

# “Intangible capital of Brazil : the Brazilian Development Bank Agenda”,

Helena Tenorio - BNDES

**Safe and Ethical Cyberspace, digital assets and risks:  
*How to assess the intangible impacts of a growing phenomenon?***

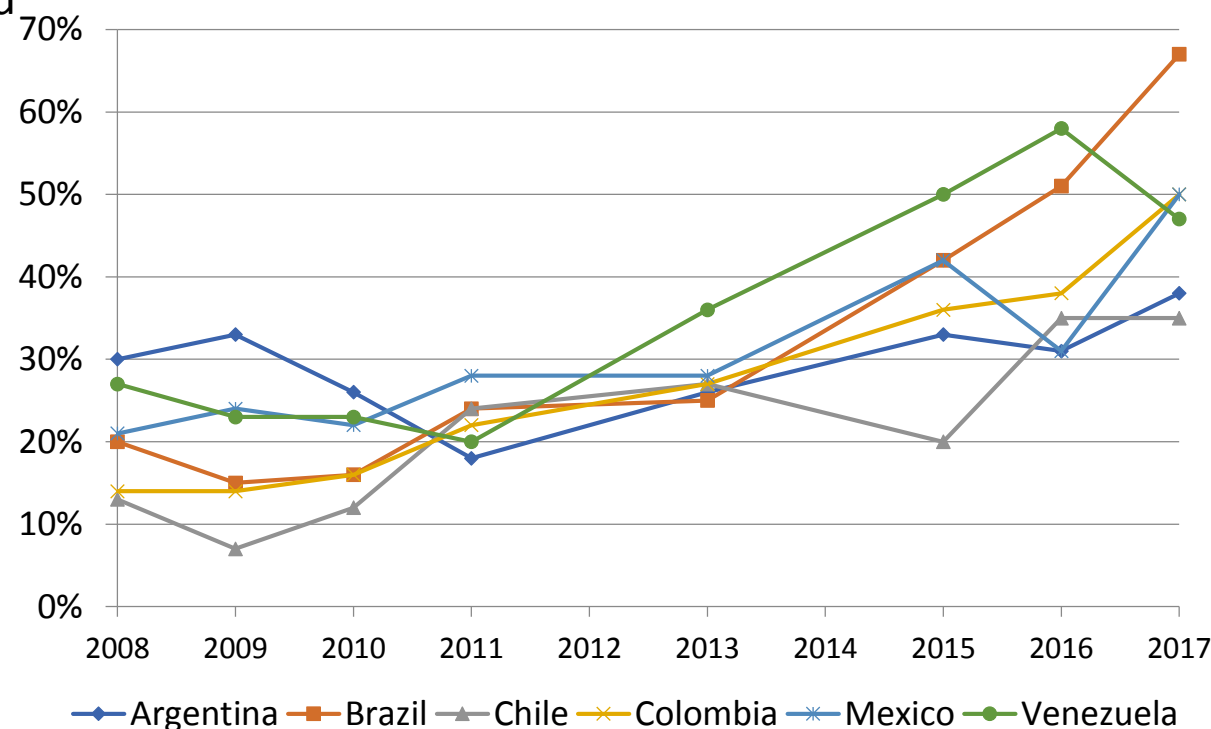
**The World Conference on Intellectual Capital for Communities**

UNESCO, June 14&15 2018

# The reputation challenge

- In times of social media, reputations are falling all over the world
- Governments are a major victim of this lack of trust
- But corporations and NGO's are suffering too

Lack of Confidence in Government, Latin America (%)



Source: <http://www.latinobarometro.org>, Latino Barometro 2017 - Confidence in Government

# Development Banks (DBs): two disputing agendas



## The Positive Agenda:

- DBs are (insulated) bureaucratic institutions. How to deal with a net society? How to become faster in the decision making process?
- Effectiveness and accountability are imperative – how to boost them?
- Shorter business cycles in high-tech firms - how to manage long term loans in the portfolio?
- How to manage concentration risk due to infrastructure?
- Sharing risks with private sector – how to escalate PPPs and other instruments?
- Increasing operational risk emerging from legal risk – how to manage?

