

A small brown bird with a dark head and back, and a lighter belly, is perched on a green grass stem. The bird is facing right, with its beak slightly open. The background is a dense field of tall green grass, with some stems in the foreground being out of focus.

The Brazilian Development Bank

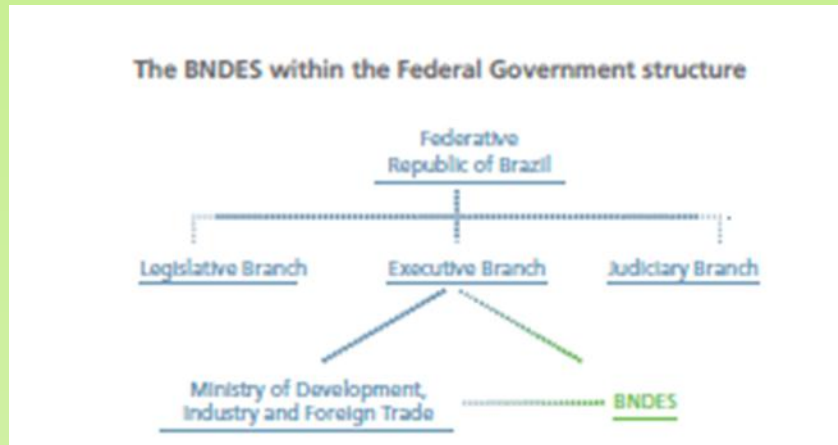
**and Environmentally and Socially
Sustainable Development**

Why focus on the Brazilian Development Bank (BNDES)?

- Brazil's most important public financial engine for national, and increasingly, regional, and international development (Andean Amazon and Africa).
- Primary financing for Brazil's industrial development in the Accelerated Growth Plan (PAC 2) and shareholder in mega state-owned energy companies.
- Important public financer of energy and infrastructure in critical ecosystems (the greater Amazon, Atlantic coastal and marine systems).
- The trustee for important sustainability funds, including the Amazon Fund, the Climate Fund, Iniciativa BNDES Mata Atlântica (reforestation of the Mata Atlantic rainforest), three equity funds.
- Emerging international power in South-South development and key treaties (BRICs bank, UNFCCC, etc.)



Bank Governance and Structure



Sistema BNDES

Em 31 Dezembro 2010

Ativos Consolidados

R\$ 549 bilhões

**Consolidated
assets**

R\$549 billion

Direct and indirect lending

BNDES

Financiamentos de longo prazo

BNDESPAR

BNDES Participações S.A.

Participações Societárias

Corporate holdings

FINAME

Agência Especial
Financiamento Industrial

Produção e Comercialização
de Máquinas e Equipamentos

Industrial financing

BNDES Limited

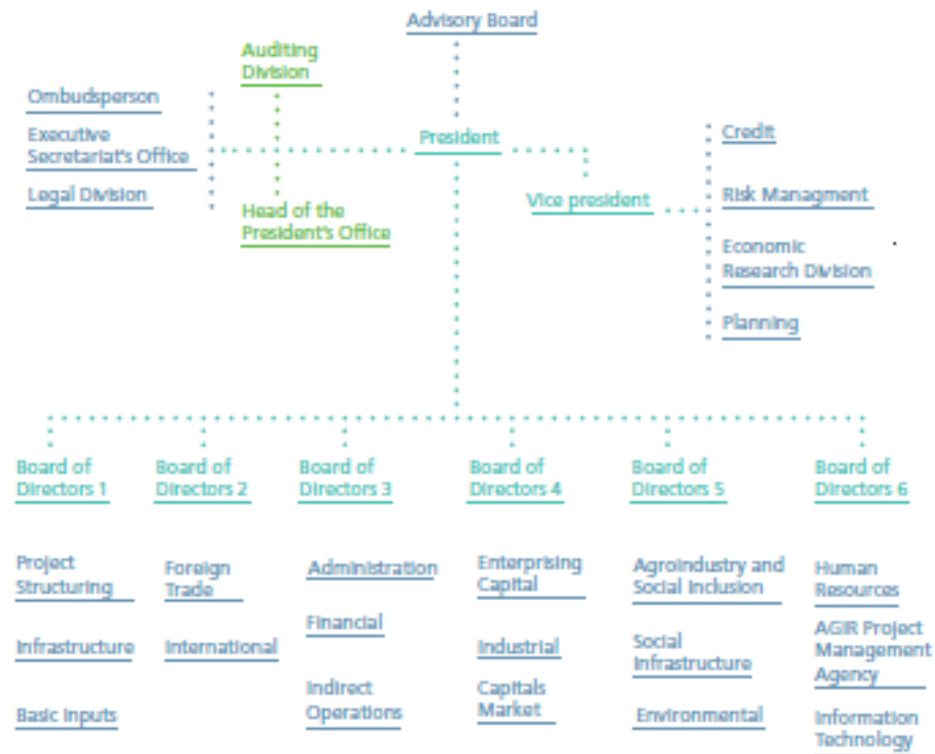
Internacionalização de
Empresas Brasileiras

