



Bringing together EU and BR SMEs for a future of clean technologies



INTRODUCING LCBA IN BRAZIL

Low Carbon Business Action in Brazil - Phase I is an European Union project with a duration of 30 months, which started in September 2015. Throughout its implementation a series of Matchmaking Missions (MMs) is being held, bringing Small and Medium-sized Enterprises (SMEs) together in intensive 4-day business programmes that target major subsectors of the Low Carbon Economy. Applicant SMEs that are

selected for the MMs by the LCBA team, under a strict business and technology criteria, have their travel costs sponsored by the Action.

The European Union funds the project LCBA through the Partnership Instrument, a financial instrument promoting EU mutual interests in strategic partner countries such as Brazil.

LOW CARBON SUBSECTORS

LCBA - Phase I targets strategic subsectors with the highest potential for business and climate impact. These were identified through several commissioned Sector Reports on the status of the Green Economy in Brazil.



AGRICULTURE & FORESTRY ACTIVITIES



RENEWABLE ENERGIES



INDUSTRIAL PROCESSES



WASTE MANAGEMENT & BIOGAS



ENERGY EFFICIENCY IN THE BUILDING INDUSTRY

<http://lowcarbonbrazil.com/audiovisuals#publications>

LCBA CALENDAR OF MATCHMAKING MISSIONS

MISSION PERIOD	SECTOR/TOPIC
08 - 12 August, 2016	Energy Efficiency in Buildings, São Paulo, SP, Brazil
03 - 06 October, 2016	Solid Waste Management, São Paulo, SP, Brazil
17 - 20 October, 2016	Biogas and Biomethane, São Paulo, SP, Brazil
07 - 12 November, 2016	Renewable Energy (solar, photovoltaic and biomass), São Paulo, SP, Brazil
29 Nov. - 01 Dec. 2016	Clean Energy, Lyon, France
01 - 05 May, 2017	Low Carbon Agriculture, São Paulo and Ribeirao Preto, SP, Brazil
19 - 22 June, 2017	Energy Efficiency in Industry, São Paulo, SP, Brazil
03 - 06 October, 2017	Renewable Energy (solar PV, wind and biomass), Fortaleza, CE Brazil
21 - 24 November, 2017	Solid Waste Management & Biogas (Agriculture), São Paulo, SP, Brazil

<http://www.lowcarbonbrazil.com/matchmaking#calendar>

Business in Action for greater economic and environmental benefits

The Action foresees the potential for establishing entrepreneurial partnerships between SMEs from the EU 28 Member States and Brazil, fostering knowledge and technology exchanges, new ventures and business upgrades towards better competitiveness and innovation, also enhancing the environmental protection.

The business matchmaking events are held between Brazilian and European SMEs, thus resulting in the signature of **Cooperation Partnership Agreements (CPAs)**. These agreements demonstrate the intention for developing business exchanges that should lead to concrete proposals, which can be further supported through the EU technical assistance during LCBA – Phase II.

What does CPA mean?

CPA stands for Cooperation and Partnership Agreement to be signed between SME executives during LCBA's Matchmaking Missions. It is a two-page document elaborated alongside the business rounds held by BR/EU SMEs that demonstrates the potentials to be exploited throughout the envisaged cooperation.



MODALITIES FOR BUSINESS COOPERATION & PARTNERSHIPS

- Partnerships for sales/distribution office or in-kind services;
- Mergers and Acquisition (M&A) deals;
- Joint Ventures and investment partnerships;
- Establishment of a production and manufacturing facility;
- Agreements on knowledge exchange and joint technology research and development;
- Agreements between SMEs cluster organizations and within corporate supply chains;
- Sale/Purchase agreements (import/export).

LONG-STANDING BUSINESS AND ENVIRONMENTAL COOPERATION

The consolidation of cooperation between SMEs evolves along time through mid-term relationships leading to better commercial and economic returns, as well as to greater socio-environmental impact in the long run.