X

## The Negative Agenda:

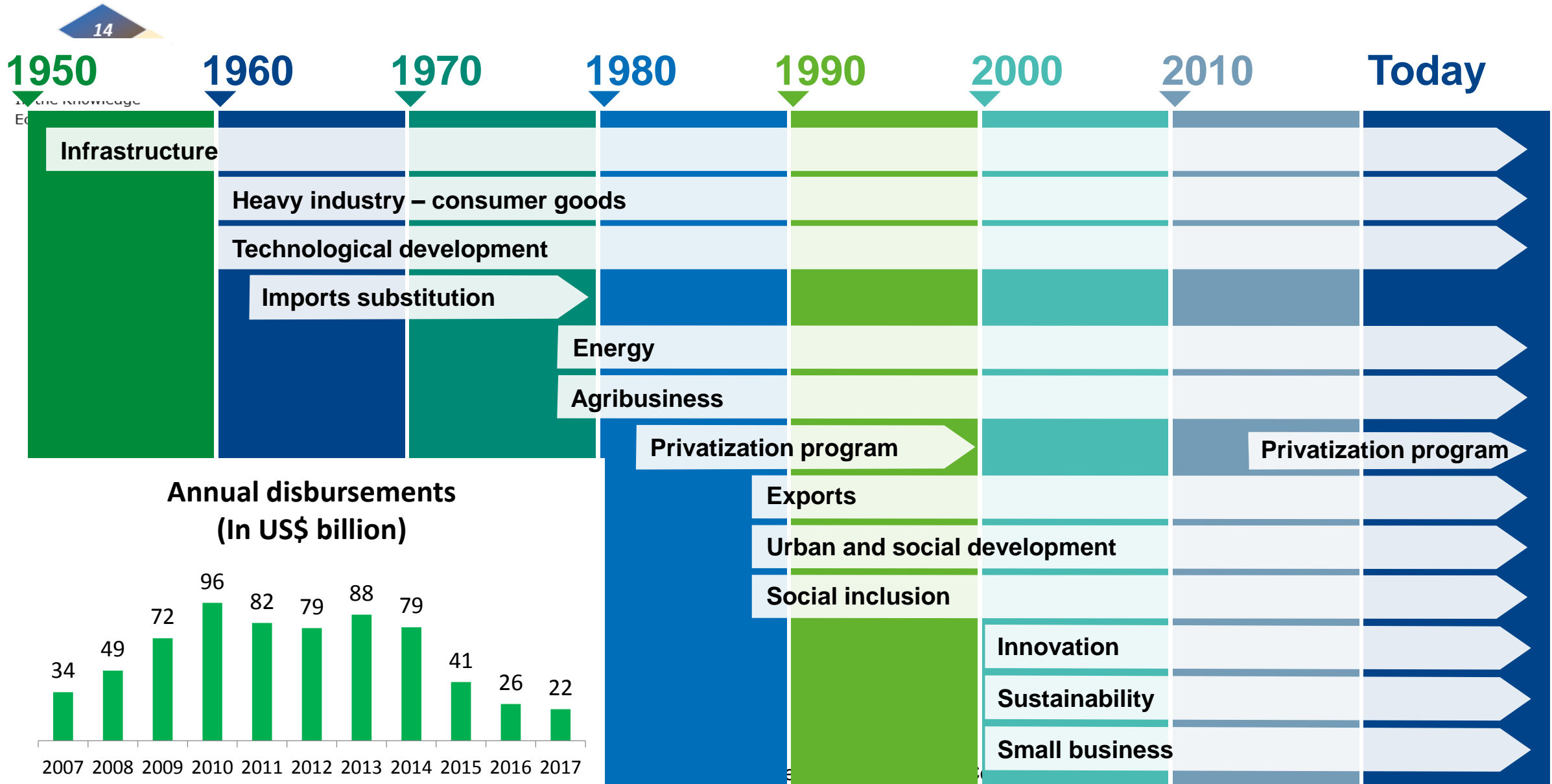
- Lack of transparency and crony capitalism
- Lending decisions that misallocate capital at the whims of bureaucratic planners
- Crowding out financial markets
- Sluggish Procedures and Decision Making

## Charles Dickens: A Tale of Two Cities

*“It was the best of times, it was the worst of times ... It was the age of wisdom, it was the age of foolishness ... It was the spring of hope, it was the winter of despair”*

