



UN Group Meeting - "Rethinking the Role of National Development Banks" Demian Fiocca Vice President – BNDES December, 2 2005





#### **Macroeconomic Performance**

#### A new development cycle

From 1995 to 2001 the current account deficits didn't foster investments.

Now, invesments grow along with domestic savings.





#### **Macroeconomic Performance**

#### Public investment has fallen...





#### Investments are necessary

#### ... as a consequence, infrastructure investments dropped over the last 20 years





## **Growth and Long Term Finance**

#### ... credit can help infrastructure...

		1990	1997	2003
	U.S.A.	103,3	132,5	173,6
edit/GDP ratio is owing but	U.K.	112,2	116,4	141,3
	Germany	93,3	110,1	117,4
	France	91,3	82,0	87,8
	Japan	170,1	175,0	104,6
s still low				
In mparison to other	China	79,5	95,0	135,5
	South Korea	81,2	113,2	119,9
	India	24,0	22,8	30,5
onomies				
	Brazil	23,1	33,0	33,2
	Chile	47,7	62,1	75,0
	Mexico	17,1	21,3	18,1

Cre gro it is con t eco



## **BNDES Highlights**

- ✓ Founded on June 20, 1952
- ✓ 100% owned by the Federal Government
- Latin America's largest development bank
- Key instrument for the Federal Government
  Policies
- Brazil's main provider of long-term financing
- ✓ Brazilian Export Bank
- Equity investor through BNDESPAR







## **BNDES: Funding**

FAT - Worker Assistance Fund

Permanent financing or quasi-equity

Foreign Funding

Government Agencies and Multilateral Institutions IDB, JBIC, World Bank, KfW.

Market Funding

Bonds, Loans, Structured Notes (ABS)



#### Funding 2004 – Cash Flow





#### **Annual Disbursements**





**Credit Market in Brazil** 

# The BNDES responds for 19% of the total credit in the economy





## **Credit Market in Brazil**

#### **BNDES credit has a counter-cyclical effect**



Source: Brazilian Central Bank

#### Free Credit grew more than BNDES Financing



#### **Credit Market in Brazil**



## **BNDES** participation increases during the downturn periods of credit/GNP ratio



## **BNDES Selected Goals**

BNDES credit analysis takes into consideration factors beyond the financial return of the project, seeking the promotion of economic and social development.

#### Spread reductions:

- 1,0 p.p. to less developed regions
- 0,5 p.p. to higher priority sectors
- ✤ 3,5 p.p. to MSMEs
- Special programs (railways, capital equipment)
- Variable upside required:
  - Equity and Quasi-equity participation

## Disbursements according to operation type







www.bndes.gov.br

**BNDES** 

%





## Disbursements of the BNDES by Sectors of Activity

#### Focus on infrastructure and industry



Converted to dollar on the disbursements date

Remark: Excludes secondary market transactions Source: BNDES Financial Area











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