

Financing development in an uncertain world: BNDES experience

João Carlos Ferraz

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Development Banks as Agents of Change

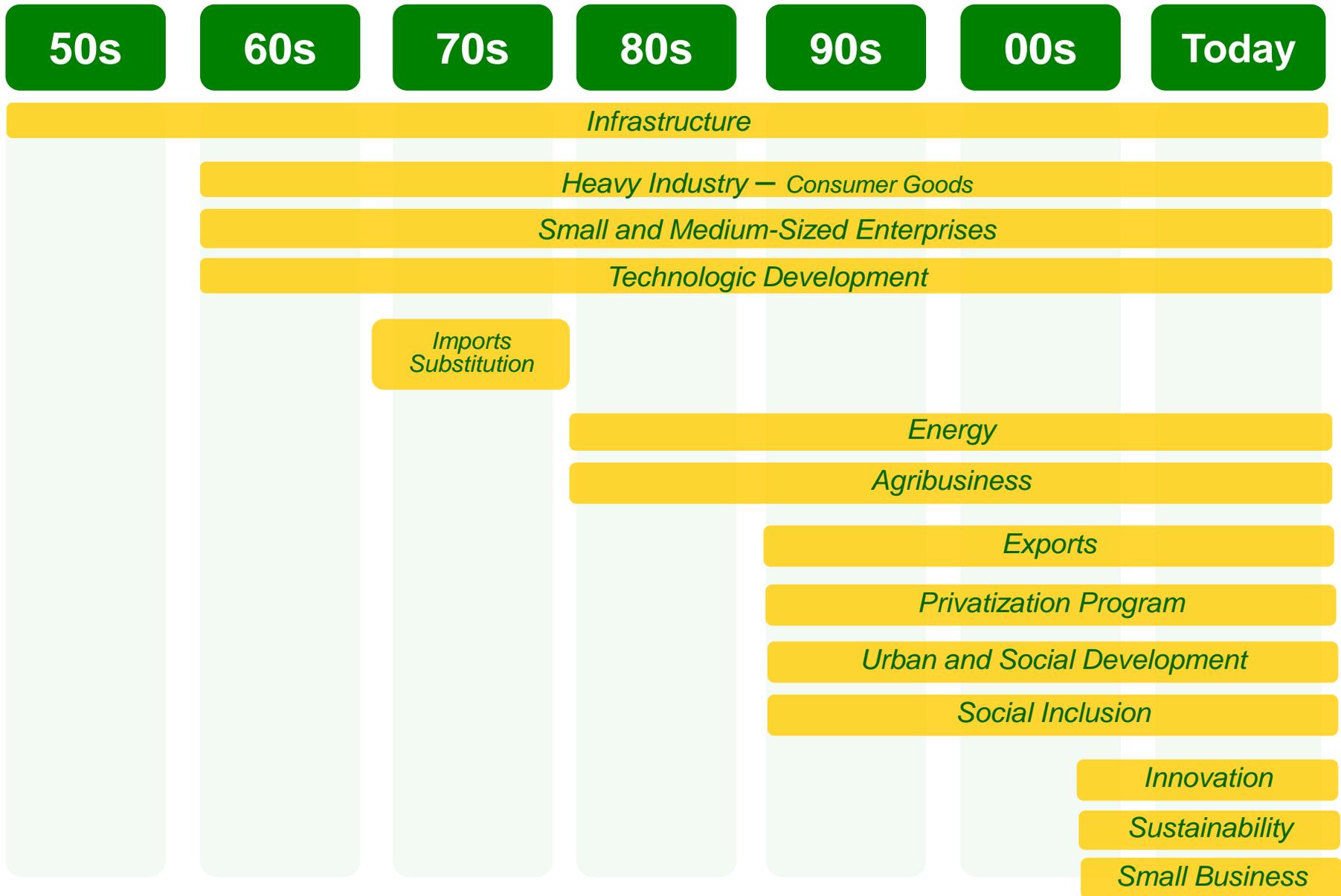
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Long-term financing is aimed at