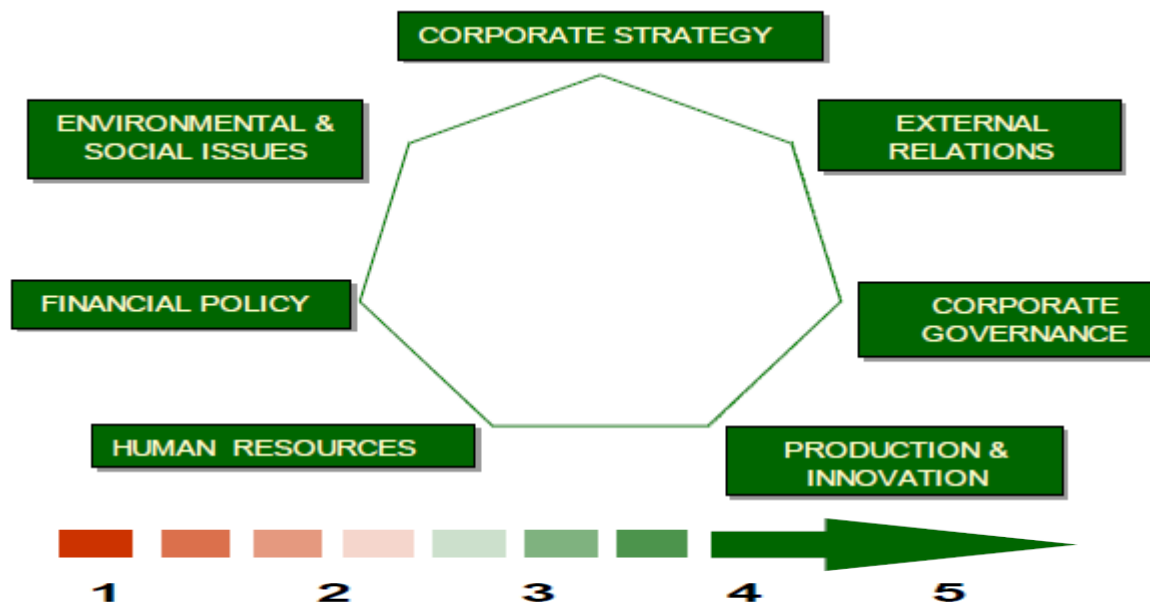
Quoted by Javier Solana: A Tale of Two Realities – Project Syndicate, Apr 20, 2018.

# BNDES Timeline



# BNDES: from measuring others intangible capital to boosting its own External Relations capital

## BNDES' Intangible Analysis Model (MAE)



### MAE background:

2007 – NCP collaboration on methodology  
2008 – First time presented at IC4  
2010 - Board approval and use beginning  
2013- ALIDE Award of Best Finance Practice  
2016 – 157 firms evaluated



*The Brazilian development bank*

### Planing, Effectiveness and Transparency Agenda:

- New Strategic Plan: Developing Futures
- Monitoring and Evaluation Process
- Rendering accounts to society

