulation of capital by the intermediary institutions.

If there was no risk classification, it is probable that neither was there participation of the communities possibly affected in the design of the project. This should be the central concern in complying with safeguards, as it is not possible to achieve the objectives of transparency, participation and respect for human rights without listening to them.

THE CORPORACIÓN ANDINA DE FOMENTO AND THE EUROPEAN INVESTMENT BANK DO NOT HAVE ANY PROJECTS WITH RISK ANALYSIS

And what happens when safeguards are not followed? We can answer this by analyzing projects financed in previous years, because in practice, safeguards are often not respected and we have many documented cases in Brazil in which the IFIs did not comply with their own socio-environmental policies. We now look at two specific cases below.

¹² For more information on this, see: <https://corporatefinanceinstitute.com/resources/knowledge/finance/financial-intermediary-transactions/>

CONCRETE CASE 1: AN ARARIPE QUILOMBOLA COMMUNITY

In 2017, the New Development Bank presented its first financing project for Brazil. Called [Financing of Renewable Energy Projects and Associated Transmission \(BNDES\)](#), this project of US \$300 million aims to support the National Bank for Economic and Social Development (BNDES) with a loan in two stages for this bank to act as the intermediary for renewable and transmission energy projects.

This financing is divided into five sub-projects, and one of them seeks to enable the construction and operation of the Araripe III Wind Farm in an environmental preservation area in northeastern Brazil. Despite being considered as clean energy, the financial institution itself indicated a high risk of socio-environmental impact. The high-risk classification requires greater monitoring of the project's execution. However, as this project relies on the BNDES as a financial intermediary, full access to information for the affected communities is threatened. Neither the NDB nor the BNDES published the information properly, which is evidenced by the lack of documents on the website of both institutions.

In principle, clean energy represents a project model more concerned with the sustainability of human actions across the globe. But by itself, it cannot and must not represent a north to be followed in isolation. It is important to point out that whatever the project model financed by financial institutions, it must, from its conception, be in harmony with the priorities and ways of life of the local communities. In addition to other impacts, the NDB project affects two Quilombola communities, which would require the financial institution to present the safeguards mentioned in the loan description. Therefore, as it is an initiative with environmental and social content, since it impacts traditional communities, it was necessary for the investing bank to make clear the activation of its safeguards.

The NDB has safeguards to reduce socio-environmental impacts in relation to involuntary displacement and indigenous populations (which in the national system are similar to the situation of Quilombola peoples), therefore all of them are of potential interest for the project in question. Unfortunately, this detail is not even mentioned in the project description. Safeguards are critical to ensuring access to justice for affected communities, but no safeguard activation has been made clear.

IN PRINCIPLE, CLEAN ENERGY REPRESENTS A PROJECT MODEL MORE CONCERNED WITH THE SUSTAINABILITY OF HUMAN ACTIONS ACROSS THE GLOBE

According to the socio-environmental activist who coordinates the work of environmental and human rights at the International Accountability Project in Latin America and the Caribbean, Alexandre Andrade Sampaio:

There are several complaints among residents about the project: excessive noise, especially when there is a lot of wind, which prevents them from sleeping; obstruction of the main road that guarantees access to the local population; lack of adequate information; lack of information about their rights and lack of transparency on the part of the company¹³.

Still, according to Andrade Sampaio, the residents are being approached individually about leasing their land and installing wind towers. This negotiation methodology applied by the executing company violates a series of rights that should be fully guaranteed. Among them, we highlight Convention 169 of the International Labor Organization (ILO) which determines the obligation to conduct free, prior and informed consultation with traditional communities affected by development projects.

¹³ SAMPAIO, Alexandre Andrade. Araripe III Case. Interview held on 01/18/2021.

CONCRETE CASE 2: SÃO JOSÉ DOS CAMPOS FAVELAS ASSOCIATION:

On December 30, 2003, a law suit initiated by the municipality of São José dos Campos (SP) requested the physical removal of 453 low-income families from the central region. The action was part of a set of measures adopted to promote the restructuring and reorganization of the urban space. Financed by the Inter-American Development Bank (IDB) through the [Habitar Brasil Program](#), the measures applied resulted in the marginalization and impoverishment of the families removed.

This project to remove the favelas from the municipality was severely criticized by social movements in the region. According to the leaders, Cosme Vitor and Angela Silva from the São José dos Campos Favela Association¹⁴:

Residents of three communities were forced to move to the Jardim São José II housing region. In the eastern part of the city, this neighborhood did not offer basic infrastructure, such as electricity, transportation, health and education, nor work prospects, placing families in an extremely vulnerable situation. To make matters worse, when joining three communities with totally different customs in the same space, there was a frightening increase in tension and violence¹⁵.

The violations of rights suffered by the removed families were filed in [three separate complaints](#) by the São José dos Campos Favelas Association to the Independent Consultation and Investigation Mechanism (MICI), a complaint mechanism of the IDB Group that aims to monitor the bank's compliance with its safeguards. There is also [another](#) complaint by the same Association against rights violations committed by the [São José dos Campos Urban Structuring Program](#), financed by the same bank.

In May 2014, 10 years after the investment, the impacted communities and the municipality of São José dos Campos reached an agreement in which the government would offer a definitive housing solution and social support plan for the removed families. So far, however, the agreement has not been fully complied with, and families are still without an adequate housing solution¹⁶. In the course of 10 years, most families have had to live in precarious conditions with social ties to the city disrupted.