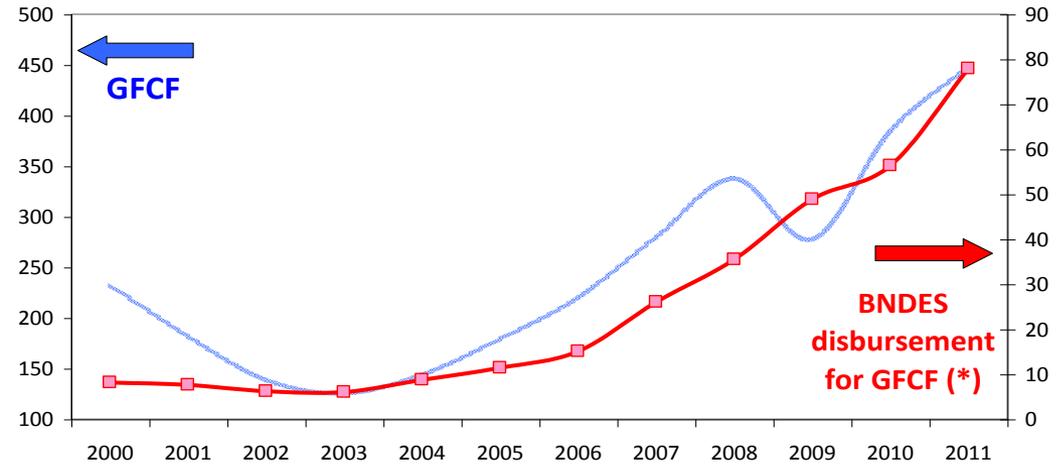
- More and better work opportunities
- More and better infrastructure
- More and better competitive capabilities

As markets are pro-cyclical

- A development bank is an instrument of systemic stability
- But... Attention!! **Scale and scope matters...** Banks must have adequate **resources** and **instruments**

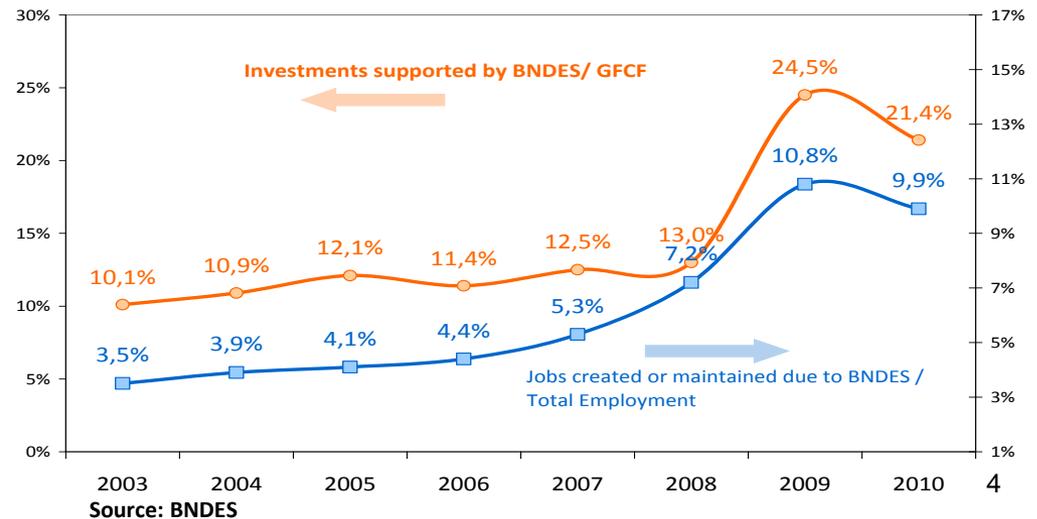
- ✓ Main provider of long-term financing in Brazil
- ✓ 100% state-owned company under private law
- ✓ Institutional funding
- ✓ 2,500 employees
- ✓ Instruments
 - Direct operations
 - Indirect operations
 - MSME (financing & guarantee)
 - Exim
 - Project finance
 - Equity investments
 - Grants

