



O BANCO DO DESENVOLVIMENTO  
DE TODOS OS BRASILEIROS

# The Brazilian Development Bank

## The Innovation Dimension at BNDES and the Intellectual Capital Agenda



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# Promoting Innovation: The Role of BNDES

- Supporting **Innovation** is one of BNDES's highest priorities.
- The role of BNDES is to support investments that can transform research into economic value. It's a broader concept of innovation, one that is not restricted to high-technology industries.

If so, where is the "I" of Innovation in "B.N.D.E.S initials"?

# The Innovation Dimension at BNDES

Although the answer is not clearly stated in the acronym, it can be found in each letter that forms BNDES's initials:

- ✓ **BANK** – Financing is required in order to transform ideas into value. Equity investments are usually the most suitable financial tool for risky ventures, which cannot provide tangible collateral or guarantees for traditional loans.
- ✓ **NATIONAL** – Fully harmonized with the Federal Government's Policy for Industry, Technology and Trade (PITCE). Intends to avoid “brain drain” from Brazil.
- ✓ **ECONOMIC DEVELOPMENT** – International competition demands that countries make constant changes to their technological basis in order to remain in the path of growth and development.
- ✓ **SOCIAL** – Innovation should not be restricted to large enterprises with respectable R&D departments. There is a huge number of SMEs and academic research centers full of innovative ideas which may turn into successful ventures throughout Brazil.



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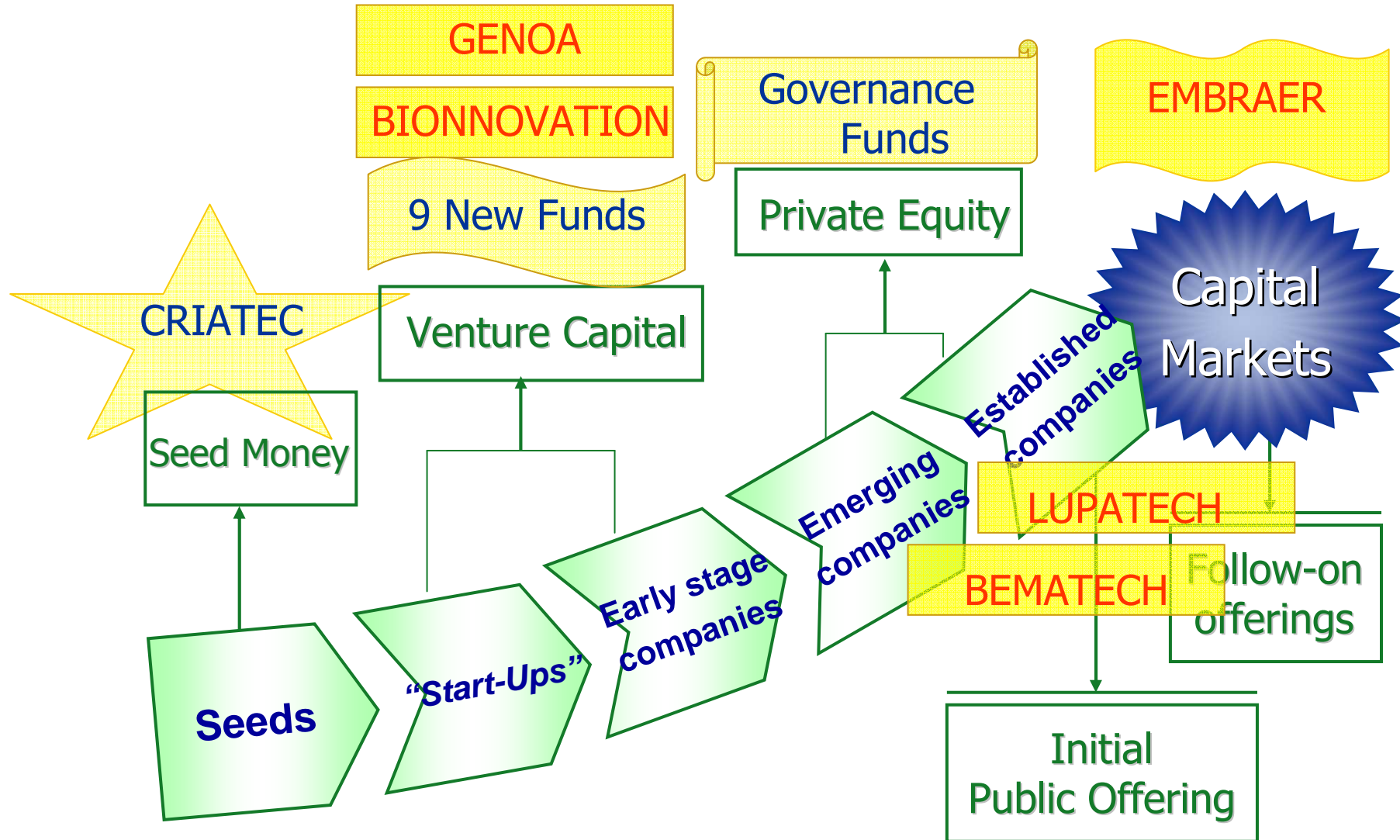
# What have we been doing to promote innovation?