**Internationalization
of Brazilian
companies. Offices
in London and
Montevideo**

Governance

18 | ANNUAL REPORT 2011

The BNDES' Organizational Chart



BNDES and Multilateral Banks

BNDES e Agências Multilaterais

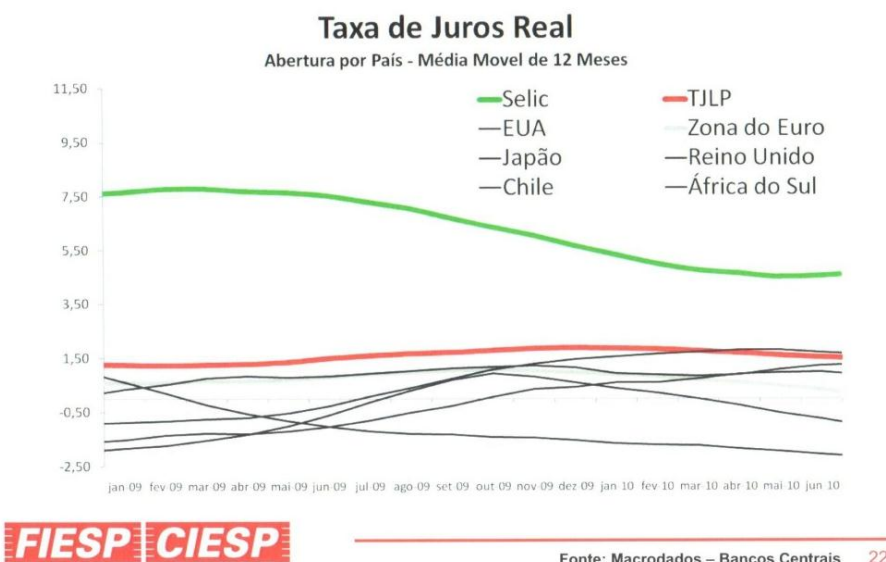
	US\$ milhão	BNDES	BID	BIRD	CAF	China DB
		31/12/2010	31/12/2010	30/06/2010*	31/12/2010	31/12/2009
Total assets	Ativos Totais	329.504	87.217	282.842	18.547	665.168
Net worth	Patrimônio Líquido	39.551	20.960	37.401	5.753	55.471
Net profits	Lucro Líquido	5.950	330	(870)	166	4.673
Disbursements	Desembolsos	96.322	10.341	28.854	4.584	92.998
Credit portfolio	Carteira de Crédito	217.006	63.007	120.103	13.873	543.196
Capitalization	Capitalização	12,0%	24,0%	13,2%	30,8%	8,3%
Return on assets	Retorno sobre Ativos	2,1%	0,4%	-0,3%	1,6%	0,8%
Return on equity	Retorno sobre PL	21,2%	1,6%	-2,3%	3,7%	8,8%
	Fundado	1952	1959	1945	1968	1994
	Founded	1952	1959	1945	1968	1994

Fontes: www.iadb.org, www.worldbank.org, www.caf.com e www.cdb.com.cn

(*) No Banco Mundial, diferente dos outros bancos, o ano fiscal de 12 meses encerra em 30 de junho.

Subsidized rates and attractive financing

Mesmo TJLP situa-se acima da média Internacional.



BNDES May 2012

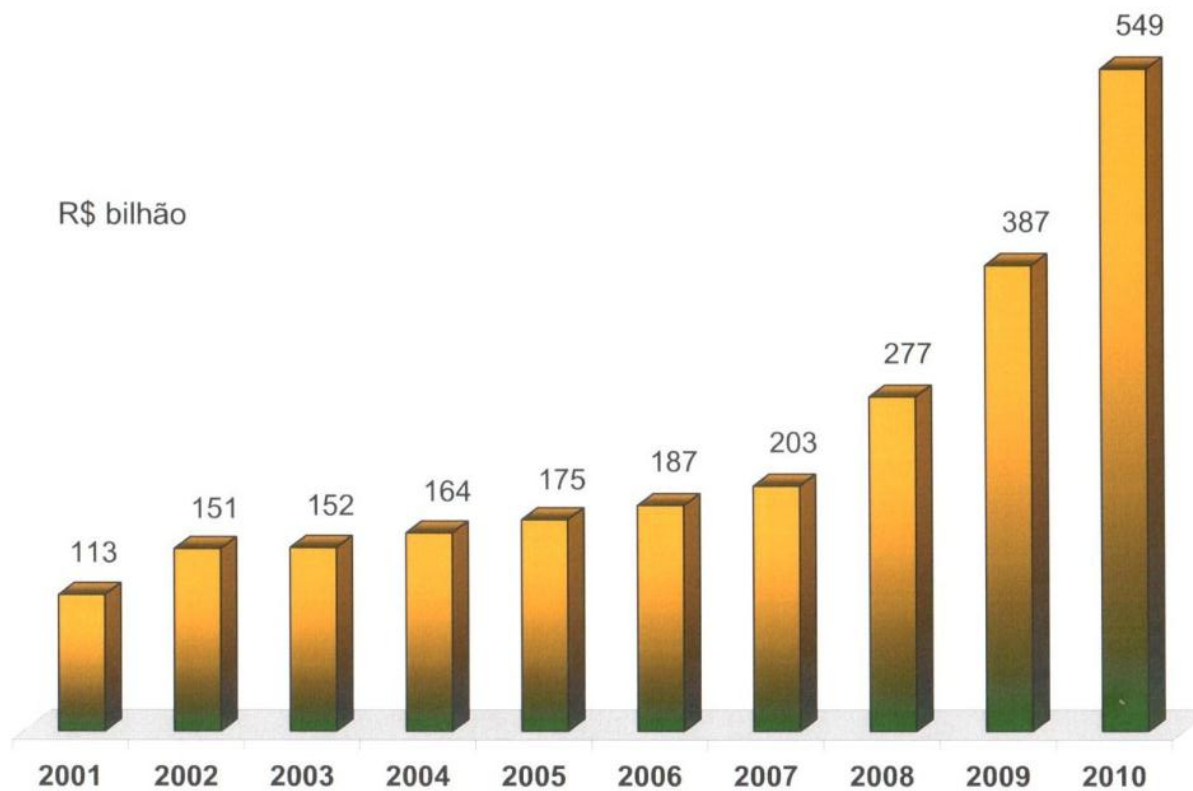
announcement: “Changes include a drop in financing costs for companies of all sizes, expansion of benefited sectors and revision of the budget cap. Fees charged by the BNDES for micro and small companies will be only 6% per year, down from 9.5%. For medium-sized companies, fees were reduced to 6.5% per year, compared to the 9.5% charged so far. Finally, for the group comprising large and medium-large companies, the rate will be 8%, against the previous 10%.”