Gross Fixed Capital Formation (GFCF) & BNDES disbursements (US\$ Billion)

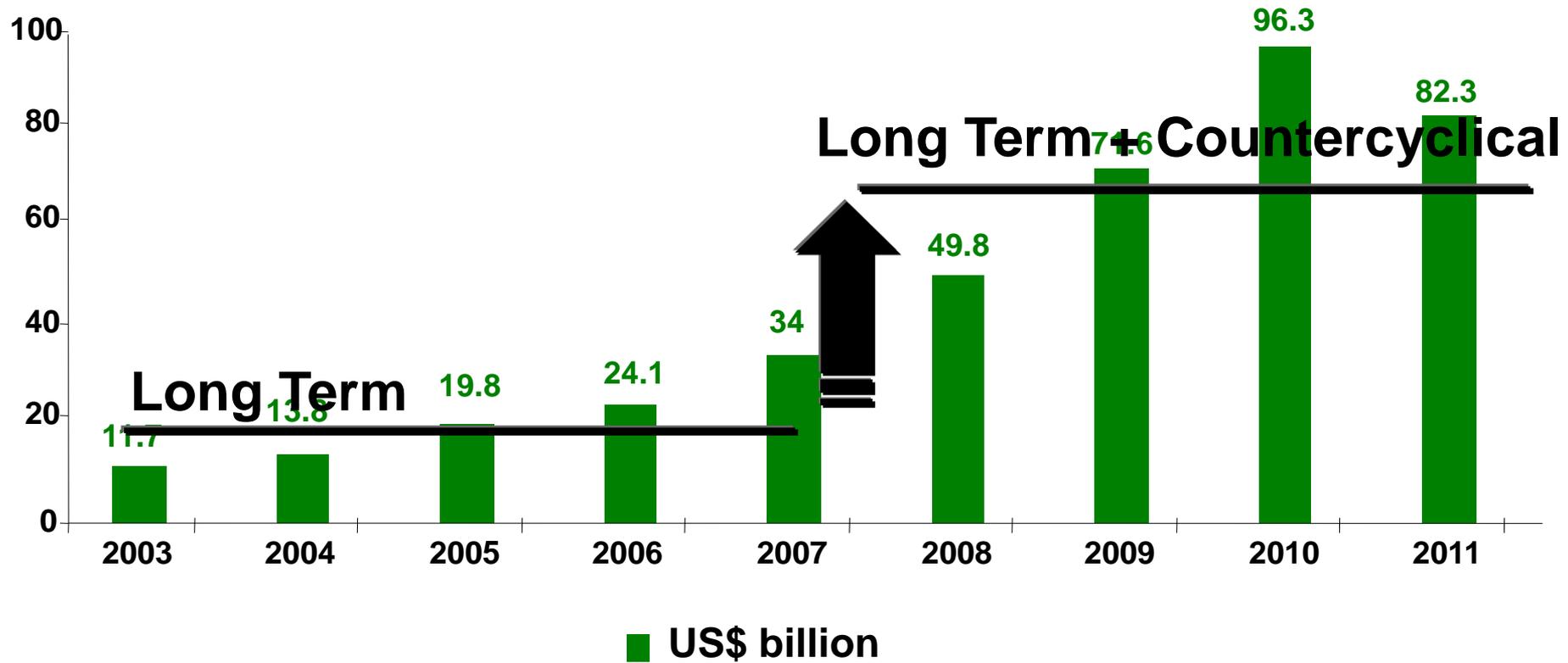


(*) exc. BNDES Exim; working capital, M&A and Equity Financing.