In 2020, directly affected by the coronavirus pandemic, families represented by the São José dos Campos Favelas Association unsuccessfully sought IDB support to combat Covid-19.¹⁷ Not satisfied with the refusal to provide emergency assistance to the affected families and with the bank's unjustified delay in repairing the damage caused, the Association of Favelas continues to demand their rights.

Unfortunately, this is not an isolated case. In December 2020, the Favela Association, with other communities impacted by the same bank in Chile and Colombia, launched a Network of Communities Impacted by the IDB. The members of the network seek to exchange reports, experiences and political strategies to ensure that their rights are respected by financial institutions. The communities believe that together, they will have more strength to defend their territories and expand the scope of their complaints.

THIS PROJECT TO REMOVE THE FAVELAS FROM THE MUNICIPALITY WAS SEVERELY CRITICIZED BY SOCIAL MOVEMENTS IN THE REGION

¹⁴ Entity that brings together communities and popular neighborhoods in Vale do Paraíba (SP) in the fight against forced removal and urban exclusion projects.

¹⁵ DA SILVA, Angela Aparecida & VITOR, Cosme. [Fight for housing / Our daily barbarity](#). Le Monde Diplomatique Brasil. 2012

¹⁶ After years of struggle, some community members received in 2021 the title to the houses they were removed to.

¹⁷ See Andrade Sampaio, Alexandre. The Responsibility of Development Banks: Assist Communities Affected by Bank Projects First at <https://accountability.medium.com/the-responsibility-of-development-banks-assist-communities-affected-by-bank-projects-first-815363730abc>

CONCLUSIONS

From this study, we analyzed **US\$ 13.5 billion** allocated in 123 IFI projects that arrived between March and November 2020 in Brazil. We asked three research questions, which will now be answered succinctly:

Did the investments focus primarily on the emergency support needed to fight the pandemic and prioritize the populations most vulnerable to it?

The sectors most privileged by the IFIs' investments in the period were not those related to the immediate relief of the situation of the Brazilian population, such as health, education and basic sanitation. In addition, only 28% of the investment value for this period were directed to specific projects aimed at combating Covid-19. Only two projects were of direct impact to the populations most affected by the pandemic; five projects had the main beneficiaries as women - three of them focused on combating the pandemic; and none of the 123 projects mentioned Black or Indigenous peoples. Therefore, we concluded that emergency support was not the primary focus of investments that arrived in Brazil in 2020.

Did the investments incorporate the concern of green recovery in the energy area?

Of the 12 energy projects directed to Brazil in 2020, 10 were classified as clean by the financial institutions. However, they mainly deal with issues not related to energy production, but to energy distribution and efficiency. In addition, we were able to identify two investments in the production of non-renewable energy, and only one project aimed at producing specific renewable energy. Therefore, we conclude that investments have only partially met the green recovery in energy requirements.

Are the investments proposing to work properly in relation to possible negative socio-environmental impacts of their projects?

Only 50% of the projects are classified as having socio-environmental risk. It is possible to infer

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from this data that for half of the projects, most likely, there are no plans to mitigate negative socio-environmental impacts or safeguards, as risk analysis is the first step for this to happen.

In no way, however, does the classification indicate that the mitigation will be done properly. Looking at past cases, we know what the drastic consequences are in terms of human rights violations when these dimensions are ignored by the IFIs. The study analyzed two investments made by IFIs in Brazil, prior to the outbreak of the pandemic, and asked whether safeguards were followed, from the point of view of the affected communities: a Quilombola Community in Araripe and the Favelas Association of São José Dos Campos. In both cases, the failure to comply with safeguards and the lack of transparency of the IFIs worsened the social, cultural and economic situation of these communities.

We conclude that, in general, the IFI projects that came to Brazil in 2020 were very similar to the investments that arrived in previous years and did not prioritize fighting the pandemic, in addition to not meeting the minimums necessary to ensure that the implementation of the investments does not worsen the human rights situation in the country.

Since the situation in Brazil in 2021 will, in many ways, be similar to that of 2020, and the crisis will continue for the next years, we recommend that International Financial Institutions review their strategy for this country and in fact prioritize the needs of the Brazilian population, especially the sectors most affected by the economic, social, health and environmental crises that we are going through.

REPARATIONS



WHAT DOES THE NETWORK OF COMMUNITIES IMPACTED BY THE IDB WANT?¹⁸

Firstly, we require reparations for the damage caused by the IDB to each of the communities belonging to our network. We want to live again where and how we once lived. Furthermore, we want to regain control of our territories. We also demand guarantees that these events will not happen again with us, with our sisters and brothers, nor with our environment.

¹⁸ Excerpt from the self-declaration of constitution of the Network of Communities Impacted by the IDB. <https://www.institutomaira.org/comunidades-impactadas-pelo-bid>

The world needs institutions that are truly committed to the preservation of our territories and to the lives that depend on it. Any investment that destroys nature and human lives does not deserve to be called development. Without our participation, these projects will continue to be just investments destined to expand and concentrate privileges.

We will not rest until communities that inhabit cities, countryside and forests are finally treated with the respect and dignity they deserve. We will strive for public institutions to operate in a logic that favors not only the improvement of our lives, but that our lives are an active part of building free societies and environments.

We want a world built on the needs of the communities, not the interests of an oppressive system!

You can follow the Network's activities on Instagram: [@comunidadesimpactadasbid](https://www.instagram.com/comunidadesimpactadasbid)