<p><b>Innovation Line of Credit: R,D&amp;I</b></p> <ul style="list-style-type: none"> <li>•Fixed interest rate</li> <li>•100% of investment, up to 12 years</li> <li>•No collateral (lower than US\$ 5MM)</li> </ul>	<p>Support projects directly related to substantial efforts in research, technological development and innovation (new products and processes), aiming to reach better competitive positions.</p>
<p><b>Innovation Line of Credit: Production</b></p> <ul style="list-style-type: none"> <li>•Financial Cost + Credit Risk Rate</li> <li>•100% of investment, up to 12 years</li> <li>•No collateral (lower than US\$ 5MM)</li> </ul>	<p>Incremental innovation to develop products and processes; Further investments to improve qualification and form innovative environments; Investing in plant enhancement.</p>
<p><b>PROFARMA and PROSOFT:</b></p> <p>Same as above, or</p> <p>Financial cost +1% (small company) or + 3% (large company)</p>	<p>Support programs for the development of the pharmaceutical and software industries.</p>
<p><b>FUNTEC (Technology Fund)</b></p> <p>Grants</p> <p>Partnerships with Universities or Research Centers</p>	<p>Aims at projects of strategic interest for the country, such as renewable energy, semiconductors, software, biotechnological solutions, medicines etc.</p>

# What have we been doing to promote innovation? *(continuation)*

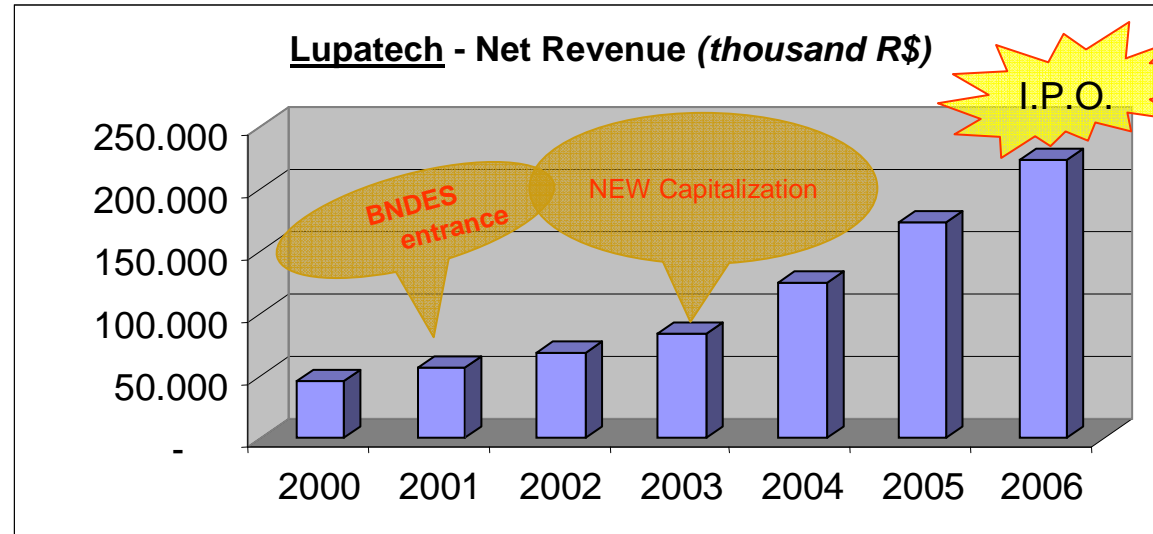
<p><b>Direct equity interests</b></p>	<ul style="list-style-type: none"> <li>• At the moment, BNDES holds equity interests in 86 companies</li> <li>• The bank encourages innovation and requires the adoption of best practices of corporate governance</li> </ul>
<p><b>Equity interest through investments funds :</b></p> <ul style="list-style-type: none"> <li>• <b>8 Venture capital funds</b></li> <li>• <b>1 film production fund</b></li> </ul>	<ul style="list-style-type: none"> <li>✓ US\$10 MM per fund; equivalent to a 30% equity interest</li> <li>✓ Around 60 companies will be invested</li> <li>✓ 3200 new jobs are expected to be created</li> </ul>
<p><b>Seed money:</b></p> <p style="text-align: center;"><b><u>CRIATEC</u></b></p> <p><b>Seed Money for Innovative Small Companies (net sales &lt; US\$3 MM)</b></p>	<ul style="list-style-type: none"> <li>➤ Creation of a national fund, which will be managed by its own staff, who will hire professionals to operate as regional managers in 6 innovation clusters around the country.</li> <li>➤ Initial capitalization of US\$ 40 MM</li> <li>➤ More than 60 companies will receive funds</li> <li>➤ 3.000 new jobs are expected to be created</li> </ul>

