

## Brazil's Industrial Decarbonization EOI

### Executive Summary

Brazil is undertaking a bold and integrated strategy to accelerate industrial decarbonization and catalyze a new cycle of clean, inclusive, and competitive industrial growth – aligned with the goals of the Climate Investment Funds' Industry Decarbonization Program (CIF-IDP). Ranked first among 26 submissions by an independent expert review, Brazil's proposal is anchored in long-term planning and institutional innovation, including the **Climate and Ecological Transformation Investment Platform (BIP)**—a country platform designed to align public and private finance around national climate and development priorities.

Through BIP - which is part of the Ministry of Finance's New Brazil (Novo Brasil) Ecological Transformation Plan - and other strategic frameworks – such as, **New Industry Plan (Nova Indústria Brasil)** and the **National Industrial Decarbonization Strategy (ENDI)** – Brazil is laying the groundwork for focused investments that reduce emissions in hard-to-abate sectors while fostering economic opportunity, technological innovation, and climate resilience. The CIF-supported investment plan will build on this foundation by combining **policy coherence, concessional finance, and private sector mobilization** to deliver large-scale impact.

The proposal targets key emitting industries that are central to Brazil's economy: **cement, steel, chemicals, fertilizers, aluminum, pulp and paper, and glass**—critical contributors to Brazil's economy and GHG emissions. Core priorities include:

- Expansion of bioenergy and renewable energy,
- Electrification of industrial processes using renewable sources,
- Promotion of circular economy practices, and
- Deployment of low-emission hydrogen, carbon capture and storage (CCS), and energy/resource efficiency technologies.

CIF-IDP financing will complement and extend the reach of existing mechanisms in Brazil – including the Climate Fund, Sustainable Sovereign Bonds, and Brazil's Nationally Determined Contributions (NDCs). The concessional finance provided will be catalytic, unlocking private capital and scaling technologies that face cost and risk barriers, thereby accelerating the commercialization of clean technologies in Brazil's industrial ecosystem.

Strategic areas of intervention include:

- Accelerating Technological Innovation:**  
 Catalyzing early-stage investments in clean technologies for heavy industry, reducing the risks and costs associated with first movers. Examples are industrial electrification, energy efficiency, low-carbon emissions fuels, carbon capture and storage (CCS), circular economy practices and industrial waste reduction, reuse and recycling.
- Consolidating Global Value Chains:**  
 Boosting competitiveness, productivity, and fostering a low-carbon economy while avoiding climate transition risks such as carbon leakage. Strengthening **low-emission hydrogen hubs in Brazil** until 2035 is the main goal in Brazil's national strategy for hydrogen. Beyond individual projects, these efforts will stimulate the development of clean technology supply chains by creating demand for specialized components and services.
- Aligning with National Plans:**  
 Providing funds and expertise for policy and regulatory reform.
- Workforce and Institutional Capacity Building:**  
 Funding training programs and knowledge transfer, preparing Brazil's workforce and institutions to implement and sustain low-carbon technologies. This includes a **just transition approach** by reskilling and upskilling workers for green jobs, with a focus on vulnerable communities.
- Private Sector Risk Mitigation:**  
 Supporting Brazil to mobilize private capital at a large scale through innovative business models and financial mechanisms, helping to overcome key barriers to private investment, including cost viability gaps, technology and off-taker risks, and gaps in the enabling environment. This could include supporting alternative carbon capture technologies and investments in raw materials and sustainable fuels, including those derived from waste and residues in the cement sector.
- Scaling Successful Pilot Projects:**  
 Expanding pilot initiatives—such as those involving CCS, energy efficiency, and renewable fuels—into nationwide projects with significant emissions reduction potential.

To sustain progress, Brazil will also utilize CIF support to (i) strengthen climate governance through Monitoring, Reporting, and Verification (MRV) systems and (ii)

align regulatory efforts with national strategies, such as the **National Industrial Decarbonization Strategy (ENDI)**.

This initiative reflects a whole-of-government approach, backed by deep collaboration with multilateral development banks, the private sector, and civil society. It is part of Brazil's broader strategy to position itself as a **regional leader in sustainable industry and a global partner in green value chains**, combining climate ambition with economic and social development.

Brazil's industry decarbonization strategy is closely aligned with the operational priorities of MDBs such as the **Inter-American Development Bank (IDB)**, **IDB Invest**, **World Bank**, and **International Finance Corporation (IFC)**. These institutions can offer financial, technical, and policy support to accelerate progress in industry decarbonization.

### **Conclusion**

With CIF-IDP support and MDB collaboration, Brazil will scale its efforts to become a model of inclusive, innovation-led industrial transformation—building on an enabling policy environment, a strong country platform (BIP), and a vision that integrates environmental integrity with social inclusion and sustainable growth.