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11/10/2021



Vale signs partnership with BNDES for a project that will invest R\$ 500 million in forest recovery

Released in Glasgow, the Living Forest Initiative will be implemented over seven years; The expectation is to reforest between 16 thousand and 33 thousand hectares with native species and biodiversity

By means of Fundo Vale, Vale joined the Living Forest Initiative, a project released today (11/10) by the National Bank for Economic and Social Development (BNDES) in Glasgow. The purpose is to provide financial support to forest restoration projects with native species and agroforestry systems (SAFs) in the different biomes of the Brazilian territory.

The funding will be providing by means of matchfunding, a financing model which combines non-refundable resources of BNDES with those of other supporting institutions. In its first phase, there will be at least R\$ 140 million available for the Living Forest Initiative — 50% of which from the Bank, and this may reach R\$ 500 million at the end of the second phase. The project will be developed along seven years and the expectation is to reforest between 16 thousand and 33 thousand hectares with native species and biodiversity, considering that around 9 million tons of CO2 equivalent can be captured.

The Living Forest Initiative was released by the president of BNDES Gustavo Montezano during an event organized by the Ministry of the Environment Espaço Brasil in the convention center where COP-26 is held in Glasgow, Scotland. “We believe in initiatives like that, because it has clear potential to leverage resources for the forestry agenda, driving solutions of positive social-environmental impact, which strengthen sustainable, fair and inclusive economy”, Vale’s executive vice Institutional Relations and Communication president Luiz Eduardo Osorio, who attended the event, confirmed.

Fundo Vale will join with R\$ 5 million and there will be a counterpart of the same amount made by the bank. “The Living Forest Initiative matches the forest agenda of Fundo Vale, which has been operating in the Brazilian biomes for more than 10 years, especially in the Amazon, by means of innovative agreements with partners, with special attention to the entrepreneurs in businesses with social-environmental impact”, the director of Fundo Vale Patrícia Daros explains. Among other responsibilities, the Fund is responsible for the implementation of Vale's forestry target, which provides recovery and protection of 500,000 hectares of forests by 2030. Today, the company is already helping to protect 1 million hectares around the world, 800,000 of which are in the Amazon – an area equivalent to five times the city of São Paulo.

SAF project, by start-up Belterra, in Pará, developed through a partnership with Fundo Vale and included in Vale's forestry goal of recovering and protecting 500,000 ha

To make the initiative feasible, BNDES spoke with more than 40 companies. Among these organizations, in addition to Vale, Petrobras, Coopercitrus, Heineken Group, Itaipu Binacional — in partnership with the Government of the State of Mato Grosso do Sul — and Philip Morris Brazil have already confirmed their participation.

“The Living Forest Initiative synthesizes concrete commitments of our partners and BNDES, so that together, we can carry actions out to restore forests and other vegetation physiognomies in the Brazilian biomes, which contributes to the maintenance of their richness in terms of biodiversity and carbon capture”, Petrônio Caçado, director of BNDES responsible for the Department of Impact Relationship with the Corporate Sector, explains.

“In addition, we will also make a relevant contribution to the recovery of drainage basins by means of restoration of springs, so dear to the country, especially to guarantee safe supply for people and businesses that employ thousands of Brazilians”, he adds. According to Bruno Aranha, director of Productive and Social and Environmental Credit at the Bank, the Living Forest Initiative will help drive the ecological restoration sector and the Brazilian companies in the fair transition to carbon-neutral economy.

By means of a public call, a managing partner will be selected for the initiative, which should be done by the end of 2021. He will be responsible for the organization of the process for public selection of the projects to be supported — the first call should be made in the first quarter of 2022. It will also have, among others, the attribution to receive the resources from BNDES and other supporting institutions and transfer them to the contemplated projects, following up their application and monitoring the results.

Projects aimed at ecological restoration of areas classified in one or more of these categories will be supported: Nature Conservation Unit (CUs), public ownership or domain; Private Natural Heritage Reserve (RPPN) areas, except for those constituted as part of extrajudicial agreements, licensing conditions/terms and/or environmental compensation or upon court determination; Permanent Preservation (APP) and Legal Reserve (RL) areas in agrarian reform settlements and private properties with up to four fiscal modules, duly registered in the Rural Environmental Registry (CAR); and areas in indigenous lands, quilombola territories and other traditional communities.

Every contemplated project will receive investment of at least R\$ 5 million. The funds can be used, for example, for acquisition of seeds, seedlings, consumables, equipment and fences; implementation or expansion of seedling nurseries; professional training; and payment of labor, research, studies and technical services necessary to carry the project out. Among the items that can be supported, there are also activities for preparation, approval, validation, verification and issuance of carbon credits, when associated with the achievement of the project goals.

About Fundo Vale

Fostering and impact investment fund, maintained by Vale, the purpose of which is to strengthen an ecosystem of sustainable impact businesses for fairer and more inclusive economy, which values biomes and natural resources.

Created in 2010, Fundo Vale, a non-profit civil association maintained by Vale, has supported more than 80 initiatives among research institutions, local governments, NGOs, startups and community associations to protect more than 23 million hectares of forests. It invested more than R\$161 million in these initiatives in the last decade.

Fundo Vale is responsible for the implementation of Vale's forestry target, which provides recovery and protection of 500,000 hectares by 2030. By the end of the year, 6,000 hectares of forests will be recovered. The investments total approximately R\$100 million. With these initiatives, which are in the concept test phase, it is expected to capture 26 thousand tons of CO2 equivalent per year and generate 1,100 new direct job opportunities. In the protection area, Fundo Vale, in partnership with Reserva Natural Vale, signed agreements with seven conservation units, which total around 110,000 hectares.

About BNDES

Founded in 1952 and currently linked to the Ministry of Economy, BNDES is the main instrument of the Federal Government to promote long-term investments in the Brazilian economy. Its actions are focused on the social, environmental and economic impact in Brazil. The Bank offers special conditions for micro, small and medium companies in addition to social investment lines, aimed at education and health, family farming, basic sanitation and urban transport. In crisis situations, the Bank acts anti-cyclically and helps formulate solutions for the resumption of economic growth.

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Media Relations Office

imprensa@vale.com

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