X

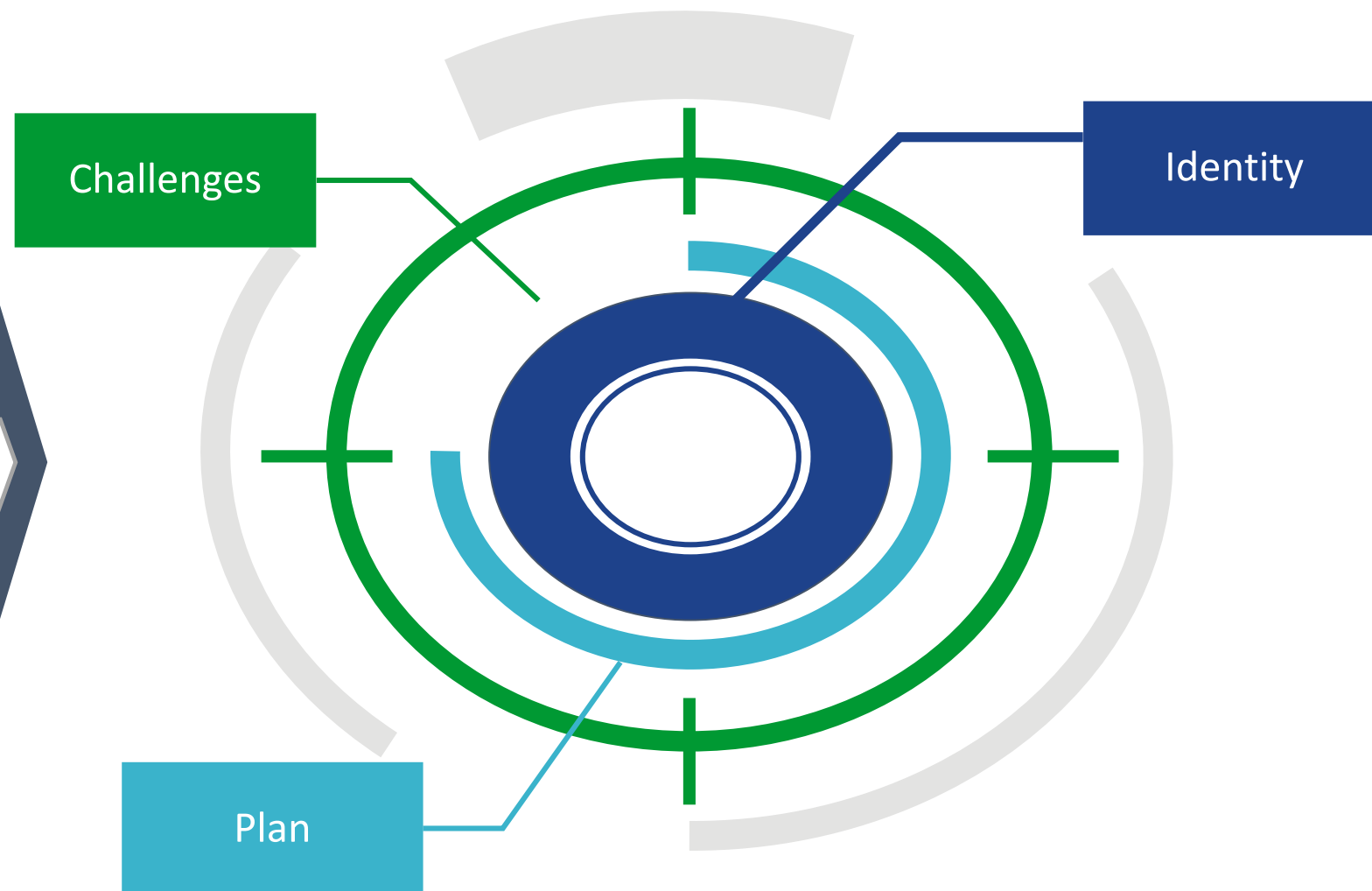


### Efforts to deal with a net society

Focus on societal challenges, effectiveness and accountability

# The Project “Developing Futures” consisted of 3 phases: Challenges, Identity and Plan.

Developing Futures –  
3 stages



# Project had intense agenda of external consultations and engagement of the house in a transformation journey (+ 6000 contacts)

## Engagement Examples

### Internal interviews

- > More than 59 internal interviews conducted - 100% Superintendents and Directors

### External Interviews

- > More than 37 external interviews accomplished including a group of clients and opinion leaders

### Lectures and Benchmarking

- > Thematic lectures on trends and uncertainties
- > **benchmarking study of best practices with other international DBs**

### Reflection workshops and knowledge networks

Organization of more than 15 workshops and discussions in networks, with participation of more than 500 people

### Meetings with experts

organization of meetings with selected experts from the BNDES on prioritized issues

### Analysis of internal documents

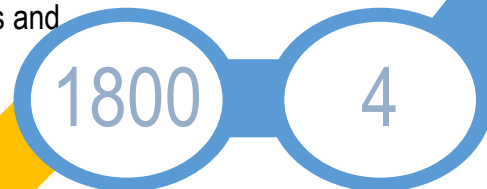
Analysis of supporting documents, both economic and internal / organizational

### Staff consultation

- > Online consultation to the whole staff –collection of 1800 responses

### Clients consultation

- > online query to a set of selected customers - 5,000 participations





# Project deliverables include several high impact products that will serve as a basis for an organizational transformation



Challenges for the development of Brazil guide for policymaking

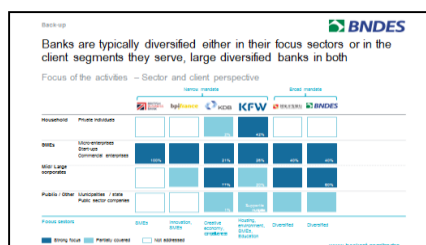


Scenario planning exercise  
BNDES's future-shaping agenda



New mission, vision, purpose – already being communicated to the broader public as a repositioning of the bank