# How Equity Participation works?



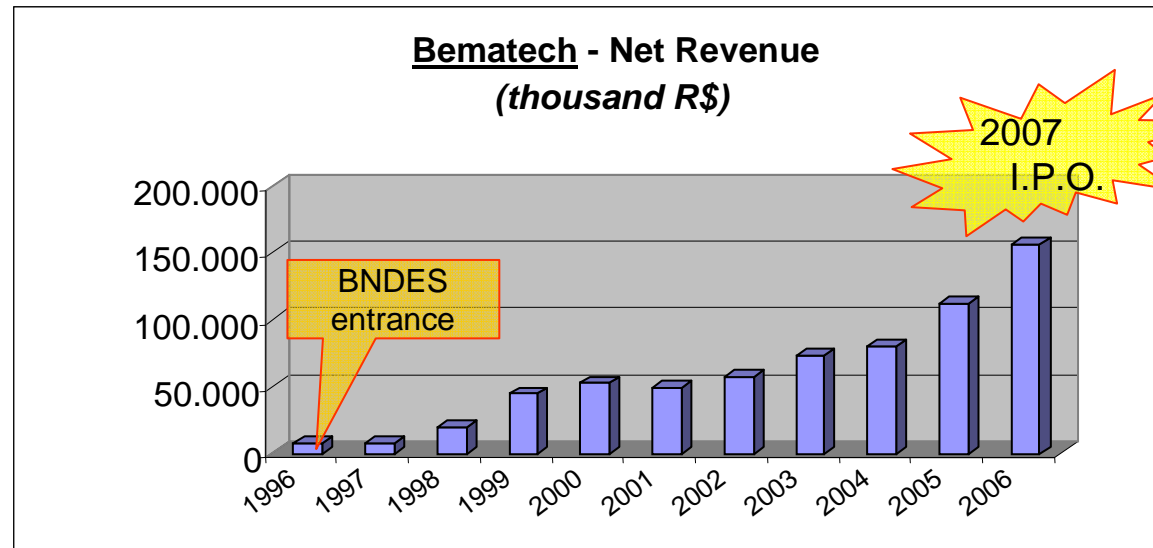
## 1) Lupatech

Manufacturer of industrial valves for oil and gas industry and complex parts for automotive industry



## 2) Bematech

Manufacturer of retail and banking automation machines: miniprinters, fiscal printers etc