“Though it bristles at the term “subsidized rates”, the BNDES offers loans at an average of about 6 per cent, much lower than the central bank’s benchmark Selic rate, which stands at 9 per cent.” Financial Times, May 2012

Growth in Assets

Average growth rate over the last nine years is 19.2%

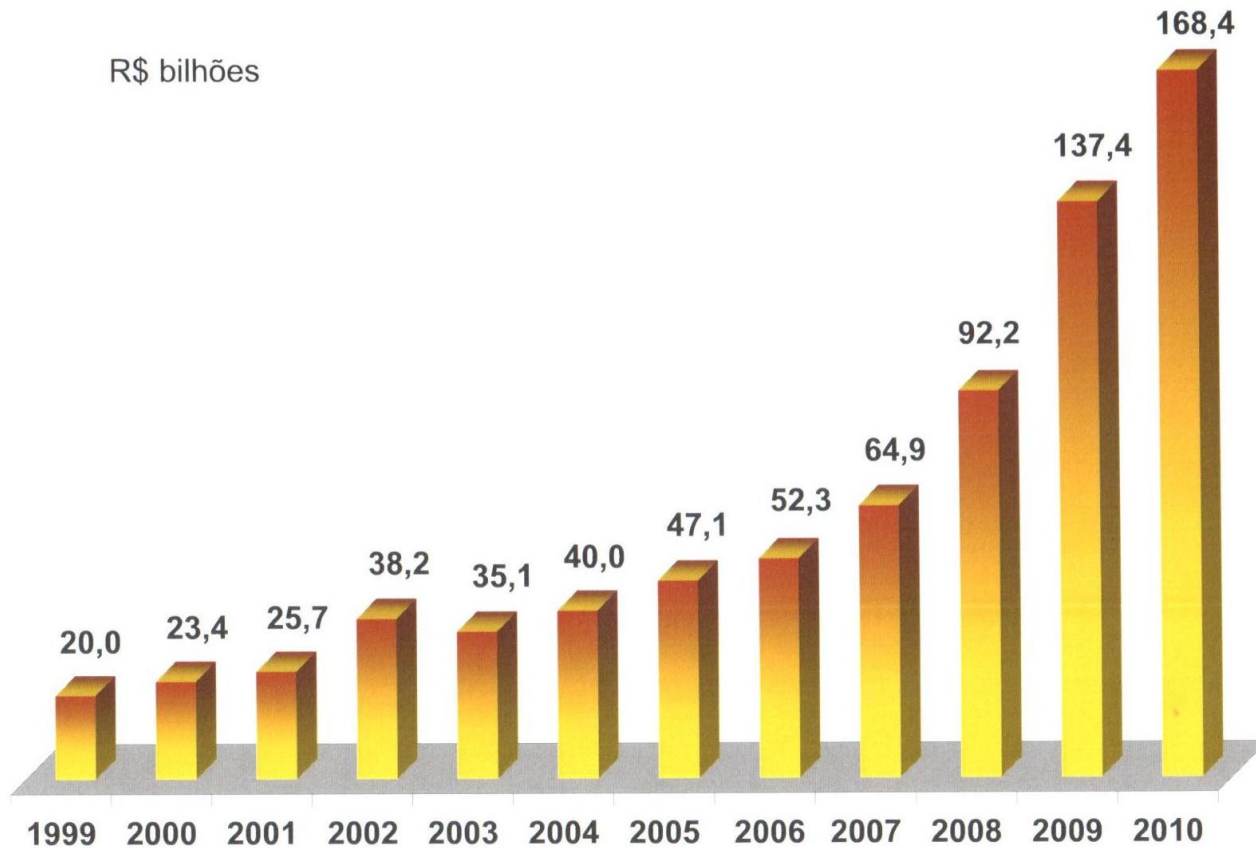
Evolução dos Ativos



Taxa média de crescimento nos últimos nove anos (CAGR): 19,2% ao ano

Evolution of lending

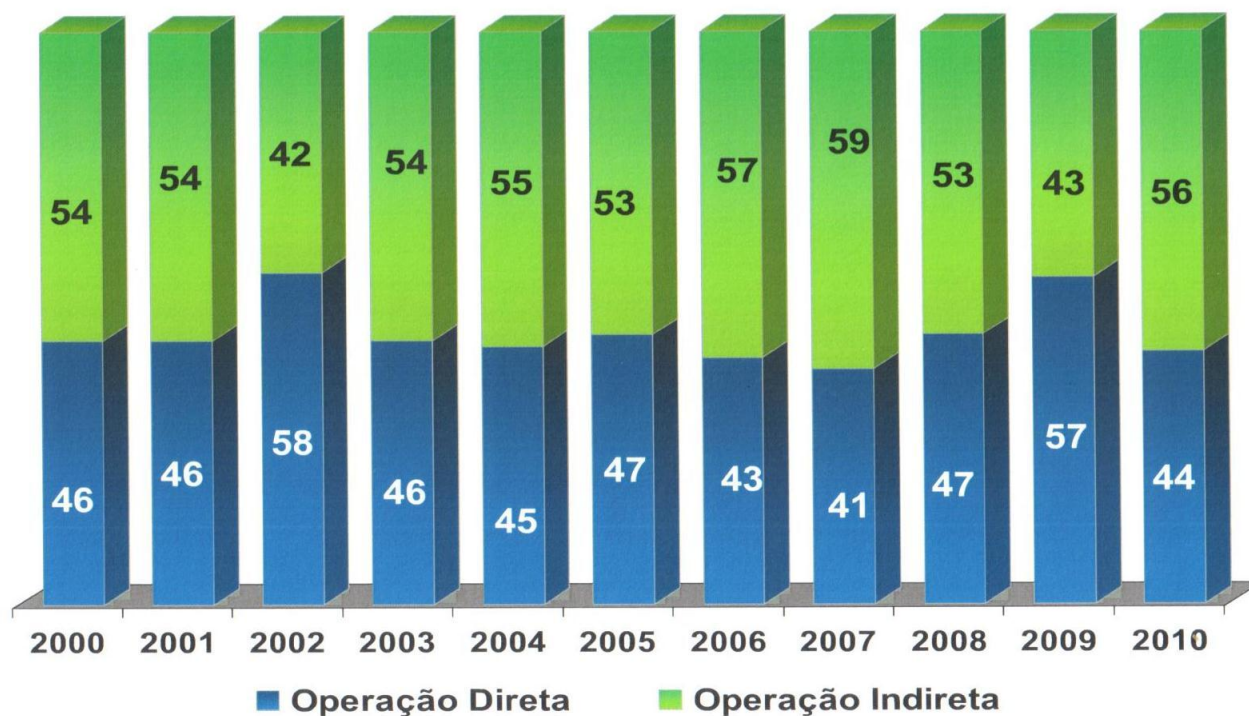
Evolução dos desembolsos



Lending by type of operation

Direct or Indirect Contract

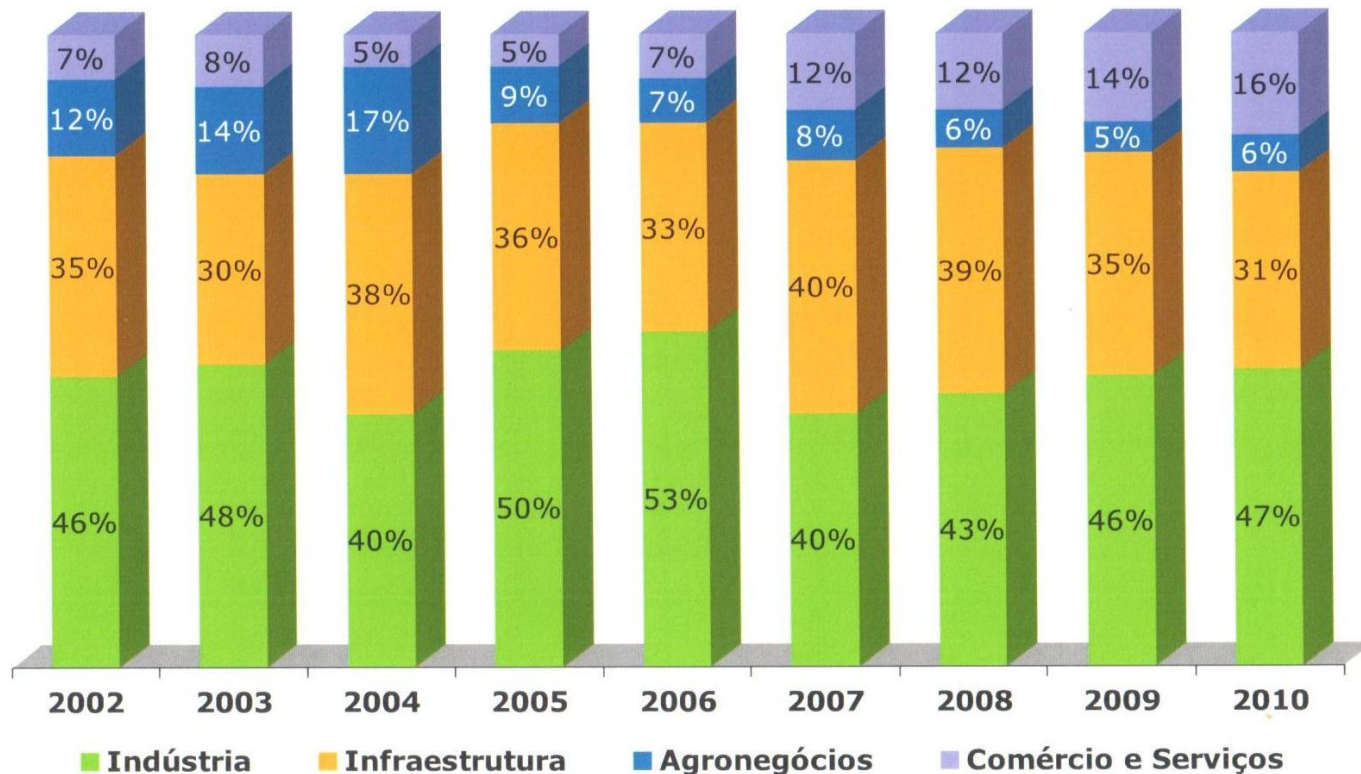
Desembolsos por tipo de operação (%)



Lending by Sector

Industry, Infrastructure, Agribusiness, Commerce and Services