## Examples of products



Detailed case-based benchmark – already regarded as a unique work in depth by BNDES and presented to partner banks  
– presentations for 200 participants + live stream



Strategic guidelines and business model – validation of repositioning in terms of missions the bank should undertake, and how to do that  
– "Where to play" sector prioritization vs historically broad BNDES mandate



Business Plan and implementation Plan – Business Plan and financial modeling for 2018-2023 period considering strategic guidelines  
– transformation project portfolio for implementation of the new strategy



# Knowledge networks help in topics and issues related to Strategic Reflection

## Summary of the working methodology with Networks

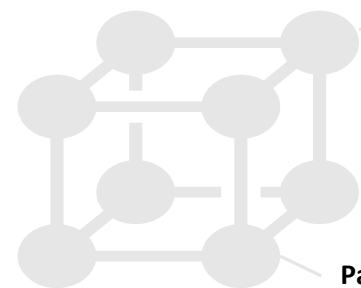


### Definition

" Knowledge network is a set of people and / or institutions, that can be of different typologies, natures and governances, that generates intelligence perennially on a theme.

- Network concept adapted to the  **BNDES**

### Network architecture



Participant N (Interlocutor with planning) – 'Bridge' between the network and the project

Participant 3 There should be an interlocutor with the project to centralize exchanges of information and be responsible for the execution

Participant 2

Participant 1



### Purpose of the use of networks in the Strategic Reflection

- > During the Developing Futures project, the networks created and answered topics and questions critical to the strategic reflection process, allowing a wide participation of employees
- > After the project, the networks must be connected to the strategic planning perennially - project methodology helps in the creation of 'bridges' between the networks and the definition of the strategy

# As a result of the diagnostic phase, **key issues were identified where the BNDES performance can contribute to the country**

## Key issues identified

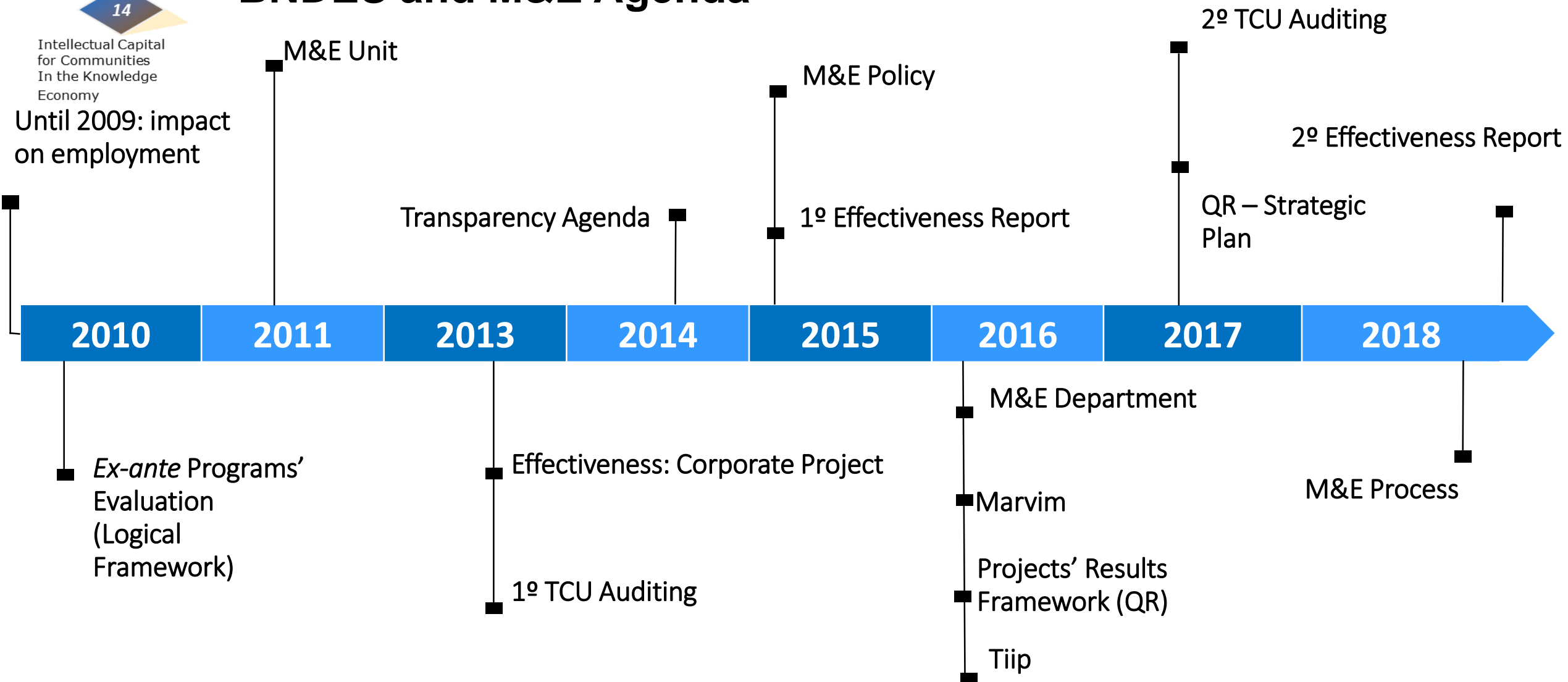
### Conclusions of the first phase of the project