# Promising companies recently invested

**Lifemed – medical equipment**

**Tecno-logos / Usina Tecpar – technological processes in metallurgy and mining**

**Libbs – pharmacology**

**Giroflex – ergonomic chairs**

**Bionnovation – dentistry technology**

**Genoa – Cancer treatment and vaccines**

**Agrogen – genetic development**

**Partec – computing**

**Natura – cosmetics**

**Mectron – defense systems**

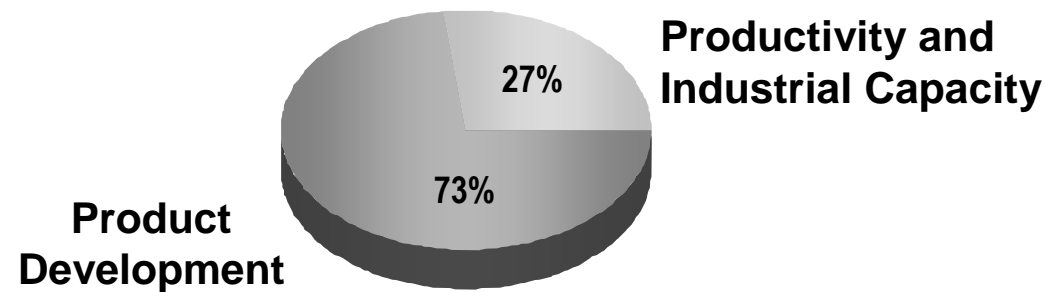
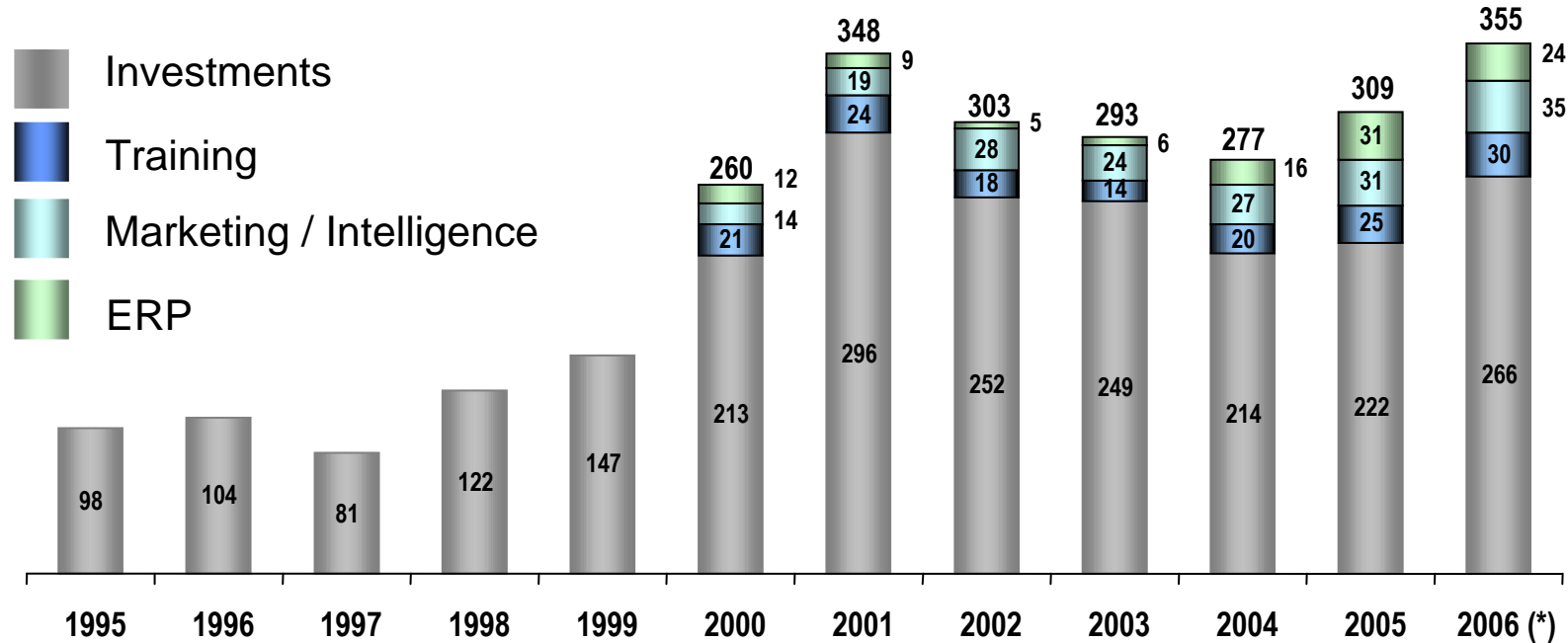
**Artebord –plastics**