Desembolsos por setor de atividade



Stock Participation in State-owned Companies

Participação societária

• Só em ações da Vale e sua controladora o BNDES tem R\$ 6,33 bilhões

• Participação nos maiores grupos empresariais do Brasil



Empresa	Participação na empresa	Em R\$ milhões	Em % do total
Eletrobrás	18,5	4.324,2	19,8%
Cia. Vale do Rio Doce - Vale	5,34	3.711,1	17,0%
Valepar S.A.	9,79	2.625,4	12,0%
Petrobrás	7,66	1.177,3	5,4%
Banco do Brasil S.A.	2,42	1.058,4	4,8%
Marfrig	13,89	987,0	4,5%
ALL - América Latina Logística	12,21	888,7	4,1%
CPFL Energia S.A.	8,44	864,3	4,0%
Light	23,69	565,1	2,6%
Klabin	20,25	562,1	2,6%
Brasil Foods	2,55	430,4	2,0%
Itaú Holding	0,25	250,4	1,1%
Rede Energia	23,88	248,5	1,1%
Bom gosto	34,59	245,8	1,1%
Braskem	5,31	238,8	1,1%
CESP	5,71	234,7	1,1%
Brasil Telecom	2,2	180,5	0,8%
MPX - Energia	2,61	179,2	0,8%
Bradesco	0,25	172,6	0,8%
Tele Norte Leste S.A. - Oi	1,63	164,6	0,8%
Gerdau S.A.	3,5	153,4	0,7%
CEG	34,56	140,6	0,6%
Brenco	20,92	140,0	0,6%
Paranapanema	17,31	125,3	0,6%
PDG Realty	3,16	105,1	0,5%
FGI	12,68	100,0	0,5%
Rede Ferroviária Federal S.A. - RFFSA	1,55	73,6	0,3%
Cadam - Caulim da Amazonia S.A.	16,87	8,0	0,0%
Deten Química S/A	0,33	0,9	0,0%
Empresa Brasileira de Telecomunicação	0,15	0,4	0,0%
Vicunha Têxtil	0,43	0,1	0,0%
Indústrias Verolme Ishibrás S/A	12,98	0,0	0,0%
Outras		1.919,1	8,8%
Total		21.875,5	100,0%

Fonte: Balanço mar/10 BNDES

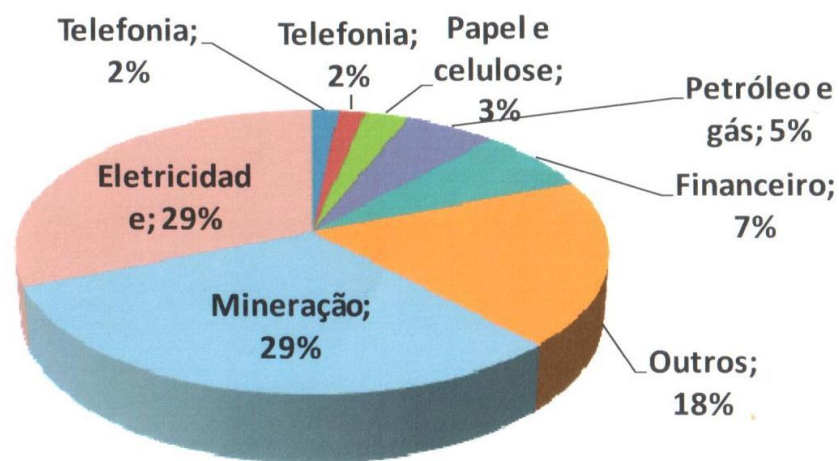
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Stock participation by sector