1		Inventory and infrastructure quality well below optimal levels
2		Production structure slightly modern and adapted to the challenges of the current economy
3		Qualification of the workforce and quality of education below international standards
4		Unexplored and non-capitalized sustainability agenda
5		High regional inequality and lack of structuring of local development plans
6		Low-innovation economy with reduced international competitiveness
7		Underdeveloped capital markets and difficulty in lengthening deadlines

### Relevance of the agendas for the strategy

- It is necessary to **invest R \$ 300 B per year to close the current gap**
- It is necessary to **stimulate intangible capital to increase productivity**
- It is necessary to **improve education and professional qualification**
- It is critical to **preserve and monetize natural resources**, giving prominence to Brazil
- It is necessary to **support States and Municipalities** to accelerate development
- It is necessary to **induce greater orientation to innovation to enable leapfrogging**
- It is necessary to **crowd in and develop the capital and debt markets**

# BNDES and M&E Agenda

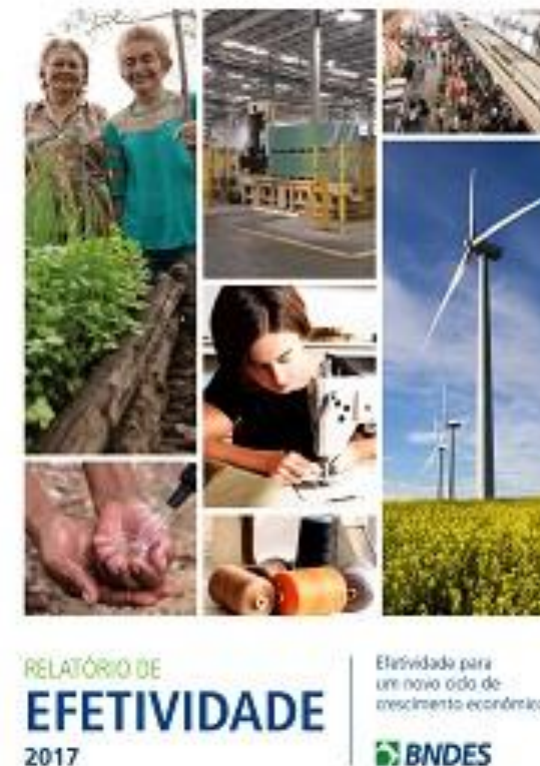


# BNDES' M&E System

- M&E Policy approved by Board.
- Process:
  - Monitoring and Auto Evaluation monitoring projects' output and outcome indicators.
  - Evaluation relevant and strategic themes.
  - Effectiveness Promotion reports and contributions to strategic plan and Operational Policy.