BNDES contribution to investment & employment



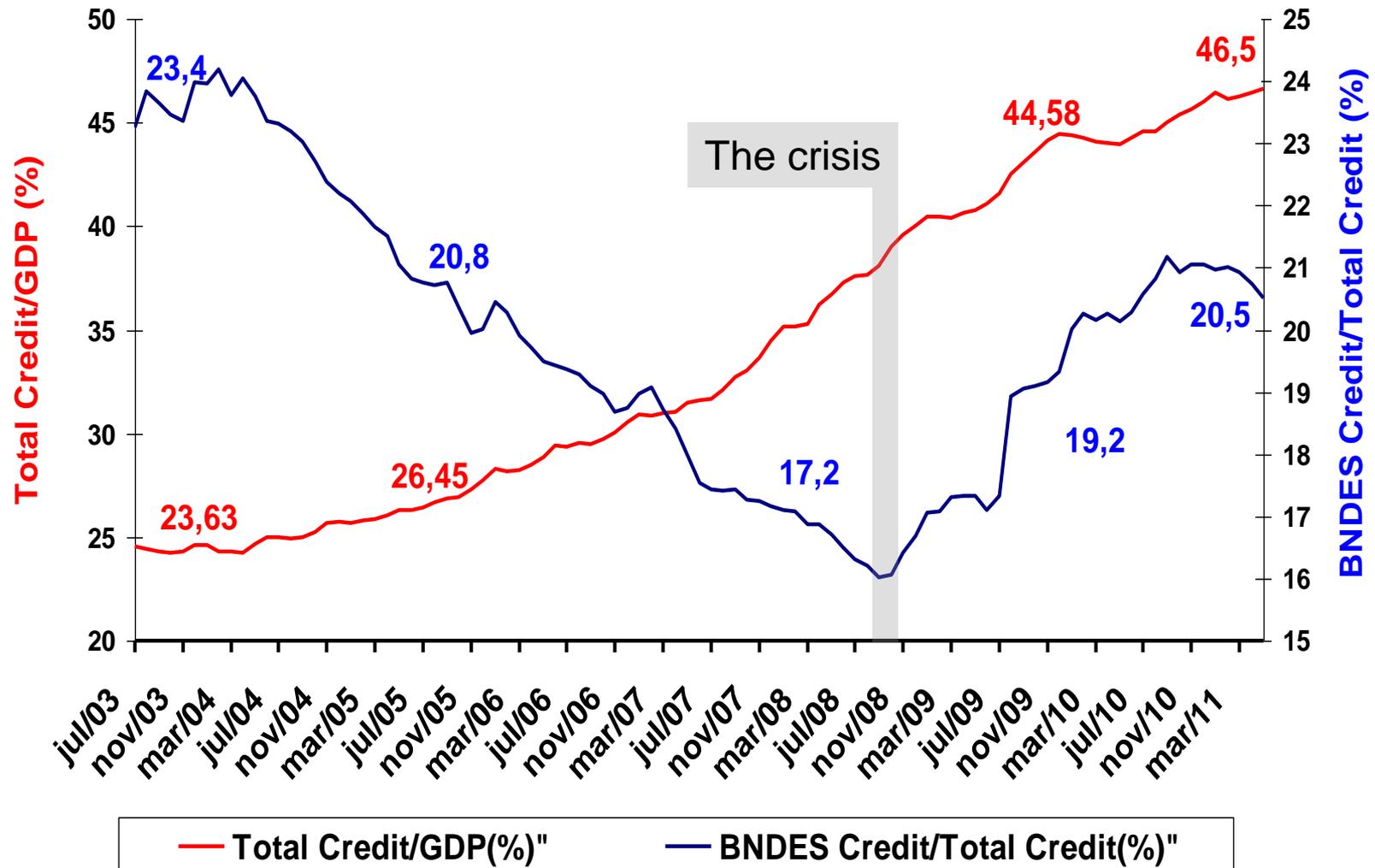
Disbursements



Source: BNDES

Converted to US dollar on disbursement dates

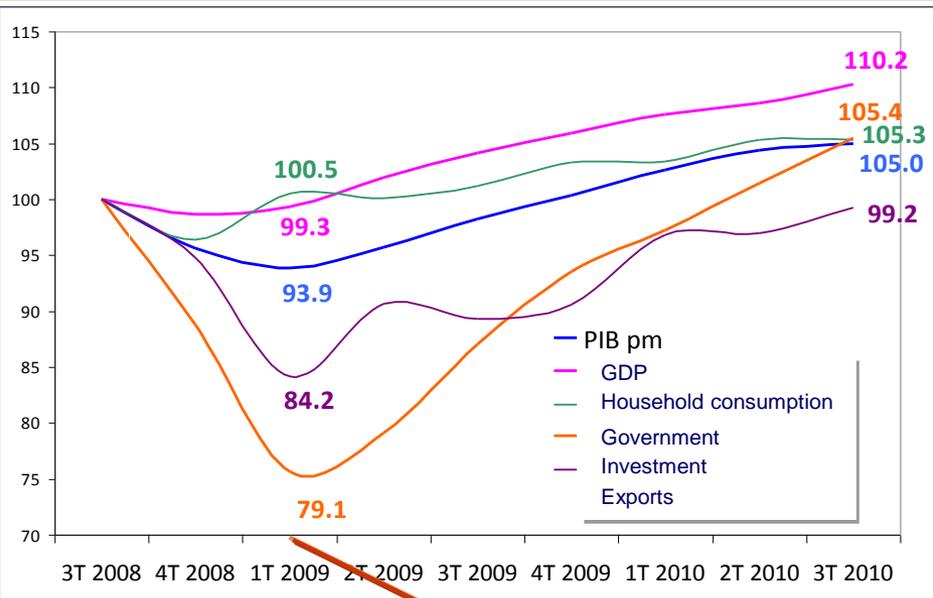
Credit to GDP and BNDES share



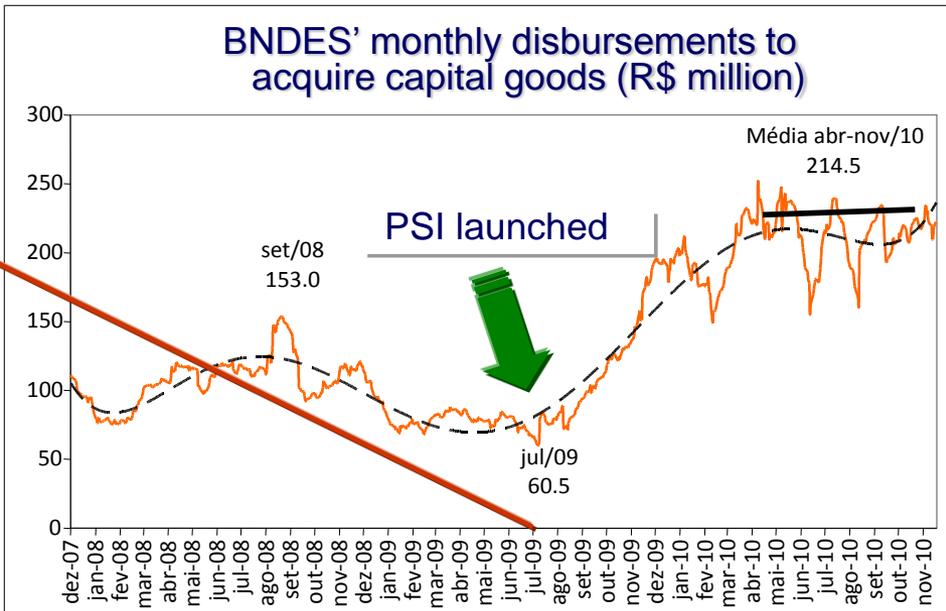
Source: Brazilian Central Bank

During the crisis: pro-active policies sharply decrease the cost of capital

Growth Rates (3Q2008= 100)



PSI
Investment Support Program in which interest rates are reduced



Statements and beliefs

- **Contemporary State:** focus on building up competences => **more and better jobs.**
- **Developing financing** for the long term demands => **more State and more Market.**
- **Public banks are essential** for systemic stability and the permanent availability of investment financing.
- To be effective, a **Development Bank must have the necessary means: resources and instruments.**

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