Electricity, Mining and Oil and Gas = 63% of total assets

Participação societária: Por setor

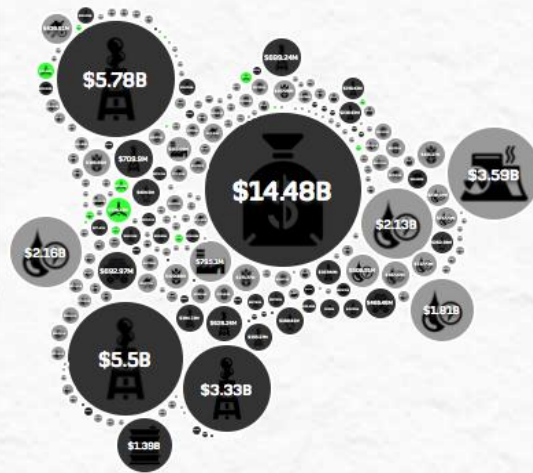
- Via BNDES Participações o banco mantém ações de empresas em carteira para fins não especulativos
- Concentração nos setores de eletricidade (29%) e mineração (29%)



Impacts and Sustainability

Brazilian Development Bank

The Brazilian Development Bank (BNDES) is the main financing agent for development in Brazil.



ABOVE: **clean**, **fossil fuel**, and other energy subsidies by BR-BNDES, scaled by dollar amount.

Major Hydro expansion



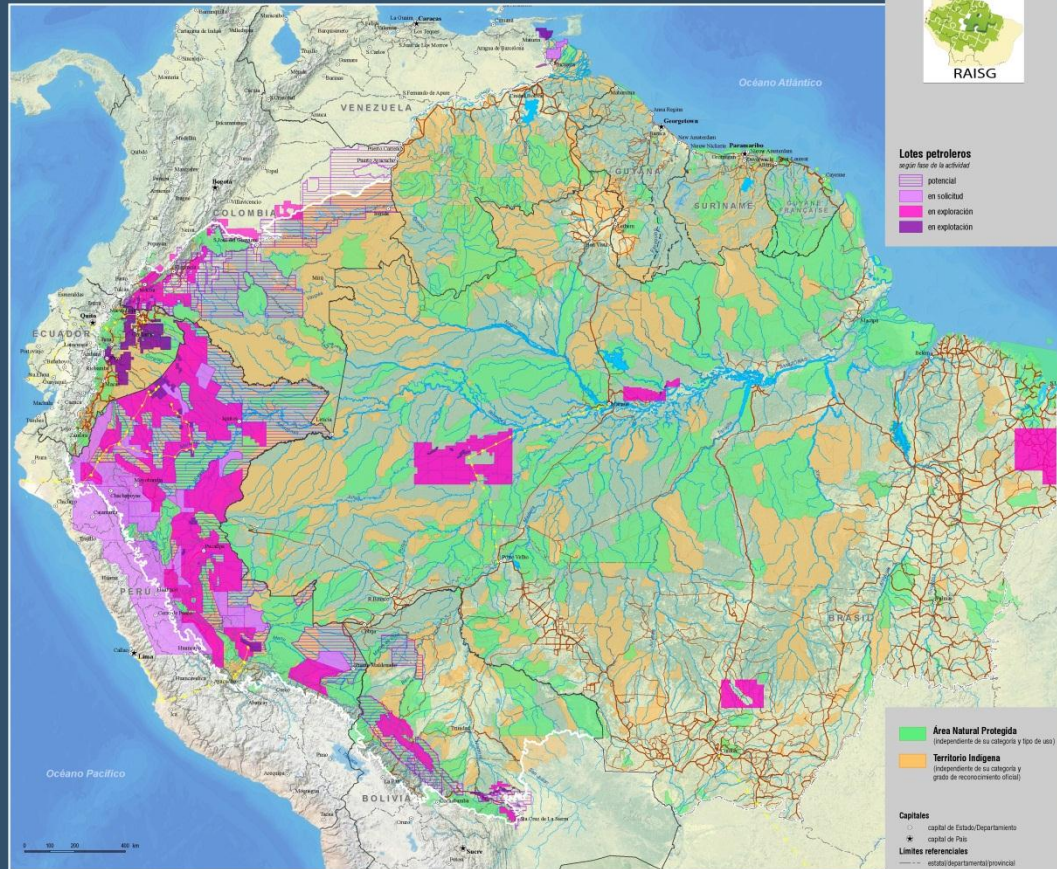
- 171 hydros in operation of development
- 246 hydros planned or under study
- BNDES direct and indirect hydro contracts (2008-first half of 2011) = USD 10.6 billion 60 projects in Brazil
- Most visible resistance to Belo Monte, which BNDES recently released R\$22.5 billion.

