

Sustainability, competition and public policy. Or, simply, magnet

João Carlos Ferraz

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- Each nation has its own structure, history, demands and aspirations. Hence, singular interests and strategies.
- National interest is to secure more and better jobs. More and better jobs ensure economic, social and environmental sustainability.
- This is where the logic of citizens and corporations merge with that of the public sector.
- To foster such merger is a BNDES priority. However, this is a challenging, difficult, arduous task... But it will be accomplished

The world and country we live in

- **Open societies:** democracy and citizen participation => processes underway, still to be strengthened.
- **International power:** from “uni-polar” to “multi-polar”... Negotiated? Conflicting?
- **Climate change:** established phenomena, with negative social and economic implications.

- Worldwide growth is in check... repercussions of financial crisis are long-term.
- States engaged in minimizing crisis, and to organize and finance ways out (both short and long-term).
- Intense competition and fast-paced technical progress => nations and corporations battling over the generation, distribution and appropriation of wealth.

Sustainability

Trend? No.

The essence of survival and prosperity

- Strong sense of **belonging**, in a context of vast cultural, regional and environmental diversity.
- Institutional and political stability.
- Large, yet incipient domestic market; still a society of inequalities.
- Large proportion of the population at productive age.
- Rich natural resource base ... still expanding.

- Capabilities => some islands and few archipelagos of educational and scientific excellence.
- Infrastructure => insufficient to sustain inclusive growth.
- Low level of citizen security; poor quality education and health services.
- Environmental wealth and diversity very much under valued.

- Strong, robust but cautious financial industry.
- Healthy and resilient private sector.
- Complex productive system... but lacking investments and, above all, the capacity to innovate.
- Economy evolving towards a long cycle of growth... but...

Sustainable development not yet in the collective imaginary of the Brazilian society

Sustainability, public policies and the BNDES

- **Macroeconomic policy:** stability and foreseeability achieved.
- **Social policy:** wide reach and efficacy of conditional income transfers.
- On going **structural policies** (education, science and technology, infrastructure, production development).
- During crisis: **successful pro-active policies,** focusing on demand and investment.

MISSION

...to foster the sustainable and competitive development of the Brazilian economy, with employment generation and the reduction of social and regional inequalities.

VISION

Be the development bank of Brazil, an innovative and pro-active institution capable of facing the challenges of our society.

Scale and scope matters



- Founded: 1952
- Main source of long-term credit
- Public company
- **2250 employees**
- Instruments
 - Direct credit
 - Indirect credit
 - Project finance
 - Equity funds and direct investments in corporate capital
 - Nonreimbursable credit lines

Development Banks			
US\$ billion			
Bank	Assets	Net Eq	Disburse
World Bank	233.6	41.5	10.5
BNDES	118.6	10.8	49.8
IDB	72.5	19.4	7.1

Source: BNDES (Dec./08), World Bank (June/08), IDB (Dec./08)

Between 10 and 13% of fixed investment in Brazil is backed by BNDES financing

BNDES: emphasis per period



Capacity to adjust to the economy and policy preferences

1950

Infrastructure (Energy & Transport)

1960

Infrastructure (Energy & Transport) – Consumer goods

1970

Basic Inputs – Capital Goods

1980

Exports, Agribusiness

1990

Privatization

Today

Infrastructure – Production Capacity - Exports

New agenda

Innovation, environmental sustainability, economic and social integration of large projects

Fomenting

Financial support for innovative and strategic projects

- Renewable Energy
- Energy Efficiency and Eco-efficiency
- Technological Development
- Support for Environmental Organs
- Carbon Market Funds
- Reforestation
- **Amazon Fund – Sustainable activities and reducing deforestation**

Management

Environmental Division with responsibilities, instruments and qualified team

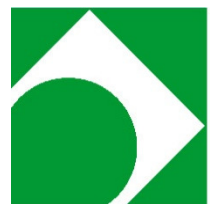
Conditional credit grants and monitoring

Interaction with and support for the development of public policies

Evaluation of intangible capital

A magnet?

- “Opposite poles” attracting each other? “Like poles” repelling each other? Or, rather, phenomena strengthening each other?
- The immediate concern is to survive... but... what then? Is it worth thinking beyond tomorrow when tomorrow itself is uncertain?
- “Sustainable sustainability” (!!!) is expensive (today). Is it worth paying for? With our own \$ or with that of society?
- How to reach out and forge the collective imaginary of societies? And that of businesspersons?



BNDES

*Brazilian
development bank*