# Effectiveness Report

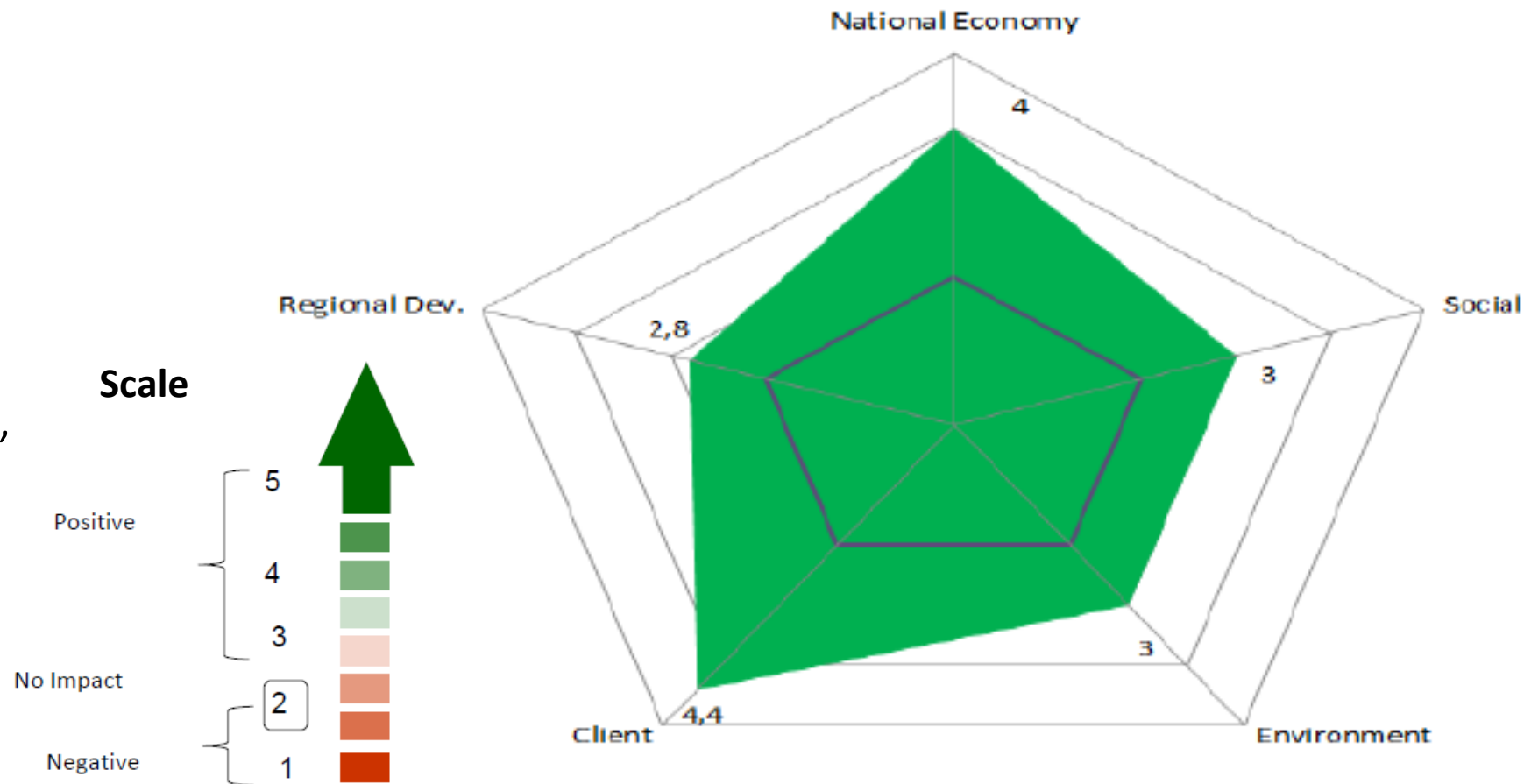
- First Report 2007-2014: released in 2015
- Second Report 2015-2016: released in 2018
- Content:
  - BNDES' M&E System
  - Output Indicators
  - Outcome Indicators
  - Selected Evaluations: internals and externals



# The BNDES Impact Thesis -TIIP

*TIIP is a multi-criteria method to evaluate the non-financial features of funded projects*

- **Support Decision:** Ex-ante evaluation . BNDES' can improve its priorities practices
- **Social Return and Benefits:** Metrics to infer it in a regular and a comparable basis
- **Internal and External Transparency:** an “Easy to Read” Tool
- **Communication:** Post the picture at the website together with the project's basic info.