Petroleo y Gas en la Amazonia



Lotes petroleros según fase de actividad

- potencial
- en explotación
- en explotación



Fuentes cartográficas del tema Petróleo y Gas: • BOLIVIA: Decreto Supremo 0676/2010 (Gaceta Oficial de Bolivia 183NEC); VFPB, 2007 • BRASIL: Agência Nacional do Petróleo-ANP Banco de Dados de Exploração e Produção-BDEP, 2010 • COLOMBIA: Agência Nacional de Hidrocarburos-ANH, 2011 • ECUADOR: Mapa Catastral Petrolero Ecuatoriano, 2010 • PERU: Ministerio de Energía y Minas - MINEM, 2011 • VENEZUELA: Ministerio de Energía y Petróleo, 2009. Océano y relieve: World Physical Map U.S. National Park Service, in ArcGIS Online Services.

Área Natural Protegida
(independiente de su categoría y tipo de uso)

Territorio Indígena
(independiente de su categoría y grado de reconocimiento oficial)

Capitales
○ capital de Estado/Departamento
● capital de País

Límites referenciales
— entidad departamental/provincial
— internacional
— en disputa/litigio
— Amazonia

Ductos (línea, gas o polímero)
— en operación
— proyecto

Carreteras
— no pavimentada (o sin información)
— pavimentada

octubre de 2012

BNDES investments in oil and gas through its capital in state-owned companies:

- Petrobras: 72,131 kms in Bolivia, Brazil, Colombia and Peru
- MGX Energia, owner of OGX Petróleo e Gas Ltd, with 28,744 kms in Brazil.
- BNDES: Total oil and gas lending (direct and indirect)
US\$38,371,658,195

Knowledge Gap: Total investments planned or approved in Amazon

Offshore oil and gas exploration: huge investments planned

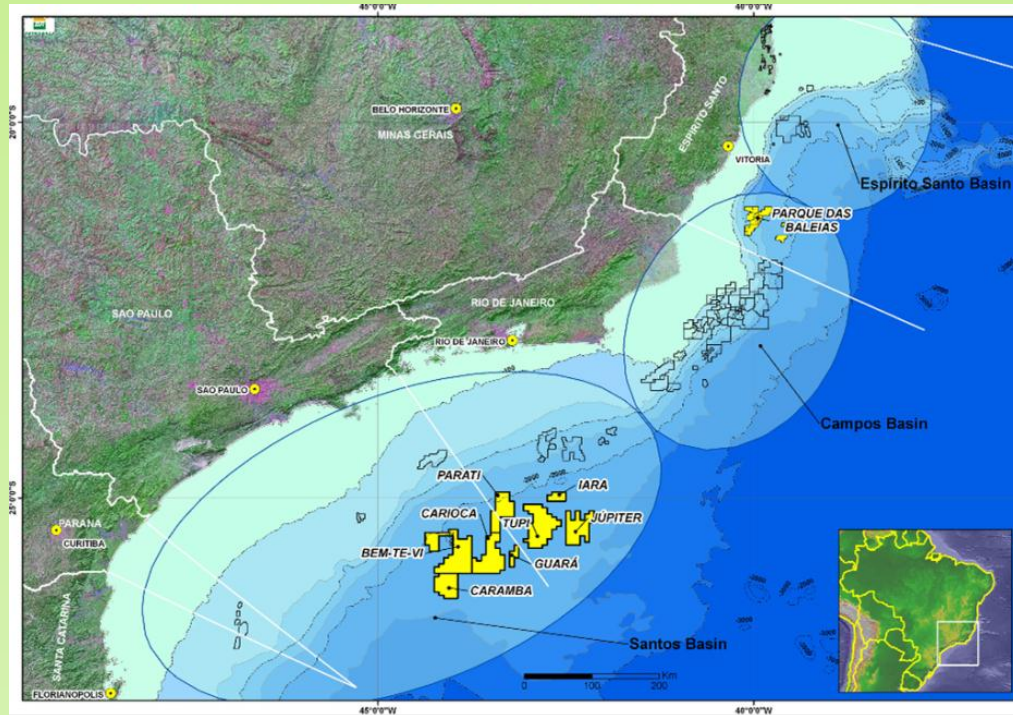
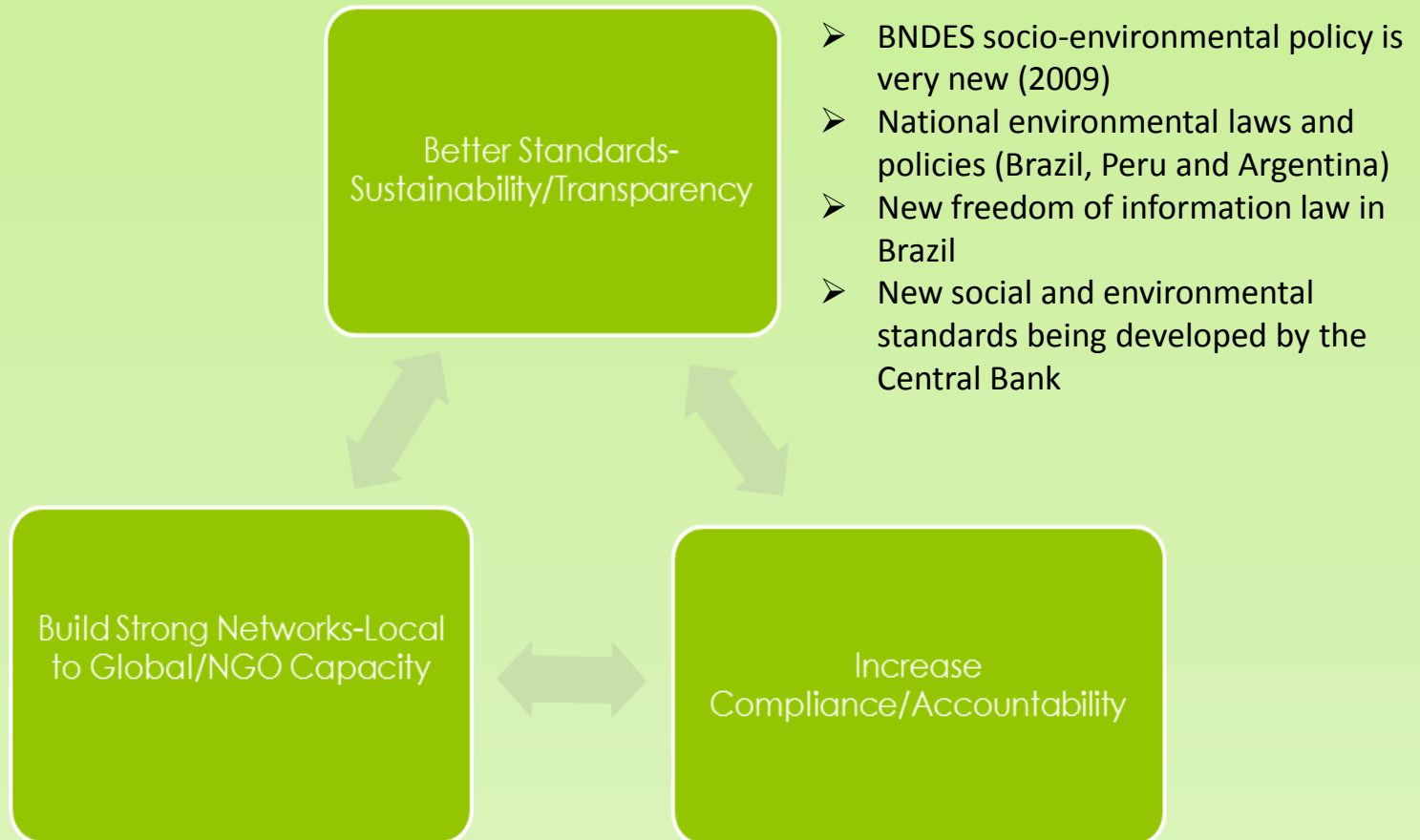