Towards Low Carbon Business Action in Brazil – Phase II

The aim of the Low Carbon Business Action in Brazil - Phase II is to support at least 80 CPAs signed during Phase I in order to achieve full implementation, through access to funding and the provision of direct technical assistance.

LCBA will thus effectively contribute to the exchange and adoption of low emission technology through business and technical cooperation between companies from Brazil and from the EU, in a common effort to address the global challenge of climate change.

OVERCOMING HURDLES AND MARKET OBSTACLES

While business potential for European companies in low carbon technologies is high, there might be obstacles, in many cases, for the SMEs to consolidate their positions in the Brazilian market. It should be noted that competition from other technology providers, import taxes, product certification and testing, access to customer base, as well as other particularities of the Brazilian legal and administrative framework, might be better overcome if local partners are involved.

ADVANTAGES OF AN EU/BR SMEs PARTNERHIP

- Access by EU SMEs to the Brazilian market with over 200 million inhabitants;
- Enhanced international business networking in Latin American countries through local partner SMEs;
- Facilitated adoption, adaptation and certification of environment-friendly technologies;
- Additional transnational investments in CAPEX (capital expenditure) and OPEX (operational expenditure);
- Asset acquisition through M&A (Mergers & Acquisitions) and potential reduction of production costs locally;
- Innovation technology and corporate investment for tackling climate change in line with the Brazilian National Intended Contributions (NDCs) and other policies in place;
- Technical assistance from the EU for the development and submission of business proposals to financial institutions;
- Support from LCBA Institutional Network in Brazil for further business development and support services.

Financing the transformation and generating sustainable impact



BENCHMARKING THE IMPACT

The CPA is a preliminary business agreement that will be followed through by LCBA - Phase II and may receive the EU Technical Assistance for further development, from business concept into **“bankable” proposal**. This means support from the development of an idea to the actual planning of production and management of the business.

What is a “Bankable” Proposal?

The bankable proposal is a fully-fledged “project proposal” that presents a high probability of success in terms of sufficient collateral, cash flow, Return on Investment (ROI) to be acceptable for financing by banking institutions or public/private lenders.



Small and Medium Enterprises (SMEs) have great potential to contribute substantially to technological progress, also highly important for the environmental protection. Whilst their individual impact are generally small in comparison to those of large companies, the cumulative environmental impact of the sector is considerable. Here are some of the benchmarks to be considered when developing a business proposal for LCBA - Phase II:

- Sustainable Development (local social, infra-structure, labour market etc);
- Technology innovation;
- Environmental impact (e.g. climate)
- Economic feasibility and development;
- Market replication of business models;
- Strengthening of EU-Brazil SMEs/Clusters business and technology network.

FUNDING OPPORTUNITIES

Although the potential of the low carbon sector is not yet fully exploited by the financial institutions and no specific financing model exists, the challenge is to identify and match the business and environmental potential with the different existing types of funding, such as:

- EU and Brazilian Development banks;
- Commercial banking;
- Grants and Innovation funds;
- Equity and Venture Capital;
- Direct Corporate Investment
- “Green” Market Mechanisms and Low Carbon Funding;
- Leasing and Concessional loans.

OBS: LCBA has published its Green Funding Report.

 http://lowcarbonbrazil.com/_site//doc/LCAB-publications/LCBA_Mapping%20Report_Green%20Funding_Final.pdf

INSTITUTIONAL PARTNERSHIPS

A key part of the work of LCBA in Phase II is to facilitate information, support investment readiness, and enable access to funding instruments for CPAs emerging from Phase I. Beneficiary SMEs can also rely on the support of the wide range of services from the national and bilateral institutions that support the Low Carbon Action in Brazil, as well as several business intermediaries and service providers.

- Project Steering Committee Members;
- Institutional Network.

 <http://lowcarbonbrazil.com/Institutional-interest>