**COPAF Frutas - food**



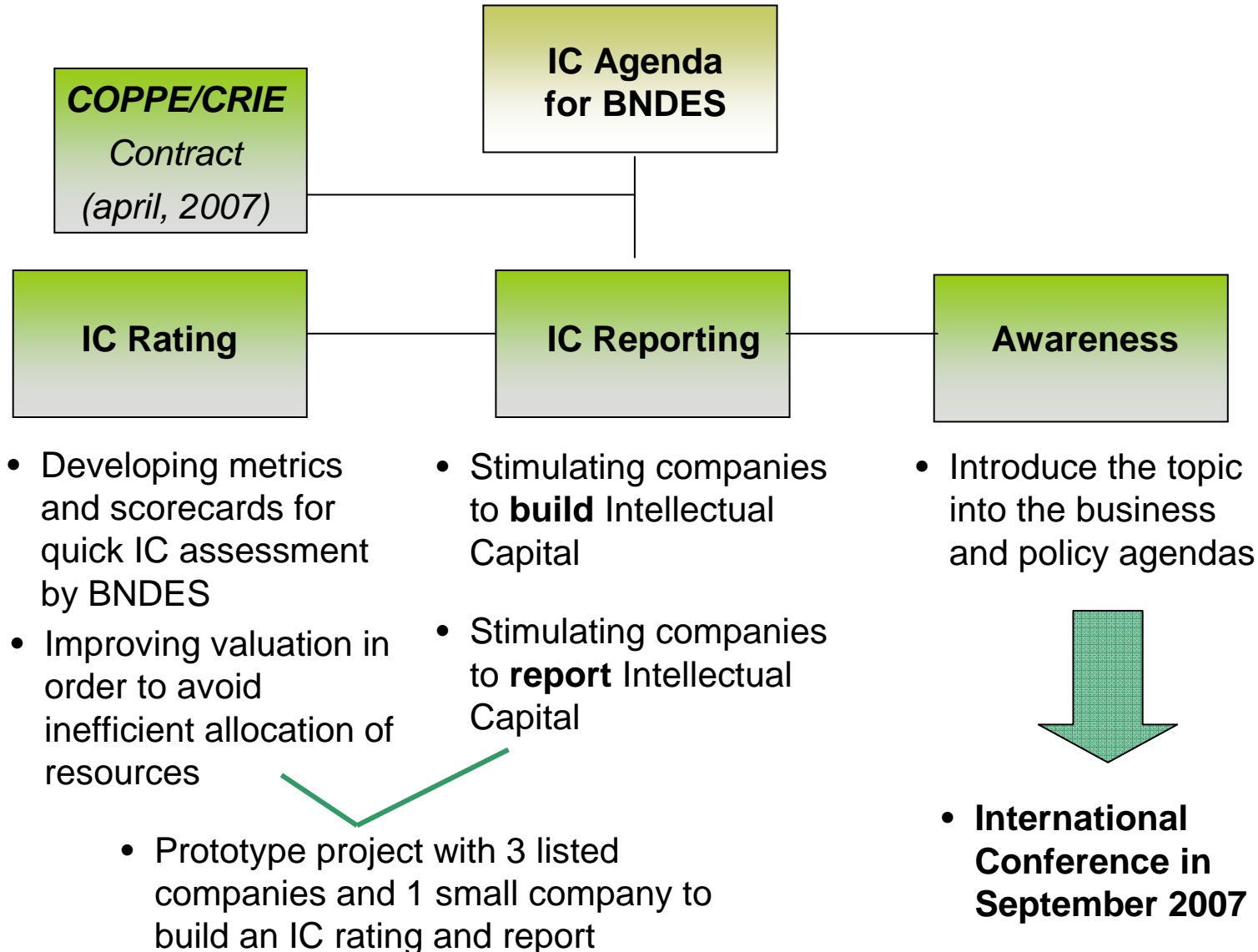
# Example of IC in a mature company

## Investments (US\$ MM)



(\*) Preliminary data

# The Intellectual Capital Agenda



**Title:** International Conference “*Evaluating Intangible Capital in Companies*”

**Target:** Increase awareness among managers, entrepreneurs, policy makers and opinion makers about IC

**Venue:** BNDES – Rio de Janeiro – Brazil

	<b>Day 1 (Set, 18)</b>	<b>Day 2 (Set,19)</b>	<b>Day 3 (Set,20)</b>
<b>Morning</b>	International Conference	Group Workshops	(Internal Wrap-up)
<b>Afternoon</b>	International Conference	Group Workshops	CONCLUSION SESSION



**Desenvolvimento**

Ministério do Desenvolvimento, Indústria e Comércio Exterior



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