Figure 19 **Brazilian Planned Energy Investments (2011-2020)**

Synthesis of estimated investment		R\$ billions 2011-2020		Percentage	
Electrical Energy Supply		236		23%	
	Generation (1)	190		18%	
	Transmissions (2)	46		5%	
Petroleum and Natural Gas		686		67%	
	Exploration and Production of Petroleum and Natural Gas	510		50%	
	Supply of Petroleum Derivatives	167		67%	
	Refining		151	16%	
	Transport Infrastructure		16		1.50%
	Supply of Natural Gas	9		1%	
Supply of liquid biofuels		97		10%	
	Ethanol--Production units	90		9%	
	Ethanol--pipelines and ports	6.5		0.90%	
	Biodiesel--Production units	0.6		0.10%	
Total		1,019		100%	

Source: Translation from the "Ten-Year Energy Expansion Plan (PDE 2020)," Ministry of Mines and Energy, Energy Research Company (EPE).

Key Elements of Strategy



Mott grantees and tools to strengthen sustainability

- Advocating for transparency and improved environmental and social policy
- Building legal cases and strengthening environmental policy and law



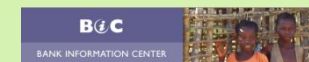
- Monitoring investments



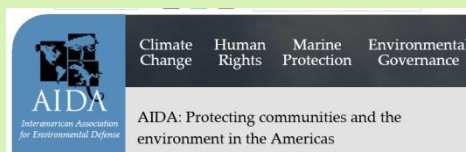
- Tracking impacts and compliance through case studies



- Building community capacity



- Supporting regional and international networks



Other important spaces

- Corporate responsibility and ethics work
- Human rights advocacy
- Land tenure/titling and mapping
- Ecological science and ground-truthing models
- GHG methodologies and protocols (climate)
- Other tools?

In Conclusion

- As BNDES power and influence increases, strengthening the BNDES system's transparency and accountability to environmental and social standards becomes ever more critical to protecting biodiversity in key regions in South America and Africa.
- Grantees are making progress, however, knowledge gaps exist and capacity building is pressing.
- An exercise to identify BNDES investments or BNDES-supported companies to fill these gaps in critical ecosystems would be a valuable layer in RAISG mapping, for example.



Thank you