## Transparency: Integrated Reporting



## Consulta online

Consulte as

petrobras

























A consulta não é válida

<b>Contrato</b>	<b>Data da Contratação</b>	<b>Área operacional</b>		
14200281	24 de Março de 2014	AREA DE ENERGIA		
<b>Cliente</b>	<b>Valor contratado (R\$)</b>			
PETROLEO BRASILEIRO S A PETROBRAS	215.833.472			
<b>Forma de apoio</b>	<b>Agente financeiro</b>			
DIRETA	-----			
<b>Descrição do projeto</b>				
REVITALIZACAO DO ESTALEIRO INHAUMA, VISANDO DOTA-LO DE CAPACIDADE DE CONVERSAO DE CASCOS DE NAVIOS EM FPSOS, A CONSTRU- CAO DE NOVAS EMBARCACOES E MODULOS PARA PLATAFORMAS.				
<b>Condições financeiras</b>				
Custo Financeiro	Juros (% a.a.)	Prazo carências (em meses)	Prazo amortização (em meses)	Valor Contratato (R\$)
TJLP	1,42	12	108	187.113.114
	2,04	12	108	6.046.560
	4,09	12	108	21.600.000
	0,00	12	72	1.073.798
Total Geral				215.833.472

Contrato	Descrição do Projeto	Total contratado (R\$)	Consultar
14200281	REVITALIZACAO DO ESTALEIRO INHAUMA, VISANDO DOTA-LO DE CAPACIDADE DE CONVERSAO DE CASCOS DE NAVIOS EM FPSOS, A CONSTRU- CAO DE NOVAS EMBARCACOES E MODULOS PARA PLATAFORMAS.	215.833.472	<a href="#">Consultar</a>
13541092	INVESTIMENTO EM INOVACAO	400.000.000	<a href="#">Consultar</a>
13541080	MODERNIZACAO DO TERMINAL DE CABIUNAS - MACAE/RJ E AMPLIACAO DE SUA CAPACIDADE DE PROCESSAMENTO DE GAS NATURAL.	746.106.490	<a href="#">Consultar</a>
13541069	CONSTRUCAO DE 16.450 CISTERNAS DE AGUA PLUVIAL NO SEMIARIDO BRASILEIRO.	47.005.300	<a href="#">Consultar</a>
13541059	INVESTIMENTO NA AMPLIACAO E ADEQUACAO DA UNIDADE DE TRATAMENTO DE GAS NATURAL MONTEIRO LOBATO E ADEQUACAO DA REVAP PARA RECEBIMENTO DAS CORRENTES GLP E C5+ DA UTGCA.	501.599.290	<a href="#">Consultar</a>
12541051	APOIO A PROJETOS DE PESQUISA E DESENVOLVIMENTO EM DIVERSOS SETORES DA INDUSTRIA DE PETROLEO E GAS.	400.000.000	<a href="#">Consultar</a>
12541040	MODERNIZACAO DAS REFINARIAS GABRIEL PASSOS (REGAP), PRESIDENTE GETULIO VARGAS (REPAR), DO PLANALTO (REPLAN), DUQUE DE CAXIAS (REDUC), DE CAPUAVA (RECAP), PRESIDENTE BERNARDES RBPC) E LANDULPHO ALVES (RLAM) DA PETROBRAS	7.191.259.100	<a href="#">Consultar</a>
12211731	IMPLANTACAO DA UNIDADE DE FERTILIZANTES NITROGENADOS III, COMPOSTA POR UMA PLANTA DE AMONIA, COM CAPACIDADE DE 70 MIL TON/ANO E UMA PLANTA DE PRODUCAO DE UREA, COM CAPACIDADE DE 1.223 MIL TON/ANO.	2.199.178.000	<a href="#">Consultar</a>
12209941	CONSTRUCAO DE UM TERMINAL DE REGASEIFICACAO DE GAS NATURAL LIQUEFEITO (GNL) NA BAHIA (TRBA), CONSTITUIDO POR UM PIER TIPO ILHA, NA BAHIA DE TODOS OS SANTOS, DE UM GASODUTO TERRESTRE E UM GASODUTO MARITIMO PARA INTERLIGACAO A MALHA DE DUTOS EXISTENTES.	584.980.000	<a href="#">Consultar</a>



## Comparing BNDES and others DBs

	BNDES	Nafin	BDC	KFW	ICO	JFC
						
Annual Reports Online						
Transparency Portal						
Detailed Statistics Online						
Sustainability Report	